



# SOCIETY OF GOVERNMENT ECONOMISTS BULLETIN

Volume 40, Number 1

www.sge-econ.org

*The Society of Government Economists' mission is to support the professional development of government economists, and those who are interested in public policy economics, by providing them with research findings, information on publications, and professional communication opportunities.*

***In this issue:***

2009 SGE Conference	1
Nation's Fiscal Future (March Luncheon)	1
SGE Discussion Groups	2
Recovery Act - Dr. Offutt of GAO	3
SGE 2009 Conference	3
US Businesses and Central Asian Leaders	4
SGE Presidents Message	5
Upcoming Events	6
SGE Officers	6

## 2010 SGE Conference to be Held 15-16 November

The Society of Government Economists Conference co-sponsored by the Economics Department of George Washington University will take place on Monday and Tuesday of November 15-16, 2010. David Colander, editor of The Complexity Vision and the Economy will be among the conference's leading speakers.

We will soon call for papers.

## Nation's Fiscal Future

SGE March's luncheon (March 18) speaker will be Steve Redburn of the Peterson-Pew Commission on Budget Reform.

A mismatch between the federal government's revenues and spending, now and in the foreseeable future, requires heavy borrowing, leading to a large and increasing federal debt. That increasing debt raises a serious challenge to all of the goals that various people expect their government to pursue. It also raises questions about the nation's future wealth and whether too much debt could lead to higher interest rates and even to loss of confidence in the nation's long-term ability and commitment to honor its obligations. Many analysts have concluded that the trajectory of the federal budget set by current policies cannot be sustained.

In light of these projections, *Choosing the Nation's Fiscal Future* assesses the options and possibilities for a sustainable federal budget. This comprehensive book considers a range of policy changes that could help put the budget on a sustainable path: reforms to reduce the rate of growth in spending for Medicare and Medicaid; options to reduce the growth rate of Social Security benefits or raise payroll taxes; and changes in many other government spending programs and tax policies. The book also examines how the federal budget process could be revised to be more far sighted and to hold leaders accountable for responsible stewardship of the nation's fiscal future.

You can view the book at:

[http://www.nap.edu/catalog.php?record\\_id=12808](http://www.nap.edu/catalog.php?record_id=12808).

## Discussion Groups

### Organized by the Society of Government Economists

by Jacqueline Du Bois

SGE is initiating a set of discussion groups to encourage members to meet and talk informally about topics in economics that are relevant to their work and academic interests. By convening these small groups, we intend to offer members a forum to discuss current work projects, present and receive feedback on papers and/or paper topics, and simply get to know other SGE members in a more intimate setting. Individuals are free to join more than one group.

Eleven discussion groups have been identified with six having chairs. Chairs are needed for the remaining groups listed below. Chairs are responsible for convening meetings on a regular basis and establishing a meeting format based on the interests and needs of group members. Please contact the contact person to learn about the next meeting.

Existing Discussion Groups:

NAME OF DISCUSSION GROUP	DISCUSSION GROUP LEADER
Econometrics and Forecasting	Andrew Felton/Juan Contreras <a href="mailto:anfelton@fdic.gov">anfelton@fdic.gov</a> / <a href="mailto:Juan.Contreras@cbo.gov">Juan.Contreras@cbo.gov</a>
Econ. Dev./ International Trade/ Agricultural & Rural Dev.	D. "Bonni" van Blarcom <a href="mailto:drblarcom@yahoo.com">drblarcom@yahoo.com</a>
Economic Statistics	Brian Slobada <a href="mailto:bsloboda@email.phoenix.edu">bsloboda@email.phoenix.edu</a>
Employment and Immigration	Bryan Roberts <a href="mailto:bryan.roberts@dhs.gov">bryan.roberts@dhs.gov</a>
Ethics and Accountability in Economics	Steven Payson <a href="mailto:steven.payson@bea.gov">steven.payson@bea.gov</a>
Innovation and Technological Change	Leo Sveikauskas <a href="mailto:sveikauskas.leo@bls.gov">sveikauskas.leo@bls.gov</a>

Still need a Chairperson:

Banking, Finance, and Housing	
Fiscal Policy / Taxation / Poverty / Social Assistance / Education	
Foreign Policy / Industrial Organization	
Regulation / Cost-Benefit Analysis / Environmental Economics	
Transportation	

## Rapporteur's Report on "Transparency and Accountability in the Recovery Act: GAO's Role", By Frederick Kasule

Dr. Susan Offutt, Chief Economist of the US Government Accountability Office was the featured speaker at the luncheon talk held at Darlington House on October 15, 2009. Dr. Offutt's topic of discussion was titled "Transparency and Accountability in the Recovery Act: GAO's Role." Dr. Offutt began the discussion with an outline of what the GAO does as an audit institution and how economic analysis supports the overall mission of the GAO-especially with regard to the American Recovery and Reinvestment Act of 2009 (ARRA). Under the ARRA, the GAO was mandated by Congress to: (1) Conduct bi-monthly reviews of selected states' and localities' uses of Recovery Act funds. (2) Comment on recipient reports on the number of jobs created or preserved. (3) Review areas such as trade adjustment assistance, new education incentive grants, and efforts to increase small business lending. (4) Monitor the economic downturn's long term effect on states (primarily in change in health care costs). The GAO's work for the report is focused on 16 states and certain localities in those jurisdictions as well as the

District of Columbia (District)--representing about 65 percent of the U.S. population and two-thirds of the intergovernmental federal assistance available.

### Highlights:

★ As of September 11, 2009, \$48 billion had been outlayed by the Treasury Department for use by states and localities in FY 2009 Recovery Act. The bulk of the spending went to health (64 percent), education (18 percent), transportation (8 percent), income security (6 percent), community development and energy development (4 percent).

★ The GAO has recommended improvements in the following areas; (1) better accountability and transparency, (2) better monitoring and use of TARP funds, (3) better articulation of purposes of programs (4) improved management

*As of September 11, 2009, \$48 billion had been outlayed by the Treasury Department for use by states and localities in FY 2009 Recovery Act.*

structure and guidance of the program.

The GAO also works on financial markets and institutions such as oversight of the Troubled Asset Relief Program (TARP), audits of the FDIC Deposit Insurance Fund, FHFA, US Government Financial Statements, evaluation of the financial regulatory system and also works with The International Organization of Supreme Audit Institutions on the global financial crisis.

The discussion concluded with a spending summary of TARP initiatives and projected combined assistance as of June 2009: Capital Purchase Program (\$218 billion), Systematically Significant Failing Institution Program (\$70.0 billion), Targeted Investment Program (\$40.0 billion), Making Homes Affordable Plan (\$50.0 billion), Asset Guarantee Program (\$12.5 billion), Public Private Investment Program (\$100 billion), Consumer and Business Lending Initiative (\$55.0 billion), Unlocking Credit for Small Business (\$15.0 billion), Auto Supplier Support Program (\$5.0 billion), Automotive Industry Financing Program

## 2009 SGE Annual Conference

The 2009 SGE annual conference was held on September 21 at the George Washington University. Thanks to all the participants who made it a success. A copy of the program is available at [www.sge-econ.org](http://www.sge-econ.org). Presentations were provided by:

- [The Role of Economists in Prudential Supervision of Banks](#), Richard A. Brown, Chief Economist, Federal Deposit Insurance Corporation
- GDP & Beyond: Measuring Economic Progress & Sustainability, by Steven Landefeld, Director, Bureau of Economic Analysis
- Bourgeois Dignity and Liberty: Why Economics Can't Explain the Modern World, by Deirdre McCloskey, Professor, University of Illinois at Chicago
- Institutional Requirements for International Action on Climate Change, by Thomas Schelling, Distinguished University Professor, University of Maryland

# US Businesses Talk with Central Asian Leaders

By D. (Bonni) van Blarcom

The U.S. Chamber of Commerce held a public-private sector conference on Central Asia entitled "Silk Road Trade and Investment: New Pathways for U.S. Central Asia Economic Ties". Deputy US Trade Representative (USTR) Ambassador Demetrios Marantis and six Ministers of Economy and Trade from Afghanistan, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan met at the Chamber on October 7th 2009. The pre-Trade and Investment Framework Agreement (TIFA) meeting enabled American businesses to influence U.S. commercial and economic policy and provided access to key decision-makers of the region.

## USTR Notes Opportunities.

Deputy USTR noted that Central Asia's logistical support for U.S. and NATO forces contribute to building a stable Afghanistan. A public-private sector partnership facilitates needed domestic economic reforms that contribute to creating good-paying jobs for workers in all the countries. The US signed a TIFA with Afghanistan, and a multi-party TIFA with the five Central Asian countries in 2004. US Trade Representative Ron Kirk hosted the US-Central Asia Trade and Investment Framework Council meeting the next day.

## Private Sector Met with Central Asian Leaders.

Participants in the full day meeting were able to hear from each of the Ministers and to interact with them during lunch and breaks. Each minister noted their interest in having greater American investment.

## Central Asian Countries Invite Investment.

Minister of Foreign Economic Relations Elyor Ganieve of **Uzbekistan** noted its government's unique path of development based on its history and tradition. Minister Ganieve noted that the necessary institutions, legislation and economic conditions have been created to provide for economic stability. These measures along with anti-global financial crisis measures and diversification have resulted in increased competitiveness, industrial growth, and improved energy efficiency. Minister of Economy and Development Bashimmyrat Hojamammedov of **Turkmenistan** noted his country's open door policy, vast energy potential and strong economic growth. The IMF projects economic growth to be 15% in 2010 for Turkmenistan. Strong growth has occurred in foreign investments, trade, and the energy sector (inclusive of gas and oil production, oil refineries, and electric generation). Minister Hojamammedov invites investment, particularly in the energy and tourism sectors. Minister of Economic Development and Trade Ghulomjon Bobozoda of **Tajikistan** noted the improvement of the investment climate leading to the implementation of 57 investment projects amounting to US \$2 billion including 43 joint ventures with the United States. He noted that the World Bank had identified Tajikistan as one of the top ten reformers of the world. Investment goals include reform of the traditional cotton sector, modernization of the road network, and development of hydropower.

Minister of Economic Development and Trade Aziat Alieva of **Kyrgyzstan** noting that its country is the only regional member that is a

World Trade Organization member. The Minister identified a wide range of reforms contributing to the country's 30% increase of trade. Improvements of the World Bank Doing Business indicators e.g., the number of procedures to open a business and to obtain a construction permit are both lower than the OECD average. Kyrgyzstan is also one of the world's top ten reformers. Investments are particularly welcomed in hydropower (only 10% of hydropower resources are presently being used), mining (oil, gas, coal, sun, wind, tungsten, tin), agriculture sector (milk, leather, fresh vegetables), and the railway. Vice Minister of Industry and Trade Zhanar Aitzhanova of **Kazakhstan** noted the record investment of US \$93 billion being lead by American investors, followed by Dutch, English and other Europeans. She noted the reduction of government licensing procedures for businesses, reducing to 1/4 of the previous level, the new tax code reducing the tax burden, and a new customs code that will be effective 1 January 2010 with the implementation of the new customs union with Russia and Belarus creating a marketing region of 160 million.

Minister of Commerce and Industries Wahidullah Shahrani of **Afghanistan** noted the vast trade and business opportunities in Afghanistan. (The IMF projects 16% percent economic growth for Afghanistan in 2009.) He noted the TIFA signed with the US, the present review of the investment law, numerous regional agreements, and the present process of accession to the WTO provide an attractive investment environment. Attractive areas of investment include telecommunications, roads, power, refineries, and agricultural processing. Noting that seven years after the end of conflict, 70% of the economy still remains in the informal sector, there is much that foreign investment can contribute.

## President's Column by Steven Payson

Dear Colleagues,

As I see it, the SGE has been quite successful in recent times in our presence at the annual meetings of the American Economic Association, our monthly luncheons and evening seminars, and our own SGE conferences. However, I also see that over the years we have been *slipping* in our size and influence, and in our administrative infrastructure.

The last time I peeked at some BLS data about government economists, there were about 4,000 economists who work for the Federal government alone. And there are probably at least that many other government economists who work for state and local governments. SGE membership is not restricted to government employees alone, but all those interested in economics of public policy issues. By representing such a large population of professionals, there is so much more that SGE *could be* than what it is right now.

We need your help. If you have time to help us with any of our

projects, your help would be most welcome. I have organized information below on our ongoing projects:

Discussion Groups a set of discussion groups to allow members to meet and talk informally about topics in economics that are immediately relevant to their work and academic interests.

Outreach Committee to help publicize other events and build-up SGE's inventory of outreach materials such as pamphlets and business cards.

IT Committee to greatly improve our website, to enable us to have our own email address (which we have had in the past), etc.

History Committee to help us "unearth" and perhaps write about SGE's rich history of accomplishments, and to develop a new system to access our historical records and to document our recent and current records.

Bylaws Committee to explore the possibility of amendments to SGE's bylaws to facilitate an expanded

and more effective organization.

Newsletter Committee to strengthen the value of the SGE Monthly Bulletin.

Evening Seminar Committee to plan for evening seminars, happy hours, and other special events.

2010 Conference Committee to plan for the SGE Conference in 2010 and SGE's participation in the AEA meetings in January 2011.

I invite all of you to email me at [steven.payson@airleap.org](mailto:steven.payson@airleap.org) with your comments, questions, and suggestions.

Sincerely,



Dr. Steven Payson

President, Society of Government Economists

Deputy United States Trade Representative Ambassador Demetrios Marantis and Ministers of Economy and Trade from Afghanistan, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan at the U.S. Chamber of Commerce's "Silk Road Trade and Investment: New Pathways for U.S.-Central Asia Economic Ties" Conference on October 7, 2009



## SOCIETY OF GOVERNMENT ECONOMISTS

### Mailing Address

Society of Government Economists  
P.O. Box 77082  
Washington, DC 20013

## UPCOMING EVENTS

### Lunches:

- April 15, 2010: Henry Bahn (USDA)
- May 20, 2010: Karen Dynan (The Brookings Institution)

Lunches are usually 12:00 noon to 1:30pm. Location to be specified. (Often at Chinatown Garden, 618 H. St. NW Washington, DC). Cost often: \$16 for members, \$20 for non-members (includes lunch). Reservations: Before 11:00 am the day before to Andrew Felton ([lunches@sge-econ.org](mailto:lunches@sge-econ.org))

### SGE Conference:

- November 15-16: SGE Conference, George Washington University, Economics Department Co-Host

### Board of Directors

- *President* Steve Payson Chief of Research Government Division Directorate for National Economic Accounts U.S. Bureau of Economic Analysis (BEA) [Steven.Payson@sge-econ.org](mailto:Steven.Payson@sge-econ.org)
- *Vice-President* Andrew Felton Financial Economist Federal Deposit Insurance Corporation (FDIC) [andrew.felton@sge-econ.org](mailto:andrew.felton@sge-econ.org)
- *Treasurer* Brian Sloboda U.S. Postal Service (USPS) [brian.sloboda@sge-econ.org](mailto:brian.sloboda@sge-econ.org)
- *Board Member* Juan Contreras Congressional Budget Office (CBO) [juan.contreras@sge-econ.org](mailto:juan.contreras@sge-econ.org)
- *Board Member* Henry "JH" Bahn National Program Leader, Economic & Community Systems Cooperative State Research, Education & Extension Service U.S. Department of Agriculture (USDA) [henry.bahn@sge-econ.org](mailto:henry.bahn@sge-econ.org)
- *Board Member* Mark Ledbetter Economist Government Division U.S. Bureau of Economic Analysis (BEA) [Mark.Ledbetter@bea.gov](mailto:Mark.Ledbetter@bea.gov)
- *Board Member* Stephen Andrews Senior Economist / Assistant to the Chief National Income and Wealth Division U.S. Bureau of Economic Analysis (BEA) [Stephen.Andrews@bea.gov](mailto:Stephen.Andrews@bea.gov)

### Newsletter

*Editor* D. "Bonni" van Blarcom, Trade Policy Specialist, [drblarcom@yahoo.com](mailto:drblarcom@yahoo.com)

Staff Writer Linda Levine, Congressional Research Service,

## Membership Form

Join now for regular or institutional membership for one or two years (starting now). Copy this form as needed.

### Check membership status and dues:

Regular member  One-year, \$25; or Two-year, \$50

Institutional member  One-year, \$150; or Two-year, \$300

Date -- membership will begin at this date and last for one or two years: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Agency/Company: \_\_\_\_\_

Mailing Address: \_\_\_\_\_

Phone: \_\_\_\_\_

E-mail: \_\_\_\_\_

For Credit-Card Payments, please visit us on-line at: <http://sge-econ.org/join/join.htm>

Check made payable to SGE

Please check the SGE activities you would like to participate in: