American Communities Prosperity Initiative

White Paper

Succeeding in the Global Economy

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Succeeding in the Global Economy:
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• Encourage a competitive global marketplace; and,

• Shape the national and international regulatory dialogue.

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Introduction

American economic progress depends critically on its dynamic product, labor, and capital markets. But even as it supports productivity growth and rising average standards of living, this dynamism — driven by forces such as technological change, financial turmoil, and international trade and investment — can bring hardship to particular American communities.

The pressures from economic activity are uneven. Some areas have thrived with the opportunities presented by global engagement, innovation, and related forces. Think of Silicon Valley, home to much of the IT revolution. At the same time, hardship has befallen other communities that are home to firms struggling against international competition and other economic forces. Think of textile towns throughout the southeast, facing low-cost competition from around the globe.

How does the variation in economic conditions across U.S. communities manifest itself? One way is through different income levels. In 2007, median household income nationwide was $50,740. This national average, however, masked tremendous differences across states, counties, and towns. 2007 state median household income ranged from $36,338 in Mississippi to $68,080 in Maryland — 87.4% higher. At finer levels the income range is even greater. Among all counties with 65,000 or more people, 2007 median household income ranged from $26,275 in the county of St. Landry Parish, LA to over four times that, $107,207 in Loudoun County, VA.

Communities also differ with respect to income fluctuations. At the same point in time, some U.S. communities can be booming with job creation, home building, and in-migration thanks to a strong set of local firms, while other U.S. communities can be struggling with layoffs, home foreclosures, and out-migration due to poorly performing firms. During the period from 1980 to 2006, only 38% of the variance across states in per capita incomes was accounted for by national fluctuations — leaving 62% accounted for by state-specific business conditions.

Beyond start-up and administration costs, the Initiative would involve no new costs to the federal government.

1 All statistics cited in this paragraph come from various tables in Income, Earnings, and Poverty Data from the 2007 American Communities Survey (U.S. Census Bureau, August 2008).
Some of these fluctuations are transitory, but struggling communities can also fall into a self-reinforcing downward cycle. Initial losses of jobs and taxes strain local public services like schools. Workers and families eventually move away in the face of unemployment and stagnant property values, which imparts additional downward pressures on local tax revenues. Struggling companies also move or close altogether; and subsequent losses of jobs and taxes strain communities further. These downward cycles can play out over many years, if not decades.

Can’t these communities use tax cuts and/or spending increases to help themselves when hit with hard economic times? The answer is often no. Every U.S. state, except Vermont, requires balanced budgets that preclude deficit spending. Economic downturns that reduce tax revenues thus force states and many localities to cut spending and/or raise offsetting taxes — i.e., to reinforce rather than offset the downturn. And because many mandatory spending obligations (e.g., interest on outstanding debt) persist in good times and bad, cuts must be concentrated in discretionary areas such as job training — and education:

As 50 million children return to classes across the nation, crippling increases in the price of fuel and food, coupled with the economic downturn, have left schools from California to Florida to Maine cutting costs. Some are trimming bus service, others are restricting travel, and a few are shortening the school week … Detroit has laid off at least 700 teachers, Los Angeles 500 administrators and Miami-Dade County hundreds of school psychologists, maintenance workers and custodians … Districts in California and Ohio have … eliminated bus service either completely or for high schools, leaving thousands of students to find their own way to school. 3

To help American communities better manage the dynamic forces of globalization and technological change, in this White Paper we propose a pair of new federal government programs. One is to create government-backed insurance of local tax bases, with payouts during periods of sudden economic hardship to prevent sudden drops in the provision of public services. The other is a bundle of targeted immigration, trade, and investment liberalizations to better link struggling communities, designated as Global Economic Development Platforms (GEDPs), to the global economy.

The goal of the Communities Prosperity Initiative (CPI) is not to insulate communities from dynamic change forever. That is neither feasible nor desirable. Rather, it is to assist the companies, workers, and families of struggling communities to better adjust to and, ultimately, engage with and succeed from the dynamism that lies at the heart of America’s economic success.

Beyond start-up and administration costs, the Initiative would involve no new costs to the federal government. Tax-base insurance would be financed by premiums paid into the program by participating communities. And GEDP policy liberalizations would involve no direct fiscal outlays, either. So the total annual cost of the CPI would be close to zero, and so would require no new sources of tax revenue to finance itself.

Short-Term Community Assistance: Tax-Base Insurance

As described in the introduction, U.S. communities do not experience booms and busts in perfect sync with the overall national economy — or with each other. These differences in local economic conditions lead directly to differences in local tax revenue changes: the average year-to-year correlation in state tax revenues is just 0.39. These swings in tax revenues are often big: over the past 13 years, more than half of all U.S. states have experienced at least one episode of total tax revenues falling by 5% or more from one year to the next. Because of the pervasiveness of balanced-budget rules within the United States, business-cycle induced swings in tax revenue almost always lead directly to swings in government spending — much of which is essential for long-term economic success.

One possible cushion for communities would be federal assistance. Although possible in principle, in practice federal outlays (that, of course, need to be financed either through higher federal taxes or borrowing) rarely reach struggling communities in a timely, targeted fashion. Another option is self-insurance via stabilization or “rainy day” funds that accumulate during times of high tax receipts and then payout during times of low tax receipts. In practice, however, such funds require strong political will to function wisely — and even then can be insufficient to address large economic shocks.

The fact that American communities experience large, and largely uncorrelated, shocks to their tax bases suggests the natural solution of insurance. The federal government can help create and operate a new insurance program into which states and localities would pay premiums to insure against tax-revenue losses caused by economic downturns. Premiums, in turn, would be pooled and then paid out to communities facing tax-revenue losses. Set appropriately, these premiums would be sufficient to fund not only contracted payouts but also ongoing program operations.

As with any insurance program, with tax-base insurance there would be three key parameters: premium, threshold, and coverage.

- The **premium** is the payment each participating locality would make into the insurance program. One sensible premium structure would be for each community to pay a flat percentage of its total tax revenues collected during the previous year.

“Over the past 13 years, more than half of all U.S. states have experienced at least one episode of total tax revenues falling by **5% or more** from one year to the next.”

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4 Our idea for tax-base insurance is borrowed from Akash Deep and Robert Z. Lawrence, 2008, Stabilizing State and Local Budgets: A Proposal for Tax-Base Insurance, Washington, DC: The Brookings Institution’s Hamilton Project. This section draws heavily on this work by Deep and Lawrence.
The **threshold** is the pre-specified loss in tax revenues that would trigger a payout. One possible threshold event would be a fall in tax revenues relative to the previous year by a certain percent. Note that this loss in tax revenue for a community would be similar to the deductible payment an individual often must pay as part of, e.g., health insurance.

The **coverage** is the amount of lost tax revenue that a community would be covered by the insurance payout. This likely would be some percentage of the loss in revenue, with coverage less than 100% functioning like a co-pay for individual health insurance.

Linkages among these three key parameters would determine the scope of the overall program. The size of premium payments would depend on the overall program generosity — i.e., on both the threshold decline in tax revenue that would trigger payouts and also on the coverage amount.

As a point of reference, consider simulations of a “maximal” insurance program that would include U.S. states based on data from 1993 through 2005, where maximal means most generous both in terms of a 0% threshold and a 100% coverage level. Given the actual history of states’ tax revenues over these 13 years, under this program a cumulative total of $36 billion in payouts would have been made (in constant 2000 dollars). Fully funding this program would have required collecting that amount in premiums, which translates into 0.57% of total state tax revenues collected over that period.\(^5\)

What states would have benefitted from this insurance program? Most. 45 states would have received at least one insurance payment; 23 states would have received two payments; and two states would have received payments four times. And since the payments are related only to changes in tax revenues rather than absolute amounts, both rich and poor states alike would have gained. Ranked by per capita income, the five poorest states would have received 11 payouts total—while the five richest states would have received seven payouts total.

This market for tax-base insurance would, like all insurance markets, need to address two challenges: **adverse selection** and **moral hazard**. Here, adverse selection would occur if only communities with volatile and/or correlated tax bases opt into the program, thereby reducing the diversification of risks at the heart of insurance. Moral hazard is the challenge of preventing program participants from choosing behaviors that induce insurance payments, conditional on joining the program. Here, moral hazard would mean that enrolled governments would, subsequent to making premium payments, pursue tax policies that would boost revenue volatility and thus the likelihood of insurance payouts. For example, enrolled governments might switch to less-stable tax bases (away from property taxes towards income and/or capital-gains taxes) or might even just cut tax rates.

\(^5\) See Deep and Lawrence op. cit.
The risk of adverse selection would be greatly reduced thanks to the demonstrable benefits that simulations show would accrue to both high-income and low-income jurisdictions alike. This would be true not just for states but also for local governments as well — counties, cities, and towns. Allowing participation of governments at all these levels would help broaden the potential diversification gains (within many states there is greater variance in tax revenues across municipalities than within the country overall across states), and thereby would boost likely participation.

The risk of moral hazard could be greatly reduced by measuring threshold tax revenues not in terms of actual revenue collected but rather in terms of “policy-neutral revenue,” i.e., tax revenue that would have been realized absent of any tax-policy changes. Thus, policy-neutral revenue would be (approximately) equal to actual revenue collected minus the impact of any tax increases and plus the impact of any tax cuts.

It is important to emphasize that tax-base insurance would not be a program of redistribution. Tax-revenue volatility hits both high-income and low-income states, per the simulation results described above. More generally, tax-base insurance would not be transferring resources to profligate states. It also would not be continually transferring resources to communities facing ongoing, long-term economic decline. An important feature of defining payment thresholds in terms of policy-neutral revenue is that a permanent decline in tax revenue triggers an insurance payment only once, not in all subsequent years. But these payments would allow struggling communities some ability to smooth their transition to economic pressures without dramatic cuts in public services that can trigger self-reinforcing declines as described in the introduction.

Exactly what role would the federal government play in our plan for tax-base insurance? It is important to stress that properly priced and enforced by the participating localities themselves, and once well established, the program would be completely self-financed, and therefore would not require any federal government outlays. That said, having this program at least initially organized and administered by the federal government could provide important benefits. One is that the federal government is uniquely positioned to provide information and guidance about this program to governments at all state and local levels, and so can help mitigate adverse-selection and moral-hazard risks. Another is that the federal government has the institutional and personnel expertise to conduct the critical calculations of policy-neutral revenue. And still another is that the federal government could provide important benefits.

“An important feature of defining payment thresholds in terms of policy-neutral revenue is that a permanent decline in tax revenue triggers an insurance payment ONCE, not in all subsequent years.”
government has demonstrated the capacity to administer insurance-type programs, such as counter-cyclical payments and other agricultural supports.

Because many critical features of a tax-base insurance program would need to be worked out by participating communities, we recommend that the U.S. Department of Treasury be tasked with helping organize this program.

“Once well established, the program would be completely self-financed, and therefore, would not require any federal government outlays.”
Section 2: Longer-Term Community Assistance: Global Economic Development Platforms

Beyond the short-term fiscal pressures that American communities can face, which our tax-base insurance proposal of the previous section would address, communities also face a longer-term challenge: how to build adequate linkages to the global economy to support high-productivity, high-compensation jobs.

The many channels through which integration into the world economy fosters high productivity and compensation show up clearly in the basic performance data of globally engaged companies. Start with firms that export or import. It is well documented that these trading companies tend to be larger, more capital and knowledge intensive, and pay higher compensation to observationally equivalent workers than do purely domestic companies.

Even stronger performance is documented in the U.S. companies that are part of a multinational firm—either the U.S. parents of U.S.-headquartered multinationals or the U.S. affiliates of foreign-headquartered multinationals. Companies in the United States that are part of a multinational firm account for only about one in four private-sector jobs. But these firms account for over 30% of GDP, a third of capital investment, half of all trade in goods, and a remarkable almost 80% of total private-sector research and development. The bottom line of all these productivity-enhancing activities shows up in paychecks. In recent years, workers at these firms earned an average annual compensation somewhere between a quarter to a third higher than the average annual compensation in the rest of the U.S. private sector. Much of this differential seems to stem from the nexus of productivity advantages enjoyed by these globally engaged firms.

In light of this evidence, we propose to identify persistently low-income, high-unemployment communities as Global Economic Development Platforms (GEDPs). These GEDP communities would then receive a bundle of targeted immigration, “Our proposal draws on the lesson of many communities and countries that global engagement can spur faster economic growth.”

trade, and investment liberalizations to better link them to the global economy. Our proposal does not purport to be a magic wand. Local economies can struggle because of a bundle of problems that are deep and long-standing and that experts continue to struggle over. Rather, our proposal draws on the lesson of many communities and countries that global engagement can spur faster economic growth. Think Chinese manufacturing, where today over half of all exports are accounted for by foreign multinational companies. Or think Indian IT software, where today two-thirds of sales are accounted for by Indian or foreign multinational firms. We envision a set of regulatory changes that can better knit particular communities into the fabric of globally engaged companies.

GLOBAL ECONOMIC DEVELOPMENT PLATFORMS

What are the tax, financing, trade and immigration liberalizations we propose granting to GEDP communities? Recalling that the nature of economic competition in a global economy has changed to a competition for capital, talent and ideas, we would recommend the following steps to ensure that communities facing significant adjustment issues or displacement can attract investment by globally engaged firms that can mobilize precisely those factors of production.

TAX INCENTIVES:

Expand the range of tax benefits available to companies that make investments in GEDP counties. The logic here is to help struggling communities attract more capital investment and related activities like research and development — from both globally engaged and even domestic companies alike. More specifically, businesses investing in a county designated as a Global Economic Development Platform would qualify for the tax treatment similar to that afforded companies investing in Empowerment Zones. These would include the following:

- a wage credit (a 20 percent subsidy on the first $15,000 of annual wages paid to employees working at investor’s facilities located in the GEDP);
- preferential tax treatment for certain depreciable property (expensing, rather than depreciating, the cost of capital equipment employed at the investor’s facilities located in the GEDP), and special tax-exempt bond financing;
- expensing the costs of remediation of any environmental hazards in soil or ground water in the vicinity of the investor’s facilities; and
- creation of a new class of tax-exempt private activity bonds to help finance investments in the GEDP counties.
ACCESS TO FINANCE:

Amend the Community Reinvestment Act (CRA) to include financing of investments in GEDPs as part of the score that individual depository institutions receive under the CRA, which qualifies them for federal depository privileges and certain favorable presumptions with respect to mergers and acquisitions. The CRA currently requires federal regulators to examine the record of federally regulated and insured depository institutions in making credit available to their entire community. The original purpose of the CRA was to end the practice of “redlining” certain parts of the community, effectively denying credit to potential homeowners and small businesses that were otherwise creditworthy. The scope of, and practice, under the CRA has evolved over time to adapt to changes in the financial services industry. We would recommend one further evolution designed to lower the cost of financing investments in GEDPs, both by the “anchor” investor and other firms in its supply chain, by including such financing as part of a financial institutions score under the CRA.

IMMIGRATION:

Create a new GEDP non-immigrant visa, akin to L-1 Intra-Company Transfers and H-1B visas for certain areas of technical expertise, which would allow a company investing in a county designated as a GEDP to bring in any foreign-born technical or managerial talent it needs to ensure that its investment in the U.S. succeeds.

“Current U.S. immigration policy restricts highly skilled immigration well below levels demanded by American businesses and imposes inflexible constraints on both U.S. and foreign-owned firms that might otherwise invest in the U.S.”

The new visa category would require such workers to have at least a college degree (or the equivalent in their technical specialty) to qualify. Under the new GEDP non-immigrant visa, such workers would be granted permission to work for the company investing in a GEDP county in the U.S. for three years. After the three years, each GEDP visa-holder would be eligible to adjust status to permanent residency in the U.S.

The logic here is two-fold. First, GEDP communities often lack the human resources needed to fill all of the required technical skills required to attract globally engaged firms as investors. Second, globally-engaged firms now manage their human resources on a global basis and may well want to bring in specific managers and engineering talent to pair with workers they hire locally as a part of their initial investment strategy. In addition, highly skilled immigrants often offer not just human capital but critical business links abroad.
Current U.S. immigration policy restricts highly skilled immigration well below levels demanded by American businesses and imposes inflexible constraints on both U.S. and foreign-owned firms that might otherwise invest in the U.S. Our immigration policy imposes constraints on their ability to manage their human resources in a way that might maximize the success of their investments in the United States. GEDP non-immigrant visas would help alleviate this constraint, while targeting the relief to needy U.S. communities.  

**TRADE:**

GEDP counties would automatically qualify as Foreign Trade Zones (FTZ), subject to implementing the security and accounting procedures required by the U.S. Customs and Border Protection agency. FTZ status would permit investors in qualifying GEDP counties to import intermediate inputs on a duty-free basis while such imported goods remain in the zone. Federal and state excise and inventory taxes on such inputs would also be deferred. That allows the GEDP investor to add value and American content in the zone and re-export the good without facing either U.S. duties or taxes. If the finished good is imported into the United States, the GEDP investor would pay duty solely on the foreign content included within the product.

We would, however, recommend that Congress consider expanding the benefits available to investments in GEDPs by making the deferral of federal duties and excise taxes permanent on inputs imported into the zone where the finished good that eventually enters the customs territory of the United States from the GEDP has been “substantially transformed” (i.e., where the intermediate goods have been converted into a new and different article of commerce or where the processing that takes place within the GEDP is sufficient to result in classification of the finished product under a new tariff heading or subheading) and where the U.S. value-added, including labor, exceeded 35 percent of the finished product by value. We would also recommend Congress consider allowing deferral of import duties where the intermediate products were moved between different GEDPs and permitting cumulation of the U.S. value-added in different GEDPs to satisfy the 35 percent value-added requirement. The logic here is to provide struggling communities with tax cuts that will help them better develop their comparative advantage.

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7 The H1-B program, which accounts for nearly all skilled immigrants admitted to work here each year, is currently capped annually at 65,000 with a bachelor’s degree or higher, plus an additional 20,000 with a master’s degree or higher. For fiscal 2008, by the afternoon of the first day that US Citizenship and Immigration Services began accepting new H1-B petitions more than 150,000 petitions had already been filed. So USCIS rejected any petitions received after close of business the next day, and then allocated the 85,000 fiscal 2008 H1-B visas via random lottery. See Matthew J. Slaughter, “The Immigrant Gap,” Wall Street Journal op-ed, April 1, 2008.
By defining these criteria relative to national averages, they will be largely immune to business-cycle fluctuations and therefore will be more likely to identify persistently struggling localities. We do not envision the GEDP program to be so expansive that its impact is attenuated. Our goal is to have about 10% of U.S. counties each fiscal year qualify as GEDP communities.8

What fiscal burden would these GEDP liberalizations place on the federal government? But for a small amount of administrative costs (e.g., for the new immigrant program) and a small amount of foregone tariff and business-tax revenue, there would be no material increase in expenditures or decrease in revenues.

And similar to our tax-base insurance proposal described earlier, our GEDP focus here would not be one of redistribution. Help for struggling communities would take the form not of resource transfers, but rather of structural and regulatory reform aimed at spurring faster growth via new linkages to the global economy. As with tax-base insurance, here too we think that the U.S. Department of Treasury would be well positioned to organize and administer GEDP initiatives, in coordination with other federal agencies as needed.

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8 For example, the 2007 national median household income was $50,740. 20% below this was $40,592, a level that was above the median household income for five states: Alabama, Kentucky, Arkansas, West Virginia, and Mississippi (see note 1 for sources).
Conclusion

The policies we have proposed in our American Communities Prosperity Initiative would, if enacted together, greatly expand support for our communities. Yet the total annual cost to the federal government of the two new programs — tax-base insurance and GEDP liberalizations — would be negligible. Tax-base insurance would be financed by the participating local governments, and the targeted nature of GEDP liberalizations would involve very small losses in tax revenues.

Any cost of these new community supports must be seen in the context of the current protectionist drift in U.S. policy away from trade and investment liberalization. Global engagement has generated, and has the potential to continue generating, very large gains for the United States — and for the rest of the world as well.

Living standards in the United States today are upwards of $1 trillion higher per year in total than they would have been absent decades of trade, investment, and immigration liberalization. Looking ahead, annual U.S. income could be upwards of $500 billion higher with a move to global free trade and investment in both merchandise and services.

The cost of not expanding public support will likely be lower national income by hundreds and hundreds of billions of dollars. We hope that our policy proposals help achieve this sort of expansion — and thereby ongoing gains from global engagement.
In June of 2007, the Forum released a study that continues to shape the discussion in Washington regarding U.S. trade policy and our nation’s response to the opportunities and challenges of globalization. The report, *Succeeding in the Global Economy: A Policy Agenda for the American Worker*, illustrates in clear and compelling terms the tremendous economic gains that free trade and globalization have generated for the United States and the world.

Importantly, the report also acknowledges that trade and globalization can also entail real and painful localized losses, and offers a new agenda of innovative policy ideas to help American firms, workers, and communities disaffected by evolving job patterns to adjust, re-engage, and prosper from the 21st century global economy.

The *American Communities Prosperity Initiative*, and the Forum’s *Adjustment Assistance Program for American Workers* white paper released in July 2008, are follow-ups to our June 2007 report, and expand on ideas that received a great deal of attention from policymakers and the media. All of these reports are available at www.financialservicesforum.org.
Author Biographies
Grant D. Aldonas

Grant D. Aldonas is the founder and principal managing director of Split Rock International, Inc., a global consulting and investment advisory firm based in Washington, D.C. Split Rock advises companies, investors, non-governmental organizations and international financial institutions on their global strategy, as well as incubating businesses that serve the bottom of the economic pyramid in the developing world.

Grant teaches courses in the resolution of international trade disputes and trade law and development as an Adjunct Professor in the Institute for International Economic Law at Georgetown University Law Center. Grant serves on the Institute’s Board of Advisers and Co-Chairs its flagship program, the WTO Academy.

Grant serves as Senior Adviser to the Center for Strategic and International Studies, where his research and writing focuses on globalization, innovation, international trade and development. He is currently at work on two books, one on trade and development; the other on economic policy in a global age.

Before founding Split Rock, Grant was a partner with Akin Gump Strauss Hauer & Feld, where his practice focused on international trade, investment, corporate governance, and corporate social responsibility. While at Akin Gump, Grant served as chair of the U.S. arm of Transparency International, the leading non-governmental organization fighting corruption globally.

From 2001 to 2005, Grant served in the Bush Administration as the Commerce Department’s Under Secretary for International Trade, where he was one of the President’s principal advisers on international economic policy.

Grant served concurrently as a member of the board of the Overseas Private Investment Corporation, which is the leading U.S. agency financing investments in the developing world. He also served as Executive Director of the President’s Export Council and the Trade Promotion Coordinating Committee.

Prior to his service in the Administration, Grant was the Chief International Trade Counsel to the Senate Finance Committee. During his tenure, the Congress passed a number of significant trade measures, including the landmark Trade and Development Act of 2000.

Before joining the Finance Committee staff, Grant was a partner with the Washington, D.C., law firm of Miller & Chevalier. During his tenure with the firm, Grant also served as counsel to the Bipartisan Commission on Entitlement and Tax Reform and as an adviser to the Commission on U.S.-Pacific Trade and Investment.

Grant began his career as a Foreign Service officer before joining the Office of the U.S. Trade Representative, where he was responsible for trade and investment relations with Latin America and the Caribbean. Grant received his B.A. in international relations in 1975, with a concentration in economic development, and his J.D. in 1979 from the University of Minnesota.
Robert Z. Lawrence

Robert Z. Lawrence is the Albert L. Williams Professor of Trade and Investment at the John F. Kennedy School of Government at Harvard University. He is also a Senior Fellow at the Peterson Institute for International Economics in Washington DC and a Research Associate at the National Bureau of Economic Research. He is a member of the International Advisory Panel of the South African Government’s Accelerated and Shared Growth Initiative.

Dr. Lawrence served as a Member of President Clinton’s Council of Economic Advisers from March 1999 to January 2001. Dr. Lawrence has held the New Century Chair as a non-resident senior fellow at the Brookings Institution, and founded and edited the Brookings Trade Forum.

Dr. Lawrence has been a senior fellow in the Economic Studies Program at the Brookings Institution (1983-91), a Research Associate at Brookings (1976-82), an instructor at Yale University (1975), and a professorial lecturer at the Johns Hopkins School of Advanced International Studies (1978-81). He has served as a consultant to the Federal Reserve Bank of New York, the World Bank, the OECD, and UNCTAD. He was also a member of the Presidential Commission on United States Pacific Trade and Investment Policy, and has served as a member of the advisory committees of the Institute for International Economics, the Panel on Foreign Trade Statistics of the National Academy of Sciences, the Committee for Economic Development, the Overseas Development Council, and the Panel of Economic Advisors of the Congressional Budget Office.


Dr. Lawrence was born in Johannesburg, South Africa. He immigrated to the United States in 1971, and studied in the U.S. at Yale University where he received his Ph.D. in Economics in 1978.
Matthew J. Slaughter

Matthew J. Slaughter is Associate Dean of the MBA Program and Professor of International Economics at the Tuck School of Business at Dartmouth. He is also currently a Research Associate at the National Bureau of Economic Research; a Senior Fellow at the Council on Foreign Relations; an academic advisor to the McKinsey Global Institute; and a member of the academic advisory board of the International Tax Policy Forum. From 2005 to 2007, Professor Slaughter served as a Member on the Council of Economic Advisers in the Executive Office of the President. In this Senate-confirmed position he held the international portfolio, advising the President, the Cabinet, and many others on issues including international trade and investment, currency and energy markets, and the competitiveness of the U.S. economy. In recent years he has also been affiliated with the Federal Reserve Board, the International Monetary Fund, the World Bank, the National Academy of Sciences, the Institute for International Economics, and the Department of Labor.

Professor Slaughter’s area of expertise is the economics and politics of globalization. Much of his recent work has focused on the global operations of multinational firms, in particular how knowledge is created and shared within these firms and how their activities are structured across borders. He has also researched the labor-market impacts of international trade, investment, and immigration, and has studied the political-economy questions of individual attitudes about and government policies towards globalization. This work has been supported by several grants from organizations including the National Science Foundation and the Russell Sage Foundation.

Professor Slaughter has published dozens of articles as book chapters and in peer-reviewed academic journals. He also co-authored the book Globalization and the Perceptions of American Workers, and he currently serves in various editorial positions for several academic journals.

In addition to numerous presentations at academic conferences and seminars, Professor Slaughter is a frequent keynote speaker to many audiences in the business and policy communities and he has testified before both chambers of the U.S. Congress. He frequently contributes op-eds to the Wall Street Journal and Financial Times, and his work and ideas have been widely featured in business media such as Business Week, The Economist, Financial Times, New York Times, Newsweek, Time, Wall Street Journal, and Washington Post. He has been interviewed on many TV and radio programs such as CNN’s Lou Dobbs Tonight and NPR’s All Things Considered. In recent years he has also served as a consultant both to individual firms and also to industry organizations that support dialogue on issues of international trade, investment, and taxation. And at Tuck he co-directs the flagship executive-education program Global Leadership 2020.

Professor Slaughter joined the Tuck faculty in 2002. Prior to coming to Tuck, since 1994 he had been an Assistant and Associate Professor of Economics at Dartmouth, where in 2001 he received the school-wide John M. Manley Huntington Teaching Award. Professor Slaughter received his bachelor’s degree summa cum laude and Phi Beta Kappa from the University of Notre Dame in 1990, and his doctorate from the Massachusetts Institute of Technology in 1994.
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The Financial Services Forum is a non-partisan financial and economic policy organization comprised of 17 chief executive officers of the largest and most diversified financial institutions with business operations in the United States. The purpose of the Forum is to pursue policies that encourage savings and investment, promote an open and competitive global marketplace, and ensure the opportunity of people everywhere to participate fully and productively in the 21st-century global economy.