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**N° 126– July/August 2010**

**ECONOMIC GROWTH AND ECONOMIC OUTLOOK**

*David Dapice*

**The World Economy Needs Balancing, But How?**

YaleGlobal - August 3, 2010

<http://yaleglobal.yale.edu/content/world-economy-needs-balancing-how>

Many nations seek economic relief by promoting exports. But a trade system built on all exports and no imports is an impossible feat to achieve. To lift economies from recession's mire, nations pursue domestic rebalancing by curtailing unsustainable, wasteful spending and the borrowing that triggered the global downturn. On the other hand, the target markets for much of the world's exports, the rich nations, still face numerous challenges, notably entrenched unemployment, as the author of this article explains.

*Puneet Chehal, Prakash Loungani, and Bharat Trehan*

**Stock-Market-Based Measures of Sectoral Shocks and the Unemployment Rate**

FRB San Francisco – Economic Letter – August 2, 2010 – 5 pages

<http://www.frbsf.org/publications/economics/letter/2010/el2010-23.pdf>

“Downturns in the construction and finance sectors played a significant role in the recent recession. A stock-market-based measure that captures sectoral shocks shows that these disturbances are important for explaining long-duration unemployment. This is consistent with the intuition that sectoral shocks cause workers to engage in time-consuming moves across industries in their searches for work. It also suggests that it will take a while before the more than 1.8 million unemployed construction workers and close to a half million unemployed finance and insurance workers find jobs.”

**The 2010 Joint Economic Report**

Joint Economic Committee – July 16, 2010 – 125 pages

[http://jec.senate.gov/public/?a=Files.Serve&File\\_id=1f859d11-f43b-4dd6-9f8b-a90199b02841](http://jec.senate.gov/public/?a=Files.Serve&File_id=1f859d11-f43b-4dd6-9f8b-a90199b02841)

“The following Majority Staff report examines the employment challenges stemming from the Great Recession and describes the recovery now underway. It explores how the recovery varies by region, sector and demographic group. The report also discusses the major pieces of legislation passed in 2009 and 2010 that have led to increases in employment and output. Finally, the report identifies the ongoing obstacles to sustained growth, steps needed to overcome them and areas where more action is needed.”

**Perspectives on the U.S. Economy**

House Committee on the Budget – Hearing - July 1, 2010

<http://budget.house.gov/hearings.aspx#economy>

Witnesses:

Martin Baily, Senior Fellow, Brookings Institution

Mark Zandi, Chief Economist, Moody's Analytics

John Taylor, Senior Fellow, Hoover Institution

### **Kauffman Economic Outlook: A Quarterly Survey of Leading Economics Bloggers**

Kauffman Foundation in partnership with Palgrave's Econolog.net - Third Quarter, 2010 – 16 pages

[http://www.kauffman.org/uploadedFiles/econ\\_blogger\\_outlook\\_q3\\_2010.pdf](http://www.kauffman.org/uploadedFiles/econ_blogger_outlook_q3_2010.pdf)

“Economic bloggers have a renewed pessimism in their outlook on the U.S. economy, with 68 percent saying that conditions are mixed, and the rest split three to one toward weakness rather than growth. For an economy in which growth is the norm, 47 percent of respondents think that the U.S. economy is worse than official statistics indicate, and only 5 percent believe it is better. When asked to describe the economy using five adjectives, ‘weak’ or some variation was used eighteen times, ‘uncertain’ was used twenty-six times, and ‘grow’ was used just eight times.”

Travis J. Berge and Oscar Jorda

### **Future Recession Risks**

FRB San Francisco – Economic Letter – August 9, 2010 – 4 pages

<http://www.frbsf.org/publications/economics/letter/2010/el2010-24.pdf>

An unstable economic environment has rekindled talk of a double-dip recession. The Conference Board's Leading Economic Index provides data for predicting the probability of a recession but is limited by the weight assigned to its indicators and the varying efficacy of those indicators over different time horizons. Statistical experiments with LEI data can mitigate these limitations and suggest that a recessionary relapse is a significant possibility sometime in the next two years.

### **Interview with Robert Hall**

FRB Minneapolis –The Region – June 2010 – 12 pages

<http://www.minneapolisfed.org/pubs/region/10-06/hall.pdf>

This is a long interview with Robert Hall, Stanford University economist on labor market dynamics, financial frictions, monetary policy and determining the start and end dates of a recession.

## **FISCAL AND TAX POLICIES**

### **The Long-Term Budget Outlook**

Congressional Budget Office – June 2010 – 90 pages

<http://www.cbo.gov/ftpdocs/115xx/doc11579/06-30-LTBO.pdf>

“This... report examines the pressures on the federal budget by presenting the agency's projections of federal spending and revenues over the coming decades. Under current laws and policies, an aging population and rapidly rising health care costs will sharply increase federal spending for health care programs and Social Security.... If policymakers are to put the nation on a sustainable budgetary path, they will need to let revenues increase substantially as a percentage of gross domestic product, decrease spending significantly from projected levels, or adopt some combination of those two approaches.”

### **Federal Debt and the Risk of a Fiscal Crisis**

Congressional Budget Office – July 27, 2010 – 8 pages

[http://www.cbo.gov/ftpdocs/116xx/doc11659/07-27\\_Debt\\_FiscalCrisis\\_Brief.pdf](http://www.cbo.gov/ftpdocs/116xx/doc11659/07-27_Debt_FiscalCrisis_Brief.pdf)

“If the United States encountered a fiscal crisis, the abrupt rise in interest rates would reflect investors’ fears that the government would renege on the terms of its existing debt or that it would increase the supply of money to finance its activities or pay creditors and thereby boost inflation. To restore investors’ confidence, policymakers would probably need to enact spending cuts or tax increases more drastic and painful than those that would have been necessary had the adjustments come sooner.”

*Henry J. Aaron*

**How to Think About the U.S. Budget Challenge**

The Brookings Institution - Journal of Policy Analysis and Management – 12 pages

[http://www.brookings.edu/~media/Files/rc/papers/2010/0727\\_budget\\_challenge\\_aaron/0727\\_budget\\_challenge\\_aaron.pdf](http://www.brookings.edu/~media/Files/rc/papers/2010/0727_budget_challenge_aaron/0727_budget_challenge_aaron.pdf)

“The long-term budget prospects of the United States are grim. Projected spending greatly exceeds projected revenue over the next few decades. Projected growth of health care spending accounts for more than all of the anticipated gap. Without action to narrow the gap, accumulating deficits will drive up the ratio of debt to GDP... The combination of increasing debt and rising interest rates will cause debt service costs to explode. What follows would be some combination of collapsing investment, declining production, debt default, and inflation—in brief, a calamitous mess. That such a mess will occur is certain if budget deficits as large as those currently anticipated are realized. Precisely when is impossible to forecast accurately.”

*Josh Bivens and Anna Turner*

**Putting Public Debt in Context: Historical and International Comparisons**

Economic Policy Institute – Briefing paper - August 3, 2010 – 9 pages

[http://epi.3cdn.net/a2a788dd905b577763\\_64m6b5u0x.pdf](http://epi.3cdn.net/a2a788dd905b577763_64m6b5u0x.pdf)

In the midst of the most severe recession since the Great Depression, large increases in the federal budget deficit were inevitable and remain necessary to address the job crisis.

*John Irons and Josh Bivens*

**Government Debt and Economic Growth**

Economic Policy Institute - July 26, 2010 – 9 pages

[http://epi.3cdn.net/d144a03f5b38f7a137\\_aqm6b9p0y.pdf](http://epi.3cdn.net/d144a03f5b38f7a137_aqm6b9p0y.pdf)

The authors show that there is no solid evidence to support a popular claim that high levels of debt cause slower economic growth.

*William B. Conerly*

**The Likely Effect of the Federal Budget Deficit**

National Center for Policy Analysis - Brief Analysis - July 14, 2010 – 2 pages

<http://www.ncpa.org/pdfs/ba713.pdf>

“The bottom line is that we should expect weaker economic growth in the coming decade or two. The United States will look more like Europe, where higher marginal tax rates encourage people to work fewer hours and take longer vacations. We just will not be able to afford luxurious vacations. We will also spend more effort gaming the tax code, looking for tax shelters and dreaming up creative ways to avoid taxes.”

*Edward Gresser*

**Fiscal Responsibility**

Democratic Leadership Council – Testimony to the Commission on Fiscal Responsibility and Reform - June 30, 2010 – 7 pages

<http://www.dlc.org/documents/Gresser-testimony-0610.pdf>

“Fiscal responsibility has been a central issue for the DLC through the 25 years since our founding in 1985... Our fiscal challenge is great – but it also offers a chance to reshape some institutions for a new century and new needs. If we approach it with creativity as well as willingness to make tough choices, America can emerge from it with fairer taxation, more opportunity in retirement, better economic prospects than we have today, and a more engaged citizenry.”

*Andrew Reamer, Fellow, Rachel Blanchard Carpenter*

**Surveying for Dollars: The Role of the American Community Survey in the Geographic Distribution of Federal Funds**

The Brookings Institution – Report – July 2010 – 19 pages

[http://www.brookings.edu/reports/2010/0726\\_acs\\_reamer.aspx](http://www.brookings.edu/reports/2010/0726_acs_reamer.aspx)

“The American Community Survey (ACS) is a Census Bureau program that provides annually updated information on demographic, social, economic, and housing characteristics of U.S. households at every level of geography, from the nation to the neighborhood. ACS data are used by public and business decision-makers to more clearly identify issues and opportunities and more effectively allocate scarce resources to address them.”

*Barry P. Bosworth*

**The Role of Expenditure Reform in Fiscal Consolidations**

Brookings Institution – Paper – July 2010 – 21 pages

[http://www.brookings.edu/~media/Files/rc/papers/2010/0706\\_imf\\_fiscal\\_forum\\_bosworth/0706\\_imf\\_fiscal\\_forum\\_bosworth.pdf](http://www.brookings.edu/~media/Files/rc/papers/2010/0706_imf_fiscal_forum_bosworth/0706_imf_fiscal_forum_bosworth.pdf)

“The purpose of this note is to examine the options for reducing the fiscal imbalances through a scaling-back of government expenditures. The first section is devoted to providing some details about the relative magnitudes of government expenditures, their composition across the G-20 countries, and potential magnitudes of targeted adjustments. The second section reviews the experiences of Canada and Sweden... The United States’ experience with a major shift from deficit to surplus in the last half of the 1990s is also examined. The third section focuses on some differing approaches or rules that might be used to guide governments in a scaling back of the fiscal stimulus on the expenditure side of their budgets.”

*Jack Martin and Eric A Ruark*

**The Fiscal Burden of Illegal Immigration on United States Taxpayers**

Federation for American Immigration Reform - July 2010 – 104 pages

[http://www.fairus.org/site/DocServer/USCostStudy\\_2010.pdf?docID=4921](http://www.fairus.org/site/DocServer/USCostStudy_2010.pdf?docID=4921)

The report estimates the annual costs of illegal immigration at the federal, state and local level to be about \$113 billion; nearly \$29 billion at the federal level and \$84.2 billion at the state and local level. It also notes that today’s debate over what to do about illegal aliens places the country at a crossroads. One choice is pursuing a strategy that discourages future illegal migration and increasingly diminishes the current illegal alien population through denial of job opportunities and deportations. The other choice would repeat the unfortunate decision made in 1986 to adopt an amnesty that invited continued illegal migration.

**TAX POLICY**

**The Future of Individual Tax Rates: Effects on Economic Growth and Distribution**

Senate Committee on Finance – Hearing - July 14, 2010

<http://finance.senate.gov/hearings/hearing/?id=6a79ef75-5056-a032-52a1-127f9aebf325>

“Today we’ll discuss the expiration of the 2001 and 2003 tax cuts. We’ll discuss the effect of these tax cuts on economic growth, and on the distribution of income. We’ll consider whether these tax cuts should be made permanent, and for whom.”

*Curtis Dubay*

**The Economic Case against the Death Tax**

Heritage Foundation - Backgrounder - July 20, 2010 – 8 pages

[http://thf\\_media.s3.amazonaws.com/2010/pdf/bg2440.pdf](http://thf_media.s3.amazonaws.com/2010/pdf/bg2440.pdf)

“Studies, statistics, and real life have shown again and again that the businesses and families burdened with the death tax often see themselves forced to cut back on benefits, investments, and employees. The death tax keeps new jobs from being created, hurting not just the affected businesses, but the economy as a whole. Because it is a tax on capital, the death tax destroys as many as 1.5 million jobs that the economy needs as it struggles to recover. Heritage Foundation tax policy expert Curtis Dubay details a replacement for the death tax, and explains why Congress must kill the death tax—now.”

*Marco Del Negro, Fabrizio Perri, Fabiano Schivardi*

**Tax Buyouts - Raising Government Revenue without Distorting Work Decisions**

FRB Minneapolis – Policy paper – July 2010 – 12 pages

[http://www.minneapolisfed.org/pubs/eppapers/10-4/eppaper10-4\\_taxbuyouts.pdf](http://www.minneapolisfed.org/pubs/eppapers/10-4/eppaper10-4_taxbuyouts.pdf)

“Due to cyclical and structural factors, including the fiscal response to the 2007-2009 recession, and rising Medicare, Medicaid and Social Security expenditures, the U.S. government is facing unprecedented levels of spending, now and for years to come. To maintain fiscal sustainability, revenue levels must increase, but doing so through higher taxes depresses economic activity and is politically difficult. This paper proposes a fiscal instrument, which we call a ‘tax buyout,’ that would allow the government to raise at least part of the needed revenues in a politically viable way, and without stifling economic activity. The essence of a tax buyout is to offer citizens the choice to decrease their tax rate for a period of time in exchange for a fixed payment.”

*Randall G. Holcombe*

**The Value Added Tax: Too Costly for the United States**

George Mason University – Working Paper - June 2010 – 54 pages

<http://mercatus.org/sites/default/files/publication/VAT.Holcombe.pdf>

“Most developed economies rely on a Value Added Tax (VAT) for a substantial share of their tax revenues, so it is natural that the United States would look toward the possibility of a VAT at a time when huge budget deficits are forecast as far out as the forecasts go. While one can debate the merits of a VAT in other countries, the tax is not a good fit for the United States. It taxes a base that has traditionally belonged to state governments, its introduction would bring with it intergenerational inequities, it has a cumbersome administrative structure that would impose large compliance and administrative costs, and it would slow economic growth.”

**Reinsurance**

Subcommittee on Select Revenue Measures, House Ways and Means Committee – Hearing - July 14, 2010

<http://waysandmeans.house.gov/Hearings/hearingDetails.aspx?NewsID=11251>

“I want to welcome our guests today to this hearing to discuss the taxation of related party reinsurance. This hearing is to explore whether there are any actual disadvantages between domestic and foreign companies, to quantify such problem if so, and to discuss proposals to address precisely that. Joint Tax [Committee] tells us that there has been a significant growth in U.S. premiums sent offshore for reinsurance--particularly so for that sent to related parties.”

### **Transfer Pricing Issues**

House Ways and Means Committee – July 22, 2010

<http://waysandmeans.house.gov/Hearings/hearingDetails.aspx?NewsID=11273>

“Transfer pricing is a serious issue that has emerged over time to pose a challenge to the enforcement of United States tax laws. According to reports and media stories, multi-national companies are potentially gaming the current system to shift assets and funding within foreign-based entities to avoid paying U.S. taxes. If companies are moving money overseas, they are moving jobs overseas precisely at a time when we must be using the U.S. tax code to promote job creation and strengthen economic security for workers and businesses here in America.”

## **MONETARY POLICY – FINANCE**

### **Monetary Policy and the State of the Economy**

House Committee on Financial Services – Hearings – July 22, 2010

<http://financialservices.house.gov/Hearings/hearingDetails.aspx?NewsID=1332>

<http://financialservices.house.gov/Hearings/hearingDetails.aspx?NewsID=1333>

Witnesses:

The Honorable Ben S. Bernanke, Chairman, Board of Governors of the Federal Reserve System

Mr. Richard C. Koo, Chief Economist, Nomura Research Institute

Mr. Allan Meltzer, The Allan H. Meltzer University Professor of Political Economy, Tepper School of Business, Carnegie Mellon University

Mr. Lawrence Mishel, President, Economic Policy Institute

*Troy Davig and Craig Hakkio*

### **What Is the Effect of Financial Stress on Economic Activity**

FRB Kansas City – Economic Review – Second Quarter 2010 – 28 pages

[http://www.kansascityfed.org/Publicat/EconRev/PDF/10q2Davig\\_Hakkio.pdf](http://www.kansascityfed.org/Publicat/EconRev/PDF/10q2Davig_Hakkio.pdf)

“Despite the apparent risk that financial stress poses to the real economy, the relationship between financial stress and economic activity is complex and not well understood. The experience of the United States and other countries has shown that businesses and households often pull back on new investments and purchases in response to the tighter credit conditions and greater uncertainty caused by financial stress. Yet important gaps remain in our understanding of this critical relationship.”

### **The Story of the Year in Southeast Banking Is both Complex and Simple**

FRB Atlanta – Annual Report – July 2010 – 18 pages

[http://www.frbatlanta.org/documents/pubs/annualreport/ar2009/ar\\_2009\\_essay.pdf](http://www.frbatlanta.org/documents/pubs/annualreport/ar2009/ar_2009_essay.pdf)

The 2009 Annual Report examines the causes of Southeast bank problems during the year and takes a forward look at what banks, along with regulators and Congress, are doing to shed the mantle of the financial crisis and prepare for a more stable future.

*Douglas D. Evanoff and William F. Moeller*

**Financial Regulation in the Post-Crisis Environment**

FRB Chicago – Fed Letter – Webposted August 2010 – 4 pages

[http://www.chicagofed.org/digital\\_assets/publications/chicago\\_fed\\_letter/2010/cflseptember2010\\_278a.pdf](http://www.chicagofed.org/digital_assets/publications/chicago_fed_letter/2010/cflseptember2010_278a.pdf)

The Chicago Fed's 46th annual Conference on Bank Structure and Competition, which took place May 5–7, 2010, focused on the future of the financial services industry in light of the recent financial crisis and forthcoming industry reforms. This Chicago Fed Letter summarizes two key panels from this year's Bank Structure Conference.

*Douglas J. Elliott*

**Basel III, the Banks, and the Economy**

The Brookings Institution – Report – July 2010 – 12 pages

[http://www.brookings.edu/~media/Files/rc/papers/2010/0726\\_basel\\_elliott/0726\\_basel\\_elliott.pdf](http://www.brookings.edu/~media/Files/rc/papers/2010/0726_basel_elliott/0726_basel_elliott.pdf)

“This paper explores the following questions about Basel III: What is Basel III and who is making the decisions? What is the timetable for Basel III? What are capital and liquidity? What are the current rules? What are the proposed changes from the current rules? What stays the same? What are the major areas of disagreement? Will the originally proposed changes or timetable be modified? What are the likely effects of Basel III?”

**Security and International Trade and Finance**

Senate Committee on Banking, Housing, and Urban Affairs – Hearing - July 20, 2010

[http://banking.senate.gov/public/index.cfm?FuseAction=Hearings.Hearing&Hearing\\_ID=86d89ba9-9079-480d-8597-a4b5124c9616](http://banking.senate.gov/public/index.cfm?FuseAction=Hearings.Hearing&Hearing_ID=86d89ba9-9079-480d-8597-a4b5124c9616)

“The historic passage of the Dodd-Frank Wall Street Reform and Consumer Protection Act lays the foundations for a sounder and more resilient financial system...The challenge before us now is to ensure that the world's standards are every bit as strong as America's... Today, I will discuss our international regulatory reform agenda, focusing on the importance of achieving international convergence to high-quality standards that address too big to fail and extend the perimeter of regulation, and establishing a global architecture that will prevent future crises.”

*Edward J. Kane*

**Redefining and Containing Systemic Risk**

FRB Atlanta – Research Notes – Webposted July 2010 – 25 pages

[http://www.frbatlanta.org/documents/news/conferences/10fmc\\_kane.pdf](http://www.frbatlanta.org/documents/news/conferences/10fmc_kane.pdf)

“Official definitions of systemic risk leave out the role of government officials in generating it. Policymakers' support of creative forms of risk-taking and their proclivity for absorbing losses in crisis situations encourage opportunistic firms to foster and exploit incentive conflicts within the supervisory sector. To restore faith in the diligence, competence, and integrity of officials responsible for managing the financial safety net, reforms need to rework incentives in the government and financial sectors. The goal should be to align the incentives of private risk managers, accountants, credit-rating firms, and government supervisors with those of ordinary taxpayers.”

*Mark J. Flannery*

**What to Do about TBTF?**

FRB Atlanta – Research Notes – Webposted July 2010 – 32 pages

[http://www.frbatlanta.org/documents/news/conferences/10fmc\\_flannery.pdf](http://www.frbatlanta.org/documents/news/conferences/10fmc_flannery.pdf)

In this paper the author proposes limiting TBTF—or "too big to fail"—distortions via a combination of direct risk-restrictions and an aggressive set of risk-based capital requirements.

**Financial Assistance: Ongoing Challenges and Guiding Principles Related to Government Assistance for Private Sector Companies**

GAO - Report – August 2010 – 97 pages

<http://www.gao.gov/new.items/d10719.pdf>

“The recent financial crisis resulted in a wide-ranging federal response that included providing extraordinary assistance to several major corporations... The government ownership interest in these companies resulted from financial assistance that was aimed at stabilizing the financial markets, housing finance, or specific market segments. This report (1) describes the government’s ownership interest and evaluates the extent of government involvement in these companies, (2) discusses the government’s management and monitoring of its investments and exit strategies, and (3) identifies lessons learned from the federal actions.”

*Ed Nosal and Robert Steigerwald*

**What Is Clearing and Why Is It Important?**

FRB Chicago – Fed Letter – Webposted August 2010 – 4 pages

[http://www.chicagofed.org/digital\\_assets/publications/chicago\\_fed\\_letter/2010/cflseptember2010\\_278.pdf](http://www.chicagofed.org/digital_assets/publications/chicago_fed_letter/2010/cflseptember2010_278.pdf)

“In the financial market disruption of 2007–08, the once arcane topic of clearing of financial products took center stage in major policy debates. Generally speaking, clearing has to do with the nuts and bolts of the contractual performance of financial products after they have been traded.”

**STATE AND LOCAL ECONOMICS**

*Richard H. Mattoon and Vanessa Haleco-Meyer Taft Foster*

**Improving the Impact of Federal Aid to the States**

FRB Chicago - Economic Perspectives - Third Quarter 2010 – 17 pages

[http://www.chicagofed.org/digital\\_assets/publications/economic\\_perspectives/2010/3qtr2010\\_part1\\_mattoon\\_haleco%20meyer\\_foster.pdf](http://www.chicagofed.org/digital_assets/publications/economic_perspectives/2010/3qtr2010_part1_mattoon_haleco%20meyer_foster.pdf)

In response to recessions beginning in 1973, 2001, and 2007, the federal government provided financial aid to states with the dual goals of stabilizing state finances and stimulating the economy. The timing of fund provision and the ultimate allocation of funds were often less than optimal. The authors look at how to design a more effective process for starting and stopping state aid.

*Alan Mallach*

**Facing the Urban Challenge: The Federal Government and America's Older Distressed Cities**

Urban Institute – May 2010 – 72 pages

<http://www.urban.org/UploadedPDF/1001392-urban-challenge.pdf>

“The federal government's role in addressing urban decline has historically been uncoordinated and inconsistent, even as these cities are home to invaluable institutional and physical assets. If the government chooses to promote remediation and growth, a new unified approach will be required. This paper examines the causes and effects of widespread urban decline and proposes strategies for a renewed federal response that targets assets and facilitates new uses for vacant space.”

**Trends from the 2010 Job Reports Underscore Need for Aid to States and Localities**

Joint Economic Committee – Fact Sheet - August 10, 2010

[http://jec.senate.gov/public/?a=Files.Serve&File\\_id=23b46b01-499c-4617-a976-e959b87940dc](http://jec.senate.gov/public/?a=Files.Serve&File_id=23b46b01-499c-4617-a976-e959b87940dc)

“At least 46 states will face shortfalls in the coming fiscal year, while 48 are contending with shortfalls in their current budgets.<sup>2</sup> Since every state (except Vermont) has some form of a balanced-budget law, states must offset budget shortfalls with a limited set of tools at their disposal – spending cuts, withdrawals from reserve funds, revenue increases, and stimulus funds from the Federal government. The end result of these budget constraints is job losses at precisely the time when demand for state services is rising. State and local governments lost 316,000 jobs from the peak in August 2008; 123,000 of those jobs were in education.”

*Richard Mattoon*

**Charting Illinois’s Fiscal Future**

FRB Chicago – Fed Letter – July 2010 – 4 pages

[http://www.chicagofed.org/digital\\_assets/publications/chicago\\_fed\\_letter/2010/cflaugust2010\\_277c.pdf](http://www.chicagofed.org/digital_assets/publications/chicago_fed_letter/2010/cflaugust2010_277c.pdf)

“The state of Illinois has been facing a precarious fiscal situation for the past several years. According to the Civic Committee of the Commercial Club, Illinois has accumulated over \$120 billion in total indebtedness. This works out to nearly \$25,000 per household. Even in the short run, Illinois faces a budget deficit in excess of \$11 billion in the next budget year.”

*Richard Deitz, Andrew F. Haughwout, and Charles Steindel*

**The Recession’s Impact on the State Budgets of New York and New Jersey**

FRB New York – Report - June/July 2010 – 11 pages

[http://www.newyorkfed.org/research/current\\_issues/ci16-6.html](http://www.newyorkfed.org/research/current_issues/ci16-6.html)

“In the wake of the most recent U.S. recession, both New York State and New Jersey have faced multibillion-dollar budget gaps. An analysis of the makeup of their budgets reveals that the states’ heavy reliance on personal income taxes--particularly from high-wage earners in the finance sector--has exacerbated revenue shortfalls. To close their budget gaps, New York and New Jersey have had to make difficult choices about tax increases and service cuts. In the future, the states might take steps to avert such budget quandaries by establishing “rainy day” funds or restructuring taxes to make them less sensitive to the business cycle.”

**California 2025: Planning for a Better Future**

Public Policy Institute of California – Report – June 2010

<http://www.ppic.org/main/publication.asp?i=895>

The temptation to reach for short-term solutions to California's problems is greater than ever. But taking the long view is crucial to the state's future. This update of the PPIC briefing kit highlights the most pressing long-term policy challenges in eight key areas: budget, climate change, economy, education, population, transportation, water, and workforce.

**Lawrence Berkeley National Laboratory Economic Impact Study**

CBRE Consulting – Webposted by LBNL – March 2010 - 51 pages

<http://www.lbl.gov/Community/pdf/CBRE-LBNL-Economic-Impact-Study-FINAL.pdf>

“CBRE Consulting is pleased to present this economic impact study for Lawrence Berkeley National Laboratory (“Berkeley Lab”). As requested, this study demonstrates Berkeley Lab’s economic benefits to the following regions: the Cities of Berkeley, Emeryville, and Walnut Creek; the Bay Area; the state of California; and the United States.”

## COMPETITION POLICIES

### **Oversight Hearing on the Federal Trade Commission's Bureau of Competition and the Department of Justice's Antitrust Division**

House Committee on the Judiciary – Hearing July 27, 2010

[http://judiciary.house.gov/hearings/hear\\_100727.html](http://judiciary.house.gov/hearings/hear_100727.html)

Christine A. Varney, Assistant Attorney General for Antitrust, U.S. Department of Justice and Jon Leibowitz Chairman, Federal Trade Commission, highlight their activities to promote and protect competition in the marketplace.

### **Impact of China's Antitrust Law and other Competition Policies on U.S. Companies**

House Committee on the Judiciary – Hearing July 13, 2010

[http://judiciary.house.gov/hearings/hear\\_100713.html](http://judiciary.house.gov/hearings/hear_100713.html)

“China has taken significant positive steps forward by adopting a well-considered competition law regime that generally comports with international norms. It is, however, too early to draw conclusions on the implementation process. Our focus in the U.S. should be on helping the Chinese agencies to implement the law in a principled and effective manner that will spur economic growth, which also should have the effect of opening opportunities for U.S. and other businesses operating in China.”

## INDUSTRY – INDUSTRIAL POLICIES

### **Understanding the Economy: Promising Signs of Recovery in Manufacturing**

Joint Economic Committee – Report – August 2010

[http://jec.senate.gov/public/?a=Files.Serve&File\\_id=643c47cd-06d7-4b29-86bd-a094446f23c2](http://jec.senate.gov/public/?a=Files.Serve&File_id=643c47cd-06d7-4b29-86bd-a094446f23c2)

“The following report documents the historical decline in manufacturing employment – a gradual decline that predated the Great Recession and several recent administrations but significantly intensified during the Bush administration. Approximately 4.7 million manufacturing jobs (27.3 percent of employment within the industry) were lost from February 2001 to February 2009. Special attention is given to the most recent decline from 2006 to 2009 and the differences in manufacturing employment declines across the states.”

*Thomas H. Klier, Martin Lavelle, and James M. Rubenstein*

### **After the Perfect Storm: What's Next for the Auto Industry?**

FRB Chicago – Fed Letter – August 2010 – 4 pages

[http://www.chicagofed.org/digital\\_assets/publications/chicago\\_fed\\_letter/2010/cflaugust2010\\_277a.pdf](http://www.chicagofed.org/digital_assets/publications/chicago_fed_letter/2010/cflaugust2010_277a.pdf)

“Amid the global recession in 2008–09, the U.S. auto industry experienced its worst downturn in recent memory. While conditions have improved in 2010, questions about which factors will shape the industry's competitiveness remain. The Chicago Fed hosted a conference on May 10–11, 2010, at its Detroit Branch to explore the industry's past, present, and future.”

### **The National Manufacturing Strategy Act of 2010**

House Committee on Energy and Commerce – Hearing – July 12, 2010

[http://energycommerce.house.gov/index.php?option=com\\_content&view=article&id=2070:hearing-on-hr-4692-the-national-manufacturing-strategy-act-of-2010&catid=129:subcommittee-on-commerce-trade-and-consumer-protection&Itemid=70](http://energycommerce.house.gov/index.php?option=com_content&view=article&id=2070:hearing-on-hr-4692-the-national-manufacturing-strategy-act-of-2010&catid=129:subcommittee-on-commerce-trade-and-consumer-protection&Itemid=70)

“The bill we're considering, today, seeks to make a significant difference in helping to restore and reposition our nation's manufacturing capacity so that American workers can better compete in today's global economy.

Today, we are still fighting our way through a global financial crisis, and we are facing aggressive competition from other industrialized nations as well as emerging countries. Some of our manufacturing competitors have designed and implemented five- or 10-year strategic plans to allow their economies to not only complete globally but, also, to export their goods to our market here at home. The sad fact of the matter is that these international markets are not reciprocating by welcoming U.S. goods to their marketplace...If we do not act now, this steady decline will persist.”

### **The Obama Administration Manufacturing Agenda**

Senate Committee on Banking, Housing, and Urban Affairs – Hearing - August 5, 2010

[http://banking.senate.gov/public/index.cfm?FuseAction=Hearings.Hearing&Hearing\\_ID=70966221-6624-4f5d-a6f6-b142da1d0bad](http://banking.senate.gov/public/index.cfm?FuseAction=Hearings.Hearing&Hearing_ID=70966221-6624-4f5d-a6f6-b142da1d0bad)

The witness on Panel I will be: Mr. William Strauss, Senior Economist, Federal Reserve Bank of Chicago. The witnesses on Panel II will be: Ms. Nicole Y. Lamb-Hale, Assistant Secretary of Commerce for Manufacturing and Services, U.S. Department of Commerce; and Mr. Roger D. Kilmer, Director of Manufacturing Extension Partnership, U.S. Department of Commerce.

### **Putting America Back to Work Through Clean Water Infrastructure Investment**

House Subcommittee on Water Resources and Environment – Hearing - July 15, 2010

<http://transportation.house.gov/hearings/hearingDetail.aspx?NewsID=1230>

Testimonies from representatives from the business community, the labor community, the City of New York, New York, the City of Kansas City, Missouri, and the District of Columbia’s wastewater agency on investments in clean water infrastructure and the impact on jobs in the United States

### **Economic Recovery Through Research and Innovation**

Joint Economic Committee – Hearing - June 29, 2010

[http://jec.senate.gov/public/index.cfm?p=Hearings&ContentRecord\\_id=148ca29d-c4f3-407a-bf53-fcddb7c3aec8](http://jec.senate.gov/public/index.cfm?p=Hearings&ContentRecord_id=148ca29d-c4f3-407a-bf53-fcddb7c3aec8)

Witnesses:

Robert Litan, Vice President for Research & Policy, Ewing Marion Kauffman Foundation  
Samuel L. Stanley, Jr., President, Stony Brook University  
Zachary Shulman, Cornell University

### **From the Lab Bench to the Marketplace: Improving Technology Transfer**

House Science & Technology Committee – Hearing - June 10, 2010

[http://science.house.gov/publications/hearings\\_markups\\_details.aspx?NewsID=2855](http://science.house.gov/publications/hearings_markups_details.aspx?NewsID=2855)

Witnesses:

Thomas W. Peterson, Assistant Director, Directorate for Engineering, National Science Foundation  
Lesla Mitchell, Vice President of Advancing Innovation, Ewing Marion Kauffman Foundation  
W. Mark Crowell, Executive Director & Associate Vice President for Innovation Partnerships and Commercialization, University of Virginia  
Wayne Watkins, Associate Vice President for Research, University of Akron  
Keith L. Crandell, Co-founder and Managing Director, ARCH Venture Partners  
Neil D. Kane, President and Co-founder, Advanced Diamond Technologies, Inc.

**BUSINESS**

*Sima J. Gandhi*

### **Show Us the Money**

Center for American Progress – June 2010 – 18 pages

[http://www.americanprogress.org/issues/2010/06/pdf/dww\\_execcomp.pdf](http://www.americanprogress.org/issues/2010/06/pdf/dww_execcomp.pdf)

“Corporate financial disclosures are meant to protect shareholders. Mandatory reports on executive pay should provide investors with a tool to hold companies accountable for excessive pay. Regulators at the SEC should therefore require companies to improve disclosures about executive pay practices—and then test these disclosures for simplicity and comprehensibility.”

### **Clouds, Big Data, and Smart Assets: Ten Tech-Enabled Business Trends to Watch**

McKinsey Quarterly – August 2010

[http://www.mckinseyquarterly.com/High\\_Tech/Strategy\\_Analysis/Clouds\\_big\\_data\\_and\\_smart\\_assets\\_Ten\\_tech-enabled\\_business\\_trends\\_to\\_watch\\_2647](http://www.mckinseyquarterly.com/High_Tech/Strategy_Analysis/Clouds_big_data_and_smart_assets_Ten_tech-enabled_business_trends_to_watch_2647)

“Advancing technologies and their swift adoption are upending traditional business models. Senior executives need to think strategically about how to prepare their organizations for the challenging new environment.”

### **Tort Liability for Small Business**

U.S. Chamber of Commerce – Study – July 2010 - 32 pages

[http://www.instituteforlegalreform.com/images/stories/documents/pdf/research/ilr\\_small\\_business\\_2010.pdf](http://www.instituteforlegalreform.com/images/stories/documents/pdf/research/ilr_small_business_2010.pdf)

“Small businesses are the engine of job growth in this country. At a time when unemployment rates are high, it is important to understand the forces that impair the ability of small businesses to thrive and grow. This report contains the findings of a study that estimates the tort liability costs that fall on small businesses. It was commissioned by the U.S. Chamber Institute for Legal Reform (ILR) and conducted by NERA Economic Consulting (NERA). The data reveal that small businesses bear an extraordinary tort liability cost burden.”

## **AGRICULTURE**

### **America’s Diverse Family Farms 2010 Edition**

U.S. Department of Agriculture - July 2010 – 12 pages

<http://www.ers.usda.gov/Publications/EIB67/EIB67.pdf>

American farms vary widely in size and other characteristics, but farming is still an industry of family businesses. Ninety-eight percent of farms are family farms, and they account for 82 percent of farm production. Small family farms make up most of the U.S. farm count and hold the majority of farm assets, but they produce a modest share of U.S. farm output. In contrast, large-scale family farms and nonfamily farms—only 12 percent of all farms—account for 84 percent of farm production. Small farms are less profitable than large-scale farms, on average, and the households operating them tend to rely on off-farm income for their livelihood. Because small-farm households receive most of their income from off-farm work, general economic policies, such as tax policy or economic development policy, can be as important to them as traditional farm policy.

### **Promoting Agricultural Exports: Reviewing U.S. Agricultural Trade Policy and the Farm Bill’s Trade Title**

Senate Committee on Agriculture – Hearing – August 4, 2010

<http://ag.senate.gov/site/calendar.html>

Ambassador Ron Kirk, U.S. Trade Representative

Danny Murphy, Vice President, American Soybean Association

Joe Mencer, Board member of USA Rice Federation  
Duane Rhodes, Vice President, Tyson Foods, on behalf of the National Chicken Council  
Brent Roggie, National Grape Cooperative Association, on behalf of National Council of Farmer Cooperatives

### **State of the Crop Insurance Industry**

House Subcommittee on General Farm Commodities and Risk Management – Public Hearing – July 22, 2010  
<http://agriculture.house.gov/hearings/statements.html>

“As Administrator of the Risk Management Agency (RMA), I am please to meet with you today to discuss the latest developments in RMA, the progress and challenges of the Federal crop insurance program, and, in particular, to provide an update on the recently negotiated Standard Reinsurance Agreement (SRA) and its benefits to the agricultural community and the American taxpayer.”

### **EMPLOYMENT**

*David Rosnick*

#### **The Adult Recession – Age-Adjusted Unemployment at Post-War Highs**

Center for Economic and Policy research – Issue Brief – July 2010 – 4 pages  
<http://www.cepr.net/documents/publications/ur-2010-07.pdf>

“After adjusting for the aging of the population since the early 1980s, the current labor-market downturn has resulted in both a higher unemployment rate and a longer period when the rate of unemployment remained over 10 percent. The unemployment rate peaked in December of 1982 at 10.9 percent, yet fell to 9.9 percent by June of 1983. For seven months, the rate of unemployment held at over 10 percent. On the same age-adjusted basis, the unemployment rate has been over ten percent for thirteen consecutive months, including five months over 11.0 percent and reaching 11.2 percent in October of 2009. Over the last twelve months, the rate of unemployment has never fallen below 10.8 percent.”

*Tim Kane*

#### **The Importance of Startups in Job Creation and Job Destruction**

Kauffman Foundation – Study – July 2010 – 12 pages  
[http://www.kauffman.org/uploadedFiles/firm\\_formation\\_importance\\_of\\_startups.pdf](http://www.kauffman.org/uploadedFiles/firm_formation_importance_of_startups.pdf)

“By now it is well understood that firms large and small are continuously and simultaneously destroying and creating jobs. Even a mild level of this creative destructive churn points to a dynamic economy much different than static economic models can describe. However, beyond the job churn at existing firms, there is a dynamic in firm birth that seems to be very important for understanding job creation—specifically, the unique effect of new firms, or startups. Put simply, this paper shows that without startups, there would be no net job growth in the U.S. economy. This fact is true on average, but also is true for all but seven years for which the United States has data going back to 1977.”

*Michael Horrell and Robert Litan*

#### **After Inception: How Enduring is Job Creation by Startups?**

Kauffman Foundation – Report – July 2010 – 16 pages  
<http://www.kauffman.org/uploadedFiles/firm-formation-inception-8-2-10.pdf>

Conventional thinking on employment from startups is that many of the jobs they create evaporate as a high percentage of them fail only a few years later. This study found, instead, that, while many new firms fail, destroying jobs, others also thrive and create jobs. This growth in employment partially balances out the jobs lost by closing and shrinking firms.

*Francisco Moris and Nimala Kannankutty*

**New Employment Statistics from the 2008 Business R&D and Innovation Survey**

National Science Foundation – Info Brief - July 2010 – 6 pages

<http://www.nsf.gov/statistics/infbrief/nsf10326/nsf10326.pdf>

Companies located in the United States that performed or funded research and development domestically or overseas employed an estimated 27.1 million workers worldwide in 2008. R&D employees, employees who perform or directly support R&D activities, accounted for 1.9 million, or 7.1%, of this worldwide employment. The domestic employment of these companies totaled 18.5 million workers, including 1.5 million domestic R&D employees. Thus, domestic R&D employment accounted for 7.9% of companies' total domestic employment and for 77% of their worldwide R&D employment. In 2008 companies reported \$346 billion of company-performed R&D worldwide; 82% of this activity was performed in the United States.

*Liz Weiss*

**How to Make the Workforce Investment Act Work for Women**

Center for American Progress – July 2010 – 33 pages

<http://www.americanprogress.org/issues/2010/07/pdf/wia.pdf>

“Women are particularly short-changed by [the U.S. workforce development system] because it perpetuates, and even exacerbates, labor market inequities, specifically gender segregation by occupation and a large gender wage gap.... Congress and the Obama administration can do better for women. Their vehicle for reform: Congressional reauthorization of the Workforce Investment Act.”

**The Role of Immigrants in the U.S. Labor Market: An Update**

CBO – Report – July 2010

<http://www.cbo.gov/doc.cfm?index=11691>

People born in other countries are a growing presence in the U.S. labor force. In 1994, 1 in 10 people in the U.S. labor force was born elsewhere, but in 2009, 1 in 7 was foreign born. About 40 percent of the foreign-born labor force in 2009 was from Mexico and Central America, and more than 25 percent was from Asia. This report focuses on the growing number of foreign-born workers, the countries from which they have come, their educational attainment, the types of jobs they hold, and their earnings.

*Natalia A. Kolesnikova and Yang Liu*

**A Bleak 30 Years for Black Men: Economic Progress Was Slim in Urban America**

FRB Saint Louis - The Regional Economist – Article - July 2010 – 6 pages

[http://stlouisfed.org/publications/pub\\_assets/pdf/re/2010/c/bleak\\_black\\_progress.pdf](http://stlouisfed.org/publications/pub_assets/pdf/re/2010/c/bleak_black_progress.pdf)

“How significant was the economic progress of African-American men in the U.S. between 1970 and 2000? The common perception is that inequality between races decreased... More than 35 years after the Civil Rights Act, the economic status of black men remained much worse than that of white men. What is more, there appeared to be virtually no progress of black men in the labor markets between 1970 and 2000.”

*Hye Jin Rho*

**Hard Work? Patterns in Physically Demanding Labor Among Older Workers**

Center for Economic and Policy Research - August 2010.

<http://www.cepr.net/documents/publications/older-workers-2010-08.pdf>

Employment in physically demanding jobs or in jobs with difficult working conditions is a major cause of early labor-market exit among older workers. Raising the retirement age is particularly concerning for near-

retirement age workers with such jobs. Despite the fact that the retirement age increase is supposed to encourage workers to work longer, many workers would be physically unable to extend work lives in their jobs, and they would most likely be left with no choice but to receive reduced benefits.

### **Does Unemployment Insurance Inhibit Job Search?**

Joint Economic Committee – July 2, 2010

[http://jec.senate.gov/public/?a=Files.Serve&File\\_id=935ec1e7-45a0-461f-a265-bbba6d6d11de](http://jec.senate.gov/public/?a=Files.Serve&File_id=935ec1e7-45a0-461f-a265-bbba6d6d11de)

“[S]ome worry that unemployment insurance benefits may inhibit unemployed workers from vigorously looking for or accepting a new job. Those fears are unfounded. The best evidence suggests that during this current economic downturn both the unemployment rate and duration of unemployment were minimally impacted by unemployment insurance benefits and the extensions of benefits. To the extent that the unemployment rate even rises, UI may be providing an enormous social benefit by preventing people not from taking jobs, but from dropping out of the labor force altogether (and often permanently), relying instead on more costly programs like disability benefits.”

*David Madland and Karla Walter*

### **Why Is the Public Suddenly Down on Unions?**

Center for American Progress Action Fund – July 2010 – 12 pages

[http://www.americanprogressaction.org/issues/2010/07/pdf/union\\_opinion.pdf](http://www.americanprogressaction.org/issues/2010/07/pdf/union_opinion.pdf)

“The answer is largely that the public is angry about the weak economy and is blaming major economic institutions such as business, government, and organized labor. As a result, support for unions should improve when the economy gets back on track. Moreover, despite the drop in overall approval the public continues to value many of the functions unions perform—such as helping workers.”

## **RETIREMENT**

### **Social Security at 75 years: More Necessary Now than Ever**

Subcommittee on Social Security, House Ways and Means Committee – July 15, 2010

<http://waysandmeans.house.gov/Hearings/hearingDetails.aspx?NewsID=11257>

“The promise of Social Security as a measure of protection against a poverty-ridden old-age has held true for 75 years. Today, as the economy struggles to recover from the worst recession in decades, seniors, persons with disabilities, survivors and their families can still count on a basic income from Social Security. Simply put, Social Security is life-long wage insurance, paid for by premium payments from workers and employers. The ingenious design of the program is that everyone who contributes will benefit. Social Security belongs to the workers who pay into it – their payroll contributions are specifically dedicated for Social Security benefits and no other purpose.”

### **Social Security Options**

Congressional Budget Office – Study – July 2010 – 67 pages

[http://www.cbo.gov/ftpdocs/115xx/doc11580/07-01-SSOptions\\_forWeb.pdf](http://www.cbo.gov/ftpdocs/115xx/doc11580/07-01-SSOptions_forWeb.pdf)

“Social Security is the federal government's largest single program, and as the U.S. population grows older in the coming decades, its cost is projected to increase more rapidly than its revenues. As a result, under current law, resources dedicated to the programs will become insufficient to pay full benefits in 2039, the Congressional Budget Office (CBO) projects. Long-run sustainability for the program could be attained through various combinations of raising taxes and cutting benefits; such changes would also affect the Social Security taxes paid and the benefits received by various groups of people. This CBO study examines a variety of approaches to changing Social Security.”

## **Choosing to Work During Retirement and the Impact on Social Security**

Senate Committee on Finance – Hearing - July 15, 2010

<http://finance.senate.gov/hearings/hearing/?id=994b091c-5056-a032-52a6-97cee60ebe87>

“Today, we are going to look at another idea for improving Social Security and Medicare solvency, without raising taxes or cutting benefits. We are going to look at facilitating work by people who want to resume work after they retire from their full-time jobs, or who want to phase down their work before retiring... If we could increase the number of people over 62 who are working by just 10 percent, we could reduce Social Security’s long-run actuarial imbalance by about five percent. We would also reduce the Medicare Trust Fund’s long-run imbalance by about two percent. And an increase in the number of these workers would increase federal and state income tax revenues as well.”

*Nadia Karamcheva and Geoffrey Sanzenbacher*

### **Pension Participation and Uncovered Workers**

Center for Retirement Research at Boston College - August 2010 – 9 pages

[http://crr.bc.edu/images/stories/Briefs/ib\\_10-13.pdf](http://crr.bc.edu/images/stories/Briefs/ib_10-13.pdf)

“The brief explores the participation issue and estimates how many workers would participate if 401(k)-type coverage were extended to those who currently lack it. The first section summarizes trends in pension coverage. The second section describes the data and methodology used for estimating participation, while the third discusses the results. The final section concludes that, while offering convenient savings options to low-income workers should help improve their retirement security, fewer individuals may take advantage of the opportunity than policymakers hope.”

*Courtney Collins and Andrew J. Rettenmaier*

### **Unfunded Liabilities of State and Local Government Employee Retirement Benefit Plans**

NCPA – Policy Report – July 2010 – 24 pages

<http://www.ncpa.org/pdfs/st329.pdf>

“We analyzed 153 state and local pension plans, representing more than 85 percent of liabilities for state and local pensions and other benefits, and recalculated their liabilities using a lower discount rate. Our calculations show: ... total unfunded liabilities for all benefit plans are an estimated \$3.1 trillion — nearly three times higher than the plans report.”

## **TRADE**

*Emilia Istrate, Jonathan Rothwell, and Bruce Katz*

### **Export Nation: How U.S. Metros Lead National Export Growth and Boost Competitiveness**

The Brookings Institution – Report - July 27, 2010 – 46 pages

[http://www.brookings.edu/~media/Files/rc/reports/2010/0726\\_exports/0726\\_exports\\_istrate\\_rothwell\\_katz.pdf](http://www.brookings.edu/~media/Files/rc/reports/2010/0726_exports/0726_exports_istrate_rothwell_katz.pdf)

This report describes U.S. exports of goods and services produced in the country's 100 largest metropolitan areas. It shows that leveraging U.S. metropolitan strengths can reset the nation’s economic trajectory.

### **Enhancing the U.S.-EU Trade Relationship**

Subcommittee on Trade, House Ways and Means Committee – Hearing - July 27, 2010

<http://waysandmeans.house.gov/Hearings/hearingDetails.aspx?NewsID=11277>

“The hearing will focus on: (1) potential issues presented by differences in approaches to regulatory standards on both a bilateral and multilateral basis; (2) ways to advance the World Trade Organizations’ (WTO) Doha Round of international trade negotiations; (3) opportunities for greater engagement between Congress and the European Parliament, particularly given the Parliament’s heightened role in European trade policy-making; and (4) ways to take advantage of existing structures, including the Transatlantic Economic Council (TEC), the WTO and Article 2 of the North Atlantic Treaty Organization (NATO) treaty to promote economic collaboration.”

### **AGOA at 10: Challenges and Prospects for U.S.-Africa Trade and Investment Relations**

The Brookings Institution – Report - July 2010 – 28 pages

[http://www.brookings.edu/~media/Files/rc/reports/2010/07\\_agoa\\_africa/07\\_agoa\\_africa.pdf](http://www.brookings.edu/~media/Files/rc/reports/2010/07_agoa_africa/07_agoa_africa.pdf)

Experts from the Brookings Africa Growth Initiative examine the current Africa Growth and Opportunity Act (AGOA) framework and the progress made over the past 10 years and provide recommendations on how African and U.S. policymakers should strengthen and extend AGOA in order to realize greater positive gains.

*Gary Clyde Hufbauer, Jeffrey J. Schott, and Woan Foong Wong*

### **Figuring Out the Doha Round**

Peterson Institute – Book and Brief – June 2010

<http://bookstore.piie.com/book-store/5034.html>

This book argues that this is far from the time to drop the Doha Round and that it is now more important than ever to sustain political support for the rules-based multilateral trade system. This important new study recommends modest increments in market access commitments by G-20 countries beyond tariff and subsidy cuts in agriculture and nonagricultural market access (NAMA), and policy reforms in customs procedures and related areas that slash red tape and cut transactions costs for exporting and importing goods and services. With additional effort by the G-20 countries, WTO countries can put together a Doha package that is both ambitious and balanced between the interests of developed and developing countries. The study finds that following these recommendations can lead to a world GDP gain of almost \$300 billion a year.

*Emma Aguila et al.*

### **How Can Economic and Political Ties Between the United States and Mexico Be Strengthened?**

RAND Corporation – Research Brief - August 4, 2010 – 3 pages

[http://www.rand.org/pubs/research\\_briefs/2010/RAND\\_RB9533.pdf](http://www.rand.org/pubs/research_briefs/2010/RAND_RB9533.pdf)

The study identifies areas that are negatively affecting U.S.-Mexico relations and suggests that the two countries might take a bi-national approach to improving their long-term partnership.

## **MISCELLANEOUS**

### **Asia and the Global Financial Crisis**

FRB San Francisco – August 2010

<http://www.frbsf.org/economics/conferences/aepc/2009/agenda.php>

“The Federal Reserve Bank of San Francisco inaugurated its Asia Economic Policy Conference series with a conference on ‘Asia and the Global Financial Crisis.’ The conference welcomed central bank officials and other experts from around the world to share their views on linkages across the Pacific and the appropriate macroeconomic and regulatory responses to the crisis. (October 2009) – Link to the proceedings of the conference.”

William R. Cline

**Renminbi Undervaluation, China's Surplus, and the US Trade Deficit**

Peterson Institute - Policy Brief – August 2010 – 7 pages

<http://www.piie.com/publications/pb/pb10-20.pdf>

“The impact of China's exchange rate on both its current account balance and the US-China bilateral trade balance is considerable... A 10 percent real effective appreciation would bring China's current account surplus down by roughly \$170 billion to \$250 billion annually with a corresponding improvement in the US current account balance ranging from \$22 billion to \$63 billion annually... Special Chinese efforts to shift the economy away from external to domestic demand are important complements of exchange rate adjustment, without which the long-term trend toward a rising trade surplus could cause excess demand to grow and increase inflationary pressures on the economy.”