

(2:34 p.m.)

VICE CHAIRMAN PAPADIMITRIOU: I want to welcome you all to the afternoon session of the second technical briefing, organized by the Trade Deficit Review Commission.

In this afternoon session the expert testimony will concentrate, for the most part, on the microeconomic effects of the trade deficit for the U.S. economy. We are very fortunate to have -- well, for now -- three, although we're hoping for a fourth one, members of our panel -- who have distinguished themselves in the research, study and analysis on these effects of the trade deficit.

The present members of the panel who are here, are Claude Barfield of the American Enterprise Institute, Robert Scott of the Economic Policy Institute, and Sidney Weintraub of the Center for Strategic and International Studies.

The order is as I indicated. The fourth member of the panel is Francisco Rodriguez, who is a professor at the University of Maryland. So I think since we are actually right on time I would like to ask the first member whom I mentioned, Claude Barfield of

the American Enterprise Institute, to give us his commentary.

The rules of the game are that you have five minutes. We have three lights which are self-evident in terms of their colors -- green, yellow, and red. And while you are on -- when the light of yellow goes on, you have one more minute left or you have spent about four minutes.

So let's begin with a green light and Mr. Barfield.