STOCKS & BONDS

With All Eyes on Greece, Markets Hold Steady

By DAVID JOLLY

PARIS — Global stock markets stabilized on Tuesday as hope arose that Prime Minister Alexis Tsipras of Greece might still reach a last-minute deal with his country's international creditors, but Athens missed a deadline for a critical loan repayment to the International Monetary Fund.

Markets fell across the world on Monday, after the Greece government announced that a referendum would be held Sunday on whether to accept the bailout terms offered by the so-called troika of international lenders: the I.M.F., the European Central Bank and a group representing European Union member states. On Tuesday, Greece was supposed to have repaid roughly 1.6 billion euros, or $1.8 billion, to the I.M.F.

In Athens, the Greek finance minister, Yanis Varoufakis, told reporters that Greece would not make the I.M.F. payment. But when asked whether there was still a chance that Athens would reach an aid deal with its creditors before Tuesday's other key deadline — the midnight expiration of the country's bailout program — Mr. Varoufakis replied, "We hope so." No deal materialized, however.

European markets declined at the opening, but expectations fanned by rumors in Brussels and Athens that Greece was preparing to propose a compromise led investors to square their bets as the day wore on, leaving indexes little changed.

"The big news today is that they're still talking," said Ronny Claeys, a strategist at KBC Asset Management in Brussels. "That's enough to calm the market."

American markets also stabilized. The Dow Jones industrial average gained 23 points, or 0.1 percent, to 17,619.15. The Standard & Poor's 500-stock index gained 5 points, or 0.3 percent, to 2,063.11. The Nasdaq composite index climbed 28 points, or 0.6 percent, to 4,986.87.

Still, despite Monday's slump, the S.&P. 500 remains only about 3 percent below its record close of 2,130.82 set May 21, and many investors remain confident the United States economy will maintain its recovery.

The Euro Stoxx 50 index, which combines the shares of top companies in Germany, France and other countries in the eurozone, closed down 1.3 percent on Tuesday, after a 4.2 percent decline on Monday. In London, the benchmark FTSE 100 index fell 1.5 percent, after a 2 percent decline the previous day.

In Asia, shares opened Wednesday calmer after two days of wild swings. MSCI's broadest index of Asia-Pacific shares outside Japan inched up 0.3 percent. Japan's Nikkei climbed 0.2 percent, a second day of small gains as it stabilizes after Monday's steep fall, and the Shanghai Composite ticked downward.

With investors focused on the crisis in Greece, there was little market reaction to official data on Tuesday that showed consumer prices in the eurozone had risen 0.2 percent in June compared with a year earlier, and that the jobless rate in the same group of countries was little changed at 11.1 percent in May.

The bond market calmed after deep declines on Monday in which investors dumped the sovereign debt of so-called peripheral eurozone countries like Italy, Portugal and Spain, which are seen as the most vulnerable to market turmoil if Greece defaults. On Tuesday, bond yields, which move in the opposite direction to prices, fell across most of the eurozone as tensions eased.

The exception was the debt of Greece itself, which continued to trade at elevated levels.

The yield on the 10-year Treasury note rose to 2.35 percent from 2.33 percent a day earlier.

In currency trading, the euro was down 0.9 percent at $1.1147 while the dollar fell 0.07 percent to 122.39 yen.

The price of oil rose for the first time in a week as negotiations with Iran over its nuclear program were extended, potentially delaying a return if Iranian crude to the market.

Benchmark United States crude rose $1.14 to settle at $59.47 a barrel in New York. United States crude finished the month down 83 cents, or 1.4 percent. Brent crude, a benchmark for international oils used by many United States refineries, rose $1.58 to $63.59 a barrel in London.

Metals futures ended lower. Gold fell $7.20 to $1,171.80 an ounce, silver lost 11 cents to settle at $15.55 an ounce and copper fell two cents to $2.62 a pound.

In other energy futures trading on the Nymex, wholesale gasoline rose 6 cents to close at $2.090 a gallon; heating oil rose 5 cents to close at $1.887 a gallon; and natural gas rose 2.7 cents to close at $2.832 per 1,000 cubic feet.

Following are the results of Tuesday's Treasury auction of four-week bills:

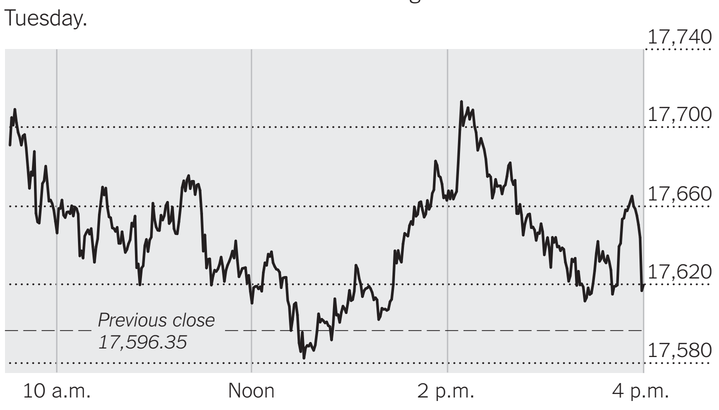
(000 omitted in dollar figures)

Price	99.998
High Rate	0.015
Coupon Yield	0.015
Low Rate	0.000
Median Rate	0.000
Total applied for	$112,033,720
Accepted	$30,000,170
Noncompetitive	$279,313

The four-week bills mature on July 30, 2015.

The Dow Minute by Minute

Position of the Dow Jones industrial average at 1-minute intervals on Tuesday.



Source: Bloomberg

THE NEW YORK TIMES

NEWS ANALYSIS

Obama Overtime Rule Scratches the Surface

From First Business Page

ing expanding access to community college, a highway bill to create more construction jobs, incentives for companies to raise wages and strengthening unions.

There are three main categories of workers who stand to benefit from the overtime change. They tend to be white-collar workers in industries like finance, professional and business services, and wholesale and retailing.

The first category includes workers in the $23,660 to $50,440 salary range who, under the current federal rules, are legitimately exempt from receiving overtime pay because their jobs involve some professional, managerial or supervisory duties. The administration estimates that there are nearly five million workers who fit this description, and that many companies will simply raise their salaries above the new threshold to keep them exempt. Others will become eligible for overtime or have their hours cut back, or both.

The second category includes workers in the targeted salary range, like clerks, who should already be eligible for overtime pay because their jobs feature no bona fide managerial or supervisory component and no independent responsibility, but whom employers have misclassified and denied overtime pay.

The third category includes workers in the targeted salary range who are eligible to receive overtime and currently receive it, but who are vulnerable to such reclassification.

The administration has circulated documents showing that there were roughly 10 million workers combined in the latter two categories. The new rule would make it substantially more difficult to deprive them of the extra pay to which they are legally entitled.

Critics representing business complain that the change will raise costs for employers and lead to less hiring. "Making more employees eligible for overtime by severely restricting the exemptions will not guarantee more income, but instead will negatively impact small businesses and drastically limit employment opportunities," Randel Johnson, a senior vice president at the U.S. Chamber of Commerce, said in a statement.

At the very least, many such critics contend, the new rule will cause employers to reduce hours so as not to set off the overtime pay scale.

But whatever its ultimate impact, the proposed overtime change only scratches the surface of the bigger problem: While a broad range of workers once reaped the benefits of economic growth, the affluent have captured a rising share in recent decades, leaving the wages of everyone else to stagnate.

"We've had a full breakdown between productivity gains and wage increases," said Neera Tanden, president of the Center for American Progress, a research group aligned closely with Hillary Rodham Clinton's presidential campaign. "It becomes very sharp from 2000 on."

According to detailed tax data compiled by the economists Emmanuel Saez and Thomas Piketty, the top 10 percent of families captured just under 90 percent of the total growth in income between 2009 and 2014. All other families split the remaining 10 percent.

To overcome this disparity, labor advocates and other experts say, there are two main approaches that promise to increase middle-class wages considerably. The first would be to improve the bargaining power of workers, so that they could claim more of the wealth generated by productivity gains, which the affluent are keeping primarily to themselves.

"I do believe the single biggest factor contributing to middle-class wage stagnation is the erosion of unions and collective bargaining rights," said Lawrence Mishel, president of the Economic Policy Institute, who has studied the effect of the decline.

The second type of policy change would be to limit the incomes of those nearest the top of the ladder — by reining in the favorable tax treatment of executive pay, for example, or raising income tax rates.

"It's really about preventing the top from grabbing too large a share of the economic pie," Mr. Saez said in an email. "Restraining the top would boost bottom incomes by making economic growth more equitable to start with."

Given the resistance in Congress to the president's agenda, however, it is hard to imagine much progress on these fronts in the remaining year and a half of his term. And given the obstacles Mr. Obama encountered even when his party controlled both houses of Congress, a new Democratic president would undoubtedly face huge obstacles as well.

Some states like Wisconsin and Michigan have recently passed laws that undermine collective bargaining rights for certain workers, drain unions of membership fees and remove incentives for workers to join them.

The day after the president announced his overtime rule, the Supreme Court agreed to hear a case, known as Friedrichs v. California Teachers Association, that could bring so-called right-to-work arrangements to public sector unions, like teachers.

Research published by the Economic Policy Institute this year showed that wages in right-to-work states, where workers can opt out of paying union fees even though they benefit from union protection and collective bargaining, were, controlling for relevant factors, 3.1 percent lower than those in other states.

To some of his allies, the president has even muddied his own efforts to help lift the middle class by aggressively promoting trade promotion authority, which Congress approved last week. The measure will make it easier to pass the 12-nation Trans-Pacific Partnership trade agreement the administration is negotiating, which progressives fear will throw blue-collar Americans into even greater competition with low-wage workers abroad.

The debate over wages is emerging as the key battleground of the 2016 presidential campaign. Republicans like Jeb Bush and Marco Rubio have styled themselves fixers of middle-class wage stagnation, casting many of their views on limited government and free enterprise as solutions to the problem.

Among Democrats, Senator Bernie Sanders of Vermont has pressured the front-runner, Mrs. Clinton, with his bluntness about the need to strengthen unions and rein in the wealthy.

"What I'm going to say to the top 1 percent and the top 0.1 percent is, 'Sorry, you have to pay your fair share of taxes,'" Mr. Sanders said in an interview. "The American people do not look kindly on a society where they can't afford to send their kids to college and the richest people in the country become phenomenally richer."

Invisible Hand Is Kept Off Carbon

From First Business Page

much more expensive direction.

"It is a mystery," said Gilbert E. Metcalf, an economist at Tufts University specializing in energy and the environment, "why the Republican Party drives environmental policy away from using Adam Smith's invisible hand."

There is plenty of evidence of the high cost of regulation. Sebastian Rausch, from the Center for Economic Research at ETH University in Zurich, and Valerie J. Karplus from the Massachusetts Institute of Technology have modeled how a cap-and-trade policy would look compared with a variety of regulatory options — including a federal renewable portfolio standard, a clean energy standard, fuel economy standards and the like.

A standards-based policy, which is what we have now, is generally much more inefficient, delivering only one-fourth the emissions reductions of cap and trade for the same cost.

"The politics are making the administration do things in a much more expensive way," said Michael J. Graetz of Columbia Law School, "than if the Congress had acted to do something about climate change."

Other research points in the same direction. My column last week highlighted an assessment of the federal weatherization program by three top environmental economists. The findings, though heavily criticized by the Energy Department, were nonetheless discouraging. Residential weatherization reduced carbon emissions at a cost of $329 per ton, about 10 times as much as the Obama administration's estimate of the damage that carbon in the atmosphere imposes on society.

By contrast, price-based tools — emissions permits traded on open markets or taxes that provide polluters an incentive to cut emissions — are efficient because they spread the cost of abatement through the economy.

As Robert N. Stavins, who heads the Harvard Environmental Economics Program, points out, using regulatory standards to limit greenhouse gas emissions from millions of households, factories, farms, cars, trucks — which all face very different abatement costs — would be an implausibly complex task.

"The only way to do this is to send information through markets," Professor Stavins said. An economywide carbon price, he argues — as does much of the economics profession, including many Republicans — would give all the incentive to reduce emissions at the lowest possible cost.

But little progress has been made. While carbon is often implicitly priced via excise taxes and other taxes on energy, the price tag is almost always too low to encourage substantial reductions in CO_2 emissions.

Economists at the Organization for Economic Cooperation and Development estimated that the effective tax on carbon among the world's 41 biggest polluting nations, which account for some 84 percent of global carbon emissions from energy, amounted to about $16.60 per metric ton of CO_2, on average. That's about $20 less than the estimate of carbon's social costs.

China, the United States, Russia and India, which generate more than half of the world's greenhouse gas emissions, price CO_2 at less than $5.50 a metric ton. In Russia, the No. 3 emitter, the implicit tax on carbon from energy use is roughly zero.

What's worse, subsidies to fossil fuels globally reach into the hundreds of billions of dollars a year, putting a thumb on the scale in the wrong direction. Taxes on coal — the most polluting fuel — are often zero. Across the 41 countries evaluated by the organization, it was taxed, on average, at $1.75 per metric ton of CO_2.

Can devastating climate change be averted without properly pricing carbon? Probably not.

To be sure, prices cannot do the job alone. The world also needs an intense, concerted investment effort to develop new energy technologies. But it also needs to put in place a powerful incentive to move away from fossil fuels that avoids being so expensive that it is politically untenable.

Unfortunately, some influential people are pushing the wrong way. Two weeks ago, Pope Francis made a case for aggressive action against climate change, but rejected the use of markets to help do the job. Trading carbon permits "can lead to a new form of speculation, which would not help reduce the emission of polluting gases worldwide," he wrote. "It may simply become a ploy, which permits maintaining the excessive consumption of some countries and sectors."

Mr. Metcalf worries that the pope's views could complicate the effort to forge a worldwide climate agreement in Paris in December. "What we don't want is the Paris agreement to try to shut down markets," he told me. "There's a lot of pressure to inject some of the language about their negative aspects."

Still, for all the skepticism from many quarters, the evidence that prices can do the job better than anything else is starting to sink in. The World Bank tallied eight new carbon markets that opened in 2013. China is experimenting with seven carbon market pilot programs and is expected to start a nationwide trading program next year. Mexico and France introduced new carbon taxes last year. Mexico cut its oil subsidies.

President Obama's clean power plan might lead to more carbon pricing, encouraging states to reduce their emissions by joining regional carbon exchanges.

Even Republicans might be brought on board. Professor Graetz argues there is a good case for a carbon tax as part of a broad fiscal overhaul, using the revenue to offset cuts in payroll taxes.

Taxing carbon, a "bad," to reduce taxes on wages, a "good," could improve economic efficiency. And it could disentangle the debate over climate change from the perennial ideological battle over the size of government.

In the end, opposition to effective climate change policies will not stop the fight against climate change. But it can, unfortunately, prevent the fight from being done in the smartest possible way.

Email: eporter@nytimes.com;
Twitter: @portereduardo

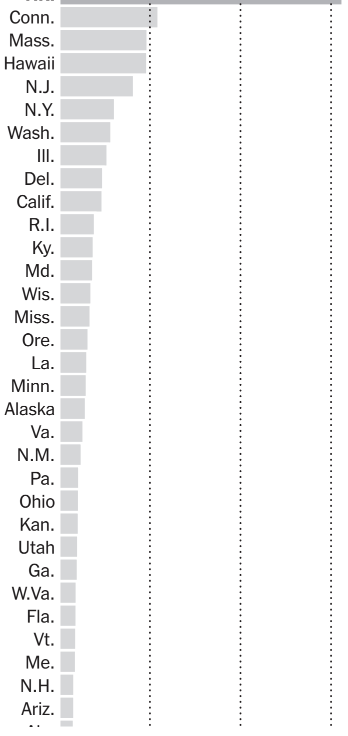
MARK WILSON/GETTY IMAGES

Smokestacks at the coal-fired Morgantown generating station towered over a nearby marina in Newburg, Md.

Comparing Debt

Puerto Rico has more than 15 times the median bond debt of the 50 states, according to Moody's Investors Service.

Net tax-supported debt per capita



Telecom Deal With Provider In Israel Lets Them Split

By ISABEL KERSHNER

JERUSALEM — The French telecommunications company Orange has reached a deal allowing for a parting of ways with an Israeli mobile service provider, weeks after a squabble over a possible withdrawal of the brand from Israel's cellular market caused a diplomatic storm.

Under a previous agreement, the Israeli provider, Partner Communications, was licensed to use the Orange brand until 2025. But the two companies announced Tuesday that they had signed a new agreement that gives each the right to terminate the brand license agreement in the next two years.

Stéphane Richard, the chairman of the French company, which is partly state-owned, said in Cairo on June 3 that he wished he could end Orange's licensing agreement with Partner "tomorrow morning." That was widely interpreted as a response to a push to boycott companies that operate in Israeli settlements in the occupied West Bank.

Faced with Israeli fury, Mr. Richard sought to clarify, saying Orange opposed boycotts and he had been speaking from a purely business perspective, not a political one. He insisted that he had been misunderstood.

Mr. Richard then took the unusual step of coming to Israel to apologize to Prime Minister Benjamin Netanyahu, who had denounced Mr. Richard's earlier statement as "miserable."

Partner executives in Israel said at the time that the Orange brand, in use here for 17 years, might have been irrevocably damaged in the eyes of Israeli consumers and that they were considering suing Orange.

The new deal involves a joint study of the Israeli telecommunications market to assess Partner's position in it and provides for an initial payment of 40 million euros, about $44.6 million, to Partner and an additional €50 million if the brand licensing pact is ended within 24 months. Orange said recently that it did not wish to maintain the presence of the brand for telecommunications services in countries where it was not an operator, like Israel.

Orange has, however, pledged to continue investing in other areas of Israel's digital market.

Pierre Louette, a deputy chief executive of Orange, said, "For Orange, Israel is a strategically important country and we have a long-term commitment to it."

In the event of a rebranding by Partner, Orange said, all other Orange research, development and innovation activities in Israel would take on the Orange name.

The episode shined a spotlight on the boycott and divestment campaign in Israel and abroad.