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## US ECO/Vacheret

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## GENERAL INTEREST

*Paolo Mauro and Jan Zilinsky*

### **Fiscal Tightening and Economic Growth: Exploring Cross-Country Correlations**

Peterson Institute - Policy Brief – September 2015 - 14 pages

<http://www.piie.com/publications/pb/pb15-15.pdf>

“The global financial and economic crisis that began in 2008 has revived concerns that fiscal consolidation can impede economic growth and the question of whether fiscal stimulus (an expansion in the fiscal deficit) boosts economic growth. Mauro and Zilinsky analyze the correlations between measures of fiscal "austerity" and economic growth, starting from the simplest and gradually building up, in a step-by-step, transparent manner, to multivariate regressions based on various samples of countries for different periods. The results show that simple correlations are no longer significant when considering slightly longer sample periods and omitting outliers, like Greece, from the sample. In multivariate regressions using broader samples, a tightening of fiscal policy is associated with lower growth in some specifications and samples. The data offer partial support to the notion that fiscal choices and output growth are correlated.”

### **How the Sharing Economy Creates Jobs, Benefits Consumers, and Raises Policy Questions**

House Committee on Energy and Commerce – Hearing - September 29, 2015

<http://energycommerce.house.gov/hearing/disrupter-series-how-sharing-economy-creates-jobs-benefits-consumers-and-raises-policy>

“Propelled by the growing adoption of mobile broadband, the sharing economy has impacted multiple facets of the global marketplace. The platforms that comprise the sharing economy put vast networks of people and services at our fingertips, introducing the modern daily life to new conveniences. According to a recent PriceWaterhouseCoopers study, the sharing economy generated about \$15 billion in revenues in 2013, and is projected to generate \$335 billion in ten years. With over 80 million Americans participating in the sharing economy, the policy issues it raises are now national in scope.”

## IMMIGRATION - INCOMES – INEQUALITY

### **How Immigration Has Reshaped U.S. Population**

Pew Research Center – Overview + Report – September 2015

<http://www.pewhispanic.org/2015/09/28/modern-immigration-wave-brings-59-million-to-u-s-driving-population-growth-and-change-through-2065>

“Fifty years after passage of the landmark law that rewrote U.S. immigration policy, nearly 59 million immigrants have arrived in the United States, pushing the country’s foreign-born share to a near record 14%.

For the past half-century, these modern-era immigrants and their descendants have accounted for just over half the nation's population growth and have reshaped its racial and ethnic composition. A new analysis by Pew Research Center sheds light on the future of the U.S. populace as the share of foreign-born residents continues to rise.”

### **An Analysis of Unauthorized Immigrants in the United States by Country and Region of Birth**

Migration Policy Institute - August 2015 – 31 pages

<http://migrationpolicy.org/sites/default/files/publications/Unauth-COB-Report-FINALWEB.pdf>

The report profiles the approximately 11 million unauthorized immigrants living in the United States, examining population growth trends over time by country or region of origin as well as geographic distribution by state and top county destinations. The report also assesses eligibility and application rates for the Deferred Action for Childhood Arrivals (DACA) program, analyzing differences in application rates by national origin.

### **Income and Poverty in the United States: 2014**

U.S. Census Bureau - September 2015 – 80 pages

<http://www.census.gov/content/dam/Census/library/publications/2015/demo/p60-252.pdf>

The nation's official poverty rate in 2014 was 14.8 percent, which means there were 46.7 million people in poverty. Neither the poverty rate nor the number of people in poverty were statistically different from 2013 estimates. This marks the fourth consecutive year in which the number of people in poverty was not statistically different from the previous year's estimate. Median household income in the United States in 2014 was \$53,657, not statistically different in real terms from the 2013 median income. This is the third consecutive year that the annual change was not statistically significant, following two consecutive annual declines. The percentage of people without health insurance coverage for the entire 2014 calendar year was 10.4 percent, down from 13.3 percent in 2013. The number of people without health insurance declined to 33.0 million from 41.8 million over the period.

*Robert Rector*

### **Poverty and the Social Welfare State in the United States and Other Nations**

Heritage Foundation – Backgrounder - September 2015 - 6 pages

<http://www.heritage.org/research/reports/2015/09/poverty-and-the-social-welfare-state-in-the-united-states-and-other-nations>

“Among affluent nations, contrary to the conventional wisdom, the United States has one of the highest levels of social welfare spending per capita. Using a uniform measure to compare poverty levels in the United States and Europe shows that the poverty rate is lower in the U.S. than in the United Kingdom and roughly the same as the rates in most other West European countries. The official U.S. poverty measure tells very little about the actual living conditions of the poor because the vast majority of means-tested welfare spending is not included. Government data show that the living standards of the poor are very different from common notions of poverty. In working to reduce poverty, the goal should not be to outspend other nations in government programs, but rather to promote self-sufficiency and true well-being.”

*Richard V. Reeves*

### **The Dangerous Separation of the American Upper Middle Class**

Brookings – Memo - September 3, 2015

<http://www.brookings.edu/blogs/social-mobility-memos/posts/2015/09/03-separation-upper-middle-class-reeves>

“The American upper middle class is separating, slowly but surely, from the rest of society. This separation is most obvious in terms of income—where the top fifth have been prospering while the majority lags behind. But the separation is not just economic. Gaps are growing on a whole range of dimensions, including family

structure, education, lifestyle, and geography. Indeed, these dimensions of advantage appear to be clustering more tightly together, each thereby amplifying the effect of the other.”

*Robert Rector*

**The Redistributive State: The Allocation of Government Benefits, Services, and Taxes in the United States**

Heritage Foundation – September 2015

<http://www.heritage.org/research/reports/2015/09/the-redistributive-state-the-allocation-of-government-benefits-services-and-taxes-in-the-united-states>

“This paper examines fiscal balance in the United States by income class. It estimates the distribution of the full array of government benefits and services including cash and near cash benefits, means-tested aid, education services, and general social services. It also estimates the distribution of all direct and indirect taxes used to finance government expenditure...The analysis finds that the lowest three income quintiles are in fiscal deficit, while the two highest income quintiles are in surplus. Overall, there was a transfer of roughly \$1 trillion in economic resources from the top 40 percent of households to the bottom 60 percent. This sum represents about 9.5 percent of total national income in 2004.”

**FISCAL AND TAX POLICIES**

**An Economic History of Federal Spending & Debt - Economic Growth & Federal Budgeting Trends with Insights for the Future**

U.S. Congress - Joint Economic Committee (Republicans) - September 10, 2015 – 40 pages

[http://www.jec.senate.gov/public/\\_cache/files/aefff50d-dc8e-4e0b-ab9f-def32f184179/20150910-jec-spendingstudy.pdf](http://www.jec.senate.gov/public/_cache/files/aefff50d-dc8e-4e0b-ab9f-def32f184179/20150910-jec-spendingstudy.pdf)

“To better understand and address the fiscal challenges of today, it is helpful to be informed and learn from past fiscal decisions, which are best illuminated in relation to the U.S. economy. Hence, this paper offers a side-by-side glimpse of U.S. economic growth and federal budgeting trends since our nation’s founding, with special reference to the national debt, and tangential reference to the effect of federal regulations on the economy.”

*Richard Kogan, Paul N. Van de Water, and Cecile Murray*

**CBPP Projections Show Long-Term Budget Outlook Has Improved Significantly Since 2010 But Remains Challenging**

Center on Budget and Policy Priorities – Paper - September 14, 2015 – 12 pages

<http://www.cbpp.org/sites/default/files/atoms/files/9-14-15bud.pdf>

“Under current budget policies, the nation’s fiscal outlook is stable for the rest of this decade and then worsens gradually, according to CBPP’s new long-term budget projections. Policymakers should not ignore the long-run budget problems, which remain challenging. No deficit or debt crisis looms, however, and promoting further labor market improvements remains the nation’s most immediate economic concern. Policymakers should therefore avoid too much deficit reduction too soon, which would weaken the economic recovery, and focus deficit-reduction efforts on measures that take effect after the labor market has more fully recovered.”

*Alan J. Auerbach and William G. Gale*

**The Fiscal Problem: Gone Today, Here Tomorrow**

Brookings - Paper - September 9, 2015 – 36 pages

<http://www.brookings.edu/~media/research/files/papers/2015/09/09-gale-fiscal-problem/ag-20150909.pdf>

“We provide new projections of the fiscal outlook over 10-year and longer-term horizons, based on the latest government estimates. The outlook has improved recently, but debt remains historically high as a share of GDP and is projected to rise further. While addressing this need not require current spending cuts, and while a

financial meltdown due to debt is quite unlikely, the medium- and long-term debt outlook does raise concerns. To re-attain a debt-GDP ratio of 36 percent – the level prevailing in 2007 and the average in 1957-2007 – by 2040 would require policy changes of 3.0 percent of GDP.”

### **A Macroeconomic Analysis of the President’s 2016 Budget**

CBO - August 21, 2015 - 24 pages

<https://www.cbo.gov/sites/default/files/114th-congress-2015-2016/reports/50734-APB.pdf>

“The President’s policies would make U.S. output larger over the next decade than it would be under current law—mostly by changing immigration laws. Such economic effects would feed back into the budget in ways that would reduce deficits.”

*James P. Angelini and David G. Tuerck*

### **How Corporations Are Taxed**

Beacon Hill Institute/National Center for Policy Analysis – Policy Report - August 2015 - 12 pages

<http://www.ncpa.org/pdfs/st369.pdf>

“There appears to be agreement in principle that U.S. corporate tax rates are too high. The top U.S. corporate income tax rate is 35 percent — the highest in the world among developed countries. However, some small businesses face a 39.6 percent tax rate because, as sole proprietorships or partnerships, they are taxed at the highest personal income tax rate of 39.6 percent. Corporate taxes are so high largely because corporations are an easy target for raising revenue. The corporate income tax represents about 14 percent of total federal tax revenue, including taxes on profits before and after they are distributed to owners and shareholders — so-called double taxation.”

*Greg Zimmerman, Claire Moser, Jessica Goad, and Matt Lee-Ashle*

### **Fair Share Scorecard: Ensuring Taxpayers Receive a Fair Share for America’s Public Resources**

Center for American Progress - August 17, 2015 – 24 pages

<https://cdn.americanprogress.org/wp-content/uploads/2015/08/14133642/FairShareScorecard-report-817.pdf>

“President Richard Nixon’s 1973 request that Congress reform federal mining policy—though still unheeded—affirmed a powerful principle that guides U.S. natural resource policy: America’s public lands and waters, and the energy and minerals beneath them, belong to all Americans. It follows that, as owners of these resources, American taxpayers should be entitled to their fair share of the revenues from drilling, mining, logging, and other development that takes place on public lands. In practice, however, the outdated laws and regulations governing energy and natural resource extraction on U.S. public lands provide few protections for the fiscal interests of U.S. taxpayers.”

*Scott A. Hodge*

### **The Economic Effects of Adopting the Corporate Tax Rates of the OECD, the UK, and Canada**

Tax Foundation - Fiscal Fact - August 20, 2015

<http://taxfoundation.org/article/economic-effects-adopting-corporate-tax-rates-oecd-uk-and-canada>

“Using the Tax Foundation’s Taxes and Growth (TAG) Model, this paper simulates both the economic benefits and budgetary costs of a cut in the corporate income tax rate from the current 35 percent to the OECD average corporate income tax rate of 25 percent, the current UK corporate income tax rate of 20 percent, and the Canadian federal corporate tax rate of 15 percent. The results revealed that if the U.S. were to adopt the Canadian rate, long-term GDP would grow by 4.3% which is nearly double than if it were to adopt the OECD average. By contrast, if the U.S. adopted the UK rate, GDP would still grow by 3.3%. The main reason for this additional growth is the reduction in the service price of capital which are costs associated with investment, such as taxes, depreciation, risk, and foregone consumption opportunities. The lower capital costs would in turn increase the size of the capital stock in the economy.”

## MONETARY POLICY

*Glenn D. Rudebusch, Daniel J. Wilson, and Benjamin Pyle*

### **Residual Seasonality and Monetary Policy**

FRB San Francisco - Economic Letter - August 24, 2015 – 5 pages

<http://www.frbsf.org/economic-research/files/el2015-27.pdf>

“Much recent discussion has suggested that the official real GDP data are inadequately adjusted for recurring seasonal fluctuations. A similar pattern of insufficient seasonal adjustment also affects the published data for a key measure of price inflation. Still, such residual seasonality in the published output and inflation statistics is unlikely to mislead Federal Reserve policymakers or adversely affect the setting of monetary policy.”

*Lee Smith and Thealexa Becker*

### **Has Forward Guidance Been Effective?**

FRB Kansas City Economic Review – Third Quarter 2015 – 22 pages

<https://www.kansascityfed.org/~media/files/publicat/econrev/econrevarchive/2015/3q15smithbecker.pdf>

“Since 2008, the Federal Reserve has relied on unconventional policy measures such as forward guidance to pursue its dual mandate. In the Economic Review, A. Lee Smith and Thealexa Becker compare forward guidance announcements with changes in the effective federal funds rate and find the two policy measures have had similar effects on the macroeconomy.”

*Michael D. Bauer and Erin McCarthy*

### **Can We Rely on Market-Based Inflation Forecasts?**

FRB San Francisco - Economic Letter - September 21, 2015 – 5 pages

<http://www.frbsf.org/economic-research/files/el2015-30.pdf>

“A substantial decline in market-based measures of inflation expectations has raised concerns about low future inflation. An important question to address is whether the forecasts based on market information are as accurate as alternative forecasting methods. Compared against surveys of professional forecasters and other simple constant measurement tools, market-based inflation expectations are poor predictors of future inflation. This suggests that these measures contain little forward-looking information about future inflation.”

*Rebecca M. Nelson*

### **Current Debates over Exchange Rates: Overview and Issues for Congress**

Congressional Research Service - Report - September 17, 2015 - 29 pages

<http://www.fas.org/sgp/crs/misc/R43242.pdf>

“Over the past decade, some Members of Congress have been concerned that foreign countries are using policies to gain an unfair trade advantage against other countries, or “manipulating” their currencies. Congressional concerns have focused on China’s foreign exchange interventions over the past decade to weaken its currency against the U.S. dollar, although concerns have also been raised about a number of other countries pursuing similar policies. At the heart of disagreements is whether or not countries are using policies to undermine free markets and intentionally push down the value of their currency.”

*Rod Garratt and Rosa Hayes*

### **Entry and Exit Leads to Zero Profit for Bitcoin Miners**

FRB New York - Liberty Street Economics - August 28, 2015

<http://libertystreeteconomics.newyorkfed.org/2015/08/entry-and-exit-leads-to-zero-profit-for-bitcoin-miners.html#.VerpBpdIOUk>

“In a previous post, we discussed bitcoin miners’ incentives to undertake a 51 percent attack given the current condition of the bitcoin market. We also speculated that high profits and free entry would cause more miners to enter the market, driving marginal mining profits to zero in the long run. Since then, the price of a bitcoin has declined over 40 percent and both the hash rate and the difficulty level of the bitcoin mining problem, which adjusts automatically to changes in the hash rate, appear to have leveled off. Our most recent calculations suggest the long run may have arrived.”

*Edward V. Murphy, M. Maureen Murphy, and Michael V. Seitzinger*

**Bitcoin: Questions, Answers, and Analysis of Legal Issues**

Congressional Research Service - Report - August 14, 2015 – 35 pages

<http://www.fas.org/sgp/crs/misc/R43339.pdf>

“Congress is interested in Bitcoin because of concerns about its use in illegal money transfers, concerns about its effect on the ability of the Federal Reserve to meet its objectives (of stable prices, maximum employment, and financial stability), and concerns about the protection of consumers and investors who might use Bitcoin. Bitcoins, uncertain security from theft and fraud, and a long-term deflationary bias that encourages the hoarding of Bitcoins... In addition, Bitcoin raises a number of legal and regulatory concerns, including its potential for facilitating money laundering, its treatment under federal securities law, and its status in the regulation of foreign exchange trading.”

**FINANCE**

*Chanan Steinhart*

**The Mortgage Meltdown**

National Center for Policy Analysis - Policy Backgrounder - September 29, 2015 – 8 pages

<http://www.ncpa.org/pdfs/bg179.pdf>

“The 2008 financial crisis was one of the most severe economic breakdowns in the history of the world. The crisis was a classic financial bubble with all the classic attributes thereof: greed, misallocations, malinvestment and irrationality. This bubble and the subsequent financial meltdown is a story about the U.S. housing market.”

**Financing Main Street: How Dodd-Frank is Crippling Small Lenders and Access to Capital**

House Committee on Small Business – Hearing - September 17, 2015

<http://smallbusiness.house.gov/calendar/eventsingle.aspx?EventID=398424>

“Five years later, while proponents of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank) are quick to tout the benefits of the law, Main Street small businesses, including small financial institutions, express concerns that it has had the opposite effect. This hearing will examine the effects of Dodd-Frank on small financial institutions and small business lending. Specifically, the hearing will discuss the regulatory changes promulgated by Dodd-Frank and the impact those have had on small business.”

*Iain Murray*

**How Dodd-Frank Harms Main Street**

National Center for Policy Analysis – Issue Brief - September 2015 – 4 pages

<http://www.ncpa.org/pdfs/ib173.pdf>

“The reforms enshrined in the Wall Street Reform and Consumer Protection Act — popularly known as Dodd-Frank after its main sponsors... were intended to protect Main Street and consumers from financial predation by Wall Street. Instead, the law has reduced access to credit for small businesses and has resulted in fewer choices for consumers, while doing little to punish the main culprits in the financial crisis.”

*Tobias Adrian, Michael Fleming, and Ernst Schaumburg*

**Introduction to a Series on Market Liquidity**

FRB Chicago - Liberty Street Economics - August 17, 2015

<http://libertystreeteconomics.newyorkfed.org/2015/08/introduction-to-a-series-on-market-liquidity.html>

“This week, we will publish a series of five posts that shed light on the evolving nature of market liquidity. We kick off the series with a post that examines various measures of liquidity in the Treasury market. We then present three posts that consider the evolving role of high-frequency trading in financial markets, particularly the Treasury market. The last post documents the stagnation of dealer balance sheets since 2009 and explores possible drivers of this behavior.”

*Eva Liebmann and Joe Peek*

**Global Standards for Liquidity Regulation**

FRB Boston - Current Policy Perspectives – September 2015 – 43pages

<http://www.bostonfed.org/economic/current-policy-perspectives/2015/cpp1503.pdf>

“Liquidity risk has received increased attention recently, especially in light of the 2007 - 2009 financial crisis when banks' extensive reliance on short-term funding, maturity mismatches between assets and liabilities, and insufficient liquidity buffers made them quite susceptible to liquidity risk... This brief offers several insights from the crisis experience and identifies the problems that the new liquidity regulation attempts to address. Because a consistent implementation in the G-20 jurisdictions is critical to avoiding regulatory arbitrage and because the United States and Europe differ somewhat in the way current regulation is designed and will be implemented, this brief also summarizes underlying differences between the United States and Europe in factors such as banking structure, funding models, and political processes.”

*John Berlau*

**A Bird in the Hand and No Banks in the Bush**

Competitive Enterprise Institute - July 16, 2015 – 18 pages

[https://cei.org/sites/default/files/John%20Berlau%20-%20Why%20Competition%20Offers%20a%20Solution%20to%20Too%20Big%20to%20Fail\\_0.pdf](https://cei.org/sites/default/files/John%20Berlau%20-%20Why%20Competition%20Offers%20a%20Solution%20to%20Too%20Big%20to%20Fail_0.pdf)

“Too Big to Fail banks are more entrenched than ever. Five years after Dodd-Frank was enacted, most reforms still have not addressed the heart of the problem: a lack of competition from new banks. In the financial crisis of 2008, American industries took a beating. But the only industry offered a lifeline by the government was the financial industry... To really tackle Too Big to Fail, the discussion needs to broaden to opening financial services to new types of entrants that can bring the technology and management expertise of both startup businesses and leading American firms to the banking field. In the financial industry, as in any other industry, greater competition can help bring stability, innovation and choice.”

*Nicola Cetorelli and Samuel Stern*

**Same Name, New Businesses: Evolution in the Bank Holding Company**

FRB New York - Liberty Street Economics - September 28, 2015

<http://libertystreeteconomics.newyorkfed.org/2015/09/same-name-new-businesses-evolution-in-the-bank-holding-company.html>

“Most commercial banks are subsidiaries of larger bank holding companies (BHCs), and nearly all commercial bank assets fall under such BHCs. This post presents an in-depth analysis of the evolving organizational structure of U.S. bank holding companies over the last twenty-five years, using a unique new database that details BHC structure at a level previously unavailable in any systematic way.”

*Viktoria Baklanova, Adam Copeland, and Rebecca McCaughrin*

**Reference Guide to U.S. Repo and Securities Lending Markets**

Federal Reserve Bank of New York – Staff Report – September 2015 - 69 pages

[http://www.newyorkfed.org/research/staff\\_reports/sr740.html](http://www.newyorkfed.org/research/staff_reports/sr740.html)

“The authors present the institutional structure of the U.S. repo and securities lending markets and describe the market landscape, the role of the participants, and other characteristics, including how repo and securities lending activity has changed since the 2007-09 financial crisis. They then discuss vulnerabilities in the repo and short-term wholesale funding markets and efforts to limit potential systemic risks.”

*Rebecca Lewis and John McPartland*

**A New Approach to Stock Market Execution**

FRB Chicago – Fed Letter – September 2015 – 4 pages

<https://www.chicagofed.org/publications/chicago-fed-letter/2015/343>

The Federal Reserve Bank of Chicago has published extensively on the risks and effects of high-frequency trading (HFT) in U.S. financial markets and has in the past expressed an interest in the concept of batch auctions as a potential way to diminish the speed advantage of HFT traders. The Chicago Stock Exchange (CHX) recently filed an application with the U.S. Securities and Exchange Commission (SEC) to inaugurate CHX SNAP, an on-demand batch auction service. If and when approved, SNAP auctions would deemphasize speed and allow institutional traders to place large orders, with a reduced risk that information leakage results in adverse price movements against them.”

*Gene Amromin, Leslie McGranahan, Diane Whitmore Schanzenbach*

**Consumer Credit Trends by Income and Geography in 2001–12**

FRB Chicago – Fed Letter – September 2015 – 4 pages

<https://www.chicagofed.org/publications/chicago-fed-letter/2015/342>

“As economists have tried to understand the causes of the Great Recession and its consequences for households and firms, a consensus has emerged: The severity of the recession was amplified by the rapid buildup in consumer credit leading up to it and the subsequent credit retrenchment. However, the credit cycle played out unevenly among individuals of different financial means and across different parts of the U.S. Thus, one potential key to understanding the Great Recession is documenting how credit trends varied across the distribution of income and across geography, as well as across the two measures jointly.”

## **OTHER ECONOMIC POLICIES**

*Baird Webel*

**Insurance Regulation: Background, Overview, and Legislation in the 114th Congress**

Congressional Research Service - Report - September 16, 2015 - 38 pages

<http://www.fas.org/sgp/crs/misc/R44046.pdf>

“The individual states have been the primary regulators of insurance since 1868. Following the 1945 McCarran-Ferguson Act, this system has operated with the explicit blessing of Congress, but has also been subject to periodic scrutiny and suggestions that the time may have come for Congress to reclaim the regulatory authority it granted to the states. In the late 1980s and early 1990s, congressional scrutiny was largely driven by the increasing complexities of the insurance business and concern over whether the states were up to the task of ensuring consumer protections, particularly insurer solvency.”

*James Bailey and Diana Thomas*

**Regulating Away Competition**

Mercatus Center, George Mason University – Working Paper - September 2015 – 24 pages

<http://mercatus.org/sites/default/files/Bailey-Regulation-Entrepreneurship.pdf>

“Many scholars have worried that regulation deters entrepreneurship because larger firms can overcome the costs of complying with regulations more easily than smaller firms. Using novel data on the extent of US federal regulations by industry at the four-digit NAICS (North American Industry Classification System) level, the RegData database of the Mercatus Center at George Mason University, and data on firm births and employment from the Statistics of US Businesses, we run fixed effects regressions to show that more-regulated industries experienced fewer new firm births and slower employment growth in the period 1998 to 2011. Large firms may even successfully lobby government officials to increase regulations to raise their smaller rivals’ costs. We also find that regulations inhibit employment growth in small firms more than in large firms.”

*Daniel R. Pearson*

### **Patent Rights and Imported Goods**

Cato – Policy Analysis - September 15, 2015 – 12 pages

[http://object.cato.org/sites/cato.org/files/pubs/pdf/pa780\\_1.pdf](http://object.cato.org/sites/cato.org/files/pubs/pdf/pa780_1.pdf)

“Congress has passed laws that enable patent holders to enforce their rights. Federal courts offer a venue for addressing infringement that occurs within U.S. borders, whereas the United States International Trade Commission (USITC) investigates allegations of infringement by imports. Section 337 of the Tariff Act of 1930 provides the statutory framework for the USITC’s patent adjudications. Concerns have been raised that section 337 may be in conflict with U.S. international obligations... This paper will provide an overview of the section 337 process. It uses as an example the section 337 investigation initiated in February 2015 by the Danish company Lego regarding alleged infringement of patents supporting its “Friends” line of figurines. Trade policy issues are considered in some detail. The paper wraps up with a discussion of possible revisions to section 337 that may address trade policy concerns. It concludes that such changes currently do not appear to be worth the time, effort, and political costs that would be entailed.”

*Gene Lattus*

### **The Importance of Intellectual Property Protection to the U.S. Economy**

National Center for Policy Analysis – Issue Brief - September 3, 2015 – 4 pages

<http://www.ncpa.org/pdfs/ib171.pdf>

“From the telegraph to the telephone to the iPhone, innovation has always been at the heart of the American spirit. In an era of rapidly increasing globalization, protection of the inventions and technologies that fuel much of the U.S. economy is more important than ever.”

## **LOCAL ECONOMIC DEVELOPMENT**

*Emily Gutierrez and Emily Kerr*

### **Regional Economy Presents Mixed Picture**

FRB Dallas – Regional Economic Update - September 17, 2015 – 3 pages

<http://www.dallasfed.org/assets/documents/research/update/reg/2015/1506.pdf>

“While the Texas economy has picked up in recent months and offered glimmers of hope, some dark clouds have returned. July employment grew a strong 3.7 percent, but the jump is largely attributable to a rebound in the goods-producing sector, which is likely to slow again in coming months. Weakness in August’s Texas Business Outlook Surveys and a decline in the Texas Leading Index also temper the July performance.”

*Janet Koech and Mark A. Wynn*

### **Texas Maintains Top Exporter Standing While Its Trade Remains Concentrated**

FRB Dallas – Southwest Economy – Third Quarter 2015 – 5 pages

<http://www.dallasfed.org/assets/documents/research/swe/2015/swe1503g.pdf>

“While Texas has become the nation’s top-exporting state, benefiting from trade of intermediate goods to Mexico and global presence as an energy hub, its export activity remains concentrated relative to the U.S. and other states.”

## **BUSINESS**

*François Gourio and Thomas Klier*

### **Recent Trends in Capital Accumulation and Implications for Investment**

FRB Chicago – Fed Letter – September 2015 – 4 pages

<https://www.chicagofed.org/publications/chicago-fed-letter/2015/344>

“Business investment has been fairly low over the past several years. As a result, the growth in the stock of capital has not kept up with the growth in gross domestic product (GDP) or employment. This Chicago Fed Letter studies these recent trends and discusses their implications for future investment.”

*Lindsay Oldenski*

### **Reshoring by US Firms: What Do the Data Say?**

Peterson Institute - Policy Brief – September 2015 – 11 pages

<http://www.piie.com/publications/pb/pb15-14.pdf>

“Reshoring—when firms shift overseas manufacturing production back to the United States—has been generating publicity. Oldenski examines recent data and concludes that although some reshoring has occurred, there is no evidence of a widespread trend. Far from being a defeat for US competitiveness, offshoring by US multinationals helps them grow stronger, produce more in their US operations, and add to US exports. The structure of US manufacturing has changed, but adapting to changing global business patterns is crucial to US manufacturing growth.”

### **Will President Obama's Regulations Move U.S. Industries Offshore?**

Institute for Energy Research - August 31, 2015

<http://instituteforenergyresearch.org/analysis/will-president-obamas-regulations-move-u-s-industries-offshore/>

President Obama is making energy prices escalate due to stringent environmental regulations being promulgated by the EPA. Due to the timing of these regulations, most of the price increases will not be seen by the public until his second term is up. Nonetheless, the headway the United States made to bring manufacturing back to America is being threatened. The result will be a loss of jobs that we cannot afford.”

### **Keeping Up with the Gazelles, Part 1: Is the Herd Thinning?**

FRB Atlanta – September 12, 2015

<https://www.frbatlanta.org/economy-matters/2015/09/17/keeping-up-with-the-gazelles-part-one.aspx>

Young, high-growth companies are important jobs generators. But the number of U.S. start-ups is in long-term decline. Using Atlanta Fed research data, Economy Matters examines the implications for the U.S. labor market.

## **MANUFACTURING - INNOVATION**

*Bill Canis*

### **Unmanned Aircraft Systems (UAS): Commercial Outlook for a New Industry**

Congressional Research Service - Report - September 9, 2015 - 17 pages

<http://www.fas.org/sgp/crs/misc/R44192.pdf>

“Unmanned aircraft systems (UAS)—commonly referred to as drones—have become a staple of U.S. military reconnaissance and weapons delivery in overseas war zones such as Afghanistan. Now some new technologies and pending federal regulations are enabling the manufacture and use of UAS in domestic commerce, giving rise to a growing commercial UAS industry.”

### **The Future Postponed - Why Declining Investment in Basic Research Threatens a U.S. Innovation Deficit**

M.I.T. – Report – April 2015 – 52 pages

[http://dc.mit.edu/sites/default/files/innovation\\_deficit/Future%20Postponed.pdf](http://dc.mit.edu/sites/default/files/innovation_deficit/Future%20Postponed.pdf)

“2014 was a year of notable scientific highlights... None of these, however, were U.S.-led achievements. The first two reflected 10-year, European-led efforts; the second two are Chinese accomplishments, reflecting that nation’s emergence as a science and technology power. Hence the wide-spread concern over a growing U.S. innovation deficit, attributable in part to declining public investment in research. This report provides a number of tangible examples of under-exploited areas of science and likely consequences in the form of an innovation deficit, including: opportunities with high potential for big payoffs in health, energy, and high-tech industries, fields where we risk falling behind in critical strategic capabilities such as supercomputing, secure information systems, and national defense technologies; areas where national prestige is at stake, such as space exploration, or where a lack of specialized U.S research facilities is driving key scientific talent to work overseas.”

### **Comparing American and European Innovation Cultures**

Information Technology & Innovation Foundation - Contributed Chapter – September 2015 – 43 pages

<http://www2.itif.org/2015-comparing-american-european-innovation-cultures.pdf>

The political economy of innovation has evolved differently in the United States and Europe, write Stephen Ezell and Philip Marxgut of Austria's Office of Science and Technology in a chapter of the edited volume *Shaping the Future: Economic, Social, and Political Dimensions of Innovation*. Examining the regions’ differing attitudes toward entrepreneurship, innovation, and creative destruction, they find that a substantial share of European innovation happens within well-established corporations—notably the so-called “hidden champions” of the industrial, export-oriented Mittelstand companies of Austria, Germany, Sweden, and Switzerland—whereas brash young start-ups and entrepreneurial ventures are more celebrated (and relied upon as drivers of innovation) in America. Ezell and Marxgut conclude by explaining how each region can better leverage its distinct strengths, and they offer recommendations for how both can improve.”

*Curtis S. Dubay*

### **An Innovation Box for the U.S.? Congress Should Focus on Business Tax Reform Instead**

Heritage - Backgrounder - August 18, 2015 – 8 pages

[http://thf\\_media.s3.amazonaws.com/2015/pdf/BG3049.pdf](http://thf_media.s3.amazonaws.com/2015/pdf/BG3049.pdf)

“There is growing talk of Congress creating an “innovation box” instead of focusing on broad business tax reform. This would be a mistake. An innovation box, often called a patent box in Europe, offers lower tax on certain types of income derived from intellectual property, or IP. Such boxes pick winners and losers and are not substitutes for sound policies like a lower business tax rate and a territorial tax system to replace today’s worldwide system. Congress needs to refocus on passing business tax reform to revive economic growth instead.”

*Daniel Castro and Alan McQuinn*

### **The Privacy Panic Cycle: A Guide to Public Fears About New Technologies**

Information Technology & Innovation Foundation - Report – September 2015 – 39 pages

<http://www2.itif.org/2015-privacy-panic.pdf>

“Innovative new technologies are often hyped as “disruptive!”, “revolutionary!”, or “game-changing!” even before they are put to practical use. Gartner calls this phenomenon the “hype cycle.” But less well understood (and far more pernicious) is the cycle of panic that occurs when privacy advocates make outsized claims about the privacy risks associated with new technologies. This report describes the causes and common trajectory of the “privacy panic cycle” and provides case studies on a number of well-known technologies. Policymakers need to understand the phenomenon so they do not mistakenly inhibit innovation based on exaggerated fears.”

## TELECOMMUNICATIONS

### **Broadcasting Ownership in the 21st Century**

House Committee on Energy and Commerce – Hearing - September 25, 2015

<http://energycommerce.house.gov/hearing/broadcast-ownership-21st-century>

“The Federal Communications Commission (“FCC” or “Commission”) regulates ownership of broadcast stations and, by proxy, newspapers, with the stated goal of promoting competition, localism, and diversity of voices in the public interest. The FCC’s regulation of media ownership is intended to balance the information needs of local communities, citizen access to airwaves, and the competitive health of the broadcast industry. However, they have faced criticism from both within the broadcast industry and without. Critics have argued that the rules should be strengthened to prevent consolidation in the industry, which they claim is detrimental to diversity and localism. Others have argued that the rules should be liberalized to permit the broadcast industry to compete in a media landscape transformed by the Internet. Very few believe that the rules suffice as they stand today.”

*Lennard G. Kruger*

### **The Future of Internet Governance: Should the U.S. Relinquish Its Authority Over ICANN?**

Congressional Research Service – Report - August 18, 2015 – 23 pages

<http://www.fas.org:8080/sgp/crs/misc/R44022.pdf>

On March 14, 2014, NTIA announced the intention to transition its stewardship role and procedural authority over key Internet domain name functions to the global Internet multistakeholder community. To accomplish this transition, NTIA has asked ICANN to convene interested global Internet stakeholders to develop a transition proposal. NTIA has stated that it will not accept any transition proposal that would replace the NTIA role with a government-led or an intergovernmental organization solution.

*Isaac Shapiro*

### **FCC Broadband Initiative Could Reduce Barriers to Low-Income Americans’ Advancement and Promote Opportunity**

Center on Budget and Policy Priorities – Paper - September 24, 2015 – 6 pages

<http://www.cbpp.org/research/poverty-and-inequality/fcc-broadband-initiative-could-reduce-barriers-to-low-income>

The Federal Communications Commission (FCC) is considering an important initiative to increase broadband Internet access among low-income households. The initiative would modernize the FCC’s current Lifeline program, which facilitates access to basic telephone services to low-income households, including by adding broadband service to facilitate Internet access for participants. Less than half of low-income households now have high-speed Internet connections in their homes, despite mounting evidence that such connections are highly beneficial to obtaining jobs and to educational achievement, as well as to accessing health and other services and to making more economical consumer purchases.

## INFRASTRUCTURE - TRANSPORTATION

*R. Richard Geddes*

### **America's Transportation Challenges: Proposals for Reform**

AEI Economic Perspectives - September 2015 – 11 pages

<https://www.aei.org/wp-content/uploads/2015/09/Americas-Transportation-Challenges.pdf>

“Key points: America's surface transportation system is immense and aging, with major segments in need of renovation. Those problems are exacerbated by deferred maintenance and unstable, inadequate revenue sources. New approaches to funding, financing, operating, and maintaining the US transportation system are necessary. However, creating a reliable funding stream involves different types of challenges than those of securing adequate financing. Transportation policy should focus on generating more revenue from user fees, rather than relying long term on general taxes, and should facilitate more private involvement in infrastructure financing.”

*Lloyd Bentsen IV*

### **Out of Gas: The Highway Trust Fund**

National Center for Policy Analysis – Policy Report - September 2015 - 12 pages

<http://www.ncpa.org/pdfs/st370.pdf>

“Due to inflation, the diversion of funds to nonhighway programs and poor government policies, the Highway Trust Fund consistently spends more than it receives in gas tax revenue, resulting in a \$1 billion deficit in 2015 alone. The trust fund was intended to pay for 90 percent of the highways' costs, with states funding the other 10 percent. The Congressional Budget Office estimates the shortfall in the Highway Trust Fund will require an additional \$167 billion in revenue over the next decade to maintain existing highways and bridges... The federal gas tax clearly requires major reforms to work efficiently again.”

### **Essential Air Service (EAS)**

Congressional Research Service – Report - September 3, 2015 – 21 pages

<http://www.fas.org:8080/sgp/crs/misc/R44176.pdf>

“The Airline Deregulation Act of 1978 gave airlines almost total freedom to determine which domestic markets to serve and what fares to charge. This raised the concern that communities with relatively low passenger levels would lose service as carriers shifted their operations to serve larger and often more profitable markets. To address this concern, Congress established the Essential Air Service (EAS) program to ensure that small communities that were served by certificated air carriers before deregulation would continue to receive scheduled passenger service, with subsidies if necessary.”

## AGRICULTURE

*Dennis A. Shields*

### **Farm Safety Net Programs: Background and Issues**

Congressional Research Service - Report - August 21, 2015 - 23 pages

<http://www.fas.org/sgp/crs/misc/R43758.pdf>

“The U.S. Department of Agriculture (USDA) operates several programs that supplement the income of farmers and ranchers in times of low farm prices and natural disasters. Federal crop insurance, farm programs, and disaster assistance are collectively called the farm safety net.”

### **Legal Issues with Federal Labeling of Genetically Engineered Food: In Brief**

Congressional Research Service - Report - September 22, 2015 - 12 pages

<http://www.fas.org/sgp/crs/misc/R43705.pdf>

“The labeling of GE foods has been the subject of debate among members of the general public and federal and state governments since the introduction of GE foods to the food supply in the 1990s. Federal law does not impose specific labeling requirements on a food just because it may or may not contain GE ingredients or was derived using GE techniques. The Food and Drug Administration (FDA) has yet to issue formal regulations and policies on the labeling of GE food. However, this absence of direct federal regulation does not mean that GE foods are free from any federal oversight. Instead, labels of GE foods follow the same federal labeling requirements and guidelines outlined in the Federal Food, Drug, and Cosmetic Act (FFDCA) as non-GE foods. These labeling requirements prohibit false or misleading labels and address material information that may be relevant to the consumption of that food.”

## **EMPLOYMENT – WAGES - TRAINING**

*Sara Kehaulani*

### **8 Facts about American Workers**

Pew Research Centre - Fact Tank - September 3, 2015

<http://www.pewresearch.org/fact-tank/2015/09/03/8-facts-about-american-workers/>

“Over the past three decades, the share of American workers who are union members has fallen by about half... There is broad support for the right of workers to unionize across a range of occupations... Millennials are now the largest generation in the labor force... American women earn 83 cents on the dollar compared with men, but the youngest working women are narrowing that gap substantially. Young college graduates are outperforming their peers with less education to a greater extent than in the past... A much smaller share of U.S. teens work today compared with in the 1970s... The idea of raising the federal minimum wage has broad popular support, but less among Republicans... New overtime rules could make more than 5 million white-collar workers newly eligible for extra pay.”

### **Identifying Opportunity Occupations in the Nation’s Largest Metropolitan Economies**

FRB Philadelphia – Report – September 2015 - 35 pages

<https://www.philadelphiafed.org/community-development/publications/special-reports>

This report “summarizes research conducted by the Federal Reserve Banks of Philadelphia, Cleveland, and Atlanta on employment opportunities for workers with lower levels of formal education. Opportunity occupations are those that are generally considered accessible to someone without a bachelor’s degree and that pay at least the national annual median wage, adjusted for differences in local consumption prices. Focusing on the 100 largest metropolitan economies in the U.S., this report identifies the most prevalent opportunity occupations in these economies; highlights differences across metropolitan areas; and, by using data extracted from online job advertisements, explores how employer preferences for education affect access to decent-paying employment.”

### **A Story in Five Charts: Who Works Part-Time?**

FRB Atlanta – September 24, 2015

<https://www.frbatlanta.org/economy-matters/2015/09/24/who-works-part-time.aspx>

Not all part-time workers are underemployed. As the economic recovery continues to strengthen, policymakers have often pointed to the stubbornly high share of Americans who report working part-time for economic reasons, which many consider to be a key indicator of slack. It may surprise some, then, that the vast majority of part-time workers voluntarily log fewer than 35 hours per week. Nearly 20 million Americans, about 76 percent of part-time workers, were in this category in July, compared to more than 6 million who would rather work more hours.”

*Stephen Rose*

### **Beyond the Wage Stagnation Story**

Urban Institute – Report - August 11, 2015 – 15 pages

[http://www.urban.org/research/publication/beyond-wage-stagnation-story/view/full\\_report](http://www.urban.org/research/publication/beyond-wage-stagnation-story/view/full_report)

“Many major media outlets take as a given that the earnings of middle-class workers have not increased much for many years. The most commonly cited figure is the small 6 percent increase in median real hourly pay between 1979 and 2013. However, this paper finds that real median yearly compensation rose 38 percent over these years. This large discrepancy results from how data are examined in this paper: using yearly rather than hourly pay, including employer-provided benefits of payroll taxes and medical insurance and retirement contributions; and accounting for inflation with a different measure.”

### **How the Economy Has Performed for Workers This Year**

Economic Policy Institute – Fact Sheet - August 25, 2015 – 5 pages

<http://s3.epi.org/files/pdf/labor-day-2015-by-the-numbers.pdf>

“Labor Day is a time to honor America’s workers and their contributions to the economy. Unfortunately, while the nation as a whole continues to recover from the Great Recession, the recovery remains incomplete; its benefits have not yet reached many Americans in important ways.”

*Josh Bivens and Lawrence Mishel*

### **Understanding the Historic Divergence Between Productivity and a Typical Worker’s Pay: Why It Matters and Why It’s Real**

Economic Policy Institute – Report - September 2, 2015

<http://www.epi.org/publication/understanding-the-historic-divergence-between-productivity-and-a-typical-workers-pay-why-it-matters-and-why-its-real/>

“This paper updates and explains the implications of the central component of the wage stagnation story: the growing gap between overall productivity growth and the pay of the vast majority of workers since the 1970s... First, wages did not stagnate for the vast majority because growth in productivity (or income and wealth creation) collapsed...But essentially none of this productivity growth flowed into the paychecks of typical American workers. Second, pay failed to track productivity primarily due to two key dynamics representing rising inequality: the rising inequality of compensation (more wage and salary income accumulating at the very top of the pay scale) and the shift in the share of overall national income going to owners of capital and away from the pay of employees. Third, although boosting productivity growth is an important long-run goal, this will not lead to broad-based wage gains unless we pursue policies that reconnect productivity growth and the pay of the vast majority.”

*Angela Hanks*

### **American Apprenticeship and Beyond**

Center for American Progress - September 9, 2015.

<https://www.americanprogress.org/issues/labor/news/2015/09/09/120840/american-apprenticeship-and-beyond/>

When Americans think of apprenticeship, their thoughts more often turn to reality television than worker training. It’s no wonder: Despite a centuries-long history and federal support dating back to the 1930s, apprenticeship is vastly underutilized in the United States. As a result, many Americans are unfamiliar with apprenticeships and how they operate. That may be beginning to change. The Obama administration has just awarded \$175 million in American Apprenticeship Grants, which will be administered by the U.S. Department of Labor and used to establish and expand proven and promising apprenticeship models. These grants will not only support a number of new activities to expand apprenticeship; they will also serve as a model that can galvanize states, localities, and industry to test new approaches to promoting and utilizing apprenticeship as a workforce development strategy.

*Adrienne L. Fernandes-Alcantara*

**Vulnerable Youth: Employment and Job Training Programs 2015**

Congressional Research Service - Report - September 16, 2015 – 51 pages

<http://www.fas.org/sgp/crs/misc/R40929.pdf>

“The four contemporary federal youth employment and job training programs are carried out by the Department of Labor’s (DOL’s) Employment and Training Administration (ETA). Although these programs have varying eligibility requirements and are carried out under different funding arrangements, they generally have a common purpose—to provide vulnerable youth with educational and employment opportunities and access to leadership development and community service activities.”

**HEALTH ECONOMIC ISSUES**

*Roger Stark*

**Medicare and Medicaid at Fifty**

Washington Policy Center - September 2015 – 11 pages

<http://washingtonpolicy.org/sites/default/files/Stark-%20Medicare%20and%20Medicaid%20at%2050.pdf>

“The federal Medicare and Medicaid programs turn 50 years old this year. They have become two of the largest health insurance plans in the country and account for an ever-increasing share of federal and state taxpayer dollars... Today almost 30 percent of Americans are enrolled in these two programs. In Washington state, some 1.13 million people are in Medicare and 1.8 million are in Medicaid. This means over 40 percent of the state’s population has health insurance paid for by taxpayers. This paper reviews the history of Medicare and Medicaid, describes their original purpose, explains the deep problems they face today, and suggests constructive ways to modernize these programs so they remain strong and effective into their next half-century.”

*Matt Broaddus and Edwin Park*

**Census Data Show Historic Coverage Gains in 2014**

Center on Budget and Policy Priorities – Report - September 18, 2015 – 9 pages

<http://www.cbpp.org/sites/default/files/atoms/files/9-18-15health.pdf>

“The uninsured rate fell sharply from 13.3 percent in 2013 to 10.4 percent in 2014 and the number of uninsured Americans dropped from 41.8 million to 33.0 million, Census Bureau data based on the Current Population Survey (CPS) show. These are by far the largest single year reductions on record in data back to 1987. Consistent with the historic coverage gains measured in the Centers for Disease Control and Prevention’s (CDC) National Health Interview Survey (NHIS) and several private surveys, the new figures are the first Census estimates to capture the impact of the Affordable Care Act’s (ACA) major coverage expansions, which took full effect January 1, 2014.”

*Antos Joseph*

**A Market Approach to Better Care at Lower Cost**

Academic Medicine – Commentary – September 2015 – 4 pages

[http://journals.lww.com/academicmedicine/Abstract/publishahead/A\\_Market\\_Approach\\_to\\_Better\\_Care\\_at\\_Lower\\_Cost\\_.98693.aspx](http://journals.lww.com/academicmedicine/Abstract/publishahead/A_Market_Approach_to_Better_Care_at_Lower_Cost_.98693.aspx)

“The Affordable Care Act expanded health insurance coverage in the United States but did little to address the structural problems that plague the U.S. health care system. Controlling cost while maintaining or improving access to quality care requires a more fundamental reform based on market principles. Such an approach means aligning the financial incentives of patients and providers to promote smarter spending. It also requires better information and more flexible regulation to promote well-functioning competitive markets.”

## **The State of Competition in the Health Care Marketplace: The Patient Protection and Affordable Care Act's Impact on Competition**

House Subcommittee on Regulatory Reform, Commercial and Antitrust Law – Hearing – September 10, 2015  
<http://judiciary.house.gov/index.cfm/hearings?ID=417B9E62-CB8D-4FC7-905D-40F39B91E5E7>

“First, health care is not provided in a true free market, and has not been provided in a free market since at least the onset of major government intervention in the market through Medicare and Medicaid. Second, health care as a service is unique in that nearly every person in America will require some medical treatment over the course of their lives. Health insurance is not like fire insurance or car insurance, where there is a hope that one will never have to use it. Medical costs inevitably occur and hopefully insurance or some funds set aside for these costs will be used when the time comes. In the face of these facts – that the health care market is not a fully free market and that Americans have no choice but to participate in the market – it is essential that we preserve as much competition and freedom in the overall health care marketplace as we can.”

*Ian Hathaway and Jonathan Rothwell*

### **A Cure for Health Care Inefficiency? The Value and Geography of Venture Capital in the Digital Health Sector**

Brookings - Paper - September 10, 2015 – 14 pages

<http://www.brookings.edu/research/papers/2015/09/10-venture-capital-digital-health-hathaway-rothwell>

“Relative to other affluent countries, the United States devotes disproportionate resources to health care with disappointing results. Complex insurance rules and distorted market signals create massive inefficiencies, frustrated patients, and providers burdened by excessive paperwork. Recognizing these problems, entrepreneurs are increasingly applying information technology to health care equipment, monitoring, treatment, and service delivery, creating a sector known as digital health. These technologies, once embedded and distributed around the country, hold the potential to substantially alter the efficiency and quality of health care through the better generation, processing, and use of information; the reduction of overhead costs; and the empowerment of patients.”

## **INTERNATIONAL TRADE**

*Rachel F. Fefer*

### **U.S. Trade in Services: Trends and Policy Issues**

Congressional Research Service - Report - September 22, 2015 – 32 pages

<http://www.fas.org/sgp/crs/misc/R43291.pdf>

“Services” refers to a growing range of economic activities, such as audiovisual; construction; computer and related services; energy; express delivery ; e-commerce; financial; professional (such as accounting and legal services); retail and wholesaling; transportation; tourism; and telecommunications. Services have become an important priority in U.S. trade flows and trade policy and of global trade in general, accounting for \$ 710.6 billion of U.S. exports and 80% of U.S. jobs. The types and volume of services that can be traded , however, are limited by their intangibility(as compared to goods), the requirement for direct buyer-provider contact, and other unique characteristics. The Administration is currently negotiating three trade agreements that include services as a significant component. If negotiations are concluded, Congress will consider legislation to implement the agreements.”

*Antoine Gervais and J. Bradford Jensen*

### **The Tradability of Services: Geographic Concentration and Trade Costs**

Peterson Institute - Working Paper – August 2015 – 66 pages

<http://www.piie.com/publications/wp/wp15-12.pdf>

“Trade in services has grown and now accounts for 20 percent of global international transactions (and 30 percent of US exports). In this Working Paper, Gervais and Jensen use a unique dataset on the distribution of producers and consumers across regions of the United States to estimate the share of economic activity exposed

to international competition. They classify industries into tradable and nontradable categories and conclude that the potential welfare gains from further trade liberalization in the service sector remain sizable.”

*Veronique de Rugy*

**Ex-Im's Working Capital Programs Benefit Big Businesses and Banks**

Mercatus Center - August 26, 2015

<http://mercatus.org/publication/ex-im-s-working-capital-programs-benefit-big-businesses-and-banks>

“Defenders of the US Export-Import Bank (Ex-Im Bank) cite its working capital programs as evidence that the agency plays a critical role in supporting small businesses. As one of four main components of Ex-Im’s export subsidies, the working capital programs represent a relatively small component of the agency’s overall portfolio. The agency as a whole mainly benefits large, politically connected firms... Even though small businesses are the main beneficiaries of the Ex-Im Bank’s working capital programs, big businesses still remain big recipients indirectly and directly. The working capital program transfers the risk of lending from the lenders (often big banks or sometimes Boeing itself) to taxpayers.”

*Theodore H. Moran*

**Chinese Investment and CFIUS: Time for an Updated (and Revised) Perspective**

Peterson Institute - Policy Brief – September 2015 - 10 pages

<http://piie.com/publications/pb/pb15-17.pdf>

“China has long complained about what it maintains has been a pattern of erratic and politicized treatment of Chinese investors when they attempt to acquire US companies. The Chinese demand for changes in procedures used by the Committee on Foreign Investment in the United States (CFIUS) is not likely to be met, however. Moran proposes practical steps to address the concerns of Chinese investors without diluting CFIUS procedures. For example, he provides a national security threat assessment filter, which allows Chinese investors to determine when their proposed acquisitions might pose a genuine threat and when any such threat is simply not plausible.”

*Robert D. Atkinson and Stephen Ezell*

**False Promises: The Yawning Gap Between China’s WTO Commitments and Practices**

Information Technology & Innovation Foundation - Report - September 17, 2015 – 37 pages

<http://www2.itif.org/2015-false-promises-china.pdf>

“When China entered the WTO in 2001, pundits and policymakers hailed it as a seminal moment marking China’s embrace of market-based economic principles with a commitment to the core tenets of liberalized trade and globalization. Fifteen years later, this vision has yet to materialize. In fact, China has become increasingly aggressive in its innovation mercantilism, seeking absolute advantage across a wide range of advanced-technology industries. To push back, it is time for the U.S. and Europe to adopt a new policy of “constructive confrontation.”

## ENVIRONMENTAL ECONOMIC ISSUES

**Executive Excess 2015: Money to Burn**

Institute for Policy Studies – Report – September 2, 2015 – 29 pages

<http://www.ips-dc.org/wp-content/uploads/2015/09/EE2015-Money-To-Burn-Upd.pdf>

“Insulated from the real costs of the climate degradation they help create, fossil fuel executives are enjoying stratospheric pay... The management teams of America’s top 30 fossil fuel giants -- the CEO, CFO, and next three highest paid officers of each company -- have together taken home nearly \$6 billion over the past five years. At the international level, \$6 billion would be enough to double the current \$3 billion U.S. pledge to the Green Climate Fund.”

*Robert P. Murphy, Patrick J. Michaels, and Paul C. "Chip" Knappenberger*

**The Case against a Carbon Tax**

Cato Institute – Working Paper - September 4, 2015 – 42 pages

<http://object.cato.org/sites/cato.org/files/pubs/pdf/cato-working-paper-33.pdf>

“A vigorous campaign aimed at American policymakers and the general public has tried to create the perception that a federal carbon tax (or similar type of “carbon price”) is a crucial element in the urgently needed response to climate change. Within conservative and libertarian circles, a small but vocal group of academics, analysts, and political officials are claiming that a revenue-neutral carbon tax swap could even deliver a “double dividend” — meaning that the conventional economy would be spurred in addition to any climate benefits. The present study details several serious problems with these claims. The actual economics of climate change — as summarized in the peer-reviewed literature as well as the U.N. and Obama Administration reports — reveal that the case for a U.S. carbon tax is weaker than the public has been told.”

*Chad Stone*

**The Design and Implementation of Policies to Protect Low-Income Households under a Carbon Tax**

Center on Budget and Policy Priorities – Issue Brief – September 21, 2015 – 20 pages

<http://www.cbpp.org/sites/default/files/atoms/files/9-21-15climate.pdf>

“This issue brief discusses how a climate rebate implemented as a component of comprehensive carbon tax legislation can protect low-and moderate-income households from the loss in purchasing power they would otherwise experience from higher energy prices due to the carbon tax. It describes how the tax system and existing benefit systems can be used to deliver, at low administrative cost, rebates financed with a portion of carbon tax revenues to a very high percentage of low-and moderate-income households while preserving the policy’s incentives for cost-effective emissions reductions.”

*Jonathan L. Ramseur and James E. McCarthy*

**EPA’s Clean Power Plan: Highlights of the Final Rule**

Congressional Research Service - Report - August 14, 2015 - 17 pages

<http://www.fas.org/sgp/crs/misc/R44145.pdf>

“On August 3, 2015, the Environmental Protection Agency (EPA) released a prepublication version of the final rule known as the Clean Power Plan (CPP). The CPP final rule requires states to reduce carbon dioxide (CO<sub>2</sub>) emissions or emission rates—measured in pounds of CO<sub>2</sub> emissions per megawatt-hour of electricity generation—from existing fossil fuel electricity generating units. EPA estimates that in 2030, the CPP will result in CO<sub>2</sub> emission levels from the electric power sector that are 32% below 2005 levels. This report provides an initial analysis of EPA’s final rule.”

**Economy-wide Implications of President Obama’s Air Agenda**

Senate Committee on Environment and Public Works – Hearing - September 29, 2015

<http://www.epw.senate.gov/public/index.cfm/hearings?ID=4E639273-4466-4545-8761-10AE9CBFF339>

Janet McCabe, Acting Assistant Administrator for the EPA Office of Air and Radiation:

“The Administration has made great strides in clean air over the last six years. My written testimony will focus mostly on the Clean Power Plan, and then touch briefly on EPA’s proposed ozone standard;”

**Water in the Energy Sector: Reducing Freshwater Use in Hydraulic Fracturing and Thermoelectric Power Plant Cooling**

GAO - Technology Assessment - August 7, 2015 – 107 pages

<http://www.gao.gov/assets/680/671913.pdf>

Many regions within the United States experience moderate to exceptional drought forcing state officials to make difficult choices regarding energy and water. Competition for freshwater continues to increase due to industrial, municipal, and especially agricultural and energy sector demand. The thermoelectric power industry, for example, accounted for 38 percent of all freshwater withdrawals in the United States in 2010. In this report, GAO assessed advanced and emerging technologies that can reduce water use in hydraulic fracturing and thermoelectric power plant cooling. GAO also examined the impact of regional differences in thermoelectric power generation on water use in water-stressed versus unstressed areas of the United States.

*Andrew Kondash and Avner Vengosh*

### **Water Footprint of Hydraulic Fracturing**

Environmental Science and Technology Letters - August 2015

<http://pubs.acs.org/doi/full/10.1021/acs.estlett.5b00211>

“We evaluated the overall water footprint of hydraulic fracturing of unconventional shale gas and oil throughout the United States based on integrated data from multiple database sources. We show that between 2005 and 2014, unconventional shale gas and oil extraction used 708 billion liters and 232 billion liters of water, respectively. From 2012 to 2014, the annual water use rates were 116 billion liters per year for shale gas and 66 billion liters per year for unconventional oil. Integrated data from 6 to 10 years of operation yielded 803 billion liters of combined flowback and produced water from unconventional shale gas and oil formations. While the hydraulic fracturing revolution has increased water use and wastewater production in the United States, its water use and produced water intensity is lower than other energy extraction methods and represents only a fraction of total industrial water use nationwide.”

*Daniel Castro & Brandon De Bruhl*

### **How to Promote Smarter Water Use by Giving Consumers Access to Their Consumption Data**

Center for Data Innovation - Report – September 7, 2015 – 7 pages

<http://www2.datainnovation.org/2015-water-data-green-button.pdf>

“In many parts of the U.S., water is quickly becoming a scarce resource. This report from the Center for Data Innovation explains how data-driven insights can help utilities and consumers better manage water use, identify leaks sooner, and discover opportunities to use water more efficiently. To help unlock these innovative uses of water data, the report argues utilities should provide consumers open access to their water usage data in a standardized format. The federal government should support this goal by promoting the “Green Button” data standard, which has already been adopted by the energy industry to provide consumers access to their utility data.”

## **ENERGY**

*Nicolas Loris*

### **Energy Policy Agenda for the Next Administration and Congress**

Heritage Foundation - Backgrounder - September 10, 2015 – 10 pages

<http://www.heritage.org/research/reports/2015/09/energy-policy-agenda-for-the-next-administration-and-congress>

“Free markets will produce the energy America needs to power its economy. Government policies that allow markets to operate freely will expand opportunity for all and show favoritism to none. There is no role for government central planning, government subsidies for the favored few, or government overregulation that stifles economic activity. The next Administration and Congress should open access to natural resource development, encourage fossil fuel exports, cut tariffs on energy technology, eliminate subsidies, devolve commercial activities to the private sector, and eliminate costly, job-killing regulations that have little benefit.”

### **Examining Vulnerabilities of America's Power Supply**

House Committee on Science, Space and Technology – Hearing - September 10, 2015

<https://science.house.gov/legislation/hearings/examining-vulnerabilities-america-s-power-supply-0>

“Today, we will hear from a broad range of witnesses on the existing threats to the nation’s electric grid, and the impact that potential attacks and incidents could have on our grid reliability and national security. Our witnesses today will also provide insight into how industry and the federal government can work together to harden our electric grid against ongoing and changing threats.”

*Jason Burwen*

### **The Impact of Three Tax-Reform Proposals on the Financial Performance of Energy Plants**

American Energy Innovation Council – Report - September 2015 – 20 pages

[http://americanenergyinnovation.org/wp-content/uploads/2015/09/BPC\\_Energy-AEIC-The-Impact-of-Three-Tax-Reform-Proposals-September-2015.pdf](http://americanenergyinnovation.org/wp-content/uploads/2015/09/BPC_Energy-AEIC-The-Impact-of-Three-Tax-Reform-Proposals-September-2015.pdf)

“In recent years, several members of Congress have proposed comprehensive tax reforms: Representative David Camp in February 2014, Senator Max Baucus in December 2013, and Senators Ron Wyden and Dan Coats in 2011. This study quantifies the impact of the Baucus, Camp, and Wyden-Coats proposals on the illustrative project economics of different electricity-generation sources. We at AEIC used a model that estimates the financial performance of electricity-generating facilities to set up an equivalent comparison of the impact of the three tax-reform proposals on three illustrative facilities: a wind-power project, a solar-photovoltaic (PV) project, and a combined-cycle gas turbine (CCGT) power plant. Specifically, we examined the impact of changes to the corporate income-tax rate, depreciation rules, and energy-specific tax credits under the three proposals.”

*Casey J. Bell, James Barrett, Matthew McNerney*

### **Verifying Energy Efficiency Job Creation: Current Practices and Recommendations**

American Council for an Energy Efficient Economy - Research Report - September 22, 2015 – 58 pages

<http://aceee.org/research-report/f1501>

“Among the many benefits ascribed to energy efficiency is the fact that it can help create jobs. Although this is often used to motivate investments in efficiency programs, verifying job creation benefits is more complicated than it might seem at first. In this paper we identify some of the issues that we believe contribute to a lack of consistency in attempts to verify efficiency-related job creation. We then propose an analytically rigorous and tractable framework for program evaluators to use in future assessments.”

*Dan York, Steven Nadel, Ethan Rogers, Rachel Cluett, Sameer Kwatra, Harvey Sachs, Jennifer Amann, and Meegan Kelly*

### **New Horizons for Energy Efficiency: Major Opportunities to Reach Higher Electricity Savings by 2030**

American Council for an Energy Efficient Economy - Research Report - September 15, 2015 – 230 pages

<http://aceee.org/sites/default/files/publications/researchreports/u1507.pdf>

“Higher equipment standards and more stringent building codes are squeezing the amount of savings that energy efficiency programs can harvest. No single measure will yield a dominant share of energy savings for utility program portfolios, as have lighting programs in the past. This report examines the next large opportunities for energy efficiency savings. It analyzes 18 measures—including reduction of plug loads, conservation voltage reduction, and smart manufacturing—that could collectively save 22% of total projected electricity use in the year 2030.”

### **What is the True Cost of Electricity?**

Institute for Energy Research - June 30, 2015 – 41 pages

[http://instituteforenergyresearch.org/wp-content/uploads/2015/06/ier\\_lcoe\\_2015.pdf](http://instituteforenergyresearch.org/wp-content/uploads/2015/06/ier_lcoe_2015.pdf)

“Today, the Institute for Energy Research released a first-of-its-kind study calculating the levelized cost of electricity from existing generation sources. Our study shows that on average, electricity from new wind resources is nearly four times more expensive than from existing nuclear and nearly three times more expensive than from existing coal. These are dramatic increases in the cost of generating electricity. This means that the premature closures of existing plants will unavoidably increase electricity rates for American families.”

*Troy Davig, Nida Çakir Melek, Jun Nie, A. Lee Smith, and Didem Tüzemen*

### **Evaluating a Year of Oil Price Volatility**

FRB Kansas City – Economic Review – Third Quarter – 26 pages

<https://www.kansascityfed.org/~media/files/publicat/econrev/econrevarchive/2015/3q15davigetal.pdf>

Over the last 14 months, the average price of oil has fallen by about 60 percent, generating questions about the source of the decline. The authors find changes in expectations of future oil supply relative to demand are the main drivers of the recent oil price decline.

*Anthony Lopez et al.*

### **U.S. Renewable Energy Technical Potentials: A GIS-Based Analysis**

National Renewable Energy Laboratory - July 2012 – 40 pages

<http://www.nrel.gov/docs/fy12osti/51946.pdf>

“This report is unique in unifying assumptions and application of methods employed to generate comparable estimates across technologies, where possible, to allow cross-technology comparison... The report first describes the methodology and assumptions for estimating the technical potential of each technology, and then briefly describes the resulting estimates.”

### **White House Summit on Offshore Wind**

The White House - Office of the Press Secretary - Fact Sheet - September 28, 2015

<https://www.whitehouse.gov/the-press-office/2015/09/28/fact-sheet-white-house-summit-offshore-wind>

Today, the White House is hosting the Summit on Offshore Wind, a gathering of leading federal, state and industry stakeholders committed to the long-term and sustainable development of offshore wind in the United States. By 2030, offshore wind is projected to supply 22,000 megawatts of clean and abundant energy to cities and communities in America enough to power 4.5 million homes.

### **Continuing to Drive Growth in Solar Energy Across the Country**

The White House - Office of the Press Secretary - Fact Sheet - September 16, 2015

<https://www.whitehouse.gov/the-press-office/2015/09/16/fact-sheet-continuing-drive-growth-solar-energy-across-country>

President Obama and Vice President Biden are committed to promoting smart, simple, low-cost technologies to help America transition to cleaner and more distributed energy sources, help households save on their energy bills, and to address climate change. That is why today, the Administration is announcing more than \$120 million to scale up clean energy in 24 states across the country.

*Kelsi Bracmort*

### **Biopower: Background and Federal Support**

Congressional Research Service - Report - August 14, 2015 - 24 pages

<http://www.fas.org/sgp/crs/misc/R41440.pdf>

“Biopower—a form of renewable energy—is the generation of electric power from biomass feedstocks. In 2014, Biopower comprised about 1.6% of total U.S. electricity generation and accounted for close to 12% of U.S. renewable electricity generation... Recent developments have prompted renewed interest in biopower...”

The future contribution of biopower to the U.S. electricity portfolio is uncertain. Challenges to biopower production include regulatory uncertainty (e.g., EPA’s CPP), market fluctuation (e.g., natural gas prices), conversion technology development, and tax uncertainty (e.g., extension or termination of renewable energy tax credits), among other issues.”

*Kelsi Bracmort*

**Is Biopower Carbon Neutral?**

Congressional Research Service - Report - September 28, 2015 – 15 pages

<http://www.fas.org/sgp/crs/misc/R41603.pdf>

“To promote energy diversity and improve energy security, Congress has expressed interest in Biopower ... Whether biopower is considered carbon neutral depends on many factors, including the definition of carbon neutrality, feedstock type, technology used, and time frame examined. Carbon flux (emission and sequestration) varies at each phase of the biopower pathway, given site-and operation-specific factors. A life-cycle assessment (LCA) is a common technique to calculate the environmental footprint, including the carbon flux, of a particular biopower pathway. However, past legislation would not have required a standardized LCA for biopower. The carbon-neutral status of biopower may be of concern to stakeholders, especially if Congress expands support for biopower.”

**Biofuel Use in International Markets: The Importance of Trade**

U.S. Department of Agriculture - Economic Research Service - September 2015 – 38 pages

<http://www.ers.usda.gov/media/1895316/eib144.pdf>

The study examines the main factors affecting the demand and supply of biofuels; shifts in biofuel production, consumption, and policy; and trends in biofuel trade, focusing on the United States, Brazil, and the EU. It also offers insight into potential future changes for U.S. biofuel markets.