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ECONOMIC GROWTH - HOUSING

Achieving Maximum Long-Run Growth

FRB Kansas City – Economic Symposium – August 25-27, 2011

<http://www.kc.frb.org/publications/research/escp/escp-2011.cfm>

“The Federal Reserve Bank of Kansas City hosts more than 100 central bankers, policymakers, academics and economists from around the world at its annual economic policy symposium Aug. 25 - 27 in Jackson Hole, Wyo. Speakers include Federal Reserve Chairman Ben Bernanke, Oxford University Professor Paul Collier, Kansas City Fed President Tom Hoenig, as well as professors and central bank governors. Materials for this year's symposium, during which participants discuss economic issues, implications and policy options, will be posted as they are available.”

Response to Questions About the Effects of Government Spending on Economic Growth

CBO – Letter to the Honorable Tim Huelskamp – August 11, 2011 – 4 pages

http://www.cbo.gov/ftpdocs/123xx/doc12383/08-11-2011-Letter_to_Huelskamp.pdf

“This letter is a response to your letter inquiring about the effects of government spending on economic growth. Changes in government spending can affect the economy in two different ways: in the short term, by changing demand for goods and services and over the long run, by changing the potential supply of goods and services.”

John V. Duca, David Luttrell and Anthony Murphy

When Will the U.S. Housing Market Stabilize?

Federal Reserve Bank of Dallas - Economic Letter - August 2011

<http://dallasfed.org/research/ecllett/2011/el1108.html>

“Results of an econometric simulation indicate that U.S. house prices may hit bottom late this year or in early 2012 and then recover slowly.”

Shenyi Jiang et al.

Did the Housing Boom Increase Household Spending?

Center for Retirement Research at Boston College – Brief - Web posted August 2011 – 7 pages

http://crr.bc.edu/images/stories/Briefs/IB_11-10_508.pdf

Between 1995 and 2007, inflation-adjusted house prices more than doubled in some areas of the United States. During this unprecedented boom, households spent more and reduced their saving rate. A key question is how much of the increased spending was related to rising house prices, as opposed to other factors? And, if households spent more when prices soared, are they likely to cut back during the housing bust? The answers can help in assessing retirement saving trends, according to the brief.

FISCAL AND TAX POLICIES

James V. Saturno and Megan Suzanne Lynch

A Balanced Budget Constitutional Amendment: Background and Congressional Options

Congressional Research Service, Library of Congress - July 8, 2011 – 47 pages

<http://www.fas.org/sgp/crs/misc/R41907.pdf>

One of the most persistent political issues facing Congress in recent decades is whether to require that the budget of the U.S. be in balance. Although a balanced federal budget has long been held as a political ideal, the accumulation of large deficits in recent years has heightened concern that some action to require a balance between revenues and expenditures may be necessary.

D. Andrew Austin and Mindy R. Levit

The Debt Limit: History and Recent Increases

Congressional Research Service, Library of Congress. August 3, 2011 – 33 pages

<http://www.fas.org/sgp/crs/misc/RL31967.pdf>

Total federal debt can increase in two ways. First, debt increases when the government sells debt to the public to finance budget deficits and acquire the financial resources needed to meet its obligations. This increases debt held by the public. Second, debt increases when the federal government issues debt to certain government accounts, such as the Social Security, Medicare, and Transportation trust funds. The recent economic slowdown led to a sharply higher deficits in recent years, which led to a series of debt limit increases.

Mark Jickling

Standard & Poor's Downgrade of U.S. Government Long-Term Debt

Congressional Research Service, Library of Congress - August 9, 2011 – 10 pages

<http://www.fas.org/sgp/crs/misc/R41955.pdf>

On August 5, 2011, Standard & Poor's (S&P) lowered the credit rating of long-term U.S. government debt from AAA (the highest possible rating) to AA+. The downgrade reflects S&P's judgment that (1) the recent Budget Control Act (P.L. 112-25) falls short of what is needed to stabilize the government's

fiscal situation and (2) the capacity of Congress and the Administration to deal with the debt has become less stable, effective, and predictable. The effect on consumer and business interest rates depends on what happens to Treasury interest rates. Many private borrowers pay rates that are implicitly or explicitly linked to Treasury rates; if Treasury securities pay higher interest, mortgage, credit card, automobile, and business loans are likely to become more expensive as well. But the downgrade alone need have no effect on those rates.

Deficit Reduction and the New Congressional Committee: A Primer

Brookings – Event Transcript – August 17, 2011 – 37 pages

http://www.brookings.edu/~media/Files/events/2011/0817_deficit_supercommittee/20110817_deficit_committee.pdf

“After years of inaction, President Obama and Congress agreed on legislation to cut federal spending by more than \$900 billion over the next ten years, and to put in place a new Joint Select Committee on Deficit Reduction to find \$1.5 trillion more in spending cuts or additional revenue by November 23. If the new committee fails to agree, across-the-board spending cuts will take effect automatically. The implications for the economy and American families are immense. On August 17, the Budgeting for National Priorities Project at Brookings hosted a panel discussion to provide answers and insights into the magnitude of the challenge the committee faces, the odds of success and the consequences of failure.”

Alan J. Auerbach, William G. Gale

The Federal Budget Outlook: A Post Budget Deal Update

The Brookings Institution – Paper – August 12, 2011 – 12 pages

http://www.brookings.edu/~media/Files/rc/papers/2011/0812_budget_outlook_auerbach_gale/0812_budget_outlook_auerbach_gale.pdf

“This paper provides a brief update to our most recent estimates of the 10-year and long-term federal budget outlook, published in July (Auerbach and Gale 2011), to account for the recent budget deal that President Obama signed into law on August 2, 2011.”

Alex Pollock

The Government’s Four-Decade Financial Experiment

American Enterprise Institute - The American – Article – July 13, 2011

<http://american.com/archive/2011/july/the-government2019s-four-decade-financial-experiment>

“Over the last four decades, the U.S. government has engaged in a financial experiment, or adventure, of exploding agency debt relative to Treasury securities. The huge debt of Fannie Mae, Freddie Mac, other government-sponsored enterprises, and other off-budget government agencies (“agency debt”) fully relies on the credit of the United States. This means it by definition exposes the taxpayers to losses, but it is not accounted for as government debt. As the Federal Reserve carefully notes in its “Flow of Funds” report, non-budget agency and GSE debt is not “considered officially to be part of the total debt of the federal government.”

Autumn Hanna, Taxpayers for Common Sense; Eli Lehrer, The Heartland Institute; Benjamin Schreiber, Friends of the Earth; Tyson Slocum, Public Citizen

Green Scissors 2011

Report – August 2011 – 28 pages

http://greenscissors.com/wp-content/uploads/2011/08/Green_Scissors_2011.pdf

“Green Scissors 2011 builds on last year’s report by advancing cuts that could potentially save taxpayers \$380 billion or more over five years. The report makes the case that the federal government

can help protect our natural resources, reduce the growth of government spending, and make a significant dent in the national debt by eliminating harmful spending. The Green Scissors report finds cuts in energy, agriculture, transportation, and land and water projects. Targets include massive giveaways of publicly-owned resources such as timber, oil and natural gas and minerals, poorly conceived road projects and a bevy of questionable Army Corps of Engineers water projects.”

FINANCE

Christopher Alessi

The Credit Rating Controversy

Council on Foreign Relations - August 10, 2011

<http://www.cfr.org/united-states/credit-rating-controversy/p22328>

U.S.-based rating agencies, still reeling from a loss of credibility for being too lenient with risky financial institutions in the run-up to the global financial crisis, are once again under intense scrutiny following S&P's unprecedented downgrade of U.S. debt. The move comes on the heels of intense criticism by EU officials, who contend the raters have accelerated the European sovereign debt crisis.

Òscar Jordà

Variable Capital Rules in a Risky World

FRB San Francisco – Economic Letter – August 29, 2011 – 4 pages

<http://www.frbsf.org/publications/economics/letter/2011/el2011-27.pdf>

“The recent financial crisis showed that a financial institution's equity may be sufficient to absorb losses during normal times, but insufficient during periods of systemic distress. In recognition of this risk, the Basel III agreement last year introduced a new element of macroprudential regulation called countercyclical buffers, variable capital requirements that shift based on credit growth. These buffers raise the classic regulatory dilemma of safety versus economic growth, but may provide protection against financial calamity at an acceptable cost.”

Douglas D. Evanoff and William F. Moeller

Implementing Financial Reform Regulations from the Dodd–Frank Act and Basel III

FRB Chicago – FedLetter – Webposted August 2011 – 4 pages

http://www.chicagofed.org/digital_assets/publications/chicago_fed_letter/2011/cflseptember2011_290b.pdf

“The Chicago Fed’s 47th annual Conference on Bank Structure and Competition, which took place May 4–6, 2011, focused on the implementation of new regulations mandated by the Dodd–Frank Wall Street Reform and Consumer Protection Act (DFA) and proposed by the Basel Committee on Banking Supervision (BCBS) in its Basel III framework.”

Kevin Dowd, Martin Hutchinson, Simon Ashby and Jimi Hinchliffe

Capital Inadequacies: The Dismal Failure of the Basel Regime of Bank Capital Regulation

Cato Institute - Policy Analysis - July 29, 2011 - 40 pages

<http://www.cato.org/pubs/pas/pa681.pdf>

“In this paper, we provide a reassessment of the Basel regime and focus on its most ambitious feature: the principle of "risk-based regulation." The Basel system suffers from three fundamental weaknesses: first, financial risk modeling provides the flimsiest basis for any system of regulatory capital requirements. The second weakness consists of the incentives it creates for regulatory arbitrage. The third weakness is regulatory capture. The Basel regime is powerless against the endemic incentives to excessive risk taking that permeate the modern financial system, particularly those associated with government-subsidized risk taking. The financial system can be fixed, but it requires radical reform,

including the abolition of central banking and deposit insurance, the repudiation of "too big to fail," and reforms to extend the personal liability of key decisionmakers — in effect, reverting back to a system similar to that which existed a century ago.”

Gene Amromin and Anna Paulson

Tempestuous Municipal Debt Markets: Oxymoron or New Reality?

FRB Chicago – FedLetter – Webposted August 2011 – 4 pages

http://www.chicagofed.org/digital_assets/publications/chicago_fed_letter/2011/cfloctober2011_291.pdf

“Municipal bonds (munis) are issued by states, cities, or other local government agencies. They may be general obligations of the issuer or secured by specified revenues, like fees paid by tollway users. The interest on municipal bonds is usually exempt from federal income taxes. Investors have long regarded these bonds as a relatively safe investment. Not coincidentally, holdings of municipal securities (or munis) have been heavily concentrated among household investors, who own about two-thirds of the \$2.9 trillion market.”

Financial Institutions and Consumer Protection

Senate Committee on Banking, Housing, Urban Affairs- Hearing - August 3, 2011

http://banking.senate.gov/public/index.cfm?FuseAction=Hearings.Hearing&Hearing_ID=8b4ef61b-f443-46f0-9d6b-cdaff5a3808b

Witnesses:

Dr. Joseph Stiglitz, Professor of Finance and Economics, Columbia Business School

Dr. Edward Kane, Professor of Finance, Boston College

Eugene A. Ludwig, Chief Executive Officer, Promontory Financial Group

Dr. Paul Pfleiderer, Professor of Finance, Stanford University Graduate School of Business

Zheng Liu and Mark M. Spiegel

Boomer Retirement: Headwinds for U.S. Equity Markets?

FRB San Francisco – Economic Letter – August 22, 2011 – 5 pages

<http://www.frbsf.org/publications/economics/letter/2011/el2011-26.pdf>

“Historical data indicate a strong relationship between the age distribution of the U.S. population and stock market performance. A key demographic trend is the aging of the baby boom generation. As they reach retirement age, they are likely to shift from buying stocks to selling their equity holdings to finance retirement. Statistical models suggest that this shift could be a factor holding down equity valuations over the next two decades.”

John Villasenor, Cody Monk, Christopher Bronk

Shadowy Figures: Tracking Illicit Financial Transactions in the Murky World of Digital Currencies, Peer-to-Peer Networks, and Mobile Device Payments

The Brookings Institution and the James A. Baker III Institute for Public Policy – Paper – August 2011 – 24 pages

<http://www.bakerinstitute.org/publications/ITP-pub-FinancialTransactions-082911.pdf>

“The combination of the enormous growth in social networks, the complexity of peer-to-peer systems and software, and the number of Internet and wirelessly connected devices is altering the landscape of financial transactions at a rate and to a degree that is unprecedented... Almost no one would argue that governments do not have a right to track and trace digital financial transactions associated with activities such as terrorism and human trafficking. It is less clear, however, how governments can surmount the formidable technical and organizational challenges associated with detecting and

monitoring these transactions. The solution will require a combination of self-regulation, government-industry collaboration, and change in both technology and culture within government agencies.”

OTHER ECONOMIC POLICIES

Glennon J. Harrison

Challenges to the Boeing-Airbus Duopoly in Civil Aircraft: Issues for Competitiveness

Congressional Research Service, Library of Congress - July 25, 2011 – 34 pages

<http://www.fas.org/sgp/crs/misc/R41925.pdf>

The importance of a successful aerospace industry to the United States economy has been repeatedly acknowledged by President Obama and members of his Cabinet, many Members of Congress. A major issue for policymakers is whether the U.S. can sustain its preeminent position in aerospace, given the intentions of numerous foreign manufacturers to enter the small jet aircraft segment by 2016.

Veronique de Rugy and Tad DeHaven

Terminating the Small Business Administration

Cato Institute - August 2011

<http://www.downsizinggovernment.org/print/sba>

This essay challenges the belief that the federal government needs to intervene in credit markets to assist small businesses. It concludes that there is no "market failure" to justify the SBA's lending programs. The SBA benefits a relatively tiny number of small businesses at the expense of the vast majority of small business that do not receive government assistance. SBA subsidies also represent a form of corporate welfare for the banking industry.”

Kevin R. Kosar

The U.S. Postal Service: Common Questions About Post Office Closures

Congressional Research Service, Library of Congress - August 4, 2011 – 13 pages

<http://www.fas.org/sgp/crs/misc/R41950.pdf>

In late July 2011, the U.S. Postal Service (USPS) announced it was considering the closure of 3,652 retail postal facilities. These are not the only USPS facilities that might discontinue operations. An additional 728 retail postal facilities are being considered for closure under a 2009 USPS initiative, for a total of 4,380 USPS retail facilities. Four bills in the 112th Congress carry provisions that address post offices and the public's access to retail postal services--H.R. 2309, H.R. 2692, S. 353, and S. 1010. The report addresses common questions about the closure of post offices. Questions answered include (1) What is a post office? (2) How many post offices are there? (3) How many post offices might the USPS close? (4) What authority does the USPS have to close post offices? (5) What is the current post office closure process? (6) When might the post office closure process begin? (7) How many USPS employees may lose their jobs? and (8) What current legislation carries provisions related to post offices?

LOCAL ECONOMIC DEVELOPMENT

Richard H. Mattoon

State Budgets Under Stress: Paths to Sustainability

FRB Chicago – Economic Letter – Webposted August 2011 – 4 pages

http://www.chicagofed.org/digital_assets/publications/chicago_fed_letter/2011/cfloctober2011_291b.pdf

“State governments have been noticeably absent in contributing to U.S. economic growth since the recession of 2008–09. Despite some recovery in tax revenues, many states are still reporting budget shortfalls and spending pressures for pensions and health care.”

Jeffrey Miron

The Fiscal Health of U.S. States

Mercatus Center - August 2011 – 26 pages

[http://mercatus.org/sites/default/files/publication/Fiscal Health of the US States Miron WP1133.pdf](http://mercatus.org/sites/default/files/publication/Fiscal%20Health%20of%20the%20US%20States%20Miron%20WP1133.pdf)

“This paper examines the fiscal health of the 50 U.S. states and reaches five conclusions. First, state government finances are not on a stable path... Second, the key driver of increasing state and local expenditures is health-care costs, especially Medicaid and subsidies for health-insurance exchanges under the Patient Protection and Affordable Care Act of 2009. Third, states have large implicit debts for unfunded pension liabilities, making their net debt positions substantially worse than official debt statistics indicate. Fourth, if spending trends continue and tax revenues remain near their historical levels relative to output, most states will reach dangerous ratios of debt to GDP within 20 to 30 years. Fifth, states differ in their degrees of fiscal imbalance, but the overriding fact is that all states face fiscal meltdown in the foreseeable future.”

Robert Tannenwald, Jon Shure and Nicholas Johnson

Tax Flight Is a Myth - Higher State Taxes Bring More Revenue, Not More Migration

Center on Budget and Policy Priorities – Report – August 4, 2011 – 22 pages

<http://www.cbpp.org/files/8-4-11sfp.pdf>

“Attacks on sorely-needed increases in state tax revenues often include the unproven claim that tax hikes will drive large numbers of households — particularly the most affluent — to other states. The same claim also is used to justify new tax cuts. Compelling evidence shows that this claim is false. The effects of tax increases on migration are, at most, small — so small that states that raise income taxes on the most affluent households can be assured of a substantial net gain in revenue.”

Michael Mazerov

Case for Regulating State and Local Taxation of Digital Goods and Services has Little Merit

Center on Budget and Policy Priorities – Report – August 2011 – 6 pages

<http://www.cbpp.org/files/8-11-11sfp.pdf>

“Though proponents of the Digital Goods and Services Tax Fairness Act of 2011 claim that it is needed to protect consumers from multiple or discriminatory taxes on electronic commerce, existing law already prevents such taxation.”

Michael Greenstone, Adam Looney

A Dozen Economic Facts About Innovation

Brookings – The Hamilton Project – August 2011 – 26 pages

http://www.brookings.edu/~media/Files/rc/papers/2011/0805_innovation_greenstone_looney/08_innovation_greenstone_looney.pdf

“Reinvigorating the momentum of innovation that benefits all Americans is imperative to create broad-based economic growth and higher living standards. To take on this challenge, The Hamilton Project held a forum titled PhDs, Policies, and Patents: Innovation and America’s Future, on June 28, 2011. The discussion explored the evolving role of innovation in driving broad-based economic growth in the United States and in creating the policy environment necessary to foster new ideas in science, technology and business. From that conference, the Hamilton Project identified eleven facts about innovation.”

TRANSPORTATION

Exploring the Role of Regional Transportation Projects as Rural Economy Drivers

National Association of Development Organizations - July 2011 – 16 pages

<http://www.ruraltransportation.org/uploads/RegTransit.pdf>

With case studies in Alabama, Oregon, and Vermont, the report explores regions where public transit is playing a role in connecting employees to work, getting people to services, and revitalizing downtown areas. Through partnerships at the local and regional level, regional planning and development organizations are facilitating improved mobility, which in turn supports the regional economy.

Adie Tomer and Robert Puentes

Transit Access and Zero-Vehicle Households

The Brookings Institution – Paper – August 18, 2011 – 14 pages

http://www.brookings.edu/~media/Files/rc/papers/2011/0818_transportation_tomer/0818_transportation_tomer.pdf

“Millions of zero-vehicle households live in areas well served by transit. Yet hundreds of thousands of zero-vehicle households live out of transit’s reach, particularly in the South and in the suburbs. And those with transit access still cannot reach a majority of jobs in metro areas within 90 minutes. Based on these trends, leaders must recognize these households’ unique mobility needs and aim to improve job accessibility.”

Thomas H. Klier and James M. Rubenstein

Making Cars Smarter: The Growing Role of Electronics in Automobiles

FRB Chicago – FedLetter – Webposted August 2011 – 4 pages

http://www.chicagofed.org/digital_assets/publications/chicago_fed_letter/2011/cfloctober2011_291a.pdf

“Electronics make up nearly 40% of the content of today’s average new automobile, and their share will continue to grow. On June 2, 2011, as part of the eighteenth annual Automotive Outlook Symposium (AOS), the Chicago Fed hosted a panel of experts at its Detroit Branch to examine the current and future roles of electronics in motor vehicles.”

AGRICULTURE

Farmland Values and Credit Conditions

FRB Chicago – AgLetter – August 2011 – 4 pages

http://www.chicagofed.org/digital_assets/publications/agletter/2010_2014/august_2011.pdf

“Farmland values for the second quarter of 2011 climbed 17 percent from the level of a year ago in the Seventh Federal Reserve District. The value of “good” agricultural land increased 4 percent in the second quarter compared with the first quarter of 2011, according to a survey of 226 agricultural bankers in the District... Agricultural credit conditions were stronger in thesecond quarter of 2011 relative to a year earlier, as illustrated by a decrease to 2 percent in the portion of agricultural loans perceived by respondents as having “major” or “severe” repayment problems.”

David Schimmelpfennig and Robert Ebel

On the Doorstep of the Information Age: Recent Adoption of Precision Agriculture

U.S. Department of Agriculture - August 24, 2011 – 31 pages

<http://www.ers.usda.gov/Publications/EIB80/EIB80.pdf>

The adoption of precision agriculture, which encompasses a suite of farm-level information technologies, can improve the efficiency of input use and reduce environmental harm from the overapplication of inputs such as fertilizers and pesticides. Still, the adoption of precision agricultural technologies and practices has been less rapid than envisioned a decade ago. Using Agricultural Resource Management Survey (ARMS) data collected over the past 10 years, this report examines trends in the adoption of four key information technologies, yield monitors, variable-rate application technologies, guidance systems, and GPS maps, in the production of major field crops. While yield monitoring is now used on over 40 percent of U.S. grain crop acres, very few producers have adopted GPS maps or variable-rate input application technologies.

Ronald Sands and Paul Westcott (coordinators)

Impacts of Higher Energy Prices on Agriculture and Rural Economies

U.S. Department of Agriculture - August 18, 2011 – 56 pages

“Agricultural production is sensitive to changes in energy prices, either through energy consumed directly or through energy-related inputs such as fertilizer. A number of factors can affect energy prices faced by U.S. farmers and ranchers, including developments in the oil and natural gas markets, and energy taxes or subsidies. Climate change policies could also affect energy prices as a result of taxes on emissions, regulated emission limits, or the institution of a market for emission reduction credits. Here we review the importance of energy in the agricultural sector and report the results of a case study on the economic implications for the farm sector of energy price increases that would arise from plausible, constructed greenhouse-gas-emission reduction scenarios.”

EMPLOYMENT

Pamela J. Loprest and Austin Nichols

Less-Educated Continue to Lose Jobs in Recovery-Even in Low-Wage Industries

Urban Institute - August 24, 2011 – 2 pages

<http://www.urban.org/UploadedPDF/412382-Less-Educated-Lose-Jobs-in-Recovery.pdf>

In the sluggish recovery, less-educated workers, especially those with a high school degree or less, continue to lose jobs at a substantial rate. This factsheet presents employment changes in the recession and recovery by skill level and industry showing that those with less than a high school degree were hit hardest, even in low wage industries. Gains in the recovery have been concentrated among workers with a college education.

Heidi Shierholz

The Contraction in Construction Squeezed Immigrants Hardest

Economic Policy Institute - August 11, 2011 – 22 pages

<http://w3.epi-data.org/temp2011/BriefingPaper321.pdf>

The rise and dramatic collapse of the housing boom signaled the beginning of the Great Recession and displaced nearly three million construction workers, with foreign-born non-citizen males facing particularly steep job loss, the briefing paper finds. Heidi Shierholz examines how the Great Recession affected foreign-born and native-born construction workers.

Brian Points

A Detailed Look at Workforce Skill Shortages

New Geography – August 4, 2011

<http://www.newgeography.com/content/002370-a-detailed-look-workforce-skill-shortages>

“As the United States continues to fight its way out of the Great Recession, more attention has been directed to the question of why it has taken so long for workers to find reemployment. In economic parlance, this is primarily a question of "structural unemployment." Brian Points, a consultant and project manager at Economic Modeling Specialists Inc. (EMSI), describes the type of unemployment that results from a mismatch of worker skills and the skills demanded by employers.”

Jobs and Economic Security for Rural America

White House Rural Council - August 2011 – 28 pages

http://www.whitehouse.gov/sites/default/files/jobs_economic_security_rural_america.pdf

"The vitality of rural America is critical to ensuring the strength of our economy, the affordability of our food, the independence of our energy supply, and the vibrancy of small communities... The President has redoubled his efforts to strengthen the economy and ensure that all Americans living in rural communities have equal access to a first-class education, affordable healthcare, and real economic opportunities This report lays out the economic landscape rural America faces today and presents some of the Administration's many efforts to promote economic growth and job creation in rural communities."

The Role of Exports in Small Business Growth and Job Creation

U.S. Senate Committee on Small Business and Entrepreneurship – Hearing August 11, 2011

http://sbc.senate.gov/public/index.cfm?p=Hearings&ContentRecord_id=01d4b272-874a-4b11-ab15-c830f2ec5614&ContentType_id=14f995b9-dfa5-407a-9d35-56cc7152a7ed&Group_id=43eb5e02-e987-4077-b9a7-1e5a9cf28964

The U.S. Senate Committee on Small Business and Entrepreneurship held a field hearing on August 11 in Manchester, New Hampshire. With 95 percent of the world’s customers living overseas, exports represent an important opportunity for economic growth and job creation in the New Hampshire economy, especially for small businesses. The hearing examined the role of federal programs aimed at helping small businesses reach new markets and increase their exports. Hearing witnesses also discussed new resources made available to small businesses through the President’s National Export Initiative (NEI) and the Small Business Jobs Act of 2010.”

Michael Ettlinger, Donna Cooper, Sarah Rosen Wartell, Bracken Hendricks

Spurring Job Creation in the Private Sector - Three Elements that Any Jobs Plan Should Include

Center for American Progress – Issue Brief – August 2011 – 12 pages

http://www.americanprogressaction.org/issues/2011/08/pdf/private_sector_jobs.pdf

“When President Barack Obama announces his jobs plan in September, it should be a plan that matches the scale of the problem. With millions unemployed and job creation sluggish, this is not the time to be timid. In this issue brief we offer three ideas that should be part of any plan to get our economy back on track so our nation’s job creation engine can re-engage. Our proposals are:

- (1) Investing in our nation’s infrastructure through existing channels and a new infrastructure bank;
- (2) Speeding the housing recovery by reducing the flood of foreclosed homes on the market;
- (3) Supporting the retrofitting of homes and businesses to make them more energy efficient.”

Addressing Long-Term Unemployment after the Great Recession: The Crucial Role of Workforce Training

Joint Economic Committee – Report - August 4, 2011 – 14 pages

http://jec.senate.gov/public/index.cfm?a=Files.Serve&File_id=97c2e98e-a791-47fc-a324-6b407948e083

“With almost five unemployed workers for every job opening, the economy is not yet creating enough jobs to make a significant reduction in unemployment. Yet employers report that they are having difficulty finding skilled workers for key positions, despite the high ratio of unemployed workers to job openings. Helping workers build new skills and search more effectively for positions that are a good match for their skillset can help to address the mismatch. But to address the high rate of long-term unemployment, this report finds that policymakers will need to simultaneously spur job creation while also investing in education and training programs that can prepare workers for new employment opportunities.”

Reviving Our Economy: The Role of Higher Education in Job Growth and Development"

House Committee on Education and the Workforce – Hearing – August 16, 2011

<http://edworkforce.house.gov/Calendar/EventSingle.aspx?EventID=256142>

“Spread across 250 acres, the CU-ICAR center is located in a state of the art \$45 million facility here in Greenville. It is a research oriented campus that combines the best of the public and private sectors. It provides an opportunity for today’s innovators to develop tools for the automotive needs of tomorrow. It has fast become a hub for the nation’s automotive industry as it is a main area to design, test, and manufacture vehicles available to the industry. It is very appropriate for it to be located in this community since Greenville County has one of the strongest concentrations of engineers per capita in the country and is now known nationally as one of the main engineering hubs in the Southeast.”

Labor Force Characteristics by Race and Ethnicity 2010

U.S. Bureau of Labor Statistics - August 2011 – 53 pages

<http://www.bls.gov/cps/cpsrace2010.pdf>

Unemployment rates among the major race and ethnicity groups remained high in 2010 as the U.S. economy continued to slowly recover from the 2007- 2009 recession. The jobless rates for Blacks (16.0 percent), Hispanics (12.5 percent), Whites (8.7 percent), and Asians (7.5 percent) were much higher than their prerecession levels. The report describes the labor force characteristics and earnings patterns among the major race and ethnicity groups and provides more detailed data through a set of supporting tables. These data are obtained from the Current Population Survey (CPS), a monthly survey of 60,000 households that is a rich source of information on the labor force.

Enterprise Programs: Freeing Entrepreneurs to Provide Essential Services to the Poor

National Center for Policy Analysis – Report – August 2011 – 104 pages

<http://www.ncpa.org/pdfs/Enterprise-Programs-Freeing-Entrepreneurs-to-Provide-Essential-Services-for-the-Poor.pdf>

“How can we create job opportunities for those who face the greatest barriers to employment? This report suggests an approach that does not require a massive spending program; in fact, it uses private sector capital and talent. Furthermore, it does not require top-down direction from Washington; it can be implemented locally, by citizens, public officials and businesses working in concert... This innovative concept is called Enterprise Programs. Its goal is to free entrepreneurs to provide essential services to the poor — such as transportation, child care, security, housing and health care. A task force from across the United States assembled by the National Center for Policy Analysis found that cost increasing regulations have priced low-income families out of the market for many services that are essential to their quality of life and prospects for economic progress.”

Michael Greenstone, Adam Looney

Trends: Reduced Earnings for Men in America

The Milken Institute Review – Third Quarter 2011 – 9 pages

http://www.brookings.edu/~media/Files/rc/papers/2011/07_milken_greenstone_looney/07_milken_greenstone_looney.pdf

“For most of the past century, a good job was a ticket to the middle class. Hitched to the locomotive of rapid economic growth, the wages of the typical worker seemed to go in only one direction: up. From 1950 to 1970, the average earnings of male workers increased by about 25 percent each decade. And these gains were not concentrated among some lucky few. Rather, earnings rose for most workers, and almost every prime-aged male (ages 25-64) worked... Over the past 40 years, a period in which U.S. GDP per capita more than doubled after adjusting for inflation, the annual earnings of the median prime-aged male have actually fallen by 28 percent. Indeed, males at the middle of the wage distribution now earn about the same as their counterparts in the 1950s! This decline reflects both stagnant wages for men on the job, and the fact that, compared with 1969, three times as many men of working age don’t work at all.”

PENSIONS

Long-Term Projections for Social Security: Additional Information

CBO – August 2011 – 28 pages

<http://www.cbo.gov/ftpdocs/123xx/doc12375/08-05-Long-TermSocialSecurityProjections.pdf>

“Social Security is the federal government’s largest single program.¹ About 56 million people will receive Social Security benefits this year, the Congressional Budget Office (CBO) estimates. About 69 percent are retired workers, their spouses, and children, and another 12 percent are survivors of deceased workers; all of those beneficiaries receive payments through Old-Age and Survivors Insurance (OASI). The other 19 percent are disabled workers or their spouses and children; they receive Disability Insurance (DI) benefits. CBO projects that in fiscal year 2011, Social Security’s outlays will total \$733 billion, one-fifth of the federal budget; OASI payments will account for about 82 percent of those outlays, and DI payments, about 18 percent.”

Paul N. Van de Water

Raising Medicare’s Eligibility Age Would Increase Overall Health Spending and Shift Costs to Seniors, States, and Employers

Center on Budget and Policy Priorities – Report – August 23, 2011 – 7 pages

<http://www.cbpp.org/files/8-23-11health.pdf>

"Raising Medicare’s eligibility age from 65 to 67, which the new Joint Select Committee will likely consider this fall as a deficit-reduction measure, would not only fail to constrain health care costs across the economy; it would increase them. While this proposal would save the federal government money, it would do so by shifting costs to most of the 65- and 66-year-olds who would lose Medicare coverage, to employers that provide health coverage for their retirees, to Medicare beneficiaries, to younger people who buy insurance through the new health insurance exchanges, and to states."

Sagiri Kitao

Sustainable Social Security: Four Options

Federal Reserve Bank of New York – Staff Report - August 8, 2011 – 32 pages

http://www.newyorkfed.org/research/staff_reports/sr505.pdf

“This paper presents four policy options to make Social Security sustainable under the coming demographic shift: 1) increase payroll taxes by 6 percentage points, 2) reduce the replacement rates of the benefit formula by one-third, 3) raise the normal retirement age from sixty-six to seventy-three, or 4) means-test the benefits and reduce them one-to-one with income. While all four policies achieve the same goal, their economic outcomes differ significantly. Options 2 and 3 encourage own savings, and capital stock is more than 10 percent higher than in the other two options. The payroll tax increase in

option 1 discourages work effort, but means-testing the benefits as outlined in option 4 yields the worst labor disincentives, especially among the elderly.”

Pension Benefit Guaranty Corporation: Asset Management Needs Better Stewardship

GAO - June 30, 2011 - 105 pages

<http://www.gao.gov/products/GAO-11-271>

“The Pension Benefit Guaranty Corporation’s (PBGC) insures the pension benefits of more than 44 million people. Since its inception in 1974, PBGC’s assets have grown from about \$34 million to almost \$80 billion in 2010, largely through assets received in plan terminations. Despite significant swings in PBGC’s investment history, there has been little focus on the extent to which it has met its investment goals, the nature of its investment policies or how they compare with best practices in the industry. GAO examined (1) how PBGC’s investment objectives have changed over time and the outcomes associated with those changes, (2) the performance of PBGC’s investments, and (3) how well PBGC’s investment policies and operations comport with best practices in the industry.”

Defined Benefit Pension Plans: Plans Face Challenges When Investing in Hedge Funds and Private Equity

GAO - August 31, 2011 – 17 pages

<http://www.gao.gov/new.items/d11901sp.pdf>

“Millions of Americans rely on retirement savings plans for their financial well-being in retirement. Plan sponsors are increasingly investing in assets such as hedge funds (privately administered pooled investment vehicles that typically engage in active trading strategies) and private equity funds (privately managed investment pools that typically make long-term investments in private companies). Given ongoing market challenges, it is important that plan fiduciaries apply best practices, and choose wisely when investing plans assets to ensure that plans are adequately funded to meet future promised benefits. This statement addresses (1) what is known about the extent to which defined benefit plans have invested in hedge funds and private equity, (2) challenges that such plans face in investing in hedge funds and private equity, (3) steps that plan sponsors can take to address these challenges, and (4) the implications of these challenges for plan sponsors and the federal government.”

TRADE

Ian F. Fergusson and Paul K. Kerr

The U.S. Export Control System and the President's Reform Initiative

Congressional Research Service, Library of Congress - July 14, 2011 – 32 pages

<http://www.fas.org/sgp/crs/natsec/R41916.pdf>

The 112th Congress may consider reforms of the U.S. export control system. The balance between national security and export competitiveness has made the subject of export controls controversial for decades. The creation of a single control list has been the Administration's focus to date.

Mauricio Cárdenas, Joshua Meltzer

Korea, Colombia, Panama: Pending Trade Accords Offer Economic and Strategic Gains for the United States

The Brookings Institution – Policy Brief – July 2011 – 8 pages

http://www.brookings.edu/~media/Files/rc/papers/2011/07_trade_accords_cardenas_meltzer/07_trade_accords_cardenas_meltzer.pdf

“A trio of trade agreements now pending before Congress would benefit the United States both economically and strategically. Carefully developed accords with South Korea, Colombia and Panama

will boost U.S. exports significantly, especially in the key automotive, agricultural and commercial services sectors... Approval of all three agreements is in the national interest.”

CHINA

Galina Hale and Bart Hobijn

The U.S. Content of “Made in China”

FRB San Francisco – Economic Letter – August 8, 2011 – 5 pages

<http://www.frbsf.org/publications/economics/letter/2011/el2011-25.pdf>

“Goods and services from China accounted for only 2.7% of U.S. personal consumption expenditures in 2010, of which less than half reflected the actual costs of Chinese imports. The rest went to U.S. businesses and workers transporting, selling, and marketing goods carrying the “Made in China” label. Although the fraction is higher when the imported content of goods made in the United States is considered, Chinese imports still make up only a small share of total U.S. consumer spending. This suggests that Chinese inflation will have little direct effect on U.S. consumer prices.”

Is China the New North? Assessing the Impact of Chinese Trade with Latin America

The Brookings Institution – Event transcript – August 17, 2011 – 50 pages

http://www.brookings.edu/~media/Files/events/2011/0817_china_latina_merica/20110817_china_latina_merica.pdf

“On August 17, the John L. Thornton China Center and the Latin America Initiative at Brookings, with the Council of the Americas, hosted a discussion on China’s increasing trade with and influence in Latin America and the implications for their relationships with the U.S. Based on their most recent research, Brookings experts Mauricio Cárdenas and Erica Downs analyzed the increasing role of Chinese investment in the region. Mauricio Mesquita Moreira of the Inter-American Development Bank offered his comments. Eric Farnsworth of the Council of the Americas moderated the discussion.”

Arvind Subramanian

The Inevitable Superpower: Why China's Dominance Is a Sure Thing

Peterson Institute – Foreign Affairs - Article – August 2011

<http://www.piie.com/publications/papers/paper.cfm?ResearchID=1913>

“Is China poised to become economically dominant over the United States? This is an essential question, and yet it has not yet been taken seriously enough in the United States. Many believe the threat from China is not so imminent, so great, or so multifaceted that it can push the United States out of the driver's seat. But such views underestimate the probability that China will be economically dominant in 20 years. And they reveal a one-sided, US-centric perspective: that world dominance will be determined mostly by the actions of the United States, not those of China.”

MISCELLANEOUS

Snapshot of Food Safety Milestones in the History of FDA

U.S. Food and Drug Administration - August 2011 – 3 pages

<http://www.fda.gov/downloads/Food/FoodSafety/FSMA/UCM263778.pdf>

Until a little over a century ago, there were no federal laws or regulations in place to protect the public from potentially dangerous substances in medicines or foods. In 1862, President Abraham Lincoln appointed a chief chemist to serve in the new Department of Agriculture. This appointment marked the beginning of the Bureau of Chemistry, the predecessor of the Food and Drug Administration. The timeline goes back to 1880.

Allan A. Friedman

Economic and Policy Frameworks for Cybersecurity Risks

The Brookings Institution – Paper – July 21, 2011 – 24 pages

http://www.brookings.edu/~media/Files/rc/papers/2011/0721_cybersecurity_friedman/0721_cybersecurity_friedman.pdf

“This paper offers three observations built around a framework of risk management to help focus the discussion. First, we caution against conflating different threats simply because they all involve information technology. Crime, espionage and international conflict are very different threats, and grouping them together can lead to poorly framed solutions. Second, we argue that looking at cybersecurity from the perspective of economics can offer important insight into identifying important policy opportunities. Finally, we suggest a series of governance frameworks that can be used in a complementary fashion to address many of the issues discussed.”

Ahmed Younis and Mohamed Younis (Gallup Center for Muslim Studies)

The Role of Entrepreneurship and Job Creation in U.S.-Muslim Relations

The Brookings Institution – Paper – August 2011 – 22 pages

http://www.brookings.edu/~media/Files/rc/papers/2011/08_entrepreneurship_younis_younis/08_entrepreneurship_younis_younis.pdf

“In light of these historic changes across the region, it is imperative for both Muslim-majority governments and the Obama administration to chart clear, coherent, and nuanced policies aimed at building sustainable and job-creating economic environments in the region...Convened at the 2011 U.S.-Islamic World Forum in Washington, DC, an entrepreneurship and job creation working group discussed many of the issues presented in this paper. The working group included leading entrepreneurs, economic policy experts, and academics from the Muslim world and the United States who understand entrepreneurship and its role in contributing to sustainable job-creating economies. Recommendations for governments, NGOs, and the private sector are presented at the end of the paper.”