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A SELECTION OF DOCUMENTS RECENTLY PUBLISHED ON THE WEB

N° 13 –October 2013

GENERAL INTEREST

Martin Neil Baily and Barry P. Bosworth
The United States Economy: Why Such a Weak Recovery?
The Nomura Foundation's Macro Economy Research Conference/Brookings - Paper - September 11, 2013 – 32 pages
http://www.brookings.edu/~/media/research/files/papers/2013/09/united%20states%20economy%20why%20weak%20recovery%20baily%20bosworth/united%20states%20economy%20why%20weak%20recovery%20baily%20bosworth.pdf

"We document the failures of the U.S. economy to generate a recovery from the financial crisis of 2008-09. The growth of aggregate demand is largely moving in parallel with the secular growth in potential output with only modest progress in reducing unemployment. We trace the weakness to residential and nonresidential construction and limited progress in resolving the problems of widespread negative equity positions in the housing market. The decline in housing values has also negatively impacted the revenues of state and local governments and forced a retrenchment of their expenditure programs. As an added complication, the business sector has reversed its normal role as a net borrower in financial markets. The responses of monetary and fiscal policies have been limited and controversial… The unresolved problems suggest a long period of slow growth and higher than normal unemployment."

Brink Lindsey
Why Growth Is Getting Harder
Cato Institute - Policy Analysis - October 8, 2013 – 24 pages
http://object.cato.org/sites/cato.org/files/pubs/pdf/pa737_web_1.pdf

"For over a century, the trend line for the long-term growth of the U.S. economy has held remarkably steady. Notwithstanding huge changes over time in economic, social, and political conditions, growth in real gross domestic product (GDP) per capita has fluctuated fairly closely around an average annual rate of approximately 2 percent. Looking ahead, however, there are strong reasons for doubting that this historic norm can be maintained."

Christian E. Weller and Farah Ahmad
The State of Communities of Color in the U.S. Economy - Still Feeling the Pain 4 Years into the Recovery
Center for American Progress – Report – October 2013 – 33 pages
http://www.americanprogress.org/wp-content/uploads/2013/10/CommunitiesOfColor-4.pdf

"More disturbingly, the data we summarize in this report show that when it comes to holding a good job, owning a home, and having a financial safety cushion—in the form of health insurance, retirement benefits, and private savings—communities of color are substantially less likely than their white fellow citizens to enjoy the opportunities that accrue from having these securities. This difference exists because economic opportunities eroded faster for communities of color than for whites during the Great Recession—and those opportunities have been coming back much more slowly for communities of color than for whites during the economic recovery."

HOUSING

When Will the Housing Market Recovery Boost Retail Consumption?
FRB Atlanta – Real Estate Research – October 23, 2013
http://realestateresearch.frbatlanta.org/?d=1&s=blogrer

"Some good news for the economy: August home prices were 12.4 percent higher than they were last year. Real estate constitutes about a third of Americans' net wealth, according to the Federal Reserve's Financial Accounts of the United States (previously Flow of Funds Accounts of the United States). So just using common sense, you'd think that strong growth in home prices might translate into stronger retail sales and a stronger economy. But real personal consumption expenditures remain sluggish, according to the Bureau of Economic Analysis, growing by just 0.2 percent in August and 0.1 percent in July. Should we expect home price gains to translate into stronger retail sales?"

William Hedberg and John Krainer
Why Are Housing Inventories Low?
FRB San Francisco - Economic Letter - October 21, 2013 – 5 pages
http://www.frbsf.org/economic-research/publications/economic-letter/2013/october/low-housing-inventory-factors/el2013-31.pdf

"Inventories of homes for sale have been slow to bounce back since the 2007-09 recession, despite steady house price appreciation since January 2012. One probable reason why many homeowners are not putting their homes on the market is that their properties may still be worth less than the value of their mortgages, which would leave them owing additional money after a sale. In other cases, homeowners may simply be hoping that house prices will continue to rise, allowing them to recover lost equity."

Federal Housing Administration: Implications of a $1.7 billion Taxpayer Bailout
House Committee on Financial Services – Hearing – October 29, 2013 – 11 pages
http://financialservices.house.gov/uploadedfiles/hhrg-113-ba00-wstate-cgalante-20131029.pdf

Testimony of Carol Galante, Assistant Secretary for Housing/Federal Housing Administration Commissioner, U.S. Department of Housing and Urban Development (HUD). "Since 2009, FHA has helped nearly 7 million families become homeowners or refinance into a more affordable home loan –aiding in the stabilization and ongoing recovery of the housing market. When the recent recession pushed our economy to the brink of collapse, FHA stepped in to provide access to mortgage financing as the private market retreated."

FISCAL AND TAX POLICIES

Alan J. Auerbach and William G. Gale
Fiscal Myopia
The Brookings Institution and the Tax Policy Center - Paper - September 30, 2013 – 29 pages
http://www.brookings.edu/~/media/research/files/papers/2013/09/30%20fiscal%20myopia%20auerbach%20gale/30%20fiscal%20myopia%20auerbach%20gale.pdf

"While political leaders remain tied up in discussions of government shutdowns and debt ceiling increases, we focus on the medium- and long-term budget outlook, where more serious challenges lie. With the passage of the American Taxpayer Relief Act, the imposition of the sequester, and changes in health care cost projections, some observers are claiming that fiscal issues have been resolved. The release of several new reports provides an opportunity to re-examine these issues. Our overarching conclusion is that, while the nation faces many other pressing economic and social issues, we are still far from attaining a sustainable fiscal policy."

Alex Brill
The Role of Economic and Political Resilience in Fiscal Reform
U.S. Chamber of Commerce Foundation – Article – 2013 - 9 pages
http://emerging.uschamber.com/sites/default/files/BrillFiscalResilience.pdf

“The economic resilience of the American household makes for an inspiring story—and an important one given the role that resilience will play in righting our fiscal imbalance. While the resilience of the American household and the American worker is key to tackling our entitlement problems and the fiscal challenges that lie ahead for our country, our elected officials also must demonstrate political resilience. While many American households have responded and will continue to respond wisely to recent economic adversity by preparing for a more uncertain economic future, lawmakers need to strengthen their political courage to reform unsustainable programs, primarily Medicare and Social Security. The good news is that our leaders can both draw on the public’s resilience for inspiration and rely on their resilience in the face of necessary policy changes.”

Scott Drenkard, Joseph Henchman
2014 State Business Tax Climate Index
Tax Foundation – October 2013
http://taxfoundation.org/article/2014-state-business-tax-climate-index

Tne Tax Foundation’s 2014 edition of the State Business Tax Climate Index enables business leaders, government policymakers, and taxpayers to gauge how their states’ tax systems compare.

MONETARY POLICY

John C. Williams
Will Unconventional Policy Be the New Normal?
FRB San Francisco - Economic Letter - October 7, 2013 – 8 pages
http://www.frbsf.org/economic-research/publications/economic-letter/2013/october/federal-reserve-unconventional-monetary-policy-large-scale-asset-purchases-forward-guidance/el2013-29.pdf

Unconventional monetary policies such as asset purchases and forward policy guidance have given the Federal Reserve much-needed tools when the traditional policy interest rate is near zero. Looking ahead to normal times, certain types of unconventional policies are best kept in reserve. If another situation arises where the Fed needs to call on these tools, it is ready and prepared to do so. The following is adapted from a presentation by the president and CEO of the Federal Reserve Bank of San Francisco to the UC San Diego Economic Roundtable in San Diego, California, on October 3, 2013.

John H. Makin
What Now for Monetary Policy?
American Enterprise Institute – Outlook - October 3, 2013 – 7 pages
http://www.aei.org/files/2013/10/02/-what-now-for-monetary-policy_162146532986.pdf

“One hundred years after its founding, the Federal Reserve’s policy activities are proving to be quite different than originally envisioned. Although the Fed’s original purpose was primarily to provide liquidity during financial crises and ensure a low and stable rate of inflation, it is now expending more energy on targeting lower unemployment and higher growth. Monetary policy, however, is ill-suited to achieving these goals. The next Fed chair needs to turn the rising tide of dissatisfaction with Fed policy by returning it to its primary purpose of controlling inflation and reducing uncertainty.”

Antoine Martin, James McAndrews, Ali Palida, and David Skeie
Federal Reserve Tools for Managing Rates and Reserves
FRB New York – Staff Report – September 2013 – 43 pages
http://www.newyorkfed.org/research/staff_reports/sr642.pdf

“Monetary policy measures taken by the Federal Reserve as a response to the 2007-09 financial crisis and subsequent economic conditions led to a large increase in the level of outstanding reserves. The Federal Open

Market Committee (FOMC) has a range of tools to control short-term market rates in this situation. We study several of these tools, namely, interest on excess reserves (IOER), reverse repurchase agreements (RRPs), and the term deposit facility (TDF). We find that overnight RRPs (ON RRPs) may provide a better floor on rates than term RRPs because they are available to absorb daily liquidity shocks. Whether the TDF or RRPs best support equilibrium rates depends on the intensity of interbank monitoring costs versus balance sheet costs, respectively, that banks face. In our model, using the RRP and TDF concurrently may most effectively stabilize short-term rates close to the IOER rate when such costs are rapidly increasing."

John H. Makin
Beware the Monetary Cliff
American Enterprise Institute – Economic Outlook - November 2013
http://www.aei.org/files/2013/10/28/-beware-the-monetary-cliff_090018614000.pdf?utm_source=new-research&utm_medium=paramount&utm_campaign=Beware+the+monetary+cliff

"Unlike the US fiscal cliff, which was largely defused by congressional action, the US monetary cliff—which will be reached if US inflation rates turn negative—cannot be easily circumvented. Over the past two years, US, European, and Chinese inflation rates have drifted steadily lower, and Japan's "end-deflation" initiatives have produced only modest relief from 15 years of negative inflation (deflation). Once an economy slips into deflation, the risk of falling into a self-reinforcing deflationary spiral rises. And as deflation increases, investment, spending, lending, and employment growth suffer. Because the United States is the largest economy in the world, US deflation would be exported to the rest of the world. Federal Reserve Chairman Ben Bernanke and his recently nominated successor Janet Yellen can prevent the United States from falling off the monetary cliff by making deflation avoidance a more clearly stated Fed objective and by setting a new range for inflation that has a hard lower bound."

FINANCE

Peter Conti-Brown and Simon Johnson
Governing the Federal Reserve System after the Dodd-Frank Act
Petersen Institute – Policy Brief – October 2013 - 10 pages
http://www.piie.com/publications/pb/pb13-25.pdf

"The 2010 Dodd-Frank Wall Street Reform and Consumer Protection Act increased the powers of the Board of Governors of the Federal Reserve System pertaining to the supervision and operation of systemically important financial institutions. The authors argue that in light of these changes, the process of considering and choosing Fed governors should also be changed. In nominating and confirming new governors, the president and Congress should make greater efforts to appoint only highly qualified people familiar with both regulatory and monetary matters. This is a pressing matter given that within the next 12 months there may be as many as four appointments to the Board, reflecting an unusually high degree of turnover at a critical moment for the development of US and global financial regulatory policy."

Marshall Eckblad, Thomas Jacobs, and Alexander Perry
Chicago Fed Risk Conference: Low Rates and Slow Growth Challenge Financial Industry
FRB Chicago – Economic Letter – November 2013 – 4 pages
http://www.chicagofed.org/digital_assets/publications/chicago_fed_letter/2013/cflnovember2013_316a.pdf

The Chicago Fed's Supervision and Regulation Department, in conjunction with DePaul University's Center for Financial Services, held its sixth annual Financial Institution Risk Management Conference on April 9–10, 2013. The conference focused on the challenges to financial institutions' business models."

Tara Sullivan and James Vickery
A Look at Bank Loan Performance
FRB New York - Liberty Street Economics - October 16, 2013
http://libertystreeteconomics.newyorkfed.org/2013/10/a-look-at-bank-loan-performance.html

"U.S. banks experienced a rapid rise in loan delinquencies and defaults during the 2007-09 recession, driven by rising unemployment and falling real estate prices, among other factors. More than four years on from the official end of the recession, how do things look now?"

Vikram Jambulapati and Joanna Stavins
The Credit Card Act of 2009: What Did Banks Do?
FRB Boston - Public Policy Discussion Paper – October 2013 – 28 pages
http://www.bostonfed.org/economic/ppdp/2013/ppdp1307.pdf

"The Credit CARD Act of 2009 was intended to prevent practices in the credit card industry that lawmakers viewed as deceptive and abusive. Among other changes, the Act restricted issuers' account closure policies, eliminated certain fees, and made it more difficult for issuers to change terms on credit card plans. Critics of the Act argued that because of the long lag between approval and implementation of the law, issuing banks would be able to take preemptive actions that might disadvantage cardholders before the law could take effect. Using credit bureau data as well as individual data from a survey of U.S. consumers, we test whether banks closed consumers' credit card accounts or otherwise restricted access to credit just before the enactment of the CARD Act… We do not find evidence that banks closed credit card accounts or deteriorated terms of credit card plans at a higher rate between the time when the CARD Act was signed and when its provisions became law."

Joe Valenti and Deirdre Heiss
Financial Access in a Brave New Banking World
Center for American Progress – Report - October 2013 – 19 pages
http://www.americanprogress.org/wp-content/uploads/2013/10/FreeCheckingReport.pdf

"Technology has ushered in a brave new world of banking services. "Checking" accounts increasingly have fewer checks, or complement "checkless checking" accounts…Meanwhile, mobile banking technology has emerged as a substitute for some of the activities that would normally lead someone to a bank branch, such as depositing checks and transferring funds. And prepaid debit cards that have many of the same benefits as a bank account… increasingly look like bank accounts, even if they are not all regulated this way… This report will walk through the newfound problems—and recognize the progress—of the current banking environment for low- and moderate-income consumers, and briefly discuss cities' efforts to address these concerns before suggesting potential recommendations to expand financial access."

Daniel Cooper
Changes In U.S. Household Balance Sheet Behavior after the Housing Bust and Great Recession: **Evidence From Panel Data**
FRB Boston - Public Policy Discussion Paper – October 2013 – 80 pages
http://www.bostonfed.org/economic/ppdp/2013/ppdp1306.pdf

"This paper uses panel data through 2011 to examine evidence of shifts in household balance sheet behavior following the financial crisis and Great Recession. The paper considers evidence of balance sheet repair through debt repayment as well as changes in the composition of households' balance sheets and/or saving decisions to determine whether households' desire for holding or investing in riskier versus safer assets has changed. The data show relatively small and limited balance sheet adjustment--especially for those households considered the most likely to have been impacted by the economic collapse… Overall, the findings are inconsistent with major adjustments occurring in households' balance sheet behavior--especially to the extent where these shifts would have contributed substantially to the sluggish economic recovery."

OTHER ECONOMIC POLICIES

Robert D. Atkinson
Innovation Economics: How a New Theory Casts Light on an Old Problem of the Budget Deficit
The Information Technology & Innovation Foundation - Report - October 2013 – 14 pages
http://www2.itif.org/2013-innovation-economics-new-theory-old-problem-budget.pdf

"The primary economic challenge facing America right now is neither a lack of government stimulus nor large budget deficits; it is a loss of economic vitality that has reduced our ability to create jobs, compete globally, increase productivity, and raise living standards across the board. Solving this challenge will require, among other measures, reduced business taxes and increased public investment, especially in R&D, education and training, and infrastructure. However, finding the budget resources to increase American productivity would be difficult even in the best of times, but with the federal debt held by the public close to 75 percent of GDP, it becomes almost insurmountable. Addressing America's budget deficit and "investment deficit" at the same time will require a new approach to the budget grounded in the discipline of "innovation economics."

Luke A. Stewart and Robert D. Atkinson
Restoring America's Lagging Investment in Capital Goods
The Information Technology & Innovation Foundation – Report - October 2013 – 39 pages
http://www2.itif.org/2013-restoring-americas-lagging-investment.pdf

"Given the importance of investment in machinery and equipment to economic growth, the stagnation of the rate of investment and decline in the stock in the 2000s is alarming. Even more alarming is that investment is declining relative to the size of the economy. Without policies to stem the decline and stimulate new investment, productivity growth will slow, as will growth in GDP, jobs and tax revenues. It is not too late, however, for policymakers to put in place policies to encourage the private sector to restore investment rates."

Ted Gayer and Emily Parker
Cash for Clunkers: An Evaluation of the Car Allowance Rebate System
Brookings – Paper – October 31, 2013 – 29 pages
http://www.brookings.edu/~/media/research/files/papers/2013/10/cash%20for%20clunkers%20evaluation%20gayer/cash_for_clunkers_evaluation_paper_gayer.pdf

"According to a new paper and policy brief by Ted Gayer and Emily Parker, the Car Allowance Rebate System (CARS) or "cash for clunkers" program, launched during the height of the recession with the intention of stimulating the economy, creating jobs, and reducing emissions, was actually far more expensive per job created than alternative fiscal stimulus programs."

TRANSPORTATION

Tracy C. Miller and Brian Deignan
Why the DOT's Role in Funding and Regulating Transportation Should Be Reduced
Mercatus Center – Working Paper - September 24, 2013 – 72 pages
http://mercatus.org/sites/default/files/Miller_AssessingDOT1_v1.pdf

"We analyze the role of the US Department of Transportation (DOT) in regulating transportation safety and funding surface transportation infrastructure. These two aspects of DOT policy are important in light of recent trends and problems with our transportation system. Government officials and transportation experts have expressed growing concern about deteriorating surface transportation infrastructure. Transportation safety regulation, which continues to increase, disproportionately burdens low-income Americans and small businesses. This paper synthesizes and updates the literature from past debates about the costs and incentive effects of safety regulation."

Funding the Nation's Freight System
House Transportation and Infrastructure Committee – Hearing – October 10, 2013
http://transportation.house.gov/calendar/eventsingle.aspx?EventID=357143

Perspectives from Users of the Nation's Freight System
House Transportation and Infrastructure Committee – Hearing – October 1, 2013
http://transportation.house.gov/calendar/eventsingle.aspx?EventID=357150

BUSINESS

Paul Kedrosky
Getting The Bug: Is (Growth) Entrepreneurship Contagious?
Ewing Marion Kauffman Foundation – Study - October 2013- 11 pages
http://www.kauffman.org/uploadedFiles/DownLoadableResources/is-entrepreneurship-contagious.pdf

"Why do some people become entrepreneurs while others don't? Many explanations have been proposed, including economic, psychological, experiential, educational, situational, demographic, or other factors. All of these are at least somewhat plausible given that entrepreneurship's complexity dictates that no single rationale for its undertaking can be complete. This short paper adds to these previous explanations a simple overarching idea: that the entrepreneurial instinct often is, like many human behaviors, imitative."

Mark Muro, Scott Andes, Kenan Fikri, Martha Ross, Jessica Lee, Neil G. Ruiz and Nick Marchio
Drive! Moving Tennessee's Automotive Sector Up the Value Chain
Brookings – Report - October 4, 2013 – 147 pages
http://www.brookings.edu/~/media/research/files/reports/2013/10/4%20tennessee%20auto/brookings%20tennessee%20advanced%20industries%20final.pdf

"Tennessee's auto industry has led the state's post-recession recovery and has managed to increase its share of North American motor vehicle manufacturing employment since the Recession. However, with fundamental changes in the global auto industry ratcheting up competitive pressures, Tennessee will need to find new ways to compete in the years ahead. Most notably, the state like other locations will need to complement its traditional costs advantages with a new focus on workforce quality and technology development."

Bungling Bundling: How Contract Bundling and Consolidation Remain Challenges to Small Business Success
House Committee on Small Business Subcommittee on Contracting and Workforce – Hearing - October 10, 2013
http://smallbusiness.house.gov/calendar/eventsingle.aspx?EventID=349860

The purpose of the hearing was to review how the government is complying with the current laws on contract bundling and consolidation, the extent to which they continue to pose challenges for small firms and if legislation is necessary.

TELECOMUNICATIONS

Broadband Adoption: The Next Mile
U.S Senate Committee on Commerce, Science, and Transportation – Hearing - October 29, 2013
http://www.commerce.senate.gov/public/index.cfm?p=Hearings&ContentRecord_id=6e1aa0a5-f079-477c-b493-e0a58cef1b19&ContentType_id=14f995b9-dfa5-407a-9d35-56cc7152a7ed&Group_id=b06c39af-e033-4cba-9221-de668ca1978a

The Subcommittee will examine how to increase broadband adoption in the United States; explore challenges to broadband adoption among various demographic groups and regions; and strategies to overcome those barriers.

The Evolution of Wired Communications Networks
House Committee on Energy and Commerce – Hearing - October 23, 2013
http://energycommerce.house.gov/hearing/evolution-wired-communications-networks

"The Subcommittee's hearing is focused on how the evolution of these networks away from older and less flexible ways of delivering services is impacting consumers and the companies that invest in delivering service to them, and ultimately, whether the laws that were enacted to govern these discrete services are appropriate in an Internet Protocol (IP)-enabled world."

AGRICULTURE

Renée Johnson and Jim Monke
What Is the Farm Bill?
Congressional Research Service - October 11, 2013 – 9 pages
http://www.fas.org/sgp/crs/misc/RS22131.pdf

"The farm bill is an omnibus, multi-year piece of authorizing legislation that governs an array of agricultural and food programs. Titles in the most recent farm bill encompassed farm commodity price and income supports, farm credit, trade, agricultural conservation, research, rural development, bioenergy, foreign food aid, and domestic nutrition assistance. Although agricultural policies sometimes are created and changed by freestanding legislation or as part of other major laws, the farm bill provides a predictable opportunity for policymakers to comprehensively and periodically address agricultural and food issues. The farm bill is renewed about every five years."

James MacDonald
Cropland Consolidation and the Future of Family Farms
USDA - ERS – Amber Waves – September 2013
http://www.ers.usda.gov/amber-waves/2013-september/cropland-consolidation-and-the-future-of-family-farms.aspx#.UnbM5vmUZsM

"The average size of a U.S. crop farm has changed little during the past three decades. However, this seeming stability masks important structural changes in the farm sector: growing numbers of very small and very large farms and declining numbers of mid-sized farms. In the process, cropland acreage is moving toward much larger farms. The acreage shift is substantial and widespread and follows from developments in technology and in farm organization."

ENVIRONMENT AND ECONOMICS

Randal O'Toole
Reducing Livability: How Sustainability Planning Threatens the American Dream
Cato Institute – Policy Study - October 28, 2013 – 22 pages
http://object.cato.org/sites/cato.org/files/pubs/pdf/pa740_web.pdf

"In response to state laws and federal incentives, cities and metropolitan areas across the country are engaged in "sustainability planning" aimed at reducing greenhouse gas emissions. In many if not most cases, this planning seeks to reshape urban areas to reduce the amount of driving people do. In general, this means increasing urban population densities and in particular replacing low-density neighborhoods in transit corridors with dense, mixed-use developments. Such planning tramples on property rights and personal preferences. To increase urban area densities, planners use containment policies such as urban-growth boundaries or greenbelts."

EPA vs. American Mining Jobs: The Obama Administration's Regulatory Assault on the Economy
House Subcommittee on Energy and Mineral Resources - Hearing - October 10, 2013
http://naturalresources.house.gov/calendar/eventsingle.aspx?EventID=351787

"This hearing is the story of how one agency – the Obama Administration's EPA – can singlehandedly decide to retroactively pull permits, or veto any operations in areas the size of states, and at the same time use armed SWAT teams to review permits."

Fran Sussman, Cathleen Kelly, and Kate Gordon
Climate Change - An Unfunded Mandate
Center for American Progress – Report - October 2013 – 31 pages
http://www.americanprogress.org/wp-content/uploads/2013/10/ClimateUnfundedMandate-REPORT.pdf

"Responding to climate change as it occurs, rebuilding and repairing damages, and preparing for future extreme weather will be expensive. Even if the United States takes massive steps to tackle climate change today, the high levels of greenhouse gas pollution already in the atmosphere ensure that the risks and consequences of a warmer world will continue to grow in the years to come. Even with immediate action to curb climate change risks, this will be expensive. Without action, however, the total U.S. bill—for responding, rebuilding, and preparing for the future—could reach hundreds of billions of dollars annually. These costs will have to be paid by already overburdened federal, state, local, and tribal governments and—directly and indirectly—by the American people. In fact, the costs of these actions may well represent the largest unfunded mandate Congress has ever imposed on the American people."

Joshua Meltzer
The Trans-Pacific Partnership Agreement, The Environment and Climate Change
Brookings - Book Chapter - September 2013 – 32 pages
http://www.brookings.edu/~/media/research/files/papers/2013/09/trans%20pacific%20partnership%20meltzer/meltzer%20tpp%20environment%20chapter_version%202.pdf

"As a twenty-first-century trade agreement, the Trans-Pacific Partnership Agreement (TPP) presents an important opportunity to address a range of environmental issues, from illegal logging to climate change and to craft rules that strike an appropriate balance between supporting open trade and ensuring governments can respond to pressing environmental issues. Moreover, the ambition of the TPP parties is for the TPP to become the building block for a Free Trade Area of the Asia-Pacific (FTAAP). Accordingly, the rules that are agreed in the TPP could set the rules for trade and investment in the broader Asia-Pacific region for years to come."

EMPLOYMENT

Mary C. Daly, Bart Hobijn, and Benjamin Bradshaw
Gauging the Momentum of the Labor Recovery
FRB San Francisco - Economic Letter - October 15, 2013 – 4 pages
http://www.frbsf.org/economic-research/publications/economic-letter/2013/october/labor-market-recovery-momentum-indicators/el2013-30.pdf

"Federal Reserve policymakers are watching a broad set of indicators for signs of "substantial" labor market improvement, a key consideration for beginning to scale back asset purchases. One way to find which are most useful is to focus on how well movements in these indicators predict changes in the unemployment rate. Research suggests that six indicators are most promising. They offer evidence that the recovery has more momentum now than a year ago, a strong signal that the labor market is improving and could accelerate in coming months."

Recent Developments in the U.S. Labor Market: Analysis and Policy Responses
FRB Atlanta - Conference - October 3-4, 2013
Summary http://www.frbatlanta.org/news/conferences/13employment.cfm
Papers http://www.frbatlanta.org/news/conferences/13employment_agenda.cfm

"Is the recovery of the nation's jobs market maddeningly slow because employers are pushing their current workers harder instead of hiring more people? Or is it because unemployed people can collect jobless benefits longer and are thus less motivated to look for work? It could be a little of both, along with many more reasons. The Federal Reserve Bank of Atlanta's Center for Human Capital Studies annual employment conference, held in early October, examined these and other possible explanations for sluggish job growth in the wake of the worst economic downturn since World War II. The nation lost some eight million jobs during the December 2007 to June 2009 recession, and total employment still has not reached its prerecession level."

J. Christina Wang
The Impact of Policy Uncertainty on U.S. Employment: Industry Evidence
FRB Boston – Public Policy Brief – October 2013 – 26 pages
http://www.bostonfed.org/economic/ppb/2013/ppb133.pdf

"The anemic pace of the recovery of the U.S. economy from the Great Recession has frequently been blamed on heightened uncertainty, much of which concerns the nation's fiscal policy. Intuition suggests that increased policy uncertainty likely has different impacts on different industries, to the extent that industries differ in their exposure to government policies. This study utilizes industry data to explore whether policy uncertainty indeed affects the dynamics of employment, and particularly its impact on industry employment, during this recovery. This analysis focuses on heterogeneity across industries in terms of the fraction of their product demand that can ultimately be attributed to federal government expenditures. The estimation results reveal that policy uncertainty indeed retards employment growth more in industries that rely more heavily on federal government demand: the growth rate of employment in these industries appears to have been four-tenths of a percentage point lower during the quarters in recent years when policy uncertainty spiked."

Robert Z. Lawrence and Lawrence Edwards
US Employment Deindustrialization: Insights from History and the International Experience
Peterson Institute - Policy Brief – October 2013 – 14 pages
http://www.piie.com/publications/pb/pb13-27.pdf

"The sharp decline in manufacturing employment in the United States over the last decade is often attributed to the dramatic increase in imports from emerging-market economies, especially China. The authors argue, however, that a far more important explanation for the decline lies in powerful forces affecting all advanced economies, especially the rapid productivity growth in manufacturing that has kept output high with ever fewer jobs. In addition, they note Americans buy fewer manufactured goods today than in the past. A vigorous US and global economic recovery could boost US manufacturing employment in the short run. Over the long run, however, absent new product innovations, or a shift in consumer preferences, the basic forces leading to declining manufacturing employment are unlikely to abate."

Robert E. Scott
Trading Away the Manufacturing Advantage - China Trade Drives Down U.S. Wages and Benefits and Eliminates Good Jobs or U.S. Workers
Economic Policy Institute – Briefing Paper - September 30, 2013 – 37 pages
http://s3.epi.org/files/2013/trading-manufacturing-advantage-china-trade.pdf

"Robert E. Scott examines the wage losses American workers have experienced due to the U.S. trade deficit with China. Even when reemployed in other industries, the 2.7 million workers displaced by the U.S. trade deficit with China lost $13,505 per worker in 2011, for total wage losses of $37.0 billion."

Daniel Cooper
The Effect of Unemployment Duration on Future Earnings and Other Outcomes
FRB Boston - Working Paper – October 2013 – 33 pages
http://www.bostonfed.org/economic/wp/wp2013/wp1308.pdf

"One of the distinguishing features of the Great Recession and its aftermath has been the spike in the number of individuals experiencing long-duration unemployment spells, defined as lasting more than 26 weeks. This paper analyzes the effect of unemployment duration on individual's future earnings and other outcomes, such as homeownership and wealth, using data from the Panel Study of Income Dynamics (PSID). The results show a negative relationship between a worker's most recent unemployment spell and his or her current earnings… Unemployment spells also negatively impact future homeownership--this finding suggests that the consequences of the recent spike in unemployment duration could affect more than individuals' expected lifetime earnings. Given the costs of long-term unemployment, policies aimed at reducing the unemployment rate-such as the Federal Reserve's quantitative easing program--could have the added benefit of limiting the negative consequences of long-duration unemployment through fostering faster re-employment."

Gordon Lafer
The Legislative Attack on American Wages and Labor Standards, 2011–2012
Economic Policy Institute – Briefing Paper – October 31, 2013 – 72 pages
http://s4.epi.org/files/2013/EPI-Legislative-Attack-on-American-Wages-Labor-Standards-10-31-2013.pdf

"Over the past two years, state legislators across the country have launched an unprecedented series of initiatives aimed at lowering labor standards, weakening unions, and eroding workplace protections for both union and non-union workers. This policy agenda undercuts the ability of low- and middle-wage workers, both union and non-union, to earn a decent wage. This report provides a broad overview of the attack on wages, labor standards, and workplace protections as it has been advanced in state legislatures across the country. Specifically, the report seeks to illuminate the agenda to undermine wages and labor standards being advanced for non-union Americans in order to understand how this fits with the far better-publicized assaults on the rights of unionized employees."

PENSIONS

The Challenge of Retirement Savings for Small Employers
House Committee on Small Business – Hearing - October 2, 2013
http://smallbusiness.house.gov/calendar/eventsingle.aspx?EventID=340236

The purpose of the hearing was to examine the state of retirement savings for small employers, the barriers they face in offering plans, and options for expanding coverage

Strengthening the Multiemployer Pension System: How Will Proposed Reforms Affect Employers, Workers, and Retirees?
House Subcommittee on Health, Employment, Labor, and Pensions – Hearing - October 29, 2013
http://edworkforce.house.gov/calendar/eventsingle.aspx?EventID=356015

"I expect our witnesses will describe in greater detail the challenges facing the multiemployer pension system and how we have ended up with nearly $400 billion in unfunded benefit liabilities, a Pension Benefit Guaranty Corporation on the brink of insolvency, employers stretched thin by current pension obligations, and both workers and retirees fearful they will lose what they worked so hard to achieve."

HEALTH

Sheila P. Burke and Elaine Kamarck
The Affordable Care Act: A User's Guide to Implementation
Brookings - Paper - October 15, 2013 – 35 pages
http://www.brookings.edu/~/media/research/files/papers/2013/10/15%20affordable%20care%20act%20user%20guide%20burke%20kamarck/kamarckburkeaca%20user%20guide101513.pdf

"Sheila Burke and Elaine Kamarck seek to offer a balanced way of looking at the implementation of the Affordable Care Act (Obamacare) that goes beyond today's thorny political situation. They outline some meaningful metrics for establishing success or failure (or both) in the years to come. The authors first describe the complex federal-state architecture of the law and how, in many states, politics have dictated the choices made. And then they ask eight key questions that will determine the long-term versus the short-term success or failure of the health care law."

TRADE RELATIONS

Gary Clyde Hufbauer, Theodore H. Moran and Lindsay Oldenski, assisted by Martin Vieiro
Outward Foreign Direct Investment and US Exports, Jobs, and R&D: Implications for US Policy
Petersen Institute – Book chapters for preview – August 2013
http://bookstore.piie.com/book-store/6680.html

"It is not in the US interest to adopt tax and regulatory policies that would discourage global engagement by US multinational corporations (MNCs). Research presented in this book shows that the expansion of foreign affiliates of US MNCs is positively associated with more production, greater employment, higher exports, and more research and development (R&D) in the United States. These findings suggest that less investment abroad by US firms would weaken—not strengthen—the US economy. This analysis by no means implies that there are only winners and no losers from outward investment… To benefit the US economy and US workers most broadly, the United States will want to search for ways to strengthen the appeal of the United States as a base for the operations of international firms. High among the recommendations to accomplish this, the United States should adopt a territorial tax system, like the great majority of developed countries."

Theodore H. Moran and Lindsay Oldenski
Foreign Direct Investment in the United States: Benefits, Suspicions, and Risks with Special Attention to FDI from China
Petersen Institute – Book chapters for preview – August 2013
http://bookstore.piie.com/book-store/6604.html

"American popular opinion has long been ambivalent toward foreign direct investment in the United States. Foreign multinational corporations may be a source of capital, technology, and jobs. But suspicions remain of hidden motives and costs. Theodore H. Moran and Lindsay Oldenski find that foreign multinational firms that invest in the United States are, alongside US-headquartered American multinationals, the most productive and highest-paying segment of the US economy. These firms conduct more research and development, provide more value added to US domestic inputs, and export more goods and services than other firms in the US economy. The superior technology and management techniques they employ spill over horizontally and vertically to improve the performance of local firms and workers."

The Transatlantic Trade and Investment Partnership: Achieving the Potential
Senate Committee on Finance – Hearing – October 30, 2013
http://www.finance.senate.gov/hearings/hearing/?id=07eb1774-5056-a032-520a-6c95d7852780

Witnesses:
Michael L. Ducker, Executive Vice President and Chief Operating Officer, FedEx, Memphis, TN
Ryan McCormick, President, Montana Grain Growers Association, Great Falls, MT
Dave Ricks, Senior Vice President, Eli Lilly and Company and President, Lilly Bio-Medicines, Indianapolis
William Roenigk, Senior Vice President, National Chicken Council, Washington, DC

Daniel J. Ikenson
The Transatlantic Trade and Investment Partnership: A Roadmap for Success
Cato Institute – Free Trade Bulletin - October 14, 2013
http://www.cato.org/publications/free-trade-bulletin/transatlantic-trade-investment-partnership-roadmap-success

"Whether or not the TTIP produces an ambitious, comprehensive agreement will depend on numerous factors. Keeping negotiators focused on the task and governments continuously supportive of their efforts may be the most important requirement. Setting and achieving discrete goals with discrete deadlines—three smaller, successive agreements reached and implemented every two years by harvesting the lowest-hanging fruit first—offers a promising start. The process will require rejecting the single undertaking approach to negotiations, where nothing is agreed until everything is agreed. To improve chances for success, it will also need to employ a negative list approach for regulatory issues so as to distill and identify what is and is not achievable."

Michelle Wein and Stephen Ezell
How to Craft an Innovation Maximizing T-TIP Agreement
The Information Technology & Innovation Foundation – Report - October 2013 – 34 pages
http://www2.itif.org/2013-innovation-maximizing-ttip-agreement.pdf

"The Transatlantic Trade and Investment Partnership (T-TIP) Agreement should be designed to maximize innovation in the United States and the European Union. Innovation is a central driver of economic growth, and thus a key focal point of U.S. and EU economic development strategies. Ideally, the T-TIP would eliminate all tariffs and non-tariff barriers to trade. However, realistically, both the European Union and the United States are going to make trade-offs, and it is important to make these trade-offs in a manner that promotes innovation-based trade as a fundamental driver of global growth."

Simon Johnson and Jeffrey J. Schott
Financial Services in the Transatlantic Trade and Investment Partnership
Peterson Institute - Policy Brief – October 2013 – 11 pages
http://www.piie.com/publications/pb/pb13-26.pdf

"Negotiations aimed at producing a Transatlantic Trade and Investment Partnership (TTIP) are expected to include an agreement on harmonizing financial service regulations in Europe and the United States. But concerns have arisen about how a future agreement could affect the still unsettled European financial reforms and the introduction of new US rules pursuant to the Dodd-Frank legislation and other potential initiatives. The authors believe that the TTIP can make regulatory policies more transparent and create opportunities for trade and investment in financial services in both markets. But they caution against creating international frameworks that could constrain the ability of US and European financial regulators to safeguard their own financial systems from future crises."

Robert B. Zoellick,
NAFTA and the North American Future
Peterson Institute for International Economics - Prepared Remarks - October 15, 2013 – 5 pages
http://www.piie.com/publications/papers/zoellick20131015.pdf
"North America has the potential to be a strong and unique continent—comprising two developed countries and a rising developing country—in a changing world economy. The global importance of the United States,

Canada, and Mexico results from several factors, including an increasingly integrated market of almost 500 million people, energy self-sufficiency and exports, a cohesive infrastructure network, and complementary manufacturing and service industries. They also share the goal of improving their educational systems by emphasizing workforce skills and aligning immigration policies. With a common outlook on security and foreign policy interests, North America can better compete with 1.3 billion Chinese and other economic powerhouses around the world."

MISCELLANEOUS

Marian L. Lawson
Foreign Assistance: Public-Private Partnerships (PPPs)
Congressional Research Service - October 28, 2013 – 18 pages
http://www.fas.org/sgp/crs/misc/R41880.pdf

"Recent reviews of U.S. foreign assistance policy, together with increasing fiscal constraints, may spur congressional action on foreign assistance reauthorization or reform in the 113th Congress. As part of this effort, Congress may consider several issues that affect or are affected by the use of PPPs, including budget and procurement policies, interagency leadership, international commitments, and the role of aid within broader development policy. This report discusses the evolution of private sector involvement in U.S. foreign assistance programs over recent decades, how globalization has driven the modern approach to development partnerships, potential benefits and drawbacks of PPPs, and how partnerships are being used by other bilateral donors and multilateral development agencies. The report then discusses partnership-related issues that may be of interest to Congress as part of the foreign assistance authorization and reform process."

Edwin M. Truman
Asian and European Financial Crises Compared
Brookings - Working Paper – October 2013 – 44 pages
http://www.piie.com/publications/wp/wp13-9.pdf

"The origins of the European and Asian financial crises were broadly similar, but the evolution of the two sets of crises exhibited many significant differences. The European crisis countries received more external financial support, despite the fact that their problems resulted more from solvency issues, while the Asian crises involved more liquidity issues. On balance, the reform programs undertaken by European crisis economies were less demanding and rigorous than those in the Asian economics. Partly as a consequence, the negative impacts on the global economy of the European crisis have been larger than those in Asia. Among the lessons to be drawn is that the International Monetary Fund (IMF) and other countries were mistaken in treating the European situation as a set of individual country crises rather than as a crisis for the euro area as a whole."

ENERGY

The North American Energy Infrastructure Act
House Committee on Energy and Commerce – Hearing - October 29, 2013
http://energycommerce.house.gov/hearing/north-american-energy-infrastructure-act

"But energy supply alone is not sufficient to achieve North American energy independence. We must also have in place the energy infrastructure necessary to deliver affordable and reliable energy across our northern and southern borders. This means being able to site and construct oil and gas pipelines and electric transmission lines to carry energy and electrons across the borders of the U.S., Canada and Mexico. Additional infrastructure will create a more efficient North American energy market…The legislation before us today will modernize and reform the approval process for energy infrastructure projects that cross the borders of the United States."

Providing the Tools for Scientific Discovery and Basic Energy Research: The Department of Energy Science
Mission
House Science Committee - Subcommittee on Energy - Hearing – October 30, 2013
http://science.house.gov/hearing/subcommittee-energy-hearing-providing-tools-scientific-discovery-and-basic-energy-research

Witnesses:
Dr. Pat Dehmer, Deputy Director for Science Programs, Office of Science, Department of Energy
Dr. Horst Simon, Deputy Director, Lawrence Berkeley National Lab
Dr. John Hemminger, Chairman, Basic Energy Sciences Advisory Committee, Department of Energy

Megan Nicholson and Matthew Stepp
Challenging the Clean Energy Deployment Consensus
The Information Technology & Innovation Foundation – Report - October 2013 – 44 pages
http://www2.itif.org/2013-challenging-clean-energy-deployment-consensus.pdf

"Most clean energy advocates believe that the world has all the low-carbon technologies needed to effectively address climate change. In their view, we don't need technology breakthroughs; we need political breakthroughs that will establish regulatory mandates, subsidies for clean energy, and taxes on "dirty energy" that will drive widespread deployment of clean energy technologies. Unfortunately, this widely held "Deployment Consensus" is largely misguided: existing technologies still cost more, often substantially more, than fossil fuels, while exhibiting sub-optimal performance. Only when clean energy is cheaper than fossil fuels will it be massively deployed globally because countries, companies, and individuals will want to adopt it—not out of civic mindedness, but out of self-interest. And the only way for that to happen is through a robust global clean energy innovation strategy."

Ethan A. Rogers, R. Neal Elliott, Sameer Kwatra, Daniel Trombley, and Vasanth Nadadur
Intelligent Efficiency: Opportunities, Barriers, and Solutions
American Council for an Energy-Efficient Economy – Report – October 2013 - 80 pages
http://www.aceee.org/sites/default/files/publications/researchreports/e13j.pdf

"Intelligent efficiency refers to a systematic approach to saving energy that marries traditional energy efficiency with wireless and cloud-based computer technologies. These technologies enhance our ability to gather, interpret, and act upon energy information in order to improve performance and achieve new levels of energy savings…The report estimates the economic potential of intelligent efficiency and projects that annual energy cost savings for the commercial and manufacturing sectors could exceed $50 billion (our previous report found that intelligent efficiency could reduce the nation's energy use by 12 to 24 %). In the next two to three decades, these new intelligent capabilities will affect every sector of the economy and bring about energy savings that we are only beginning to understand."

Lynn J. Cunningham and Beth A. Roberts
Renewable Energy and Energy Efficiency Incentives: A Summary of Federal Programs
Congressional Research Service - October 18, 2013 – 55 pages
http://www.fas.org/sgp/crs/misc/R40913.pdf

"Recognition of the implications of dependence on foreign sources of energy, coupled with concerns over the volatility of prices driven by fluctuations in supply spurred by world events, have led to efforts to increase U.S. energy independence and reduce domestic consumption. The result has been the emergence of a number of programs focused on energy efficiency and conservation of domestic resources and on research programs that target the development of renewable sources of energy. Many of these programs have roots going back almost 40 years and have been redesigned many times over that period… This report outlines current federal programs and provisions providing grants, loans, loan guarantees, and other direct or indirect incentives for energy efficiency, energy conservation, and renewable energy RDD&D."

Rachel Young
Using the Energy-Water Nexus to Build Better Programs
American Council for an Energy-Efficient Economy – Report – October 2013 - 32 pages
http://www.aceee.org/sites/default/files/publications/researchreports/e13h.pdf

"Water and energy are inherently linked, intersecting at both the supply side (electric generation and water/wastewater facilities) and the end-use side (residential, commercial, industrial, and agriculture sectors). This intersection is commonly called the "energy-water nexus." The water-energy linkage means that efficiency programs operated by a water utility will benefit an energy utility and vice versa. Some energy efficiency programs have begun to address and account for water savings, and conversely some water programs have begun to account for energy savings impacts, but this has occurred only in a patchwork of programs across the country. Greater efficiency could be gained from recognition of the energy-water nexus in program delivery and accounting practices and better understanding and coordination between the two communities. This report provides recommendations on program models and frameworks that utilities can use to save both water and energy."

Trailblazing Without the Smog: Incorporating Energy Efficiency into Greenhouse Gas Limits for Existing Power Plants
American Council for an Energy-Efficient Economy – Report – August 2013 - 18 pages
http://www.aceee.org/sites/default/files/publications/researchreports/e13i.pdf

"On June 25, 2013, President Obama called on the U.S. Environmental Protection Agency (EPA) to propose a rule to regulate greenhouse gases from existing power plants by June 2014. Section 111(d) of the Clean Air Act is likely to be the authority upon which EPA relies to draft the rule. With the drafting of these regulations, a whole host of questions emerge concerning what a greenhouse gas regulatory scheme might look like. One of the most promising opportunities for emission reductions from existing sources is in low-cost end-use energy efficiency. This report makes several recommendations for how a 111(d) rulemaking could be designed so that end-use efficiency plays a role in achieving meaningful greenhouse gas reductions from the power sector."

EPA's Regulatory Threat to Affordable, Reliable Energy: The Perspective of Coal Communities
House Committee on Energy and Commerce – Hearing - October 29, 2013
http://energycommerce.house.gov/hearing/epa%E2%80%99s-regulatory-threat-affordable-reliable-energy-perspective-coal-communities

"Nowhere have we seen the risks to prosperity more clearly than in the continued accumulation of regulations facing the coal sector of our economy – and our coal communities have suffered greatly. Today we will hear important testimony that will provide the perspective of the communities that help provide Americans the benefits of this abundant resource and the electricity it produces. The views of the local officials and workers provide a testament to the importance of coal, as a source of good, meaningful work, and as a support for the quality of life that all communities around the nation strive for. But the testimony also paints a troubling picture about the real damage that occurs when plants shutter, mines close, and people lose their jobs."

EPA Power Plant Regulations: Is the Technology Ready?
House Science Committee – Hearing - October 29, 2013
http://science.house.gov/hearing/subcommittee-environment-and-subcommitte-energy-joint-hearing-epa-power-plant-regulations

Witnesses
The Honorable Charles McConnell, Executive Director, Energy & Environment Initiative, Rice University

Dr. Richard Bajura, Director, National Research Center for Coal and Energy, West Virginia University
Mr. Kurt Waltzer, Managing Director, The Clean Air Task Force
Mr. Roger Martella, Partner, Environmental Practice Group, Sidley Austin

Robert Pirog
Oil and Natural Gas Industry Tax Issues in the FY2014 Budget Proposal
Congressional Research Service - October 30, 2013 – 13 pages
http://www.fas.org/sgp/crs/misc/R42374.pdf

"The Obama Administration, in the FY2014 budget proposal, seeks to eliminate a set of tax expenditures that benefit the oil and natural gas industries. Supporters of these tax provisions see them as comparable to those affecting other industries and supporting the production of domestic oil and natural gas resources. Opponents of the provisions see these tax expenditures as subsidies to a profitable industry the government can ill afford, and impediments to the development of clean energy alternatives."

H. Sterling Burnett
How Fracking Helps Meet America's Energy Needs
National Center for Policy Analysis - Issue Brief - October 2013
http://www.ncpa.org/pub/ib132

"If fracking cannot definitively be linked to a persistent, widespread, inherent problem, the federal government should accept the mountain of evidence that fracking is safe. The federal government should streamline the permitting and leasing process on public lands - leaving regulation on private land to the states - in order to reap the fiscal, economic and energy bounty of fracking. If problems become manifest, regulations can be tailored as narrowly as possible to address issues relevant to specific geographic sites."

Adam Vann, Brandon J. Murrill, Mary Tiemann
Hydraulic Fracturing: Selected Legal Issues
Congressional Research Service - October 22, 2013 – 37 pages
http://www.fas.org/sgp/crs/misc/R43152.pdf

"This report focuses on selected legal issues related to the use of hydraulic fracturing. It examines some of the requirements for hydraulic fracturing contained in major federal environmental laws. It also provides an overview of issues involving state preemption of local zoning authority, as well as state tort law."

Kathleen Hunker
A Texas Capacity Market: The Push for Subsidies
Texas Public Policy Foundation – September 2013 – 4 pages
http://www.texaspolicy.com/sites/default/files/documents/2013-09-PP28-TexasCapacityMarketPushforSubsidies-CEF-KathleenHunker.pdf

"Capacity markets are a redistribution scheme that relies on taxes, subsidies, and penalties to recreate the incentives naturally found in an energy-only market. Capacity markets will result in at least $4 billion per year of subsidies with no guarantee that the extra subsidies will boost capacity. Capacity markets offer Texas no appreciable benefit that it couldn't get from its energy-only market at a cheaper, more efficient price."