



PIIE PETERSON INSTITUTE FOR
INTERNATIONAL ECONOMICS

ANNUAL REPORT, 2018–2019





LEADING RESEARCH ON THE GLOBAL ECONOMY

The Peterson Institute for International Economics (PIIE) is a private, nonpartisan nonprofit institution committed to rigorous, intellectually open, and indepth study and discussion of international economic policy.

Our purpose is to identify and analyze important issues to make globalization beneficial and sustainable for the people of the United States and the world.

We develop and communicate practical new approaches for dealing with challenges confronting global economic policy.

ANNUAL REVIEW 2018-2019

Board of Directors

Message from the President

KEY AREAS OF IMPACT

Standing Up For an Open Rules-Based Global Economy

Speaking Truth to the Public

Uncovering the Resurgence of the State in China

Managing Public Debt

Improving Productivity Growth

A Top Resource on Globalization

SCHOLAR HIGHLIGHTS

Senior Research Staff

Adam S. Posen

Marcus Noland

C. Fred Bergsten

Olivier Blanchard

Chad P. Bown

Martin Chorzempa

Jérémie Cohen-Setton

Monica De Bolle

Joseph E. Gagnon

Jacob Funk Kirkegaard

Nicholas R. Lardy

Mary E. Lovely

Jeffrey J. Schott

Nicolas Véron

Jeromin Zettelmeyer

Egor Gornostay

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José De Gregorio

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Simon Johnson

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Maurice Obstfeld

Sherman Robinson

Arvind Subramanian

Takeshi Tashiro

Edwin M. Truman

Justin Wolfers

Senior Research Staff On Leave

Simeon Djankov

Caroline Freund

RESEARCH

Transparency Policy

Recent Research Highlights and Ongoing PIIE Research Projects

China Program

MEETINGS PROGRAM

FUNDING

BOARD OF DIRECTORS

The Board of Directors' principal goal is to protect and strengthen PIIE's excellence as an independent, nonpartisan, and intellectually rigorous policy research organization that contributes to the public's understanding of the challenges and opportunities posed by the world's interdependent economy. The Board of Directors is comprised of a diverse group of business leaders, former high-level government officials, international civil servants, and distinguished scholars.

The Executive Committee (indicated by *) of our Board of Directors oversees PIIE's budget and management, while regularly evaluating PIIE's performance in pursuit of our mission.

Senior Management is responsible for setting PIIE's substantive agenda in consultation with the Board of Directors, the research staff, and other stakeholders.

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Peter G. Peterson

(1926–2018; Institute Chair 1981–2018)



The Peterson Institute for International Economics dedicates this Annual Report to the memory of Peter G. Peterson (1926–2018) Visionary Founding Chairman for the Institute's first Thirty-Seven Years

* indicates Executive Committee member

MESSAGE FROM THE PRESIDENT

I am pleased to report on the accomplishments of the Peterson Institute for International Economics for the 15-month window from January 2018 through March 2019 and our research agenda for the coming year.

Four pressing economic challenges, which we have been trying to get in front of policymakers—and get policymakers out in front of—became all too visible and real this year.

- Trade threats made by the Trump administration partially paralyzed both business investment and the functioning of the World Trade Organization (WTO).
- Concerns about economic connections with China, and Chinese technological progress, spread widely among officials of both parties in Washington and in Western capitals.
- Slow productivity growth persisted across advanced economies and spilled over into many emerging markets.
- Despite monetary ease, inflation remained well below target rates, and recoveries weakened, leaving central banks low on ammo to counteract mounting recession risks.

The rising force of economic nationalism in many democracies, including in the United States, complicates the policy response to these challenges and in some cases amplifies their effects.

Confronting these threats to people's well-being and to peaceful economic integration is why the Peterson Institute exists: to explain to the interested public why and how these economic forces matter and to provide policymakers with economically and politically sustainable responses to these threats. In a world where many denigrate the influence of experts, free traders, and globalists—which pretty much describes our team of the world's leading economic researchers—we have continued to stand our intellectual ground, and do so proudly.

We have made some real contributions on all of these fronts, despite the prevailing political winds pushing against our evidence-based, nonpartisan, in-depth research.

On trade:

- Our real-time updated analyses of protectionist measures, trade threats, and their costs, as well as of the benefits and shifting trade patterns emerging from successful trade deals, are the baseline when elected officials speak and testify to confront protectionism in Washington and around the world.
- We have played a prominent role in discrediting the option of “No Deal Brexit” and setting out the investment implications beyond trade of UK departure from the European Union.
- We have begun laying the groundwork for an alternative WTO dispute settlement mechanism, in the face of the Trump administration deadlocking the Appellate Body.

On China-US relations:

- We have successfully pushed back against extreme overreach in the FIRRMA legislation and new Franco-German proposals for EU national champions, in favor of markets.
- We have developed proposals for managing the long-term economic relationship between Beijing and Washington, whatever the outcome of current trade talks and threats.
- We have changed the narrative about Chinese growth and financial stability to a more realistic assessment, one that deflates fears of both unstoppable rise and crisis.

On slow productivity growth:

- We have done in-depth research on the policy implications of the slowdown for government budgets, monetary policy, emerging-market growth, and dynamism.
- We have created a new framework for policy responses, choosing those that serve to both adapt our economies to this reality and mitigate its effects.
- We have begun to address the political economy of the slowdown, in terms of the rise of economic nationalism (more than the misleading idea of populism), the ability of polities to recognize realities rather than shift blame, and the benefits of migration to dynamism.

On macroeconomic policy:

- We have developed a responsible reality-based view of the dangers and uses of public debt—and confronted the irresponsible advocates of ill-timed fiscal excess.
- We have influenced central bank decision making with regard to new tools for fighting recessions in the absence of room to cut interest rates.
- We have contributed to continued peace between the major economies on the currency front, a rising risk as growth slows and other macro stimulus options close.

Please read the first section of this *Annual Review* in the next few pages for a brief summary of the Institute's work and impact over the last 15 months in six key areas: Standing Up for an Open, Rules-based Global Economy, Speaking Truth to the Public, Uncovering the Resurgence of the State in China, Managing Public Debt, Improving Productivity Growth, and A Top Resource on Globalization.

Highlights of research and influence of our individual fellows are presented next, including those of our newest scholars: Anabel Gonzalez, noted global civil servant on trade, with a developing-country perspective; Adnan Mazarei, an expert on the economies of the Middle East and Central Asia; and Maurice Obstfeld, one of the world's leading macroeconomists, who recently served as economic counselor and director of research at the International Monetary Fund (IMF).

Given the combined economic and political challenges that the integrated world economy faces, we have continued to expand our outreach, taking our analyses and explanations to the public directly in new ways—including our now Google-search-topping and widely used “What is Globalization?” microsite—with innovative, clear, visceral, visual touchpoints.

All our respected independent fellows are delivering evidence-based, serious, in-depth analysis of complex economic policy issues in real time. We have committed additional resources and efforts to making our research timely and accessible. Our audiences are responding. We have been awarded the Prospect Award for Best North American Economic and Financial Think Tank for the third year in a row. The visibility of our fellows and studies in top-quality media has continued to rise, even from the high levels attained during the years of the global financial crisis.

In short, the Peterson Institute for International Economics demonstrates that rigorously argued ideas do still matter in getting good economic outcomes and keeping the world economy open. The system of rules-based economic globalization, which has brought substantial benefits to so many people around the world, remains under threat, but it has proven resilient so far. Our ideas, forcefully and usefully expressed to policymakers and the public, have contributed meaningfully to that resilience.

For all our achievements, the Peterson Institute for International Economics remains a small, nonprofit organization. We make our contributions to the public debate and to policymaking globally with just our team of around 40 senior researchers (about half of whom are in full-time residence), 10 research analysts, and 25 dedicated colleagues on the operational side who make possible all our meetings, outreach, publications, and research.

Our annual budget of \$12.75 million is funded by a combination of income on our capital fund, annual donations from private corporations and individuals, and grants from a variety of private foundations and public institutions from the United States and all over the world, which we are proud to acknowledge. We depend on this financial basis, along with the contributions of many loyal annual supporters, to give our scholars the independence to focus on research of merit rather than spending time on fundraising or projects contracted for financial marketability.

On behalf of the Peterson Institute for International Economics, thank you for your interest in our work.

A handwritten signature in black ink, appearing to read 'Adam Posen', followed by a long horizontal flourish.

Adam S. Posen
President

KEY AREAS OF IMPACT



KEY AREAS OF IMPACT

STANDING UP FOR AN OPEN RULES-BASED GLOBAL ECONOMY

Tracking the Trade War



The whirlwind of US trade actions under President Trump has been head-spinning. Over the past year, Chad P. Bown determined the scope and targets of threatened and imposed tariffs in a popular series of blogs. He then worked with PIIE's Communications team to produce "Trump's Trade War Timeline: An Up-to-Date Guide" as a central resource for the main takeaways and data, with links to additional PIIE analysis. The guide has been **linked to 2,400 times**, including in the *New York Times*, *Washington Post*, and *Bloomberg*. And it was the **second most viewed story** published on PIIE's website in 2018.

Congressional Outreach and Education

President Trump's economic confrontation with China left lawmakers scrambling to define their own policymaking role. **PIIE scholars testified four times on Capitol Hill:**

- Chad P. Bown explained possible tools to get China to change its behavior,
- Lee Branstetter outlined alternative approaches to address China's techno-nationalist policies,
- Mary E. Lovely focused on US foreign direct investment (FDI) in China and Chinese policies, and
- Gary Clyde Hufbauer raised concerns about the Foreign Investment Risk Review Modernization Act (FIRRMA).



PIIE held a session for congressional staffers with Bown, Lovely, and Martin Chorzempa to explain why punitive tariffs on China supported by the White House could do more harm than good. Chorzempa also advised members of Congress in setting policy on restricting foreign investment and US-China commercial partnerships.



“If jobs and wealth are the metric for ‘winning the trade war,’ China, not America, will emerge the victor.”

—Mary E. Lovely, *New York Times* op-ed, “How China Wins the Trade War,” August 8, 2018

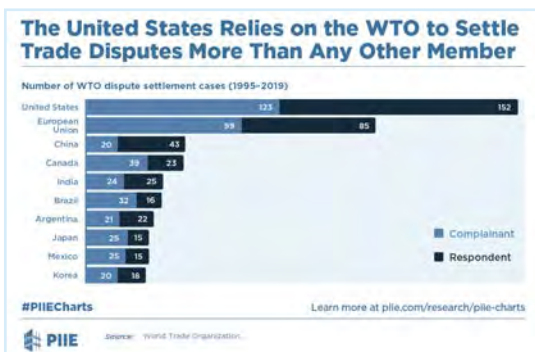
Cost of Tariffs to US Businesses and Consumers

The rationale for imposing tariffs on imports has emphasized the need to protect American manufacturing and jobs. Mary E. Lovely’s highly influential op-ed in the *New York Times* explained that those hurt the most by the administration’s tariffs on Chinese imports were American consumers and companies. Her Policy Brief explaining how Chinese tariffs mostly hit non-Chinese companies was the Institute’s **top publication of the year**. Separately, Lovely explained in a Policy Brief that the proposal to impose 25 percent tariffs on imported automobiles, SUVs, vans, and trucks—as well as all auto parts—would raise car prices, pushing buyers with modest incomes out of the new car market entirely.

Trade Talks Podcast Goes Mainstream

When it started as an experiment in 2017, the *Trade Talks* podcast conducted by Soumaya Keynes of the *Economist* and Chad P. Bown caught the attention of a small group of listeners. By early 2019, and more than 70 episodes later, **listeners grew exponentially**, with a dedicated fan base on social media. The series got a shout-out in *Politico*’s Morning Trade newsletter and was recommended by Brendan Greeley, host of the *Financial Times*’ Alphachat podcast. Part of the draw has been Bown and Keynes’ adroit, informative interviews with such prominent scholar/practitioner guests as **Pinelopi Goldberg, Arancha Gonzalez, Paul Krugman, Dani Rodrik, and Bob Woodward**. *Trade Talks* is now the go-to podcast for trade mavens everywhere, available on iTunes, Google Play, Spotify, and other platforms.

A photo of Bown’s Trade Talks tie was featured in the New York Times Dealbook newsletter. (Salvatore Di Nolfi/EPA)



Getting Real About WTO Dispute Settlement

The World Trade Organization has its share of critics, but PIIE scholars Gary Clyde Hufbauer, Jeffrey Schott, and others warned that its dispute settlement process needs reform because the United States relies on the system to resolve or adjudicate disagreements more than any other country. Their recommendations for improving the system have been adopted as proposals by the European Union.

SPEAKING TRUTH TO THE PUBLIC

Gonzalo Huertas and Jacob Funk Kirkegaard's seminal Working Paper showed the significant and outsized contribution of Hispanic immigrants to the US economy. Contrary to popular misconception, their scholarship showed that Hispanic achievements in education and business startups as well as changing demographics position Hispanics to make large positive contributions to the overall US economic growth rate. CNN en Español and other US Spanish-language media featured the report. PIIIE tweeted the points made in this report to a wide audience during President Trump's State of the Union address.



John Oliver's popular and astute "Last Week Tonight" program decided it wanted to rebut the Trump administration's claim that trade wars are "easy to win." The show's producers got input from five PIIIE experts (Bown, Irwin, Furman, Lovely, and Hufbauer) for an incisive and amusing takedown of misconceptions purveyed from the White House, Commerce Department, US Trade Representative, and other outlets. The episode **drew 7.4 million views on YouTube and also aired on HBO**. In another episode, the show drew on information supplied by Monica de Bolle about Brazil.

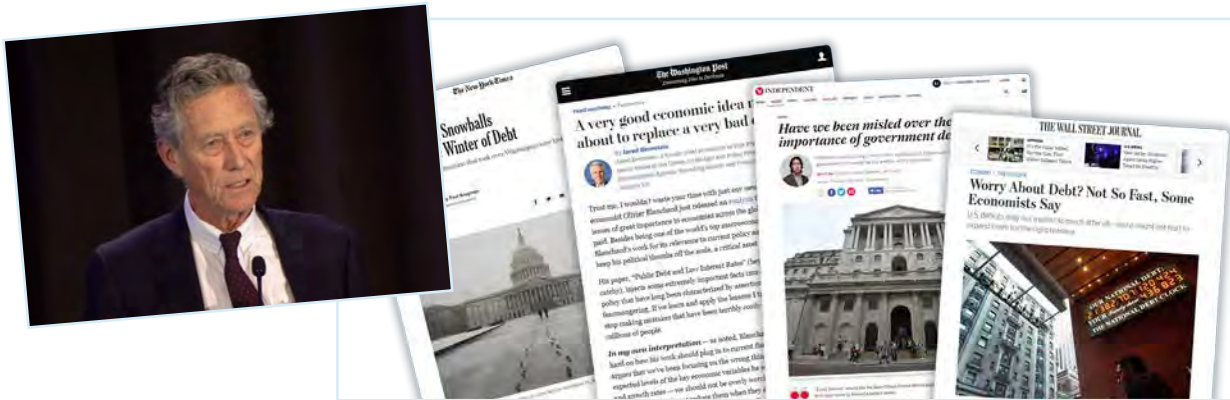
UNCOVERING THE RESURGENCE OF THE STATE IN CHINA

Nicholas R. Lardy's book, *The State Strikes Back: The End of Economic Reform in China?*, analyzed reams of detailed statistics to show how China under President Xi Jinping had reversed many of the economic reforms that had enabled it to achieve record economic growth. Superficial discussion of China had begun settling on this new perception of authoritarianism under President Xi, but Lardy's book demonstrated that inefficient state-owned enterprises were being given undue amounts of credit and subsidies even though they have been the least efficient parts of the Chinese economy. Lardy's op-ed for the *Financial Times* helped publicize his book, and his warning that China's growth would be limited in the future without further reforms were widely cited in major media outlets, including CNBC, BBC, and Fareed Zakaria's GPS on CNN, as well as on Chinese TV. China watchers quoted him in the *Financial Times*, *New York Times*, *Wall Street Journal*, *Washington Post*, *Los Angeles Times*, *Daily Telegraph*, *South China Morning Post*, Bloomberg, Reuters, and within China in *Xinhua* and *China Daily*.



MANAGING PUBLIC DEBT

Public Debt and Low Interest Rates



In his presidential address entitled “Public Debt and Low Interest Rates” at the 2019 annual American Economic Association meeting, Olivier Blanchard challenged conventional thinking and was cited by commentators across the world of economics. He argued that while public debt was not in itself desirable, under some circumstances—especially in the current era of low interest rates—debt can be employed to improve social welfare without placing an undue fiscal burden on governments that are growing at rates faster than the interest rate. There was hardly a prominent figure in the economic policy world who did not take note, and his address was widely cited in major media outlets in the United States, Europe, and the rest of the world. Blanchard followed his speech with a detailed Working Paper showing his methodology and calculations and a Policy Brief summarizing his work in more accessible form. PIIE also posted video highlights of his presidential speech, delivered in Atlanta in January 2019.

Dangers of Italian Debt

The tough policy choices facing Italy’s populist government as it undertakes fiscal stimulus at a time of very high public debt engaged Blanchard, Jeromin Zettelmeyer, Álvaro Leandro, and Silvia Merler. In a Policy Brief that caught the attention of leaders in Europe, the authors argued that the stimulus would not damage the country’s solvency in the short run but that its debt burden would have to be tackled over time. At the same time, a blog by Blanchard and Zettelmeyer cautioned that fiscal expansion could actually reduce economic output. These reflections, coming from two of the most respected analysts in the field, were of special interest to followers of Europe’s struggles to revive economic growth.



IMPROVING PRODUCTIVITY GROWTH

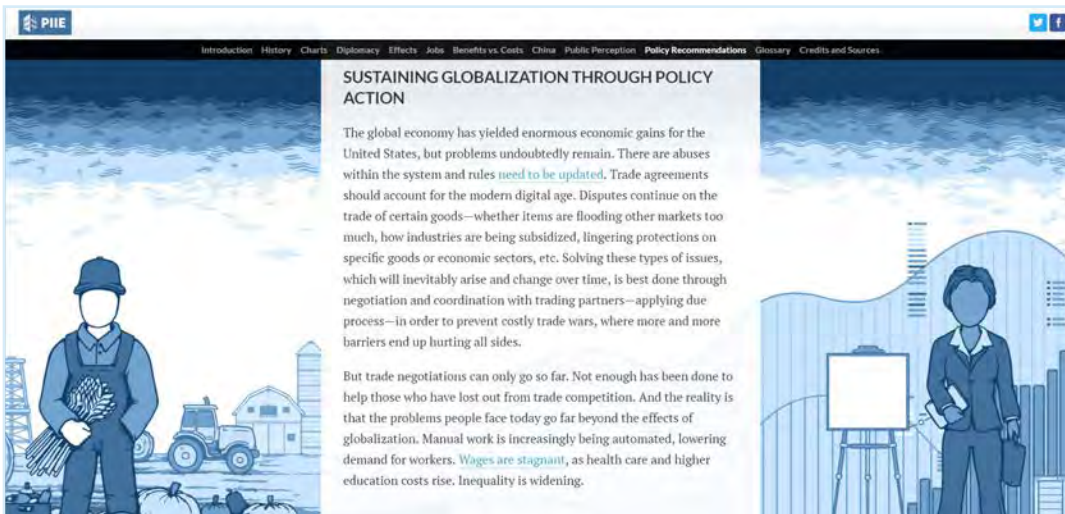


Productivity growth has slowed significantly in all advanced economies, and this downshift has persisted well beyond recovery from the financial crisis. The Institute team moved beyond the belated recognition by policymakers of this harsh reality to what policymakers could and should do about it. Studies commissioned for our book *Facing Up to Low Productivity Growth*, edited by Adam Posen and Jeromin Zettelmeyer, analyze the practical impact of the slowdown on public debt, taxation, pensions, wages, business dynamism, and trade. The book proposes policies that pragmatically are as much about adaptation to the slowdown as they are about—possibly slow or fruitless—mitigation of the trend. PIIE also published the book *Sustaining Economic Growth in Asia*, which focuses on what the once fast-growing economies in that region could do to sustain their own productivity growth in the face of the rich world’s slowdown and diminishing openness to trade.

“As a policymaker, I recognize the vital contribution that independent analysis and commentary provides. The [Peterson] Institute’s capacity to gather such a broad range of expertise over the years is why it has been able to maintain itself as such an important voice in American and global debates.”

—Irish Finance Minister Paschal Donohoe at December 11, 2018, PIIE event

A TOP RESOURCE ON GLOBALIZATION



The Institute created a new online resource titled, “What Is Globalization?,” which shot up to become not only our most viewed feature, but Google’s most recommended page on the topic. Visitors spend an average of 20 minutes on the page. The visually arresting interactive microsite gathers the Institute’s ample research on the big picture benefits and costs of open trade and investment in a clear engaging format geared to students, lifelong learners, and the interested public. This feature explains what is at stake when public policies undermine international economic cooperation and openness.

SCHOLAR HIGHLIGHTS

SENIOR RESEARCH STAFF

**NONRESIDENT SENIOR
RESEARCH STAFF**

**SENIOR RESEARCH
STAFF ON LEAVE**





ADAM S. POSEN

President

Joined in 1997

Expertise: G-7 Economies and Outlook, Macroeconomic Policy, Central Banking, Financial Crisis Resolution



Completed seventh term on Congressional Budget Office Panel of Economic Advisers



PIIE awarded Best North American Economic and Financial Think Tank, third year in a row



Posen led PIIE's seventh annual visit to Beijing in May 2018 and met with Wang Yang, one of seven officials at the highest level of China's leadership.

SPEAKING ENGAGEMENTS

Inaugural Adam Smith Distinguished Speakers lecture, Adam Smith Business School, University of Glasgow

Inaugural Data Analytics for Finance and Macro (DAFM) Research Centre, Annual Lecture, King's College London

Keynote, Money Macro and Finance Research Group (MMF) 50th annual conference

Monetary conferences of Bank of Canada, the Reserve Bank of Australia, and the Swiss National Bank on what comes after inflation targeting

Featured Panel, American Economic Association (AEA) Annual Meeting on future of globalization



His PIIE blog and chart expanding on his "How Trump is Repelling Foreign Investment" in *Foreign Affairs* was seen over 160,000 times on social media.

SELECTED PUBLICATIONS

Facing Up to Low Productivity Growth, coeditor (Book)

Sustaining Economic Growth in Asia, coeditor (Book)

"An Ill-advised Trade War Could Turn Out to Be Trump's Afghanistan," *Prospect Magazine* (Article)

PROJECTS IN PROGRESS

Demographics and the Decline of Economic Dynamism in the United States

Does New Technology Reverse the Arguments for Economic Openness?

Macroeconomic Implications of Trade Wars

Fiscal and Monetary Policies for the Next Downturn

Japanese Political Economy and Secular Stagnation

- Guest on Macro Musings podcast with Mercatus Center's David Beckworth and on *Financial Times' Alphachat*
- Project member of Rethinking Japanese Economic Policy at the Turn of the 21st Century, Research Institute of Economy, Trade, and Industry (RIETI)
- Named Center for Economic Policy Research (CEPR) Distinguished Fellow, a six-year term



MARCUS NOLAND

**Executive Vice President and
Director of Studies**

Joined in 1985

Expertise: Korea, Growth and Political
Economy, Middle East, Africa



Principal organizer
on the US side of
semiannual meeting
between the US
Treasury and the
South Korean Ministry
of Strategy and
Finance on the future
of the North Korean
economy

ANALYZING FRICTION WITH NORTH KOREA AND ILLUMINATING CHALLENGES IN JAPAN

Noland brought his singular expertise on economic frictions in East Asia to work with policymakers and lawmakers to explore solutions and defuse tensions. He continued organizing strategy sessions between the US Treasury and the South Korean government on the future of the North Korean economy and also was chief economic adviser for a congressional delegation visiting Japan and South Korea under the auspices of the Aspen Institute. His research work also included the economic problems confronting Japan.

“North Korea wants to develop economically—but it needs to get sanctions lifted.”

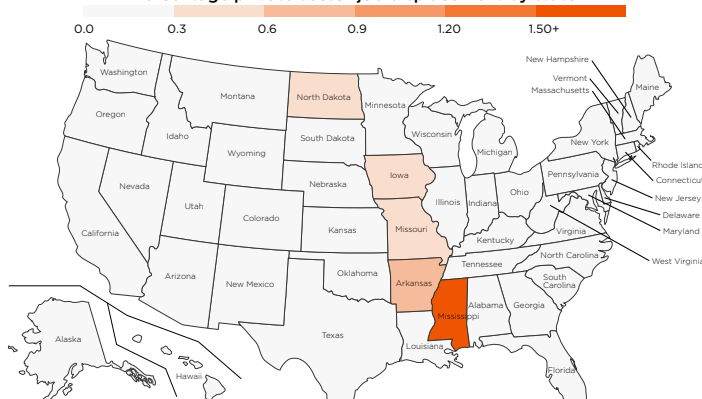
“Here’s why Kim Jong Un put sanctions first—and why North Korea is not Vietnam,” *Washington Post* “Monkey Cage” article by Stephen Haggard and Marcus Noland, February 28, 2019



**Met with top Japanese
officials and politicians
to discuss reorganizing
economic policymaking in
the Japanese government**

Trade skirmish: Chinese soybean embargo

Percentage private sector job displacement by state



At PIIE’s Global Economic Prospects event in Spring 2018, Noland presented the channels of economic impact from US trade conflict with China, NAFTA partners, and other countries.



Wrote three articles on North Korea, US trade policy, and a potential economic council for Japan

SELECTED PUBLICATIONS

US Trade Policy in the Trump Administration, *Asian Economic Policy Review* (Article)

Networks, Trust and Trade: The Microeconomics of China–North Korea Integration, *Asian Economic Journal* (Article)

PROJECTS IN PROGRESS

Women in Corporate Leadership

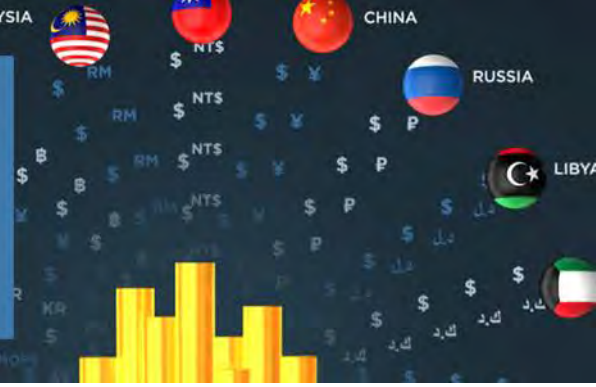
Political Economy of US Trade Policy



C. FRED BERGSTEN

Senior Fellow and Director Emeritus
Joined in 1981

Expertise: Exchange Rates, Trade Policy,
International Monetary System, China/Asia



Reappointed by President
Trump to the Advisory
Committee on Trade Policy
and Negotiations

“To effectively attack China’s trade and investment policies the United States must have allies. We no longer have the power to unilaterally compel other countries, especially a superpower like China, to mend their ways.”

“How Not to Mobilize Against China,” PIIE blog post, March 2018



Addressed seven US senators
at a Bloomberg Executive
Roundtable Dinner



First, trade must be not only free but also fair and reciprocal. American tariffs are among the lowest in the world. Our generosity and free market good will has only led to a huge trade deficit and the transfer of wealth abroad.

Second, President Trump reserves the right to defend those industries critical to our own national security. To do this, the United States has imposed tariffs on aluminum and steel imports. While critics may question how these metal tariffs can be imposed in the name of national security on allies and neighbors like Canada, they miss the fundamental point: These tariffs are not

In a PIIE blog, Bergsten annotated a *New York Times* op-ed by Peter Navarro, refuting his claims that other countries are responsible for the US trade deficit and calling out national security tariffs against US allies as “ludicrous.”

PROVIDING THOUGHT LEADERSHIP ON SOLUTIONS TO TRADE FRICTIONS

Bergsten continues as one of the most widely sought after experts in America on US-China trade frictions, efforts by the Trump administration to update the North American Free Trade Agreement (NAFTA), and currency, regularly providing insights to the White House, US Treasury, US Trade Representative, Congress, and the media. He also found time to work on his forthcoming book on how the United States should handle the rise of China as an economic superpower.

- Chaired panel at the International Monetary Fund’s Annual Research Conference
- Elected to American Academy of Diplomacy
- Hosted the World Affairs Council of Philadelphia
- Keynote speech to annual meeting of Democratic Business Alliance of Tidewater

SELECTED PUBLICATIONS

China and the United States: Trade Conflict and Systemic Competition (Policy Brief 18-21)

China and the United States: The Contest for Systemic Leadership (Paper in PIIE Briefing 18-1)

PROJECTS IN PROGRESS

The United States, China, and the Global Economic Transformation

India and the United States in the World Economy



OLIVIER BLANCHARD

C. Fred Bergsten Senior Fellow

Joined in 2015

Expertise: Financial Crises, Labor,
Macroeconomics, Transition Economies,
Unemployment

70



FORGING NEW THINKING ON DEBT, INTEREST RATES, AND FISCAL POLICIES

Blanchard's prolific research and commentary on such varied issues as stock market fluctuations and the Italian debt crisis culminated this past year in his presidential address at the American Economic Association (AEA). In that speech, he presented research on sustaining public debt at a time of low interest rates, concluding that debt in such an environment is not always undesirable. Blanchard is one of the most sought after economic experts by those seeking to understand the interplay of debt, markets, public confidence, and monetary policy.

The Washington Post

"If we learn and apply the lessons I take from this paper, we can stop making mistakes that have been terribly costly to the well-being of millions of people."

Jared Bernstein, "A very good economic idea may be about to replace a very bad one," January 10, 2019



117

media stories resulted
from Blanchard's AEA
speech on public debt



**Served as 2018
AEA president**



**Wrote most popular story on
PIIE's economic issues blog,
"How Worried Should We Be
about an Italian Debt Crisis?"**

- Delivered Edgeworth Lecture at the Irish Economic Association Meetings at the Central Bank
- Nominated member of France's Conseil national de productivité

SELECTED PUBLICATIONS

Public Debt and Low Interest Rates, AEA (Speech, Working Paper 19-4, Policy Brief 19-2)

Should We Reject the Natural Rate Hypothesis?, *Journal of Economic Perspectives*, Winter 2018 (Article)

Impact of Italy's Draft Budget on Growth and Fiscal Solvency (Policy Brief 18-24)

PROJECTS IN PROGRESS

Economics of Inequality (Rethinking Macroeconomic Policy V)

Public Indebtedness, Low Rates, and Fiscal and Financial Policies

Adjustment Processes in the Eurozone



CHAD P. BOWN

Reginald Jones Senior Fellow

Joined in 2016

Expertise: Trade Policy

TRADE

talks



14,000

average listens per
week for *Trade Talks*
podcast



**Debated “Is the
Global Trade System
Broken?” as part of the
Open Future series**

UNDERSTANDING THE NEW WORLD OF TARIFF ACCORDS AND CONFLICTS



Bown not only undertook original research on the confusing array of Trump’s trade actions and threats but also leveraged other forms of storytelling to make his research accessible to the public. He more than quadrupled the reach of his *Trade Talks* podcast with cohost Soumaya Keynes (*The Economist*) and secured higher social media influence with 2,000 more Twitter followers (totaling 47,000). His interactive “Trump’s Trade War Timeline,” which he continually updates, was **PIIE’s second most viewed story of the year**. It has become the go-to source for journalists keeping track of tariffs and is top-ranked on Google for “trade war timeline.” His papers on trade issues with Europe, China, and the World Trade Organization (WTO) are must-reads. Bown contributes regularly to the *Washington Post* “Monkey Cage” blog.



**Gave congressional
testimony on how
tariffs are ineffective
at confronting China’s
market distortions**



Bown calculated the coverage of all of Trump’s tariffs and which countries and products are hit, then organized data into an interactive timeline.

SELECTED PUBLICATIONS

What Might a Trump Withdrawal from the World Trade Organization Mean for US Tariffs? (Policy Brief 18-23)

Active Labor Market Policies: Lessons from Other Countries for the United States (Working Paper 19-2)

The Problem of US Labor Force Participation (Working Paper 19-1)

Trade Policy toward Supply Chains after the Great Recession (Working Paper 18-13)

PROJECTS IN PROGRESS

World Trade Organization Rules and China

Explaining Trade and Globalization

Tracking US Trade Wars

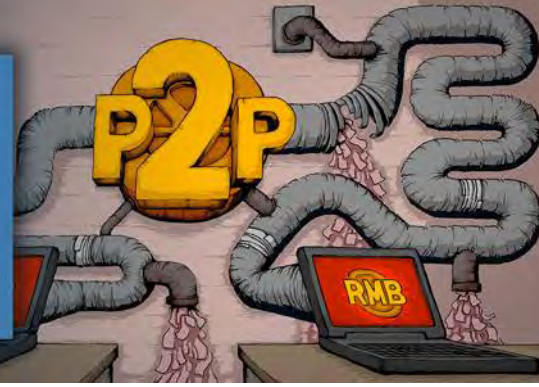


MARTIN CHORZEMPA

Research Fellow

Joined in 2017

Expertise: Financial Innovation and Regulation in China



DIGGING DEEP INTO CHINA'S TECHNOLOGICAL PROWESS

As China leaps forward in financial technology, Chorzempa undertook startlingly original research into the history, promise, and threats of China's advances. His warnings against overly broad restrictions on Chinese investments, and on US investments in China, were heeded by drafters of a new congressional statute governing these concerns. His research on blockchain technologies, cryptocurrency, and government regulations shed light on the future social and political impact of innovation in the digital era. Chorzempa's work is widely circulated among Chinese policy elites.



Gave remarks at the November Caixin Summit in Beijing, one of China's top events bringing together economic and financial policymakers. Spoke in Chinese on the fintech panel with Vice Minister of Finance Liao Min and in English on China's financial opening up.

"No government has a more ambitious and far-reaching plan to harness the power of data to change the way it governs than the Chinese government."

Quoted by Christina Larson, "Who needs democracy when you have data?," *MIT Technology Review*, August 20, 2018

- Gave formal briefings to senior US policymakers on Chinese fintech and regulatory implications
- Cited in Congressional US-China Economic and Security Review Commission Trade Bulletin
- Briefed US Treasury Senior Advisor Jessica Renier and Office of Financial Institutions Policy Director Moses Kim on Chinese fintech regulation

SELECTED PUBLICATIONS

China's Social Credit System: A Mark of Progress or a Threat to Privacy? (Policy Brief 18-14)

Market Discipline in Chinese Finance: Getting the Sequence Right (Paper in PIIE Briefing 18-1)

PROJECTS IN PROGRESS

Technological Innovation, Structural Change, and National Security

Competition Policy, Data Privacy, and Taxation in the Digital Era

Does New Technology Reverse the Arguments for Economic Openness?

Governance of Blockchain and Cryptocurrencies

Financial Regulation and Technology in China

Debt and China's Belt and Road Initiative



JÉRÉMIE COHEN-SETTON

Research Fellow
Joined in 2016

Expertise: Macroeconomic Policy, Europe, United States
Monetary Union, Great Depression



STUDYING ECONOMIC CHALLENGES IN EUROPE, ASIA, AND THE UNITED STATES

Cohen-Setton's wide-ranging research included European monetary reform, how to revive sustained economic growth in Asia, and a study on the impact of automobile tariffs on American car buyers. He has become a leading expert on European budget rules. He also did in-depth research studying the impact of fiscal stimulus on economic growth across the range of advanced industrial economies, concluding that such stimulus works less effectively when a country is already growing.



Cohen-Setton coedited *Sustaining Economic Growth in Asia*, which explores secular stagnation in Japan, South Korea, China, India, and Indonesia, and policy responses.



Cohen-Setton was quoted in English and French language papers on the impact of finance and macroeconomic decisions.

Compact cars

Model	Honda Civic	Toyota Corolla	Nissan Sentra	Hyundai Elantra	Chevrolet Cruze
Current price	\$17,140	\$17,205	\$16,231	\$16,838	\$16,381
Units sold, 2017	377,286	329,196	218,451	198,210	184,751
Foreign content	40%	40%	80%	54%	55%
Estimated price increases from tariffs					
55% pass-through	\$1,171	\$1,146	\$2,079	\$1,509	\$1,462
100% pass-through	\$1,695	\$1,659	\$3,075	\$2,208	\$2,140

Source: goodcarbadcar.net; National Highway Traffic Safety Administration; car-buying-strategies.com; Bloomberg Finance L.P.; Bloomberg Intelligence; Wall Street Journal. Photos from automakers' websites.

Cohen-Setton's work with Mary E. Lovely and Euijin Jung showed that Trump's proposed auto tariffs would substantially raise car prices.

- Keynote speaker at The Future of US-EU Trade event at Global Business Gate in Sweden
- Presented to members of the policy board of the Bank of Japan on the impact of Japan's planned 2019 consumption tax hike

SELECTED PUBLICATIONS

Vehicular Assault: Proposed Auto Tariffs Will Hit American Car Buyers' Wallets (Policy Brief 18-16)

Sustaining Economic Growth in Asia, coeditor (Book)

PROJECTS IN PROGRESS

The Trade Policy Uncertainty Index with Application to the China Shock

Labor Force Composition and Wage Growth

Rethinking the Unconventional in Monetary Policy

Output Effects of Fiscal Policy

Eurozone Governance



MONICA DE BOLLE

Senior Fellow

Joined in 2015

Expertise: Brazil, Financial Crises, Financial Markets, Latin America

 **ESTADÃO
EPOCA**

105

articles written for
two of Brazil's popular
news outlets



JOHNS HOPKINS
SCHOOL of ADVANCED
INTERNATIONAL STUDIES

**Named Director
of Latin American
Studies and
Emerging Markets**



**Moderated the Congressional
Roundtable Discussion
on trade during the Inter-
American Dialogue's**

**President's Leadership Council annual
meeting in Washington, DC**

- Spoke at the Institute of International Finance (IIF) annual conference in Mexico City
- Spoke at the Annual CAF Conference (by the Development Bank of Latin America, Inter-American Dialogue, and Organization of American States) in Washington, DC

The New York Times

"Brazil's problems are far from over, and the two presidential candidates don't appear to have the plans or the political capital to make the necessary reforms. There is still too little to cheer in Latin America's largest economy."

Op-ed, "Brazil Can't Afford to Ignore Its Dire Economic Outlook," October 11, 2018

MEASURING THE TOXIC RESURGENCE OF ECONOMIC NATIONALISM

At a time of turmoil in Brazil and Venezuela, de Bolle has been at the forefront of explicating the legal, economic, and political intricacies of the economic crises in those countries, with implications for emerging markets generally. Her commentary on Brazil has been widely cited by economists, political leaders, and news organizations there. With Jeromin Zettelmeyer, she is working on a forthcoming book on economic nationalism. Her technical critique of aspects of Brazilian President Jair Bolsonaro's pension reform plan resulted in a torrent of social media attacks from Bolsonaro supporters. She pushed back by telling her story in the popular press.



Appointed as Senior External Advisor to the board of Brazil's Independent Fiscal Institution (IFI), an independent and nonpartisan office tasked with analyzing Brazil's fiscal outlook. Created in 2016, it is now bringing in former policymakers and academics to expand its independent oversight activities.

SELECTED PUBLICATIONS

Measuring the Resurgence in Economic Nationalism (forthcoming)

PROJECTS IN PROGRESS

Economic Nationalism

Trends in Latin American Economies



JOSEPH E. GAGNON

Senior Fellow

Joined in 2009

Expertise: Monetary and Fiscal Policy,
Exchange Rates, Trade Balances,
Unconventional Monetary Policies



MAKING SENSE OF UNCONVENTIONAL MONETARY POLICY

Gagnon's commentary on policies of the Federal Reserve continued to receive wide coverage. He has produced research on the recent history of unconventional monetary policies as they addressed the global financial crisis of 2008–10 and the recovery since that period. He counseled the Fed to be cautious about raising interest rates and withdrawing from quantitative easing. He contributed valuable analysis of why trade deficits are not dangerous in and of themselves and contends that trying to reduce them by raising tariffs is counterproductive.



**Advised US Senate staffers on
policies related to the US trade
deficit**



Rick Santelli invited Gagnon onto his CNBC show to talk about inflation targeting and interest rates.

- Presented at the Cato Institute's 36th Annual Monetary Conference on lessons learned from the global financial crisis
- Spoke to a working group of the Committee on the Global Financial System (Basel) on the lessons of unconventional monetary policies

SELECTED PUBLICATIONS

QE: A User's Guide (Policy Brief 18-19)

A Stability-Oriented Exchange Rate Policy for China: 2018 Edition (Paper in PIIE Briefing 18-1)

Monetary and Exchange Rate Policies for Sustained Growth in Asia (with Philip Turner) (Chapter in book, *Sustaining Economic Growth in Asia*)

Can a Country Save Too Much? The Case of Norway (Policy Brief 18-7)

PROJECTS IN PROGRESS

Relationship between Unemployment and Wage Growth: A New Approach

Current Accounts and Exchange Rate Management



In Policy Brief 18-19 and blog, Gagnon outlines proposals to utilize quantitative easing during the next economic downturn while still retaining some conventional monetary policy advantages.



JACOB FUNK KIRKEGAARD

Senior Fellow

Joined in 2002

Expertise: Europe, Labor and Migration, Outsourcing, Inequality, Social Security and Pensions

SHEDDING LIGHT ON EUROPE'S IMPLOSION AND IMMIGRATION ISSUES

Kirkegaard has earned a reputation for insightful analysis of the intersection of geopolitical and economic developments, becoming a sought-after commentator among media worldwide. His work in 2018–19 focused on both Europe and North America. As nationalist tendencies rocked Europe, he tracked the negotiations over Britain's plan to exit the European Union and the political dynamics in Brussels. He called on Europe to move toward greater fiscal unity. He coauthored a pathbreaking study on immigration trends in the United States, which finds that, contrary to popular mythology, Hispanics are among the country's most economically dynamic minority groups.

Held meetings with EU Competition Commissioner Margrete Vestager, European Parliament President Antonio Tajani, and European Parliament Secretary General Klaus Welle

➤ Met with finance ministers from Austria, Denmark, Germany, Netherlands, Portugal, and Sweden

➤ Spoke at the Securities Industry and Financial Markets Association (SIFMA) Annual Meeting

SSRN

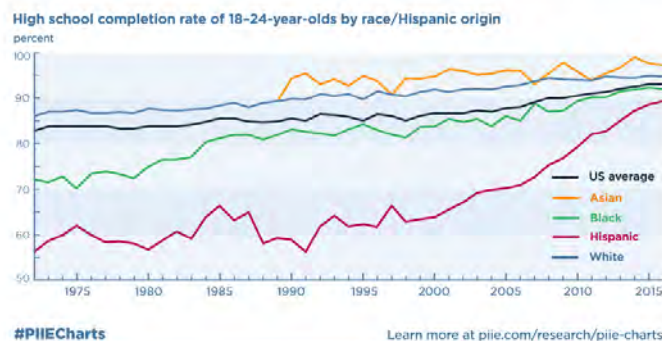
Top 10%

downloads by author in world's biggest open-access research repository

Bloomberg 50

appearances as a commentator on TV and web outlets

High School Education Gap for Hispanics Has Almost Disappeared



PIIE Chart featuring Gonzalo Huertas and Kirkegaard's research on the contribution of the Hispanic community to the US economy

SELECTED PUBLICATIONS

The Economic Benefits of Latino Immigration: How the Migrant Hispanic Population's Demographic Characteristics Contribute to US Growth (Working Paper 19-3)

Prospects for Economic Reform and Medium-Term Growth in the United States (Paper in PIIE Briefing 18-1)

PROJECTS IN PROGRESS

Immigration and Demographics

Demographics and the Decline of Economic Dynamism in the United States



NICHOLAS R. LARDY

Anthony M. Solomon Senior Fellow

Joined in 2003

Expertise: China, Asia, Economics of Transition

FT

"Nicholas Lardy's book reflects the meticulous research and methodical analysis that has established his reputation as a leading observer of China."



REUTERS

"The most thought-provoking parts of the text...attempt to understand not just what happened, but why it happened—and what it means for prospects for future reform."

"...without a return to a more market-oriented economic policy, even if bilateral trade disputes with the US are resolved, the likelihood is that China's growth will slow further—with unpleasant consequences for the global economy."

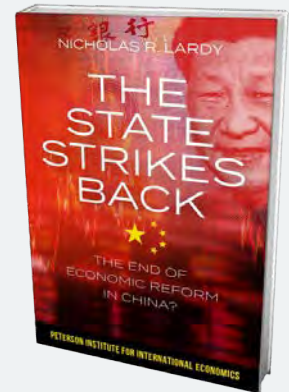
Op-ed, "Xi Jinping's turn away from the market puts Chinese growth at risk," *Financial Times*, January 15, 2019



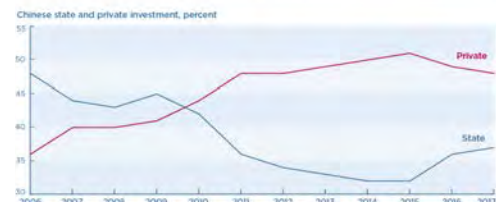
Lardy was featured on CNN's "Fareed Zakaria GPS," as well as CNBC and Bloomberg. The book received citations in the *Washington Post*, *Economist*, *Wall Street Journal*, *Los Angeles Times*, *Xinhua*, *Frankfurter Allgemeine Zeitung*, and many publications specializing in coverage of China.

ADVOCATING A REVIVAL OF ECONOMIC REFORM IN CHINA

Lardy's 2019 book, *The State Strikes Back: The End of Economic Reform in China?*, received widespread praise and publicity for its trenchant analysis of the causes of China's economic slowdown, most notably the policies of President Xi Jinping reversing earlier economic reforms. The book became one of the Peterson Institute's recent bestsellers.



Chinese Investment Has Tilted Back Towards State-Owned Firms



PIIE Chart adapted from Lardy's book

SELECTED PUBLICATIONS

The State Strikes Back: The End of Economic Reform in China? (Book)

PROJECTS IN PROGRESS

Financing the Private Sector in China

Recent Trade and Investment Liberalization in China



MARY E. LOVELY

Nonresident Senior Fellow

Joined in 2017

Expertise: China, Globalization, Foreign Direct Investment, Multinational Corporations



ASSESSING THE COST OF TRADE CONFLICTS WITH CHINA

Lovely is one of the most recognized Peterson Institute scholars on the contentious subject of trade conflicts with China. Her pathbreaking Policy Brief on how the Trump administration's tariffs against China actually hurt US companies was PIIE's most viewed publication of the year. She followed up on this topic with a widely cited *New York Times* op-ed, "How China Wins the Trade War," which drew high engagement on PIIE social media. Lovely's insights on China's economic strategies have been sought after by policymakers in the United States and abroad. In addition to giving a congressional testimony, she explained the US-China trade war to congressional aides at a briefing with other PIIE experts on Capitol Hill.



Lovely's *New York Times* op-ed inspired a cartoon in the newspaper by Patrick Chappat.



Delivered congressional testimony to the US-China Economic and Security Commission on US foreign direct investment (FDI) in China and Chinese policies



Lovely's work on US tariffs on China and the effects of potential auto tariffs on car prices was widely cited in publications like the *Economist*, *Washington Post*, *New York Times*, *The Atlantic*, *Politico*, and the Munich Security Report. She made numerous TV and radio appearances on the BBC, NPR, Marketplace, Bloomberg TV, and MSNBC.

SELECTED PUBLICATIONS

Trump Tariffs Primarily Hit Multinational Supply Chains, Harm US Technology Competitiveness, coauthor (Policy Brief 18-12)

Vehicular Assault: Proposed Auto Tariffs Will Hit American Car Buyers' Wallets (Policy Brief 18-16)

Foreign Direct Investment Activity in China's High-Technology Manufacturing (Paper in PIIE Briefing 18-1)

PROJECTS IN PROGRESS

China's Use of Foreign Direct Investment as an Industrial Policy



JEFFREY J. SCHOTT

Senior Fellow
Joined in 1983

Expertise: Trade, WTO, Free Trade Agreements, Sanctions



SHEDDING LIGHT ON TRADE NEGOTIATIONS AROUND THE WORLD

Schott employed his unmatched expertise on trade issues to analyze US negotiations with Canada and Mexico, Japan, South Korea, and Europe. His work on the losses to the United States because of its withdrawal from the Trans-Pacific Partnership (TPP), and on the potential gains to be reaped by the countries that have remained within that accord, have been broadly cited by trade experts and practitioners. Policymakers throughout the world have sought out his views on trade frictions and policies.

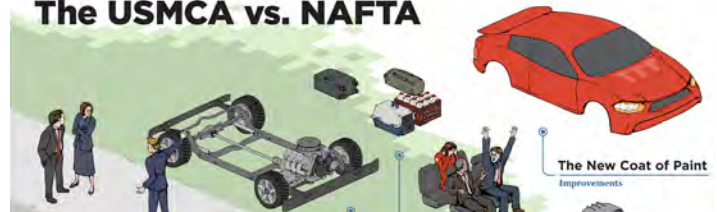


Reappointed co-chair,
Trade and Environment
Policy Advisory
Committee (TEPAC)



Member, Committee on
International Economic
Policy (ACIEP), and
co-chair, Sanctions
Subcommittee

The USMCA vs. NAFTA



An illustration was adapted from one of Schott's blogs on the USMCA to show which areas changed.

Spoke as the only US think tank representative at the China International Import Expo in Shanghai. Interviews given at the event were widely broadcast on Chinese television.



US Trade Deficit with China Keeps Growing, Even with Tariffs

US goods trade deficit, billions of dollars



Schott's PIIE Chart on the US trade deficit was widely circulated on social media.

- Met with MOFCOM Vice Minister Wang Shouwen to discuss US-China trade talks in advance of the G-20 meeting in Buenos Aires
- Spoke to Canadian Parliamentary Committee on the NAFTA/USMCA negotiations

SELECTED PUBLICATIONS

The Dispute Settlement Crisis in the World Trade Organization: Causes and Cures (Policy Brief 18-5)

KORUS Amendments: Minor Adjustments Fixed What Trump Called "Horrible Trade Deal" (Policy Brief 18-22)

PROJECTS IN PROGRESS

Impact of Iran Sanctions

Negotiations with China, Japan, the European Union, and the United Kingdom

Reforming the World Trade Organization



NICOLAS VÉRON

Senior Fellow
Joined in 2009

Expertise: Europe, Banking, Capital Markets,
Financial Regulation



PROMOTING BANK REFORM AND ANTI-CORRUPTION ACTIVITIES IN EUROPE

Expanding his work on European financial regulation, Véron produced new and influential studies on the region's efforts to combat money laundering by criminal organizations and supporters of terrorism. He advocates for the single supervisory system in Europe for banks and for capital market union. Véron's influence is highlighted by his many instances of testimony and consultation for European authorities. At PIIE, he has created and sustained a series of breakfasts attended by leading academics and policymakers on European economic issues.



Gave briefings at the central banks of the Euro Area, Croatia, Finland, France, Germany, the Netherlands, Norway, Spain, and Switzerland as well as the Federal Reserve

“Breaking the vicious circle requires increasing EU-level supervision significantly beyond the limited oversight that already exists.”

Policy Brief 18-25, A Better European Architecture to Fight Money Laundering, coauthored with Joshua Kirschenbaum (German Marshall Fund)



Testified at the German Bundestag (Finance Committee) on the 10-year anniversary of the global financial crisis



Véron wrote op-eds in Greek, EU, and Chinese news outlets about the scrutiny of official statistics in Greece, the fledging banking union in Europe, and the state of play 10 years after the 2008 financial crisis.

SELECTED PUBLICATIONS

A Better European Architecture to Fight Money Laundering (Policy Brief 18-25)

The Long Road to a US Banking Union (Chapter in Report, Lessons for EU Integration from US History)

EU Financial Services Policy since 2007: Crisis, Responses, and Prospects (Working Paper 18-6)

Market Discipline in Chinese Finance: Getting the Sequence Right (Paper in PIIE Briefing 18-1)

PROJECTS IN PROGRESS

Future of Banking in Europe

International Financial Services Policy and Governance

Understanding Europe's Financial Sector



JEROMIN ZETTELMEYER

Dennis Weatherstone Senior Fellow
Joined in 2016

Expertise: Economic Growth, Europe, Financial Crises,
Sovereign Debt Restructuring, Transition Economies

CONFRONTING EUROPE'S DEBT BURDENS AND THE WORLD'S PRODUCTIVITY SLOWDOWN

With several research papers, Zettelmeyer analyzed and deepened public understanding of some of Europe's most complex fiscal and monetary challenges, including Italy's struggles to achieve both growth and fiscal solvency, and Greece's efforts to grow despite its enormous burden of debt. He laid out a series of proposals for Europe in its search for safe assets for sovereign and bank debt, which have begun to influence the euro area policy debate in this area, particularly via the European Commission. He coedited a volume of recommendations to adapt to and mitigate low productivity growth in advanced countries.



Spoke at the annual "State of the Union" event of the European Commission in Florence

- Presented at the annual Centre for European Reform (CER) conference and the "Managing financial crises: Where do we stand?" conference of the European Central Bank and other European institutions
- Appointed chair of the new Research and Policy Network on European Economic Architecture, Centre for Economic Policy Research (CEPR)

SELECTED PUBLICATIONS

Facing Up to Low Productivity Growth, coeditor (Book)

Impact of Italy's Draft Budget on Growth and Fiscal Solvency (Policy Brief 18-24)

Europe's Search for a Safe Asset (Policy Brief 18-20, Working Paper 18-3)

How to Solve the Greek Debt Problem (Policy Brief 18-10)

ECB Interventions in Distressed Sovereign Debt Markets: The Case of Greek Bonds (Working Paper 18-1)

PROJECTS IN PROGRESS

Economic Nationalism

Distributional Implications of Macroeconomic Policies

Designing Euro Area Safe Assets

Adjustment Processes in the Eurozone

Debt and China's Belt and Road Initiative

Euro Area Reforms



Zettelmeyer cowrote a report with Nicolas Véron and other French and German economists for VoxEU that has become a key reference in the euro area policy debate, with some features of the proposed policy package included in the positions of the French and German governments.



EGOR GORNOSTAY

**Research Statistician
and Quality Control Coordinator**

Joined in 2015

Expertise: Monetary and Fiscal Policy,
Econometrics, Computational Economics



Impact of the Trump Fiscal Stimulus on US Economic Growth

Gornostay worked with a team that found President Trump's tax cuts would yield less economic growth than claimed.

Gornostay provided exemplary assistance in assuring the accuracy and replicability of the data that underpin research by all PIIIE scholars. He was also part of a team that studied the impact of fiscal stimulus following economic downturns.

PROJECTS IN PROGRESS

The Trade Policy Uncertainty Index with Application to the China Shock

Labor Force Composition and Wage Growth

Output Effects of Fiscal Policy



CLAUDIA BIANCOTTI

Visiting Fellow

Joined in 2018

Expertise: Technology Security

Biancotti, a visiting fellow on leave from her post as senior economist at the Bank of Italy, has become a leading expert in the United States on the fast-changing rules and norms in the world of cybertechnology, social media, and artificial intelligence. Her discussions of the economic risks and concerns about government exploitation of private data, especially in China, have sounded an alarm heard by experts around the world. She addressed conferences and workshops in both Italy and other venues like the US Naval War College. She is working on a paper about competition, consumer rights, and security in the data economy.



Biancotti's blog on the growth of Chinese social media got wide media coverage across Asia.

PROJECTS IN PROGRESS

Big Data, Competition Policy, and Privacy

Does New Technology Reverse the Arguments for Economic Openness?



LEE G. BRANSTETTER

Nonresident Senior Fellow

Joined in 2013

Expertise: Foreign Direct Investment, Intellectual Property Rights, Trade and Innovation, Economic Growth in East Asia

Branstetter has contributed major research separating myths from facts on the issue of forced technology transfers to China. He also wrote on East Asia's innovation systems for the book *Sustaining Economic Growth in Asia*. He is a widely quoted expert on the benefits of liberalized trade and investment rules.



China's Forced Technology Transfer Problem—And What to Do About It



In Policy Brief 18-13, Branstetter argues that the United States should aim sanctions on the Chinese entities directly involved in technology misappropriation, not apply indiscriminate tariffs.

PROJECTS IN PROGRESS

Challenge of Chinese Intellectual Property and Industrial Policies

Globalization of R&D: Evidence from US Multinationals



Delivered congressional testimony on China's industrial and intellectual property policies



JOSÉ DE GREGORIO

Nonresident Senior Fellow

Joined in 2013

Expertise: Latin America, Monetary Policy, International Finance, Economic Development

De Gregorio did research and analysis commensurate with his reputation as one of the premier experts on the role of the International Monetary Fund in crises and the struggle of emerging-market countries to improve their economic productivity and growth prospects. His op-eds and commentary are widely cited throughout Latin America.



In “IMF Reform: The Unfinished Agenda,” De Gregorio and coauthors update their original report on the future of the International Monetary Fund, surveying new challenges such as recovering from the global financial and euro crises to the rise of China as a financial superpower.



Named dean of the School of Economics and Business, Universidad de Chile

PROJECTS IN PROGRESS

Accumulation of Reserves in Emerging Markets
Boom of Corporate Debt in Emerging Markets



KAREN DYNAN

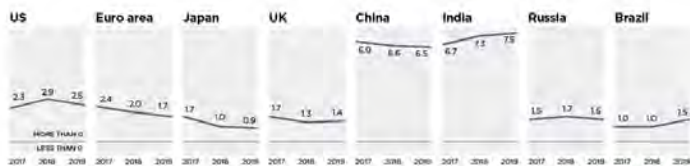
Nonresident Senior Fellow

Joined in 2017

Expertise: Economic Outlook and Growth, Macroeconomic Policy, Consumer Spending and Saving, Inequality, United States

Global Economic Expansion Has Become Less Even

percent GDP growth forecasts as of Fall 2018



Dynan has taken up the mantle of leading PIIE’s semiannual analysis of global growth prospects.

A working paper coauthored with Louise Sheiner, “GDP as a Measure of Economic Well-being,” cites several areas where the measurement falls short of the conceptual ideal.

WORKING PAPER

18-11 Implications of Lower Trend Productivity Growth for Tax Policy

Dynan found that lower productivity growth will exacerbate future fiscal shortfalls associated with aging populations.

PROJECTS IN PROGRESS

Redesigning Fiscal Policy and Automatic Stabilizers to Deal with the Next Recession
Global Economic Prospects



JASON FURMAN

Nonresident Senior Fellow

Joined in 2017

Expertise: Macroeconomic Policy, Labor, Fiscal Policy, Tax Policy, United States

>900
media citations

Regular columnist
for the

WSJ

With Karen Dynan, Furman discussed the challenges of sustaining economic growth and fairness at the semiannual Global Economic Prospects event at PIIE. He coauthored a chapter with Peter Orszag for the book *Facing Up to Low Productivity Growth*. He also explored immigration, retirement security, interest rates, tax policy, work requirements, and other issues.



Testified to the Federal Trade Commission in favor of policies to discourage economic concentration, drawing on research in a PIIE working paper.

PROJECTS IN PROGRESS

Global Economic Prospects

The Benefits of a High-Pressure Economy



ANNA GELPERN

Nonresident Senior Fellow

Joined in 2013

Expertise: Sovereign Debt Restructuring, Financial Regulation, Law and Macroeconomics

Europe's struggles to establish a uniform system of bank regulation were a major subject of Gelpern's research this past year. Her expertise on the relationship of sovereign and bank debt was sought by experts across the world. She participated in conferences and discussions and edited volumes on how to manage and regulate debt payments in financial crises. She presented many of her findings on the past and future role of the International Monetary Fund at the Fund itself.



Gelpern presented at the "Charting Europe's Path Forward" event at PIIE.

PROJECTS IN PROGRESS

Law and Macroeconomics

Future of Banking in Europe

Issues of Sovereign Debt Default



ANABEL GONZÁLEZ

Nonresident Senior Fellow

Joined in 2018

Expertise: Trade Policy, Emerging Markets

WTO
What is the value of a rules-based system of international trade cooperation? Here's a wrap up from @PIIE's @AnabelG of Session 1 from the conference "Updating Trade Cooperation: An Economic View." For the full webcast: bit.ly/tradecoop



González has spoken at a summit of leaders of emerging-market countries, an OECD roundtable on investment and sustainable development, and several events on the World Trade Organization (WTO), including the one featured in this @wto tweet on trade dialogues and updating trade cooperation.

González, a relatively new member of the PIIE research staff, has worked on Latin America-China trade issues, African development, and the role of technology in trade.



Invited to join the Japan T20 Task Force on Trade, Investment, and Globalization

PROJECT IN PROGRESS

Reforming the World Trade Organization



CULLEN S. HENDRIX

Nonresident Senior Fellow

Joined in 2012

Expertise: Africa, Resources and Development, Political Economy

Displaying his trademark versatility, Hendrix produced studies and commentary on such diverse topics as climate change in Africa, oil and gas economics, the role of agriculture in trade with Mexico and Canada, and women's and LGBT rights reporting.

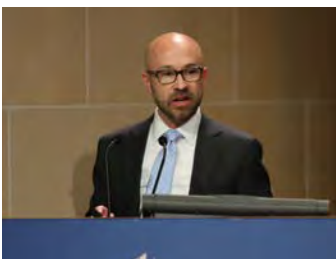


Hendrix was quoted in the *New York Times*, *Washington Post*, and *Wall Street Journal* on the politics of NAFTA and which products have been shaped by the deal.

PROJECTS IN PROGRESS

Chinese Investment in Africa

Commodity Markets and Political Stability



Hendrix spoke at the PIIE event on "Outperformers: High-growth Emerging Economies and the Companies that Propel Them."



PATRICK HONOHAN

Nonresident Senior Fellow

Joined in 2016

Expertise: Bank Restructuring, Central Banking, Debt, European Union, Monetary Policy

As a former governor of the Central Bank of Ireland and adviser to the European Central Bank, Honohan brought his knowledge and scholarship to bear on analyzing responses to macrofinancial crises in several published volumes.

WORKING PAPER

18-8 Real and Imagined Constraints on Euro Area Monetary Policy

Honohan explains how the European Central Bank overestimates some limits of its mandate while underestimating or ignoring others.



BANK OF ENGLAND



Contributed to the Bank of England's official review on arrangements for the resolution of failing banks and to the crisis management exercise organized by the Swedish Riksbank for the Nordic and Baltic financial authorities.



GARY CLYDE HUFBAUER

Nonresident Senior Fellow

former Reginald Jones Senior Fellow
Joined in 1981

Expertise: Tax Policy, Trade Policy, Foreign Direct Investment, Sanctions

Steel tariffs help the US steel industry at the expense of other American businesses.

US steel producers

gain
8,700 jobs

US steel users

pay
\$650,000
per job created

PIIE From "Steel Profits Gain, but Steel Users Pay, under Trump's Protectionism" by Gary Clyde Hufbauer and Euijin Jung

In a blog, Hufbauer showed how Trump's steel tariffs save few jobs at a high cost to steel users.



Hufbauer remains a frequent news source on tax, trade, and politics.

PROJECTS IN PROGRESS

Future of US-Mexico-Canada Trade

Digital Trade Future and Agreements

Future of Economic Sanctions

Negotiations with China, Japan, the European Union, and the United Kingdom

Reforming the World Trade Organization

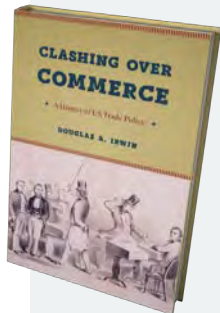


DOUGLAS A. IRWIN

Nonresident Senior Fellow

Joined in 2018

Expertise: Globalization, World Trade Organization, Free Trade Agreements, Trade Policy, Trade Deficit



Irwin's book *Clashing Over Commerce*, which placed today's trade conflicts in historical context, was named one of the Books of the Year by *The Economist* and *Foreign Affairs*. His outreach and interviews discussing his book helped illuminate trade issues throughout the United States.



Irwin was widely cited on the history of tariffs and why Trump's trade policies are counterproductive.



For his outstanding work on how trade works and his mastery of trade policy, Irwin was named one of Foreign Policy's Top 100 Global Thinkers of 2019.

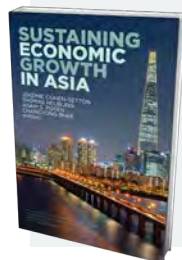


OLIVIER JEANNE

Senior Fellow

Joined in 2008

Expertise: Capital Flows, Debt, Exchange Rate Regimes, IMF, International Monetary System, Sovereign Debt Restructuring



Jeanne contributed to PIIE's important new volume on Asia with an essay on reviving productivity growth in the region. He also launched a study on whether the effect of raising tariffs is undercut by changes in exchange rates.

- > Presented at a high-level seminar on capital flow management at the International Monetary Fund (IMF) in Washington, DC
- > Contributed to the IMF Independent Evaluation Office on IMF financial surveillance and authored related background paper



Jeanne spoke on Chinese monetary policy and global financial cooperation at the third annual PIIE-CF40 event.

PROJECT IN PROGRESS

Tariffs and Exchange Rates



J. BRADFORD JENSEN

Nonresident Senior Fellow

Joined in 2003

Expertise: Trade in Services, Multinational Companies, Outsourcing, Productivity

The global trade in financial, communications, and other services has been a major subject of Jensen's research and commentary over the years, with many policymakers seeking him out for a deeper understanding of global economic interdependence. Jensen expanded his research into the effect of foreign investment by US multinational firms on their ability to innovate and compete in the global economy. His work supporting the existence of vital supply chains has become a mainstay for those arguing in favor of the benefits of liberalized trade and economic cooperation.

Has automation driven job losses in the steel industry?

By [Liam Jacobson](#) on Thursday, March 8th, 2018 at 11:58 a.m.

Jensen told Politifact that technological change and productivity growth are the main factors behind employment losses in the steel industry.

PROJECTS IN PROGRESS

Globalization of R&D: Evidence from US Multinationals

Role of Headquarters in the Global Economy



SIMON JOHNSON

Senior Fellow

Joined in 2008

Expertise: Financial Crises and Banking Regulation, US Economic Policy, Digital Currencies

With a focus on technology innovation, regulation, and entrepreneurship, Johnson has produced a stream of books, papers, and op-ed commentary while consulting with congressional lawmakers and staff specialists. His latest book (with coauthor Jonathan Gruber of MIT) is *Jumpstarting America: How Breakthrough Science Can Revive Economic Growth and the American Dream*, due in April 2019.



Quoted on NPR about trade barriers and reviewed a book in the *Washington Post* about the lasting effects of the 2008 financial crisis.



Ronald A. Kurtz Professor of Entrepreneurship and head of the Global Economics and Management group



Johnson spoke at the PIIE event on "Outperformers: High-growth Emerging Economies and the Companies that Propel Them."



ROBERT Z. LAWRENCE

Nonresident Senior Fellow

Joined in 2001

Expertise: Globalization, Trade Policy, Labor



Gave two-day trade seminar for officials at the World Trade Organization (WTO)

- > Delivered speech at event organized by the Indonesian Ministry of Economics and Asian Development Bank in Bali
- > Spoke on reindustrialization, productivity, and employment at the Center for Development and Enterprise in Johannesburg
- > Delivered colloquium on the South African economy for the South African Treasury



In two Policy Briefs and a PIIE Briefing, Lawrence pressed the case for an open trading system and

why an obsession with trade deficits is the wrong way to think about the subject.

PROJECTS IN PROGRESS

Labor and National Income

Reform of Safeguard Rules

Manufacturing and Inclusive Growth



ADNAN MAZAREI

Nonresident Senior Fellow

Joined in 2019

Expertise: Middle East, Central Asia, Political Economy

Having recently joined PIIE after working at the International Monetary Fund (IMF), Mazarei's work at the Institute will focus on the major economies of the Middle East and Central Asia and the long-term financial and macroeconomic challenges they face. Over his career, he contributed to the IMF's policy work on the international financial architecture and sovereign debt issues. He helped prepare the Santiago Principles that established best practices and guidelines for managing sovereign wealth funds. Between 2002 and 2005, he served as an advisor to IMF management.



Former deputy director, where he worked on resolving various financial crises in emerging markets, including the 1998 Russian financial crisis

PROJECTS IN PROGRESS

Diversification by Oil-Exporting Countries

Iran's Economic Troubles



THEODORE H. MORAN

Nonresident Senior Fellow

Joined in 1998

Expertise: Foreign Direct Investment, Multinational Corporations, Foreign Acquisitions and National Security, Supply Chains



Moran continued his research into the impact in the United States of foreign investment, especially from China, and its implications for national security.

“Foreign investment in the United States—including foreign investment by way of acquisitions of U.S. firms—generates important benefits for US workers and welfare gains for the US economy.”

Quoted in “Congress Strengthens Reviews of Chinese and Other Foreign Investments,” *New York Times*, August 1, 2018

PROJECT IN PROGRESS

National Security and International Investment



MAURICE OBSTFELD

Nonresident Senior Fellow

Joined in 2019

Expertise: Exchange Rates, Financial Crises, Capital Markets, Monetary Policy

Having joined PIIE in early 2019, Obstfeld is planning to continue his research on macroeconomics, exchange rates, financial crises, and other urgent international economic issues. He previously served as the economic counselor and director of the research department of the International Monetary Fund and as a member of the US President’s Council of Economic Advisors. Obstfeld was an honorary adviser to the Bank of Japan’s Institute of Monetary and Economic Studies (2002–14) and has consulted and taught at the IMF, the World Bank, and numerous central banks around the world.

BerkeleyEconomics
UNIVERSITY OF CALIFORNIA

Class of 1958
Professor of
Economics and
former chair of
the department of
economics



SHERMAN ROBINSON

Nonresident Senior Fellow

Joined in 2016

Expertise: Trade, Economic Growth, Agriculture, Inequality, Labor

Employed widely-used modeling tools, which he helped develop, Robinson produced innovative studies showing the costs to jobs and investment incurred from abandoning trade deals and imposing tariffs.

“Trump’s proposed auto tariffs would cause 195,000 US workers to lose their jobs over a 1- to 3-year period or possibly longer.”

Findings from PIIE blog, “Trump’s Proposed Auto Tariffs Would Throw US Automakers and Workers Under the Bus,” May 31, 2018



Briefed three state government groups (Washington State Senate Committee, Council of State Governments—West and Midwest) on trade policy

PROJECTS IN PROGRESS

Regional Trade Patterns
Trade War Scenarios



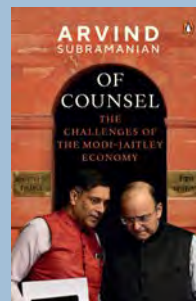
ARVIND SUBRAMANIAN

Nonresident Senior Fellow

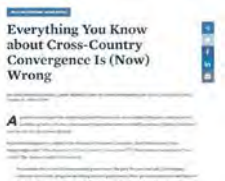
Joined in 2007

Expertise: International Trade System, Development and Growth, India, China

After completing a successful term as Chief Economic Adviser to the Government of India, Subramanian rejoined the Institute and also became a lecturer at the Harvard Kennedy School. He has been doing research on India’s future economic growth prospects and challenges and speaking on the problems of emerging markets in a changing world.



Subramanian’s book, *Of Counsel: The Challenges of the Modi-Jaitley Economy*, was published in December 2018 and is now a bestseller in India



In a blog, Subramanian examines the lack of progress in closing the income gap between developed and developing countries.

PROJECTS IN PROGRESS

India and the United States in the World Economy
Policy Priorities for the Next Government in India



TAKESHI TASHIRO

Visiting Fellow

Joined in 2018

Expertise: Financial Crises, Macroeconomic Policy, East Asia & Pacific, and Japan



Tashiro did research on the future growth prospects in Japan under Prime Minister Shinzo Abe's economic reforms. He joined the Institute in September 2018. Prior to joining PIIE, Tashiro had been involved in the development of Abenomics for Japan's Ministry of Economy, Trade and Industry. His published research focuses on financial crises, international finance, and Japan's long stagnation.

In a blog, Tashiro argues that even with the longest postwar economic expansion, record high female labor force participation and corporate profits, Japan still needs to raise inflation to 2 percent or higher to survive the next economic downturn.

PROJECTS IN PROGRESS

Japanese Political Economy and Secular Stagnation
Japan's Economic Growth Prospects



EDWIN M. TRUMAN

Nonresident Senior Fellow

Joined in 2001

Expertise: Sovereign Wealth Funds, International Policy Coordination, IMF

Truman continued to track the transparency and other best practices of sovereign wealth funds and researched the effectiveness of the international response to the global financial crisis for a forthcoming volume edited by former Treasury secretaries Henry Paulson and Timothy Geithner and former Fed chairman Ben Bernanke.

- > Wrote about the importance of reliable official statistics for sound economic policy in Greek newspaper *Ekathimerini*
- > Spoke at the 10th Annual Meeting of the International Forum of Sovereign Wealth Funds
- > Wrote "The Global Safety Net Is Incomplete" for East Asia Forum



In Policy Brief 18-9, Truman argues the United States should support an increase in IMF quotas and reform IMF governance.

PROJECT IN PROGRESS

International Economic Policy Coordination
Revisited



JUSTIN WOLFERS

Nonresident Senior Fellow

Joined in 2014

Expertise: Inequality, Labor, Economic Outlook,
Macroeconomic Policy



156K

followers, remaining
highly influential on
social media



Panel of Advisers,
Congressional Budget
Office



As a leading educator, Wolfers expanded on his twin goals of doing economic research and teaching the lay universe how to understand economics.



Wolfers continued writing for the Economic View column in the *New York Times*, covering trade and gender diversity in economics. He drew attention to how women's voices in the field aren't adequately heard.



SIMEON DJANKOV

Nonresident Senior Fellow

(on leave for public service)

Joined in 2014

Expertise: Post-communist economies, Euro area crisis, Institutional reforms

While on leave from the Institute, Djankov directed the World Bank's *World Development Report* in 2019, continuing his longstanding interest in the effects of technology, global supply chains, government regulation, and crisis management on global growth, especially in the developing world and Eastern Europe.



CAROLINE FREUND

Senior Fellow

(on leave for public service)

Joined in 2013

Expertise: Trade Policy, FDI and Development, Middle East and North Africa



With Chad P. Bown, Freund produced two important working papers (19-1, 19-2) analyzing the factors behind lagging labor force participation in the United States, compared with other countries, and the policies that other governments have used to keep people from dropping out of labor markets.

Freund has been on leave from PIIE to serve as director of trade, competition, and investment climate at the World Bank, where her department has been critical in defending the importance of trade especially for the developing world.



RESEARCH

TRANSPARENCY POLICY

GLOBALIZATION AND
HUMAN WELFARE

INTERNATIONAL FINANCE
AND EXCHANGE RATES

INTERNATIONAL TRADE
AND INVESTMENT

MACROECONOMIC POLICY
AND FINANCIAL STABILITY

REGIONAL STUDIES

CHINA PROGRAM



TRANSPARENCY POLICY

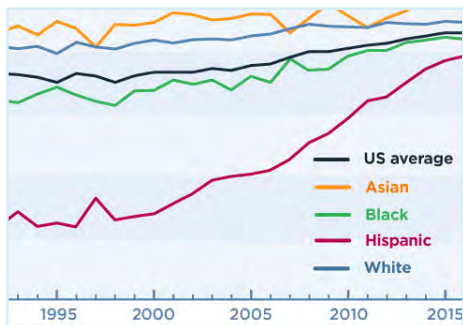
PIIE has adopted a comprehensive policy requiring full transparency of its research by providing all data sources and files for Institute work on its website (or links to other sites) to enable other researchers to easily replicate our statistical results. In addition, the Institute discloses sources of funding and any material about authors' financial relationships that might bear on their research.

Replicability is the hallmark of intellectually honest empirical research. We at the Institute believe that enabling researchers to check and replicate our findings will enhance our work's persuasiveness, elevate the profile of the work in the research community, and increase the Institute's credibility to critique the policies and research of governments and other organizations. Institute books undergo extensive internal and external peer review, while Policy Briefs, working papers, and other shorter publications are subject to other forms of open internal review at the Institute prior to publication. An upgraded standard set by the Institute, adopted in Spring 2014, allows anyone with the relevant software to reproduce the statistical results in its publications. (The Institute, however, will not provide extensive "after sales service" beyond posting the relevant data and code.) Specific limited exceptions to full disclosure may be made when data are confidential or proprietary or when publication of the data (on illegal activities, for example) could cause direct harm to individuals. These instances will be rare and will themselves be disclosed.

Financial disclosure is also an Institute commitment. Supporters of the Institute have been listed annually on the PIIE website since June 2013. All Institute books, Policy Briefs, and working papers acknowledge any direct funding sources, and web pages for these publications provide links to underlying data files to demonstrate the independence of analysis. Funders are never given the right to final review of a publication prior to its release. Author disclosures include employment, consulting, or ownership relationships with firms or public institutions that might be substantially affected by their research. This requirement applies to relationships that have been active three years prior to publication and includes all coauthors on PIIE publications, not just PIIE staff. Authors must also disclose any potential conflict of interest to the Institute that might arise as a result of leadership positions or board memberships in advocacy groups. Consistent with these principles, all authors of any PIIE publications must sign the Transparency and Disclosure form accepting PIIE disclosure and conflict-of-interest requirements. PIIE staff, including nonresident and part-time research staff, may not have a primary affiliation or employment with a for profit company or any organization representing private sector or a government agency's interests. PIIE staff are free to use their Institute affiliation as personal identification on an outside project or when acting as a consultant, but they must make clear in any written product or public speaking role that it is solely in their individual capacity and that it is neither a PIIE position nor has the project been subject to PIIE review and disclosures.

GLOBALIZATION AND HUMAN WELFARE

Highlights of recent research, followed by ongoing PIIE research projects are listed below, organized by their themes.



Working Paper + PIIE Charts

The Economic Benefits of Latino Immigration

Gonzalo Huertas and Jacob Funk Kirkegaard

The Hispanic community has contributed significantly to US economic growth in recent decades and will continue to do so over the next 10 to 20 years.

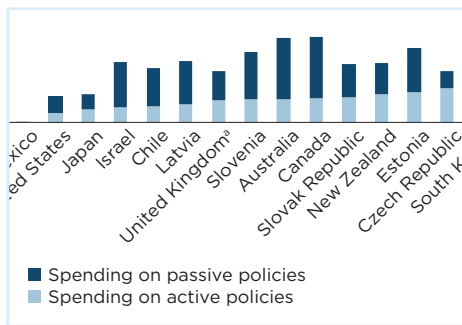


Report

Lessons for EU Integration from US History

Jacob Funk Kirkegaard and Adam S. Posen, editors

This report for the European Commission shows how US history demonstrates that disparate states can, over time, successfully integrate their economies and embrace a nationwide fiscal policy.



Working Paper

The Problem of US Labor Force Participation & Active Labor Market Policies: Lessons from Other Countries for the United States

Chad P. Bown and Caroline Freund

Economic growth in the United States has recovered more robustly than in other advanced economies, but the country has lagged its counterparts in providing training, education, and other incentives for citizens to remain in the workforce.



Event

Strained Bedfellows: What We Can Do to Make Open Economies Inclusive

18th Annual Stavros Niarchos Foundation Lecture

Tharman Shanmugaratnam, deputy prime minister of Singapore, delivered his address on how globalization has lifted hundreds of millions out of poverty but left many behind, unable and lacking skills to compete, creating an unstable and unfair situation that must be addressed by governments and businesses alike.



Special Web Feature

What Is Globalization?

Drawing from largely PIIE-based research, this multimedia-driven resource explains how the increasingly diverse world economy, with its open rules of trade and investment since the end of World War II, has spurred economic growth while generating measurable benefits and costs to Americans.

Ongoing Research Projects

Big Data, Competition Policy, and Privacy

Claudia Biancotti with Paolo Ciocca

Examines the intersection of competition policy, artificial intelligence, and data privacy, focusing on the policy challenges posed by a digital platform global economy in which troves of data are held by a handful of dominant internet firms.

Economics of Inequality (Rethinking Macroeconomic Policy V)

Olivier Blanchard with Dani Rodrik

Studies the tools and measures related to the issue of economic inequality, including the possibility of a more ambitious negative income tax, with planning for a major conference in October 2019.

Economic Nationalism

Monica de Bolle and Jeromin Zettelmeyer

Explores the rise of economic nationalism and its offshoots: protectionism, industrial subsidies, reduced domestic competition, and other results, through cross-national analysis of several hundred party platforms and their outcomes.

Technological Innovation, Structural Change, and National Security

Martin Chorzempa

Analyzes how the United States and other countries balance national security concerns with the need for openness and protection of innovation from theft or strategic purchases by China in emerging and critical technologies.

Competition Policy, Data Privacy, and Taxation in the Digital Era

Martin Chorzempa

Studies the balance between cross-border data collection, which feeds innovation in the United States and China, and the issues of privacy, competition, and taxation policies, which are traditionally based on a defined sovereign location.

Immigration and Demographics

Jacob Funk Kirkegaard

Studies the scope, channels, and trend developments in the Hispanic economic contribution to the US economy, with a focus on fertility rates, educational attainment, entrepreneurship rates, and regional trends.

Demographics and the Decline of Economic Dynamism in the United States

Jacob Funk Kirkegaard and Adam S. Posen

Examines the decline of economic dynamism in recent decades—and what can be done to reinvigorate it and how to cope if it persists.

Labor and National Income

Robert Z. Lawrence

Studies the determining factors that have produced a declining share of labor in national income, emphasizing the role of technology and the declining possibilities of substituting labor for capital, especially in manufacturing.

Women in Corporate Leadership

Marcus Noland

Examines the relative absence of women in corporate leadership and its effect on firm performance, including such factors as the difficulties of women rising to these positions and possible public policy interventions that could encourage change; extends past research to a 1997–2017 dataset.

Political Economy of US Trade Policy

Marcus Noland

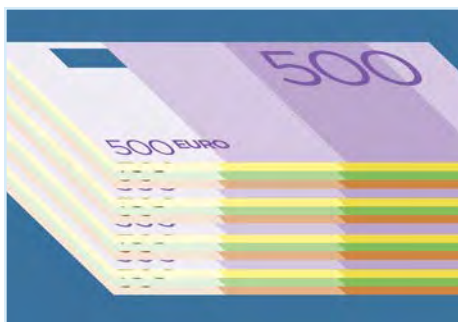
Studies the role of populism, economic shocks, cultural aspects, and demographics in spurring trade conflicts, focusing on the recent experience of the United States and other countries, especially the trends identified with President Donald Trump.

Distributional Implications of Macroeconomic Policies

Jeromin Zettelmeyer and coauthors

Examines the effect of fiscal and monetary policy shocks on European households using a large household panel dataset broken down into different quintiles of income distribution, socioeconomic backgrounds, and age cohorts.

INTERNATIONAL FINANCE AND EXCHANGE RATES



Policy Brief

A Better European Architecture to Fight Money Laundering

Joshua Kirschenbaum and
Nicolas Véron

Europe has made great strides in establishing a unified system of banking regulations but has a long way to go to set up and enforce rules to combat illicit financial activities by criminals and terrorists.



Policy Brief

China's Social Credit System: A Mark of Progress or a Threat to Privacy?

Martin Chorzempa, Paul Triolo, and
Samm Sacks

China's advances in tracking the consumption patterns, financial transactions, and even social activities of its citizens pose a threat to their privacy and serve as a cautionary tale for the rest of the world caught up in new technology.



Event

The Impact of Blockchain Technology on Finance

Simon Johnson, Gary Gensler, Caroline Atkinson, and Martin Chorzempa

Blockchain technology has enabled many innovations like cryptocurrency and crowdfunding, but these advances threaten privacy as well as spur economic innovation.



Article

The Strained Marriage of Public Debts and Private Contracts

Current History journal
Anna Gelpern

A new cycle of debt disputes, missed payments, and threats of default, involving Venezuela, Ukraine, Puerto Rico, and Argentina, among other countries, illustrates the need for clearer rules before government debt is issued in the first place.

Ongoing Research Projects

Current Accounts and Exchange Rate Management

Joseph E. Gagnon

Looks at the opening up of the global economy to international exchange by applying models for current account balances and exchange rate management issues, and the balance between national interest and the interests of trading partners.

Issues of Sovereign Debt Default

Anna Gelpern and coauthors

Studies the meaning and consequences of sovereign default and the role of central bank and sovereign wealth fund holdings of tradable market claims on sovereign governments, with a focus on policies to better align debt restructuring incentives.

Accumulation of Reserves in Emerging Markets

José De Gregorio and Luis Cabezas

Analyzes the increases in international reserves during the 2000s in emerging-market and developing countries, focusing on mercantilist and precautionary motives as well as other reasons why these countries chose to accumulate them.

Boom of Corporate Debt in Emerging Markets

José De Gregorio, Nicolas Garcia, and Mauricio Jara

Analyzes a sample of nonfinancial listed firms for 15 emerging-market countries, focusing on the relationship between aggregated offshore debt, cash holdings, and investment.

Tariffs and Exchange Rates

Olivier Jeanne

Studies the extent to which the US tariffs introduced in 2018 have been mitigated by an appreciation of the dollar.

International Economic Policy Coordination Revisited

Edwin M. Truman

Analyzes the history and lessons learned from four and a half decades of international macroeconomic policy coordination and cooperation.

International Financial Services Policy and Governance

Nicolas Véron

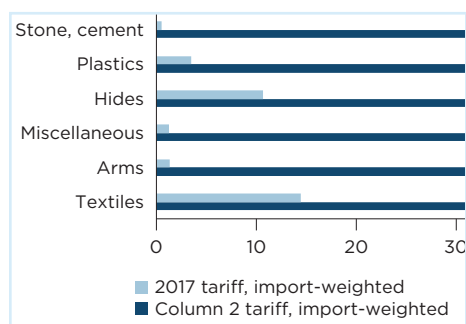
Monitors and analyzes developments and proposals for reform in cross-border cooperation and governance of international financial services policies.

Designing Euro Area Safe Assets

Jeromin Zettelmeyer and Álvaro Leandro

Explores issues related to the design of euro area safe assets, focusing on debt securities issued by a euro area public issuer without resorting to joint and several guarantees.

INTERNATIONAL TRADE AND INVESTMENT



Policy Brief

What Might a Trump Withdrawal from the World Trade Organization Mean for US Tariffs?

Chad P. Bown and Douglas A. Irwin

President Trump's threat to withdraw the United States from the World Trade Organization, if carried out, could plunge the world trading system into chaos, but there are ways to stabilize the system instead of wrecking it.



Policy Brief

The Dispute Settlement Crisis in the World Trade Organization: Causes and Cures

Tetyana Payosova, Gary Clyde Hufbauer, and Jeffrey J. Schott

Even before President Trump, leading trading nations had grown distrustful of the dispute settlement system of the World Trade Organization, but there is a path for them to rescue that mechanism and strengthen world trade while instilling trust.

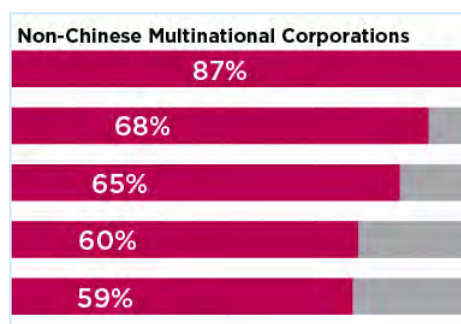
Compact cars			
Model	Honda Civic	Toyota Corolla	Nissan Sentra
Current price	\$17,140	\$17,205	\$16,210
Units sold, 2017	377,286	329,196	218,410
Foreign content	40%	40%	80%
Estimated price increases from tariffs			
65% pass-through	\$1,171	\$1,146	\$2,070
100% pass-through	\$1,695	\$1,699	\$3,070

Policy Brief

Vehicular Assault: Proposed Auto Tariffs Will Hit American Car Buyers' Wallets

Mary E. Lovely, Jérémie Cohen-Setton, and Euijin Jung

The Trump administration's proposed stiff tariffs on autos and auto parts would raise the cost of cars by \$1,400 to \$7,000, suppressing sales and hurting consumers.



Policy Brief

Trump Tariffs Primarily Hit Multinational Supply Chains, Harm US Technology Competitiveness

Mary E. Lovely and Yang Liang

The Trump administration's Section 301 tariffs disadvantage American producers and harm US allies operating in East Asia while failing to penalize Chinese domestic firms that may have misappropriated US and other advanced economies' technologies.



Blog

Confronting China through CFIUS Reform: Improved, But Still Problematic

Martin Chorzempa

Although Congress improved its measure designed to curb the forced transfer of US technology to China, the Foreign Investment Risk Review Modernization Act (FIRRMA) still risks chilling investment from allies and giving too much discretion to the executive branch.

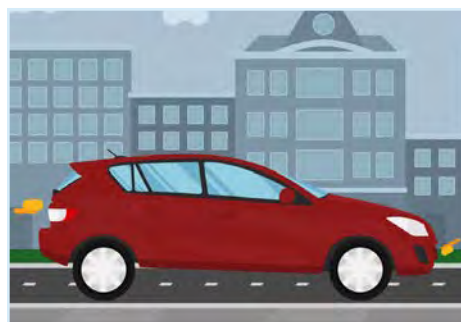


Blog

The Cost of Trump's Economic Nationalism: A Loss of Foreign Investment in the United States

Adam S. Posen

President Trump's assertive policy of economic nationalism has made the United States less attractive for long-term business commitments. Net inward investment into the United States by multinational corporations—both foreign and American—has fallen to almost zero.

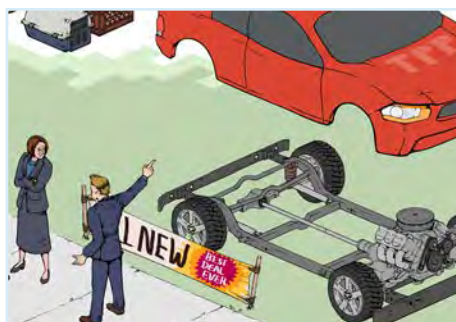


Blog

Trump's Proposed Auto Tariffs Would Throw US Automakers and Workers Under the Bus

Sherman Robinson, Karen Thierfelder, Jeffrey J. Schott, Euijin Jung, and Lucy Lu

Tariffs on imported autos and parts would cause 195,000 US workers to lose their jobs and the American auto industry to shed nearly 2 percent of its workforce. Total job losses could triple if affected countries retaliate in-kind.



Blog

Under the Hood, the USMCA Is a Downgrade for North America

Gary Clyde Hufbauer and Jeffrey J. Schott

An illustration imagines the US-Mexico-Canada accord (USMCA) in the form of a car, tracking which changes from the North American Free Trade Agreement (NAFTA) are the "new coat of paint" and which ones are downgrades.



Blog

Corporate Tax Reform Favors Domestic Production, Not US Multinationals

Gary Clyde Hufbauer and Lucy Lu

The sweeping tax cuts on corporations enacted at the end of 2017 were touted as helping US multinationals compete, but the new tax law's crackdown on taxes on foreign production did not help in that regard.



Podcast

Trade Talks

Soumaya Keynes (*The Economist*) and Chad P. Bown

The popular weekly series now tops 70 episodes featuring engaging conversations, explanatory interviews, and guests like *New York Times* columnist Paul Krugman and best-selling author Bob Woodward.

Ongoing Research Projects

The United States, China, and the Global Economic Transformation

C. Fred Bergsten

Analyzes the contest between China and the United States for global economic leadership over the coming decades and proposes to avert a confrontation by devising new arrangements for cooperation.

Does New Technology Reverse the Arguments for Economic Openness?

Claudia Biancotti, Martin Chorzempa, and Adam S. Posen

Explores whether technology possessed by a handful of national champions poses a cybersecurity and privacy challenge to the consensus view of the values of an open economy.

World Trade Organization Rules and China

Chad P. Bown

Discusses how existing WTO rules and enforcement provisions can address the systemic challenges posed by China to the United States, Europe, and Japan in the areas of merchandise trade, services, investment, intellectual property, and subsidies.

Explaining Trade and Globalization

Chad P. Bown

Illuminates trade issues and news developments via the popular weekly Trade Talks podcast, cohosted with Soumaya Keynes of the *Economist* and featuring guest experts presenting their research findings, with the aim of deepening public understanding of an open, rules-based global economy.

Tracking US Trade Wars

Chad P. Bown

Tracks US trade policy and its effects on economic activity, including the burden of tax incidence, the passthrough effects on import prices, and the retaliation by China and other trading partners with a focus on specific actions and historical perspective.

Challenge of Chinese Intellectual Property and Industrial Policies

Lee G. Branstetter

Examines the leverage used by China to compel or persuade multinationals to transfer technology (such as artificial intelligence) to its indigenous entities as part of a Chinese policy to favor “national champions” in this fastest growing sector of the economy.

Globalization of R&D: Evidence from US Multinationals

Lee G. Branstetter and J. Bradford Jensen

Studies the changes in scale, geographic distribution, and composition by sector of research and development (R&D) undertaken by US-based multinational firms overseas, particularly China and India, focusing on the pace of innovation and the relationship between R&D operations at home and abroad.

The Trade Policy Uncertainty Index with Application to the China Shock

Jérémie Cohen-Setton and Egor Gornostay

Examines indicators of the role of uncertainty in affecting investment and trade flows, also studying in the same context the impact of the “China shock” following its entry into the World Trade Organization.

Reforming the World Trade Organization

Anabel González

Identifies reforms critical to sustain and modernize the multilateral trading system and global trade governance.

Chinese Investment in Africa

Cullen S. Hendrix

Assesses the implications of and arguments over Chinese engagement in Africa, focusing on investment, military assistance, and aid flows and their relationship to fostering or suppressing democracy and resource exploitation.

Future of US-Mexico-Canada Trade

Gary Clyde Hufbauer and Lucy Lu

Examines the political economy of the prospects of the US-Mexico-Canada Trade Agreement (USMCA) as it faces debate in Congress and potential implementation.

Digital Trade Future and Agreements

Gary Clyde Hufbauer and Lucy Lu

Studies the future of possible digital trade agreements in the context of the World Trade Organization.

Future of Economic Sanctions

Gary Clyde Hufbauer and Euijin Jung

Studies the future of imposing economic sanctions as a tool of economic coercion.

Role of Headquarters in the Global Economy

J. Bradford Jensen

Assesses the employment and innovation Implications of the link between US multinationals' access to foreign markets and the scale of headquarters' activity in the United States.

Reform of Safeguard Rules

Robert Z. Lawrence

Examines the increasing uselessness of World Trade Organization "safeguards rules," which allow countries to impose tariffs in emergency situations, with an eye to proposing reforms to make them more effective in dealing with trade frictions between advanced and developing countries.

Manufacturing and Inclusive Growth

Robert Z. Lawrence

Examines whether manufacturing can still generate inclusive growth, given the declining share of manufacturing employment in advanced and developing countries, focusing on a general theory of structural

change that integrates the role of demand, trade, and productivity.

National Security and International Investment

Theodore H. Moran

Examines issues of national security threats posed by foreign direct investment and the role of the Committee on Foreign Investment in the United States (CFIUS) and the Foreign Investment Risk Review Modernization Act (FIRRMA) enacted in 2018.

Regional Trade Patterns

Sherman Robinson

Analyzes the evolution of postwar interconnected regional economies and trade agreements in Europe, East and Southeast Asia, and North America.

Trade War Scenarios

Sherman Robinson and Karen Thierfelder

Employs large global, multicountry, computable general equilibrium (CGE) simulation models to examine trade war scenarios and the implications of rising protectionism in the United States and globally.

Impact of Iran Sanctions

Jeffrey J. Schott

Studies the impact of sanctions on Iran in the global economy, including the global oil markets and financial institutions threatened with punishment by the United States.

Negotiations with China, Japan, the European Union, and the United Kingdom

Jeffrey J. Schott with Gary Clyde Hufbauer

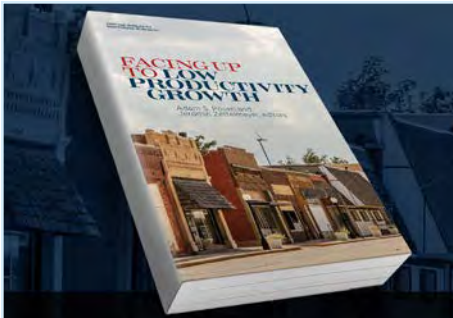
Continues the examination of trade negotiations between the United States and China, Japan, the European Union, and the United Kingdom, with assessments of any likely deals, managed trade agreements, or breakdown in talks that lead to more tariffs and retaliations.

Reforming the World Trade Organization

Jeffrey J. Schott with Gary Clyde Hufbauer

Examines progress in reforms of the World Trade Organization, including governance issues, revising its dispute resolution mechanism, and updates on the treatment of national security rationales for protectionism.

MACROECONOMIC POLICY AND FINANCIAL STABILITY



Book

Facing Up to Low Productivity Growth

Adam S. Posen and
Jeromin Zettelmeyer, editors

Productivity growth in nearly all advanced economies has slowed since the mid-2000s, a subject that scholars in this book explore as they analyze solutions and adjustments that economies might have to make if the low productivity environment is the “new normal.”



Speech

The Tax Cuts and Jobs Act: A Boost to Growth or a Missed Opportunity?

Jason Furman

Furman’s presentation at the Tax Policy Center explained how the Trump tax cuts enacted at the end of 2017 did not do much to boost economic growth but, more important, the administration squandered an opportunity to enact real tax reform that could have spurred growth and addressed economic inequality.



Speech/Video

Future of the Global Economy: Integration or Fragmentation?

Adam S. Posen

Posen discussed trade, capital flows, technology, and the forces of privilege in the global economy at a panel at the 2019 American Economic Association (AEA) annual meeting.



Speech/Video

Public Debt and Low Interest Rates

Olivier Blanchard

In his presidential address at the 2019 American Economic Association (AEA) annual meeting, Blanchard outlined the case for why, in some cases and under some circumstances of low interest rates, it may actually make sense for countries to incur more deficits and debts, especially if resources are used for beneficial purposes. He also wrote a Policy Brief and Working Paper.



Blog

When the Next Recession Hits: A User’s Guide for Future QE

Joseph E. Gagnon

Unconventional monetary policy, most notably the use of quantitative easing (QE) after the economic crisis of more than a decade ago, worked well to stabilize the economy and provided lessons for what could be undertaken in future downturns.



Blog

Impact of the Trump Fiscal Stimulus on US Economic Growth

Jérémie Cohen-Setton,
Egor Gornostay, and Colombe Ladreit
de Lacharrière

A careful study of the effects of the Trump administration’s fiscal stimulus embodied in the tax laws enacted at the end of 2017 showed that enacting stimulus when the economy is already at peak performance does not help that much.



Policy Brief

Europe's Search for a Safe Asset

Jeromin Zettelmeyer and
Álvaro Leandro

The eurozone's financial institutions need to park their reserves in safe and liquid assets, but they also need to diversify the makeup of those assets in currencies other than the US dollar, which will not be easy.

Ongoing Research Projects

Public Indebtedness, Low Rates, and Fiscal and Financial Policies

Olivier Blanchard

Outlines how general principles of fiscal policy in the current environment of low real and nominal rates can be translated into practical rules for the future, building on the author's American Economic Association presidential address in January 2019.

Governance of Blockchain and Cryptocurrencies

Martin Chorzempa

Studies the future of decentralized cryptocurrencies and underlying blockchain technology across financial sector and industry applications, with a focus on governance, regulatory, and monetary policy implications.

Labor Force Composition and Wage Growth

Jérémie Cohen-Setton and Egor Gornostay

Uses machine learning techniques to assess whether changes in the composition of the labor force can help explain the causes of low wage growth since the recent financial crises in the United States and Japan.

Rethinking the Unconventional in Monetary Policy

Jérémie Cohen-Setton and Eric Monnet

Documents the historical use of nontraditional monetary instruments by major central banks, challenging the conventional wisdom that these arose only recently and examining their effectiveness in stabilizing inflation in earlier periods.

Output Effects of Fiscal Policy

Jérémie Cohen-Setton, Egor Gornostay, and
Colombe Ladreit de Lacharrière

Reconstructs the history of fiscal policy changes by examining the 1960–2007 record of a group of 17 advanced industrial countries to measure the impact of tax and government expenditures on economic activity.

Redesigning Fiscal Policy and Automatic Stabilizers to Deal with the Next Recession

Karen Dynan

Explores ways to redesign automatic stabilizers and develop fiscal stimulus policies to plan for the next recession, focusing also on policy choices like progressivity of the tax code, the social safety net, the low interest rate environment, and lingering concerns about the efficacy of fiscal stimulus during the last recession.

Global Economic Prospects

Karen Dynan and Jason Furman

Semiannual production and presentation of forecasts for the global economy, including the challenges facing policymakers in the major G-20 economies.

The Benefits of a High-Pressure Economy

Jason Furman

Examines the benefits, costs, and risks posed by the current high-pressure US economy.

Relationship between Unemployment and Wage Growth: A New Approach

Joseph E. Gagnon with Christopher Collins

Examines the experience in the United States, Japan, and other advanced countries on the relationship between unemployment and wages as theorized by the Phillips Curve, focusing on whether the decline in US unemployment may increase inflation in coming years.

Law and Macroeconomics

Anna Gelpern

Examines whether and how law and law scholarship might engage with macroeconomic policy and research.

Commodity Markets and Political Stability

Cullen S. Hendrix

Examines the effects of high prices and volatility in commodity markets on developing and middle-income commodity exporters and commodity import-dependent countries, using data on prices and political instability and risk in light of ongoing trade tensions.

Macroeconomic Implications of Trade Wars

Adam S. Posen with PIIE team

Analyzes the potential macroeconomic effects of the escalating trade wars around the world.

Fiscal and Monetary Policies for the Next Downturn

Adam S. Posen

Assesses the prospects for employing fiscal and monetary policies in the event of another economic downturn or shock.

Future of Banking in Europe

Nicolas Véron, Anna Gelpern, and coauthors

Develops proposals to complete European banking reform, reduce sovereign risk, establish a deposit insurance system, and improve the bank failure management framework.

REGIONAL STUDIES

EUROPEAN UNION



Policy Brief

**Impact of Italy's Draft Budget on
Growth and Fiscal Solvency**

Olivier Blanchard, Álvaro Leandro,
Silvia Merler, and Jeromin Zettelmeyer

Italy's fiscal spending spree promoted by a populist new government was much derided by experts, but its effects may not produce the immediate disaster predicted by some.



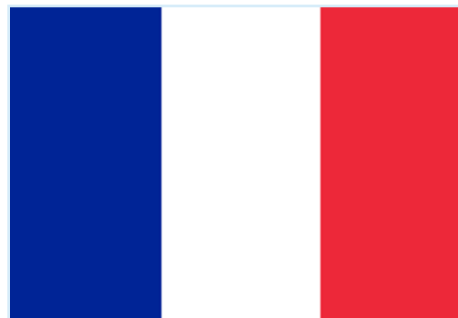
Paper

**Managing Deep Debt Crises
in the Euro Area: Towards a
Feasible Regime**

Global Policy journal

Jeromin Zettelmeyer

Europe's financial crises started small in 2010, spread to many other countries throughout the region, and now seem to have no end in sight, as European leaders struggle to spur economic growth and head off a recrudescence of economic nationalism.



Blog

**The French "Yellow Vest"
Movement and the (Current)
Failure of Representative
Democracy**

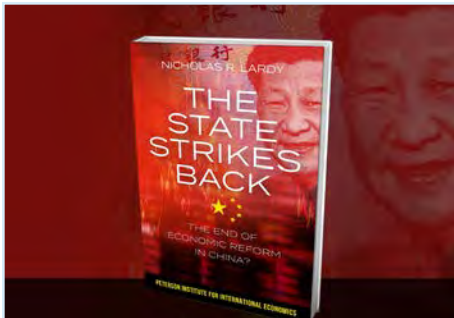
Olivier Blanchard

French protesters wearing yellow vests have shaken the government of President Emmanuel Macron and prompted reforms to assuage those left out of the economic status quo, but democratic governments face inherent constraints in addressing these problems.

REGIONAL STUDIES

(continued)

CHINA



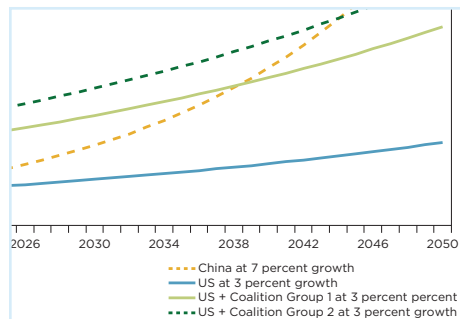
Book

The States Strikes Back: The End of Economic Reform in China?

Nicholas R. Lardy

The steam is seeping out of Chinese economic growth because, as the evidence clearly shows, President Xi Jinping's government has reversed Chinese economic reform and reverted to overweening state control of the economy.

CHINA



Policy Brief

China and the United States: Trade Conflict and Systemic Competition

C. Fred Bergsten

China and the United States can and should resolve their conflicts by invoking the rules in the world trading system, seeking solutions, and avoiding peremptory actions to punish each other.



China Trip

Seventh annual PIIE-CF40 Beijing conference

A delegation of Institute scholars visited high-level contacts in Beijing in May 2018 to deepen mutual understanding of economic issues. They met with Wang Yang, one of seven officials at the highest level of China's leadership.



Event

China and the World: Recalibration and Realignment

This major conference covered international collaboration on currency and financial regulation, the trade relationship between China and the United States, and the global implications of China's growing overseas investment.



PIIE Briefing

US-China Economic Relations: From Conflict to Solutions

Ha Jiming and Adam S. Posen, editors

Outright trade war between the world's two largest economies would be devastating to the working people of both countries, as well as destructive to the future of the entire world economy.



Book

Sustaining Economic Growth in Asia

Jérémy Cohen-Setton, Thomas Helbling, Adam S. Posen, and Changyong Rhee, editors

Asia has been the most economically dynamic region of the world for many years but its major economies face challenges that require a rethinking of economic rules and structural reforms if Asia is to return to its record of growth.

REGIONAL STUDIES

(continued)



Policy Brief

Can a Country Save Too Much? The Case of Norway

Joseph E. Gagnon

Norway's approach of using its oil wealth to create sovereign wealth funds for investments rather than spending the money now may not make sense, especially if contemporary needs are not met and future generations are ill-prepared for a changing world economy.



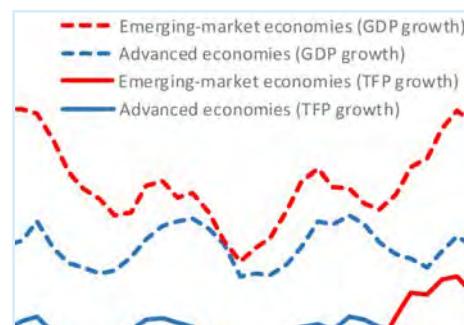
Presentation

Emerging-Market Economy Turbulence and Political Risks in Mexico and Brazil

Global Economic Prospects:
Fall 2018 event

Monica de Bolle

More than ten years after the global economic crisis, emerging markets such as Mexico and Brazil continue to face headwinds because of volatile commodity prices, corruption, and some of their own ill-advised policies.



Working Paper

Productivity in Emerging-Market Economies: Slowdown or Stagnation?

José De Gregorio

Economic growth in emerging markets depends on these countries adopting good fiscal and monetary policies and avoiding the lure of populism and nationalism.

Ongoing Research Projects

India and the United States in the World Economy

C. Fred Bergsten and Arvind Subramanian

Assesses the relatively small role played by India in global economic affairs and governance, despite its status as the world's third largest economy in purchasing power parity terms, and how India can start wielding influence commensurate with its weight.

Adjustment Processes in the Eurozone

Olivier Blanchard and Jeromin Zettelmeyer

Studies how the euro system works, including its external adjustment issues, and how the system can be made to work better.

Trends in Latin American Economies

Monica de Bolle

Analyzes the swing to rightwing nationalism in Latin American economies after more than a decade of left-leaning governments, with a focus on Argentina, Chile, and Brazil, and how the shifts in these countries may affect poverty and income inequality.

Eurozone Governance

Jérémie Cohen-Setton

Assesses the need for a euro area budget by looking at the US experience and measuring the contribution of

the federal budget in stabilizing regional consumption in normal times and times of crisis.

Financial Regulation and Technology in China

Martin Chorzempa

Analyzes the rise of financial technology in China and its innovative app-based data economy, focusing on the challenges it poses for regulators seeking to ensure financial stability and protect consumers.

Debt and China's Belt and Road Initiative

Martin Chorzempa and Jeromin Zettelmeyer

Studies the ambitious China-sponsored infrastructure program and the issues posed by the International Monetary Fund, World Bank, and other lenders.

Financing the Private Sector in China

Nicholas R. Lardy

Evaluates the steps by China's government to ameliorate the credit squeeze on private sector firms, which have been the major source of economic growth for most of the 40-year reform period (1978–2018) but which have had to turn to nonbank financial institutions (shadow banking) as banks curtailed their lending to the private sector in the past five years.

Recent Trade and Investment Liberalization in China

Nicholas R. Lardy

Assesses recent liberalizing steps by China in the context of trade and investment frictions with the United States, including China's decision in 2018 to cut its most-favored nation tariffs by 25 percent, reducing the list of areas in which foreign direct investment is prohibited, and easing foreign ownership caps in financial services and automobile manufacturing.

China's Use of Foreign Direct Investment as an Industrial Policy

Mary E. Lovely

Analyzes how China uses foreign direct investment policies to shape industrial policy, influence foreign firm competition, affect international relations, and impact technology transfers from advanced countries.

Diversification by Oil-Exporting Countries

Adnan Mazarei

Studies the role of export diversification in the oil-exporting countries of the Middle East and North Africa.

Iran's Economic Troubles

Adnan Mazarei

Examines Iran's potential for banking crisis and financial stability in the wake of sanctions imposed by the United States.

Japanese Political Economy and Secular Stagnation

Adam S. Posen and Takeshi Tashiro

Analyzes the potential effects and policy responses related to the impact of secular stagnation on Japan's political economy.

Policy Priorities for the Next Government in India

Arvind Subramanian

Assesses whether the post-1991 vision of a liberalized approach to economics should still guide Indian economic policy amid looming challenges of employment, agriculture, the globalization backlash, and "stigmatized" capitalism.

Japan's Economic Growth Prospects

Takeshi Tashiro

Studies Japan's economic growth prospects, with an emphasis on macroeconomic policy choices.

Understanding Europe's Financial Sector

Nicolas Véron

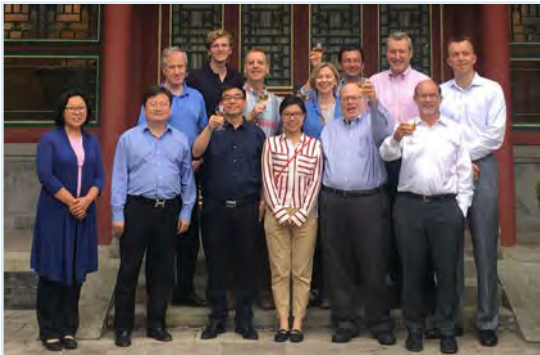
Examines ways to improve efficiency, resilience, anticorruption efforts, transparency, and public understanding of the fractured structure of European finance, from a European perspective and in international comparison particularly with the United States and China.

Euro Area Reforms

Jeromin Zettelmeyer

Examines the potential for financial, fiscal, and monetary reform in the euro area and lessons learned in the euro area crisis.

CHINA PROGRAM



At a time of turbulence in the US relationship with China, PIIE continues to foster constructive dialogue by working with Chinese economic leaders and researchers while providing its own independent analysis of the issues. To fulfill that objective, PIIE President Adam S. Posen led a delegation of Institute scholars for a seventh annual visit to high-level contacts in Beijing in May 2018.

A highlight of the trip, reflecting the extraordinary access and respect accorded to PIIE, was an unusual meeting with Politburo Standing Committee Member and Chinese People's Political Consultative Conference Chairman Wang Yang, one of seven officials at the highest level of China's leadership. The discussions

focused on China's role in global economic governance and the prospects for US-China economic relations under the Trump administration. Also explored were the issues surrounding bilateral investment policy negotiations, intellectual property protection, and state-owned enterprise reform. The meeting was held at The Hall of Purple Light at Zhongnanhai, used generally for state receptions, a venue reflecting PIIE's respected status in China.

For the seventh year in a row, PIIE scholars also presented papers at a joint conference in 2018 with the China Finance 40 Forum (CF40), the influential Chinese think tank that has become a valued partner of the Institute. Separate meetings were held in Beijing with a range of officials, at the People's Bank of China (China's central bank), the China Banking and Insurance Regulatory Commission, the Ministry of Finance, the China Securities Regulatory Commission, the State Administration of Foreign Exchange (which manages much of China's reserves), and the Ministry of Commerce. Among the many subjects discussed were international trade and investment, financial markets and regulations, coordination among financial regulatory authorities, US-China economic relations, China's "One Belt One Road" initiative, and a variety of macroeconomic policy issues. PIIE scholars also met with the leadership of the multilateral Asian Infrastructure Development Bank and Caixin, one of China's leading financial and economic media organizations.

A series of essays based on papers presented at the CF40 conference were published in 2018–19 in a PIIE Briefing, *US-China Economic Relations: From Conflict to Solutions, Parts I and II*. This volume featured contributions from PIIE and CF40 scholars and an introductory essay by Ha Jiming and Adam S. Posen. PIIE papers included Chad P. Bown on Trump's unilateral trade policy, Robert Z. Lawrence on US-China trade frictions and the global trading system, Mary E. Lovely on foreign direct investment in Chinese high-technology manufacturing, C. Fred Bergsten on the US-China contest for systemic leadership, Nicholas R. Lardy on growth potential and reform in China, Jacob Funk Kirkegaard on prospects for reform and growth in the United States, Martin Chorzempa and Nicolas Véron on market discipline in Chinese finance, and Joseph E. Gagnon on China's exchange rate policy. CF40 contributions included Yu Yongding on the US-China trade war, Ha Jiming and Deng Yangmei on the impact of the US-China trade conflict, Guan Tao on China's foreign exchange policy, and Zhang Bin and Zou Jingxian on China's economic transformation.

Another highlight of the last year was the publication of Nicholas Lardy's new book, *The State Strikes Back: The End of Economic Reform in China?*, which maintains that stagnation and reversals of market reforms have dragged Chinese growth below its potential. The book also outlines many economically beneficial reforms to help China meet its economic growth objectives. Lardy's many op-eds and interviews extended his message to the broader public. In other pathbreaking research, Mary Lovely demonstrated that the administration's trade confrontation with China was hurting US-based multinationals more than the Chinese. Her op-ed for the *New York Times* on this subject was one of many examples of the widespread press coverage generated by her scholarship.

Also in the last year, Research Fellow Martin Chorzempa deepened his research and writing on the intersection of finance, technology, and national security issues in China, including its regulatory crackdowns on fintech companies and cryptocurrency and possible US policies to address challenges in these areas.



MEETINGS PROGRAM



MEETINGS PROGRAM

To fulfill its role as a forum for high-level debates on economic issues, PIIE convened sessions on the state of the global economy, the challenges facing China and other countries, US-China economic relations, and other topics. The Institute also served as a venue for important addresses by senior officials of the Federal Reserve, the World Trade Organization, the International Monetary Fund, and a range of countries. All PIIE events are livestreamed on the website and Facebook. This section summarizes some of the major events that took place at PIIE this past year.

Outlook for the US Economy and Monetary Policy

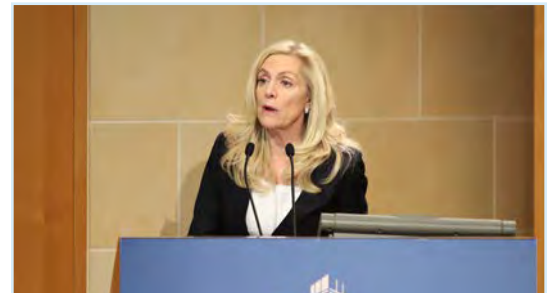


Richard H. Clarida, vice chairman, Federal Reserve Board

In his first policy address as Vice Chairman of the Federal Reserve Board, Richard H. Clarida assessed the prospects for further growth, unemployment, and inflation in the tenth year of recovery following the Great Recession. His talk on October 25, 2018, included his declaration that wage growth would not necessarily lead to inflation and that some inflation overshooting would be welcome. Following his talk, Clarida exchanged views in front of a large audience with PIIE President Adam S. Posen.

Governor Brainard on Current Financial Stability Issues

Governor Lael Brainard of the Federal Reserve Board, in a major address on the health of the US financial system on December 7, 2018, noted that the system was “more resilient” than it was before the financial crisis of a decade earlier but that the appetite for risk among financial market participants had risen as corporate borrowing was reaching new heights. The session was chaired by Olivier Blanchard, C. Fred Bergsten Senior Fellow at PIIE, who held a discussion with Governor Brainard after her talk.



Lael Brainard, governor, Federal Reserve Board

Global Economic Prospects



Karen Dynan, PIIE nonresident senior fellow and Professor of the Practice in the Department of Economics at Harvard University

Karen Dynan, PIIE nonresident senior fellow and Professor of the Practice in the Department of Economics at Harvard University, presented the US and global economic outlook on October 4, 2018. She forecast that a fiscal boost to growth in 2018 might give way to a fiscal drag by 2020. Jason Furman, PIIE nonresident senior fellow and Professor of the Practice of Economic Policy at Harvard Kennedy School, analyzed developments in US wage growth. Monica de Bolle, Institute senior fellow, assessed emerging-market risks, with a focus on Brazil and Mexico.



Alan Wm. Wolff, deputy director-general, World Trade Organization

Outlook for the Global Trading System and the WTO

Alan Wm. Wolff, deputy director-general of the World Trade Organization, addressed the current status and outlook for the global trading system and the World Trade Organization (WTO) on December 17, 2018. He called for reforms so that the rules-based multilateral trading system can continue to serve as a “firewall” against economic and political chaos. PIIE Senior Fellow and Director Emeritus C. Fred Bergsten moderated the discussion session.

The New Era of Chinese Economy

The third annual conference cosponsored by the Peterson Institute and the China Finance 40 Forum (CF40), noted independent economic think tank based in Beijing, was held on January 11, 2018, to discuss “The New Era of Chinese Economy and China’s Financial Opening-up.”

A panel on the changes taking place in China featured Xiao Qin, former chairman of China Merchants Group and China Merchants Bank; Justin Yifu Lin, professor at Peking University’s National School of Development and former chief economist at the World Bank; Chad P. Bown, PIIE senior fellow; and Nicholas R. Lardy, PIIE Senior Fellow. A second panel on China’s monetary policy was led by Dong He, deputy director of the Monetary and Capital Markets Department of the International Monetary Fund; Haizhou Huang, a CF40 member and managing director of the China International Capital Corporation; Olivier Jeanne, PIIE senior fellow; and Adam S. Posen, PIIE president.

A luncheon discussion was held on market access and exchange rate reforms and other issues, with participants including Yiping Huang, chairman of the CF40 Academic Committee and deputy dean of Peking University’s National School of Development; Tim Adams, president and CEO of the Institute of International Finance; and Joseph E. Gagnon, PIIE senior fellow. The final panel focused on US-China economic relations, with participation by Shanwen Gao, chief economist, Essence Securities; Jiming Ha, CF40 senior fellow; and Gary Clyde Hufbauer and Jeffrey J. Schott of PIIE.



L-R: Jeromin Zettelmeyer (moderator), Dong He, Haizhou Huang, Olivier Jeanne, and Adam S. Posen



L-R: Adam S. Posen, Sheila Bair, Stanley Fischer, and Jonathan Pruzan

China and the World: Recalibration and Realignment

PIIE and China’s Caixin Media hosted a major conference on “China and the World: Recalibration and Realignment” on April 20, 2018. A first panel on internationalization of China’s currency, the renminbi, featured Stanley Fischer, former vice chairman of the Federal Reserve; Sheila Bair, former chairwoman of the Federal Deposit Insurance Corporation; and Jonathan Pruzan, Morgan Stanley’s executive vice president and chief financial officer. A second panel on US-China trade tensions featured Cai Jinyong, former CEO of the International Finance Corporation; Jason Furman, nonresident senior fellow at PIIE and professor of the practice of economic policy at Harvard Kennedy School; Nicholas R. Lardy of PIIE; and Yin Yong, vice mayor of

Beijing and member of the Party Leadership Group of the People’s Government of Beijing Municipality. A concluding panel on China’s overseas investment began with a presentation by Zhang Tao, deputy managing director of the International Monetary Fund, followed by a discussion with Jason Cummins, head of research and chief US economist at Brevan Howard; Gao Zhanjun, former managing director at CITIC Securities and a visiting scholar at Harvard; and Zhou Yuan, former chief strategist at the China Investment Corporation.

US-China Economic Relations: From Conflict to Solutions



Guan Tao, CF40 senior fellow

PIIE and the China Finance 40 Forum (CF40) discussed “US-China Economic Relations: From Conflict to Solutions” on June 11, 2018, drawing from papers presented the previous May in Beijing. PIIE President Adam Posen presented 10 practical guidelines for how to avert a destructive trade war between China and the United States. CF40 Senior Fellow Ha Jiming followed with recommendations to improve economic cooperation despite the current tensions. PIIE Senior Fellow Chad P. Bown presented more specific policy recommendations, and two Chinese experts, Jin Zhongxia, executive director for China at the International Monetary Fund (IMF), and Guan Tao, senior fellow at CF40, spoke on a panel with Nicholas R. Lardy and Joseph E. Gagnon of PIIE.

Sino-US Economic and Trade Relations in the Global Economy

Former Treasury Secretary Jacob J. Lew keynoted a session on US-China trade relations sponsored by PIIE and the Chinese Academy of Social Sciences (CASS) on September 17, 2018. Four substantive panel discussions followed on the global impact of these trade conflicts; the risks, realities, and potential for cooperation between China and the United States in technology; reform of the World Trade Organization; and the goal for rebuilding China-US strategic trust. Speakers included C. Fred Bergsten, Gary Clyde Hufbauer, and Adam S. Posen of PIIE, as well as Caroline Freund (World Bank), Jiang Xiaojuan (Committee of Social Construction of the National People’s Congress), and Xie Fuzhan and Yu Yongding of CASS.



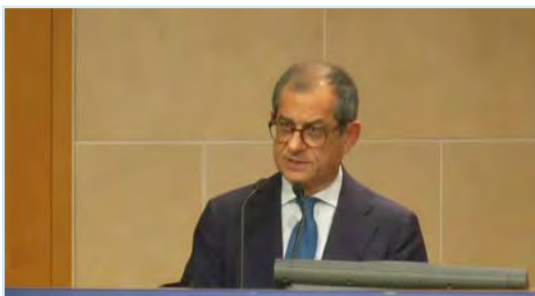
Former Treasury Secretary Jacob J. Lew



Nicholas R. Lardy, PIIE Anthony M. Solomon Senior Fellow

Book Launch: *The State Strikes Back: The End of Economic Reform in China?*

Nicholas R. Lardy discussed his latest book, *The State Strikes Back: The End of Economic Reform in China?*, at a launch event on January 28, 2019. In his presentation, Lardy presented a series of charts and graphs tracing the evolution of Chinese economic policies but he again warned that China will not return to its earlier high growth rates if it does not return to the reforms that led to the high growth in the first place. Following his talk, Lardy was interviewed by PIIE President Adam S. Posen and then took questions from an overflow audience.



Giovanni Tria, Italy's minister of economy and finance

Italian and European Outlook: The View from Rome

In a speech on January 29, 2019, Giovanni Tria, minister of economy and finance of Italy, assessed the economic outlook in Italy and Europe after nearly a decade of political and economic disruptions. He focused on the steps undertaken in Rome to restore economic growth and proposals for the European Union to improve its internal economic cooperation.

Ireland, Brexit, and the Future of Transatlantic Relations

With the fate of Ireland's border with Northern Ireland hanging in the balance, Paschal Donohoe, Ireland's minister for finance and public expenditure and reform, offered his views about the future of the negotiations over Brexit at an event on December 11, 2018. He also addressed the controversies over Ireland's tax policies. Jacob Funk Kirkegaard of PIIE served as host and chief discussant at the event.



Paschal Donohoe, Ireland's minister for finance and public expenditure and reform (R) with PIIE Senior Fellow Jacob Funk Kirkegaard (L)



Book Launch: *Sustaining Economic Growth in Asia*

Declining economic growth, inflation, and interest rates in Asia, and how to deal with these issues, were the subject of a day-long conference in Tokyo on December 18, 2018, along with the launch of the book *Sustaining Economic Growth in Asia*, published by PIIE and edited by Jérémie Cohen-Setton, Thomas Helbling, Adam S. Posen, and Changyong Rhee. The conference was sponsored by PIIE, the Bank of Korea, the Korean Ministry of Strategy and Finance, and the International Monetary Fund (IMF). Opening comments were delivered by Christine Lagarde, managing director of the IMF, and the keynote was given by Masatsugu Asakawa Vice Minister for International Affairs in the Ministry of Finance of Japan. Changyong Rhee, director of the Asia Pacific Department at the IMF, delivered concluding remarks.



FUNDING

FACTS ABOUT OUR FUNDING

The Peterson Institute for International Economics is a private, nonprofit, nonpartisan research institution devoted to the study of international economic policy. Financial support for the Institute's operations is provided through donations and grants from corporations, individuals, private foundations, and public institutions, as well as income on the Institute's capital fund and from publishing revenues. We are proud to meet the market test of having to raise well over half of our funding every year.

Institute supporters vary in their level of engagement and financial contribution. Valuable support comes from donors at a range of financial commitments. Donations made at the \$100,000+ level across all categories of supporters made up less than half (33 percent) of the Institute's overall budget for 2017. Only 3 percent of total donations in 2017 were made by supporters who requested that their gifts be publicly attributed as anonymous.

Over three-quarters of total revenues in 2016 and nearly 89 percent in 2017 were provided without substantive restriction, allowing the support to be used at Institute discretion in ongoing work programs rather than being earmarked for particular research projects. While some donor funds—particularly foundation grants—are restricted to support of individual research projects, donors do not influence the conclusions or policy implications drawn from Institute research. All Institute research is independent and held to strict standards of replicability and academic integrity.

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Funders are never given the right to final review of any Institute publication prior to its release.

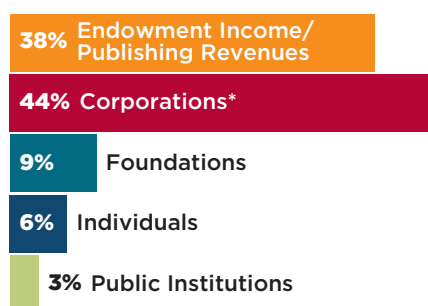
Sources of financial support for the Institute have been listed annually on the PIIE website since June 2013. We provide annual listings for 2010–18.

INSTITUTE'S TOTAL BUDGET IN 2018: \$12.5 MILLION

Share of overall funding



Revenue percentages by source category



Restrictions on support by project



*Donations from foundations closely affiliated with corporations are coded as corporate

2018

\$1,000,000 and above

Peter G. Peterson Foundation*
The Estate of David Rockefeller*

\$250,000 to \$999,000

Brevan Howard
EY
Toyota Motor Corporation

\$100,000 to \$249,999

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Aflac, Inc.
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\$75,000 to \$99,999

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IBM International Foundation
Lazard, Ltd
Liberty Mutual Group, Inc.
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Nordic American Tankers
Leuschen, David
Royal Dutch Shell plc
Sybiel B. Berkman Foundation

\$50,000 to \$74,999

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Brosens, Frank
Chan, Ronnie
Element Capital
Elliott Management Corporation
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GIC Private Ltd.
JP Morgan Chase
The Olayan Group
Owens, James
Rokos Capital
C.V. Starr Foundation
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\$25,000 to \$49,999

Aramco Services Company
Blackstone
BNP Paribas Asset Management
Capital Group
Centre for International Governance Innovation
Dai-ichi Life Insurance
Deere & Company
Exxon Mobil
Folger, Lee and Juliet
Ford Motor Company
General Motors Company
Hyundai Motor Corporation
Intesa Sanpaolo SpA
ITOCHU Corporation
Microsoft Corporation
Mitsubishi Corporation
MUFG Bank, Ltd
Swiss National Bank
Temasek Private Ltd.
Tudor Investment Corporation

Up to \$24,999

Belofsky, Patrice and Jerald
Bhalla Johnson, Neeti
Central Bank of China, Taipei
Dismal Science Norway
Einhorn, Jessica and Robert
Elson, R. Anthony
Gadbaw, R. Michael
GE Foundation
Gold, Irwin
Hills & Company

Japan Bank for International Cooperation
Kikkoman Foods Inc.
Korea International Trade Association
Liechtenstein, Embassy of
McHenry, Donald
McLarty Companies
Mitsui & Co. (USA) Inc.
Monetary Authority of Singapore
Procter and Gamble
Salomon, Richard
Sasakawa Peace Foundation, USA
Taipei Foreign Exchange Market Development Foundation
Zoellick, Robert

*Contribution towards PIIE's Endowment

**Since 2018, PIIE has ended its relationship with the Decision Support Center and Huawei Technologies



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