

**NOMINATIONS OF GRANT D. ALDONAS,
JOHN B. TAYLOR, AND SCOTT WHITAKER**

HEARING

BEFORE THE

COMMITTEE ON FINANCE

UNITED STATES SENATE

ONE HUNDRED SEVENTH CONGRESS

FIRST SESSION

ON THE

NOMINATIONS OF

GRANT D. ALDONAS TO BE UNDER SECRETARY OF COMMERCE FOR
INTERNATIONAL TRADE; JOHN B. TAYLOR TO BE UNDER SECRETARY
OF TREASURY FOR INTERNATIONAL AFFAIRS; AND SCOTT WHITAKER
TO BE ASSISTANT SECRETARY OF HEALTH AND HUMAN SERVICES
FOR LEGISLATION

APRIL 26, 2001



Printed for the use of the Committee on Finance

U.S. GOVERNMENT PRINTING OFFICE

76-978—DTP

WASHINGTON : 2001

For sale by the Superintendent of Documents, U.S. Government Printing Office
Internet: bookstore.gpo.gov Phone: toll free (866) 512-1800; DC area (202) 512-1800
Fax: (202) 512-2250 Mail: Stop SSOP, Washington, DC 20402-0001

COMMITTEE ON FINANCE

CHARLES E. GRASSLEY, Iowa, *Chairman*

ORRIN G. HATCH, Utah	MAX BAUCUS, Montana
FRANK H. MURKOWSKI, Alaska	JOHN D. ROCKEFELLER IV, West Virginia
DON NICKLES, Oklahoma	TOM DASCHLE, South Dakota
PHIL GRAMM, Texas	JOHN BREAUX, Louisiana
TRENT LOTT, Mississippi	KENT CONRAD, North Dakota
JAMES M. JEFFORDS, Vermont	BOB GRAHAM, Florida
FRED THOMPSON, Tennessee	JEFF BINGAMAN, New Mexico
OLYMPIA J. SNOWE, Maine	JOHN F. KERRY, Massachusetts
JON KYL, Arizona	ROBERT G. TORRICELLI, New Jersey
	BLANCHE L. LINCOLN, Arkansas

KOLAN DAVIS, *Staff Director and Chief Counsel*
JOHN ANGELL, *Democratic Staff Director*

CONTENTS

OPENING STATEMENTS

	Page
Grassley, Hon. Charles E., a U.S. Senator from Iowa, chairman, Committee on Finance	1
Nickles, Hon. Don, a U.S. Senator from Oklahoma	2

ADMINISTRATION NOMINEES

Aldonas, Grant D., nominated to be Under Secretary of Commerce for International Affairs	3
Taylor, John B., nominated to be Under Secretary of Treasury for International Affairs	5
Whitaker, Scott, nominated to be Assistant Secretary of Health and Human Services for Legislation	5

ALPHABETICAL LISTING AND APPENDIX MATERIAL

Aldonas, Grant D.:	
Testimony	3
Prepared statement	13
Biographical	16
Responses to questions from Senator Baucus	23
Baucus, Hon. Max:	
Prepared statement	24
Grassley, Hon. Charles E.:	
Opening statement	1
Lott, Hon. Trent:	
Prepared statement	25
Nickles, Hon. Don:	
Opening statement	2
Rockefeller, Hon. John D., IV:	
Prepared statement	25
Taylor, John B.:	
Testimony	5
Prepared statement	26
Biographical	27
Responses to questions from Senators Hatch and Baucus	42
Whitaker, Hon. Scott:	
Testimony	5
Prepared statement	45
Biographical	46

**NOMINATIONS OF GRANT D. ALDONAS TO BE
UNDER SECRETARY OF COMMERCE FOR
INTERNATIONAL TRADE; JOHN B. TAYLOR
TO BE UNDER SECRETARY OF TREASURY
FOR INTERNATIONAL AFFAIRS; AND SCOTT
WHITAKER TO BE ASSISTANT SECRETARY
OF HEALTH AND HUMAN SERVICES FOR
LEGISLATION**

THURSDAY, APRIL 26, 2001

U.S. SENATE,
COMMITTEE ON FINANCE,
Washington, DC.

The hearing was convened, pursuant to notice, at 11:53 a.m., in room 215, Dirksen Senate Office Building, Hon. Charles E. Grassley (chairman of the committee) presiding.

Also present: Senators Hatch, Nickles, Snowe, Kyl, Baucus, Bingaman, and Lincoln.

**OPENING STATEMENT OF HON. CHARLES E. GRASSLEY, A U.S.
SENATOR FROM IOWA, CHAIRMAN, COMMITTEE ON FINANCE**

The CHAIRMAN. This morning we are going to hear from nominees from the Department of Commerce, the Department of Treasury, and the Department of Health and Human Services.

These nominees are all well-qualified for the positions that they have been nominated for, and I look forward to hearing from them about their activities that they anticipate in their new capacities.

Our first nominee is Grant Aldonas. Grant has been nominated to be Under Secretary of Commerce for International Trade. Grant is certainly no stranger to the Finance Committee, having worked as the committee's Chief International Trade Counsel for the years 1997 through 2001.

Grant is currently serving as a senior advisor to the Secretary of Commerce. His experience in international trade will certainly make him an asset to the Commerce Committee and to the administration.

Our second nominee is John Taylor, who has been nominated to be Under Secretary of Treasury for International Affairs. Mr. Taylor currently is a professor of economics at Stanford, and a senior fellow at the Hoover Institute. Mr. Taylor's wealth of economic knowledge will benefit the Treasury Department greatly.

Our final nominee is Scott Whitaker, who has been nominated to be Assistant Secretary of Health and Human Services. Mr. Whitaker was a member of Senator Don Nickles' staff for 10 years, concentrating on health care policy.

Mr. Whitaker's experience in the Senate and his work with the Senate Finance Committee will give him an advantage in his legislative work on behalf of Health and Human Services.

I welcome all of you. We will hear from Senator Nickles, then Senator Baucus, in regard to what they want to say about the nominees, and then we will hear from you.

OPENING STATEMENT OF HON. DON NICKLES, A U.S. SENATOR FROM OKLAHOMA

Senator NICKLES. Mr. Chairman, thank you very much. I thank you for the hearing. I thank the President for three outstanding nominees that I am confident will be overwhelmingly confirmed not only in the committee, but in the full Senate.

I have had the pleasure of knowing and working with all three nominees. I want to make a couple of comments about Mr. Whitaker, who has worked with me and my staff for the last 10 years. He is a native of Florida, but he has been with us for the past 10 years. He specialized in health care, drug policy, telecommunications, and numerous items and issues.

He also is married to Michelle Purser Whitaker, former staff member of mine. They have one son, Sam, who is two years old. They are coming in as we speak.

He over-married, needless to say. That is pretty obvious. Mr. Whitaker did an outstanding job on my staff, and he has done a great job in working in the Senate.

I think he will be a real asset to the Department of Health and Human Services, and I would encourage all of my colleagues to support not only Mr. Whitaker, but the other nominees as well.

The CHAIRMAN. Senator Baucus?

Senator BAUCUS. I think we have good nominees, Mr. Chairman. I may have a question or two at the appropriate point. I do not know what your schedule is.

The CHAIRMAN. Well, we will take your questions. That is perfectly all right. At this point, I would ask each of you for a summary of your opening statement. Your opening statement will be put in the record as you have submitted it.

I would ask each of you, in your turn, from Mr. Aldonas, Mr. Taylor, to Mr. Whitaker, to introduce any family and friends that you have with you.

We will start with Mr. Aldonas.

Mr. ALDONAS. Thank you, Mr. Chairman. I have my wife, Pam Olson with me, and my son Noah, who is 10. My two daughters are off at college, and hopefully they are studying hard rather than worrying about me.

I also have my brother, John Aldonas, who is the work-out expert at the Overseas Private Investment Corporation. So if anything goes back at OPIC, John is the guy to call.

This is my sister-in-law, Beth Aldonas, who is a teacher out in Alexandria, and my nephew, John Aldonas, who is just back from Florida. We did not think he was going to come back, because he

was on a sailing trip with the Boy Scouts. But we are glad to have him here.

The CHAIRMAN. Would you like to proceed with your opening statement?

Mr. ALDONAS. I would.

**STATEMENT OF GRANT D. ALDONAS TO BE UNDER
SECRETARY OF COMMERCE FOR INTERNATIONAL TRADE**

Mr. ALDONAS. Mr. Chairman, Senator Baucus, Senator Nickles, I am honored to appear before you today as President Bush's nominee to be Under Secretary of Commerce for International Trade.

I am humbled by the confidence that the President and Secretary Evans have placed in me, and I look forward to representing our Nation's interest in the international trade arena.

In summarizing my statement, I only want to make three basic points. The first, relates to the relationship between Congress and the executive, and there is no group that knows that better than the Finance Committee.

The essence of the relationship between Congress and the President has to be one of trust. I want to make sure that ours is a partnership that works. I would make the commitment personally to always be on call. I am looking forward to having your advice and counsel about our priorities and about our performance at the Commerce Department.

The second point I want to make concerns President Bush's trade priorities. As the President made clear this past weekend in Quebec, he intends to pursue every opportunity to open markets and ensure free and open competition.

That means focusing on areas where we can make progress now, such as the Free Trade Agreement of the Americas. It also means using bilateral or regional discussions as a catalyst for opening trade globally through negotiations in the World Trade Organization.

A critical element of that strategy is necessarily trade promotion authority. The President announced in Quebec that he intends, shortly, to set out a set of principles that he believes should shape a grant of trade promotion authority, and he wants to use that as a starting point for consultations with the Congress.

The third point I want to make, is the focus I intend to bring to my work at the Commerce Department, if confirmed. Job one will always be expanding export opportunities for American business, particularly small, medium-sized, and minority-owned businesses so that we can broaden the benefit of international trade to all Americans.

Beyond that, I pledge the strongest possible commitment to the enforcement of our trade agreements. As I have been schooled by the members of the committee over the past 4 years, we have no right to ask the American public for their consent for an active trade agreement if we are not making sure that our agreements are enforced.

I will adopt the same approach to the enforcement of our unfair trade laws. As Secretary Evans has said to me a number of times, there is nothing more dispiriting to the American businessman, the

American entrepreneur, and American workers than to see that they are not playing on a level playing field.

I intend to use the trade laws, not as an end in and of themselves, but as a tool to eliminate the underlying practices that deny market opportunities and distort markets.

Let me close by thanking you, Mr. Chairman and Senator Baucus, for the kind words when I left the committee. The Finance Committee has a very special place in my heart. I feel extremely fortunate to have had the opportunity to work here.

I also want to thank the opportunity to thank Senator Bill Roth for having given me that opportunity. For me, Chairman Roth, and his esteemed friend and colleague, the Ranking Member on the Finance Committee at the time, Senator Moynihan, and all of the members of the Finance Committee, exemplified for me the spirit that ought to form our democracy, one of vigorous debate, yet constructive cooperation to get the job done for the American people.

Lastly, and most importantly, I want to thank my wife, Pam Olson, who has been my partner in every endeavor for 21 years, and my children, Nicole, Kirsten, and Noah, for their support while I have been in public service.

In light of the hearing you just had, I wanted to mention that you will probably see more of my wife than you will of me in her new job as the Deputy Assistant Secretary of Treasury for Tax Policy.

She is a farmer's daughter from the Red River Valley up in Minnesota and takes a very practical bent to the Tax Code, which is, if her father could not understand it, it is too complex. So, I recommend her advice to you highly as you are going through the effort of simplifying the Tax Code.

Thank you very much.

The CHAIRMAN. I want to keep in touch with her. I have found few people in this town that know anything about the problems of farmers and taxes. Thank you, Mr. Aldonas.

[The prepared statement of Mr. Aldonas appears in the appendix.]

The CHAIRMAN. Before you go, Mr. Taylor, I have a statement here by Senate Majority Leader Trent Lott that will be submitted after Senator Baucus' and Senator Nickles' opening statements. He did indicate support for all three nominees, and would like to have their prompt floor consideration after they are reported from our committee.

[The prepared statement of Senator Lott appears in the appendix.]

The CHAIRMAN. Mr. Taylor, would you please introduce your family and friends, if they are here with you, and make your opening statement?

Mr. TAYLOR. Thank you, Mr. Chairman. I have my wife, Lynn Taylor, the best trademark attorney in America, and my daughter, Jennifer Taylor, sitting next to her. My son, John, is studying hard at Princeton University right now, I hope, and could not be with us.

**STATEMENT OF JOHN B. TAYLOR TO BE UNDER SECRETARY
OF TREASURY FOR INTERNATIONAL AFFAIRS**

Mr. TAYLOR. Mr. Chairman, Senator Baucus, and Senator Nickles, it is a pleasure and a great opportunity to be here before this committee.

I am deeply honored that President Bush has nominated me to serve as Under Secretary of Treasury for International Affairs. If I am confirmed, I look forward to this opportunity to work with you, Secretary O'Neill, and President Bush, and others in the administration, including the two people on either side of me.

I have great enthusiasm for public service. This will be my fourth stint working for the Federal Government, each time going back to the private sector.

I am particularly interested in using my skills and experience in economics and finance to contribute to the formulation of a good economic policy that will improve the well-being of the American people.

My role as Under Secretary of Treasury for International Affairs is to give advice to the Secretary and to the President on U.S. participation in the international financial system, which includes such issues as macroeconomic policy, exchange rate policy, trade and investment, and our participation in the International Monetary Fund and the World Bank.

Should I be confirmed, I am committed to implementing the priorities of President Bush and Secretary O'Neill. In doing so, I look forward to working with this committee. I am grateful for this opportunity.

I would be very happy to answer any questions you may have. Thank you.

The CHAIRMAN. Thank you.

[The prepared statement of Mr. Taylor appears in the appendix.]

The CHAIRMAN. Now, Mr. Whitaker, would you please introduce your family and friends, and then give your opening statement?

Mr. WHITAKER. I would be happy to, Mr. Chairman.

My wife, Michelle, has joined me today. My 2-year-old son, Samuel, was here earlier.

Senator BAUCUS. There he is now. He came back.

Mr. WHITAKER. He has just shown back up. As you can see, I not only over-married, as Senator Nickles said, by my son got not only my wife's good looks, but her intelligence as well. [Laughter.] So, I am fortunate to have them both here.

STATEMENT OF SCOTT WHITAKER TO BE ASSISTANT SECRETARY OF HEALTH AND HUMAN SERVICES FOR LEGISLATION

Mr. WHITAKER. Mr. Chairman, Senator Baucus, Senator Nickles, and other members of the committee, I am grateful to have the opportunity to appear before the committee today.

First, I want to thank Senator Nickles for his kind and generous comments. I am deeply grateful for the opportunities you gave me in your office. Without those opportunities and the confidence that you placed in me, this probably would not have come my way. So, I want to thank you for that.

Mr. Chairman, I appreciate you taking time from your busy schedule to consider my nomination. I also am deeply honored to have been nominated by President Bush to serve as Assistant Secretary for Legislation at HHS. I am equally honored and grateful to have the opportunity to work with Secretary Thompson in this capacity.

As you know from my background information, I had the pleasure of working in the Senate for 10 years, all 10 of those for Senator Nickles, and since 1995, the privilege of staffing him for many of the mark-ups and hearings before this committee.

So, it is a special honor to be here today, and a special honor to be on the other side of the dais for a change.

As you know, the President and the Secretary have set forth a very ambitious agenda for the department. As Secretary Thompson said in his confirmation hearing, if we have learned anything in the past year, it is that the American people are clamoring for action to deal with some of the most critical issues affecting their day-to-day lives.

This administration and this department understands the need for action and, under the leadership of Secretary Thompson, we are committed to making certain that our actions produce positive results for the American people.

The department has enormous responsibilities, as you well know. It runs over 300 programs which touch almost every life in this country. The administration, and specifically this department, is committed to ensuring that the current programs are providing the services that are promised and improving programs that are not measuring up to the highest standards of excellence.

We are committed to modernizing and improving the Medicare program, providing access to a prescription drug benefit, improving access to quality health care for those who do not have it, and eventually taking welfare reform to the next level.

As you can see, Mr. Chairman, the department's agenda is very ambitious and its challenges are great. But we understand that very few items on our agenda can be resolved if we do not have a good working relationship with you, with other members of this committee, and with Congress.

It is my hope that, if confirmed, that I will have the opportunity to work with this committee, with members on both sides of the aisle, to try to advance the goals of the President.

The challenges that we face at the department are great, but the opportunities are far greater. If you should see fit to approve my nomination, it will be an honor to serve the President and the Secretary, but it will also be an honor to work with you, your staff, and members of this committee as we seek to try to find solutions to many of the difficult problems we face.

Thank you, Mr. Chairman, for your time. I am happy to answer any questions you might have.

[The prepared statement of Mr. Whitaker appears in the appendix.]

The CHAIRMAN. I have standard questions that we ask every nominee. I would ask you to listen to each question, but I would like to have you answer separately.

Number one, is there anything you are aware of in your background that might present a conflict of interest with the duties of the office to which you have been nominated? Mr. Aldonas?

Mr. ALDONAS. No.

The CHAIRMAN. Mr. Taylor?

Mr. TAYLOR. No, sir.

The CHAIRMAN. Mr. Whitaker?

Mr. WHITAKER. No, sir.

The CHAIRMAN. Number two, do you know of any reason, personal or otherwise, that would in any way prevent you from fully and honorably discharging the responsibilities of the office to which you have been nominated? Mr. Aldonas?

Mr. ALDONAS. No, Mr. Chairman.

The CHAIRMAN. Mr. Taylor?

Mr. TAYLOR. No, sir.

The CHAIRMAN. Mr. Whitaker?

Mr. WHITAKER. No, sir.

The CHAIRMAN. Three, do you agree, without reservation to respond to any reasonable summons to appear and testify before any duly-constituted committee of Congress, if you are confirmed? Mr. Aldonas?

Mr. ALDONAS. Absolutely.

The CHAIRMAN. Mr. Taylor?

Mr. TAYLOR. Yes, sir.

The CHAIRMAN. And Mr. Whitaker?

Mr. WHITAKER. Absolutely.

The CHAIRMAN. I have no questions. But before Senator Baucus wanted to ask some questions, I guess I would halve a couple of admonitions that I would like to have you think about in your new responsibilities.

Number one, for Mr. Aldonas. This is something the chairman would like to do, depending on the will of Congress, and of course the entire committee here. But we have a window of opportunity on trade legislation, between this committee working on taxes during May and working on Medicare/prescription drugs during the last of July, to do some trade legislation, of which the most important one is trade promotion authority.

So, anything you can do in your capacity to help that process along, not necessarily on the Hill but within this town and with all the people you deal with, it would be much appreciated.

In the case of International Affairs in the Treasury Department, I hope in your work with the World Bank and the International Monetary Fund you will do what you can do to change policies, through the devaluation of currency and high taxes that are imposed on countries to get the benefit of the aid that comes from these international institutions, that end up devastating the middle class in these developing countries.

There is nothing that is more harmful to the economy of these countries, and social unrest, than when we obliterate the middle class in countries. That has happened too often.

In your case, Mr. Whitaker, I hope you will help us through the administrative process, because it is so difficult to pass legislation, that anything your department can do administratively to reduce the paperwork that is required of hospitals, nurses, medical profes-

sionals, nursing homes, et cetera, et cetera, I hope you will encourage everybody in your department as you carry the message to help get that job done.

Now, a lot of it has got to be done legislatively. That may be the best way to do things, but it is not the easiest way to do things. A lot can be done administratively, and I hope that will happen.

Now, Senator Baucus.

Senator BAUCUS. Yes. Thank you very much, Mr. Chairman.

First, I want to compliment Mr. Aldonas. As you know, Mr. Chairman, Senator Nickles, and Senator Kyl, we have had a great relationship with Grant. He has been just wonderful, working with both sides of the aisle. We look forward to your service, Grant.

Mr. ALDONAS. Thank you, Senator.

Senator BAUCUS. I know the country is going to be very proud of you, as we all will be, too.

The main question I have, and you have already addressed it, is on our trade laws. You mentioned in your statement that you think they are good, sound, solid, needed. As we move into trade negotiations, I assume it is your view that the administration should stand firm in any negotiating authority and maintain the integrity of our trade laws, and not weaken them. Is that correct?

Mr. ALDONAS. Absolutely, Senator. I think it is an important buffer as we are encouraging market liberalization abroad. I think our companies have to have the opportunity to vindicate their rights and offset unfair trade practices. I think we owe them that obligation.

But I do want to reinforce the message that I do not want the cases to be coming in and of themselves. I think we need to assume the obligation in the administration, and at the Commerce Department in particular, to be going after the elimination of the underlying practices. I think that ought to be the real goal.

Senator BAUCUS. Exactly. We have our trade laws because of those underlying practices. That is the reason they are there.

Mr. ALDONAS. Absolutely.

Senator BAUCUS. I appreciate it.

Mr. Taylor, congratulations.

Mr. TAYLOR. Thank you very much.

Senator BAUCUS. One question I have, and I do not know if this is accurate or not, but I read somewhere that you at one time advocated the abolition of the IMF and were quite critical of IMF loans to Mexico and Russia. I wondered if you could expand on that, please.

Mr. TAYLOR. Yes, I will be happy to, Senator. It was, I believe, a quote from a TV interview, where I was asked if I agreed with former Secretary of State George Schultz that the IMF should be abolished. In that conversation, I indicated that I did agree. I do not think that is how I would put it at this point in time. That was several years ago.

My feeling is that the IMF is an institution that is here to serve us. It can be reformed, and it has made some changes in the last few years, actually, since I made that statement, which represent improvements.

What I would like to do, if I am confirmed, is work hard to make sure that there are further improvements that make that institution work more effectively.

Senator BAUCUS. What are some of those improvements?

Mr. TAYLOR. That have been made so far?

Senator BAUCUS. That you would advocate.

Mr. TAYLOR. I think the length of the loans could be shortened in certain cases, that the interest rates could be increased in certain cases. But these are just examples.

What I would like to do, if confirmed, is to look more carefully at the improvements that have been made, to study that with Secretary O'Neill and the rest of my colleagues in Treasury and the administration, to see exactly what things could be done in the future.

Senator BAUCUS. I appreciate that. Those may or may not be good suggestions. But it is my impression, frankly, that Secretary Rubin, Deputy Secretary Summers, and Chairman Greenspan did a pretty good job in coordinating a solution to the Asian financial crisis and working with many Central bankers around the world. The IMF was an integral part of that. Would you agree or not?

Mr. TAYLOR. I am going to make sure I talk as much as I can to the people who served in Treasury before me to make sure I understand how they made their decisions and make recommendations that I think are correct for the future, rather than to go back and look at what happened in the past.

I think we can learn a lot from those experiences. The IMF has played a role, and will continue to play a role, in certain situations like that. But I think it is important for us to look to the future to see how the IMF could work in a more improved way.

Senator BAUCUS. If you could comment, too, on the growing trade deficit that the United States has with other countries, and the degree to which you think that is a problem that at some point, or currently, the United States should address.

Mr. TAYLOR. I think of the trade deficit as reflecting a difference between investment and saving in the United States. The trade deficit, in fact, is equal to the gap between what is invested in the United States and what Americans save. It currently reflects the fact that we are a good place to invest.

Investment rates are high in America, and our savings rate is not as high as our investments. So that means foreigners are investing in the United States, taking advantage of the opportunities to invest.

That is reflected in the trade deficit that we see. So, efforts to affect the trade deficit ultimately have to do with efforts to affect either investment or our savings. I would prefer to look at ways to raise our savings, and not to try to cut back in our investment. To the extent investment increases, that is a good thing for the United States.

Senator BAUCUS. Is the current level and trend sustainable?

Mr. TAYLOR. I think it very much depends on what happens in the future. Certainly at this level, if it is used for good investment purposes as it is, it is quite sustainable because those funds are being invested where there are rates of return. They can be used to service any debt that is created through the trade deficit.

But if, in the future, the deficit is reflecting other sources, then it could be a problem. But at this point in time, the trade deficit is reflecting this gap between investment, good opportunities in America, and our savings, and it is quite sustainable.

Senator BAUCUS. I might read you a quote from Secretary Rubin in Davos in 1999 referring to this question. "The international system cannot sustain indefinitely the large imbalances created by the disparities in growth and openness between the United States and its major industrial trading partners."

My guess is—and who am I to second-guess Bob Rubin—that it is a bit analogous to the bubble in the stock market, particularly the dot.coms. There comes a time when human nature or common sense tells us that this is a bit inflated, it has gotten a little bit too large.

There is going to be a correction, and the correction might not be easy. It might be pretty harmful to some people. It has, certainly, with the dot.com explosion of the bubble.

My personal view is that we cannot continue to grow these trade imbalances. The main reason, is because there is going to come a time—and it often and usually is—earlier rather than later when something collapses, some investment is suddenly withdrawn from the U.S., for example, because of whatever might happen.

I may be going out on a limb here a bit, but I think that that day of reckoning is like the stock market. We all know it is going to go down, we just do not know when. But the day of reckoning may be coming a little earlier with respect to the trade deficit because that is the degree to which this administration tends to send signals that it is not engaging as much the international community and as I believe it should, whether it is the Korean peninsula, whether it is the China policy, or whether it is a climate change, or Russia, or whatnot. But the signal is sent more and more that the United States is not engaging as much in world affairs as I believe it should. It could well be that investors worldwide will start to think, well, there may be better investment opportunities elsewhere. The EU might start to turn around.

I would just urge you, in your position, to take a hard look at that issue. That is, the issue of the trade deficit. My judgment is that it cannot be sustained over a much longer period of time, and we should begin to make some efforts to try to deal with it.

Mr. TAYLOR. I will be very happy to look at it very carefully and answer any questions you have in the future about it, Senator.

Senator BAUCUS. I appreciate that.

Mr. Whitaker, you have done a great job here. I have a couple of questions on your new job. First, I just might note, I guess there was a reception for your successor, and who should be there but Congressman Dick Gephardt and your former boss.

It was a very bipartisan reception. I would just encourage you to follow in that model, because it is going to help all of us, clearly, the more you continue to maintain that.

As you know, last year the Family Opportunity Act was bipartisan legislation to extend health coverage to disabled children through Medicaid, introduced by the Chairman of the committee, as well as Senator Kennedy, sponsored by 77 Senators, but was met with very strong resistance by the Senate leadership when it

came before this committee. I might say, nor is it easy to win passage for the Breast and Cervical Cancer Treatment Act, which had 76 co-sponsors.

I mention all this because, as you know, both of those were expansions of Medicaid. Program expansions have been raised by a good number of Senators and others as a means to reduce the number of uninsured Americans. I would like you to comment on these bills and your views toward using Medicaid or SCHIP as a means of reducing the number of uninsured.

Mr. WHITAKER. First, Senator Baucus, I would say, hopefully at the end of my time in the administration, that both you and Senator Nickles would come to my reception when I move on to something else. [Laughter.]

Senator BAUCUS. I hope it is not soon.

Mr. WHITAKER. I hope not, as well. If that is the case, I will assume that my tenure was successful.

The Secretary came in and met actually with Chairman Grassley, and the issue of the Family Opportunity Act came up. At that time, it was my understanding that Senator Grassley had said that he was working, his staff, with members of the leadership's staff to try to work out some agreement on that. I believe the Secretary's comments were at the time that he would be happy to engage in that discussion and be helpful where he can.

I think the Secretary's record really speaks for itself on this issue. He has been very aggressive in Wisconsin, as you know, with Badger Care being the prime example of using creative measures to expand coverage for those who are uninsured and those who otherwise have the difficulty getting some type of health insurance coverage.

So I think he is committed to the principle. I think that we will work with Chairman Grassley, and with your office as well, to see if we can come up with the best ways to expand coverage to those who really need it. In this case, the families with disabled children would fall into the category of those who really need some help soon.

Senator BAUCUS. I appreciate that. I do believe, frankly, that an expansion is part of the solution. Badger Care is a good example, and I appreciate your response. Thank you.

Mr. WHITAKER. Thank you.

The CHAIRMAN. Senator Nickles?

Senator NICKLES. Mr. Chairman, I have a couple of hundred questions for Mr. Whitaker that I will submit, and expect his response by 3:00 this afternoon. [Laughter.]

The CHAIRMAN. All right.

Senator Lincoln?

Senator LINCOLN. I will be brief, Mr. Chairman.

I just want to congratulate all of you that are here today, and would like to reiterate some of what the Chairman brought up in terms of trade and the importance of that issue, both in this committee and from much of our constituency.

Without a doubt, I think it is going to be one of our major issues. We have a multitude of them, but I do think it is going to be very important. I certainly look forward to working with you and hope

that you will stay in good rapport and constant contact with us on those issues.

Mr. Taylor, in terms of the Treasury and International Affairs, one of the things that has stuck in my mind from economists that we have heard from, has been the issue of our savings rate in this Nation and the fact that we are in the first year, I think, of a deficit savings rate for our Nation, and the impact that is going to have on our international investors, the fact that they see us without a propensity to save and what that may mean to us in our Treasury in years to come, the run that might happen on our government and the fact that it may lessen their interest in making investments in our country.

So I just would say that I hope that the Chairman and Senator Baucus have an issue on pensions that I think is going to be very important, and certainly want your input on how that might affect international affairs and our Treasury.

Mr. Whitaker, I do not have a thousand questions for you, but I would like to just piggyback, again, on the issue of the CHIPs program. The State of Arkansas had applied for a waiver, and in my 2 weeks of this recent break I have heard an awful lot about individuals who have had some complications between the Medicaid and our Kids First program, and the loss of programs, or certainly service and care, that they had previously been receiving.

So, we will certainly be contacting you and wanting to work with you on that. In those 2 weeks, I heard diligently from our hospitals, both on reimbursement rates for our emergency services as well as some of the regulations that they see, not to mention HIPA. So, I think I will get to know you even better over there.

Mr. WHITAKER. I look forward to that.

Senator LINCOLN. But, congratulations to all of you.

Thank you.

Senator HATCH. Thank you. I just want to congratulate each and every one of you. I appreciate your willingness to serve our government.

Mr. Taylor, I enjoyed our meeting yesterday very, very much.

Mr. TAYLOR. Thank you.

Senator HATCH. Unless there are any further questions, I think we will recess the committee. That is my job today.

[Whereupon, at 12:23 p.m., the hearing was concluded.]

A P P E N D I X

ADDITIONAL MATERIAL SUBMITTED FOR THE RECORD

PREPARED STATEMENT OF GRANT D. ALDONAS

Mr. Chairman, Senator Baucus, and Members of the Committee, I am honored to appear before you today as President Bush's nominee to be Under Secretary of Commerce for International Trade. I am humbled by the confidence the President and Secretary Evans have placed in me. I look forward to representing our nation's interests in the international trade arena and am eager to tackle that challenge.

America's ability to lead on trade ultimately depends on a partnership between Congress and the President. The essence of that partnership is trust—trust between Members of Congress and the President and his team. And, in practice, much of that boils down to the strength of the working relationship between those on the President's team responsible for trade and the members of the Senate Finance Committee.

If I am fortunate enough to be confirmed by the Senate, my primary objective will be to establish a strong working relationship with the members of the Committee and your staff to ensure that ours is a partnership that works. Based on my own experience here as former Chairman Roth's Chief International Trade Counsel, I am fully aware of the need for continuing consultations. I am committed to establishing a regular schedule of meetings with your staff to ensure that you are fully informed of our progress on the trade front. I look forward to your counsel concerning our priorities on trade and your advice on how to improve our performance at the Commerce Department.

I would like to turn, if I might, to the trade priorities that President Bush has established for his Administration. The President has made clear that he will pursue an aggressive agenda to opening markets and ensuring free and open competition. In Quebec this past weekend, the President stated that "we will work for open trade at every opportunity." We will pursue "bilateral free trade agreements with friends and partners," as well as working for "open trade globally through negotiations in the World Trade Organization."

The President's stance is rooted in the clear economic benefits that trade brings both at home and abroad. It is no coincidence that two decades of strong American economic growth have mirrored an opening of the American economy and the opening of markets around the world to American goods and services through the negotiation of trade agreements with Canada, Mexico, Israel, and with our WTO trading partners.

The numbers tell the story. Over the last decade, the U.S. Gross Domestic Product ("GDP") grew by 72 percent, while world GDP has grown by 63 percent. American exports grew by 97 percent, while exports around the world grew by 76 percent. During the past decade, exports contributed 21 percent of all economic growth in the U.S. economy and 30 percent of economic growth worldwide. In other words, our economic output nearly doubled at a time when both we and our trading partners undertook significant efforts to open markets around the world.

Frankly, none of that should be unexpected. When we open our markets and our trading partners open theirs, it removes the barriers that otherwise prevent our economy from pursuing its comparative advantage. Trade barriers, whether at home or abroad distort the signals that markets should send to farmers, businessmen and women, investors, and, most importantly, to American workers about where future economic opportunity lies. By opening markets and ensuring that markets are sending the right signals, governments let participants in the market make an honest assessment of where their own best interests lie.

At its most basic and human level, opening markets is about giving Americans the freedom to choose their own economic destiny. Trade barriers, on the other hand, limit that freedom. That is the philosophical root of the President's stance on trade.

The branches of the President's philosophical stance, however, extend further. President Bush frequently quotes Ronald Reagan for the proposition that trade represents a "forward strategy for freedom." In Quebec this past weekend, the President reiterated that point, underscoring that trade not only yields "new jobs and new income," trade also "lifts the lives of people." Trade applies "the power of markets to the needs of the poor" and "spurs the process of economic and legal reform." Most importantly, "open trade reinforces the habit of liberty that sustains democracy over the long haul."

One of the reasons I am looking forward to assuming the responsibilities of the Under Secretary for International Trade at the Commerce Department, is that the International Trade Administration ("ITA") is on the front lines in that effort. That is true of the industry experts in Trade Development who provide technical support to our trade negotiators and advice to American exporters. It is true as well of the staff in Market Access and Compliance who ensure that American firms get the benefit of the bargain they have a right to expect under our trade agreements. It is also true of Import Administration, which ensures that our firms compete internationally on a level playing field, and of the officers of the U.S. and Foreign Commercial Service who link American firms—particularly small- and medium-sized businesses—with trade and business development opportunities abroad.

I have had the good fortune to work with many of the professionals in International Trade Administration throughout my career, both in my prior public service with the State Department, the Office of the United States Trade Representative, and on the staff of the Senate Finance Committee, as well as during the many years I spent in the private sector. I want to underscore for the Committee, and for my friends in the Department, that I consider it an honor to have the opportunity to work side-by-side with them in advancing America's trade agenda.

I would like to outline three priorities I intend to focus on if confirmed as Under Secretary for International Trade. First and foremost is expanding export opportunities for American business. At a practical level, that effort involves concentrating the Department's resources in ways that are likely to provide the greatest pay-off for American businesses trying to gain access to world markets. Whether it is on behalf of manufacturing, agribusiness, or service industries like insurance, the management challenge within ITA is to ensure that the component parts stay fixed on a single goal—identifying promising targets for our exporters and providing the support they need to reach those markets.

The Commerce Department can also contribute significantly to the effort to expand the benefits of trade to all Americans. I intend, for example, to work closely with other parts of the Department, other U.S. agencies, and with trade promotion offices at the state-level to reach out to minority-owned businesses interested in international markets. I am committed as well to working closely with the Small Business Administration to ensure that those small- and medium-sized businesses that provide the overwhelming source of new employment in our economy have the opportunity to "go global" from the outset of their existence.

Second, I want the Bush Administration's tenure to reflect the strongest possible commitment to the enforcement of our trade agreements. Both the President and Secretary Evans fully support that effort. They understand, as the members of this Committee do so well, that we cannot expect the American public's support for an active trade agenda if our exporters do not get the benefit of the bargain they have a right to expect from our trade agreements.

What that means in practical terms is ensuring that each and every employee in the Commerce Department is focused on serving our exporters on the ground. If the problem lies with an errant interpretation of the World Trade Organization Customs Valuation Agreement by a customs official in Marseille, I want our Foreign Commercial Service officers to solve that problem at a working level in Marseille so that the goods can reach their markets without further delay. If the problem is a systemic one—a pattern of behavior that violates our rights under trade agreements, I want to hear about it immediately so that the staff in Trade Development can bring the weight of the U.S. government to bear on the problem at a political level as early as possible in pursuit of a practical solution to our exporters' problems. If the problem is one that requires us to go to dispute settlement under our various trade agreements, I want our Market Access and Compliance officers to understand the importance of building the factual record for our claim and working closely with our counterparts in the Office of the United States Trade Representative to ensure that the dispute settlement process vindicates our rights.

Third, I would like to adopt the same results-oriented approach to the administration of our unfair trade laws by the Import Administration. Congress never intended antidumping and countervailing duty actions to be an end in themselves. Rather, the unfair trade laws represent tools that should be used in an effort to eliminate the underlying unfair trade practices that distort markets and deny American firms—and firms worldwide—to compete on an equal basis.

The debate over the earliest versions of the U.S. countervailing duty law in the 1890s reflected Congress' intent to offset the market distortions introduced into the sugar trade by Russian subsidies to sugar production. Congress' action, however, also reflected an intent to provide leverage to pursue the elimination of such practices and their harmful effects on U.S. markets.

It is time to restore that focus to our efforts. Whether the issue is steel, lumber, semiconductors, or supercomputers, our goal should be the elimination of unfair practices that interfere with the market's ability to guide investment to its most productive use in our own economy and in markets for goods and services worldwide. Functioning capital markets impose a strict discipline that steers capital to those activities that generate the highest possible rate of return. Trade distorting subsidies and other unfair practices that interfere with the ability of the capital markets to impose that discipline impose a high cost on our exporters and on our economy as a whole.

In his conversations with me, Secretary Evans has put that in more human and tangible terms. He has often said to me that there is nothing more dispiriting to American workers and American entrepreneurs who put capital at risk than to see that they are not competing on a level-playing field. If confirmed by the Senate, I pledge to work within the Department, with other agencies, and, most importantly, with American industry to ensure that our policies and our actions target the elimination of trade-distorting practices and the costs they impose.

Let me close by once again thanking the President and Secretary Evans for nominating me to serve the American public as Under Secretary of Commerce for International Trade. I would also like to reiterate my appreciation to you, Mr. Chairman, to Senator Baucus, and to the other members of the Committee for allowing me to appear before you today. I want to thank both Chairman Grassley and Senator Baucus for their kind words on the floor of the Senate at the time I left the Committee. The Finance Committee is a very special place for me and I feel extremely fortunate to have had the opportunity play a small part in its important work.

I would also like to express my deepest appreciation to Senator Bill Roth for having given me that opportunity. For me, Chairman Roth and his esteemed friend and colleague, Senator Pat Moynihan, the Ranking Member on the Finance Committee, exemplified the spirit that has marked the long history of the Finance Committee—a spirit of vigorous debate, yet constructive cooperation that should always inform the democratic process. I will be forever in their debt for the education and inspiration their leadership provided. It is a debt that I hope my continued public service can, in part, repay.

Lastly, and most importantly, I would like to thank my wife, Pam, and my children, Nicole, Kirsten, and Noah, for their support for me while I have been in public service. Pam recently left her law partnership and her role as the first woman ever to chair the American Bar Association's Section of Taxation to serve President Bush and Treasury Secretary O'Neill as the Deputy Assistant Secretary of Treasury for Tax Policy. I can say, objectively, based on 21 years of evidence, that Pam is the best partner anyone could ask for—the President and Secretary O'Neill could not have found a better choice.

I would be pleased to answer any questions you may have.

**SENATE FINANCE COMMITTEE
STATEMENT OF INFORMATION REQUESTED OF NOMINEE**

A. BIOGRAPHICAL INFORMATION

- 1. Name: (Include any former names used.)**
Grant Douglas Aldonas
- 2. Position to which nominated:**
Under Secretary of Commerce for International Trade
- 3. Date of nomination:**
March 29, 2001
- 4. Address: (List current residence, office, and mailing addresses.)**
Residence and Mailing: 2819 North Jefferson Street, Arlington, Virginia 22207
Office: Room 5847, U.S. Department of Commerce, 14th Street and Constitution Avenue, N.W., Washington, D.C. 20230
- 5. Date and place of birth:**
February 7, 1955, Minneapolis, Minnesota
- 6. Marital status: (Include maiden name of wife or husband's name.)**
Married to Pamela Faith Olson
- 7. Names and ages of children:**
Nicole Helen Aldonas, 20
Kirsten Inga Aldonas, 18

Noah Grant Olson Aldonas, 10

8. Education: (List secondary and higher education institutions, dates attended, degree received, and date degree granted.)

University of Minnesota Law School, September, 1976 – June, 1979, Juris Doctor, June, 1979

University of Minnesota, September, 1972 -- June, 1975, B.A., International Relations, June, 1975

Theodore Roosevelt High School, September, 1969 – June, 1972, High School Diploma, June, 1972

9. Employment record: (List all jobs held since college, including the title or description of job, name of employer, location of work, and dates of employment.)

3/01 – Present: Senior Adviser to the Secretary of Commerce, U.S. Department of Commerce, Washington, D.C.

9/97 – 3/01: Chief International Trade Counsel, U.S. Senate Committee on Finance, Washington, D.C.

5/86 – 9/97: Partner, Miller & Chevalier, Washington, D.C. (Private law practice)

4/85 – 5/86: Associate, Sutherland Asbill & Brennan, Washington, D.C. (Private law practice)

1/80 – 4/85: Foreign Service Officer, U.S. Department of State

5/84 – 4/85: Director, South American and Caribbean Affairs, Office of the United States Trade Representative, Washington, D.C.

6/83 – 5/84: Special Assistant to the Under Secretary of State for Economic Affairs, U.S. Department of State, Washington, D.C.

2/82 – 6/83: Staff, Office of East-West Trade, Department of State, Washington, D.C.

7/80 – 2/82: Vice Consul, American Consulate General, Tijuana, Mexico

1/80 – 7/80: Junior Officer Training, Consular Training, and Spanish Language Training, Foreign Service Institute, Arlington, Virginia

9/79-12/79: Consumer Advocate, Minnesota Public Interest Research Group, Minneapolis, Minnesota

6/78 – 12/78: Law Clerk, Grossman Karlins Siegel & Brill, Minneapolis, Minnesota

1/76 – 4/76: Research Assistant, Governor's Crime Commission, St. Paul, Minnesota

10. Government experience: (List any advisory, consultative, honorary, or other part-time service or positions with Federal, State or local governments, other than those listed above.)

Adviser, Commission on U.S.-Pacific Trade and Investment (1996)

Counsel, Bipartisan Commission on Entitlement and Tax Reform, Washington, D.C. (1994)

Member, State Department Advisory Board on International Investment (1985-86)

11. Business relationships: (List all positions held as an officer, director, trustee, partner, proprietor, agent, representative, or consultant of any corporation, company, firm, partnership, other business enterprise, or educational or other institution.)

Partner, Miller & Chevalier

General Counsel, Washington International Trade Association

12. Memberships: (List all memberships and offices held in professional, fraternal, scholarly, civic, business, charitable, and other organizations.)

American Bar Association, Section of International Law and Practice – Congressional Liaison; Chair, Task Force on Multilateral Investment Agreements; Vice Chair, Trade Committee; Vice Chair, Committee on Foreign Investment in the United States, Goal VIII Officer; Chair, Membership Committee; Assistant Secretary

American Society of International Law – Member

Bar Memberships – District of Columbia, United States District for the District of Columbia, United States Court of International Trade, United States Court of

Appeals for the Federal Circuit, United States Supreme Court

National Geographic Society – Member

13. Political affiliations and activities:

a. List all public offices for which you have been a candidate.

None.

b. List all memberships and offices held in and services rendered to all political parties or election committees during the last 10 years.

None.

c. Itemize all political contributions to any individual, campaign organization, political party, political action committee, or similar entity of \$50 or more for the past 10 years.

See Federal Election Commission reports attached at Tab A. They include donations my wife and I made over the past ten years, with the exception of \$1,000 given to George W. Bush during his first gubernatorial campaign in 1994.

14. Honors and Awards: (List all scholarships, fellowships, honorary degrees, honorary society memberships, military medals, and any other special recognitions for outstanding service or achievement.)

Joint Industry Group 1999 Excellence in Government Award

15. Published writings: (List the titles, publishers, and dates of all books, articles, reports, or other published materials you have written.)

The following is based on an online search for articles and chapters of books I have written during my professional career:

- Future Challenges: New Substantive Areas — Comments, Symposium on the First Three Years of the WTO Dispute Settlement System, International Lawyer, Fall, 1998
- Multilateral Investment Agreements, International Legal Developments in Review: 1996, International Lawyer, Summer, 1997
- The World Trade Organization: Revolution in International Trade Dispute

Settlement, Dispute Resolution Journal, July-September, 1995

- Judicial Review Under the Export Administration Act, in Law and Policy of Export Controls, American Bar Association (1993) (with Frances J. Henderson)
- Official Export Financing and Arrangements: US, UK, EC, OECD, in International Finance in the 1990s – Challenges and Opportunities (1993)
- Implementing the United States-Canada Free Trade Agreement, in the United States-Canada Free Trade Agreement: The Economic and Legal Implications, American Bar Association (1988)
- U.S. Legal Implications of Countertrade Deals, International Financial Law Review, September, 1985 (with Arthur T. Downey)

16. **Speeches: (List all formal speeches you have delivered during the past five years which are on topics relevant to the position for which you have been nominated. Provide the Committee with two copies of each formal speech.)**

None.

17. **Qualifications: (State what, in your opinion, qualifies you to serve in the position to which you have been nominated.)**

I have been actively professionally in the international trade arena throughout my career, now spanning 21 years. I have considerable experience with international negotiations both in government and in the private sector, beginning with my tenure in the Foreign Service and with the Office of the United States Trade Representative, as well as a dozen years in the private practice of law representing clients in international transactions. I am fully familiar with the U.S. trade remedy laws that the Under Secretary of Commerce for international trade is responsible for enforcing, including the antidumping and countervailing duty laws, as well as the broader framework Congress has established for the conduct of American trade policy. I am also familiar with the structure and budget of the International Trade Administration ("ITA") that I would be called upon to manage based on to my service as Chief International Trade Counsel on the Finance Committee, where I was responsible to the Chairman for oversight of the trade functions of the ITA.

B. FUTURE EMPLOYMENT RELATIONSHIPS

1. **Will you sever all connections with your present employers, business**

firms, associations, or organizations if you are confirmed by the Senate? If not, provide details.

I am temporarily employed as a senior adviser to the Secretary of Commerce. I would continue to serve as an employee of the U.S. Department of Commerce if confirmed.

- 2. Do you have any plans, commitments, or agreements to pursue outside employment, with or without compensation, during your service with the government? If so, provide details.**

I intend to continue teaching a course as an Adjunct Professor of Law in the graduate program at Georgetown University Law Center for which I receive a stipend of \$600.

- 3. Has any person or entity made a commitment or agreement to employ your services in any capacity after you leave government service? If so, provide details.**

No.

- 4. If you are confirmed by the Senate, do you expect to serve out your full term or until the next Presidential election, whichever is applicable? If not, explain.**

Yes.

C. POTENTIAL CONFLICTS OF INTEREST

- 1. Indicate any investments, obligations, liabilities, or other relationships which could involve potential conflicts of interest in the position to which you have been nominated.**

Please see letter and appended material, attached at Tab B, from the Commerce Department's Assistant General Counsel for Administration regarding disclosure of financial interests and the actions I have agreed to take to resolve any potential conflicts.

- 2. Describe any business relationship, dealing or financial transaction which you have had during the last 10 years, whether for yourself, on behalf of a client, or acting as an agent, that could in any way constitute or result in a possible conflict of interest in the position to which you have been nominated.**

None.

3. **Describe any activity during the past 10 years in which you have engaged for the purpose of directly or indirectly influencing the passage, defeat, or modification of any legislation or affecting the administration and execution of law or public policy. Activities performed as an employee of the Federal government need not be listed.**
None.

4. **Explain how you will resolve any potential conflict of interest, including any that may be disclosed by your responses to the above items. (Provide the Committee with two copies of any trust or other agreements.)**

Please see letter and appended material, attached at Tab B, from the Commerce Department's Assistant General Counsel for Administration regarding financial disclosure and the steps I have agreed to take to resolve any potential conflicts.

5. **Two copies of written opinions should be provided directly to the Committee by the designated agency ethics officer of the agency to which you have been nominated and by the Office of Government Ethics concerning potential conflicts of interest or any legal impediments to your serving in this position.**

My understanding is that copies of the written opinions of the designated agency ethics officer and the Office of Government Ethics have been provided directly to the Committee. Please see letter and appended material, attached at Tab B, from the Commerce Department's Assistant General Counsel for Administration regarding disclosure of financial interests and the actions I have agreed to take to resolve any potential conflicts.

6. **The following information is to be provided only by nominees to the positions of United States Trade Representative and Deputy United States Trade Representative:**

Have you ever represented, advised, or otherwise aided a foreign government or a foreign political organization with respect to any international trade matter? If so, provide the name of the foreign entity, a description of the work performed (including any work you supervised), the time frame of the work (e.g., March to December 1995), and the number of hours spent on the representation.

D. LEGAL AND OTHER MATTERS

1. **Have you ever been the subject of a complaint or been investigated, disciplined, or otherwise cited for a breach of ethics for unprofessional**

conduct before any court, administrative agency, professional association, disciplinary committee, or other professional group? If so, provide details.

No.

2. Have you ever been investigated, arrested, charged, or held by any Federal, State, or other law enforcement authority for a violation of any Federal, State, county or municipal law, regulation, or ordinance, other than a minor traffic offense? If so, provide details.

No.

3. Have you ever been involved as a party in interest in any administrative agency proceeding or civil litigation? If so, provide details.

No.

4. Have you ever been convicted (including pleas of guilty or *nolo contendere*) of any criminal violation other than a minor traffic offense? If so, provide details.

No.

5. Please advise the Committee of any additional information, favorable or unfavorable, which you feel should be considered in connection with your nomination.

E. TESTIFYING BEFORE CONGRESS

1. If you are confirmed by the Senate, are you willing to appear and testify before any duly constituted committee of the Congress on such occasions as you may be reasonably requested to do so?

Yes.

2. If you are confirmed by the Senate, are you willing to provide such information as is requested by such committees?

Yes.

RESPONSES TO QUESTIONS FROM SENATOR BAUCUS

Question: I'm sure you would agree—and please tell me if you don't—that key U.S. trade laws, including antidumping law, countervailing duty law, Section 201, and Section 301, are a critical element of U.S. trade policy, and are important to a wide range of agricultural and industrial sectors.

Each of these laws is fully consistent with U.S. obligations under the WTO and other trade agreements. Moreover, these laws actually promote free trade by countering practices that both distort trade and are condemned by international trading rules.

U.S. trade laws part of a political bargain struck with Congress and the American people under which the United States has pursued market opening trade agreements in the past.

How will you use your position to ensure that the United States does not use its trade laws as bargaining chips in trade negotiations—or agree to any provisions that weaken or undermine U.S. trade laws?

Answer: I agree that the U.S. trade laws are a critical element of U.S. trade policy and that their enforcement is an essential part of the bargain with Congress and the American people on trade. If confirmed, I will oppose efforts by our trading partners to weaken those laws by focusing attention on the underlying unfair trade practices that our trade laws are designed to address. With respect to trade distorting subsidies, for example, the goal should be the elimination of such subsidies

as they affect both agricultural or industrial goods, rather than focusing on the U.S. procedures that are designed to address such trade-distorting practices.

At the same time, for the benefit of U.S. exporters, I intend to ensure that our trading partners' use of antidumping and countervailing duty measures complies with existing World Trade Organization commitments regarding transparency and procedural fairness. Our goal should be to ensure that they provide our exporters with the same procedural guarantees provided to foreign exporters under U.S. law.

Question: Under Chapter 19 of the NAFTA, appeals from agency determinations in antidumping and countervailing duty cases are taken to binational panels. Chapter 19 has come under criticism for a variety of reasons, including panelists' failure to apply the proper standard of review to cases that come before them. Nevertheless, there has been some suggestion that the United States might agree to a similar regime in a U.S.-Chile FTA and other FTAs.

Mr. Aldonas, as a trade lawyer in the private sector, you have had some experience advocating before Chapter 19 panels. Based on your experience, should the United States be seeking to replicate this NAFTA regime in other trade agreements?

Answer: I share your concern with respect to the application of the appropriate standard of review by binational panels. My personal view is that the regime established under NAFTA Chapter 19 for the review of administrative decisions under the parties' respective antidumping and countervailing duty laws has largely been overtaken by events. With the negotiation and implementation of the Uruguay Round agreements on antidumping and subsidies and countervailing measures, all of our WTO trading partners obtained a mechanism under which they can obtain review of agency action under the U.S. unfair trade laws, just as we have a right to challenge the application of their antidumping and countervailing duty laws. Given that fact, I see no reason for replicating the Chapter 19 mechanism in any other trade agreement.

Question: In the Secretary's absence, you will serve on the Board of the Export Import Bank (EXIM); however, there has been much discussion recently that the Administration plans to scale back its support of the Bank. Clearly the business community sees this as counterproductive in working to open markets abroad and so do I.

Will you work to ensure that the United States fulfills its financial obligations to the EXIM Bank and furthers not hinders its goals and objectives?

Answer: I fully intend to see that Congress' intent in authorizing the EXIM Bank is fulfilled and that the goals articulated by Congress in authorizing the Bank and its lending and guarantee programs are achieved. American exporters compete abroad against firms that frequently benefit from government export credit agencies. While the United States has achieved some success in imposing disciplines on such practices through the export credit arrangement of the Organizations for Economic Cooperation and Development, that arrangement has yet to secure the elimination of foreign government supports for their exporters. As long as that remains the case, the EXIM Bank will have an important role to play in leveling the playing field for American exporters.

PREPARED STATEMENT OF HON. MAX BAUCUS

Mr. Chairman, today this committee meets to confirm three more able and well-qualified candidates to crucial positions at the Treasury, Commerce, and Health and Human Services Departments.

The President has nominated Grant Aldonas to be Under Secretary of Commerce, John Taylor to be Under Secretary of Treasury for International Affairs; and Scott Whitaker to be HHS Assistant Secretary for Legislation.

I want to welcome the nominees, and their families, to the Finance Committee. We are continuing our tradition of promptly moving the President's nominees once the candidate's information is received from the White House and the appropriate reviews are made.

As I have said in the past, it is particularly important for the new Administration to have senior officials in place as crucial decisions are being made about health, taxes, trade and the economy.

The nominees before us today bring extensive experience and knowledge to their positions. Mr. Aldonas, with over twenty-one years in the international trade arena, is an exceptional choice for Under Secretary of Commerce. I have personally noted Grant's skill during his tenure as Chief Trade Counsel on the Finance Committee and am confident that he will dutifully administer our import and export programs.

In particular, I know that he will uphold our existing trade laws in ensuring a level playing field from softwood to steel to semiconductors.

Dr. John Taylor has been nominated for the position of Under Secretary of the Treasury for International Affairs. As an economics professor at Stanford and in various governmental advisory positions, Dr. Taylor brings a wealth of knowledge and experience to the position for which he has been nominated.

Scott Whitaker has been nominated to serve as the HHS Assistant Secretary for Legislation. Mr. Whitaker also is no stranger to the Finance Committee having served with distinction as an advisor on health issues to Senator Nickles since 1991. We will miss his participation in our process here in the Committee and the Senate, but he will no doubt continue working closely with us on prescription drugs and Medicare reform and the myriad other health and welfare issues that the Finance Committee will address in the coming years.

I intend to support these nominations and look forward to working with them in the future.

PREPARED STATEMENT OF HON. TRENT LOTT

I want to congratulate the President for nominating Grant Aldonas, John Taylor, and Scott Whitaker to positions at the Departments of Commerce, Treasury, and Health and Human Services, respectively.

I have an excellent working relationship with Grant as a former trade advisor to Finance Committee Chairman Roth, and I worked closely with him on several trade bills last year, most notably the Africa/CBI trade bill. Grant is intelligent, knowledgeable, professional, and a pleasure to work with. Grant understands the delicate balancing act often required to maneuver complex trade issues through the Senate, and I am certain that he will serve Secretary Evans as well as he did Senator Roth.

I have known Scott Whitaker in his role advising Senator Nickles for several years on Medicare and other legislative issues. Scott's health policy expertise and professionalism are matched by his knowledge of the legislative process and his ability to work with people from across the political spectrum. Secretary Thompson will be fortunate to have Scott advising him on legislation and maintaining strong ties to Capitol Hill. I wish him the best of luck as he helps us fight the sometimes recalcitrant bureaucracy at HCFA, and as he helps keep the Administration in pursuit of responsible health, human services, and fiscal policies.

I am quite familiar with Dr. Taylor's economic expertise and his work on the Council of Economic Advisers. I look forward to working with him as he advises Secretary O'Neill on international macroeconomic policies. President Bush has lured a top-notch professional back to Washington, and we are lucky to have his counsel within the Administration.

I support all three of their nominations, and I look forward to their prompt floor consideration when they are reported by the Finance Committee.

PREPARED STATEMENT OF HON. JOHN D. ROCKEFELLER IV

The position of Under Secretary of Commerce for International Trade is a key post, because its occupant oversees the entire International Trade Administration. This includes the Office of Import Administration, which administers our trade remedy laws, as well as Market Access and Compliance, which ensures that U.S. companies are not shut out of foreign markets to which they are entitled access under our trade agreements, and the U.S. and Foreign Commercial Service, which works to connect U.S. companies with business opportunities overseas.

I have had the pleasure of working with Grant Aldonas over the past few years when he served so ably as the Finance Committee's International Trade Counsel. He is a very talented trade lawyer who understands the concerns of Committee members, and based on his Congressional experience, I believe that he will greatly assist the Administration in forging a more cooperative relationship with the Congress on trade issues. I am also pleased that Mr. Aldonas shares my view, as well as the viewpoint of many others on the Committee, about the importance of vigorous enforcement of our anti-dumping and countervailing duty laws, particularly when our nation's steel industry is in the midst of the worst crisis in its history. I wish him all the best in his new position, I fully support his nomination, and I look forward to working with him in the future.

PREPARED STATEMENT OF JOHN B. TAYLOR

Chairman Grassley, Ranking Member Baucus, and members of the Committee on Finance, thank you for the opportunity to appear before your committee today. I am honored that President Bush has nominated me to serve as Under Secretary of Treasury for International Affairs and, if confirmed, to have the opportunity to work with Secretary O'Neill, the Treasury staff, and others in the new Administration.

If confirmed, I look forward to working closely with this committee, the Senate and your colleagues in the Congress to advance the President's ambitious economic agenda to further the well-being of the American people.

I have great enthusiasm for public service. If I am confirmed, this would be my fourth stint working in the Federal government. I am particularly interested in using my skills and experience to contribute positively to the formulation of international economic and financial policy for the United States. I majored in economics at Princeton University, and obtained a Ph.D. in economics from Stanford University. I have taught economics at Columbia, Yale, Princeton, and Stanford Universities. I have served as a Senior Economist and then as a Member of the President's Council of Economic Advisers. Some of my most vivid memories as a Member of the CEA were my international responsibilities, which included trade negotiations and working on the early days of transition in Poland and other eastern and central European economies. In recent years I have served as an adviser to the Federal Reserve System and to many central banks around the world. I have focussed much of my research on developing tools that central bankers and financial market analysts can use to analyze policy and developments in financial markets.

The role of the Treasury Under Secretary for International Affairs is to advise the Secretary and the President on U.S. participation in the international financial system, which includes such subjects as macroeconomic policy, exchange rate policy, trade and investment, and our participation in the International Monetary Fund and the World Bank. The Under Secretary also represents the United States in various bilateral and multilateral fora, and serves as the G-7 finance deputy for the United States in the G-7 process.

Should I be confirmed, I am committed to implementing the priorities of President Bush and Secretary O'Neill. The goals of higher productivity growth and rising living standards for people in the United States will guide my work. These same goals will guide my approach to the policy challenges in the emerging market and poor developing countries, and elsewhere in the world.

Mr. Chairman, I am grateful for this opportunity. I would be pleased to answer any questions you and the other members of the Committee may have.

SENATE FINANCE COMMITTEE
STATEMENT OF INFORMATION REQUESTED OF JOHN B. TAYLOR
NOMINEE FOR UNDER SECRETARY OF TREASURY FOR INTERNATIONAL AFFAIRS

A. BIOGRAPHICAL INFORMATION

1. Name: John B. Taylor
2. Position to which nominated: Under Secretary of Treasury for International Affairs
3. Date of nomination: APR - 4 2001
4. Address: Residence: 567 Gerona Road, Stanford, CA 94305
Office: Department of Economics, Stanford University, Stanford CA 94305
5. Date and place of birth: Yonkers, New York, December 8, 1946
6. Marital status: Married to Raye Allyn Taylor, maiden name: Price
7. Names and ages of children: Jennifer Lynn Taylor, 23; John Andrew Taylor, 20
8. Education
Shady Side Academy, High School Degree, 1964, Pittsburgh, Pennsylvania
Princeton University, B.A. 1968, Princeton, New Jersey
Stanford University, Ph.D. 1973 Stanford, California
9. Employment record (all jobs held since college):
Professor of Economics, Stanford University, Stanford CA, 9/84 – present (leave of absence)
Senior Fellow, Hoover Institution, Stanford CA, 6/96 – present (leave of absence)
Director, Stanford Introductory Economics Center, 9/97 – present (leave of absence)
Director, Stanford Institute for Economic Policy Research, 9/94 – 9/97
Member, President's Council of Economic Advisers, Washington, DC 6/89-9/91
Co-Editor, American Economic Review, Princeton, NJ, 3/85 -11/88
Visiting Scholar, Bank of Japan, Tokyo Japan, 3/87 – 6/87
Professor of Economics, Princeton University, Princeton NJ, 9/80 – 8/84
Visiting Professor of Economics, Yale University, New Haven CT 1/80 - 7/80
Professor of Economics, Columbia University, New York, NY, 1/73 – 1/80
Visiting Scholar, Bank of Finland, Helsinki, Finland, 8/86 – 8/86
Research Associate, National Bureau of Economic Research, 6/80 – present
Research Adviser, Federal Reserve Bank of Philadelphia, Philadelphia PA, 6/78 - 8/84
Economic Analyst, Townsend Greenspan, New York NY, 3/78 – 6/81
Senior Staff Economist, President's Council of Economic Advisers, Washington, DC, 8/76 –8/77
Ensign/Analyst, ASW Systems Project Office, Dept of Navy, White Oak MD, 5/69 – 10/69

In addition to the above listed employment, I have been self-employed as an economic

adviser, speaker, and author. My main publishers are W. W. Norton, New York, NY and Houghton Mifflin, Boston, MA.

10. Government experience (advisory, consultative, honorary, or other part-time service or positions with Federal, State or local governments, other than those listed above):

Member, Panel of Economic Advisers, Congressional Budget Office, 1995 - present
 Member, Federal Economic Statistics Advisory Committee, 2000 - present
 Member, Advisory Panel, Federal Reserve Bank of New York, 1995 – present
 Member, Congressional Policy Advisory Board, 1997 - 2000
 Member, Governor's Council of Economic Advisers (California), 1995-98
 Chair, Committee 2000, to advise Palo Alto School Unified School District, 1988
 Member, Economics Oversight Committee, National Science Foundation, 1983
 Member, Advisory Review Panel for Economics, National Science Foundation, 1979-81

11. Business relationships: (All positions held [for the past 10 years] as an officer, director, trustee, partner, proprietor, agent, representative, or consultant of any corporation, company, firm, partnership, other business enterprise, or educational or other institution.)

Member, Board of Directors of the Dodge and Cox, Stock, Bond, and Balanced Funds
 Member, Board of Directors, Foundation for Teaching Economics
 Advisory Panel, Alfred Sloan Foundation
 Faculty Representative, Finance Committee, Board of Trustees of Stanford University
 Consultant, Pacific Bell-SBC
 Honorary Adviser, Bank of Japan

12. Memberships: (All memberships and offices held in professional, fraternal, scholarly, civic, business, charitable, and other organizations.)

Vice President, American Economic Association, 2000-2001
 Member, Committee on Economics Education, American Economic Association, 1997-present
 Member, Budget Committee, American Economic Association, 1993-95
 Member, Executive Committee, American Economic Association, 1992-95
 Member, Honors and Awards Committee, American Economic Association, 1989-93
 Member, Econometric Society, 1974 - present
 Member, American Statistical Association, 1974 – 1989
 Member, Bohemian Club, San Francisco, 1996 - present

13. Political affiliations and activities:

a. List all public offices for which you have been a candidate.

None

b. List all memberships and offices held in and services rendered to all political parties or election committees during the last 10 years.

Economic Adviser to George Bush Presidential Campaign, 1992
 Senior Adviser, Platform Committee, Republican National Convention, 1992
 Economic Adviser to Tom Campbell for Senate Campaign, 1992
 Economic Adviser to Pete Wilson Gubernatorial Campaign, 1994
 Economic Adviser to Bob Dole Presidential Campaign, 1996
 Economic Adviser to George W. Bush Presidential Campaign, 2000
 Delegate at Large, State of California to the 2000 Republican National Convention

c. Itemize all political contributions to any individual, campaign organization, political party, political action committee, or similar entity of \$50 or more for the past 10 years.

George W. Bush for President, 2000, \$2,000
 Tom Campbell for Senate, 2000, \$1,000
 Tom Campbell for Senate, 1992, \$200

14. Honors and Awards: (List all scholarships, fellowships, honorary degrees, honorary society memberships, military medals, and any other special recognitions for outstanding service or achievement.)

Rhodes Prize for outstanding contributions to the teaching of introductory economics at Stanford University, 1996
 Elected Fellow, American Academy of Arts and Sciences 1992
 Hoagland Prize for excellence in undergraduate teaching at Stanford University, 1991
 Elected Fellow, Econometric Society, 1985
 Distinguished Naval Graduate, Officer Candidate School, Newport Rhode Island, 1969
 National Defense Service Medal, 1969
 Wolf Balleisen Memorial Prize for Best Senior Thesis in Economics, Princeton University, 1968
Summa Cum Laude graduate, Princeton, New Jersey, 1968

15. Published writings: (List the titles, publishers, and dates of all books, articles, reports, or other published materials you have written.)

Books

Macroeconomics: Theory, Performance and Policy (with Robert E. Hall), W.W. Norton, New York, 1986, Second Edition, 1988; Third Edition, 1991, Fourth Edition, 1993, Fifth Edition, 1997. Translated into Spanish, Italian, Portuguese, Chinese, and Japanese. Canadian Edition (with Jeremy Rudin), 1990, Second Canadian Edition, 1993.
Rational Expectations Analysis (edited with Mathew Canzoneri), special issue of the *Journal of Economic Dynamics and Control*, North Holland, Amsterdam, 1980.
Macroeconomic Policy in a World Economy: From Econometric Design to Practical Operation, W.W. Norton, New York, 1993; on-line Edition, 1999.
Economics, Houghton-Mifflin, Boston, 1995, Second Edition, 1998, Third Edition 2001. Translated into Spanish, Italian, German. Canadian Edition, ITP Nelson, Toronto, 1997 (with David R. Johnson). Australian edition, John Wiley & Sons Australia (1999).
Handbook of Macroeconomics (edited with Michael Woodford), North Holland, Elsevier, 1999.

Inflation, Unemployment and Monetary Policy, (with Robert Solow), MIT Press, 1998, paperback edition, 1999. Translated into Italian, RCS Libri, Etas Division, Milan 1998; translated into Japanese, Prentice Hall, Japan of Tokyo, 2000.
Monetary Policy Rules (editor), University of Chicago Press, 1999, paperback edition, 2001

Research Papers Published in Journals and Books

- “Asymptotic Properties of Multiperiod Control Rules in the Linear Regression Model,” *International Economic Review*, 15, June 1974.
- “Monetary Policy During a Transition to Rational Expectations,” *Journal of Political Economy*, 83, October 1975.
- “On An Efficient Two-Step Estimator for Dynamic Simultaneous Equation Models with Autoregressive Errors” (with P.J. Dhrymes), *International Economic Review*, 17, June 1976.
- “Methods of Efficient Parameter Estimation in Control Problems,” *Annals of Economic and Social Measurement*, 4, July 1976.
- “Strong Consistency of Least Squares Estimates in Normal Regression” (with T.W. Anderson), *Annals of Statistics*, 4, July 1976, pp.788-790.
- “Some Experimental Results on the Statistical Properties of Least Squares Estimates in Control Problems” (with T.W. Anderson), *Econometrica*, 44, November 1976.
- “The Deterrence Controversy: A Reconsideration of the Time Series Evidence” (with P. Passell), in H. Bedau and C. Pierce (eds.) *Capital Punishment in the United States*, AMS Press, 1976.
- “Stabilizing Powers of Monetary Policy under Rational Expectations” (with E.S. Phelps), *Journal of Political Economy*, 84, February 1977. Reprinted in E.S. Phelps (ed.) *Studies in Macroeconomic Theory: Employment and Inflation*, Academic Press, 1979.
- “The Deterrent Effect of Capital Punishment: Another View” (with P. Passell), *American Economic Review*, 67, June 1977. Reprinted in Thomas D. Cook (ed.) *Evaluation Studies Review Annual*, Sage Publications, 1978.
- “Conditions for Unique Solutions in Stochastic Macroeconomic Models with Rational Expectations,” *Econometrica*, 45, September 1977.
- “Econometric Models of Criminal Behavior: A Review,” in J. Heinke (ed.) *Contributions to Economic Analysis Series: Economic Models of Criminal Behavior*, North-Holland, 1978.
- “Staggered Wage Setting in a Macro Model,” *American Economic Review, Papers and Proceedings*, 69, May 1979. Reprinted in N. Gregory Mankiw and David Romer (eds.) *New Keynesian Economics*, MIT Press, Cambridge, 1991.
- “Estimation and Control of a Macroeconomic Model with Rational Expectations,” *Econometrica*, 47, September 1979. Reprinted in R.E. Lucas and T.J. Sargent (eds.) *Rational Expectations and Econometric Practice*, University of Minnesota Press, 1981.
- “Aggregate Dynamics and Staggered Contracts,” *Journal of Political Economy*, 88, February 1980.
- “Output and Price Stability: An International Comparison,” *Journal of Economic Dynamics and Control*, 2, February 1980.
- “Interview” in *Conversations with Economists*, Arjo Klamer (Ed.) Rowman and Littlefield Savage, Maryland, 1983, pp. 170-176.

- “Recent Developments in the Theory of Stabilization Policy,” in L. Meyer (ed.) *Stabilization Policy: Lessons from the 1970s and Implications for the 1980s*, Working Paper No. 53, Center for the Study of American Business, April 1980. Reprinted in *Economic Perspectives, An Annual Survey of Economics*, 3, 1984.
- “An Inequality for a Sum of Quadratic Forms with Applications to Probability Theory” (with T.W. Anderson), *Linear Algebra and Its Applications*, 1980.
- “Economic Theory, Model Size, and Model Purpose,” in J. Kmenta and J.B. Ramsey (eds.) *Large Scale Macro-Econometric Models*, North-Holland, 1981.
- “Stabilization, Accommodation, and Monetary Rules,” *American Economic Review, Papers and Proceedings*, 71, May 1981.
- “On the Relation Between the Variability of Inflation and the Average Inflation Rate,” in K. Brunner and A.H. Meltzer (eds.) *The Costs and Consequence of Inflation*, Carnegie-Rochester Conference Series on Public Policy, 15, North-Holland, 1981.
- “Macroeconomic Tradeoffs in an International Economy with Rational Expectations,” in W. Hildenbrand (ed.) *Advances in Economic Theory*, Cambridge University Press, 1982.
- “Establishing Credibility: A Rational Expectations Viewpoint,” *American Economic Review, Papers and Proceedings*, 72, May 1982.
- “Policy Choice and Economic Structure,” *Occasional Papers*, 9, Group of Thirty, New York, 1982.
- “The Swedish Investment Funds System as a Stabilization Policy Rule,” *Brookings Papers on Economic Activity*, 1, 1982.
- “The Role of Expectations in the Choice of Monetary Policy,” in *Monetary Policy Issues for the 1980s*, Federal Reserve Bank of Kansas City, 1982.
- “Rational Expectations and the Invisible Handshake,” in J. Tobin (ed.) *Macroeconomics, Prices, and Quantities*, The Brookings Institution, 1983.
- “Solution and Maximum Likelihood Estimation of Dynamic Nonlinear Rational Expectations Models” (with R.C. Fair), *Econometrica*, 51, July 1983.
- “Optimal Stabilization Rules in a Stochastic Model of Investment with Gestation Lags,” in S. Karlin, T. Amemiya, and L.A. Goodman (eds.) *Studies in Econometrics, Time Series, and Multivariate Statistics*, Academic Press, 1983.
- “Union Wage Settlements During a Disinflation,” *American Economic Review*, 73, December 1983.
- “Recent Changes in Macro Policy and Its Effects: Some Time Series Evidence,” *American Economic Review, Papers and Proceedings*, May 1984.
- “Rational Expectations Models in Macroeconomics,” in K.J. Arrow and S. Honkapohja (eds.) *Frontier of Economics*, Basil Blackwell, Oxford, 1985.
- “What Would Nominal GNP Targeting Do to the Business Cycle?” *Carnegie-Rochester Conference Series on Public Policy*, 22, North-Holland, 1985.
- “International Capital Mobility and the Coordination of Monetary Rules” (with Nicholas Carozzi), in J. Bahdhari (ed.) *Exchange Rate Management Under Uncertainty*, MIT Press, 1985.
- “International Coordination in the Design of Macroeconomic Policy Rules,” *European Economic Review*, 25, 1985.
- “Estimation and Solution of Linear Rational Expectations Models Using a Polynomial Matrix Factorization” (with C. Ates Dagli), *Journal of Economic Dynamics and Control*, 8, 1985.

- "New Econometric Approaches to Stabilization Policy in Stochastic Models of Macroeconomic Fluctuations," in Z. Griliches and M. Intriligator (eds.) *Handbook of Econometrics*, 3, North-Holland, 1986.
- "Improvements in Macroeconomic Stability: The Role of Wages and Prices," in Robert J. Gordon (ed.) *The American Business Cycle: Continuity and Change*, University of Chicago Press for NBER, 1986.
- "An Appeal for Rationality in the Policy Activism Debate," in R.W. Hafer (ed.) *The Monetary And Fiscal Policy Debate: Lessons from Two Decades*, Rowman and Allanheld, Totowa, New Jersey, 1986.
- "The Role of Contracts in Macroeconomic Performance," in H. Nalbantian (ed.) *Incentives, Cooperation and Risk Sharing: Economic and Psychological Perspectives on Employment Contracts*, Rowman and Littlefield, Totowa, New Jersey, 1987, pp. 189-201.
- "Externalities Associated with Nominal Wage and Price Rigidities," in W. Barnett and K. Singleton (eds.) *New Approaches to Monetary Economics*, Cambridge University Press, Cambridge, MA, 1987, pp. 350-367.
- "Involuntary Unemployment," in J. Eatwell, M. Milgate, and P. Newman (eds.) *The New Paigrove: A Dictionary of Economic Theory and Doctrine*, Stockton Press, New York, NY, 1988.
- "The Treatment of Expectations in Large Multicountry Models," in R. Bryant *et al.* (eds.) *Empirical Macroeconomics for Interdependent Economies*, The Brookings Institution, Washington, DC, 1988, pp. 161-182.
- "The Current Account and Macroeconomic Policy: An Econometric Analysis," in Albert E. Burger (ed.) *The U.S. Trade Deficit: Causes, Consequences, and Cures*, 12th Annual Economic Policy Conference Proceedings, Federal Reserve Bank of St. Louis, Kluwer Academic Publishing, Boston, MA, 1988.
- "A Summary of the Empirical and Analytical Results and the Implications for International Monetary Policy," in Suzuki, Yoshio and Mitsuaki Okabe (eds.) *Toward a World of Economic Stability: Optimal Monetary Framework and Policy*, University of Tokyo Press, Tokyo, Japan, 1988, pp. 17-34.
- "Japanese Macroeconomic Policy and the Current Account Under Alternative International Monetary Regimes," *Monetary and Economic Studies*, Bank of Japan, 6(1), May 1988, pp. 1-36.
- "Differences in Economic Fluctuations in Japan, the U.S. and Europe: The Role of Nominal Rigidities," *Journal of the Japanese and International Economies*, 3, 1989, pp. 127-144.
- "Monetary Policy and the Stability of Macroeconomic Relationships," *Journal of Applied Econometrics*, 4(Supplement), December 1989, pp. S161-S178.
- "Policy Analysis with a Multicountry Model," in Ralph Bryant, D. Currie, J. Frenkel, P. Masson, and R. Portes (eds.) *Macroeconomics Policies in an Interdependent World*, International Monetary Fund, 1989, pp. 122-141.
- "The Evolution of Ideas in Macroeconomics," *The Economic Record*, 65, June 1989, pp. 185-189.
- "Solving Nonlinear Stochastic Growth Models: A Comparison of Alternative Solution Methods" (with H. Uhlig), *Journal of Business Economic Statistics*, 8(1), January 1990, pp. 1-17.
- "Solving Stochastic Equilibrium Models with the Extended Path Method" (with J.E. Gagnon), *Economic Modeling*, 7, July 1990, pp. 251-257.

- “Full Information Estimation and Stochastic Simulation of Models with Rational Expectations,” (with R. Fair), *Journal of Applied Econometrics*, 5(4), Oct-Dec 1990, pp. 381-392.
- “Synchronized Wage Determination and Macroeconomic Performance in Seven Large Countries,” in Alessandro Vercelli and Nicola Dimitri (eds.) *Macroeconomics: A Survey of Strategic Strategies*, Oxford University Press, 1992, pp. 321-344.
- “Price Stabilization in the 1990s: A Summary,” in Kumiharu Shigehara (ed.) *Price Stabilization in the 1990s*, University of Tokyo Press, 1992.
- “The Great Inflation, The Great Disinflation, and Policies for Future Price Stability,” in Adrian Blundell-Wignall (ed.) *Inflation, Disinflation and Monetary Policy*, Reserve Bank of Australia, Ambassador Press, Sydney, July 1992.
- “Discretion Versus Policy Rules in Practice,” *Carnegie-Rochester Series on Public Policy*, North-Holland, 39, 1993, pp. 195-214.
- “The Use of the New Macroeconometrics for Policy Evaluation,” *American Economic Review, Papers and Proceedings*, May 1993.
- “The Inflation-Output Variability Tradeoff Revisited,” in Jeffrey Fuhrer (ed.) *Goals Guidelines, and Constraints Facing Monetary Policymakers*, Federal Reserve Bank of Boston, 1994.
- “Stabilization Policy and Long-Term Economic Growth,” in Gavin Wright and Ralph Landau (eds.) *Growth and Development: The Economics of the 21st Century*, 1995.
- “The Monetary Transmissions Mechanism: An Empirical Framework,” *Journal of Economic Perspectives*, 9, Fall 1995.
- “The Monetary Policy Implications of Greater Fiscal Discipline,” in *Budget, Debt, and Deficits: Issues and Solutions*, Federal Reserve Bank of Kansas City, 1995.
- “How Should Monetary Policy Respond to Shocks while Maintaining Long-Run Price Stability: Conceptual Issues,” in *Achieving Price Stability*, Federal Reserve Bank of Kansas City, 1996, pp. 181-195.
- “A Core of Practical Macroeconomics,” *American Economic Review, Papers and Proceedings*, May 1997. Reprinted in *Choices*, Fourth Quarter, 1997, pp. 10-12.
- “Applying Academic Research on Monetary Policy Rules: An Exercise in Translational Economics,” The Harry G. Johnson Lecture, *The Manchester School Supplement*, Blackwell Publishers, 1998.
- “Monetary Policy and the Long Boom: The Homer Jones Lecture,” *Review*, Federal Reserve Bank of St. Louis, November/December 1998, pp. 3-11.
- “Information Technology and Monetary Policy,” *Monetary and Economic Studies*, 16(2), December 1998.
- “The ECB and the Taylor Rule,” *International Economy*, September/October 1998.
- “Implications of the Globalization of Financial Markets: An Overview,” in *The Implications of the Globalization of World Financial Markets*, Bank of Korea, 1998, pp. 309-315.
- “Staggered Price and Wage Setting in Macroeconomics” in John B. Taylor and Michael Woodford (eds.) *Handbook of Macroeconomics*, North-Holland, Elsevier, 1999, pp. 1009-1050.
- “An Historical Analysis of Monetary Policy Rules,” in John B. Taylor (ed.) *Monetary Policy Rules*, University of Chicago Press, 1999.
- “Introductory Remarks on Monetary Policy Rules,” in John B. Taylor (ed.) *Monetary Policy Rules*, University of Chicago Press, 1999.
- “Interview,” in Snowdon, Brian and Howard R. Vane (eds.) *Conversations With Leading Economists*, Edward Elgar Publishing, Northampton, MA 1999. pp. 193-207.

- "The Robustness and Efficiency of Monetary Policy Rules as Guidelines for Interest Rate Setting by the European Central Bank," *Journal of Monetary Economics*, 43, 1999, pp. 655-679.
- "The Policy Rule Mix: A Macroeconomic Policy Evaluation" in Guillermo Calvo, Rudi Dornbusch, and Maurice Obstfeld (eds.) *Money, Capital Mobility and Trade, Essays in Honor of Robert Mundell*, MIT Press, 2000, pp. 505-518.
- "Teaching Modern Macroeconomics at the Principles Level," *American Economic Review, Papers and Proceedings*, Vol. 90. No. 2, May 2000, pp. 90-94
- "Low Inflation, Pass-Through, and the Pricing Power of Firms," *European Economic Review*, 44, 2000, pp. 1389-1408.
- "Reassessing Discretionary Fiscal Policy," *Journal of Economic Perspectives*, Vol. 14, No. 3, 2000, pp. 21-36.
- "Recent Developments in the Use of Policy Rules," *Monetary Policy and Inflation Targeting in Emerging Economies*, Bank Indonesia and International Monetary Fund, July 2000, pp. 207-219.
- "The Monetary Transmission Mechanism and the Evaluation of Monetary Policy Rules," *Central Bank of Chile Conference Volume*, forthcoming 2001.
- "How the Rational Expectations Revolution has Changed Macroeconomic Policy Research," *International Economics Association Conference Volume*, 2001, forthcoming.
- "Low Inflation, Deflation, and Policies for Future Price Stability," *The Role of Monetary Policy Under Low Inflation: Deflationary Shocks and their Policy Responses*, Bank of Japan, 2001, forthcoming
- "Expectations, Open Market Operations, and Changes in the Federal Funds Rate," *Review*, Federal Reserve Bank of St. Louis, 2001, forthcoming
- "Using Monetary Policy Rules in Emerging Market Economies," in *Stabilization and Monetary Policy: The International Experience*, proceedings of a conference at the Bank of Mexico, 2001, forthcoming
- "The Role of the Exchange Rate in Monetary Policy Rules," *American Economic Review, Papers and Proceedings*, Vol. 91, No. 2, May 2001, forthcoming
- "Alternative Views of the Monetary Transmission Mechanism: What Difference Do They Make for Monetary Policy?" *Oxford Review of Economic Policy*, 2001, forthcoming

Shorter Papers, Notes, and Comments published in Journals and Books

- "Stabilization Policies in a Growing Economy: A Comment," *Review of Economic Studies*, 39, October 1972.
- "Stabilization Policies in a Disequilibrium Growth Model," *Proceedings of IEEE Conference on Decision and Control*, December 1973.
- "Control Theory and Economic Stabilization: A Comment," *Journal of Monetary Economics*, Carnegie-Rochester Conference Series, 7, 1977.
- "The Determinants of Economic Policy with Rational Expectations," *Proceedings of IEEE Conference on Decision and Control*, December 1977.
- "Comments on Temporal and Sectoral Aggregation of Seasonally Adjusted Time Series," in Arnold Zellner (ed.), *Seasonal Analysis of Economic Time Series*, U.S. Department of Commerce, 1978.
- "'Forward' to Special Issues on Rational Expectations Analysis," *Journal of Economic Dynamics and Control*, 2, February 1980.

- "On the Possibility and Desirability of Stabilization Policy: A Comment," in S. Fischer (ed.) *Rational Expectations and Economic Policy*, University of Chicago Press, 1980.
- "Comments on 'Labor Market Contracts and Inflation' by D.J.B. Mitchell and L.J. Kimball," in M.N. Baily (ed.), *Workers, Jobs, and Inflation*, The Brookings Institution, 1982.
- "Comments on 'Relative Shocks, Relative Price Variability and Inflation' by Stanley Fisher," *Brookings Papers on Economic Activity*, 1, 1982.
- "Comments on 'Wage Rigidity and Unemployment in OECD Countries' by D. Grubb, R. Jackman and R. Layard," *European Economic Review*, 16, March/April 1983.
- "Comments on 'Staggered Contracts and Exchange Rate Policy' by Guillermo Calvo," in J. Frenkel (ed.) *Exchange Rates and International Macroeconomics*, University of Chicago Press for National Bureau of Economic Research, 1983.
- "Comments on 'Equilibrium Theory with Learning and Disparate Expectations: Some Issues and Methods' by Robert M. Townsend," in R. Frydman and E.S. Phelps (eds.) *Individual Forecasting and Aggregate Outcomes: "Rational Expectations" Examined*, Cambridge University Press, 1983.
- "Comments on 'Rules, Discretion and Reputation in a Model of Monetary Policy' by R.J. Barro and D.B. Gordon," *Journal of Monetary Economics*, 12, 1983.
- "Comments on 'A Method for Determining Whether Parameters in Aggregate Models Are Structural' by Michael Parkin," *Carnegie-Rochester Conference Series on Public Policy*, 29, North-Holland, 1988.
- "Comments on 'Equilibrium Interpretations of Employment and Real Wages' by John Kennan," in S. Fischer (ed.) *Macroeconomics Annual*, 3, 1988.
- "Comments on 'Multicountry Modelling of Financial Markets' by J. Heiliwell, J. Cockerline, and Robert LaFrance," in *Financial Sectors in Open Economies: Empirical Analysis and Policy Issues*, Board of Governors of the Federal Reserve System, 1990.
- "Comments on 'The Financial System and Economic Performance' by Robert C. Merton," *Journal of Financial Services Research*, 4, 1990.
- "Comment on 'Central Bank Behavior and the Strategy of Monetary Policy: Observations from Six Industrialized Countries' by Ben Bernanke and Frederic Mishkin" in Oliver Blanchard and Stanley Fischer (Eds.) *NBER Macroeconomics Annual 1992*, MIT Press, 7, 1992, pp. 234-237.
- "Comments on 'The Budgetary Arithmetic of Loan Guarantees and Deposit Insurance' by Philippe Weil," *Carnegie Rochester Conference Series on Public Policy*, 37, North-Holland, December 1992, pp. 123-166.
- "Comments on 'Microeconomic Rigidities and Aggregate Price Dynamics' by Ricardo Caballero and Eduardo Engle," *European Economic Review*, 37(4), May 1992, pp. 714-717.
- "Comments on 'Inflation Persistence' by Jeff Fuhrer and George Moore," Federal Reserve Bank of St. Louis, June 1992.
- "Comments on 'Evaluating Policy Regimes: New Research on Empirical Macroeconomics,'" in Ralph Bryant, et al. (eds.) *Evaluating Policy Regimes*, The Brookings Institution, 1993.
- "Comment on 'The Use of a Monetary Aggregate to Target Nominal GDP' by Martin Feldstein and James Stock," in N. Greg Mankiw (ed.) *Monetary Policy*, University of Chicago Press, 1994.
- "Comments on 'Does Monetary Policy Affect Real Economic Activity: Why Do We Still Ask This Question?' by Benjamin Friedman," in *Monetary Policy in an Integrated Framework*, 1997.

- “Comment on ‘America’s Peacetime Inflation: The 1970s’ by J. Bradford De Long,” in Christina Romer and David Romer (eds.) *Reducing Inflation*, University of Chicago Press, 1997.
- “Comment on ‘Tax Policy and Investment’ by Kevin Hassett and R. Glenn Hubbard” in Alan Auerbach (ed.) *Fiscal Policy*, MIT Press, 1997.
- “Comments on ‘Econometric Models of the Monetary Policy Process’ by David L. Reifschneider, David J. Stockton and David Wilcox,” *Carnegie Rochester Conference Series in Public Policy*, 47, 1997.
- “Econometric Models and the Monetary Policy Process: A Comment,” *Carnegie-Rochester Conference Series on Public Policy*, North-Holland, 47, 1997.
- “Comments on Monetary Policy under Uncertainty,” in *Monetary Policy under Uncertainty*, (www.rbnz.govt.nz/research/workshops/Monpoltaylor.pdf), Reserve Bank of New Zealand, September 1999, pp. 6-9.
- “Comments on ‘Three Lessons for Monetary Policy in a Low Inflation Era’ by David Reifschneider and John Williams,” *Journal of Money Credit and Banking*, Vol. 32, No. 4, Part 2, pp. 973-978.
- “Commentary: ‘Challenges for Monetary Policy: New and Old’ by Mervyn King” in *New Challenges for Monetary Policy*, Federal Reserve Bank of Kansas City, 1999.
- “Comments on ‘Making Policy in a Changing World’ by William C. Brainard and George L. Perry,” in George L. Perry and James Tobin (Eds.), *Economic Events, Ideas, and Policies: The 1960s and After*, Brookings Washington, D.C. 2000, pp. 72-82.
- “Remarks on ‘Recent Changes in Trend and Cycle,’” *Conference on Structural Change and Monetary Policy* (www.frbsf.org/conf2000/papers/recent_taylor.pdf), Federal Reserve Bank of San Francisco, March 2000.
- “Introduction to Policy Panel” *Monetary Policy-Making under Uncertainty*, European Central Bank and Center for Financial Studies, June 2000, p. 18.
- “Summary Remarks,” in *Monetary Policy and Inflation Targeting in Emerging Economies*, Bank Indonesia and International Monetary Fund, July 2000, pp. 290-293.

Newspaper/Magazine Articles

- “Economic Scare Stories,” (with Robert Hall), *New York Times*, October 16, 1992
- “Economic Reasons to Vote Bush,” *Los Angeles Times*, Oct 21, 1992
- “Bush for Market Led Growth,” *Economist*, October 26, 1992
- “Supply Side: The Whole Story,” *New York Times*, October 15, 1996
- “A Case for the Dole Tax Cut,” *International Economy*, September/October 1996
- “The Path to Growth,” *Wall Street Journal*, October 15, 1996
- Five Things We Know For Sure, *Hoover Digest*, No. 3, 1998
- “What the Central European Bank Needs To Do,” *Hoover Digest*, No. 1, 1999
- “Gore’s Plan on Social Security Passes the Buck,” *Los Angeles Times*, October 3, 2000

Book Reviews

- “Review of *Contemporary Economic Problems 1978*,” William Fellner (ed.) *Journal of Economic Literature*, 17, June 1979.
- “Review of *Macroeconomic Analysis and Stabilization Policy* by Stephen J. Turnovsky,” *Journal of Political Economy*, August 1980.

- “Review of *Macroeconomic Theory* by Thomas J. Sargent,” *Journal of Monetary Economics*, September 1981.
- “Review of *American Economic Policy in the 1980s*,” Martin Feldstein (ed), *Journal of Economic Literature*, 1995

Technical Reports and Papers

- “Fiscal and Monetary Stabilization Policies in a Model of Endogenous Cyclical Growth,” Research Memorandum No. 104, Econometric Research Program, Princeton University, October 1968.
- “A Criterion for Multiperiod Control of Economic Models with Unknown Parameters,” Columbia Economics Discussion Paper, January 1974.
- “An Econometric Business Cycle Model with Rational Expectations: Policy Evaluation Results,” December 1979.
- “An Econometric Business Cycle Model with Rational Expectations: Some Estimation Results,” June 1979.
- “Rational Expectations and Business Cycles,” prepared for presentation at National Association of Business Economists Meeting, Atlanta, September 1984.
- “An Econometric Evaluation of International Monetary Policy Rules: Fixed Versus Flexible Exchange Rates,” October 1988
- “Simulations of the Current Account in a Multicountry Rational Expectations Econometric Model” (with Tamin Bayoumi), memorandum prepared for Workshop on U.S. Current Account Imbalance, *Brookings Discussion Papers in International Economics*, 59A, March 1987.
- “Deficits, Economic Stabilization and Growth,” presented at the Center for Economic Policy Research Conference on Tax and Budget Policy for the 1990s, Washington, DC, May 1988.
- “Wage Determination and Monetary Policy,” prepared for Academic Consultants Meeting, Federal Reserve Board, June 1988.
- “Synchronized Wage Determination and Macroeconomic Performance in Japan,” paper presented at MITI Conference, Tokyo, Japan, December 1988.
- “New Directions in Monetary Policy Research,” summary of a meeting at the Federal Reserve Bank of St. Louis, June 18-19, 1992.
- “Macroeconomic Policy and Unemployment in the 1990s,” Organization for Economic Cooperation and Development, January 1993.
- “Forecasting with Rational Expectations Models,” with John Williams, Center for Economic Policy Research Discussion Paper, December 1993.

16. Speeches: (List all formal speeches you have delivered during the past five year which are on topics relevant to the position for which you have been nominated. Provide the Committee with two copies of each formal speech.)

Copies of the following four speeches are attached:

“The Role of the Exchange Rate in Monetary Policy Rules,” New Orleans, January 2001
“Using Monetary Policy Rules in Emerging Market Economies,” Mexico City, July 2000
“Low Inflation, Deflation, and Policies for Future Price Stability,” Tokyo, July 2000
“Monetary Policy and the Long Boom,” St. Louis, April 1998

I also list the followings speeches/lectures that I did not prepare a written text for, so no copies of these speeches can be attached:

“Inflation Targeting and Monetary Rules: Experience and Research,” presented at the Inter-American Development Bank, May 2000.
“Risks to the Expansion,” presented at the White House Conference on the New Economy, April 2000.
“What Should We Do with the Big Budget Surplus?” Crego Lecture, Vassar College, April 2000.
“Reassessing Discretionary Fiscal Policy,” presented at Amherst College, April 2000.
“The Global Economic Crisis and the U.S. Economy,” presented at the Hoover Institution Desert Conference, Palm Springs, March 1999.

17. Qualifications: (State what, in your opinion, qualifies you to serve in the position to which you have been nominated.)

I believe that my previous experiences working in government, my expertise in the area of international economic policy—especially monetary, fiscal, and trade policy, my experience as an adviser to central banks and financial market participants, my experience managing research and teaching centers, my communication skills gained through public speaking, teaching, and media appearances, and my overall education and training qualify me to serve in the position of Under Secretary of Treasury for International Affairs. I provide some more details on these qualifications below, but perhaps the most important qualification is the great enthusiasm that I have for public service and the desire to use my skills to contribute positively to economic policy making in the United States and the rest of the world.

I served as a Member of the President’s Council of Economic Advisers (CEA) from 1989 to 1991. In that position I had responsibility for international economic policy, economic forecasting, and financial market issues: I served as a delegate to the Uruguay Round of trade negotiations, to Working Party III of the Organization for Economic Cooperation and Development, and to the Structural Impediments Initiative talks with Japan. As part of my responsibilities on the Council I traveled to Poland, Hungary, and Romania in 1989 and 1990 to discuss U.S. policy on stabilization loans and technical assistance. I was a member of several sub cabinet interagency groups on international economic policy, including the USTR-led Trade Policy Review Group, the Treasury-led group to analyze the economic

impact of the Iraq Invasion of Kuwait, and the Treasury-led Committee on Foreign Investment in the United States.

Before my term as a Member of the CEA, I served as a Senior Staff Economist on the CEA (from 1976 to 1977) with responsibility mainly for macroeconomic issues. My economic policy experience in the federal government since the end of my term as a Member of the CEA includes being a member of the Congressional Budget Office's Panel of Economic Advisers and a member of the Federal Economic Statistics Advisory Committee. I also served as a senior economic adviser to Robert Dole during the 1996 presidential election and to George W. Bush during the 2000 presidential campaign.

I have written extensively on monetary policy, fiscal policy, and international economic policy. An indication of its relevance for this position is that it is widely cited and used by financial market analysts, economists, and monetary officials around the world. For example, in 1993 I published a book *Macroeconomic Policy in a World Economy*, which provided an analytical framework for monetary and exchange rate policy evaluation in a highly integrated global economy. I have served as an adviser to the Federal Reserve System; for example, during the 1990s I was on an Advisory Board of the Federal Reserve Bank of New York and have organized an annual conference on monetary policy with the Federal Reserve Bank of San Francisco. In the 1970s and 1980s I was a research adviser at the Federal Reserve Bank of Philadelphia. I have also been asked to give advice and to discuss policy issues with central bankers in Latin America, Asia, and Europe. An indication that this work is recognized among academics is that I was elected as Fellow of the American Academy of Arts and Sciences in 1992 and as Vice President of the American Economic Association in 2000.

The Under Secretary for International Affairs at Treasury also has management responsibilities. I served as director of a research organization, the Stanford Institute for Economic Policy Research, from 1994 to 1997. This position required raising funds, allocating resources, and managing staff and faculty. In 1997 I founded a new Introductory Economics Teaching Center and have served as its first director.

I believe the communication skills acquired over the years as a speaker, writer, and teacher will be useful in the position for which I have been nominated. As a professor of economics at Stanford, I have regularly taught the introductory economics course for undergraduates—the most popular course at Stanford, as well as advanced Ph.D. courses, and I was awarded the 1992 Hoagland Prize and the 1997 Rhodes Prize for teaching excellence at Stanford. Before joining the Stanford faculty in 1984, I held positions as professor at Princeton University, Columbia University, and Yale University. I have also published an elementary textbook in economics and an intermediate textbook in macroeconomics, both of which have been noted for their international economic emphasis. I have also written op-ed pieces and appeared on television and radio shows.

My education includes two degrees in economics, a field which is an important underpinning for the international economic responsibilities of this position: a B.A. degree in economics with highest honors from Princeton University in 1968 and a Ph.D. in economics from Stanford University in 1973.

B. FUTURE EMPLOYMENT RELATIONSHIPS

1. Will you sever all connections with your present employers, business firms, associations, or organizations if you are confirmed by the Senate? If not, provide details.

I plan to go on an unpaid leave of absence from Stanford University. Stanford University will pay a tuition grant to Princeton University to partly cover tuition of one of my dependent children during the academic year 2001 - 2002 under a "tuition grant program" for faculty. I am currently employed as a consultant of the Department of the Treasury. If confirmed, I will continue to be an employee of the Department of the Treasury

I plan to receive royalties on books already published.

2. Do you have any plans, commitments, or agreements to pursue outside employment, with or without compensation, during your service with the government? If so, provide details.

No

3. Has any person or entity made a commitment or agreement to employ your services in any capacity after you leave government service? If so, provide details.

As listed above (see answer to question B.1) I plan to take an unpaid leave of absence from Stanford University and I could return there after government service should such leave be in effect at that time.

4. If you are confirmed by the Senate, do you expect to serve out your full term or until the next Presidential election, whichever is applicable? If not, explain.

Yes.

C. POTENTIAL CONFLICTS OF INTEREST

1. Indicate any investments, obligations, liabilities, or other relationships which could involve potential conflicts of interest in the position to which you have been nominated.

None

2. Describe any business relationship, dealing or financial transaction which you have had during the last 10 years, whether for yourself, on behalf of a client, or acting as an agent, that could in any way constitute or result in a possible conflict of interest in the position to which you have been nominated.

None

3. Describe any activity during the past 10 years in which you have engaged for the purpose of directly or indirectly influencing the passage, defeat, or modification of any legislation or affecting the administration and execution of law or public policy. Activities performed as an employee of the Federal government need not be listed.

None.

4. Explain how you will resolve any potential conflict of interest, including any that may be disclosed by your responses to the above items. (Provide the Committee with two copies of any trust or other agreements.)

I do not see any potential conflict of interest. Should any potential conflict issue arise, I will consult with the Treasury Ethics Officials.

5. Two copies of written opinions should be provided directly to the Committee by the designated agency ethics officer of the agency to which you have been nominated and by the Office of Government Ethics concerning potential conflicts of interest or any legal impediments to your serving in this position.

6. The following information is to be provided only by nominees to the positions of United States Trade Representative and Deputy United States Trade Representative:
Have you ever represented, advised, or otherwise aided a foreign government or a foreign political organization with respect to any international trade matter? If so, provide the name of the foreign entity, a description of the work performed (including any work you supervised), the time frame of the work (e.g., March to December 1995), and the number of hours spent on the representation.

Not applicable

D. LEGAL AND OTHER MATTERS

1. Have you ever been the subject of a complaint or been investigated, disciplined, or otherwise cited for a breach of ethics for unprofessional conduct before any court, administrative agency, professional association, disciplinary committee, or other professional group? If so, provide details.

No

2. Have you ever been investigated, arrested, charged, or held by any Federal, State, or other law enforcement authority for a violation of any Federal, State, county or municipal law, regulation, or ordinance, other than a minor traffic offense? If so, provide details.

No

3. Have you ever been involved as a party in interest in any administrative agency proceeding or civil litigation? If so, provide details.

No

4. Have you ever been convicted (including pleas of guilty or *nolo contendere*) of any criminal violation other than a minor traffic offense? If so, provide details.

No

5. Please advise the Committee of any additional information, favorable or unfavorable, which you feel should be considered in connection with your nomination.

None

E. TESTIFYING BEFORE CONGRESS

1. If you are confirmed by the Senate, are you willing to appear and testify before any duly constituted committee of the Congress on such occasions as you may be, reasonably requested to do so?

Yes

2. If you are confirmed by the Senate, are you willing to provide such information as is requested by such committees?

Yes

RESPONSE TO A QUESTION FROM SENATOR HATCH

Question: As you may be aware, the Korean government is providing a massive \$2.1 billion bailout to one of its semiconductor producers, Hynix semiconductor (formerly called Hyundai Electronics). This type of subsidy is not allowed under WTO rules, and it also violates the commitments that Korea gave to the IMF and to the Treasury Department that it would not bail out troubled companies. This assurance was given back in December 1997, when the IMF, along with the U.S. and other developed countries, put together a \$58 billion rescue package to save Korea from financial turmoil, in return for Korea's commitment that it would keep out of the business of directed lending and subsidies to favored domestic firms. Now that the IMF loan program is over, the Government appears to be reverting back to these bad practices. What can Treasury do to ensure that when countries like Korea make commitments to the IMF and the U.S. in return for financial assistance, that they adhere to those commitments? What can we do to prevent this kind of improper subsidization to Hynix?

Answer: I am concerned that Korean government initiatives to assist corporations in refinancing maturing debt risks undermining progress achieved in subjecting both creditors and debtors to greater market discipline and could encourage corporations to delay restructuring. I believe it is important for Treasury to continue to express concerns to Korean officials and encourage them to let market forces play a greater role in capital allocation.

USTR and Commerce are currently reviewing these policies in consultation with Treasury staff to determine if these are WTO consistent measures. This issue was raised on April 24 in the WTO's Committee on Subsidies and Countervailing Measures.

The IMF conditions that were imposed expired with the Stand-By Arrangement last December. Ultimately the impetus for financial market restructuring, including

the transition from directed lending to market based capital allocation, must be generated from within Korea because restructuring is in Korea's long term best interest. I understand the importance that you and other Members of Congress attach to this issue. If confirmed, I look forward to working closely with you on this.

RESPONSES TO QUESTIONS FROM SENATOR BAUCUS

Question: Japan appears to be embarking once again on a weak yen policy in order to support its export machine. The U.S. trade deficit with Japan, and the world, is skyrocketing. At the same time, Japan refuses to make the hard decisions necessary to put their economy on the right track, using a weaker yen to bolster their growth. American export industries are significantly damaged. Jobs are lost as a result. This is an intolerable situation.

I would like to know precisely what you will do at Treasury to stop and prevent Japanese manipulation of the yen-dollar relationship?

Answer: I share the view that it is important that Japan pursue policies that will increase its economic growth rate. This will help increase world economic growth, as Japan purchases more from the rest of the world. If confirmed, I will ensure that Treasury continues to monitor our major trading partners for evidence of exchange rate manipulation, in accordance with Section 3004 of the Omnibus Trade and Competitiveness Act of 1988.

Question: Dr. Taylor, the U.S. trade deficit has been steadily rising. A decade ago, at \$29.5 billion, it accounted for 0.2% of GDP. Today, at about \$450 billion, it is almost 4.5% of GDP. By some projections, it will hit 7.5% of GDP by 2010. Should this trend be cause for concern? For how long can the United States sustain growing trade deficits before our ability to borrow abroad is truly at risk? Do you believe that we should be actively pursuing a policy of trade deficit reduction? If not, why not?

At Davos in 1999, then Secretary Robert Rubin stated, "The international system cannot sustain indefinitely the large imbalances created by the disparities in growth and openness between the U.S. and its major industrial trading partners." Do you agree with that statement? If not, why not?

Answer: The overall U.S. trade and current account deficits basically reflect the difference between investment and saving in the United States. The United States has been a good place to invest, and investment rates have been high, in fact higher than national saving. So long as investment inflows are used productively, the earnings can be used to service debt created. The deficit, though large as a percentage of GDP, is quite sustainable in my view. If confirmed, I will of course watch U.S. external balances very carefully.

Question: Major components of our overall trade deficit are our bilateral deficits with Japan and China. Last year, our goods trade deficit with Japan was \$81.3 billion. Our trade deficit with China was \$583.8 billion. The size of these bilateral deficits is due in large part to non-tariff barriers, such as government toleration of anti-competitive business conduct and onerous regulations that purport to be about health and safety, but often are just pretexts for protectionism. Should the United States actively pursue the dismantling of these barriers? If not, why not? If so, what steps should we be taking?

Answer: Yes, the United States should actively pursue the dismantling of these barriers. I strongly believe that non-tariff barriers in Japan and China are a serious problem that has both limited U.S. market access and constrained economic growth in Japan and China. If confirmed, I will press initiatives that further open these markets to U.S. exports. The Administration's primary means of knocking down these barriers in China remains completion of China's accession to the WTO. With the reduction of these tariff and non-tariff barriers, U.S. export opportunities to China are likely to increase. For Japan, I intend on stressing the need for further regulatory reform in key sectors of the Japanese economy.

Question: The U.S. trade deficit is exacerbated by surplus capacity, which finds a ready outlet in the U.S. market. Foreign government subsidization has led to global overcapacity in certain sectors, such as steel. As the world's most open market, the United States has become the principal target for most of the excess supply. Thus, following the financial crisis of 1997-98, as demand for steel fell in Asia, the surplus production was shipped to the United States, which caused prices to plummet and U.S. producers to suffer severe harm. The injury and threat of continued injury to the U.S. steel industry continues to this day. What should be done to help prevent future crisis due to overcapacity in the steel or other sectors?

Answer: The Administration is currently reviewing the global steel overcapacity issue very closely. I am not in a position at this time to comment on future Administration policy in this area. However, I can tell you that this is an issue of high im-

portance for both Secretary O'Neill and the Administration generally, and I look forward to working closely with the Congress on it.

Trade and Investment:

Question: There has been growing debate about how investment issues are handled in the context of trade agreements. In addition to a series of bilateral investment treaties with about 40 countries, the United States is a party to the investment provisions (chapter 11) of NAFTA, and there has been discussion of including similar provisions in free trade agreements with Chile and Singapore and in an eventual Free Trade Agreement of the Americas. Some observers have expressed concern about the dispute settlement provisions in these agreements. They note that the agreements may make the United States vulnerable to "takings" claims by foreign investors, even under circumstances that would not support claims by U.S. investors in U.S. courts. In other words, the international law on what constitutes a compensable "taking" may be broader than U.S. law.

As Undersecretary for International Affairs, you will have an important role to play in setting U.S. policy on trade and investment. Do you believe that we should replicate the NAFTA model on investment in future trade agreements?

If so, how should we take into account the increasing likelihood that U.S. measures may be challenged by foreign investors? If the NAFTA model is not appropriate, what modifications should be made to that model?

Answer: NAFTA's chapter 11 is modeled on the bilateral investment treaties (BITs) we have been negotiating for many years. The obligations contained in this model have served our investors well over that time. I believe the U.S. can abide by these obligations with respect to Canadian, Mexican and other foreign investors here in the U.S.

I realize that sensitive and important concerns about NAFTA's investor-state dispute settlement mechanism have been raised. We should assure ourselves that these concerns are adequately addressed in future negotiations, and I look forward to working closely with Congress to address them.

Foreign Investment in United States:

Question: The President has the authority to review and determine the national security effects of mergers, acquisitions, and takeovers by or with foreign persons, which could result in foreign control of persons engaged in interstate commerce. And, the President is required to undertake a review if an entity controlled by a foreign government seeks to engage in a merger, acquisition or takeover that could affect national security. This function is carried out by the Presidentially established Committee on Foreign Investment in the United States (CFIUS), on which the Treasury Department has a prominent role. As Undersecretary for International Affairs, you would be a key advisor to the Secretary on matters involving CFIUS.

Notwithstanding existing procedures to review foreign investment in the United States, there have been some efforts in recent years to enhance the controls. This has been so, for example, in the telecommunications sector, where entities in which foreign governments have a major stake have sought to acquire assets in the United States. Some have expressed concerns about cross-subsidization—the competitive advantage that an entity controlled by a foreign government will have vis-a-vis private entities in the United States.

Dr. Taylor, is it time to reevaluate the way we go about reviewing foreign investment in the United States, especially in telecommunications and other key sectors? If not, why not? If so, what changes should be made?

Answer: As Undersecretary for International Affairs, I would be closely involved with the work of CFIUS. In that capacity I will be taking into account both the benefits to our economy of foreign investment and concerns about possible effects on national security—both are important issues.

Ensuring that foreign investors coming into the U.S., and particularly government-owned investors, bring the benefits of market forces to the U.S. economy is a vital issue. The USG has various review mechanisms in place to make certain that foreign investment does not bring anticompetitive behavior or impair our national security: the Justice Department's anti-trust review, the FCC's review for telecommunications investment, and the CFIUS process.

The U.S., including the Treasury Department, has worked steadily to encourage full privatization of state owned enterprises. That is an important goal and I believe that we should work to strengthen the global trend in that direction.

Question: Last year, the Congress enacted the so-called "Byrd Amendment", which provides for the distribution of antidumping and countervailing duty proceeds to U.S. industries injured by unfair trade practices. It is my understanding that regulations implementing the Byrd Amendment are in the process of being finalized. I

am eager to see that happen, so that the businesses and workers harmed by dumping and foreign government subsidies can receive the relief they deserve. Would you agree, Dr. Taylor, that promulgation of final regulations implementing the Byrd Amendment should be a high priority for the Department?

Answer: Yes, I agree that all laws should be implemented in as timely a fashion as possible. I would like to clarify that the Customs Service is under the direction of the Under Secretary for Enforcement. My understanding is that the Customs Service is proceeding with implementation of the Byrd Amendment. After a great deal of work on various technical issues, it is presently completing draft implementing regulations that will be reviewed by Treasury and will then be made available for public comment.

Question: You were deeply involved in bilateral US-Japan trade and structural negotiations during your tenure in government. In recent months, the Japanese government has refused to consider renewal of bilateral trade agreements in the areas of autos and auto parts, construction services, and flat glass. At the same time, the Japanese have proposed a business-government dialogue that, apparently, would supplant much of our bilateral sector-specific trade negotiations. The Bush Administration is reportedly seriously considering this proposal. I would like to know your opinion of this proposal and whether you think it is a productive substitute for direct government-to-government negotiations on market access and trade issues.

Answer: The Administration is in the process of developing and refining its overall economic approach to Japan. I am supportive of better integrating the private sector into this work, and the creation of a bilateral Business/Government forum could help in this effort. I would like to emphasize, however, that such a forum would not supplant Government-to-Government consultations, which will continue at all levels.

For example, if confirmed, I intend on stressing the need for further regulatory reform in key sectors of the Japanese economy. Furthermore, the Administration has made it clear to Japan that a Government-to-Government forum to address lingering issues in such sectors as agriculture, autos and auto parts, steel, and construction must be a part of U.S.-Japan bilateral economic relations. Finally, I expect that bilateral work on investment and financial issues will continue.

PREPARED STATEMENT OF SCOTT WHITAKER

Chairman Grassley, Senator Baucus and members of the Finance Committee, I am grateful to have the opportunity to appear before this committee today. I appreciate you taking time from your schedule to consider my nomination. I am deeply honored to have been nominated by President Bush to serve as Assistant Secretary for Legislation at the Department of Health and Human Services. And I am equally honored and grateful to have the opportunity to work for Secretary Thompson in this capacity.

Mr. Chairman, as you know from my background information, I had the pleasure of working in the Senate for the past ten years. All ten of those years I was privileged to serve on the staff of Senator Nickles. For six years I served on the Senator's personal staff and for the past four years as a Policy Advisor in the Assistant Majority Leader's office. Since 1995, I had the privilege to staff the Senator for many hearings and markups in this committee. So I am honored to be here today and I am especially honored to be on the other side of the dais.

As you know, the President and the Secretary have set forth a very ambitious agenda for the Department of Health and Human Services. And as Secretary Thompson said in his confirmation hearing before this committee, "If we have learned anything in the past year, it is that the American people are clamoring for action to deal with some of the most critical issues affecting their day-to-day lives." This Administration understands the need for action, and under the leadership of Secretary Thompson, this Department is committed to make certain that our actions produce positive results for the American people.

The Department of Health and Human Services has enormous responsibilities. Its programs can touch every life in this country from birth through the golden years. HHS runs over 300 programs that include providing health care to our seniors, nutrition services for women and children, and groundbreaking research conducted by the National Institutes of Health. The Administration, and specifically this Department, is committed to ensuring that the current programs are providing the services that are promised, and improving programs that are not measuring up to the highest standards. We are committed to modernizing and improving the Medicare program, providing access to a prescription drug benefit, improving access to quality health care for all and taking welfare reform to the next level.

Mr. Chairman, the Department's agenda is ambitious and its challenges are great. But we understand that very few items on our agenda can be resolved if we do not have a good working relationship with you, the other Members of this committee, and this Congress. It is my hope that if confirmed by the Senate I will have the opportunity to work with this committee, with members on both sides of the aisle to help advance the goals of the President. Mr. Chairman, the challenges we face are great, but the opportunities are far greater. If you should see fit to approve my nomination, it will be an honor to serve the President and Secretary Thompson and an honor to work with you, your staff and members of this committee as we seek to find solutions to many of the difficult problems this country faces.

Thank you.

**SENATE FINANCE COMMITTEE
STATEMENT OF INFORMATION REQUESTED OF NOMINEE**

A. BIOGRAPHICAL INFORMATION

1. Name: (Include any former names used.) **Alan Scott Whitaker**
2. Position to which nominated: **Assistant Secretary for Legislation (Department of Health and Human Services)**
3. Date of nomination: **04/06/01**
4. Address: (List current residence, office, and mailing addresses.)
(Home) 500 Timber Lane, Falls Church, VA 22046
(Work) 200 Independence Ave, SW, Washington, DC 20201
5. Date and place of birth: **11/19/67 - West Palm Beach, Florida**
6. Marital status: (Include maiden name of wife or husband's name.)
Married – Michelle Alden (Purser) Whitaker
7. Names and ages of children: **Samuel Ellis Whitaker – 2 years old**
8. Education: (List secondary and higher education institutions, dates attended, degree received, and date degree granted.)
Hobe Sound Christian Academy (graduated 1985)
Hobe Sound Bible College (1985-1987) No degree received
Palm Beach Atlantic College (1988-1991) Bachelor of Arts, Political Science
Johns Hopkins University (1994-1999) Masters of Government
9. Employment record: (List all jobs held since college, including the title or description of job, name of employer, location of work, and dates of employment.)
Office of Senator Don Nickles, SH-133, Staff Assistant, Executive Assistant, Legislative Assistant (1991-1997)
Office of the Assistant Majority Leader(US Senate) - S-208, Policy Advisor (1997-2001)

10. Government experience: (List any advisory, consultative, honorary, or other part-time service or positions with Federal, State or local governments, other than those listed above.) **None**
11. Business relationships: (List all positions held as an officer, director, trustee, partner, proprietor, agent, representative, or consultant of any corporation, company, firm, partnership, other business enterprise, or educational or other institution.) **None**
12. Memberships: (List all memberships and offices held in professional, fraternal, scholarly, civic, business, charitable, and other organizations.) **Member – The Falls Church (Episcopal), Member – Partner Program for Cornerstone Community School.**
13. Political affiliations and activities:
 - a. List all public offices for which you have been a candidate. **None**
 - b. List all memberships and offices held in and services rendered to all political parties or election committees during the last 10 years. **None**
 - c. Itemize all political contributions to any individual, campaign organization, political party, political action committee, or similar entity of \$50 or more for the past 10 years. **Friends of George Allen (US Senate) – \$125**
14. Honors and Awards: (List all scholarships, fellowships, honorary degrees, honorary society memberships, military medals, and any other special recognitions for outstanding service or achievement.) **None**
15. Published writings: (List the titles, publishers, and dates of all books, articles, reports, or other published materials you have written.) **Masters Thesis, Johns Hopkins University – “Medicare: Social Success, Fiscal Failure”, February 1999**
16. Speeches: (List all formal speeches you have delivered during the past five years which are on topics relevant to the position for which you have been nominated. Provide the Committee with **two** copies of each formal speech.) **None**
17. Qualifications: (State what, in your opinion, qualifies you to serve in the position to which you have been nominated.) **The Office of Assistant Secretary for Legislation is responsible for the development and implementation of the Department of Health and Human Services legislative agenda and is the Department liaison with Members of Congress, their staffs and Committees**

with jurisdiction over HHS programs. Having served as staff for 10 years in the United States Senate in a variety of capacities including a Legislative Assistant for health issues and Policy Advisor to the Assistant Majority Leader, I believe my knowledge of the policy issues as well as my knowledge of Congress makes me qualified to help advance the President's agenda on Capitol Hill.

B. FUTURE EMPLOYMENT RELATIONSHIPS

1. Will you sever all connections with your present employers, business firms, associations, or organizations if you are confirmed by the Senate? If not, provide details. **Yes**
2. Do you have any plans, commitments, or agreements to pursue outside employment, with or without compensation, during your service with the government? If so, provide details. **No**
3. Has any person or entity made a commitment or agreement to employ your services in any capacity after you leave government service? If so, provide details. **No**
4. If you are confirmed by the Senate, do you expect to serve out your full term or until the next Presidential election, whichever is applicable? If not, explain. **Yes**

C. POTENTIAL CONFLICTS OF INTEREST

1. Indicate any investments, obligations, liabilities, or other relationships which could involve potential conflicts of interest in the position to which you have been nominated. **None**
2. Describe any business relationship, dealing or financial transaction which you have had during the last 10 years, whether for yourself, on behalf of a client, or acting as an agent, that could in any way constitute or result in a possible conflict of interest in the position to which you have been nominated. **None**
3. Describe any activity during the past 10 years in which you have engaged for the purpose of directly or indirectly influencing the passage, defeat, or modification of any legislation or affecting the administration and execution of law or public policy. Activities performed as an employee of the Federal government need not be listed. **None, outside my duties as an employee of Senator Don Nickles and the Office of the Assistant Majority Leader.**
4. Explain how you will resolve any potential conflict of interest, including any that may be disclosed by your responses to the above items. (Provide the Committee

with **two** copies of any trust or other agreements.) **No conflicts of interest**

5. **Two** copies of written opinions should be provided directly to the Committee by the designated agency ethics officer of the agency to which you have been nominated and by the Office of Government Ethics concerning potential conflicts of interest or any legal impediments to your serving in this position.
6. The following information is to be provided only by nominees to the positions of United States Trade Representative and Deputy United States Trade Representative:

Have you ever represented, advised, or otherwise aided a foreign government or a foreign political organization with respect to any international trade matter? If so, provide the name of the foreign entity, a description of the work performed (including any work you supervised), the time frame of the work (e.g., March to December 1995), and the number of hours spent on the representation.

D. LEGAL AND OTHER MATTERS

1. Have you ever been the subject of a complaint or been investigated, disciplined, or otherwise cited for a breach of ethics for unprofessional conduct before any court, administrative agency, professional association, disciplinary committee, or other professional group? If so, provide details. **No**
2. Have you ever been investigated, arrested, charged, or held by any Federal, State, or other law enforcement authority for a violation of any Federal, State, county or municipal law, regulation, or ordinance, other than a minor traffic offense? If so, provide details. **No**
3. Have you ever been involved as a party in interest in any administrative agency proceeding or civil litigation? If so, provide details. **No**
4. Have you ever been convicted (including pleas of guilty or *nolo contendere*) of any criminal violation other than a minor traffic offense? If so, provide details. **No**
5. Please advise the Committee of any additional information, favorable or unfavorable, which you feel should be considered in connection with your nomination. **None**

E. TESTIFYING BEFORE CONGRESS

1. If you are confirmed by the Senate, are you willing to appear and testify before any duly constituted committee of the Congress on such occasions as you may be reasonably requested to do so? **Yes**
2. If you are confirmed by the Senate, are you willing to provide such information as is requested by such committees? **Yes**

