

American

NEWS & VIEWS

A Daily Newsletter from Public Affairs, American Embassy

October 19, 2010

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Economists: U.S.-EU Economic Cooperation Must Continue

By Jacob Comenetz
Special Correspondent

Washington – Less than one month before the summit of the Group of 20 (G20) major economies in Seoul, South Korea, the United States and European Union are facing a critical test of their will to agree on financial issues critical not only to their own economies, but to the rest of the world too.

In October 2008, at the peak of the financial crisis, world financial leaders agreed to take “exceptional action” to stabilize the global financial system.

The United States and major EU countries went on to cut interest rates, provide financial assistance to major banks, and stimulate their economies with public funds. These actions not only averted a more severe downturn, but also demonstrated the capacity for trans-Atlantic cooperation under duress, economists say.

But two years later, economists meeting at the Peterson Institute for International Economics in Washington to discuss U.S.-European economic cooperation see what they call the “unprecedented convergence” as having dissipated, replaced by a tendency toward differing macroeconomic priorities. In recent months, trans-Atlantic differences have emerged over the appropriate scope and timing of fiscal stimulus measures, implementation of reformed banking regulations, and the governance of international financial institutions, among other issues.

C. Fred Bergsten, director of the Peterson Institute, said this is unfortunate, given that U.S.-EU financial cooperation could serve as an important example to countries with fast-growing economies, or “emerging markets.” As emerging markets grow in power, coordination in financial regulation is needed more than ever, given the tendency of money to flow to the least-regulated jurisdiction, a tendency that puts individuals’ and institutions’ investments at risk.

Some of the divergence in economic policies among U.S. and European countries is due to different political and economic structures and post-crisis developments on the two sides of the Atlantic.

“The point of a convoy is to get all the ships in the flotilla to their destinations safely, and our economies are not yet fully out of the dangerous open waters,” write Adam Posen of the Peterson Institute and Jean Pisani-Ferry of the Brussels-based Bruegel research group in a recent paper, presented at an October 8 conference in

Washington. The U.S.-EU “convoy” should at a minimum coordinate a few key objectives, including not intervening to depreciate their currencies and planning “exit strategies” from fiscal stimulus plans in the medium term.

The most critical area for EU-U.S. economic coordination is the longstanding issue of China’s undervaluation of its currency, according to Bergsten. As countries with trade deficits, especially the United States, but also the United Kingdom and France, try to increase exports to boost growth, rebalancing trade accounts with China has become increasingly urgent.

But an agenda for trans-Atlantic cooperation includes more issues, such as financial regulatory reform and reform of the International Monetary Fund and the Financial Stability Board (FSB), established after the 2009 London G20 summit.

Various factors, from the transition to a new U.S. administration and a new European Commission to the European sovereign debt crisis, have complicated coordinated regulatory reform, according to Sharon Bowles, who chairs the Economic and Monetary Affairs Committee in the European Parliament. She acknowledged that implementing financial regulatory reform in Europe is going more slowly than some anticipated, but said that European legislators are “getting better at it as they go along.”

Europe still “has the chance to have a good crisis,” said Marco Buti, director-general for economic and financial affairs at the European Commission. He defined a good crisis as one in which “the policy response is not just adequate, damage-limiting in the short term, but leaves foundations for better response in the future and reduces the likelihood of similar crises in the future.”

A less rosy picture of trans-Atlantic economic cooperation was painted by Mohamed El-Erian, head of PIMCO, the world’s largest bond investor. Big companies and households in the United States and in major European economies are “self-insuring” by accumulating cash reserves, he said, because people no longer trust the financial systems. Financial services in the “muddled middle” neither serve the real economy, nor have regained strength themselves. How much longer “core Europe,” defined as Germany and the European Central Bank, will underwrite problems of debt and competitiveness in the eurozone is unclear, he said.

According to El-Erian, the major challenge facing the world is how to accommodate the rise of systemically important emerging economies. He said national and global economic realignments will unpredictably redefine the trans-Atlantic relationship, unless the EU and United States have a “common analysis and a common

objective," in addition to well-functioning, credible institutions that take into consideration the rising power of developing countries.

Pakistan's Wealthy Need to Pay Fair Share of Flood Recovery

By Stephen Kaufman
Staff Writer

Washington — Secretary of State Hillary Rodham Clinton urged Pakistan to collect taxes from its wealthier citizens to help pay for the resources that will be needed to help the country recover from flooding that has affected 20 million of its citizens and could ultimately cost tens of billions of dollars.

Speaking in Brussels October 14 with European Union High Representative Catherine Ashton, Clinton reaffirmed U.S. support for Pakistan. The Obama administration has provided \$388 million in financial support and an additional \$75 million for logistical and in-kind support, including a fleet of 30 U.S. helicopters that have evacuated nearly 23,000 people and delivered more than 16 million pounds of relief supplies.

But Clinton said the international community "can only do so much," and that Pakistan needs to mobilize its own resources and reform its economy by expanding its tax base and require its "economically affluent and elite" to support their government and fellow citizens.

"It is absolutely unacceptable for those with means in Pakistan not to be doing their fair share to help their own people while the taxpayers of Europe, the United States and other contributing countries are all chipping in to do our part," Clinton said.

She also called on the Pakistani government to "take steps to alleviate the crippling power shortages that stifle economic growth while making life difficult for the Pakistani people."

Daniel Feldman, the State Department's deputy special representative for Afghanistan and Pakistan, said October 12 that the total amount of money that will be needed for Pakistan's recovery will be "tens of billions of dollars" and that no single nation or group of nations "can be or should be expected to be able to meet that."

Along with the influx of U.S. humanitarian support in response to the flooding, the U.S. Congress authorized \$7.5 billion under the 2009 Kerry-Lugar-Berman Act to fund Pakistani infrastructure projects such as improvements in the country's water and energy sectors. Some of the money is now being redirected to address the most critical needs in the wake of the disaster, such as

Pakistan's health and agriculture sectors, as well as energy.

Ashton is hosting the Friends of Democratic Pakistan conference October 15 in Brussels. The group of 26 nations and institutions first met in New York in September 2009. They will assess the group's accomplishments over the past year in support of Pakistan's long-term needs and suggested political and economic reforms. Ahead of the meeting, Pakistan, the World Bank and the Asian Development Bank are presenting a preview of an assessment of Pakistan's reconstruction needs.

"It will be a daunting request," Clinton warned. "They will need to rebuild and build thousands of schools and health clinics, restore thousands of kilometers of roads, erect dozens of bridges, restore the irrigation system."

The secretary said Pakistan must take the lead in reconstruction efforts, but can count on U.S. support. "We will be there by their side," she said.

New Film Offers Pearls of Art from Lives of Iranian Women

By Jeff Baron
Staff Writer

Washington — Filmmaker Robert Adanto says he is fascinated by the Iranian art featured in his new documentary, but even more by the women who have created that art and their view of the Iranian society in which they live — or which they have left behind.

"I just wanted to stick with looking at the art as a vehicle for exploring larger issues," said Adanto, an American whose film, *Pearls on the Ocean Floor*, has begun making the rounds of movie festivals in the United States and Europe. The film explores the work and thoughts of 16 Iranian, Iranian-American and expatriate artists. His previous film, *The Rising Tide*, followed young artists in China.

"For me, just the act of creating — of painting, of sculpting, of dancing — that's humanity at its best. It's our elevated self," he said. "I'm kind of an idealist in that way, and that's my core belief. And these women, like the Chinese artists, are doing that at great odds."

Although Adanto trained as an actor, he comes to his topic from a background in teaching, with nearly all of his classroom experience at a well-known private school, Crossroads, near Los Angeles. There, he said, he was able to concentrate on one part of the world or another in an interdisciplinary course, and he became intrigued by Iran. Just as with China, he said, "you can't predict where Iran

will be in 10 years.”

And as different as China and Iran are, he said, both have conservative cultures, limited freedoms and young people caught up in the possibilities of change. “Iran continues to kind of have this exploration towards democracy, people striving for it, and a youth that now with globalization and the Internet knows of the outside world, and it’s being held [back] by this kind of archaic, clerical system that doesn’t want to open the gates,” he said.

The London-based Iranian multimedia artist Afsoon, who goes by one name, says in the film’s opening interview that she cannot help but be conscious of the freedoms she enjoys while friends still in Iran “don’t have these very basic rights.”

“Because I’m such a nonpolitical artist, you know, my works have been so autobiographical that I wouldn’t be able to pretend that I have a political side,” she said. “But I am a woman and I am Iranian. And in itself, the fact that I say what I want to say is my way of trying to point light onto what other people cannot do in Iran.”

Adanto credited the 2009 book *Iranian Photography Now*, edited by Rose Issa, with pointing out recurrent themes in today’s Iranian art: the legacy of the 1979 revolution; the residue of the Iran-Iraq war; the longing and nostalgia for a homeland by those in the diaspora; and the divided identity of those within Iran, especially women, who must navigate between their public and private selves. “Some people were saying, ‘Three or four times I switch throughout my day, depending on where I am, where I’m going,’ and ... I just thought I could do a film on that,” Adanto said.

Although the subjects of *Pearls on the Ocean Floor* are artists, Adanto said the issues they deal with apply more generally to Iranian women. “We in the West have simplified Iranian women through the media, and all the images have no complexity,” he said. “We’ve robbed Iranian women of their complexity. They remain silent, or we imagine them to be downtrodden. The images we see, we imagine them to be poor, with no sense of humor, no sexuality, no personality. Most of the times you see Iranian women, they show the Shia women in black chadors, with their fists [raised], yelling, and that’s who an Iranian is in the West.”

Pearls — the title comes from a poem by the 14th-century poet Hāfez — shows some very different pictures of Iran, and especially of its women.

Haleh Anvari, for example, plays off the image of the black chador with photographs of women in spectacularly colorful and flowered ones set against bleak landscapes or glamorous city scenes. Shadi Ghadirian, another

photographer, has created what seem to be new black-and-white portraits from the 19th century, with a traditionally dressed woman from the Qajar period (late 18th century to early 20th century) holding a boom box or a Pepsi can; in another series, colorful chadors show only a kitchen utensil or other household item where the woman’s face would be.

The art and the 16 featured artists express mixed feelings about Iran, but the women who have left the country — and even those who have lived in the United States all their lives — draw material from Iranian culture, Adanto said. “There’s kind of a glorification of their past,” he said. “They know they come from a great civilization.”

There’s also a sense of loss. “It is a vacuum when one cannot have a healthy relationship to one’s home country,” Parastou Forouhar, a painter based in Germany, says in the film. “It’s like the memory of an abuse that one feels.”

The women’s art also draws from the drama of Iran in their lifetime, Adanto said. “This is what they grew up with. [Sara Rahbar] said, ‘My mom sung me songs of the revolution to put me to sleep. It’s not as if I decided to pick political work, but these were the things that were important to me.’” Rahbar, a mixed-media artist who divides her time between the United States and Iran, has incorporated elements of the flags of both countries into her art. Gohar Dashti, who grew up in southern Iran during the devastating war with Iraq, has created photos of domestic scenes overtaken by war: a man and a woman watching television in a bunker, eating a pleasant meal at a table in front of a tank, hanging laundry on barbed wire or setting off on their honeymoon in a bombed-out car.

“I think it’s hard for any artist to get away from their life experience,” Adanto said.

Afsoon said that, for her, the life experience is essential to the art. “Once you lose something for life and you know you can never get it back, you know, it sort of stays inside you, and with me, it’s my childhood and my past,” she said. “I left Iran, and in some ways Iran changed, and what I do, I try to re-create that ... and therefore I can visit my own past. And I believe that in my own life, my own experience, you have to walk this life, you have to walk this way, to find a key, to discover yourself, and for me, part of the journey is through my art.”

Adanto said the Iranian government’s crackdown after the June 2009 presidential election prompted him to abandon his plans to visit Iran, but he was able to arrange interviews in Europe with the Iranian-based artists. He said funding for the project included a gift from the mother of one of his students, a Kurdish Iranian American.

His next film won't take him quite so far from his Los Angeles home: Adanto said he has been interviewing artists in New Orleans who have rebuilt their lives since a hurricane devastated the city in 2005.

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