

*Appendix A*  
REPORT TO THE PRESIDENT ON THE ACTIVITIES  
OF THE  
COUNCIL OF ECONOMIC ADVISERS DURING 2008



LETTER OF TRANSMITTAL

COUNCIL OF ECONOMIC ADVISERS  
*Washington, D.C., December 31, 2008*

MR. PRESIDENT:

The Council of Economic Advisers submits this report on its activities during calendar year 2008 in accordance with the requirements of the Congress, as set forth in section 10(d) of the Employment Act of 1946 as amended by the Full Employment and Balanced Growth Act of 1978.

Sincerely,

Edward P. Lazear, *Chairman*  
Donald B. Marron, *Member*

## *Council Members and Their Dates of Service*

Name	Position	Oath of office date	Separation date
Edwin G. Nourse	Chairman .....	August 9, 1946 .....	November 1, 1949
Leon H. Keyserling	Vice Chairman .....	August 9, 1946 .....	
	Acting Chairman .....	November 2, 1949 .....	
	Chairman .....	May 10, 1950 .....	January 20, 1953
John D. Clark	Member .....	August 9, 1946 .....	
	Vice Chairman .....	May 10, 1950 .....	February 11, 1953
Roy Blough	Member .....	June 29, 1950 .....	August 20, 1952
Robert C. Turner	Member .....	September 8, 1952 .....	January 20, 1953
Arthur F. Burns	Chairman .....	March 19, 1953 .....	December 1, 1956
Neil H. Jacoby	Member .....	September 15, 1953 .....	February 9, 1955
Walter W. Stewart	Member .....	December 2, 1953 .....	April 29, 1955
Raymond J. Saulnier	Member .....	April 4, 1955 .....	
	Chairman .....	December 3, 1956 .....	January 20, 1961
Joseph S. Davis	Member .....	May 2, 1955 .....	October 31, 1958
Paul W. McCracken	Member .....	December 3, 1956 .....	January 31, 1959
Karl Brandt	Member .....	November 1, 1958 .....	January 20, 1961
Henry C. Wallich	Member .....	May 7, 1959 .....	January 20, 1961
Walter W. Heller	Chairman .....	January 29, 1961 .....	November 15, 1964
James Tobin	Member .....	January 29, 1961 .....	July 31, 1962
Kermit Gordon	Member .....	January 29, 1961 .....	December 27, 1962
Gardner Ackley	Member .....	August 3, 1962 .....	
	Chairman .....	November 16, 1964 .....	February 15, 1968
John P. Lewis	Member .....	May 17, 1963 .....	August 31, 1964
Otto Eckstein	Member .....	September 2, 1964 .....	February 1, 1966
Arthur M. Okun	Member .....	November 16, 1964 .....	
	Chairman .....	February 15, 1968 .....	January 20, 1969
James S. Duesenberry	Member .....	February 2, 1966 .....	June 30, 1968
Merton J. Peck	Member .....	February 15, 1968 .....	January 20, 1969
Warren L. Smith	Member .....	July 1, 1968 .....	January 20, 1969
Paul W. McCracken	Chairman .....	February 4, 1969 .....	December 31, 1971
Hendrik S. Houthakker	Member .....	February 4, 1969 .....	July 15, 1971
Herbert Stein	Member .....	February 4, 1969 .....	
	Chairman .....	January 1, 1972 .....	August 31, 1974
Ezra Solomon	Member .....	September 9, 1971 .....	March 26, 1973
Marina v.N. Whitman	Member .....	March 13, 1972 .....	August 15, 1973
Gary L. Seevers	Member .....	July 23, 1973 .....	April 15, 1975
William J. Fellner	Member .....	October 31, 1973 .....	February 25, 1975
Alan Greenspan	Chairman .....	September 4, 1974 .....	January 20, 1977
Paul W. MacAvoy	Member .....	June 13, 1975 .....	November 15, 1976
Burton G. Malkiel	Member .....	July 22, 1975 .....	January 20, 1977
Charles L. Schultze	Chairman .....	January 22, 1977 .....	January 20, 1981

## *Council Members and Their Dates of Service*

Name	Position	Oath of office date	Separation date
William D. Nordhaus	Member .....	March 18, 1977 .....	February 4, 1979
Lyle E. Gramley	Member .....	March 18, 1977 .....	May 27, 1980
George C. Eads	Member .....	June 6, 1979 .....	January 20, 1981
Stephen M. Goldfeld	Member .....	August 20, 1980 .....	January 20, 1981
Murray L. Weidenbaum	Chairman .....	February 27, 1981 .....	August 25, 1982
William A. Niskanen	Member .....	June 12, 1981 .....	March 30, 1985
Jerry L. Jordan	Member .....	July 14, 1981 .....	July 31, 1982
Martin Feldstein	Chairman .....	October 14, 1982 .....	July 10, 1984
William Poole	Member .....	December 10, 1982 .....	January 20, 1985
Beryl W. Sprinkel	Chairman .....	April 18, 1985 .....	January 20, 1989
Thomas Gale Moore	Member .....	July 1, 1985 .....	May 1, 1989
Michael L. Mussa	Member .....	August 18, 1986 .....	September 19, 1988
Michael J. Boskin	Chairman .....	February 2, 1989 .....	January 12, 1993
John B. Taylor	Member .....	June 9, 1989 .....	August 2, 1991
Richard L. Schmalensee	Member .....	October 3, 1989 .....	June 21, 1991
David F. Bradford	Member .....	November 13, 1991 .....	January 20, 1993
Paul Wonnacott	Member .....	November 13, 1991 .....	January 20, 1993
Laura D'Andrea Tyson	Chair .....	February 5, 1993 .....	April 22, 1995
Alan S. Blinder	Member .....	July 27, 1993 .....	June 26, 1994
Joseph E. Stiglitz	Member .....	July 27, 1993 .....	
	Chairman .....	June 28, 1995 .....	February 10, 1997
Martin N. Baily	Member .....	June 30, 1995 .....	August 30, 1996
Alicia H. Munnell	Member .....	January 29, 1996 .....	August 1, 1997
Janet L. Yellen	Chair .....	February 18, 1997 .....	August 3, 1999
Jeffrey A. Frankel	Member .....	April 23, 1997 .....	March 2, 1999
Rebecca M. Blank	Member .....	October 22, 1998 .....	July 9, 1999
Martin N. Baily	Chairman .....	August 12, 1999 .....	January 19, 2001
Robert Z. Lawrence	Member .....	August 12, 1999 .....	January 12, 2001
Kathryn L. Shaw	Member .....	May 31, 2000 .....	January 19, 2001
R. Glenn Hubbard	Chairman .....	May 11, 2001 .....	February 28, 2003
Mark B. McClellan	Member .....	July 25, 2001 .....	November 13, 2002
Randall S. Kroszner	Member .....	November 30, 2001 .....	July 1, 2003
N. Gregory Mankiw	Chairman .....	May 29, 2003 .....	February 18, 2005
Kristin J. Forbes	Member .....	November 21, 2003 .....	June 3, 2005
Harvey S. Rosen	Member .....	November 21, 2003 .....	
	Chairman .....	February 23, 2005 .....	June 10, 2005
Ben S. Bernanke	Chairman .....	June 21, 2005 .....	January 31, 2006
Katherine Baicker	Member .....	November 18, 2005 .....	July 11, 2007
Matthew J. Slaughter	Member .....	November 18, 2005 .....	March 1, 2007
Edward P. Lazear	Chairman .....	February 27, 2006 .....	
Donald B. Marron	Member .....	July 17, 2008 .....	



# Report to the President on the Activities of the Council of Economic Advisers During 2008

The Council of Economic Advisers was established by the Employment Act of 1946 to provide the President with objective economic analysis and advice on the development and implementation of a wide range of domestic and international economic policy issues.

## The Chairman of the Council

Edward P. Lazear continued to chair the Council during 2008. Dr. Lazear is on a leave of absence from the Stanford Graduate School of Business where he is the Jack Steele Parker Professor of Human Resources Management and Economics. He also served as the Morris Arnold Cox Senior Fellow at the Hoover Institution.

Dr. Lazear is responsible for communicating the Council's views on economic matters directly to the President through personal discussions and written reports. He represents the Council at daily White House senior staff meetings, a variety of inter-agency meetings, Cabinet meetings, and other formal and informal meetings with the President. He also travels within the United States and overseas to present the Administration's views on the economy. Dr. Lazear is the Council's chief public spokesperson. He directs the work of the Council and exercises ultimate responsibility for the work of the professional staff.

## The Members of the Council

Donald B. Marron was confirmed by the Senate as a Member of the Council of Economic Advisers on June 27, 2008, was appointed by the President on June 30, and was sworn in on July 17. While awaiting confirmation, Dr. Marron had served as Senior Economic Adviser to the Council. Dr. Marron previously served as Deputy Director of the Congressional Budget Office, including more than a year as its Acting Director. His earlier government service included serving as Chief Economist at the Council and as Executive Director and Chief Economist of the Congressional Joint Economic Committee. At the Council Dr. Marron's responsibilities include work on financial markets, housing, and a variety of macroeconomic and microeconomic policy issues.

## Macroeconomic Policies

As is its tradition, the Council devoted much time during 2008 to assisting the President in formulating economic policy objectives and designing programs to implement them. In this regard the Chairman kept the President informed, on a continuing basis, of important macroeconomic developments and other major policy issues through regular macroeconomic briefings. The Council prepares for the President, the Vice President, and the White House senior staff regular memoranda that report key economic data and analyze current economic events and financial market developments. Council staff also regularly provides assistance with economic data and analysis to other offices within the Executive Office of the President.

The Council, the Department of the Treasury, and the Office of Management and Budget—the Administration’s economic “troika”—are responsible for producing the economic forecasts that underlie the Administration’s budget proposals. The Council, under the leadership of the Chairman and the Chief Economist, initiates the forecasting process twice each year. In preparing these forecasts, the Council consults with a variety of outside sources, including leading private sector forecasters.

In 2008, the Council took part in discussions on a range of macroeconomic issues. The Council contributed significantly to discussions on the macroeconomic impact of this year’s housing and credit market disruptions, and provided analysis and support for the Administration’s economic growth package and various policies to promote financial stability.

The Council works closely with the Department of the Treasury, the Federal Reserve, and other government agencies in providing analyses to the Administration on these topics of concern. It also works closely with the National Economic Council, the Domestic Policy Council, the Office of Management and Budget, and other offices within the Executive Office of the President in assessing the economy and economic policy proposals.

## International Economic Policies

The Council was involved in a range of international trade and finance issues, with a particular focus on the determinants of the international financial crisis and related global economic slowdown. The Council was an active participant in discussions at the global, regional, and bilateral levels. Council members regularly met with economists and policy officials of foreign countries, finance ministers, other government officials, and members of the private sector to discuss prevailing issues relating to the global economy.

In response to high commodity prices in 2007 and the first half of 2008, the Council provided analysis on the causes and impact of rising crop prices on the United States and on developing economies. The Council also examined the effects of global biofuels policies including the U.S. ethanol mandate.

On the international trade front, the Council provided empirical analysis of pending free trade agreements including the Colombia, Panama, and South Korea free trade agreements. The Council was also a participant in the U.S. Trade Policy Review, conducted by the World Trade Organization.

The Council also prepared in-depth analyses for the President's international itinerary, including travel to Africa, as well as the annual Asia Pacific Economic Cooperation (APEC) summit in Peru.

In the area of investment and security, the Council took part in discussions on the implementation of the Foreign Investment and National Security Act of 2007 (FINSAs), which clarified and improved the operations of the Committee on Foreign Investment in the United States (CFIUS), including participating in the drafting and publication of new regulations governing CFIUS under FINSAs. The Council also participated in discussions of individual cases before CFIUS.

The Council is a leading participant in the Organization for Economic Cooperation and Development (OECD), the principal forum for economic cooperation among the high-income industrial economies. Senior Council members participated in the OECD's Economic Policy Committee (EPC) meetings, the Economic Development Review Committee, as well as the Working Party meetings on macroeconomic policy and coordination.

## Microeconomic Policies

A wide variety of microeconomic issues received Council attention during 2008. The Council actively participated in the Cabinet-level National Economic Council and Domestic Policy Council meetings, dealing with issues including health care, labor, energy policy, legal reform, the environment, homeland security, education, pensions, transportation, and technology among others.

The Council was active in the examination of health care policy related to Medicare spending growth and reform, Health Savings Accounts, health information technology adoption, tobacco regulation, and the promotion of price and quality information transparency. The Council was also heavily involved in the policy process for the two 2008 State of the Union healthcare proposals: the Standard Deduction for Health Insurance and the Affordable Choices Initiative.

The Council was also active in energy and environmental policy discussions, where it analyzed energy markets, alternatives to fossil fuels, energy efficiency issues, and environmental regulatory reform. This included issues such as oil price volatility, the Renewable Fuels Standard, fuel economy standards, the Strategic Petroleum Reserve, global climate change, air quality, and the international trade of energy.

The Council examined transportation policies relating to airports, infrastructure and congestion pricing. The Council also played a role in the analysis of policy for telecommunications, broadband, spectrum allocation and patent reform.

The Council participated in discussions related to catastrophic risk insurance relating to natural disasters and attacks. The Council also participated in ongoing policy discussions relating to the government's role in terrorism risk insurance.

The Council was involved with a number of issues within the scope of education and labor policy. The Council assisted the Department of Education with analysis of plans to ensure the viability of Federal student loan programs and also continued to participate in discussions on regulatory changes to No Child Left Behind. In the realm of labor policy, the Council was involved with policy discussions and analysis concerning proposed regulatory changes in Trade Adjustment Assistance and Immigration, as well as an extension of Unemployment Insurance.

The Council was active in tax policy discussions relating to fiscal stimulus and individual income tax, business tax credits, and corporate taxation issues. Many additional tax policy discussions were held in connection with other microeconomic discussions including labor, insurance, pensions, and health care.

# The Staff of the Council of Economic Advisers

The professional staff of the Council consists of the Chief of Staff, the Chief Economist, the Director of Macroeconomic Forecasting, and the Director of the Statistical Office, nine senior economists, and seven junior staff including staff economists, analysts and research assistants. The professional staff and their areas of concentration at the end of 2008 were:

## *Chief of Staff*

Pierce E. Scranton

## *Chief Economist*

Jane E. Ihrig

## *Director of*

*Macroeconomic Forecasting*

Steven N. Braun

## *Director*

*Statistical Office*

Adrienne T. Pilot

## *Senior Economists*

Jean M. Abraham..... Health  
Scott J. Adams ..... Labor, Immigration, Education, Welfare  
Benjamin Dennis ..... International Trade  
Erik Durbin ..... Legal, Transportation, Regulation  
Wendy M. Edelberg..... Macroeconomics, Labor, Small Business  
Elizabeth A. Kopits ..... Agriculture, Environment, Natural Resources  
Michael S. Piwowar ..... Public Finance, Technology  
William M. Powers ..... International Finance  
Robert P. Rebelein ..... Tax, Budget

## *Staff Economist*

Kristopher J. Dawsey ..... Macroeconomics  
Joshua K. Goldman ..... Microeconomics and Regulation  
Elizabeth M. Schultz ..... International Finance and US Finance/Banking  
Brian T. Waters ..... Public Finance and Macroeconomics

## *Research Assistants*

Sharon E. Boyd..... Labor, Immigration, Education and Welfare  
Michael B. Love..... Labor and Education  
Aditi P. Sen..... International Trade and Investment

### *Statistical Office*

The Statistical Office administers and updates the Council’s statistical information. Duties include preparing material for and overseeing publication of the monthly *Economic Indicators* and the statistical appendix to the *Economic Report of the President*. Staff verifies statistical content in Presidential memoranda and produces background materials for economic analysis. The Office also serves as the Council’s liaison to the statistical community.

Brian A. Amorosi ..... Program Analyst  
Dagmara A. Mocala ..... Program Analyst

### *Administrative Office*

The Administrative Office provides general support for the Council’s activities. This includes financial management, ethics, human resource management, travel, operations of facilities, security, information technology, and telecommunications management support.

Rosemary M. Rogers ..... Administrative Officer  
Archana A. Snyder ..... Financial Officer  
Doris T. Searles ..... Information Management Specialist

### *Office of the Chairman*

Alice H. Williams ..... Executive Assistant to the Chairman  
Sandra F. Daigle ..... Executive Assistant to the Chairman  
and Assistant to the Chief of Staff  
Lisa D. Branch ..... Executive Assistant to the Member  
and Assistant to the Chief Economist  
Mary E. Jones ..... Executive Assistant to the Member

### *Staff Support*

Sharon K. Thomas ..... Administrative Support Assistant

Jane Tufts, Bruce Kaplan, and Anna Paganelli provided editorial assistance in the preparation of the 2009 Economic Report of the President.

Student Interns during the year were: William J. Allen; Carl B. Blau; Andrew V. Carfang; Stacy L. Carlson; Gordon N. Cook; Lauri J. Feldman; Matthew D. Kaczmarek; John V. Komkov; Jacob N. Mohs; Jacob A. Procuniar; Kevin L. Richards; Joanne C. Rodrigues; Alex D. Rosner; Tejas A. Sathian; and Sonia Sohaili.

## Departures

The Council's senior economists, in most cases, are on leave of absence from academic institutions, government agencies, or private research institutions. Their tenure with the Council is usually limited to 1 or 2 years. The senior economists who resigned during the year were: Scott L. Baier (Clemson University); Charles W. Griffiths (Environmental Protection Agency); Daniel E. Polsky (University of Pennsylvania); Korok Ray (University of Chicago); Dan T. Rosenbaum (University of North Carolina); Howard Shatz (Rand Corporation); Sita N. Slavov (Occidental College); and John J. Stevens (Federal Reserve Board).

The economists are supported by a team of junior staff made up of staff economists, analysts, and research assistants who generally work with the Council for 1 or 2 years before returning to school or other endeavors. The staff economist who resigned during 2008 was: Elizabeth J. Akers. Those who served as research assistants at the Council and resigned during 2008 were: Mark W. Clements and Chen Zhao.

## Public Information

The Council's annual *Economic Report of the President* is an important vehicle for presenting the Administration's domestic and international economic policies. It is available for purchase through the Government Printing Office, and is viewable on the Internet at [www.gpoaccess.gov/leop](http://www.gpoaccess.gov/leop). The Council also publishes the monthly *Economic Indicators*, which is available on-line at [www.gpoaccess.gov/indicators](http://www.gpoaccess.gov/indicators). The Council's home page is located at [www.whitehouse.gov/cea](http://www.whitehouse.gov/cea).