

**DEPARTMENT OF THE TREASURY  
PRESIDENT'S ECONOMIC RECOVERY ADVISORY BOARD  
October 4, 2010 MEETING**

The meeting was convened at the White House pursuant to notice at 1:33 P.M. EDT.

**WHITE HOUSE ATTENDEES:**

Barack H. Obama, President of the United States of America  
Dr. Jill Biden, Second Lady of the United States  
Austan D. Goolsbee Chair, Council of Economic Advisors  
Valerie Jarrett, Senior Advisor to the President  
Lawrence Summers, Director, National Economic Council

**ADVISORY BOARD MEMBERS PRESENT:**

Paul Volcker, Chairman  
Anna Burger, Former Chair, Change to Win  
John Doerr, Partner, Kleiner, Perkins, Caufield & Byers  
William H. Donaldson, Former Chairman, SEC  
Martin Feldstein, George F. Baker Professor of Economics at Harvard University  
Roger W. Ferguson, Jr., President & CEO, TIAA-CREF  
Mark T. Gallogly, Founder & Managing Partner, Centerbridge Partners L.P.  
Jeff Immelt, Chairman & CEO, GE  
Monica C. Lozano, Publisher & Chief Executive Officer, La Opinion  
Jim Owens, Chairman, Caterpillar Inc.  
Penny Pritzker, Chairman & Founder, Pritzker Realty Group  
David F. Swensen, Chief Investment Officer, Yale University  
Richard L. Trumka, President, AFL-CIO  
Laura D. Tyson, Dean Haas School of Business at the University of California at Berkley  
Robert Wolf, Chairman & CEO, UBS Group Americas

**ALSO PRESENT:**

Arne Duncan, Secretary of Education  
Timothy Geithner, Secretary of the Treasury  
Adam Hitchcock, Chief of Staff, Council of Economic Advisors  
Gary Locke, Secretary of Commerce  
Karen Mills, Administrator, U.S. Small Business Administration  
Glenn Murphy, CEO, Gap  
John Oxtoby, Designated Federal Officer  
Jim Skinner, CEO, McDonald's

The President's Economic Recovery Advisory Board (PERAB) held a meeting with the President to discuss the job market and Skills For America's Future at 1:33 PM (EDT) on October 4, 2010 in the State Dining Room of the White House. In accordance with provisions of the Federal Advisory Committee Act, Public Law 92-463, and Federal Committee Management Regulations, 41 C.F.R. 102-3, the meeting was open to the public via internet webcast.

**ROLL CALL**

Fifteen of the sixteen members of the PERAB were present, constituting a quorum consisting of a simple majority.

**DISCUSSION**

CHAIR VOLCKER: Our business is to call the roll.

(Whereupon, roll call was taken.)

I declare we have a majority and we can proceed with our business.

Our business is mainly today to discuss a proposal before the PERAB entitled "Skills for America's Future." It reflects our continuing interest in improving education involving both the private sector and community colleges in that effort. And I want to turn the meeting over to Penny Pritzker who has been leading this effort and we will have to vote on the proposal. And you have it all, of course, before you.

So, Penny, I don't know whether you want to come up here. I was intimidated by this.

MS. PRITZKER: I think I'm intimidated. If it's okay, I can be seen --

CHAIR VOLCKER: You just said I think that's right.

MS. PRITZKER: That would be great.

Thank you all for considering the proposal. We worked on, Anna Burger and I and a number of you, worked on a program called "Skills for America's Future." And you've read probably -- hopefully, you've read the memo and the information.

The goal is to have an interagency task force as well as not-for-profit activity. The not profit will be housed at the Aspen Institute. That allows the activity to have staff and so we've hired -- You know if we approve this we'll hire an executive director. We've identified an executive director.

And the goal for "Skills for America's Future," its initiative goals and as I have told Austan, this is really getting to the starting gate. We're really at the beginning. We have five companies that have made new commitments to expand their efforts working with community colleges. And the Gap is actually taking training that they have and bringing it to new seven community colleges. And we're joined actually by both the CEO of the Gap, Glenn Murphy, and the CEO of McDonald's, Jim Skinner, both of whom are two of the first five companies that have committed to "Skills for America's Future."

Our objective is to, initial objective, besides get up and operate to create a certification for best in class partnerships, to scale the program so that we take either programs that are working and bring them to larger scale. Also to go national. To provide a national voice for the effectiveness of the partnerships, public/private partnerships.

And one of the things I want to underscore is that we're working with the private sector, with labor, with the government and with the community colleges. So this is a real collaborative effort that's going on.

The Interagency Task Force has a set of directives that the President has put together in a memo to create the task force including aligning work force programs funding at the Department of Labor and Department of Ed with market demands including identifying stackable credentials in high demand industries. And another objective of the Interagency Task Force is increasing the use of technology to improve training.

Our goal also is to ensure that every state has at least one high impact partnership. And this all falls under the efforts of the American Graduation Initiative to get five million more college degrees and certificates by 2020. But really this is meant to align skills attainment with jobs that either exist or that are going to exist.

CHAIR VOLCKER: Thank you.

MS. PRITZKER: Or discussion or questions.

MR. FELDSTEIN: We have to obviously -- the President will still come here and we'll describe it to him again. But I think you want to just open it up for debate or discussion on this subject.

MR. OWENS: We very effectively have a partnership with community colleges across the country in conjunction with category dealers. But we're training production workers with high school skills basically with a two year college degree and really enhancing their skill set for trained service mechanics and production jobs in a very technically sophisticated manufacturing environment.

And we've just had great support from the community college system in the states that we work in around the country. So I really think this is a great initiative and one that will be very helpful long term to helping elevate the skill set of our work force.

MS. BURGER: And that's a process that we had in all parts of the private sector, union partnerships, community colleges and having the discussions that identified some of the challenges but some of the great sites that have things that are working well. This is a great beginning to launch this kind of an initiative.

MS. PRITZKER: Well, we heard there were seven different industry sectors and what we heard was the companies are very willing to give their training IP. They're willing to train trainers. They're

willing to go to their retirees to see if they will help in the community college teaching. There's really an incredible enthusiasm by both labor and the private sector to get involved in the training at the community colleges.

CHAIR VOLCKER: Would our guests like to address themselves to this enthusiasm?

MR. SKINNER: I would be happy to. I didn't expect to weigh in. But McDonald's is working very hard with English Under The Arches Program which is connected to the local community colleges. We've in fact impacted 1,000 plus managers already.

And it's not just about English. It's about the skill sets around communication. Our people already speak English certainly to some extent. But in terms of being articulate in communication and skill sets relative to advancing in the work force not only for McDonald's because we certainly are selfish about it and we want to develop these people so that they're effective managers for us in the long run.

We have a long history of commitment around the talented management leadership development and opportunity. A large portion of our people who run the company today including myself started in stores. So that opportunity for them to enhance their skill sets through community colleges has been important for us.

We're expanding that role -- Penny and I talked about this -- to another thousand managers over the next 18 months at 30 sites if you will. And the work that we're doing with the community colleges as you've said we're more than happy to give them our intellectual property, our programs and they are all onsite virtual leaders in their relationships with our people. And it's been very helpful for us.

CHAIR VOLCKER: Glenn, a word?

MR. MURPHY: I'd like to add that at the Gap we have a history of the marriage between community and education. The businesses and the communities which we serve which are pretty across every single state of the United States has got us deeply immersed within all the communities in which we deal with.

On the other side, education has been a big part of the history of the company. Our founders, Don and Doris Fisher were founding members of KIPP and they've been heavily involved in education and education reform. So I think for us it is a natural evolution to bring the two together. Our involvement in the communities, our proximity to small community college, the feelings and the history and the success we've had with education.

So we've actually had a program for the better part of the last two years called "This Way Ahead" which is working with high school students in inner cities in New York and in Chicago and that's been very successful for us. So this from our perspective the natural next step working with community colleges and bringing the seven cities we're going to start with which we hope to expand down the road to encompass all the major cities in which we operate and working with 1,200 students which we'll be engaged with as part of this first step. And we see a lot of promise not only to bring them into our business.

I think as Jim and I were talking a few minutes ago the world from McDonald's perspective and from the Gap is going more and more global. And getting a chance to work with these students in community college and teach them not only the skills they are going to need to be successful here if they decide to make their career in their home country. But if they want to go overseas.

I've just come back from Shanghai where we just opened our office with 60 people of which 30 were Americans who we worked with and were able to transplant whether it's on part-time visas that they could use whether they decide to stay long term and work in our new China operation. I think the overall development of community leaders and the future is important to our business and to McDonald's.

MS. PRITZKER: We also have representatives from Accenture, PG&E and United Technologies who are here today representing their companies and they've all made commitments as well.

CHAIR VOLCKER: Robert, would you? Any other member have any comment on the program?

MR. FERGUSON: A great idea, Penny. Did you think about what the bridge is, if any, between two year colleges onto four year colleges, local state colleges, etc.? Did that come up at all?

MS. PRITZKER: One could imagine bridging to technical high schools and you could imagine bridging to four year colleges. You could imagine other players, for-profit institutions getting involved. We're just at the beginning of trying to figure out how do we make these partnerships. How do we make skills acquisition more effective for the employer as well as the employee?

MR. FELDSTEIN: On this goal of an additional five million community college degrees, what's the current number that before this addition what would the number be?

MS. PRITZKER: The goal was created by the President earlier in the Administration more generally. So this is a part of that. But I don't know. Austan, maybe you know the number of community college. What's the base?

You know who will know. Melody Barnes when she arrives. She'll know.

CHAIR VOLCKER: Should we call a vote? I think we need a motion. After the vote, I'll have a brief comment. But I guess formally we need a motion.

PARTICIPANT: So moved.

PARTICIPANT: Second.

CHAIR VOLCKER: We have a second. All in favor?

(Chorus of ayes.)

Opposed?

(No response.)

Hearing none, I think it is unanimous. And I think you deserve very special credit, Penny, for leading this effort with your colleague, Anna, and I think Robert as well and others who have participated. This is a quite-well thought out proposal and it's actually in action I take it or will be in action. So we particularly appreciate it.

I think unless somebody else has some business before the session. We have no other -- I think we can declare the meeting adjourned.

(Whereupon, at 1:45 p.m., the meeting adjourned and resumed at 2:10 p.m. for President Obama's address to the Advisory Board, bound in separate transcript; discussion with the president follows.)

PRESIDENT OBAMA: Thank you, sir. All right. Well, let's drive in. My understanding is that -- and you tell me, Mr. Chairman -- I think that you are going to open up and introduce the subject. And then we're going to hear from Penny and Anna, both of who work very diligently on the Skills For America's Future.

CHAIR VOLCKER: Let me say first of all we appreciate your presence and welcome your Secretaries and Advisors here. Secretary Geithner and Duncan and Locke.

PRESIDENT OBAMA: Yes, a bunch of big cheeses around here.

CHAIR VOLCKER: I tell you. We ought to have some impact on something. And we have the feeling that you know we've made some contributions in the past. I might even mention regulatory reform but infrastructure which you've just been talking about and weatherization, Home Star. We have this nice program of talking to you which we arrived at no conclusion but rather demonstrated the problems in the tax system.

But anyway, today is on, as you know, Skills for America's Future. You've already introduced it. Penny was the driver so far as we were concerned. We approved the program and its specifics a few hour or so ago.

So, Penny, the floor is yours.

MS. PRITZKER: Thank you. Mr. President, Chairman Volcker and our friends as members of the PERAB, today we voted, the PERAB voted, to recommend to you a new work force development initiative as you know called Skills for America's Future.

It's a very exciting collaboration of the private sector, labor, the Federal Government agencies and the community colleges. And during the past year the PERAB Subcommittee on Education and Training has talked with scores of employers educators, labor and policy leaders to solicit their views on work force development challenges.

We convened a series of meetings with seven different sectors of our economy, technology, financial services, small businesses, energy and utilities, service and retail as well as manufacturing and construction. And through these meetings we identified public-private partnerships as one of the most effective ways that we can improve the skills and credentials that American workers and students are receiving.

So we also looked at the best practices of five companies that are doing an excellent job of improving and developing worker skills. These companies are Accenture, Gap Inc., McDonald's, Pacific Gas & Electric and the United Technologies Corporation, all of whom are here today.

These five companies helped us to develop this program and have signed on to be a part of this brand new initiative. And they're going to invest their skills, their expertise, their people and dollars to support and create a more high impact partnership with community colleges.

The goals that we've set out for Skills For America's Future are several. First is to create a certification for Best in Class Partnerships that develop career pathway and training programs.

The second is to recruit additional private sector and labor leaders to build a national network of high impact partnerships at community colleges. Basically we want to scale the program.

We also want to provide a national voice for the effectiveness of these partnerships and therefore to convene stakeholders to share best practices.

Our fourth objective is to work with the Interagency Task Force to align work force programs funded by the Department of Labor and the Department of Education with market demands to help the task force identify and develop stackable credentials in high demand industries and to increase the use of technology to improve training.

Finally, we want to ensure that every state has at least one high impact partnership between industry and a community college. And our hope is that every state will have more than one. Mr. President, this entire effort supports your goal for an additional five million community college degrees and certificates by 2020.

And the initiative, we've very excited. The initiative will be part of what's called The Economic Opportunities Program at the Aspen Institute led by an executive director and a core team. But the work will be nationwide.

And our goal is that Skills For America's Future will launch a national movement to strengthen America's work force, to optimize job training programs and ultimately job placement.

So we ask you, Mr. President, as you've said earlier to endorse Skills For America's Future. And we just can't begin soon enough. We believe putting the resources into training and development of workers as you believe is one of the best investments that we can make in our country.

So thank you.

PRESIDENT OBAMA: Thank you, Penny. Anna, do you want to chime in because I know you worked on this and then I actually -- I know traditionally sometimes people feel a little constrained in these conversations, but I'm going to make sure that I ask a couple of questions. I just want some top lines on where we think we can have the most impact most quickly on this.

But go ahead, Anna.

MS. BURGER: Mr. President, thank you. I would say on behalf of the whole Presidential Economic Recovery Advisory Board you really have given all of us an opportunity to come out on different perspectives and strategize around common issues that we confront.

And I think of the training discussions that Penny led brought us all an opportunity to hear from business leaders, education leaders, union leaders and practitioners and really get into what were the obstacles about in us being able to prepare the work force for the future. We heard it from all different perspectives and we were able to grapple with all of those.

And so we heard what it was like for a worker who was struggling to get by to figure out how to take advantage of opportunities at community colleges and elsewhere and at the same time supporting their families. And we heard about employers who were struggling with finding the right talent at the right time. And community colleges having a hard time trying to understand how to get ahead of the economy and not just doing what they did before.

And so these sessions gave us all an opportunity to learn from each and understand that we have a long way to go. But if we do it together, we can really get someplace much further.

And as our economy changes and as people are struggling to hold onto their jobs and think about their future we have these incredible opportunities. So from health care reform as we move from a sick care to a well care program we have the opportunity to create better jobs for home care workers to be in the community and retrain critical care workers to take care of people when they're -- to keep them well as opposed to when they're getting really sick.

We have the opportunities in the work that we've done through Home Star and really thinking about how we can use the training centers that the laborers and others have across this country to bring people out of the community and retrofit our communities and at the same time move them through the economy and give them greater skills so they can be building engineers and take on greater responsibilities as well.

And we heard from manufacturers about all the possibilities that we have in terms of turning our economy around and being a manufacturing base again if we have the workers who have the skills that we need. And we saw collaboration in a way that I had not seen it before.

And we think that this opportunity, this initiative, gives us a way of being able to have a real public/private partnership where workers and employers can be at the table, where we can actually bring our resources together and think about how we get from where we are today to the 21st century as quickly as possible.

So I was honored to be able to be part of this and I think that this initiative that we all voted on today that we hope that we can all embrace can make a difference for our working people today and in the future.

PRESIDENT OBAMA: I'm very encouraged and I fully endorse it. I'm looking forward to being behind it 100 percent. I am interested and maybe folks like Jim Skinner or others who are already doing this kind of work and you guys may have already gone over this, but I'd be interested in just figuring out when we look at the best practices, Penny, what two or three elements stand out.

So if we're planning the scale up, what are some indicators that this is the kind of work force training that's going to work, this is the kind that's a waste of money and time that we have to revamp. Is it primary businesses having spoken to the community colleges ahead of time and helped them design it so that they know what skills are needed? Is a lot of it simply a matter of remediation in which case we've got to do more work K-12 to make sure that folks are up to speed?

And obviously this will vary industry by industry, but I don't know if either Jim or Glenn or somebody -- or are you doing this -- whether you guys have any thoughts on this or, Penny, based on all the conversations you had.

MR. SKINNER: Well, I'd be happy to speak up. The selfish viewpoint of McDonald's of course around talented management leadership development because we're a growing company is making sure we have the skill sets in our workforce that are capable of delivering on our strategies.

Now that has an enormous impact on America. Because if you look at the work that we're doing which is centrally focused on English Under The Arches, it's not about our people being able to speak English. It's about them being able to communicate more effectively and be more competitive in the workforce and be associated with community colleges so they can further their education.

And we're going to expand that by 30 sites and another 1,000 managers. We've impacted 1,000 plus managers already.

And the opportunity for them then to further their education -- Roger, you asked earlier the question about the connection to four year colleges. This gives them the opportunity to get credit in community colleges. We're willing to give our intellectual property to the community colleges and put these programs to work. And they're all audited and supported by the community college professors.

It's 110 hours, 22 weeks. And it already is showing a dividend certainly for us in the workforce. And not all these people stay with McDonald's their entire working life. They go somewhere else. And so I think we're contributing to the growth of these individuals for the workforce beyond what they might be doing today at McDonald's.

And that's how we're connected with the current program. And we do a lot more as you know around talent management leadership development.

PRESIDENT OBAMA: Glenn.

MR. MURPHY: A little different than Jim's. I'd say the investment we're making is really focused on leadership. And if you look at Jim's business and our business, it's not uncommon that we have 26, 27 year old men and women who are running \$5 and \$6 million businesses and they have 70-80 employees.

So we really try to work with the community colleges. We're going to be making investments into these seven cities. And part of that is job shadowing, having them spend quality time with our managers.

You know of our workforce we have 125,000 people of the business actually work in the stores. Everything happens in the stores. People like me have ceremonial jobs in offices and we do what we do. But the reality is we deal with millions of customers every single day inside our stores and that comes down to phenomenal leadership.

And the community college can only do so much. I think they understand it and I think that we've been working through high schools to get people through a program that we have in New York and Chicago to get them ready to work in our stores.

But the real angle in the community college is how do they get the leadership they need to feel confident that they can actually move forward in the business, deal with people, deal with difficult situations, lead and get the pride that comes with providing great leadership. So at the Gap our angle is really in these seven city tests we're going to do which I was saying earlier to Penny and Penny obviously has a lot of passion around this issue is to build it out to many more cities over the next couple of years and really get deep with these community students, these men and young women, the future store managers of our business and give them the one skill that ultimately will separate them from being successful or not which is how to lead.

PRESIDENT OBAMA: Penny, do you want to add anything?

MS. PRITZKER: Well, I think that one of our objectives, Mr. President, through this effort is to do exactly what you've asked us which is to better understand what makes a successful partnership so that we can be replicating the successful partnerships and sharing that information more efficiently. It's ad hoc at this point right now. So those are the kinds of efforts that we'll undertake.

PRESIDENT OBAMA: Sure.

Robert, you had some thoughts about unemployment generally and how that connects with worker training, potential skills, mismatches that are out there right now. Do you want to share some thoughts in terms of just the data that you've been looking at?

MR. WOLF: So, Mr. President and Members of the Administrative, on behalf of the PERAB I've been asked to discuss the nature of unemployment. And I've broken it up into two sections.

The first aligns with Penny and Anna's discussion on why education and training matters in support for the Skills For America's Future. If you break down unemployment by education attainment, you will see that although the rate has doubled across the board for all segments the numbers can be quite astonishing.

The unemployment rate for an individual without a high school degree is 14 to 15 percent. And for a high school degree with no college is double digits, 11, 12 percent. Both significantly higher

than individuals with more schooling. Furthermore, there are large disparities across race with African Americans and Hispanics much more likely to be unemployed than whites.

Sadly, as the work we've done, the disparities by education and race widen when we consider the full jobless rate or the unemployment number. That only reinforces the importance of education and training initiatives which is what we are here to discuss.

Now to the second point. If you look at the hardest hit states across factors such as unemployment, mortgage foreclosures and industry sector job losses, you will see a direct correlation. For example, Nevada, Florida, Michigan and California rank in the top five states for both unemployment and the share of mortgages under water. These four states have also lost a disproportionate amount of jobs in construction or manufacturing or both way above the national levels.

These two industries, construction and manufacturing, have lost the most jobs during the downturn. Construction is around 20 percent and manufacturing is around 15 percent.

Mr. President, the PERAB wants you to know that this reinforces the need to ramp up two of your key initiatives, infrastructure spending and Home Star. It's critical that in this changing trend that for us to create new jobs these are the two key initiatives that we need to continue.

Now I've been asked to pass to John Doerr who will discuss in a little more detail the Home Star program.

PRESIDENT OBAMA: John.

MR. DOERR: I thought I'd give, Mr. President, the Administration on where we stand on this Home Star effort which you remember is something to create jobs and the hardest hit of our industry is the construction industry, while at the same time we're using private capital to save consumers money on their energy bills and deal with our energy independence problems. So triple win. All three things gone.

And after your endorsement, Mr. President, it attracted quite a range of support from the Chamber of Commerce, National Association of Manufacturers, folks also that you might call environment groups, 3,000 small and medium businesses from every state and major labor and business organizations. It's passed the House. This is really one of those bipartisan bills.

And it must pass the Senate. I believe the votes are there in the Senate. They're looking for I guess they call it the right vehicle to put that bill together.

But I think it's of relevance today because one of the two tracks involves training workers to upgrade their skills and to create a new industry in America which would be a professional home retrofit industry. It's not just very often you get the chance with a small Federal program to kickstart what I estimate is a \$30 to \$40 billion new American industry whose jobs are never going to be outsourced.

So I know your Administration is working very hard to push this forward. That's our status and perhaps it could be part of an oil spill bill or some other action before the Congress adjourns.

PRESIDENT OBAMA: As you know I've been sold on this for a long time. When we announced our desire to move aggressively for this we went over to Home Depot. And what was striking was not only the enthusiasm to obviously a big national company like Home Depot.

But talking to the -- I met a young man who had been unemployed for 16 months, was retrained over the course of two to three months to lay down insulation. Had proven to be just a terrific employee. He was working for a small contractor who had seen his business collapse after the housing bubble burst and now was seeing a significant pickup in his work around this notion.

So this could have a terrific impact at the retail level amongst small businesses and among young people who can be trained fairly rapidly to take on this work and to do a terrific job. So we're going to push hard. And obviously it also cut our national electricity bill which we're all concerned about for energy and environmental reasons as well. This is going to be a top priority.

Jeff, do you want to talk a little bit about how you see this for a company that operates internationally? And obviously you and I have spoken a lot about how we can boost exports. One of my main goals is boosting exports. We're going to need a good work force to do it.

MR. IMMELT: Mr. President, the export are being strong. That was the nature of the last couple weeks and again the economy remains very strong. I think the work that the Secretary Locke and State and USTR is really being felt. So I want to say thanks for that.

Our exports continue to grow as I know Jim's do and other UTC and others. So we very much are supportive of the export initiative. Our work is really around really recruiting high tech manufacturing resources that help us make jet engines and gas turbines. The community colleges provide a very good asset that we work with labor in our communities to train people.



Typically we design a two-year course with the community colleges and actually hire the people so they have on-the-job training. They come to work at GE. They get training in the afternoon, at night, and by the end of that two year time period they can do precision machining and the other types of high tech work that I think we want to have in this country.

The last thing I would say is that well-trained, this work force remains the most competitive in the world. You know we can drive quality, cost, speed that is second to none and we have big faith that that can be done here with the right level of education. And the community colleges are incredibly flexible to work with us on designing our own curriculum which I think is important as well.

PRESIDENT OBAMA: I think this last point is really important. I've never spoken to a community college president who would not happily redesign just about any program to meet the needs of an employer who says, "I've got 1,000 folks that I'm willing to hire if they get the right training."

And obviously at the federal level this is an area where we've got to exhibit maximum flexibility. So where our resources go from the Department of Education or from Department of Labor we are willing to modify any bureaucratic tangles to make sure that that training matches up with jobs as quickly as possible.

Jim, you guys are also selling a lot of stuff. I'm glad to see it.

MR. OWENS: Maybe just come back to the Skills For America's Future initiative. We work very closely with Penny and Anna as they're working on the program. Back to the leverage the community colleges around the country, we in fact with our dealers have a partnership with about 12 of them that have a great curriculum to develop skilled service mechanics to do field service work. And these skills are transferrable to other industries. But we've developed this program specifically with the community colleges and just a terrific rapport with them and it's been going on for several years.

Now we have four new plants being built in the United States and every one of those cities has community colleges partnering with us on the training that we need for the people coming into those facilities. So I couldn't be more positive about this program.

Our business has gotten refurbished. Let me just get you just some quick feedback on that. I told you earlier in the year I thought our exports this year would be up about 65 percent. I'll raise that estimate a bit. It's measurably considerably better than that.

But we're seeing a very sharp recovery in most of the developing market theater of the world economy to where global mining, global oil and gas industries are back at all time record levels. We have hired and mostly driven by exports about 4,000 people directly in the U.S. already this year and we'll be adding to that over the next few months as our schedules are continuing to ramp up.

And our suppliers have probably added on the order of four times that number. And most of those are small and mid-size companies. So when the GEs and Caterpillars of the world win in the global market, all employers participate in that and our communities. So it's getting a little better.

Having said that, I'm going to come back to this unemployment thing, too. And I'm sort of the transitional speaker for the group. We have a very serious cyclical unemployment level that's very concerning and a lot of people who have been unemployed for an extended period of time.

I want to come back to infrastructure. I know it sounds self-serving since we work with that industry, but we've got in the skill trades and building construction in general because of the very sharp downturn in housing the unemployment rates are over 20 percent.

So there are a lot of skilled people ready to go to work that don't have an opportunity. There's clearly a lack of demand in this area. And I think we have a deficit in terms of investment in this country in the infrastructure we need to help us compete in the world market in the future.

Doing more of this on an emergency basis with the extreme unemployment levels that we have I think will help our economy and better position it to compete in the world market a decade or two ahead. And the welfare of our citizenry is really a function of our ability to compete in global markets. And we need to be really consciously thinking about that now.

We need a different kind of recovery this time. It can't be retail driven so much as it's got to be investment and really global competitiveness export oriented to give us the kind of sustainable recovery we're looking for.

So let's -- I know you've made some proposals on the infrastructure. Anything we can do to help you move those things forward we'd be delighted.

PRESIDENT OBAMA: Thank you.

Rich, I know that obviously you're hearing some of this, what Jim said, from your own membership. Folks in the trades right now who were doing well when the housing market was booming

have been devastated over the last couple of years. And so I'm assuming that ideas like infrastructure are ones that would garner strong support from your members.

MR. TRUMKA: In construction, we have about 40 to 42 percent of our members on the bench right now. I want to thank you, Mr. President, for first bringing us together to talk about jobs and the urgent need for more investment in workforce training. As Annie indicated a little earlier, the labor movement is a leader in workforce training, spending more than \$1.5 billion a year from unions and joint programs to train people as diverse as hospital workers, electricians, hotel chefs, machinists and master mason pilots. But as Jim said with 15 million people unemployed we're worried that we give the training to aren't going to have the jobs.

Now we know you're committed to creating good jobs in this country. You've done everything possible. But we stand -- There are a few things that stand in our way. So I'd like to make three or four points along those lines.

First of all, we applaud your efforts for job creation through the \$50 billion infrastructure investment of building roads and rails and runways and providing aid to small business. All of those are going to make us more competitive as a nation ultimately and they're also going to put us back to work. But as Jim said we have an aggregate demand problem in this country. So I'd like to make three quick points.

One, because of the state and local government cutback the recovery is starting to flatten. Now your leadership was critical in securing \$26 billion in FMAP funding for states struggling to maintain services. But they continue to face severe challenges.

In 2009 and 2010, local and state governments have cut back 11 percent on services. And the 2011 spending level is projected to be 7.6 percent below the 2008 levels. So we've seen 242,000 state and local workers laid off since August of 2008. Those cutbacks are dragging down the economic recovery and they offset your efforts to stimulate demand through the American Recovery and Reinvestment Act.

The second point I'd make very briefly is the need to address structural changes, primarily currency manipulation if we're going to succeed in restoring good middle class jobs. And we appreciate what your Administration is doing and the increasing focus that you're putting on this thing.

China is the main culprit, but there are several other Asian countries that are following suit. Our estimate is that the yuan is about 40 percent undervalued. And it grows over time and that the Chinese government's systematic intervention in currency markets is a blatant violation of its obligation. So we think quick action along those lines could have a fast payoff in terms of stimulating American jobs, exports and manufacturing.

And the last point is we think we need to rebalance our economy in order to succeed globally. Because if the United States is going to be a high wage/high performance export led economy it needs to do three things that the other successful, wealthy industrialized exporting countries have done. First, invest much more in educational life-long training which is what we're recommending that you do today. Second, continue to invest in modern infrastructure as Jim Owens has discussed earlier including transportation, communications and clean energy for the 21st century. And the third is to support labor law reforms that will allow workers to have the freedom to choose a union without fear of reprisal because in a cutting edge economy unions are an essential partner for fast-pace innovative business. And successful high wage export economies around the world have empowered workers, not treated them like costs to be cut.

So, Mr. President, we really applaud you for all the efforts you've made to first save the economy and then turn it around and start to create jobs and build a foundation where the economy can grow and the jobs that we need can be created and all of us look forward to working with you in that endeavor.

PRESIDENT OBAMA: Thank you. My Economic Team, Tim, Larry, now Austan as the head of the CEA, my Cabinet Secretaries at Commerce and Education, Labor, we've spent a big chunk of each week and have for the last two years trying to optimize the nation's economic performance and the recovery in light of a couple of things that have already been mentioned, obviously, the severity of the downturn.

Historically, financial crises bring about recession that are deeper and longer lasting than the normal business cycle recessions. There is a sense on the part of consumers that they have to start saving more and cutting back on their debt levels. And that means that the prospect of a consumer-driven V-shaped recovery is less likely. And we're in a fiscal environment which we're already in debt

which means that some of the traditional tools that we have are more difficult to apply. We essentially have to apply the accelerator and the brakes at the same time.

But two things that I think might be worth focusing on in the remainder of our time would be (1) the issue that's already been raised, the issue of aggregate demand. Are there ways that in a cost-effective fashion we can boost aggregate demand? And the second thing we should talk about is uncertainty because one of the things that we do here -- obviously this has been prominent in the business press -- is the notion that well, companies are not making a profit again. They're sitting on a lot of cash. But they're unwilling to put that cash to work investing because they're concerned about uncertainty whether it's legislative, health care, financial regulatory reform or taxes and the outlook there.

So I'd be interested in hearing some thoughts from the group on both those items. Martin, I will start with you and see if there are some strategies for boosting aggregate demand that would garner your supporting knowing that you are obviously concerned about our long-term fiscal outlook.

MR. FELDSTEIN: Thank you very much, Mr. President. Yes, you're right. I'm very concerned about the size of the out year fiscal deficits. And I would emphasize that the size of the aggregate demand problem is massive. We're talking about a GDP shortfall of about \$1 trillion, annual rate of \$1 trillion. That's the size of the gap between the GDP today and what it would be if we were operating at full employment. And that's why we have about a 10 percent unemployment rate.

So what can be done? Well, I think one thing -- I have thoughts about three things. First, fixing the housing markets, the residential housing markets. With the end of the first time home buyer credit I think we're beginning to see house prices coming down again. I think that's likely to accumulate more falls in house prices. That will cut consumer spending and it makes it harder for people to move from where they are to where the jobs are.

The Administration's policies as you know have focused on helping people who are having a hard time meeting their monthly payments on mortgage modifications that cut the monthly payments. But they don't deal with the major problem of individuals who are underwater in their mortgages, who owe more on their mortgages than the house is worth. And that's about 30 percent of all of the people who have mortgages. They owe more and the average ratio of their debt to the value of their home is about 130 percent.

So it's not surprising that we're seeing increasing volumes of foreclosures and defaults. And that can only get worse if house prices fall. So I think an expanded, aggressive strategy to deal with principal modification is really necessary.

The second thing is helping businesses get loans so they can expand their hiring and expand their businesses. Helping small business in particular. And the key there as I see it is that local banks are cutting back on their willingness to lend because of their expected losses on commercial real estate.

Congress recently passed your plan to use \$30 billion of TARP money to inject capital. It remains to be seen how much the small banks are going to be willing to take up some of those funds. But I think more can be done.

In particular, what I think could be done is to allow the small banks that sell impaired loans to the public/private investment partnership or to others to amortize the resulting losses of capital over several years, say, five years so that if they sell off an impaired loan and that cuts their capital instead of being forced to cut back on their lending they would have a period of time over which to do it.

And the third thing deals with the tax rates. As you know, I think that the current tax rates should be continued for two years for everybody but with no legislative commitment after that. I think the two year extension would help to keep demand alive at a time when the economy is weak.

And the notion that it would not continue after that would take some \$2 trillion off the size of the national debt at the end of the decade. And that would give a boost to confidence that the Administration is really focusing on bringing down the out year fiscal deficit.

So I think all three of those, can move in the right direction and they do so without increasing the fiscal deficit.

PRESIDENT OBAMA: Obviously, we may not have time to pursue it today. If you've got some specific ideas on the housing front, I think we should hear them. And I'll make sure that our team follows up.

The small business it does sound like you've got something worked out with some specificity. I would be interested in seeing how it might fit with some of the work we're already doing to help get small businesses loans.

The tax debate is a long one. I mean I think the interesting question would be whether you felt the same way if you knew that there was -- if you extended all the tax cuts for two years that you couldn't hold the flood gates back and you'd then be extending them in perpetuity whether you'd feel that same way.

MR. FELDSTEIN: I think what could be done after two years will depend on whether there are other reductions in the out year deficits. If the Fiscal Commission or if the Administration can find either savings on the spending side or changes in tax expenditures so that the outlook is more favorable, the fiscal outlook, then maybe a modified version of continuing the tax cuts. But I think drawing the line at the end of the two years is better than a commitment now to continue indefinitely.

And I think not doing anything for the next two years risks sucking a lot of demand out of the economy at a time where really as you know we've been expanding but at a slower and slower pace quarter after quarter. This doesn't seem to be a time when you want to pull back demand by letting tax rates jump.

PRESIDENT OBAMA: Bill, do you have some thoughts on this issue of either aggregate demand or uncertainty or both?

MR. DONALDSON: Thank you, Mr. President. I believe that in a very short haul uncertainty is depressing aggregate demand that is out there latent and we have all sorts of evidence of this. We have the banks sitting on cash. The consumer is scared. Is paying his debt. The Wall Street and the financial community is uncertain about where the Dodd bill how that's going to work out in terms of regulation.

I subscribe to all that's been said here before in terms of the amalgamation of working together with community colleges and so forth and so on. But that's not going to happen overnight.

And so what I would suggest is that your Administration and particularly you step forward with a statement that you're not going to at this time increase taxes for anybody and relieve that uncertainty. That isn't to say that you're not going to do something about taxes, you and the Congress. But you're going to delay that and I think the spark that would come from that you're going to lay that and then weave it in to an overall tax reform but not until you provide that spark to get us off this dead center.

And I think that a prolonged argument in the Congress about this after people come back is going to be counterproductive to this issue of uncertainty. I think that will heighten that. And I think you have within your power and the power of this Administration to put a pin into that uncertainty with a view toward putting the whole tax problem together in a more thought-through complete package.

PRESIDENT OBAMA: Let me just address this because both you and Martin raised this. I mean it's interesting sort of the focus is on uncertainty with respect to tax policy. Keep in mind that my Administration has already been very unequivocal in saying that we will not change taxes at all for 98 percent of Americans which you'd think would provide some level of certainty.

With respect to aggregate demand, I don't know any economist including I think Martin who would argue that we are more likely to get a bump in aggregate demand from \$700 billion of borrowed money going to people like those of around this table who I suggest if we want a flat screen TV can afford one right now and are going out and buying one.

If we were going to spend \$700 billion it seems that we'd be wiser having that \$700 billion going to folks who would spend that money right away if we were going to boost aggregate demand. And the consequences of extending the upper income tax cuts based on what we've already heard fairly explicitly in the political environment is that you do that now you're going to do that forever.

There's not going to be necessarily a deal that says as Martin -- I think an entirely respectable position is to say extend them all for two years and then they go away. Right? I mean that's an intellectually consistent position. But that's not really the position that is being promoted up on Capitol Hill.

And so the question is if I can achieve certainty for 98 percent of the people affected by the tax code and there's an argument about the two percent primarily because there's also great uncertainty about our deficits and how we're going to pay for those over the long term, why wouldn't I go ahead and promote certainty on the bulk of these taxes and also in that way preserve some flexibility to do something about a deficit which everybody says is out of control and that we're going to have do something with immediately.

I will allow Martin to respond only because I named him in my comment. And then I'm going to bring in the big guns. I'm going to have Laura come in. So go ahead.

PRESIDENT OBAMA: Go ahead.

MR. FELDSTEIN: Well, thank you. I think there are two issues. One is about the size of the out year deficit because the Administration's formal plan, your formal plan, would continue for the 98 percent indefinitely. And so that's the extra \$2 trillion that people worry about.

But I think the impact of the tax increase for the high income who represent about as you say two percent of the taxpayers but about 50 percent of the tax dollars is one of attitude, confidence. As we've talked during the PERAB discussion earlier before you joined us, there's this concern about the business community's attitude about the Administration. And it's not just the business community. It's high income individuals, entrepreneurs and others. And so the increase in the tax on those individuals is a signal that the Administration --

PRESIDENT OBAMA: That they have to pay slightly higher taxes.

MR. FELDSTEIN: That they're going to have to pay higher taxes and it may be even more going forward.

PRESIDENT OBAMA: I understand.

MR. FELDSTEIN: So it's more than just the mechanical whether they can afford another flat screen TV, but how they think about their business life and economic life going forward.

PRESIDENT OBAMA: I understand your point and we can't belabor this. I just think it's a very interesting discussion because essentially what the argument comes down to is that the psychology of those of us and I'm in this category who are wealthy and make a lot of decisions that determine whether investments are made or not that our psychology is sufficiently important, that even if we don't need a tax cut we should give them a tax cut -- we should give us a tax cut -- in order to induce us to play ball because otherwise we're going to take the ball and go home.

And I understand the argument. And it may be true. But I think that you might understand how folks who have as you pointed out seen their home go underwater by \$100,000 or have lost their jobs or having trouble making ends meet and they're thinking "Boy, I could use tax relief right now," they might feel like they're being held hostage here. And they also know that down the road we're going to have to make decisions down the road about spending cuts to offset whatever tax breaks or expenditures we put out there. And they in the weaker position are going to be ones how are really hurt.

And this is something that we're going to have to wrestle with as a society particularly given, Martin, that the group that you're talking about that you said psychologically might need a tax cut are the folks who disproportionately have been benefitting over the last two or three decades from all the growth and productivity so that they have a larger share -- we have a larger share -- of income and wealth than we've had at any time since what? The 1920s. You probably know the statistics better than I do.

So, Laura, do you want to -- Let me actually get some economic help here.

MS. TYSON: You know, I didn't come prepared to talk to the tax issue. I will say a couple of things having listened to the discussion.

One is I'm struck by the fact that a lot of the companies we talk about having lots of cash where it sits if you read the report, say, of the Business Council, the Business Roundtable, National Association of Manufacturers, if you listen to the CEOs of big companies sitting here, this tax issue doesn't come up. So I don't -- I'm not in -- I don't really believe and I don't think there's evidence that we can point to to document that the uncertainty about what's going to happen to the tax rate of the top two percent of Americans who have the share of income now that they had in 1928 that that is really what's holding the economy back. I just don't -- I'm not convinced and I don't hear from the business community in general that that's the issue.

If they're going to talk about taxes, the business community that I know with the large amounts of cash that could employ large numbers of people are more likely to talk about corporate tax reform. They're more likely to talk about repatriation. They're more likely to talk about deferral. They're not talking about their particular income tax bracket. So I am just not convinced.

And finally I didn't come prepared to say this, but I would say I just go with the CBO here. If you take the money and spend it on something that is more demand generating, you know, bring the revenue in from the top two percent and use it to fund a national infrastructure bank, use it to fund a tax cut, basically a temporary tax cut, on payrolls, use it to fund state and local governments on Arne's Education Initiative. The money can be used in a more demand generating way if that's what we need to do.

So I'm not convinced that uncertainty about the tax rate really has to do with our problem. It is primarily an aggregate demand problem. You've articulated it completely. Your team knows it and you know it.

The size of the problem is very large. Marty mentioned that as well. And we have limited tools because we're in a fiscal hole at the beginning. I think that's why -- And I would point here if there's any debate about whether there is uncertainty about aggregate demand let's just point to the Federal Reserve and listen to their discussions. Their discussions indicate that they are very uncertain about state aggregate demand and that they are beefing up their toolbox of things they can do if things falter more than they expect.

So there is a huge amount of uncertainty about the course, the strength, of demand. It's weak and we don't know how fast it's going to recover. That's the reality.

So what can you do on the fiscal side? I think what you have been doing and what we have been talking about are the things we really have to focus on. You have to focus on things where you can spend a limited amount of funds perhaps by taking in the revenue from the top two percent. But you can spend some funds on projects like infrastructure that both create demand now because they hire people to do the projects now. That's what Jim has been talking about from the beginning, the importance of infrastructure as a way to hire people.

But brilliantly such projects also create supply for the future. They also make us more competitive for the future. And furthermore if you fund a lot of these projects through public/private partnerships they will be paid for. They don't add to the long-run deficit.

And also there's this wonderful thing of leverage. You know the CEA report on the stimulus package in July, there was a very good last section there saying about three to four hundred billion dollars of the stimulus package or actually I guess it was one hundred to two hundred billion dollars had leverage with the private sector of three to four times. That's the kind of project where a little government money on an infrastructure project can bring in a lot of money. A little money on alternative energy can bring in a lot of money. A little money on R&D.

So I would urge you to think about leveraged -- where a dollar of fiscal spending and this is spending money primarily or targeted tax relief can leverage a lot of private money. And, of course, what we're talking about, how we started the program today, is exactly that. We're talking about partnership where the government isn't putting many resources at all. It's putting in some. But you mobilize the private sector.

Aggregate demand is the issue. We have limited fiscal tools. But I think if we focus on infrastructure and focus on education and focus on R&D, alternative energy, places where the private sector really wants to be with you, you'll get a lot of leverage and you'll get some dollars.

PRESIDENT OBAMA: I'm going to let -- I'd like to hear Paul chime in and then, Mark, maybe you can address another source of uncertainty that at least has been expressed and that's regulatory uncertainty. And then I think we can wrap up.

CHAIR VOLCKER: I'm going to demonstrate that the Chairman of this Committee faces an unruly membership. But I want to show you that your psychology will not be affected by returning the tax rate which you would expect that are existing. And given the deficit we have -- I'm just repeating the arguments -- if you're looking for the priorities of where to provide some stimulus the most unlikely place to apply stimulus would be for those that already have some much of the wealth of the country that has been accumulated over two decades when the people under \$250,000 have no increase in real income during this period of time.

And it seems to me the argument whatever the precise number is is very strong. In fact, I don't understand the opposite argument. But that's besides the point maybe.

PRESIDENT OBAMA: All right.

Mark.

MR. GALLOGLY: I have a couple of quick comments on what was said before and then on regulation. What Penny drove in this process will ultimately lead to a crisp answer to the question you're asking about what works. If you take -- If you're able to analyze this broadly across the country, then you figure out what's working and what's not and what's getting the best return.

And when you talk about uncertainty, Marty's comment, which in many ways I agree with on housing, housing is so driving profoundly the problems in the country. One of his comments was "Look. I think we should aggressively deal with principal modification," that whole discussion.

Well, if you want -- The other side of that is if you really want to increase uncertainty go deal with principal modification. Okay. Because there's a whole market out there that's assuming that you're not going to deal with principal modification. So I think that that's why you're paid the big bucks I guess.

You have to figure out -- which of these two it really is because that narrow issue could really create more uncertainty than it's solving at least if it's done in a correct way.

On regulation for a second, you know, one suggestion that I've heard and I didn't come up with -- another fellow mentioned to me -- is that if you look at the aggregate economy and you say for a variety of reasons this Administration has had to deal with health care and energy and education and financial, re-regulation of all four of these, that that by definition when you re-regulate whole sectors of the economy, in this case four huge sectors of the economy, you do create uncertainty particularly when the rules need to then be rethought.

Could you possibly think about this in the context of a PAGO where for every incremental regulation you're putting in place you're looking at the last few decades of regulation that are already in place and you're taking something off the table? A practical example of that today I think is Secretary Geithner must be dealing with the whole issue of mortgages and how you regulate mortgages on a go-forward basis. And there are multiple constituencies within that including we decided for a variety of reasons not to consolidate regulatory bodies in the United States. And each, you know, several of them have their mandate for how they want mortgages to be regulated.

Well, is that a good idea? You're going to ultimately have at least two, possibly three, major forms of mortgage opportunity or mortgage forums or mortgage regulation in the U.S. And it seems that if you couldn't get rid of, because for whatever reason politically it wasn't the right thing to do, these multiple agencies, if the objective is to provide clarity to the consumer and to the financial institutions of how a mortgage is done, then maybe you could come up with one mortgage, one way to approach that as opposed to three separate ones which is probably where it's going today.

So, whether the concept of PAGO could completely apply or not, if you were to provide a clarity to the Administration that it's not just added regulation but there's something else that has to come off the table, I think that would go a long way to or at least part way to dealing with some of Bill and Marty's comments.

PRESIDENT OBAMA: I want to pick up on this because I think, Mark, you did a masterful summary of some of the challenges we've faced. The reforms that we saw, let's just take the financial sector. I think most of us would agree that the rules that had been in place weren't working. If they had been working, then we wouldn't have found ourselves in the mess that we were in.

By definition, if you are reworking the rules for a financial sector that had grown to 30 percent of our economy, then that's going to be disruptive. And that's challenging.

I think you are absolutely right that having taken a series of steps that were necessary it's important now that there is a period of healing and consolidation and implementation that is less disruptive. And I also think that part of that process involves going through what's already on the books to see are there areas that have outlived their usefulness, that no longer serve a function particularly if you've got a new set of rules in place that are going more directly to current economic arrangements.

And so the agency that's charged with looking through rules, I mean part of what we've been in discussions with them about, is how do we take old rules off the books and not just add new rules on. And that's something that we want to move forward very aggressively on.

In fact, when the Business Roundtable came to us with a list of things that they felt were adding uncertainty I mean I will tell you. Some of the things they had on the list which were equal pay for equal work laws, our attitude was "Feel certain that I feel women should be paid as much as men. And you should just take that to the bank. That's something that I think is the right thing to do."

There were other areas where I think they had some legitimate concerns that you had contradictory regulations that were working at odds with each other and really at this point didn't make sense. And what we're trying to do is go through it very systematically to see where we can eliminate unnecessary red tape, unnecessary bureaucracy, regulations that have outlived their usefulness.

And what we're also trying to do is make sure that in the implementation of the new rules that have been put in place that there's a collaborative process so that people have input and can get some confidence that these aren't just being put together willy-nilly.

I will tell you that there are some examples, the one you just raised for example if we've got too many fora that are regulating mortgages, where we fought pretty hard to try to streamline it. It was tough. Other, a whole host of jurisdictional and political issues that come up. And we'll continue to try to work on that front. But I think your general point that you can't just add new laws without taking away some that don't make sense is important.

I also want to pick up on the point Laura made about taxes. We'll have to have a longer conversation about why we think businesses choose to invest or don't invest where the sources of uncertainty are. I've said publicly and Tim and I and Larry and Austan and others have talked extensively both in private and in public that we would be very interested in finding ways to lower the corporate tax rate so that companies that are operating overseas can do effectively and aren't put at a competitive disadvantage. We'd like to do so and figure out a way to do it that's revenue neutral because as you pointed out just as some of Martin's prescriptions might in some cases add uncertainty and so we end up having contradictory imperatives, the same is true on tax policy.

Look. I'd be the most popular President on earth if I could just eliminate all taxes except then people won't pay for stuff and also want to make sure that we're closing our deficit and make sure that Social Security and Medicare are there for future generations and make sure that our kids are learning and make sure that we have good roads so we can drive to the GAP or McDonald's and spend our money. And that means we're going to have to make some choices.

But I do want to say to this group and I know that there was a subgroup that already worked on this and it was somewhat inconclusive that I'd like to continue to drive forward. If there are ideas whereby we can lower corporate tax rates in a way that does not massively add to our deficit but instead revolves around closing loopholes much in the way the last major tax overhaul in '86 was able to square the circle, that is something we would be very interested in. We think could eliminate uncertainty. It might reduce each of your bills for accounting and legal services and could be a win-win for everybody. And that's an area that we'd like to collaborate on.

Mr. Chairman, anything you want to close with?

CHAIR VOLCKER: Well, just on this thought of uncertainty, there are two things in my mind that I give priority to. One is the corporate tax situation which is a mess. And the other is getting those trade agreements, those little trade agreements, through. The failure to do so disturbs people and raises concern about protectionism, especially on the horizon. And I think both of those agreements are in our interest. They're small. They're minor. But they give a signal, an important signal, right now.

PRESIDENT OBAMA: I agree. And Korea is not so minor especially when the EU and Canada have already wrapped up trade agreements with Korea.

CHAIR VOLCKER: So it's more important to do it. It's very important.

PRESIDENT OBAMA: Yes. So this was a fun conversation. It went a little off script which is good. I liked it.

CHAIR VOLCKER: Very interesting.

PRESIDENT OBAMA: I enjoyed it. Thank you very much, everybody. And I'm looking forward – I like the fact, by the way, that our Cabinet members were able to join us. I think this is a format that will work better for future meetings. Thank you.

#### **ADJOURNMENT**

The meeting of the President's Economic Recovery Advisory Board adjourned at 3:46 P.M. EDT

I hereby certify that, to the best of my knowledge, the foregoing minutes are accurate and complete.

Paul Volcker, Chairman, President's Economic Recovery Advisory Board



John Oxtoby, Designated Federal Officer