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**U.S. ECO ONLINE**  
**A SELECTION OF DOCUMENTS RECENTLY PUBLISHED ON THE WEB**

**N° 143 – January 2011**

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## GENERAL INTEREST

*Richard Dobbs, Jeremy Oppenheim, and Fraser Thompson*

### **Mobilizing for a Resource Revolution**

McKinsey Global Institute – Report – January 2012

[https://www.mckinseyquarterly.com/Energy\\_Resources\\_Materials/Strategy\\_Analysis/Mobilizing\\_for\\_a\\_resource\\_revolution\\_2908](https://www.mckinseyquarterly.com/Energy_Resources_Materials/Strategy_Analysis/Mobilizing_for_a_resource_revolution_2908)

“Over the next quarter century, the rise of three billion more middle-class consumers will strain natural resources. The race is on to boost resource supplies, overhaul their management, and change the game with new technologies.

*Gregory F. Treverton et al.*

### **How Americans Will Live and Work in 2020**

Rand Corporation - January 16, 2012 – 49 pages

[http://www.rand.org/content/dam/rand/pubs/conf\\_proceedings/2012/RAND\\_CF299.pdf](http://www.rand.org/content/dam/rand/pubs/conf_proceedings/2012/RAND_CF299.pdf)

These proceedings summarize the topics and findings discussed at a July 2011 workshop convened to examine how trends in four areas, the economy, demographics, the workplace, and lifestyles, will affect the poor and vulnerable in America in the coming decade. The authors also present the results of the workshop's assumption-based planning exercise.

*Alan Krueger*

### **The Rise and Consequences of Inequality**

Center for American Progress – Remarks – January 12, 2012 – 22 pages including charts

<http://www.americanprogress.org/events/2012/01/pdf/krueger.pdf>

“My theme in this talk is that the rise in equality in the United States over the last three decades has reached the point that inequality in incomes is causing an unhealthy division in opportunities, and is a threat to our economic growth. Restoring a greater degree of fairness to the U.S. job market would be good for businesses, good for the economy, and good for the country.”

### **State of the Union Address**

Remarks by the President – January 24, 2012

<http://www.whitehouse.gov/the-press-office/2012/01/24/remarks-president-state-union-address>

### **Fact Sheet: President Obama’s Blueprint to Support U.S. Manufacturing Jobs, Discourage Outsourcing, and Encourage Insourcing**

<http://www.whitehouse.gov/the-press-office/2012/01/25/fact-sheet-president-obama-s-blueprint-support-us-manufacturing-jobs-dis>

### **Fact sheet: National Strategy for Global Supply Chain Security**

<http://www.whitehouse.gov/the-press-office/2012/01/25/fact-sheet-national-strategy-global-supply-chain-security>

*Scott Winship*

### **Bogeyman Economics**

National Affairs – Article + Notes – Winter 2012

<http://nationalaffairs.com/publications/detail/bogeyman-economics>

[http://www.brookings.edu/~media/Files/rc/articles/2012/01\\_bogeyman\\_economics\\_winship/01\\_bogeyman\\_economics\\_sources\\_winship.pdf](http://www.brookings.edu/~media/Files/rc/articles/2012/01_bogeyman_economics_winship/01_bogeyman_economics_sources_winship.pdf)

“No American is immune to dreadful economic calamities like income loss, chronic joblessness, unaffordable medical bills, inadequate retirement savings, or crippling debt... Misery is not a marginal risk on the horizon:

It is an ever-present danger, and was even before the recession. But compelling though this narrative may be to headline writers, it is fundamentally wrong as a description of America's economy both before and after the recession. When analyzed correctly, the available data belie the notions that this degree of economic risk pervades American life and that our circumstances today are significantly more precarious than they were in the past. Even as we slog through what are likely to be years of lower-than-normal growth and higher-than-normal unemployment, most Americans will be only marginally worse off than they were in past downturns.”

### **Outlook for the U.S. and Global Economy**

Senate Budget Committee – Hearing – January 26, 2012

[http://www.budget.senate.gov/democratic/index.cfm/committeehearings?ContentRecord\\_id=fdb49d46-68fc-4c8c-9428-a97c5f47f7f6&ContentType\\_id=14f995b9-dfa5-407a-9d35-56cc7152a7ed&Group\\_id=d68d31c2-2e75-49fb-a03a-be915cb4550b](http://www.budget.senate.gov/democratic/index.cfm/committeehearings?ContentRecord_id=fdb49d46-68fc-4c8c-9428-a97c5f47f7f6&ContentType_id=14f995b9-dfa5-407a-9d35-56cc7152a7ed&Group_id=d68d31c2-2e75-49fb-a03a-be915cb4550b)

Three expert witnesses testified:

Dr. Alan S. Blinder, Princeton University

Dr. Joel Prakken, Macroeconomic Advisors

Dr. Ike Brannon, American Action Forum

*William A. Strauss, and Norman Wang*

### **Economic Outlook Symposium: Summary of 2011 results and 2012 forecasts**

FRB Chicago – Chicago Fed Letter – February 2012 – 4 pages

[http://www.chicagofed.org/digital\\_assets/publications/chicago\\_fed\\_letter/2012/cflfebruary2012\\_295.pdf](http://www.chicagofed.org/digital_assets/publications/chicago_fed_letter/2012/cflfebruary2012_295.pdf)

According to participants in the Chicago Fed’s annual Economic Outlook Symposium, the U.S. economy is forecasted to grow at a pace below its historical average in 2012, following a year with an even slower rate of growth; inflation is expected to ease in 2012; and the unemployment rate is predicted to edge down this year.

### **2011's Reluctant Recovery: Breaking Through in 2012?**

FRB Atlanta – EconSouth – First quarter 2012 – 5 pages

[http://www.frbatlanta.org/documents/pubs/econsouth/11q4\\_reluctant\\_recovery.pdf](http://www.frbatlanta.org/documents/pubs/econsouth/11q4_reluctant_recovery.pdf)

“The U.S. economy showed some vitality entering 2011, and economists predicted modest growth. But by summer, events threatened to derail the economy once again. EconSouth highlights the nation's economy in 2011, and looks at what could be in store for 2012.”

*William R. Emmons*

### **Don't Expect Consumer Spending To Be the Engine of Economic Growth It Once Was**

FRB Saint Louis – Regional Economist – Article – January 2012

<http://www.stlouisfed.org/publications/re/articles/?id=2201>

“Consumer spending has long been the engine of U.S. and global economic growth. But five trends in 2011 suggest that such spending can no longer be counted on. Finding a replacement is going to be difficult, at best.”

*Christian Weller*

### **Economic Snapshot for January 2012**

Center for American Progress – January 30, 2012 – 6 pages

[http://www.americanprogress.org/issues/2012/01/pdf/econ\\_snap0112.pdf](http://www.americanprogress.org/issues/2012/01/pdf/econ_snap0112.pdf)

“The economy is gradually gaining strength, creating more jobs, and reducing the unemployment rate. Economic pain for American families, though, remains significant with relatively high unemployment, persistent long-term unemployment, lingering household wealth losses, and crushing debt burdens. The

economy will have to grow much faster for much longer to restore economic security for America's middle class."

## FISCAL AND TAX POLICIES

### **The Budget and Economic Outlook: Fiscal Years 2012 to 2022**

CBO – January 31, 2012

<http://www.cbo.gov/doc.cfm?index=12699>

Each January, CBO prepares "baseline" budget projections spanning the next 10 years. Those projections are not a forecast of future events; rather, they are intended to provide a benchmark against which potential policy changes can be measured. Therefore, as specified in law, those projections generally incorporate the assumption that current laws are implemented. But substantial changes to tax and spending policies are slated to take effect within the next year under current law. So CBO has also prepared projections under an "alternative fiscal scenario."

*Kevin L. Kliesen and Daniel L. Thornton*

### **How Good Are the Government's Deficit and Debt Projections and Should We Care?**

Federal Reserve Bank of St. Louis Review - January/February 2012 – 21 pages

<http://research.stlouisfed.org/publications/review/12/01/21-40Kliesen.pdf>

"Each year, the Congressional Budget Office (CBO) publishes its Budget and Economic Outlook. The CBO's deficit projections for the current fiscal year (FY) and the next 10 FYs are widely followed because they provide an assessment of the medium-term budget outlook based on current law and a presumed path for the economy over the next decade... In this article, the authors update their 2001 assessment of the accuracy of the CBO's short- and medium-term budget projections by adding an additional 10 years of data. Such analysis is useful in light of the dramatic change in actual and expected fiscal policy, especially over the past few years. In addition, they investigate the extent to which the CBO's projection errors are affected by errors in forecasting key economic variables and the extent to which the errors relate more to inaccurate projections of revenues or expenditures."

*D. Andrew Austin, Mindy R. Levit*

### **The Debt Limit: History and Recent Increases**

Congressional Research Service, Library of Congress – January 6, 2012 – 35 pages

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

The financial crisis of 2007-2009 and the subsequent economic recession led to large federal deficits that accelerated the growth of total debt, which necessitated a series of debt limit increases. Past experience suggests that direct fiscal costs of a financial crisis, such as costs of bailing out financial institutions, is dwarfed by the effects of diminished tax revenues and elevated social safety net benefits. Debate during the 2011 debt limit episode reflected a growing concern with the fiscal sustainability. Over the next decade, without major changes in federal policies, persistent and possibly growing deficits, along with the ongoing growth in the debt holdings of government accounts, would increase substantially the amount of federal debt subject to limit. Unless federal policies change, Congress would repeatedly face demands to raise the debt limit to accommodate the growing federal debt in order to provide the government with the means to meet its financial obligations.

*Richard Kogan, Robert Greenstein and James R. Horney*

### **Biennial Budgeting: Do the Drawbacks Outweigh the Advantages?**

Center on Budget and Policy Priorities – Report – January 20, 2012 – 7 pages

<http://www.cbpp.org/files/1-20-12bud.pdf>

"House Budget Committee Chairman Paul Ryan (R-WI), Rep. Reid Ribble (R-WI), and others have introduced legislation (H.R. 3577) that would move the federal budget from an annual to a biennial cycle and make other changes in the congressional budget process. House Rules Committee Chairman David Dreier has introduced his own biennial budgeting bill, H.R. 114. Proponents of biennial budgeting present it as a reform that will lead to more thoughtful and deliberative budgeting and allow more time for congressional oversight. Many budget experts, however, have concluded that the disadvantages of biennial budgeting outweigh the advantages and make it an unwise course to pursue."

*Ron Haskins*

**Addressing the Budget Deficit: The Next President Must Solve the U.S. Deficit Crisis**

The Brookings Institution – Paper – January 2012 – 10 pages

[http://www.brookings.edu/~media/Files/rc/papers/2012/0119\\_budget\\_haskins/0119\\_budget\\_haskins.pdf](http://www.brookings.edu/~media/Files/rc/papers/2012/0119_budget_haskins/0119_budget_haskins.pdf)

"This paper will show that the deficit is placing the nation at great risk of a financial disaster, argue that both political parties have failed to offer politically feasible plans to reduce the deficit and explain why, and outline a plan by which the new president can get the deficit under control. The next president should act decisively to solve the deficit crisis by taking the following steps: (1) Opening negotiations with the congressional bipartisan leadership in which everything—entitlements and taxes alike—is on the table; (2) Pushing reforms on Medicare based both on some of the top-down funding control mechanisms in the Democrats' Affordable Care Act and the type of Medicare spending control measures specified in the Ryan-Wyden and Rivlin-Domenici proposals; and (3) Achieving reforms of the budget process, including—most important—resurrection of the paygo rule."

**Two responses: Isabelle Sawhill and William Gale**

[http://www.brookings.edu/papers/2012/0119\\_budget\\_jobs\\_sawhill.aspx](http://www.brookings.edu/papers/2012/0119_budget_jobs_sawhill.aspx)

[http://www.brookings.edu/papers/2012/0119\\_budget\\_taxes\\_gale.aspx](http://www.brookings.edu/papers/2012/0119_budget_taxes_gale.aspx)

**Extenders and Tax Reform: Seeking Long-Term Solutions**

Senate Finance Committee – Hearing - January 31, 2012

<http://finance.senate.gov/hearings/hearing/?id=b1604e2e-5056-a032-52ff-dd661f9280f6>

"A total of 60 temporary tax provisions expired at the end of 2011. Despite the large number of provisions affecting millions of taxpayers, the expiration of these provisions, which we call "extenders", was unremarkable. With some exceptions, each was originally enacted with an expiration date and every one of those dates subsequently has been extended. In most cases, these temporary provisions have been extended over and over again for just a couple of short years or less. In fact, the semi-permanent package of tax extenders we are considering today are now referred to as "traditional tax extenders" raising serious questions about their temporary nature and making it hard to argue that they are not fixtures of our tax code... I believe these extenders must be considered within the context of fundamental tax reform."

*Alex Brill*

**A Pro-Growth, Progressive, and Practical Proposal to Cut Business Tax Rates**

American Enterprise Institute - Tax Policy Outlook - January 2012 – 8 pages

[http://www.aei.org/files/2012/01/19/-a-progrowth-progressive-and-practical-plan-to-cut-business-tax-rates\\_094221501645.pdf](http://www.aei.org/files/2012/01/19/-a-progrowth-progressive-and-practical-plan-to-cut-business-tax-rates_094221501645.pdf)

"The US tax code has eroded over time with the explosion of endless special provisions, such as distortionary deductions and ineffective credits. Now is the time to take a good look at reforming it. This Outlook outlines six simple—and bipartisan—changes to the tax code that can help the country move toward a tax code aimed towards economic growth and away from complex regulations and political favoritism. While containing the types of compromises necessary for political achievement, this plan provides a pro-growth solution by broadening the tax base and reducing the tax rate on business investment."

## FINANCE

### **Financial Services Fact Book 2012**

The Financial Services Roundtable and the Insurance Information Institute – January 2012 – 259 pages  
[http://www.fsround.org/fsr/publications\\_and\\_research/files/2012FinancialFactBook.pdf](http://www.fsround.org/fsr/publications_and_research/files/2012FinancialFactBook.pdf)

As always, this year's book provides a wealth of tables and charts on the workings of the insurance, banking and securities sectors, including data on mergers, employment, financial results and leading companies, as well as data on national savings and debt, the U.S. housing market, and banks' insurance activities and other examples of convergence.

### **Examining the Impact of the Volcker Rule on Markets, Businesses, Investors and Job Creation**

House Committee on Financial Services - Hearing - January 18, 2012  
<http://financialservices.house.gov/Calendar/EventSingle.aspx?EventID=274322>

“The statutory provisions that make up the Volcker Rule generally prohibit banking entities from engaging in two types of activities: 1) proprietary trading and 2) acquiring an ownership interest in, sponsoring, or having certain relationships with a hedge fund or private equity fund (each a covered fund). These statutory provisions apply, in general, to insured depository institutions; companies that control an insured depository institution; and foreign banks with a branch, agency, or subsidiary bank in the United States, as well as to an affiliate of one of these entities.”

*Tobias Adrian*

### **Dodd-Frank One Year On: Implications for Shadow Banking**

FRB New York, Staff Report - December 2011 – 7 pages  
[http://www.newyorkfed.org/research/staff\\_reports/sr533.pdf](http://www.newyorkfed.org/research/staff_reports/sr533.pdf)

“One year after passage of the Dodd-Frank Act (DFA), regulators proposed several of the rules required for its implementation. In this paper, the author discusses some aspects of proposed DFA rules in light of shadow banking. The topics are risk-retention rules for securitized products and the impact of capital reforms on asset-backed commercial paper (ABCP) conduits. While the reform of securitization is resulting primarily from DFA, changes in accounting standards, together with the Basel capital reforms, have had important impacts on the economics of ABCP conduits.”

### **Dodd-Frank Act: Hybrid Capital Instruments and Small Institution Access to Capital**

GAO – Report - January 18, 2012 – 87 pages  
<http://www.gao.gov/assets/590/587759.pdf>

“Hybrid capital instruments are securities that have characteristics of both equity and debt. The Federal Reserve allowed bank holding companies to include limited amounts of hybrid instruments known as trust preferred securities in the highest level of required capital (Tier 1), although other federal banking regulators never approved these or other hybrid instruments for this purpose. Responding to concerns that these instruments did not perform well during the 2007-2009 financial crisis, in 2010 the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) required regulators to establish rules that will exclude the instruments from Tier 1 capital and required GAO to study the possible effects of this provision.”

*Mark H. Kawa*

### **What Are the Risks and Opportunities on the Horizon for Community Banking?**

FRB Chicago – Chicago FedLetter – February 2012 – 4 pages  
[http://www.chicagofed.org/digital\\_assets/publications/chicago\\_fed\\_letter/2012/cflfebruary2012\\_295b.pdf](http://www.chicagofed.org/digital_assets/publications/chicago_fed_letter/2012/cflfebruary2012_295b.pdf)

“The seventh annual Community Bankers Symposium, co-sponsored by the Federal Reserve Bank of Chicago, the Federal Deposit Insurance Corporation (FDIC), and the Office of the Comptroller of the Currency (OCC), was held on November 18, 2011. This article summarizes the key presentations and discussions at the symposium.”

### **Bank Capital Requirements: Potential Effects of New Changes on Foreign Holding Companies and U.S. Banks Abroad**

GAO – Report - January 17, 2012 – 57 pages

<http://www.gao.gov/assets/590/587720.pdf>

“During the 2007-2009 financial crisis, many U.S. and international financial institutions lacked capital of sufficient quality and quantity to absorb substantial losses. In 2010, the Dodd-Frank Act introduced new minimum capital requirements for bank and savings and loan (thrift) holding companies—including intermediate holding companies of foreign banks. Intermediate holding companies are the entities located between foreign parent banks and their U.S. subsidiary banks. These companies held about 9 percent of total U.S. bank holding companies’ assets as of September 2011. The Dodd-Frank Act also required GAO to examine (1) regulation of foreign-owned intermediate holding companies in the United States, (2) potential effects of changes in U.S. capital requirements on foreign-owned intermediate holding companies, and (3) banks’ views on the potential effects of changes in U.S. capital requirements on U.S. banks operating abroad.”

### **Municipal Securities: Overview of Market Structure, Pricing, and Regulation**

GAO – Report - January 17, 2012 – 91 pages

<http://www.gao.gov/products/GAO-12-265>

“Municipal securities are debt instruments that state and local governments typically issue to finance diverse projects. Individual investors, through direct purchases or investment funds, own 75 percent of the estimated \$3.7 trillion in municipal securities in the U.S. market. In the secondary market, where these securities are bought and sold after issuance, trading largely occurs in over-the-counter markets that are less liquid and less transparent than the exchange-traded equity securities market... This report examines (1) municipal security trading in the secondary market and the factors that affect the prices investors receive, and (2) the Securities and Exchange Commission’s (SEC) and self-regulatory organizations’ (SRO) enforcement of rules on fair pricing and timely reporting. For this work, GAO analyzed trade data, reviewed federal regulators’ programs for enforcing trading rules, and interviewed market participants and federal regulators.

### **The Global Finance Regime**

Council on Foreign Relations - Updated: January 23, 2012

<http://www.cfr.org/us-strategy-and-politics/global-finance-regime/p20177>

A broad-sweeping look at international efforts to regulate the global financial system. This is part of the Global Governance Monitor, an interactive feature tracking multilateral approaches to several global challenges.

*Nicolas Véron*

### **Financial Reform after the Crisis: An Early Assessment**

The Peterson Institute - Working Paper – January 2012 – 18 pages

<http://www.piie.com/publications/wp/wp12-2.pdf>

“This working paper aims to take stock of global efforts towards financial reform since the start of the financial crisis in 2007–08 and to provide a synthetic (if simplified) picture of their status as of January 2012. Underlying dynamics are described and analyzed both at the global level (particularly G-20, International Monetary Fund, and the Financial Stability Board) and in individual jurisdictions, as well as the impact the crisis has had on these regions. The possible next steps of financial reform are then reviewed, including: the ongoing crisis management in Europe, the new emphasis on macroprudential approaches, the challenges

posed by globally integrated financial firms, the implementation of harmonized global standards, and the links between financial systems and growth.”

*Christopher Alessi*

**The Credit Rating Controversy**

Council on Foreign Relations – Backgrounder - Updated: Jan 19, 2012

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

“The "Big Three" global credit rating agencies--U.S.-based Standard and Poor's, Moody's, and Fitch Ratings--have been under intense scrutiny since the 2007-2009 global financial crisis. They were initially criticized for their favorable pre-crisis ratings of insolvent financial institutions like Lehman Brothers, as well as risky mortgage-related securities that contributed to the collapse of the U.S. housing market. But since 2010, the agencies have focused on U.S. and European sovereign debt. That resulted in S&P's unprecedented downgrade (Reuters) of the United States' long-held triple-A rating in early August 2011, initially prompting a global sell-off and market volatility not seen since December 2008.”

*Gary Clyde Hufbauer*

**Another Shot at Protection by Stealth: Using the Tax Law to Penalize Foreign Insurance Companies**

The Peterson Institute - Policy Brief - January 2012 – 4 pages

<http://www.piie.com/publications/pb/pb12-3.pdf>

“Together, US federal and state governments impose almost the highest corporate tax rate found among advanced countries, 39 percent. Only Japan is fractionally higher. The high US rate has adverse consequences—lost investment, lost jobs, and less innovation—and goes a long way to explain slipping US competitiveness in the world economy. Some US-based companies that face competition from foreign-based companies think they have found the answer: by one means or another, persuade Congress to impose US taxation on the foreign companies. Instead of attacking the root problem—exceptionally high US corporate taxes—this "solution" seeks to handicap foreign competitors with the same burdensome tax system that handicaps US-based firms when they do business at home and abroad.”

**COMPETITIVENESS – INNOVATION – R&D**

**The Competitiveness and Innovative Capacity of the United States**

U.S. Department of Commerce – Report - January 2012 – 160 pages

[http://www.commerce.gov/sites/default/files/documents/2012/january/competes\\_010511\\_0.pdf](http://www.commerce.gov/sites/default/files/documents/2012/january/competes_010511_0.pdf)

The report serves as a call to arms, highlighting bipartisan priorities to sustain and promote American innovation and economic competitiveness. The report was mandated as part of the America COMPETES Reauthorization Act of 2010, which was signed into law by President Obama in January last year. The report addresses a diverse range of topics and policy options, including: tax policy; the general business climate in the U.S.; barriers to setting up new firms; trade policy, including export promotion; the effectiveness of federal research and development policy; intellectual property regimes in the U.S. and abroad; the health of the manufacturing sector; and science and technology education.

*Jonathan Sallet and Sean Pool*

**Rewiring the Federal Government for Competitiveness - A New Cabinet Department for the 21st Century**

Center for American Progress – Report - January 2012 – 65 pages

[http://www.americanprogress.org/issues/2012/01/pdf/dwwsp\\_competitiveness.pdf](http://www.americanprogress.org/issues/2012/01/pdf/dwwsp_competitiveness.pdf)

“Today, there are more than 3,000 federal assistance programs that provide grants, loans, credit enhancements, and financing and technical assistance to firms, educational institutions, nonprofits, and local

governments to pursue job-creating activities related to science and economic competitiveness. These programs are currently administered separately...That is why we propose reorganizing the functions of the Department of Commerce... The purpose: to create a new, focused Department of Competitiveness that integrates federal policy around four interconnected areas of competitiveness: trade, technology, economic growth, workforce development.”

*William A. Galston*

### **Policy and Process Innovation for Economic Growth**

The Brookings Institution – Paper – January 13, 2012 – 19 pages

[http://www.brookings.edu/~media/Files/rc/papers/2012/0113\\_economy\\_galston/0113\\_economy\\_galston.pdf](http://www.brookings.edu/~media/Files/rc/papers/2012/0113_economy_galston/0113_economy_galston.pdf)

This paper by summarizes the two principal sources of dysfunction in the economic policy process and describes in more detail many of the bipartisan recommendations for improvement.

*Andrew D. Reamer*

### **Economic Intelligence - Enhancing the Federal Statistical System to Support U.S. Competitiveness**

Center for American Progress – Report - January 2012 – 45 pages

[http://www.americanprogress.org/issues/2012/01/pdf/dwwsp\\_economic\\_intelligence.pdf](http://www.americanprogress.org/issues/2012/01/pdf/dwwsp_economic_intelligence.pdf)

“In discussing about policy options for promoting U.S. economic competitiveness, it’s unusual for anyone to consider producing better statistics. Grants, tax credits, regulation, agency reorganizations, yes. But numbers? The federal data system sits like a large black box in a dark shadow. We know a few high-profile stats shed light on how we’re doing economically, such as GDP and unemployment, but most everything else is opaque. We don’t quite understand what else the system contributes to economic policy or, to be honest, how it works. And so it may not be immediately obvious how the statistical system could better support the nation’s economic competitiveness.”

*Krisztina “Z” Holly*

### **Universities in Innovation Networks**

Center for American Progress – Report - January 2012 – 50 pages

[http://www.americanprogress.org/issues/2012/01/pdf/dwwsp\\_university\\_innovation.pdf](http://www.americanprogress.org/issues/2012/01/pdf/dwwsp_university_innovation.pdf)

“In the last few decades, measures increasingly demonstrate that the United States is falling perilously behind in innovation... Universities play a vital and extensive role in driving innovation in the United States. They offer a vast research base (a total of \$50 billion nationwide), the ability to teach and develop a fresh new workforce (3 million graduates each year), goodwill of successful alumni, the ability to convene disparate expertise, and a deep commitment to local communities. Universities have been important players to date, and we have an opportunity to further nurture these vibrant ecologies to sustainably generate greater innovation and economic growth.”

### **2012 Global R&D Funding Forecast**

Battelle - R&D Magazine - December 2011 – 36 pages

<http://www.battelle.org/ABOUTUS/rd/2012.pdf>

“This report reflects the global researcher viewpoint of R&D. The multinational respondents to our survey confirm trends reported elsewhere, including expectations of future funding constraints across all R&D sectors—government, industry, and academia—as the most critical concern for researchers. It also reveals that the U.S. continues to be the recognized leader in a broad range of technologies such as aerospace, agriculture, military, materials, and life science.”

## HOUSING

### **New Fed White Paper Focuses on U.S. Housing**

Federal Reserve System – White Paper – January 4, 2012 – 28 pages

<http://www.federalreserve.gov/publications/other-reports/files/housing-white-paper-20120104.pdf>

The paper provides a framework for thinking about some of the key housing policy issues and discusses options that policymakers might consider in addressing foreclosed properties, credit access and pricing, homeowners at risk of default or foreclosure, and mortgage servicing.

*Anthony Downs*

### **What's Wrong With American Housing?**

The Brookings Institution – Paper – December 28, 2011 - 17 pages

[http://www.brookings.edu/~media/Files/rc/papers/2011/1228\\_housing\\_downs/1228\\_housing\\_downs.pdf](http://www.brookings.edu/~media/Files/rc/papers/2011/1228_housing_downs/1228_housing_downs.pdf)

“Housing will not help lead the U.S. economy out of this recession, as it has done many times in past recessions. A major reason is that America’s housing industry suffers from nine deficiencies that limit its ability to meet our housing needs. Some of these deficiencies are not widely recognized or are even considered advantages by the housing industry. Until its problems are better and more widely understood, that industry will continue underserving U.S. housing needs. This article summarizes those nine deficiencies and then analyzes them in more detail.”

### **President Obama’s Plan to Help Responsible Homeowners and Heal the Housing Market**

The White House – Fact Sheet - February 01, 2012

<http://www.whitehouse.gov/the-press-office/2012/02/01/fact-sheet-president-obama-s-plan-help-responsible-homeowners-and-heal-h>

“In his State of the Union address, President Obama laid out a Blueprint for an America Built to Last, calling for action to help responsible borrowers and support a housing market recovery. While the government cannot fix the housing market on its own, the President believes that responsible homeowners should not have to sit and wait for the market to hit bottom to get relief when there are measures at hand that can make a meaningful difference, including allowing these homeowners to save thousands of dollars by refinancing at today’s low interest rates. That’s why the President is putting forward a plan that uses the broad range of tools to help homeowners, supporting middle-class families and the economy.”

*Peter J. Wallison and Edward J. Pinto*

### **Bet the House: Why the FHA Is Going (for) Broke**

American Enterprise Institute – Financial Services Outlook – January 2012 – 8 pages

[http://www.aei.org/files/2012/01/24/-bet-the-house-why-the-fha-is-going-for-broke\\_144915374900.pdf](http://www.aei.org/files/2012/01/24/-bet-the-house-why-the-fha-is-going-for-broke_144915374900.pdf)

“No serious observer of the Federal Housing Administration (FHA) believes its financial future is bright. But few recognize just how troubled this government agency really is. That is because it uses lax accounting standards that obscure real and present danger to its own bottom line and the American taxpayer. In fact, when measured against the accounting system used by private mortgage insurers, the FHA is deeply insolvent, with a capital shortfall of tens of billions of dollars... Before the agency’s losses skyrocket, triggering a massive taxpayer bailout that deepens our nation’s debt, Congress should reverse that mistake and enact reforms to pull the FHA back from the brink.”

*Alon Cohen et al*

### **Rehab-to-Rent Can Help Hard-Hit Communities and Our Economy**

Center for American Progress - January 23, 2012 – 44 pages

[http://www.americanprogress.org/issues/2012/01/pdf/rehab\\_to\\_rent.pdf](http://www.americanprogress.org/issues/2012/01/pdf/rehab_to_rent.pdf)

According to the author, government-owned, foreclosed properties could earn a greater return for taxpayers and do more to promote an efficient and resilient housing market if they are taken out of for-sale markets and converted into rental units.

## **INFRASTRUCTURE - TRANSPORTATION**

*Michael A. Pagano*

### **Funding and Investing in Infrastructure**

Urban Institute - January 18, 2012 – 12 pages

<http://www.urban.org/UploadedPDF/412481-Funding-and-Investing-in-infrastructure.pdf>

Funding and investing in infrastructure are not only about finding adequate resources to meet the demands of citizenry, but rather requires understanding of how infrastructure fits into the broader functions of government. The brief examines the key role of pricing infrastructure projects and how the total cost of a project should be included in funding decisions. Current federal and state policies often encourage new building rather than maintenance and care of existing infrastructure. The role of public-private partnerships in infrastructure projects is also sometimes more about political rather than economic considerations. The author presents options to better coordinate infrastructure financing and payments across levels of government.

*Linda K. Moore*

### **Funding Emergency Communications: Technology and Policy Considerations**

Congressional Research Service, Library of Congress - January 5, 2012 – 53 pages

<http://www.fas.org/crs/homesec/R41842.pdf>

The United States has yet to find a solution that assures seamless communications among first responders and emergency personnel at the scene of a major disaster. Since September 11, 2001, when communications failures contributed to the tragedies of the day, Congress has passed several laws intended to create a nationwide emergency communications capability. The cost of constructing new networks (wireless and wireline) is estimated by experts to be in the tens of billions of dollars over the long term, with similarly large sums needed for maintenance and operation. Identifying money for federal support in the current climate of budget constraints provides a challenge to policy makers. The greater challenge, however, may be to assure that funds are spent effectively toward the national goals that Congress sets.

### **Using Public-Private Partnership to Carry Out Highway Projects**

Congressional Budget Office - January 2012 – 44 pages

<https://www.cbo.gov/ftpdocs/126xx/doc12647/01-09-PublicPrivatePartnerships.pdf>

The U.S. has a network of over 4 million miles of public roads. That system has faced increasing demands over time. Almost all of those infrastructure projects were undertaken using a traditional approach in which a state or local government assumes most of the responsibility for carrying out a project and bears most of its risks, such as the possibility of cost overruns, delays in the construction schedule, and, in the case of toll roads, shortfalls in the road's revenues. Some observers assert that an alternative approach, using a public-private partnership, could increase the money available for highway projects and complete the work more quickly or at a lower cost than is possible through the traditional method. Specifically, such a partnership could secure financing for a project through private sources that might require more accountability and could assign greater responsibility to private firms for carrying out the work.

*William Reinhardt and Ronald Utt*

### **Can Public-Private Partnerships Fill the Transportation Funding Gap?**

The Heritage Foundation – Background – January 13, 2012 -

[https://thf\\_media.s3.amazonaws.com/2012/pdf/bg2639.pdf](https://thf_media.s3.amazonaws.com/2012/pdf/bg2639.pdf)

“Given tight federal budget restraints and shrinking transportation trust fund revenues, states and the federal government need to find alternative financial resources to finance needed transportation infrastructure projects, especially maintaining and expanding the capacity of the Interstate Highway System. Increased use of public-private partnership contracts (P3s) promises to help finance some of the needed infrastructure projects, but the federal government needs to allow states more freedom to use P3s, and states need to adopt the policies and practices needed to use P3s effectively. P3s are not the solution to every transportation infrastructure challenge, but they can be used to address some of the challenges.”

### **Road Pricing Can Help Reduce Congestion, but Equity Concerns May Grow**

GAO – Study - January 12, 2012 – 60 pages

<http://www.gao.gov/assets/590/587833.pdf>

“While estimates vary, the Department of Transportation (DOT) estimates that traffic congestion costs the United States \$200 billion each year... Road pricing or congestion pricing—assessing tolls that vary with the level of congestion or time of day—aims to motivate drivers to share rides, use transit, travel at less congested times, or pay to use tolled lanes. Since the first U.S. congestion pricing project opened in 1995, 19 project sponsors have 41 pricing projects in operation or under construction... All U.S. projects in operation are either High Occupancy Toll (HOT) lanes, which charge solo drivers to use newly constructed lanes or carpool lanes, or peak-period pricing projects, which charge a lower toll on already tolled roads, bridges and tunnels during offpeak periods. GAO examined (1) the federal role in supporting congestion pricing, (2) results of U.S. congestion pricing projects, and (3) emerging issues in congestion pricing.

## **OTHER ECONOMIC POLICIES**

Intellectual Property Rights Fiscal Year 2011 Seizure Statistics

U.S. Department of Homeland Security – Report - January 9, 2012 – 34 pages

[http://cbp.gov/linkhandler/cgov/trade/priority\\_trade/ipr/pubs/seizure/ipr\\_seizures\\_fy2011.ctt/ipr\\_seizure\\_fy2011.pdf](http://cbp.gov/linkhandler/cgov/trade/priority_trade/ipr/pubs/seizure/ipr_seizures_fy2011.ctt/ipr_seizure_fy2011.pdf)

Theft of American intellectual property is a serious crime, and U.S. Customs and Border Protection and U.S. Immigration and Customs Enforcement announced today that their vigorous, ongoing efforts to protect America from the trade in counterfeit and pirated goods during fiscal year 2011 resulted in 24,792 seizures, a 24 percent increase over 2010.

Most Foreign Postal Services Are Profitable; the U.S. Postal Service Lags

Institute for Research on the Economics of Taxation – January 13, 2012 – 7 pages

<http://iret.org/pub/ADVS-281.PDF>

“The U.S. Postal Service has lost over \$25 billion since fiscal year 2006, with deficits of \$8.5 billion in 2010 and \$5.1 billion in 2011. It forecasts a \$14 billion loss in 2012. Have postal operators in other countries struggled as much financially as the U.S. Postal Service? They have also faced the challenges of electronic diversion, which is occurring worldwide, and the last recession, which rocked much of the world.”

## **LOCAL ECONOMIC DEVELOPMENT**

*Elizabeth McNichol, Phil Oliff and Nicholas Johnson*

**States Continue to Feel Recession’s Impact**

Center on Budget and Policy Priorities – Report – January 9, 2012 – 14 pages

<http://www.cbpp.org/files/9-8-08sfp.pdf>

"New state budget estimates for the upcoming fiscal year show that states still face a long and uncertain recovery. Already, 29 states have projected shortfalls totaling \$44 billion for fiscal year 2013, the fiscal year that begins July 1, 2012."

**U.S. Metro Economies: 2012 Employment Forecast and the Impact of Exports**

U.S. Conference of Mayors - January 18, 2012 – 91 pages

[http://usmayors.org/pressreleases/uploads/2012/MetroEconomiesReport\\_011812.pdf](http://usmayors.org/pressreleases/uploads/2012/MetroEconomiesReport_011812.pdf)

Job growth for nearly all of the nation's metro areas will increase this year but not fast enough to force the unemployment rate below 8 percent, according to the report. The report forecasts job growth for all metro areas but mild to weak for many, and predicts that 22 percent of metro areas hardest hit by housing crisis will take five years to recover. "The economic recovery is too slow, and it is a direct result of the inaction of this Congress in 2011," said Los Angeles Mayor Antonio Villaraigosa, the President of the US Conference of Mayors.

*Ross Devol et al.*

**Best Performing Cities 2011**

Milken Institute - December 15, 2011 – 40 pages

<http://www.milkeninstitute.org/pdf/BPC2011.pdf>

Leaders in this year's index, which ranks U.S. metros based on their ability to create and sustain jobs, are cities that most benefited from renewed investment in business equipment; have diversified technology bases, which also drive growth in business and professional services; are exposed to America's booming energy sector; and are home to a large military presence.

*Alan Berube*

**Identifying and Responding to the U.S. Metropolitan Employment Crisis**

The Brookings Institution – Paper – January 13, 2012 – 20 pages

[http://www.brookings.edu/~media/Files/rc/papers/2012/0113\\_metros\\_jobs\\_berube/0113\\_metros\\_jobs\\_berube.pdf](http://www.brookings.edu/~media/Files/rc/papers/2012/0113_metros_jobs_berube/0113_metros_jobs_berube.pdf)

"The sheer magnitude of the Great Recession affected the ability of Americans across the country to find and keep jobs; however, unemployment has been much worse in some metropolitan areas than others, and recovery likewise has been location-dependent. Three key labor market issues facing metropolitan economies help to explain these varying patterns in the employment crisis: industry structure, the housing market, and workforce skills."

*Sarah Bohn and Eric Schiff*

**The Great Recession and Distribution of Income in California**

Public Policy institute of California – Report - December 2011 – 24 pages

<http://www.ppic.org/main/publication.asp?i=965>

"In the Great Recession and its aftermath, family incomes in California declined across the spectrum. The percentage of Californians living in middle-income families fell to a new low of less than 50 percent. And the gap between the highest and lowest income families grew to its widest in 30 years. This report tracks these trends and considers the effects of unemployment on family income."

**BUSINESS**

**The Path to Job Creation: The State of American Small Businesses**

House Committee on Small Business - Hearing - February 1, 2012

<http://smallbusiness.house.gov/Calendar/EventSingle.aspx?EventID=276520>

“The purpose of the hearing was to examine obstacles to small business job creation and economic growth. On October 24, 2011, Gallup released a poll outlining the most significant concerns facing America’s small businesses. This poll mirrors numerous trade association, think tank, and national media polls that point to excessive government regulation, lack of available capital, and low consumer confidence as the biggest hurdles small business must overcome. The hearing aimed to inform committee members of the most pressing obstacles facing small businesses in an effort to narrow our focus to the most pertinent obstacles and to tackle the most egregious impediments to job creation and economic growth.”

*Laura Tyson, Greg Linden*

**The Corporate R&D Tax Credit and U.S. Innovation and Competitiveness - Gauging the Economic and Fiscal Effectiveness of the Credit**

Center for American Progress – Report – January 6, 2012 – 69 pages

[http://www.americanprogress.org/issues/2012/01/pdf/corporate\\_r\\_and\\_d.pdf](http://www.americanprogress.org/issues/2012/01/pdf/corporate_r_and_d.pdf)

“The United States spends more than any other nation in the world on research and development but its relative position has been falling even as other countries increase their investments in research... In this report, we examine the role of the credit in federal government support for R&D, evaluate the credit’s performance in realizing its objectives, and make recommendations to simplify, modify, and strengthen its effectiveness.”

*Robert Malinaa, c, Dominic McConnachiea, Niven Winchesterb, Christoph Wollersheim, Sergey Paltsev, Ian A. Waitza*

**The Impact of the European Union Emissions Trading Scheme on US aviation**

Journal of Air Transport Management – March 2012

<http://www.sciencedirect.com/science/article/pii/S0969699711001268>

“We estimate the economic impacts on US airlines that may arise from the inclusion of aviation in the European Union Emissions Trading Scheme from 2012 to 2020. We find that the Scheme would only have a small impact on US airlines and emissions, and that aviation operations would continue to grow. If carriers pass on all additional costs, including the opportunity costs associated with free allowances, to consumers, profits for US carriers will increase. Windfall gains from free allowances may be substantial because, under current allocation rules, airlines would only have to purchase about a third of the required allowances. However, an increase in the proportion of allowances auctioned would reduce windfall gains and profits for US airlines may decline.”

## AGRICULTURE

*Joshua Farley, Abdon Schmitt F., Juan Alvez, Norton Ribeiro de Freitas Jr.*

**How Valuing Nature Can Transform Agriculture**

Solutions – Article – January 2012 – 10 pages

<http://www.thesolutionsjournal.com/node/1014>

“Payments for ecosystem services (PES) are a promising mechanism through which those who benefit from ecosystem services can compensate those who provide them, for mutual gain. Numerous schemes already exist that pay landowners for land uses that sequester carbon, regulate and purify water, and enhance biodiversity, but their effectiveness is debated. We propose a form of PES in which the potential public beneficiaries of ecosystem services at the local, national, and global scales fund the research and development, extension work (i.e., farmer education, usually supported by government agencies), and affordable credit required to scale agroecology up to the level required to provide for a growing global population.”

*David B. Oppedahl*

**Rising Farmland Values: Causes and Cautions**

FRB Chicago – Chicago Fed Letter February 2012 – 4 pages

[http://www.chicagofed.org/digital\\_assets/publications/chicago\\_fed\\_letter/2012/cflfebruary2012\\_295a.pdf](http://www.chicagofed.org/digital_assets/publications/chicago_fed_letter/2012/cflfebruary2012_295a.pdf)

“On November 15, 2011, the Federal Reserve Bank of Chicago held a conference to explore what has been driving the large and rapid increases in Midwest farmland values. Academics, industry representatives, and regulators presented their views on the factors contributing to these gains, as well as the potential risks posed by them.” Materials presented at the conference are available at

[www.chicagofed.org/webpages/events/2011/agriculture\\_conference.cfm](http://www.chicagofed.org/webpages/events/2011/agriculture_conference.cfm)

*Keith O. Fuglie et al.*

**Research Investments and Market Structure in the Food Processing, Agricultural Input, and Biofuel Industries Worldwide**

U.S. Department of Agriculture - December 30, 2011 – 147 pages

<http://www.ers.usda.gov/Publications/ERR130/ERR130.pdf>

Meeting growing global demand for food, fiber, and biofuel requires robust investment in agricultural research and development (R&D) from both public and private sectors. The study examines global R&D spending by private industry in seven agricultural input sectors, food manufacturing, and biofuel and describes the changing structure of these industries. In 2007, the private sector spent \$19.7 billion on food and agricultural research and accounted for about half of total public and private spending on food and agricultural R&D in high-income countries. In R&D related to biofuel, annual private-sector investments are estimated to have reached \$1.47 billion worldwide by 2009. Incentives to invest in R&D are influenced by market structure and other factors. Agricultural input industries have undergone significant structural change over the past two decades, with industry concentration on the rise.

**EMPLOYMENT**

*Adam Looney and Michael Greenstone*

**Shrinking Job Opportunities: The Challenge of Putting Americans Back to Work**

Brookings – The Hamilton Project – Paper - January 6, 2012 – 7 pages

[http://hamiltonproject.org/files/downloads\\_and\\_links/010612\\_jobs\\_blog\\_final.pdf](http://hamiltonproject.org/files/downloads_and_links/010612_jobs_blog_final.pdf)

“The Hamilton Project compares the trends in unemployment duration before and after the Great Recession. It has always been harder to find work the longer you are unemployed, but the situation facing today’s workers is exceptional... Overall, we find little evidence that unemployment insurance (UI) benefits are increasing the time that people remain unemployed. Rather, UI benefits remain a crucial source of support for American workers, most of whom lost their jobs as a result of the Great Recession and not because of their job performance.”

*Rob Valletta and Katherine Kuang*

**Why Is Unemployment Duration So Long?**

FRB San Francisco – Economic Letter - January 30, 2012 – 5 pages

<http://www.frbsf.org/publications/economics/letter/2012/el2012-03.pdf>

“During the recent recession, unemployment duration reached levels well above those of past downturns. Duration has continued to rise during the uneven economic recovery that began in mid-2009. Elevated duration reflects such factors as changes in survey measurement, the demographic characteristics of the unemployed, and the availability of extended unemployment benefits. But the key explanation is the severe and persistent weakness in aggregate demand for labor.”

*Gary Burtless, Adam Looney*

### **Our Immediate Jobs Crisis and Long-Run Employment Problem**

The Brookings Institution – Paper – January 13, 2012 – 21 pages

[http://www.brookings.edu/~media/Files/rc/papers/2012/0113\\_gti\\_jobs\\_burtless\\_looney/0113\\_gti\\_jobs\\_burtless\\_looney.pdf](http://www.brookings.edu/~media/Files/rc/papers/2012/0113_gti_jobs_burtless_looney/0113_gti_jobs_burtless_looney.pdf)

“Two critical problems afflict the U.S. job market: the short-term problem of high unemployment and anemic job creation; and the long-term problem of stagnating wages and eroding job prospects that began long before the Great Recession.”

*Elisabeth Jacobs*

### **Maintaining Employment in a Difficult Economy**

The Brookings Institution – Paper – January 13, 2012 – 22 pages

[http://www.brookings.edu/~media/Files/rc/papers/2012/0113\\_jobs\\_jacobs/0113\\_jobs\\_jacobs.pdf](http://www.brookings.edu/~media/Files/rc/papers/2012/0113_jobs_jacobs/0113_jobs_jacobs.pdf)

This paper “shows that the recession had much less drastic effects on Germany’s workers than on U.S. workers. The prime causes for Germany’s success can be traced to the country’s coordinated market economy, which emphasizes long-term objectives, and to specific labor market policies intended to reduce the shocks of economic reversals. The traditional U.S. focus on short-term gains and protections may not be a model that continues to serve our economy—and our workers—well in competitive global markets. To help us weather future economic reversals with less pain, our leaders may want to examine some aspects of Germany’s approach.”

*David Addington*

### **Government’s Proper Role in Creating Jobs: Top Five Actions to Take**

The Heritage Foundation – Background - January 23, 2012 – 5 pages

[https://thf\\_media.s3.amazonaws.com/2012/pdf/bg2644.pdf](https://thf_media.s3.amazonaws.com/2012/pdf/bg2644.pdf)

“America needs jobs. A government committed to free enterprise, limited government, and individual freedom, and not to more borrowing and spending, can properly help. To help unleash the private sector to invest and create jobs, Congress should promptly take five specific actions: enact the New Flat Tax, free America’s energy resources, grant effective free trade negotiating authority, stop excessive government regulation, and end the artificially high pricing of labor for federal construction projects under the Davis-Bacon Act and government-mandated project labor agreements.”

### **Big Ideas for Jobs**

<http://www.bigideasforjobs.org/>

Big Ideas for Jobs is an initiative of the University of California, Berkeley, with the support of the Annie E. Casey Foundation and the W.K. Kellogg Foundation, in response to the ongoing unemployment crisis. In the initial phase, the project brought together more than a dozen leading experts from a variety of fields and challenged them to develop innovative ideas that will lead to job creation in the short-term.

### **Overview Summary:**

<http://www.bigideasforjobs.org/wp-content/uploads/2011/09/BigJobs-Overview-110311.pdf>

Briefs and Reports:

### **Tax and Employment Policy Approaches**

<http://www.bigideasforjobs.org/job-briefs/employment/>

One set of jobs ideas addresses federal tax policies and examines how effective policy changes could be for disadvantaged workers. Though many of the jobs created under these programs will be short-term, most will be new, without displacing any workers. In addition, state and local governments can stimulate job growth by investing in labor-intensive infrastructure projects, subsidizing wages or hiring workers outright.

### **Sectoral or Industry Approaches**

<http://www.bigideasforjobs.org/job-briefs/federal-policy/>

Sectoral or industry approaches offer short-term job opportunity and build capacity to help the U.S. compete globally in the long-term. Policymakers have attempted to spur the clean energy sector with mixed success. Energy efficiency retrofits and the recycling industry offer promise with just minimal job displacement.

### **Entrepreneurship Approaches**

<http://www.bigideasforjobs.org/job-briefs/sectorindustry/>

Targeting new sectors, working with community partners and removing regulatory barriers for immigrant workers and minority business owners can bring broader, more sustainable employment.

*Louis Soares, Stephen Steigleder*

### **Building a Technically Skilled Workforce - Partnerships between Community Colleges and Industries Are the Key**

Center for American Progress – Report - January 2012 – 24 pages

[http://www.americanprogress.org/issues/2012/01/pdf/dww\\_sp\\_scitechworkforce.pdf](http://www.americanprogress.org/issues/2012/01/pdf/dww_sp_scitechworkforce.pdf)

“We are currently on pace to encounter a shortage of nearly 5 million workers in 2018. Such an eventual shortage of qualified workers to fill these skilled positions will result in slower economic growth and a lower standard of living. But there is a solution. We already have an underlying system in place—the community college system—that can be modified and scaled up to meet our long-term needs for middle-skill workers...

To produce more of the skilled workers that America will require to be globally competitive, we recommend implementing a competitive grant program to spur innovation in our community college system. More specifically, the grant competition should be used to scale up the availability of community college and industry partnerships that lead to associate’s degrees and one-year certificates with labor market value.”

*Marshall Fitz*

### **Immigration for Innovation - How to Attract the World’s Best Talent While Ensuring America Remains the Land of Opportunity for All**

Center for American Progress – Report - January 2012 – 38 pages

[http://www.americanprogress.org/issues/2012/01/pdf/dwwsp\\_immigration.pdf](http://www.americanprogress.org/issues/2012/01/pdf/dwwsp_immigration.pdf)

“Reforming our high-skilled immigration system will stimulate innovation, enhance competitiveness, and help cultivate a flexible, highly-skilled U.S. workforce while protecting U.S. workers from globalization’s destabilizing effects. Our economy has benefited enormously from being able to tap the international pool of human capital. Even in today’s stressed economic climate and flagging job market there is a need to access that capital. This is a counterintuitive assertion against the backdrop of the ongoing jobs crisis afflicting the country. But it bears remembering that we have dual unemployment rates in the United States.”

## **LABOR**

*James Sherk*

### **The Union Difference: A Primer on What Unions Do to the Economy**

Capital Research Center – Labor Watch - January 2012 - 8 pages

<http://capitalresearch.org/wp-content/uploads/2012/01/LW0112.pdf?9d7bd4>

“What are unions, and what do they do? The AFL-CIO has an unhelpful answer: “Labor unions are made up of working people working together to solve problems, build stronger workplaces and give working families a real voice.” A more straightforward answer would explain that labor unions are job cartels that try to restrict the number of people who can work for an employer. By reducing the supply of available labor, unions are able to raise their members’ wages. That’s the theory, but in today’s competitive economy it often doesn’t work. Want proof? Just look at what the unions have done to the auto industry in the once-great city of Detroit.”

## INCOMES

*Thomas L. Hungerford*

### **Changes in the Distribution of Income Among Tax Filers Between 1996 and 2006: The Role of Labor Income, Capital Income, and Tax Policy**

Congressional Research Service, Library of Congress - December 29, 2011 – 22 pages

<http://www.fas.org/sgp/crs/misc/R42131.pdf>

Social scientists and philosophers have been concerned with issues surrounding the distribution of income or income inequality for over 200 years--the economist and philosopher Adam Smith discussed these issues as early as 1776. Academic writers have been writing on income inequality measurement issues for at least a century. Policy makers have also long been interested in income inequality issues; for example, the issue came up in Senate debate in 1898. Bills have been introduced in the 112th Congress that address the issue of income inequality by affecting the income of workers and taxpayers in different parts of the income distribution. In the second session of the 112th, Congress will likely debate the scheduled expiration (at the end of 2012) of the 2001 and 2003 Bush tax cuts, which could affect income inequality. The report examines changes in income inequality among tax filers between 1996 and 2006. In particular, the role of changes in wages, capital income, and tax policy is investigated.

### **Comparing the Compensation of Federal and Private-Sector Employees**

CBO – Study – January 2012 – 28 pages

<http://www.cbo.gov/ftpdocs/126xx/doc12696/01-30-FedPay.pdf>

“Employees of the federal government and the private sector differ in ways that can affect compensation. Federal workers tend to be older, more educated, and more concentrated in professional occupations than private-sector workers. CBO’s study compares federal civilian employees and private-sector employees with certain similar observable characteristics (described below). Even among workers with similar observable characteristics, however, employees of the federal government and the private sector may differ in other attributes, such as motivation or effort, that are not easy to measure but that can matter a great deal for individuals’ compensation. This analysis focuses on wages, benefits, and total compensation between 2005 and 2010.”

## HEALTH ECONOMIC ISSUES

*Karen McKeown*

### **Empowering Patients as Key Decision Makers in the Face of Rising Health Care Costs**

The Heritage Foundation – Background - December 27, 2011 – 19 pages

[http://thf\\_media.s3.amazonaws.com/2011/pdf/bg2635.pdf](http://thf_media.s3.amazonaws.com/2011/pdf/bg2635.pdf)

“The current trend of rapidly rising health care costs is unsustainable. Many proposed reforms to curb spending rely on some type of rationing imposed by an unaccountable government body. A better alternative would be to allow individual consumers to make their own decisions about care, including the self-rationing of medical services, based on cost and their own desires. Such a policy is compatible with American values of limited government and individual liberty and responsibility. State and federal policymakers should adopt measures to facilitate personal control of health care decisions.”

*MariaCristina De Nardi, Eric French, and John B. Jones*

### **How Do the Risks of Living Long and Facing High Medical Expenses Affect the Elderly’s Saving Behavior?**

FRB Chicago - Chicago Fed Letter – January 2012 – 4 pages

[http://www.chicagofed.org/digital\\_assets/publications/chicago\\_fed\\_letter/2012/cfljanuary2012\\_294.pdf](http://www.chicagofed.org/digital_assets/publications/chicago_fed_letter/2012/cfljanuary2012_294.pdf)

This article shows that the elderly, especially those with high lifetime incomes, maintain large asset holdings to account for the possibility of their living a long time and facing high medical expenses.

### **2012 Progress Report: States Are Implementing Health Reform**

White House – Report – January 18, 2012 – 9 pages

[http://www.whitehouse.gov/sites/default/files/01-18-12\\_exchange\\_report.pdf](http://www.whitehouse.gov/sites/default/files/01-18-12_exchange_report.pdf)

“In the nearly two years since President Obama signed the Affordable Care Act into law, all States have taken some action to implement health reform. For example, forty-four States are participating in the new premium rate review system where insurers must justify the rationale for any double-digit insurance premium increase. And 28 States and the District of Columbia are on their way toward establishing their own Affordable Insurance Exchange – an essential component of the law.”

## **INTERNATIONAL TRADE**

### **One, Two Three Free Trade Agreements: Finally, a New Era for Global Trade?**

Knowledge @ Wharton - January 27, 2012 - 4 pages

<http://knowledge.wharton.upenn.edu/articlepdf/2933.pdf?CFID=184298081&CFTOKEN=53004276&jsessionid=a830151c67f4ae9a4ef1622f30325f54224a>

Nearly five years after the Bush administration first negotiated free trade agreements (FTAs) with South Korea, Colombia and Panama, revised versions of those pacts were finally approved by the U.S. Congress last fall and will be implemented during 2012. Although global companies reacted with an anti-climactic sense of relief, trade analysts welcomed the new opportunities that the pacts will open for U.S. exporters in 2012.

*Silvio Contessi and Francesca de Nicola*

### **The Role of Financing in International Trade during Good Times and Bad**

FRB Saint Louis – Regional Economist – Article – January 2012 – 6 pages

[http://www.stlouisfed.org/publications/pub\\_assets/pdf/re/2012/a/international\\_trade.pdf](http://www.stlouisfed.org/publications/pub_assets/pdf/re/2012/a/international_trade.pdf)

“The collapse of trade during the financial crisis can be tied, for the most part, to a drop in demand. Less talked about, however, is the role of financing - or the lack thereof. In this article, learn how trade is financed and what caused such financing to plummet three years ago.”

*Rebecca M. Nelson et al.*

### **U.S. Trade and Investment in the Middle East and North Africa: Overview and Issues for Congress**

Congressional Research Service, Library of Congress – Report - January 20, 2012 – 41 pages

<http://www.fas.org/sgp/crs/misc/R42153.pdf>

In order to support democratic political transitions and stability in the Middle East and North Africa (MENA), policymakers in Congress and elsewhere are discussing potentially using U.S. trade and investment to bolster long-term economic growth in the region. For example, President Obama has called for the creation of a "Trade and Investment Partnership Initiative" in the MENA region, and some Members of Congress have called for deeper economic ties with Arab countries undergoing profound change. The report analyzes policy approaches that the Congress might consider concerning U.S.-MENA trade and investment.

*Usha C. V. Haley*

### **Putting the Pedal to the Metal: Subsidies to China's Auto-Parts Industry from 2001 to 2011.**

Economic Policy Institute – Briefing paper - January 31, 2012 – 37 pages

<http://www.epi.org/files/2012/bp316.pdf>

China is currently the largest car market in the world. It is also one of the largest auto-parts producers and exporters in the world, with exports, primarily to the United States, constituting about a third of its production. The Chinese government has provided subsidies for auto-parts manufacturing in China, and strategic decisions by Chinese policymakers and foreign companies have ramifications for the U.S. and global economies.

## MISCELLANEOUS

*Jerome Karabel and Daniel Laurison*

### **Outlier Nation? American Exceptionalism and the Quality of Life in the United States**

Institute for Research on Labor and Employment, UC Berkeley - Working Paper – December 2011 – 84 pages

<http://www.escholarship.org/uc/item/3xr5r6c4>

“This paper presents an Index of Societal Well-Being based on nine domains that represent essential components of a healthy, well-functioning society: the Economy, Education, Health, the Polity, the Environment, Social Capital, Mental Health and Subjective Well-Being, Crime and Incarceration, and Mobility and Opportunity. The paper describes the placement of 20 wealthy democracies on this index and on the domains that compose it. It then presents preliminary analyses of the relationships between the political and economic structure of these countries and their Societal Well-Being Index scores.”

*Rich Morin*

### **Rising Share of Americans See Conflict between Rich and Poor**

Pew Social & Demographic Trends - January 11, 2012 – 13 pages

<http://www.pewsocialtrends.org/files/2012/01/Rich-vs-Poor.pdf>

The Occupy Wall Street movement no longer occupies Wall Street, but the issue of class conflict has captured a growing share of the national consciousness. The survey of 2,048 adults finds that about two-thirds of the public (66%) believes there are "very strong" or "strong" conflicts between the rich and the poor, an increase of 19 percentage points since 2009.

### **Policy Basics: Introduction to SNAP - SNAP Is Effective and Efficient**

Center on Budget and Policy Priorities – Papers – January 2012 – 8 and 7 pages

<http://www.cbpp.org/files/policybasics-foodstamps.pdf>

<http://www.cbpp.org/files/7-23-10fa.pdf>

“In 2011, SNAP helped almost 45 million low-income Americans to afford a nutritionally adequate diet in a typical month. Nearly 75 percent of SNAP participants are in families with children; more than one-quarter are in households with seniors or people with disabilities. While SNAP’s fundamental purpose is to help low-income families, the elderly, and people with disabilities afford an adequate diet and avoid hardship, it promotes other goals as well, such as reducing poverty, supporting and encouraging work, protecting the overall economy from risk, and promoting healthy eating.”

### **The Spirit of Volunteerism**

Department of State - eJournal USA – December 31, 2011 – 21 pages

<http://iipdigital.usembassy.gov/st/english/publication/2011/11/20111114164952pillihp0.1753351.html#axzz1jhpWE200>

This issue of eJournalUSA is dedicated to the unheralded citizens who collectively contribute some \$173 billion annually through their unpaid labor. They are part of a tradition of volunteerism that has deep roots in U.S. society. Firefighting was an early form of volunteerism that Benjamin Franklin introduced in Philadelphia in 1736. This innovative idea spread rapidly, and within a few years the cities up and down the eastern seaboard of North America boasted volunteer fire companies.

**Mineral Commodity Summaries 2012**

U.S. Geological Survey - January 30, 2012 – 201 pages

<http://minerals.usgs.gov/minerals/pubs/mcs/2012/mcs2012.pdf>

The value of mineral production in the United States increased by 12 percent in 2011 from that of 2010, suggesting that the nonfuel minerals industries, particularly metals, continued to recover from the economic recession that began in December 2007 and lasted well into 2009. The value of raw, nonfuel minerals mined in the United States was \$74 billion in 2011, up from \$66 billion in 2010, according to the report.

**USA Elections in Brief**

Department of State – 31 pages

[http://www.america.gov/media/pdf/books/0108\\_elections.pdf#popup](http://www.america.gov/media/pdf/books/0108_elections.pdf#popup)

The United States has been a representative democracy since the ratification of the U.S. Constitution in 1787 – although the electoral tradition began during the Colonial era and had its roots in British history. This book discusses the nature of the modern American electoral process, and how it works at the federal, state, and local levels. The process, complicated and sometimes confusing, has evolved to ensure universal suffrage to all men and women who are U.S. citizens — 18 years-of-age, or older.