



Economic Issues

April 2008



The United States always has offered opportunities to entrepreneurial immigrants. Many U.S. businesses were built by immigrants or their foreign-born children. Today, immigrants engage more in entrepreneurial activities than native-born Americans and often succeed in a big way.

U.S. multinational companies increasingly recruit the most capable executives and managers worldwide. These two trends combine to increase the figure of foreign-born U.S. business leaders.

<http://www.america.gov/multimedia/photogallery.html#0804b316-88f8-4deb-9711-f3df647b7fd9>

GOVERNMENT DOCUMENTS..... 8

MANUFACTURING THE FUTURE: FEDERAL PRIORITIES FOR MANUFACTURING R&DA. Report of the Interagency Working Group on Manufacturing R&D Committee on Technology, National Science and Technology Council. March 2008..... 8

NAFTA – MYTH VS. FACTS. Factsheet. *NAFTA Facts*, Office of the United States Trade Representative. March 2008 8

STATEMENT OF U.S. TRADE REPRESENTATIVE SUSAN C. SCHWAB BEFORE THE U.S. SENATE FINANCE COMMITTEE. Thursday, March 6, 2008 8

2008 TRADE POLICY AGENDA AND 2007 ANNUAL REPORT OF THE PRESIDENT OF THE UNITED STATES ON THE TRADE AGREEMENTS PROGRAM. The Office of the U.S. Trade. March 2008..... 9

THE DEMOCRATIC REPUBLIC OF THE CONGO: MAJOR CHALLENGES IMPEDE EFFORTS TO ACHIEVE U.S. POLICY OBJECTIVES; SYSTEMATIC ASSESSMENT OF PROGRESS IS NEEDED. Government Accountability Office, GAO-08-562T. David Gootnick. March 6, 2008. 08AD 521 9

INTERNATIONAL TRADE UPDATE. February 2008. Newsletter. U.S. Department of Commerce, International Trade Administration. February 2008..... 9

STRATEGIC PETROLEUM RESERVE: OPTIONS TO IMPROVE THE COST-EFFECTIVENESS OF FILLING THE RESERVE. Frank Rusco. Government Accountability Office; Testimony before Senate Committee on Energy and Natural Resources. February 26, 2008. 08AD496..... 10

AGRICULTURAL PROJECTIONS TO 2017. U.S. Department of Agriculture, OCE-2008-1. February 10, 2008. 08AD470..... 10

DOE ANNOUNCES TECHNOLOGY TRANSFER POLICY TO MOVE CUTTING EDGE TECHNOLOGY RESEARCH TO THE MARKET PLACE. U.S. Department of Energy. February 8, 2008. 08AD448 11

THE BUDGET OF THE UNITED STATES GOVERNMENT, FY 09. Office of Management and Budget (OMB). Web posted February 4, 2008. 08AD445 11

U.S. CONGRESS..... 11

INTERNATIONAL ILLEGAL TRADE IN WILDLIFE: THREATS AND U.S. POLICY. Congressional Research Service, RL34395, Library of Congress. Liana Sun Wyler, et. al. March 3, 2008. 08AD 534 11

HOW LARGE IS CHINA'S ECONOMY? DOES IT MATTER? Congressional Research Service, RS22808, Library of Congress. Wayne M. Morrison, et. al. Web posted February 15, 2008. 08AD459..... 11

EUROPEAN UNION - - U.S. TRADE AND INVESTMENT RELATIONS: KEY ISSUES. Congressional Research Service, RS34381, Library of Congress. Raymond Ahearn, et. al. February 14, 2008. 08AD483..... 12

DISPUTE SETTLEMENT UNDER THE PROPOSED U.S.-PERU TRADE PROMOTION AGREEMENT: AN OVERVIEW. Congressional Research Service, RS22752, Library of Congress. Jeanne J. Grimmett, et. al. Web posted February 10, 2008. 08AD469 12

CHINA’S HOLDINGS OF U.S. SECURITIES: IMPLICATIONS FOR THE U.S. ECONOMY. Wayne M. Morrison and Marc Labonte. Congressional Research Service (CRS), Library of Congress. January 9, 2008. 08AD393 12

DOLLAR CRISIS: PROSPECT AND IMPLICATIONS. Craig K. Elwell. Congressional Research Service (CRS), Library of Congress. January 8, 2008. 08AD368 13

THE USDA’S AUTHORITY TO RECALL MEAT AND POULTRY PRODUCTS. Cynthia Brougher, et. al., Congressional Research Service (CRS), Library of Congress. January 7, 2008. 08AD429 13

THE WHITE HOUSE 14

ECONOMIC REPORT OF THE PRESIDENT. The White House. February 11, 2008..... 14

FREE TRADE AGREEMENT VITAL TO U.S. ECONOMY, NATIONAL SECURITY; Bush urges Congress to pass free trade agreements, starting with Colombia. Fact Sheet. The White House Office of the Press Secretary. February 26, 2008 14

THINK TANKS AND INTERNATIONAL ORGANIZATIONS 15

AMERICAN ENTERPRISE INSTITUTE 15

A TAX SCANDAL IN DEUTSCHLAND. By Jurgen Reinhoudt. *The American*. AEI, March 20, 2008 15

CAPITAL IDEAS. By Peter J. Wallison. *The American*. AEI. Wednesday, March 19, 2008..... 15

JAPAN'S LOST DECADE; LESSONS FOR THE UNITED STATES IN 2008. By John H. Makin. ECONOMIC OUTLOOK. AEI Online. March 1, 2008 15

THE RISK CYCLE. By John H. Makin ECONOMIC OUTLOOK. AEI Online. February 1, 2008 16

GAINING GROUND: NEW REFORMS FROM OLD EUROPE. American Enterprise Institute. Conference, held February 20, 2008. 08AD485 16

BROOKINGS INSTITUTION 17

NEW ECONOMY SAFETY NET: A PROPOSAL TO ENHANCE WORKER ADJUSTMENT PROGRAMS. Lael Brainard, Vice President and Director, Global Economy and Development. Brookings Institution. Published in the *Democracy Journal*, Issue #8, Spring 2008 17

RIDING THE "THREE I'S" TO ECONOMIC RECOVERY. Alan Berube, Fellow, Metropolitan Policy Program; David Jackson, Policy Analyst, Metropolitan Policy Program. The Brookings Institution. Published in *The Seattle Times*, March 20, 2008..... 17

ADVANCING SINO-U.S. ENERGY COOPERATION AMID OIL PRICE HIKES. Brookings Institution. Richard Weixing Hu. March 12, 2008. 08AD 523..... 17

CAN RAUL CASTRO REVIVE CUBA'S PRIVATE SECTOR? Brookings Institution. Raj Desai. March 10, 2008. 08AD 530..... 18

GETTING AHEAD OR LOSING GROUND: ECONOMIC MOBILITY IN AMERICA. [Pew Charitable Trust/Brookings Institution]. Julia B. Isaacs, et. al. Web posted February 20, 2008. 08AD474..... 18

ITALY'S CHOICE: REFORM OR STAGNATION. [Brookings Institution]. Michael Calingaert. Web posted March 4, 2008. 08AD503..... 18

IF, WHEN, HOW: A PRIMER ON FISCAL STIMULUS. Douglas W. Elmendorf and Jason Furman. The Hamilton Project, Brookings Institution. Web posted January 14, 2008 08AD372..... 18

BUSINESS SOFTWARE ALLIANCE 19

THE ECONOMIC BENEFITS OF REDUCING PC SOFTWARE PIRACY. A Report by IDC, Sponsored by the Business Software Alliance®. January 2008. 19

CARNEGIE ENDOWMENT FOR INTERNATIONAL PEACE (CEIP) 19

INDIA'S TRADE POLICY CHOICES: MANAGING DIVERSE CHALLENGES. Institute of Development Studies and Indira Gandhi Institute of Development Research, Carnegie Endowment for International Peace. Sandra Polaski, et. al., Web posted January 29, 2008. 08AD443 19

CATO INSTITUTE 20

A DECADE OF SUFFERING IN ZIMBABWE: ECONOMIC COLLAPSE AND POLITICAL REPRESSION UNDER ROBERT MUGABE. By David Coltart. CATO Development Policy Analysis no.5. March 24, 2008 20

WHY TAX HAVENS ARE A BLESSING. By Daniel J. Mitchell. CATO Institute. This article appeared in *Foreign Policy* on March 18, 2008. 20

NOTHING TO FEAR BUT FEARMONGERS THEMSELVES: A LOOK AT THE SOVEREIGN WEALTH FUND DEBATE. By Daniel J. Ikenson, associate director for the Center for Trade Policy Studies at the Cato Institute. *CATO Free Trade Bulletin* No. 33: March 14, 2008 21

IS THE GOLD STANDARD STILL THE GOLD STANDARD AMONG MONETARY SYSTEMS? By Lawrence H. White. CATO Institute. Briefing Paper no. 100. February 8, 2008 21

A U.S.-COLOMBIA FREE TRADE AGREEMENT: STRENGTHENING DEMOCRACY AND PROGRESS IN LATIN AMERICA. By Daniel Griswold and Juan Carlos Hidalgo. *CATO Free Trade Bulletin* no. 32 (February 6, 2008)..... 21

FOOD FIGHT. By Sallie James. *CATO Free Trade Bulletin* no. 31. January 31, 2008 22

CENTER FOR AMERICAN PROGRESS 22
 ECONOMIC SNAPSHOT FOR MARCH 2008. By Christian E. Weller. Center For American Progress, March 12, 2008..... 22

CENTER FOR ECONOMIC AND POLICY RESEARCH 22
 THE ECONOMIC IMPACT OF A U.S. SLOWDOWN ON THE AMERICAS. By Mark Weisbrot, John Schmitt, and Luis Sandoval. CEPR March 2008, 22

SUBPRIME RESCUE PLANS: BACKDOOR BANK BAILOUTS. Dean Baker. CEPR. March 2008..... 23

CENTER FOR STRATEGIC AND INTERNATIONAL STUDIES (CSIS) 23
 MANAGING THE TRANSITION TO A SECURE, LOW-CARBON ENERGY FUTURE. Sarah Ladislislaw, Kathryn Zyla, and Briitt Chililds. CSIS Issue Brief. February 2008 23

CENTER ON BUDGET AND POLICY PRIORITIES 24
 USING INCOME TAXES TO ADDRESS STATE BUDGET SHORTFALLS. By Elizabeth McNichol and Andrew Nicholas. CBPP. February 21, 2008..... 24

COUNCIL ON FOREIGN RELATIONS (CFR) 24
 NAFTA'S ECONOMIC IMPACT. Lee Hudson Teslik, Assistant Editor. CFR. March 21, 2008 24

ECONOMIC POLICY INSTITUTE 24
 THE TEACHING PENALTY: TEACHER PAY LOSING GROUND. By Sylvia A. Allegretto, Sean P. Corcoran, and Lawrence Mishel. EPI Book. March 2008 24

BUILDING ENERGIZING PROSPERITY: RENEWABLE ENERGY AND RE-INDUSTRIALIZATION. By George Sterzinger. EPI Briefing Paper #205. February 13, 2008 25

THE IMPORTANCE OF MANUFACTURING: KEY TO RECOVERY IN THE STATES AND THE NATION. By Robert E. Scott. EPI Briefing Paper #211. February 13, 2008 26

RENEWING U.S. MANUFACTURING: PROMOTING A HIGH-ROAD STRATEGY. By Susan Helper. EPI Briefing Paper #212. February 13, 2008 26

STRATEGY FOR ECONOMIC REBOUND: SMART STIMULUS TO COUNTERACT THE ECONOMIC SLOWDOWN. By Lawrence Mishel, Ross Eisenbrey and John Irons. EPI Briefing Paper #210. January 11, 2008 27

EUROPEAN COMMISSION 27
 DON'T SHOP IN THE DARK! 27

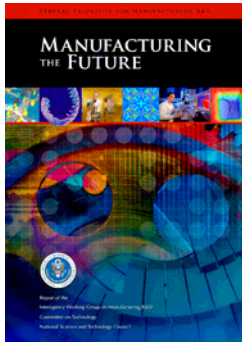
HERITAGE FOUNDATION	28
URANIUM MINING IS IMPORTANT FOR SECURING AMERICA'S ENERGY FUTURE. By Jack Spencer and Nick Loris. Heritage Foundation. WebMemo #1866. March 25, 2008.....	28
FRANK-DODD APPROACH WON'T FIX THE MORTGAGE MESS. By David C. John. Heritage Foundation. WebMemo #1864. March 24, 2008	28
PREVENTING THE NEXT SUBPRIME CRISIS. By David C. John. Heritage Foundation. WebMemo #1862. March 20, 2008	28
ECONOMIC FREEDOM UNDERPINS HUMAN RIGHTS AND DEMOCRATIC GOVERNANCE. By Anthony B. Kim. Heritage Foundation. WebMemo #1861. March 18, 2008	28
THE FED ENGAGES AS ECONOMY WAVERS. By J.D. Foster, Ph.D. and David C. John. Heritage Foundation. WebMemo #1857. March 18, 2008	29
SOVEREIGN WEALTH FUNDS AND U.S. NATIONAL SECURITY. By Daniella Markheim. Heritage Lecture #1063. March 6, 2008	29
FEDERAL SPENDING BY THE NUMBERS 2008. By Brian M. Riedl. Heritage Foundation. WebMemo #1829. February 27, 2008	30
HUDSON INSTITUTE	30
FOREIGN POLICY ASSOCIATION AND PBS GREAT DECISIONS TELEVISION SERIES: PHILANTHROPY AND THE RISE OF GLOBAL GIVING. Hudson Institute. Carol Adelman.	30
CREATIVE CAPITALISM: CAN IT MEET THE NEEDS OF THE WORLD'S POOR? Hudson Institute, panel discussion transcript. January 30, 2008. 08AD477	30
INSTITUTE FOR STUDY OF LABOR	31
MACROECONOMIC EFFECTS OF OWNERSHIP STRUCTURE IN OECD COUNTRIES. By Donatella Gatti. Institute for Study of Labor, Discussion Paper No.3415. March 2008	31
BRAIN DRAIN AND ITS DETERMINANTS: A MAJOR ISSUE FOR SMALL STATES. By Michel Beine, Frédéric Docquier, Maurice Schiff. Institute for Study of Labor, Discussion Paper No.3398. March 2008	31
FOREIGN DIRECT INVESTMENT AND STRUCTURAL REFORMS: EVIDENCE FROM EASTERN EUROPE AND LATIN AMERICA. By Nauro F. Campos, Yuko Kinoshita. Institute	31
GLOBALIZATION AND INNOVATION IN EMERGING MARKETS. Institute for Study of Labor, Discussion Paper No. 3299. Yuriy Gorodnichenko, et. al., January 2008. 08AD434.....	32
INTER-AMERICAN DEVELOPMENT BANK	32
RECOMMENDED ACTIONS TO FOSTER THE ADOPTION OF CORPORATE SOCIAL RESPONSIBILITY (CSR) PRACTICES IN SMALL AND MEDIUM ENTERPRISES (SMES). Carlos Cici & Federica Ranghieri. IDB. March 2008	32
ON EMERGING ECONOMY SOVEREIGN SPREADS AND RATINGS. Powell, Andrew Philip; Martínez, Juan Francisco. IDB. February 2008.....	32
THE INTER-AMERICAN BANK ANTI-CORRUPTION POLICIES AND SANCTIONS PROCEDURES. Business Seminar - Series 2008. De Michele, Roberto. IDB February 2008.....	33
INTERNATIONAL MONETARY FUND	33
FINANCIAL DEVELOPMENT AND POVERTY REDUCTION: CAN THERE BE A BENEFIT WITHOUT A COST? Jeanneney, Sylviane Guillaumont Kpodar, Kangni. IMF Series: Working Paper No. 08/62. March 1, 2008	33

BIG GOVERNMENT, HIGH DEBT, AND FISCAL ADJUSTMENT IN SMALL STATES. Medina Cas, Stephanie; Ota, Rui. IMF Series: Working Paper No. 08/39. February 1, 2008	33
ORGANISATION OF ECONOMIC CO-OPERATION AND DEVELOPMENT (OECD)	34
GOING FOR GROWTH 2008. OECD	34
PETERSON INSTITUTE FOR INTERNATIONAL ECONOMICS	34
EXCHANGE RATE ECONOMICS. By John Williamson, Peterson Institute. Peterson Institute Working Paper 08-3. February 2008.....	34
BLUE-COLLAR BLUES: IS TRADE TO BLAME FOR RISING US INCOME INEQUALITY? By Robert Z. Lawrence. Policy Analyses in International Economics 85. Peterson Institute for International Economics. January 2008	34
SOUTH AFRICA AND THE ARAB WORLD: FACING COMMON CHALLENGES. Marcus Noland, et. al., Peterson Institute for International Economics. Web posted January 16, 2008. 08AD426.....	35
"FEAR" AND OFFSHORING: THE SCOPE AND POTENTIAL IMPACT OF IMPORTS AND EXPORTS OF SERVICES. By J. Bradford Jensen, Peterson Institute and Lori G. Kletzer, Peterson	35
STRENGTHENING TRADE ADJUSTMENT ASSISTANCE. By Howard F. Rosen, Peterson Institute. POLICY BRIEF 08-2. January 2008	36
CURRENCY UNDERVALUATION AND SOVEREIGN WEALTH FUNDS: A NEW ROLE FOR THE WORLD TRADE ORGANIZATION. By Aaditya Mattoo, The World Bank and Arvind Subramanian, Peterson Institute. Peterson Institute Working Paper 08-2. January 2008	36
PUBLIC CITIZEN.	37
PRESIDENTIAL CANDIDATES' KEY PROPOSALS ON HEALTH CARE AND CLIMATE WILL REQUIRE WTO MODIFICATIONS; Overreach of WTO Highlighted by Potential Conflicts with Candidates' Non-Trade Proposals. Public Citizen's Global Trade Watch. February 2008	37
RAND	37
THE LEGAL AND ECONOMIC IMPLICATIONS OF ELECTRONIC DISCOVERY: OPTIONS FOR FUTURE RESEARCH. By: James N. Dertouzos, Nicholas M. Pace, Robert H. Anderson. RAND Occasional Paper. March 2008	37
THE EFFECTS OF THE CHANGES IN CHAPTER 7 DEBTORS' LIEN-AVOIDANCE RIGHTS UNDER THE BANKRUPTCY ABUSE PREVENTION AND CONSUMER PROTECTION ACT OF 2005. By: Stephen J. Carroll, Noreen Clancy, Melissa A. Bradley, Jennifer Pevar, Jane McClure Burstain. RAND. February 2008.....	38
MANAGING DIVERSITY IN CORPORATE AMERICA: AN EXPLORATORY ANALYSIS. By: Jefferson P. Marquis, Nelson Lim, Lynn M. Scott, Margaret C. Harrell, Jennifer Kavanagh. RAND February 2008.....	38
UNITED NATIONS	39
INFORMATION ECONOMY REPORT 2007-2008: Science and technology for development: the new paradigm of ICT. UNCTAD. Web-posted February 2008.....	39
ASSURING DEVELOPMENT GAINS AND POVERTY REDUCTION FROM TRADE: THE LABOUR MOBILITY AND SKILLS TRADE DIMENSION. By Lakshmi Puri, Director, Division on International Trade in Goods and Services, and Commodities, UNCTAD. January 2008.....	39
WORLD ECONOMIC SITUATION AND PROSPECTS 2008. Department of Economic and Social Affairs, UNCTAD, United Nations. January 9, 2008. 08AD431	39
WHARTON SCHOOL	40
BETTING ON THE FUTURE. By Richard Beales. Wharton Alumni Magazine. Winter 2008	40

WORLD BANK	40
ATTITUDES TO EQUALITY: THE “SOCIALIST LEGACY” REVISITED. World Bank, Policy Research Working Paper #4529. Mamta Murthi, et. al. Web posted February 27, 2008. 08AD476.....	40
SERVICES TRADE AND GROWTH. Bernard Hoekman and Aaditya Mattoo. Policy Research Working Paper, World Bank. Web posted January 2, 2008 08AD406	41
DOING BUSINESS IN 2008: COMPARING REGULATIONS IN 178 ECONOMIES—OVERVIEW. Working Paper, World Bank. Web posted January 1, 2008. 08AD412	41
WORLD BUSINESS COUNCIL FOR SUSTAINABLE DEVELOPMENT	41
DEVELOPMENT: THE "JUST DO IT" FOCUS AREA. World Business Council for Sustainable Development. March 18, 2008	41
WORLD ECONOMIC FORUM	42
TRAVEL & TOURISM COMPETITIVENESS REPORT 2008; Balancing Economic Development and Environmental Sustainability. By Jennifer Blanke, Senior Economist, Global Competitiveness Network, World Economic Forum; Thea Chiesa, Head of Aviation, Travel and Tourism, World Economic Forum. WEF. March 2008	42
TACKLING TUBERCULOSIS: THE BUSINESS RESPONSE, World Economic Forum Global Health Initiative in cooperation with Harvard School of Public Health. February 2008.....	42
WORLD RESOURCES INSTITUTE	43
THE CORPORATE ECOSYSTEM SERVICES REVIEW: GUIDELINES FOR IDENTIFYING BUSINESS RISKS & OPPORTUNITIES ARISING FROM ECOSYSTEM CHANGE. Craig Hanson, John Finisdore, Janet Ranganathan, Charles Iceland. WRI. March 11, 2008.....	43
MANAGING THE TRANSITION TO A SECURE, LOW-CARBON ENERGY FUTURE. By Kathryn Zyla, Britt Childs, Sarah Ladislaw. WRI Issue Brief. February 2008	43
ARTICLES FROM U.S. JOURNALS	44
AN EMPTY REVOLUTION: THE UNFULFILLED PROMISES OF HUGO CHAVEZ. Rodriguez, Francisco. <i>Foreign Affairs</i> Vol. 87, No. 2, March-April 2008 AA08072.....	44
FERMENTING THE FOOD SUPPLY: MODELLING BIOFUEL PRODUCTION AS AN INFECTIOUS GROWTH ON FOOD PRODUCTION. Staniford, Stuart. <i>Oil Drum</i> . January 7, 2008 AA08043.....	44
A SOLAR GRAND PLAN. Zweibel, Ken; Mason, James; Fthenakis, Vasilis. <i>Scientific American</i> January 2008. AA08009.....	44
FROM AMERICA.GOV: TELLING AMERICA'S STORY	46
THE GREENING OF U.S. CORPORATIONS. <i>eJournal USA</i> Volume 13, Number 3.U.S. Department of State. Bureau of International Information Programs. March 2008.....	46

GOVERNMENT DOCUMENTS

MANUFACTURING THE FUTURE: FEDERAL PRIORITIES FOR MANUFACTURING R&DA. Report of the Interagency Working Group on Manufacturing R&D Committee on Technology, National Science and Technology Council. March 2008



The new report identifies and describes research and development priorities for the future of three critical, high-tech U.S. manufacturing areas – hydrogen energy technologies, nanomanufacturing, and intelligent and integrated manufacturing. It was prepared by the Interagency Working Group (IWG) on Manufacturing R&D of the National Science and Technology Council's (NSTC) Committee on Technology.

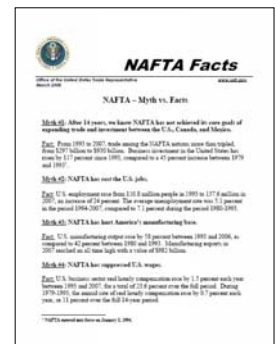
"Our objective was to focus on issues of national importance, and to identify manufacturing areas that have the potential to deliver major benefits to the economy," said David Stieren, executive secretary of the group that produced the report and technology deployment manager of the Commerce Department's National Institute of Standards and Technology (NIST) Hollings Manufacturing Extension Partnership. "These benefits include creating new jobs, enhancing manufacturing competitiveness and making progress toward accomplishing major national goals," he said.

http://www.manufacturing.gov/pdf/NSTCIWGMFGRD_March2008_Report.pdf

NAFTA – MYTH VS. FACTS. Factsheet. NAFTA Facts, Office of the United States Trade Representative. March 2008

Fifteen facts again fifteen myths

http://www.ustr.gov/assets/Document_Library/Fact_Sheets/2008/asset_upload_file71_14540.pdf

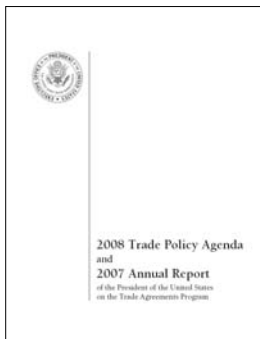


STATEMENT OF U.S. TRADE REPRESENTATIVE SUSAN C. SCHWAB BEFORE THE U.S. SENATE FINANCE COMMITTEE. Thursday, March 6, 2008

Trade is a critical component of our economy. It is helping to sustain our economic growth. Last year, the growth of exports of U.S. goods and services made up more than 40 percent of our economic growth. At greater than \$1.6 trillion in 2007, goods and services exports reached almost 12 percent of our GDP, their highest level ever.

http://www.ustr.gov/assets/Document_Library/Transcripts/2008/March/asset_upload_file357_14581.pdf

2008 TRADE POLICY AGENDA AND 2007 ANNUAL REPORT OF THE PRESIDENT OF THE UNITED STATES ON THE TRADE AGREEMENTS PROGRAM. The Office of the U.S. Trade. March 2008



The 2008 Trade Policy Agenda and 2007 Annual Report of the President of the United States on the Trade Agreements Program are submitted to the Congress pursuant to Section 163 of the Trade Act of 1974, as amended (19 U.S.C. 2213). Chapter II and Annex II of this document meet the requirements of the World Trade Organization in accordance with Sections 122 and 124 of the Uruguay Round Agreements Act. In addition, the report also includes an annex listing trade agreements entered into by the United States since 1984. Trade data for 2007, where listed, is annualized based on January to November data.

http://www.ustr.gov/assets/Document_Library/Reports_Publications/2008/2008_Trade_Policy_Agenda/asset_upload_file649_14563.pdf

THE DEMOCRATIC REPUBLIC OF THE CONGO: MAJOR CHALLENGES IMPEDE EFFORTS TO ACHIEVE U.S. POLICY OBJECTIVES; SYSTEMATIC ASSESSMENT OF PROGRESS IS NEEDED. Government Accountability Office, GAO-08-562T. David Gootnick. March 6, 2008. 08AD 521

In fiscal years 2006 and 2007 respectively, seven agencies allocated \$217.9 million and \$181.5 million for the DRC. About 70 percent of these funds supported humanitarian and social development objectives while 30 percent supported economic and natural resource management, governance, and security objectives. Programs and activities included USAID's provision of emergency supplies, food, and water and sanitation improvements to vulnerable populations, Treasury's provision of interim debt relief, and State's provision of training and other assistance for professionalizing members of the DRC's military.

<http://www.gao.gov/new.items/d08562t.pdf> [pdf format, 24 pages].



INTERNATIONAL TRADE UPDATE. February 2008. Newsletter. U.S. Department of Commerce, International Trade Administration. February 2008



In this issue:

A Year of “Significant Achievement” in International Trade Foreseen

Christopher A. Padilla, the new under secretary of commerce for international trade, answers questions about the global economy, free trade, and opportunities for U.S. exporters.

Clean-Energy Trade Mission Opens Opportunities in Two Important Markets

A 10-day trade mission to China and India in January gave 17 U.S.

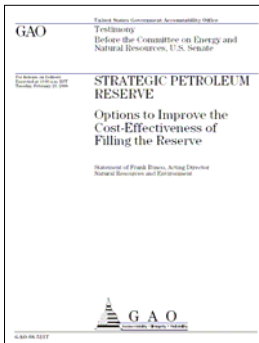
companies the opportunity to promote their products and services in those large and growing markets.

116 U.S. Cities Post Exports in Excess of \$1 Billion

A new data series compiled by the International Trade Administration’s Manufacturing and Services unit shows the importance of exports to regional economies.

http://www.trade.gov/press/publications/newsletters/ita_0208/itu_0208.pdf

STRATEGIC PETROLEUM RESERVE: OPTIONS TO IMPROVE THE COST-EFFECTIVENESS OF FILLING THE RESERVE. Frank Rusco. Government Accountability Office; Testimony before Senate Committee on Energy and Natural Resources. February 26, 2008. 08AD496



Purchasing oil to fill the SPR—as DOE did until 1994—is likely to be more cost-effective than exchanging oil from the royalty-in-kind program for other oil to fill the SPR. The latter method adds administrative complexity to the task of filling the SPR, increasing the potential for waste and inefficiency. A January 2008 DOE Inspector General report found that DOE is unable to ensure that it receives all of the royalty oil that MMS provides. In addition, we found that DOE’s method for evaluating bids has been more robust for cash purchases than royalty-in-kind exchanges, increasing the likelihood that cash purchases are more cost-effective. For example, in April 2007, DOE

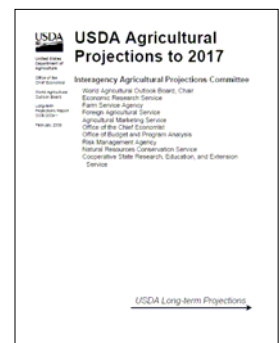
solicited two different types of bids—one to purchase oil for the SPR in cash and one to exchange royalty oil for other oil to fill the SPR. DOE rejected offers to purchase oil when the spot price was about \$69 per barrel, yet in the same month, DOE exchanged royalty-in-kind oil for other oil to put in the SPR at about the same price. Because the government would have otherwise sold this royalty-in-kind oil, DOE committed the government to pay, through foregone revenues to the U.S. Treasury, roughly the same price per barrel that DOE concluded was too high to purchase directly.

<http://www.gao.gov/new.items/d08521t.pdf> [pdf format, 15 pages]

AGRICULTURAL PROJECTIONS TO 2017. U.S. Department of Agriculture, OCE-2008-1. February 10, 2008. 08AD470

This report provides projections for the agricultural sector through 2017. Projections cover agricultural commodities, agricultural trade, and aggregate indicators of the sector, such as farm income and food prices. The projections are based on specific assumptions regarding macroeconomic conditions, policy, weather, and international developments.

<http://www.ers.usda.gov/Publications/OCE081/OCE20081.pdf> [pdf format, 110 pages]



DOE ANNOUNCES TECHNOLOGY TRANSFER POLICY TO MOVE CUTTING EDGE TECHNOLOGY RESEARCH TO THE MARKET PLACE. U.S. Department of Energy. February 8, 2008. 08AD448

The Department of Energy has issued a new policy designed to strengthen its efforts to transfer state-of-the-art technologies into the marketplace.

<http://www.doe.gov/news/5977.htm>

THE BUDGET OF THE UNITED STATES GOVERNMENT, FY 09. Office of Management and Budget (OMB). Web posted February 4, 2008. 08AD445

Issued by the Office of Management and Budget (OMB), the Budget of the United States Government is a collection of documents that contains the budget message of the President, information about the President's budget proposals for a given fiscal year, and other budgetary publications that have been issued throughout the fiscal year.

<http://www.gpoaccess.gov/usbudget/index.html> [pdf format, 10.9 MB]



U.S. CONGRESS

INTERNATIONAL ILLEGAL TRADE IN WILDLIFE: THREATS AND U.S. POLICY. Congressional Research Service, RL34395, Library of Congress. Liana Sun Wyler, et. al. March 3, 2008. 08AD 534

Global trade in illegal wildlife is estimated to be worth at least \$5 billion annually. Some of the most lucrative illicit wildlife commodities include tiger parts, caviar, ivory, rhino horn, and exotic birds and reptiles. Demand for illegally obtained wildlife is growing. International wildlife smuggling presents several potential environmental and national security threats to the United States.

http://assets.opencrs.com/rpts/RL34395_20080303.pdf [pdf, 49 pages]



HOW LARGE IS CHINA'S ECONOMY? DOES IT MATTER? Congressional Research Service, RS22808, Library of Congress. Wayne M. Morrison, et. al. Web posted February 15, 2008. 08AD459

Since embarking on a road of free market reforms nearly three decades ago, China has been one of the world's fastest growing economies. Some analysts have contended that China could soon overtake the United States to become the world's largest economy. However, in December 2007, the World Bank issued a study that lowered its previous estimate of the size of China's economy by 40%. The new data could have an impact on U.S. and international perceptions over other aspects of China's economy, including its living standards, poverty levels, and government expenditures, such as on the military.

http://assets.opencrs.com/rpts/RS22808_20080213.pdf [pdf, 6 pages]



EUROPEAN UNION - - U.S. TRADE AND INVESTMENT RELATIONS: KEY ISSUES. Congressional Research Service, RS34381, Library of Congress. Raymond Ahearn, et. al. February 14, 2008. 08AD483



The United States and EU share a mutually beneficial economic relationship. Not only are trade and investment ties between the two partners huge in absolute terms, but the EU share of U.S. global trade and investment flows has remained high and relatively constant over time, despite the rise of Asian trade and investment flows. Washington and Brussels currently are working to resolve a number of issues, including a dispute between the aerospace manufacturers and conflicts over hormone-treated beef, bio-engineered food products, and protection of geographical indicators.

http://assets.opencrs.com/rpts/RL34381_20080214.pdf [pdf format,

39 pages]

DISPUTE SETTLEMENT UNDER THE PROPOSED U.S.-PERU TRADE PROMOTION AGREEMENT: AN OVERVIEW. Congressional Research Service, RS22752, Library of Congress. Jeanne J. Grimm, et. al. Web posted February 10, 2008. 08AD469

The proposed U.S.-Peru Trade Promotion Agreement (TPA) follows current U.S. free trade agreement practice. Implementing legislation was signed into law December 14, 2007 (P.L. 110-138); the TPA has not yet entered into force. This report will be updated.

Full Text:

http://assets.opencrs.com/rpts/RS22752_20080104.pdf [pdf format, 6 pages]



CHINA'S HOLDINGS OF U.S. SECURITIES: IMPLICATIONS FOR THE U.S. ECONOMY. Wayne M. Morrison and Marc Labonte. Congressional Research Service (CRS), Library of Congress. January 9, 2008. 08AD393

Because of the slow savings rate in the U.S., the economy depends on foreign capital inflows from countries with high savings rates. China has become the world's largest holder of foreign exchange reserves (FER); and as of June 2006, China was the 2nd largest foreign holder (after Japan) of U.S. securities.

The issue of China's large holdings is part of a larger debate on how long the U.S. can rely on these foreign investments, can this reliance pose a risk to the U.S. economy, and what are the costs of this borrowing. This report discusses these issues.

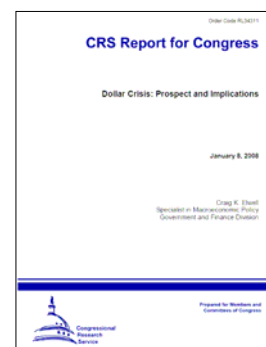
http://assets.opencrs.com/rpts/RL34314_20080109.pdf [pdf format, 16 pages]

DOLLAR CRISIS: PROSPECT AND IMPLICATIONS. Craig K. Elwell. Congressional Research Service (CRS), Library of Congress. January 8, 2008. 08AD368

The value of the dollar in international exchange has fallen 29% since 2002. For most of that period, it dropped approximately 3% per year; but this past year, the value fell nearly 10%. The large U.S. current account deficits are sustained by foreign capital inflow.

A stimulative monetary policy could be implemented quickly; but the author states that the “most useful policy response by foreign economies would be complementary expansionary policies to offset the negative impact of their appreciating currencies on their net exports. Attempts to defend a currency against this crisis driven appreciation would be costly and likely fail.”

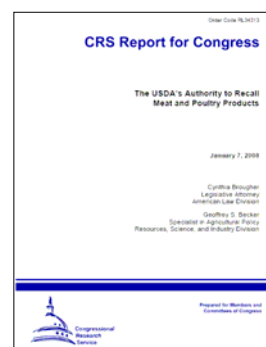
http://assets.opencrs.com/rpts/RL34311_20080108.pdf [pdf format, 17 pages]



THE USDA’S AUTHORITY TO RECALL MEAT AND POULTRY PRODUCTS. Cynthia Brougher, et. al., Congressional Research Service (CRS), Library of Congress. January 7, 2008. 08AD429

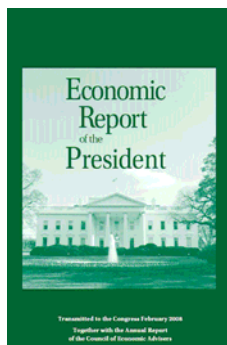
This report provides an overview of the USDA’s authority to regulate meat, poultry, and their products. Specifically, the report discusses the requirements of USDA inspections and import regulations, as well as the USDA’s role in product recalls. This report also addresses some of the issues that arise when considering possible changes to recall authority and reviews proposed legislation regarding the role of the USDA in the recall process. The Appendix of this report provides information regarding recent recalls and the significance of the recall data.

http://assets.opencrs.com/rpts/RL34313_20080107.pdf [pdf format, 22 pages]



THE WHITE HOUSE

ECONOMIC REPORT OF THE PRESIDENT. The White House. February 11, 2008



The U.S. economy retains a solid foundation, even as it faces challenges ahead. Toward the end of 2007, there were increasingly mixed economic indicators. Economic growth is expected to continue in 2008. Most market forecasts suggest a slower pace in the first half of 2008, followed by strengthened growth in the second half of the year. The inherent resilience of our economy has enabled it to absorb multiple shocks in recent years, but the President does not take this growth for granted. Recognizing the near-term risks of a broader economic slowdown, the President called on the Congress to enact an economic growth package to protect the health of our economy and encourage job creation. Much of this Report examines contributions of pro-growth economic policies and market-based reforms that can further strengthen our economy and allow more Americans to benefit from continued economic expansion. The United States' commitment to fair and open trade and investment policies is an important factor in our international competitiveness and in the dynamic nature of our economy; export performance has played a notable and growing role in economic growth in recent years.

http://www.whitehouse.gov/cea/2008_erp.pdf

FREE TRADE AGREEMENT VITAL TO U.S. ECONOMY, NATIONAL SECURITY; Bush urges Congress to pass free trade agreements, starting with Colombia. Fact Sheet. The White House Office of the Press Secretary. February 26, 2008

(...)President Bush met with former Cabinet Secretaries and senior government officials and discussed the need for pro-growth economic policies, including opening new markets for U.S. exports through free trade agreements. Open markets contribute to America's prosperity. With exports now accounting for a larger percentage of our GDP than at any other time in our history, trade is playing an important role in supporting economic growth. Exports have reached a historic high as a share of the United States' national income, and jobs supported by goods exports pay wages 13 to 18 percent higher than the national average.

<http://www.uspolicy.be/Article.asp?ID=DBC2B392-85A9-4693-999F-2A42EDE84BC7>

THINK TANKS AND INTERNATIONAL ORGANIZATIONS

AMERICAN ENTERPRISE INSTITUTE

A TAX SCANDAL IN DEUTSCHLAND. By Jurgen Reinhoudt. *The American*. AEI. Thursday, March 20, 2008

Rather than seek a Europe-wide crackdown on tax havens, Germany should work to simplify its own Byzantine system.

A tax scandal involving the tiny principality of Liechtenstein is causing waves of outrage in Germany, and its effects are spreading across Europe, as Berlin demands a crackdown on other tax havens such as Monaco and Switzerland. The United Kingdom and the Netherlands are now investigating to see if their own nationals have violated any tax laws. Even some U.S. politicians have joined the fray: according to Reuters, Senator Carl Levin, a Michigan Democrat, plans to launch a probe to see if Americans are unlawfully stashing money in Liechtenstein. The IRS is already “initiating enforcement action” against more than 100 American taxpayers in connection with the scandal, Reuters notes.

<http://www.american.com/archive/2008/march-03-08/a-tax-scandal-in-deutschland>

CAPITAL IDEAS. By Peter J. Wallison. *The American*. AEI. Wednesday, March 19, 2008

Lawmakers should turn their attention to persuading banks and other financial intermediaries to raise more capital.

The key question in the so-called mortgage meltdown is whether shareholders or taxpayers are going to bear the loss. The most serious problem we face is not the fact that some homeowners are unable or unwilling to meet their mortgage obligations—as bad as that is—but the fact that the capital bases of banks and other financial institutions have been substantially weakened by the decline in the value of the mortgages and mortgage derivatives that they hold. As a result of this weakness, banks have been forced to reduce their lending, and the lack of confidence in the stability of these and other financial institutions has caused the credit markets to freeze up. The shortage of credit, in turn, is adding to the risk of recession, or its depth if one is already upon us. Thus, the problems in the mortgage markets are affecting the wider economy as well as the lives of the American people—the vast majority of whom are perfectly willing and able to meet their mortgage obligations.

<http://www.american.com/archive/2008/march-03-08/capital-ideas>

JAPAN'S LOST DECADE; LESSONS FOR THE UNITED STATES IN 2008. By John H. Makin. *ECONOMIC OUTLOOK*. AEI Online. March 1, 2008

Japan experienced a disastrous decade of economic stagnation and deflation from 1991 to 2001 after bubbles in its stock market and land market collapsed. While some economic pain was unavoidable--given a 60 percent plunge in equity prices between late 1989 and August 1992, accompanied by the onset of what ultimately became a 70 percent drop in land values by 2001--the "lost decade" was not an inevitable outcome. It required a series of persistently

wrong economic policy decisions that ignored the lessons learned in America's Great Depression of the 1930s and the subsequent research on the causes of that painful period.

Japan's experience in its lost decade and, indeed, during the new millennium carries with it lessons for U.S. policymakers today after the collapse of America's highly leveraged housing bubble that has already seen prices drop by more than 10 percent from their 2006 peak, with indications of another 10 to 15 percent fall. America's stock market is about 15 percent below its October 2007 peak, suggesting that investors are currently expecting a mild U.S. recession. More ominously, however, credit markets have largely ceased to function, save for the highest quality loans, suggesting that a sharp reduction in the quantity of credit available at market-clearing interest rates is threatening to curtail real economic activity by more than the seemingly benign level of market interest rates would suggest.
http://www.aei.org/publications/pubID.27568/pub_detail.asp



THE RISK CYCLE. By John H. Makin ECONOMIC OUTLOOK. AEI Online. February 1, 2008



Now that Wall Street and the Federal Reserve have finished congratulating themselves for not having been alarmists--in other words, for failing to recognize that a recession was looming--they are now facing up to the onset of a U.S. recession and a rapidly spreading financial crisis. Having been late to reach that conclusion, they now grudgingly admit that we may have a brief "V-shaped" recession and are apparently hoping that Fed rate cuts and a fiscal stimulus package will quickly solve the economy's problems.

The more likely situation, however, is that the recession of 2008 will be a longer, "U-shaped" affair, driven by an unusual, persistent drop in consumption and investment. Underlying the intensity and persistence of the cyclical weakness emerging in the U.S. economy and manifest in weaker investment and consumption spending is an "endogenous" risk appetite cycle, one that is tied to the fundamental problem facing the U.S. economy: the build-up and subsequent implosion of the housing bubble.
http://www.aei.org/publications/pubID.27419/pub_detail.asp

GAINING GROUND: NEW REFORMS FROM OLD EUROPE. American Enterprise Institute. Conference, held February 20, 2008. 08AD485

“Old Europe”-- the Western European and Scandinavian countries -- has become, to some critics, a symbol of economic stagnation and political gridlock. But in recent years, many European countries have adopted reform policies that will surprise many Americans. Indeed, Western Europe is fast becoming a land of “new ideas” from which American policymakers can learn.

[Note: Contains copyrighted material.]

http://www.aei.org/events/eventID.1664,filter.all/event_detail.asp [direct link with several related links to conference presentations]

BROOKINGS INSTITUTION

NEW ECONOMY SAFETY NET: A PROPOSAL TO ENHANCE WORKER ADJUSTMENT PROGRAMS. Lael Brainard, Vice President and Director, Global Economy and Development. Brookings Institution. Published in the *Democracy Journal*, Issue #8, Spring 2008

Currently, there is enormous variation nationwide in the quality and availability of training benefits—even for programs under the federally mandated Trade Adjustment Assistance umbrella, which permits the most generous training benefits. Therefore a top priority must be to provide one-stop access to expanded and improved training opportunities nationwide. At the same time, training benefits need to be flexible, permitting some workers to develop new skills in parallel with a return to work following displacement. This way, American workers can upgrade and expand their skills to meet the demands of today's hypercompetitive economy, where no industry is immune from foreign competition. Since training is most successful when it is geared to job opportunities, it is also critical to develop an integrated local, state, and federal capability for helping communities reposition themselves strategically following the downsizing of a large employer.

http://www.brookings.edu/articles/2008/spring_economic_security_program_brainard.a.spx

RIDING THE "THREE I'S" TO ECONOMIC RECOVERY. Alan Berube, Fellow, Metropolitan Policy Program; David Jackson, Policy Analyst, Metropolitan Policy Program. The Brookings Institution. Published in *The Seattle Times*, March 20, 2008

Increasing competition from nations like China and India, the impending retirements of the baby boomers, and the highly unequal distribution of benefits from the recent expansion all signal the potential for slower U.S. economic growth in the future.

These challenges, and our responses, will resonate throughout the Puget Sound region.

Already, the region is one of America's economic juggernauts. According to the Paris-based Organization for Economic Cooperation and Development, the Seattle-Tacoma-Bellevue metropolitan area is the fourth-most productive in the world. And the ports of Seattle and Tacoma together form the eighth-largest gateway for foreign goods nationwide.

http://www.brookings.edu/opinions/2008/0320_competiveness_berube.aspx

ADVANCING SINO-U.S. ENERGY COOPERATION AMID OIL PRICE HIKES. Brookings Institution. Richard Weixing Hu. March 12, 2008. 08AD 523

The high price of oil is hurting both the American and Chinese economies. Last year China's inflation rate climbed to 4.8% after almost a decade of low financial risk. An "over-heated" economy, high investment, and a huge liquidity surge amid energy price spikes have dramatically raised the Chinese government's concerns about inflation.

[Note: Contains copyrighted material.]

http://www.brookings.edu/opinions/2008/03_energy_hu.aspx [direct link with additional links to related topics.]

CAN RAUL CASTRO REVIVE CUBA'S PRIVATE SECTOR? Brookings Institution. Raj Desai. March 10, 2008. 08AD 530

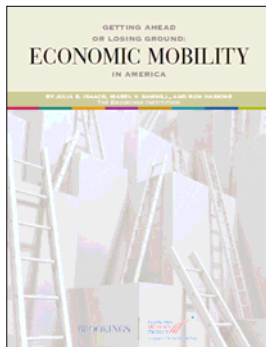
With Raúl Castro's selection as president of Cuba, the post-Fidel era has begun. Raúl has affirmed that the country will remain on the Socialist path. But during his tenure he is likely to face growing pressures to reform to the Cuban economy.

[Note: Contains copyrighted material.]

http://www.brookings.edu/~media/Files/rc/papers/2008/03_cuba_desai/03_cuba_desai.pdf [pdf format, 6 pages].



GETTING AHEAD OR LOSING GROUND: ECONOMIC MOBILITY IN AMERICA. [Pew Charitable Trust/Brookings Institution]. Julia B. Isaacs, et. al. Web posted February 20, 2008. 08AD474



This study, conducted by Brookings scholars for the Pew Charitable Trust, interprets a variety of statistics and other information on wealth, education, and other factors in order to evaluate the current state of economic mobility and opportunity in the United States.

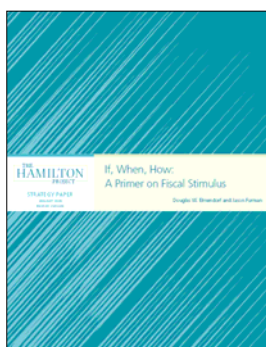
[Note: Contains copyrighted material.]

http://www.pewtrusts.org/uploadedFiles/wwwpewtrustsorg/Reports/Economic_Mobility/Economic_Mobility_in_America_Full.pdf [pdf format, 120 pages]

ITALY'S CHOICE: REFORM OR STAGNATION. [Brookings Institution]. Michael Calingaert. Web posted March 4, 2008. 08AD503

Italy is one of the great success stories of the post–World War II era. A massive transformation of the country's economy and society has taken place over the past 60 years. A nation that in 1958 was the least developed of the six founding members of the European Community has become one of the world's leading industrial countries. Today, however, Italy faces a range of acute and pressing challenges. Many Italians fear that these pose a threat to their country's prosperity and wellbeing. The citizens also question their political leadership's capacity to address the challenges, which stem largely from ongoing political, economic, and demographic trends.

http://www.brookings.edu/~media/Files/rc/articles/2008/03_italy_calingaert/03_italy_calingaert.pdf [pdf format, 7 pages]



IF, WHEN, HOW: A PRIMER ON FISCAL STIMULUS. Douglas W. Elmendorf and Jason Furman. The Hamilton Project, Brookings Institution. Web posted January 14, 2008 08AD372

Recent economic data show that problems in the housing and financial markets are affecting the whole economy. In December, employment growth fell and unemployment rose. On the other hand, there are some

reassuring indicators—net exports are trending upward and consumer spending increased in October and November. Nonetheless, most forecaster and economists are predicting a slowdown in economic growth for several quarters; and over half of them believe there will be a recession.

This paper examines some of the monetary and fiscal policy alternatives that could stabilize and stimulate the economy. The Federal Reserve could adjust the interest rate, and Congress could pass tax cuts or spending increases. Both of these options would give the economy a quick boost. The paper concludes with a discussion of risk protection for families.

[Note: Contains copyrighted material.]

http://www.brookings.edu/~media/Files/rc/papers/2008/0110_fiscal_stimulus_elmendorff_furman/0110_fiscal_stimulus_elmendorff_furman.pdf [pdf format, 30 pages]

BUSINESS SOFTWARE ALLIANCE

THE ECONOMIC BENEFITS OF REDUCING PC SOFTWARE PIRACY. A Report by IDC, Sponsored by the Business Software Alliance®. January 2008.

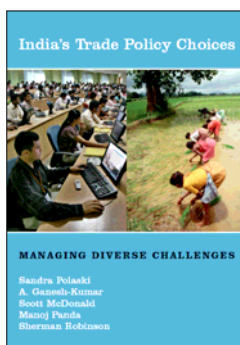
Reducing software piracy could create hundreds of thousands of new jobs, billions in information technology (IT) spending and economic growth, and new tax revenues to support local services.

A study commissioned by the Business Software Alliance (BSA) and conducted independently by International Data Corporation (IDC) finds that while all countries could benefit from reducing the use of illegal software on personal computers (PC), high-piracy emerging economies could experience the most dramatic, positive impacts.

“The Economic Benefits of Reducing PC Software Piracy” looks at the bottom line economic benefits of reducing piracy in 42 countries that together account for more than 90 percent of global IT spending in 2007. The study is designed to quantify the economic benefits to domestic economies that could be gained from a ten percentage point reduction in PC software piracy over a four year period, from 2008-2011.

http://www.bsa.org/idcstudy.aspx?sc_lang=en

CARNEGIE ENDOWMENT FOR INTERNATIONAL PEACE (CEIP)



INDIA'S TRADE POLICY CHOICES: MANAGING DIVERSE CHALLENGES. Institute of Development Studies and Indira Gandhi Institute of Development Research, Carnegie Endowment for International Peace. Sandra Polaski, et. al., Web posted January 29, 2008. 08AD443

As India's 1.1 billion people more deeply engage the global economy, the country's policy makers face the challenge of devising trade policies that take into account the diversity of its economy and overall poverty of its people, some 800 million of whom live on less than \$2 per day.

There are opportunities offered by increased economic integration, but they bring political, economic and cultural challenges to this largely rural economy.

[Note: Contains copyrighted material.]

http://www.carnegieendowment.org/files/india's_trade_policy_choices_final.pdf
[pdf format, 103 pages]

CATO INSTITUTE

A DECADE OF SUFFERING IN ZIMBABWE: ECONOMIC COLLAPSE AND POLITICAL REPRESSION UNDER ROBERT MUGABE. By David Coltart. CATO Development Policy Analysis no.5. March 24, 2008

At the root of Zimbabwe's problems is a corrupt political elite that has, with considerable international support, behaved with utter impunity for some two decades. This elite is determined to hang on to power no matter what the consequences, lest it be held to account for the genocide in Matabeleland in the early 1980s and the wholesale looting of Zimbabwe that followed the mismanaged land reform in 2000.



When change comes to Zimbabwe, the nation will have to rediscover the rule of law and the sanctity of persons and property. The public discourse and the economy will have to be reopened. The new government will have to embrace a more limited idea of government and rescind legislation that makes the operation of the private sector next to impossible. Moreover, the new government will have to find a way for the people of Zimbabwe to heal the wounds caused by decades of political violence.
<http://www.cato.org/pubs/dpa/dpa5.pdf>

WHY TAX HAVENS ARE A BLESSING. By Daniel J. Mitchell. CATO Institute. This article appeared in *Foreign Policy* on March 18, 2008.

If Ian Fleming ever had the urge to write a spy novel about tax policy, he might have found good material in the German external intelligence service's recent purchase of confidential client data stolen from a Liechtenstein bank. With its list of alleged tax evaders in hand, Germany is joining other European countries in demanding that Liechtenstein and other so-called tax havens loosen their privacy laws so that foreign tax collectors can track—and tax—funds invested in lower-tax jurisdictions. The European Union and the Organization for Economic Cooperation and Development (OECD), sensing an opportune moment, are adding their voice to the chorus calling for a tax-haven crackdown.

When we think of tax havens, we tend to imagine yacht-besotted enclaves of shadowy international dilettantes, dripping with jewelry and laughing about the latest tax loophole their accountants have found. This popular image—and the fact that few of us have million-dollar private bank accounts in Monaco or Andorra—makes it all the easier for many to cheer German Chancellor Angela Merkel along in her crusade. Why should the superwealthy get off the hook, the usual logic goes, while the rest of us pay our fair share? Yet the conventional wisdom could not be more wrong. We are all beneficiaries of tax havens in ways you might not expect.

http://www.cato.org/pub_display.php?pub_id=9283

NOTHING TO FEAR BUT FEARMONGERS THEMSELVES: A LOOK AT THE SOVEREIGN WEALTH FUND DEBATE. By Daniel J. Ikenson, associate director for the Center for Trade Policy Studies at the Cato Institute. *CATO Free Trade Bulletin* No. 33: March 14, 2008

Despite legitimate concerns about governments accumulating wealth and making investment decisions in the first place, as well as lingering doubts about the motivations behind those investments, changes in foreign investment policy are unnecessary. Current U.S. rules governing banking and investment strike the right balance; they generally welcome foreign investment while being designed to ensure that such transactions do not compromise the integrity of our financial markets or our national security.

<http://www.freetrade.org/pubs/FTBs/FTB-033.pdf>



IS THE GOLD STANDARD STILL THE GOLD STANDARD AMONG MONETARY SYSTEMS? By Lawrence H. White. *CATO Institute. Briefing Paper* no. 100. February 8, 2008

This study addresses the leading criticisms of the gold standard, relating to the costs of gold, the costs of transition, the dangers of speculation, and the need for a lender of last resort. One criticism is found to have some merit. The United States would not enjoy the benefits of being on an international gold standard if it were the first and only country whose currency was linked to gold.

A gold standard does not guarantee perfect steadiness in the growth of the money supply, but historical comparison shows that it has provided more moderate and steadier money growth in practice than the present-day alternative, politically empowering a central banking committee to determine growth in the stock of fiat money. From the perspective of limiting money growth appropriately, the gold standard is far from a crazy idea.

<http://www.cato.org/pubs/bp/bp100.pdf>



A U.S.-COLOMBIA FREE TRADE AGREEMENT: STRENGTHENING DEMOCRACY AND PROGRESS IN LATIN AMERICA. By Daniel Griswold and Juan Carlos Hidalgo. *CATO Free Trade Bulletin* no. 32 (February 6, 2008)



The most important and contentious trade vote in Congress this year will probably be the free trade agreement the United States has signed with its South American neighbor and ally, Colombia. In his January 28, 2008, State of the Union speech, President Bush called on Congress to approve the agreement this year. Calling Colombia "a friend of America that is confronting violence and terror, and fighting drug traffickers," the president warned Congress that "if we fail to pass this agreement, we will embolden the purveyors of false populism in our hemisphere. So we must come together, pass this agreement, and show our neighbors in the region that democracy leads to a better life."

<http://www.freetrade.org/pubs/FTBs/FTB-032.pdf>

FOOD FIGHT. By Sallie James. CATO Free Trade Bulletin no. 31. January 31, 2008

The Bureau of Labor Statistics recently confirmed what shoppers have been noticing for months: the price of food is increasing at an unusually rapid rate. And failed government policies—supporting domestic farmers through restrictions on cheaper imports and stimulating demand for corn-fed ethanol—are adding to consumers’ woes. The federal government can and should take this opportunity to alleviate the effect of higher prices at the grocery store by reducing taxes on imported rice, dairy products, and sugar and by abandoning its misguided support for biofuels.

<http://www.freetrade.org/pubs/FTBs/FTB-031.pdf>



CENTER FOR AMERICAN PROGRESS

ECONOMIC SNAPSHOT FOR MARCH 2008. By Christian E. Weller. Center For American Progress, March 12, 2008



American families are feeling the pressure of a tightening economy from all sides. They are burdened with massive amounts of debt that have become harder to handle due to accelerated house price drops and the stagflationary nature of the downturn. Jobs are going away, wages are flat, and benefits are disappearing, while prices are skyrocketing everywhere.

Just like a balloon squeezed from all sides, family finances are increasingly being burst. And the overall economic outlook doesn't help. Massive trade deficits pose a drain on our national resources,

slowing innovation means that we are generating less of what we need, and long-term budget deficits due to tax cuts for the rich are preventing the government from addressing the economic needs of America's families.

http://www.americanprogress.org/issues/2008/03/pdf/econ_snapshot.pdf

CENTER FOR ECONOMIC AND POLICY RESEARCH

THE ECONOMIC IMPACT OF A U.S. SLOWDOWN ON THE AMERICAS. By Mark Weisbrot, John Schmitt, and Luis Sandoval. CEPR March 2008,



The paper makes two sets of projections for the decline in exports countries in the Americas may experience. The low-adjustment scenario assumes that the U.S. trade deficit falls from 5.2 percent of GDP in 2007 to 3.0 percent of GDP in 2010. The high adjustment scenario assumes that the U.S. trade deficit falls back to 1.0 percent of GDP by 2010. The paper finds that the countries that will likely suffer most as the result of a reduction in U.S. imports are the same countries with which the United States has implemented “free trade” agreements in recent decades, including the North American Free Trade Agreement (NAFTA) between the United States, Canada, and Mexico, and the Dominican Republic-Central America Free Trade Agreement (DR-CAFTA), which includes

the United States along with Guatemala, El Salvador, Costa Rica, Nicaragua, Honduras, and the Dominican Republic. Meanwhile, countries that are less dependent on the United States, or more reliant on domestic demand, will see smaller impacts of the U.S. recession on their exports and national GDP.

<http://www.cepr.net/index.php/publications/reports/the-economic-impact-of-a-u.s.-slowdown-on-the-americas/>

SUBPRIME RESCUE PLANS: BACKDOOR BANK BAILOUTS. Dean Baker. CEPR. March 2008

This report analyzes recent proposals suggesting that the government buy up or guarantee bad mortgage debt in an attempt to slow the increasing number of foreclosures the nation has seen in the wake of the housing market's meltdown. The study, which focuses on the plan put forth by the Office Thrift Supervision, shows that banks and mortgage holders end up being the true beneficiaries of such plans at the expense of taxpayers and with few gains for the majority of homeowners currently facing foreclosure.

<http://www.cepr.net/index.php/publications/reports/subprime-rescue-plans-backdoor-bank-bailouts/>



CENTER FOR STRATEGIC AND INTERNATIONAL STUDIES (CSIS)

MANAGING THE TRANSITION TO A SECURE, LOW-CARBON ENERGY FUTURE. Sarah Ladislislaw, Kathryn Zyla, and Britt Chilids. CSIS Issue Brief. February 2008

In the years to come, the world must meet the energy needs of a growing and developing world population while mitigating the impacts of global climate change. This policy brief seeks to establish a framework for considering the complex and evolving links between energy security and climate change, and identifies three challenges:

- the evolving and interconnected nature of energy security and climate change definitions and goals,
- the variables that contribute to an uncertain future, and
- the trade-offs and unintended consequences involved in addressing both issues.

A workable strategy must be concerned not just with how to design a future in which climate change and energy security concerns are met, but also with the pathway to get there. To guide this transition, this brief offers several guiding principles for devising energy and climate policies that are both effective and politically viable.

http://www.csis.org/media/csis/pubs/080204_managing_the_transition.pdf



CENTER ON BUDGET AND POLICY PRIORITIES

USING INCOME TAXES TO ADDRESS STATE BUDGET SHORTFALLS. By Elizabeth McNichol and Andrew Nicholas. CBPP. February 21, 2008



KEY FINDINGS IN THIS REPORT:

States facing deficits due to the current economic downturn should avoid spending cuts that can further weaken their economies.

Raising taxes, especially on wealthy households, is less economically damaging than cutting many types of services.

To fill budget gaps, states should consider enacting temporary income tax surcharges.

Nationwide, over \$13 billion could be raised if every state with a personal income tax enacted a 1 percent rate increase for high-income taxpayers. An across-the-board surcharge equal to 5 percent of taxes owed could raise a similar amount.

If enacted quickly, revenues from a surcharge could help states close gaps in their current year budgets.

<http://www.cbpp.org/2-21-08sfp.pdf>

COUNCIL ON FOREIGN RELATIONS (CFR)

NAFTA'S ECONOMIC IMPACT. Lee Hudson Teslik, Assistant Editor. CFR. March 21, 2008

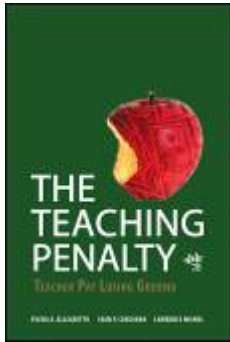
The 2008 U.S. presidential elections have brought new attention to the debate over the North American Free Trade Agreement, or NAFTA, the free trade bloc uniting Canada, Mexico, and the United States. Currently, the Canadian, Mexican, and U.S. governments all broadly support NAFTA, but the leading U.S. Democratic presidential candidates, Sens. Hillary Rodham Clinton (NY) and Barack Obama (IL), say they want to renegotiate aspects of the deal. Trade relations have broadened substantially among the three parties to NAFTA since the deal's implementation, and all three have grown economically, Canada at the fastest average rate, Mexico at the slowest. Yet expert opinion varies on NAFTA's direct impact, given the multitude of other economic factors at play and the possibility that trade liberalization might have happened even without a trilateral agreement.

http://www.cfr.org/publication/15790/nafta_at_issue.html?breadcrumb=%2F

ECONOMIC POLICY INSTITUTE

THE TEACHING PENALTY: TEACHER PAY LOSING GROUND. By Sylvia A. Allegretto, Sean P. Corcoran, and Lawrence Mishel. EPI Book. March 2008

At a time of national debate over ways to improve the performance of America's schools, a new report reveals a trend that undermines chances of reaching that goal: a large and growing



pay penalty for those who choose to become public school teachers. Over the last decade, the teacher pay gap increased 10.8 percentage

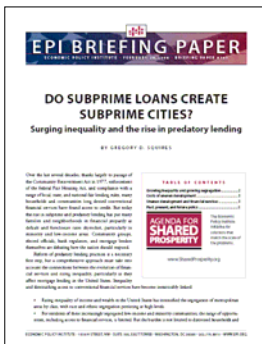
The report provides a detailed analysis of trends in teacher pay. In 1960 women teachers had an annual wage advantage, of 14.7 percent compared to other similarly educated women. This annual pay difference was reversed to a 13.2 percent annual wage deficit by 2000.

The study also compares teachers' weekly pay to that of a core group of occupations with similar educational and skills requirements: accountants, reporters, registered nurses, computer programmers, clergy, and personnel officers. The teacher pay penalty translates to weekly earnings that are, on average, about \$154, or 14.3%, lower than those of people in the comparable occupations.

http://www.epi.org/content.cfm/book_teaching_penalty

or: http://www.epi.org/books/teaching_penalty/teaching-penalty-full-text.pdf

DO SUBPRIME LOANS CREATE SUBPRIME CITIES? SURGING INEQUALITY AND THE RISE IN PREDATORY LENDING. By Gregory D. Squires. EPI Briefing Paper #197. February 28, 2008



Over the last several decades, thanks largely to passage of the Community Reinvestment Act in 1977, enforcement of the federal Fair Housing Act, and compliance with a range of local, state, and national fair lending rules, many households and communities long denied conventional financial services have found access to credit. But today the rise in subprime and predatory lending has put many families and neighborhoods in financial jeopardy as default and foreclosure rates skyrocket, particularly in minority and low-income areas. Community groups, elected officials, bank regulators, and mortgage lenders themselves are debating how the nation should respond.

Reform of predatory lending practices is a necessary first step, but a comprehensive approach must take into account the connections between the evolution of financial services and rising inequality, particularly as they affect mortgage lending in the United States.

<http://www.sharedprosperity.org/bp197/bp197.pdf>

BUILDING ENERGIZING PROSPERITY: RENEWABLE ENERGY AND RE-INDUSTRIALIZATION. By George Sterzinger. EPI Briefing Paper #205. February 13, 2008

In 2001, Nevada passed one of the most aggressive laws mandating the use of renewable energy. The law required that 5% of the renewable energy developed come from solar energy projects. Organized labor and environmentalists joined in support of this provision. Labor believed the solar projects would provide jobs in Nevada, but they also hoped that the legislation would be used to attract firms with breakthrough technologies to locate in the state. A successful demonstration of the breakthrough in Nevada would then open new world-wide markets and opportunities. Rather than use the set-aside to attract new firms, the state utility regulators and Nevada Power offered



roughly 60% of the solar set-aside to one firm, Solargenix, for a project that used a concentrating solar power technology previously developed in the mid-1980s in California. Nevada awarded a long-term contract to the project at rates above other renewable energy resources and awarded tax rebates to it, as well.

<http://www.sharedprosperity.org/bp205/bp205.pdf>

THE IMPORTANCE OF MANUFACTURING: KEY TO RECOVERY IN THE STATES AND THE NATION. By Robert E. Scott. EPI Briefing Paper #211. February 13, 2008



Manufacturing is one of the most dynamic sectors of the U.S. economy. It was responsible for 60% of all U.S. research and development spending in 2003, with total research and development spending of \$123 billion (total public, corporate, and other funds) in that year alone (National Science Foundation 2006). Scientists and engineers make up 9% of the manufacturing labor force, a share that is nearly twice as large as in the rest of the economy.

1 As a result, manufacturing productivity growth rates have been high for decades. Multifactor labor productivity growth averaged 4.6% per year in manufacturing between 1997 and 2005.

2 This was 60% greater than in the private, non-farm economy as a whole.

3 Given the nexus between research and development and manufacturing, a vital manufacturing sector plays an important role in maintaining an innovative economy.

<http://www.sharedprosperity.org/bp211/bp211.pdf>

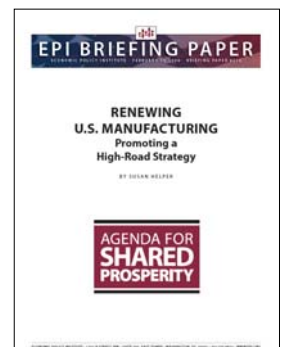
RENEWING U.S. MANUFACTURING: PROMOTING A HIGH-ROAD STRATEGY. By Susan Helper. EPI Briefing Paper #212. February 13, 2008

In 1980, the Sharp Manufacturing Corporation opened a plant in Memphis to make televisions and microwave ovens. Due to the plant's success in achieving zero defects from its suppliers and full involvement from its workers, it remained open long after its competitor plants were driven out of business by low-wage competition. In 2002, however, Sharp moved all television production to Mexico, laying off 500 workers. Several months later, Sharp began producing solar panels in Memphis, believing that new energy legislation would lead to a big increase in demand.

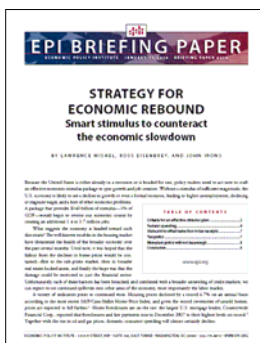
Today, half of the plant's 500 workers make solar panels. The skills of the International Brotherhood of Electrical Workers eased this transition.

This story illustrates many of the problems (low wage competition) and opportunities (a skilled work force, increasing demand for environmentally sustainable products) facing U.S. manufacturing today. It shows how a "high road" production recipe, in which skilled workers, suppliers, and management work together to make innovative products, can lead to continued vitality in manufacturing—and that public policy plays a key role in reaching this outcome.

<http://www.sharedprosperity.org/bp212/bp212.pdf>



STRATEGY FOR ECONOMIC REBOUND: SMART STIMULUS TO COUNTERACT THE ECONOMIC SLOWDOWN. By Lawrence Mishel, Ross Eisenbrey and John Irons. EPI Briefing Paper #210. January 11, 2008



Because the United States is either already in a recession or is headed for one, policy makers need to act now to craft an effective economic stimulus package to spur growth and job creation. Without a stimulus of sufficient magnitude, the U.S. economy is likely to see a decline in growth or even a formal recession, leading to higher unemployment, declining or stagnant wages, and a host of other economic problems. A package that provides \$140 billion of stimulus - 1% of GDP - would begin to reverse our economic course by creating an additional 1.4 to 1.7 million jobs.

What suggests the economy is headed toward such dire straits? The well-known troubles in the housing market have threatened the health of the broader economy over the past several months. Until now, it was hoped that the fallout from the declines in home prices would be contained - first to the sub-prime market, then to broader real estate-backed assets, and finally the hope was that the damage could be restricted to just the financial sector. Unfortunately, each of these barriers has been breached, and combined with a broader unraveling of credit markets, we can expect to see continued spillovers into other areas of the economy, most importantly the labor market.

<http://www.epi.org/briefingpapers/210/bp210.pdf>

EUROPEAN COMMISSION

DON'T SHOP IN THE DARK!



The new poster campaign for European Consumer Day centres on the message: "Know your rights, use your rights". Most effective European consumer campaign recognised for raising awareness on consumer rights.

And the winner of the European consumer campaign competition is: Finland – for a web-game to educate young consumers about their rights and responsibilities as online shoppers. (...) Ireland, the UK, Hungary, Estonia and Norway also won special category

awards in this, the first EU competition to find the most effective national consumer-rights campaigns.

In total, there were 27 nominees for the first EU consumer campaign award, covering a wide range of topics – air passenger rights, internet fraud, misleading advertising and food information.

From now on, to mark European consumer day (15 March), this award will be given each year to the national campaign that has most successfully informed consumers about their rights.

http://ec.europa.eu/news/environment/080310_1_en.htm

HERITAGE FOUNDATION

URANIUM MINING IS IMPORTANT FOR SECURING AMERICA'S ENERGY FUTURE. By Jack Spencer and Nick Loris. Heritage Foundation. WebMemo #1866. March 25, 2008

Burdensome regulation, politics, and bad policy hamper access to available energy resources in the United States. The nation can now add uranium to the list of energy resources that local, state, and federal bureaucrats have deemed off-limits, which includes oil in the Arctic, off-shore natural gas, coastal wind, and cellulosic ethanol.

The nation's largest known uranium deposit was discovered in the 1980s on a farm in southern Virginia. The owner of that land has recently explored the possibility of mining the approximately \$10 billion worth of uranium believed to be on the site. Despite the fact that uranium has been mined safely around the world for decades, including in New Mexico, Nebraska, Utah, and Wyoming, Virginia bureaucrats have decided to prohibit land owners from even studying the viability of mining.

FRANK-DODD APPROACH WON'T FIX THE MORTGAGE MESS. By David C. John. Heritage Foundation. WebMemo #1864. March 24, 2008

With the financial and housing markets in turmoil and the recent actions of the Federal Reserve being cited as a reason why Congress "must" act to help overstretched homeowners, attention has been focused on several plans to ease problems in the housing market. Unfortunately, there are no simple or quick solutions to a highly complex financial situation. The most cited proposals are discussed; all have serious weaknesses that make them more likely to create additional problems down the road than to solve the current situation.

<http://www.heritage.org/Research/Economy/wm1865.cfm>

PREVENTING THE NEXT SUBPRIME CRISIS. By David C. John. Heritage Foundation. WebMemo #1862. March 20, 2008

While most of the attention was focused on the recent sale of Bear Stearns and Federal Reserve actions to shore up financial markets, federal financial regulators agreed upon actions designed to prevent the next subprime mortgage crisis. If implemented properly, the March 13 report of the President's Working Group on Financial Markets will help toward that end.

http://www.heritage.org/Research/Regulation/upload/wm_1862.pdf



ECONOMIC FREEDOM UNDERPINS HUMAN RIGHTS AND DEMOCRATIC GOVERNANCE. By Anthony B. Kim. Heritage Foundation. WebMemo #1861. March 18, 2008

In her preface to the Department of State's recently published Country Reports on Human Rights Practices for 2007, Secretary of State Condoleezza Rice wrote: "These values [liberty, dignity, and rights] are the basic endowments of all human beings, and the surest way to protect

and preserve them is through effective, lawful, democratic governance." There is no distinct formula through which to guarantee this process, but an unequivocal linkage to ensuring this progression lies in economic freedom. As a fundamental element of enhancing human rights, economic freedom is an indispensable means toward promoting effective, lawful, and democratic governance.

http://www.heritage.org/Research/TradeandForeignAid/upload/wm_1861.pdf

THE FED ENGAGES AS ECONOMY WAVERS. By J.D. Foster, Ph.D. and David C. John. Heritage Foundation. WebMemo #1857. March 18, 2008



The Federal Reserve Board is now center stage in economic policy as it performs triage on the financial markets today and faces building inflation pressures tomorrow. At best, the overall U.S. economy has entered a period of slow growth; or it may be teetering on the edge of recession if one is not already at hand. Two major sectors of the economy--housing and financial markets--are in severe recession, and it is unclear whether other elements of the economy, especially business investment and the health care and net trade sectors, will be sufficient to stave off an overall contraction.

While the underlying fundamentals of the economy strongly suggest a recovery and a return to robust growth, the length and depth of this period of weakness is unclear and will depend significantly on the actions of the Federal Reserve in the days and weeks ahead.

http://www.heritage.org/Research/Economy/upload/wm_1857.pdf

SOVEREIGN WEALTH FUNDS AND U.S. NATIONAL SECURITY. By Daniella Markheim. Heritage Lecture #1063. March 6, 2008



First conceived in the 1950s by foreign governments as a means to invest surplus foreign exchange earnings in the U.S. and markets elsewhere around the world, sovereign wealth funds (SWFs) are coming under growing scrutiny as their number and potential economic clout increase. Since 2000, the number of these state-owned funds has nearly doubled from 20 to almost 40 funds managing an estimated \$1.9 trillion- \$2.9 trillion of global assets. Analysts forecast that sovereign wealth funds could grow along with the global market to about \$10 trillion-\$12 trillion by 2015.

The size of these funds can be difficult to estimate because governments generally don't disclose information about the funds' assets, liabilities, or underlying investment strategy. While this makes it hard to assess the impact that such funds could have on the global economy, it is not likely that sovereign wealth funds have enough power to dictate the financial fate of the world's economy. Even the higher estimate of almost \$3 trillion of assets now being managed by these funds is but a fraction of all global investment, which is conservatively estimated at around \$165 trillion.

http://www.heritage.org/Research/TradeandForeignAid/upload/hl_1063.pdf

FEDERAL SPENDING BY THE NUMBERS 2008. By Brian M. Riedl. Heritage Foundation. WebMemo #1829. February 27, 2008

The national debate over federal spending has been hampered by a lack of accessible and reliable budget data. Budget debates involve numbers, and yet these numbers are vulnerable to creative slicing and dicing in order to prove one point or another. Exasperated taxpayers are left not knowing how exactly their tax dollars are being spent and what fiscal challenges America faces.

Before the nation can come together on federal budget solutions, it has to agree on the basic budget facts. This paper provides 12 pages of tables, charts, graphs, and bullet-point explanations of recent trends in federal spending. Updated with the most recent 2008 budget estimates, most of the underlying data come directly from the Office of Management and Budget (OMB) and the Congressional Budget Office (CBO).

<http://www.heritage.org/Research/Taxes/upload/federalspendingbythenumbers2008.pdf>

HUDSON INSTITUTE

FOREIGN POLICY ASSOCIATION AND PBS GREAT DECISIONS TELEVISION SERIES: PHILANTHROPY AND THE RISE OF GLOBAL GIVING. Hudson Institute. Carol Adelman. March 9, 2008. 08AD 519

For the Great Decisions TV Series, produced by the Foreign Policy Association (FPA) and the Public Broadcasting System (PBS), Dr. Carol Adelman and Kathy Bushkin Calvin were interviewed by Ralph Begleiter, former CNN world affairs correspondent, on philanthropy and development.

[Note: Contains copyrighted material.]

http://www.hudson.org/index.cfm?fuseaction=publication_details&id=5468&pubType=HI_Articles [direct link with additional link to video of “Great Decisions” episode].

CREATIVE CAPITALISM: CAN IT MEET THE NEEDS OF THE WORLD’S POOR? Hudson Institute, panel discussion transcript. January 30, 2008. 08AD477

Can Bill Gates’ “creative capitalism” make significant inroads against world poverty? That was the question addressed on January 30 by William Easterly of Brookings, Eugene Steuerle of the Urban Institute, and Allen Hammond of the World Resources Institute. The Hudson Institute’s William Schambra served as the discussion’s moderator.

[Note: Contains copyrighted material.]

http://www.hudson.org/files/pdf_upload/Transcript_2008_01_30.pdf [pdf format, 29 pages]

INSTITUTE FOR STUDY OF LABOR

MACROECONOMIC EFFECTS OF OWNERSHIP STRUCTURE IN OECD COUNTRIES. By Donatella Gatti. Institute for Study of Labor, Discussion Paper No.3415. March 2008

The paper investigates the impact of ownership concentration on GDP growth, for a sample of 18 OECD countries over the period 1980 to 2004. The econometric analysis shows that more concentrated ownership can speed up growth, for countries approaching the technological frontier, provided that labour market regulation is sufficiently tight. In the absence of employment regulation, the logic of financial markets discipline applies and dispersed ownership appears as more favorable for growth. (...) Importantly, these effects are unequally distributed across countries: Anglo-Saxon countries would take more advantage of deregulation (i.e. increased dispersion of ownership in a context of deregulated labour markets) while continental European countries would benefit more from increased concentration of ownership in a context of reinforced labour regulation.

<http://ftp.iza.org/dp3415.pdf>

**BRAIN DRAIN AND ITS DETERMINANTS: A MAJOR ISSUE FOR SMALL STATES. By Michel Beine, Frédéric Docquier, Maurice Schiff. Institute for Study of Labor, Discussion Paper No.3398. March 2008**

This paper examines the relationship between the brain drain and country size, as well as the extent of small states' overall loss of human capital. We find that small states are the main losers because they i) lose a larger proportion of their skilled labor force and ii) exhibit stronger reactions to standard push factors. We also observe that the correlation between human capital indicators and country size is close to zero. This suggests that small states are more successful in producing skilled natives and less successful in retaining them.

<http://ftp.iza.org/dp3398.pdf>

FOREIGN DIRECT INVESTMENT AND STRUCTURAL REFORMS: EVIDENCE FROM EASTERN EUROPE AND LATIN AMERICA. By Nauro F. Campos, Yuko Kinoshita. Institute for Study of Labor, Discussion Paper No.3332. February 2008

This paper investigates the role of structural reforms – privatization, financial reform and trade liberalization – as determinants of FDI inflows based on newly constructed dataset on structural reforms for 19 Latin American and 25 Eastern European countries between 1989 and 2004. Our main finding is a strong empirical relationship from reforms to FDI, in particular, from financial liberalization and privatization. These results are robust to different measures of reforms, split samples, and potential endogeneity and omitted variables biases

<http://ftp.iza.org/dp3332.pdf>

GLOBALIZATION AND INNOVATION IN EMERGING MARKETS. Institute for Study of Labor, Discussion Paper No. 3299. Yuriy Gorodnichenko, et. al., January 2008. 08AD434

Globalization brings opportunities and pressures for domestic firms in emerging markets to innovate and improve their competitive position. Using recent data on firms in 27 transition economies, the authors test for the effects of globalization through the impact of increased competition and foreign investment.

<http://ftp.iza.org/dp3299.pdf> [pdf format, 43 pages]



INTER-AMERICAN DEVELOPMENT BANK

RECOMMENDED ACTIONS TO FOSTER THE ADOPTION OF CORPORATE SOCIAL RESPONSIBILITY (CSR) PRACTICES IN SMALL AND MEDIUM ENTERPRISES (SMES). Carlos Cici & Federica Ranghieri. IDB. March 2008



This report includes country specific research for eight Latin American countries, which are: Argentina, Brazil, Chile, Colombia, El Salvador, Mexico, Peru and Venezuela. Each chapter includes a description of the current state of CSR in the country and some recommended actions to foster CSR within the marketplace, workplace, community and environmental areas, as well as which actors should lead each action item. Actors include multilateral development institutions (MDIs), national governments and local authorities, business associations and civil society. All actors need to cooperate in order to improve the state of CSR in the aforementioned countries.

<http://idbdocs.iadb.org/wsdocs/getdocument.aspx?docnum=1353696>

ON EMERGING ECONOMY SOVEREIGN SPREADS AND RATINGS. Powell, Andrew Philip; Martínez, Juan Francisco. IDB. February 2008



This paper analyzes alternative models for emerging sovereign ratings. Although a small number of economic fundamentals explain ratings reasonably well, variations in those economic fundamentals are themselves explained by a small number of world factors. On the other hand, global financial variables associated with risk aversion are additionally required in order to explain the significant spread compression at the end of 2006. To determine whether ratings matter for spreads, the paper compares results across different methodologies, in particular exploiting differences in opinion between rating agencies. The evidence from this and previous methodologies is that ratings do

matter. <http://idbdocs.iadb.org/wsdocs/getdocument.aspx?docnum=1321619>

THE INTER-AMERICAN BANK ANTI-CORRUPTION POLICIES AND SANCTIONS PROCEDURES. Business Seminar - Series 2008. De Michele, Roberto. IDB February 2008

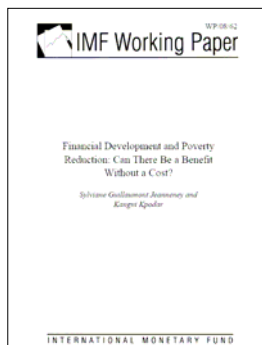
The OII investigate the: - Allegations of fraud or corruption involving Bank Group financed activities - Allegations of misconduct by Bank Group staff that might violate the Code of Ethics and Professional Conduct.

<http://idbdocs.iadb.org/wsdocs/getdocument.aspx?docnum=1337861>



INTERNATIONAL MONETARY FUND

FINANCIAL DEVELOPMENT AND POVERTY REDUCTION: CAN THERE BE A BENEFIT WITHOUT A COST? Jeanneney, Sylviane Guillaumont | Kpodar, Kangni. IMF Series: Working Paper No. 08/62. March 1, 2008



Summary: This article investigates how financial development helps to reduce poverty directly through the McKinnon conduit effect and indirectly through economic growth. The results obtained with data for a sample of developing countries from 1966 through 2000 suggest that the poor benefit from the ability of the banking system to facilitate transactions and provide savings opportunities but to some extent fail to reap the benefit from greater availability of credit. Moreover, financial development is accompanied by financial instability, which is detrimental to the poor. Nevertheless, the benefits of financial development for the poor outweigh the cost.

<http://www.imf.org/external/pubs/ft/wp/2008/wp0862.pdf>

BIG GOVERNMENT, HIGH DEBT, AND FISCAL ADJUSTMENT IN SMALL STATES. Medina Cas, Stephanie; Ota, Rui. IMF Series: Working Paper No. 08/39. February 1, 2008

Summary: Using a new fiscal dataset for small states, this paper analyzes the link between country size, government size, debt, and economic performance. It finds that on average small states have larger governments and higher public debt. Although there are intrinsic factors that explain why governments are bigger in small states, those with smaller governments and lower public debt tend to grow faster and are less vulnerable. Large fiscal adjustments, primarily through expenditure restraint, can underpin growth, although sometimes other elements can also impact. Since better governance is associated with lower debt, fiscal adjustment should be supported by governance improvements.

<http://www.imf.org/external/pubs/ft/wp/2008/wp0839.pdf>



ORGANISATION OF ECONOMIC CO-OPERATION AND DEVELOPMENT (OECD)

GOING FOR GROWTH 2008. OECD

Going for Growth is an OECD flagship publication alongside the OECD Economic Outlook and OECD Economic Surveys. First published in 2005, this annual periodical provides an overview of structural policy developments in OECD countries from a comparative perspective. Based on a broad set of indicators of structural policies and performance, this edition takes stock of recent progress in implementing policy reforms to improve labour productivity and utilisation that were identified as priorities in the 2007 edition. The set of internationally comparable indicators provided here enables countries to assess their economic performance and structural policies in a broad range of areas. Bookmark this page:

www.oecd.org/economics/goingforgrowth2008



PETERSON INSTITUTE FOR INTERNATIONAL ECONOMICS

EXCHANGE RATE ECONOMICS. By John Williamson, Peterson Institute. Peterson Institute Working Paper 08-3. February 2008



The paper summarizes the current theory of how a floating exchange rate is determined, dividing the subject into what determines the steady state and what determines the transition to steady state. The inadequacies of this model are examined, and an alternative "behavioral" model, which recognizes that the foreign exchange market is populated by both fundamentalists and chartists is presented. It is argued that the main importance of understanding the foreign exchange market for development strategy is to permit a correct appraisal of the dangers of Dutch disease. Empirically it seems that from the standpoint of promoting development it is preferable to have a mildly undervalued rate. The paper concludes by examining implications for exchange rate regimes.

<http://www.petersoninstitute.org/publications/wp/wp08-3.pdf>

BLUE-COLLAR BLUES: IS TRADE TO BLAME FOR RISING US INCOME INEQUALITY? By Robert Z. Lawrence. Policy Analyses in International Economics 85. Peterson Institute for International Economics. January 2008



International trade accounts for only a small share of growing income inequality and labor-market displacement in the United States. Lawrence deconstructs the gap in real blue-collar wages and labor productivity growth between 1981 and 2006 and estimates how much higher these wages might have been had income growth been distributed proportionately and how much of the gap is due to measurement and technical factors about which little can be done. While increased trade with developing countries may have played some part in causing greater inequality in the 1980s, surprisingly, over the past decade the impact of

such trade on inequality has been relatively small. Many imports are no longer produced in the United States, and US goods and services that do compete with imports are not particularly intensive in unskilled labor. Rising income inequality and slow real wage growth since 2000 reflect strong profit growth, much of which may be cyclical, and dramatic income gains for the top 1 percent of wage earners, a development that is more closely related to asset-market performance and technological and institutional innovations rather than conventional trade in goods and services.

<http://bookstore.petersoninstitute.org/book-store/4143.html>

SOUTH AFRICA AND THE ARAB WORLD: FACING COMMON CHALLENGES.
Marcus Noland, et. al., Peterson Institute for International Economics. Web posted
January 16, 2008. 08AD426

This report evaluates social and economic problems common to South Africa and the Arab world. It identifies specific areas of concern like private sector employment among foreign nationals in the two regions and how this might become problematic as large numbers of local youth reach working age. It calls for the expansion of “labor-intensive manufacturing or services exports” while stating that neither region has done well in this regard.

<http://www.petersoninstitute.org/publications/papers/noland0108sa.pdf> [pdf format, 9 pages]

"FEAR" AND OFFSHORING: THE SCOPE AND POTENTIAL IMPACT OF IMPORTS AND EXPORTS OF SERVICES. By J. Bradford Jensen, Peterson Institute and Lori G. Kletzer, Peterson Institute. Policy Brief 08-01. January 2008



Commentators, including Princeton University’s Alan Blinder, estimate 40 million jobs could be at risk of being offshored over the next 20 years and suggest American workers should specialize in services that can be delivered face-to-face. In contrast, Jensen and Kletzer expect the process of globalization in services will proceed much as it has in manufacturing: They estimate only 15–20 million jobs are at risk of being offshored to low-wage, labor-abundant countries; approximately 40 percent of these jobs will be in the manufacturing sector, long considered “at risk.”

They expect these losses to be offset by job gains in high-wage activities from services exporting. The United States will retain its comparative advantage in high-skill, high-wage production and increase these activities in tradable service industries as trade barriers diminish. While the loss of low-wage activities that are offshored and the gain from high-wage service exports will cause dislocation, the globalization of services production is likely to have productivity-enhancing effects similar to the impact of globalization in the manufacturing sector, offering significant potential to improve living standards in the United States and around the world.

<http://www.petersoninstitute.org/publications/pb/pb08-1.pdf>

STRENGTHENING TRADE ADJUSTMENT ASSISTANCE. By Howard F. Rosen, Peterson Institute. POLICY BRIEF 08-2. January 2008

More than 40 years ago, Congress established the Trade Adjustment Assistance (TAA) program to provide assistance to workers and firms adversely affected by import competition. The program provides extended income maintenance and training to workers and technical assistance to firms. TAA was expanded in the 1970s and cut back during the 1980s. Provisions included in the Trade Act of 2002 breathed new life into the program. Eligibility criteria were extended to include secondary workers and workers who lose their jobs due to offshore shifts in production. A health insurance tax credit and wage insurance were added to the package of assistance for workers. TAA for Farmers and Fishermen was also created. Congress is currently considering further changes to the program, including covering service workers and expanding the health insurance tax credit and wage insurance. Many believe that expanding TAA is critical to winning congressional support for further trade liberalization.



<http://www.petersoninstitute.org/publications/pb/pb08-2.pdf>

CURRENCY UNDERVALUATION AND SOVEREIGN WEALTH FUNDS: A NEW ROLE FOR THE WORLD TRADE ORGANIZATION. By Aaditya Mattoo, The World Bank and Arvind Subramanian, Peterson Institute. Peterson Institute Working Paper 08-2. January 2008

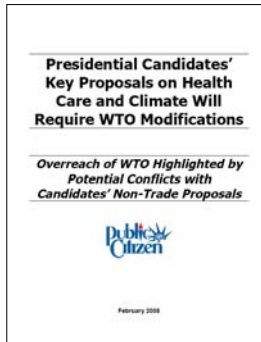


Two aspects of global imbalances—undervalued exchange rates and sovereign wealth funds (SWFs)—require a multilateral response. For reasons of inadequate leverage and eroding legitimacy, the International Monetary Fund (IMF) has not been effective in dealing with undervalued exchange rates. Mattoo and Subramanian propose new rules in the World Trade Organization (WTO) to discipline cases of significant undervaluation that are clearly attributable to government action. The rationale for WTO involvement is that there are large trade consequences of undervalued exchange rates, which act as both import tariffs and export subsidies, and that the WTO's enforcement mechanism is credible and effective. The WTO would not be involved in exchange rate management, and the authors' proposals do not entail the WTO displacing the IMF. Rather, they would harness the comparative advantage of the two institutions, with the IMF providing the essential technical expertise in WTO enforcement.

<http://www.petersoninstitute.org/publications/wp/wp08-2.pdf>

PUBLIC CITIZEN

PRESIDENTIAL CANDIDATES' KEY PROPOSALS ON HEALTH CARE AND CLIMATE WILL REQUIRE WTO MODIFICATIONS; Overreach of WTO Highlighted by Potential Conflicts with Candidates' Non-Trade Proposals. Public Citizen's Global Trade Watch. February 2008



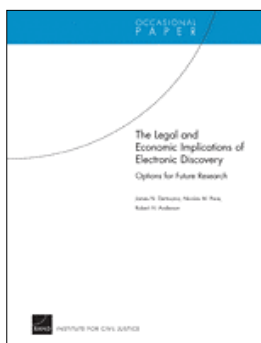
This purpose of this report is to identify what aspects of the WTO a future president must renegotiate to create the policy space necessary for implementation of key domestic policy proposals at the center of their campaigns. As described in this report, it is not possible to “work around” the WTO rules in addressing certain health care and climate challenges, because the scope of the constraints that WTO rules impose on signatory countries’ non-trade policies is so broad.

Trying to work within the tiny policy space permitted by the existing WTO rules would result in the challenges surrounding America’s health care debacle and the global climate crisis being defined so narrowly as to ensure real redress is impossible. For instance, no candidate proposes to establish a single payer health care system, yet many of the “market-based” regulatory reforms candidates do propose could conflict with existing WTO constraints. Further, failure to change the existing WTO rules and commitments up front will result in an unacceptable “chilling effect,” in which WTO incompatibility problems will be touted by corporate special interests as an excuse to attack policies that may deliver broad public benefits..

<http://www.citizen.org/documents/PresidentialWTOreport.pdf>

RAND

THE LEGAL AND ECONOMIC IMPLICATIONS OF ELECTRONIC DISCOVERY: OPTIONS FOR FUTURE RESEARCH. By: James N. Dertouzos, Nicholas M. Pace, Robert H. Anderson. RAND Occasional Paper. March 2008



Pretrial discovery — the exchange of relevant information between litigants — is central to the American civil legal process. As computer technologies continue to develop, concerns have arisen that, because of the sheer volume of electronically stored information, requests for electronic discovery (e-discovery) can increase litigation costs, impose new risks on lawyers and their clients, and alter expectations about likely court outcomes. For example, concerns about e-discovery may cause businesses to alter the ways in which they track and store information, or they may make certain types of plaintiffs and defendants more likely to sue, settle out of court, or go to trial. This

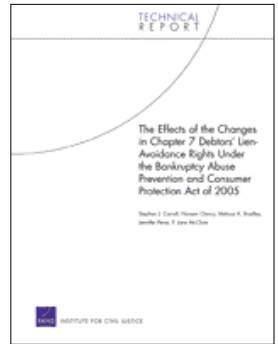
paper presents the results of an exploratory study to identify the most important legal and economic implications of e-discovery. The authors interviewed plaintiffs and defense attorneys as well as corporate information technology staff and in-house counsel, and they reviewed the current state of e-discovery law and procedure. They then developed a preliminary model to explore the range of plausible effects that e-discovery might have on case outcomes. After summarizing this research, the authors propose five studies that will

evaluate how e-discovery affects and is affected by technology, costs, business practices, legal outcomes, and public policy.

http://rand.org/pubs/occasional_papers/2008/RAND_OP183.pdf

THE EFFECTS OF THE CHANGES IN CHAPTER 7 DEBTORS' LIEN-AVOIDANCE RIGHTS UNDER THE BANKRUPTCY ABUSE PREVENTION AND CONSUMER PROTECTION ACT OF 2005. By: Stephen J. Carroll, Noreen Clancy, Melissa A. Bradley, Jennifer Pevar, Jane McClure Burstain. RAND. February 2008

The Bankruptcy Abuse Prevention and Consumer Protection Act of 2005 (BAPCPA) limited the types and quantities of exempt household goods on which debtors could avoid certain liens. Part of the motivation for these changes was a perception that debtors were using their household goods as collateral to obtain loans that they never intended to repay. The Executive Office for U.S. Trustees (EOUST) asked the RAND Corporation to analyze the similarities and differences in the amounts and types of loans secured by debtors' household goods reported in bankruptcy cases filed before and after BAPCPA. RAND found no changes in debtor or creditor behavior due to the new definition of household goods. Some interview participants noted that it may be too early to tell whether debtors are changing their practices related to this issue.



http://rand.org/pubs/technical_reports/2007/RAND_TR484.pdf

MANAGING DIVERSITY IN CORPORATE AMERICA: AN EXPLORATORY ANALYSIS. By: Jefferson P. Marquis, Nelson Lim, Lynn M. Scott, Margaret C. Harrell, Jennifer Kavanagh. RAND February 2008.



Managing diversity has become a primary concern of top U.S. corporations. In this paper, the authors develop a fact-based approach to modeling diversity management. They use the model to determine whether diversity-friendly corporations really do stand out from other companies by analyzing the strategies pursued by 14 large U.S. companies recognized for their diversity or human resource (HR) achievements. Finally, to understand whether best practices alone make a company diversity-friendly, they compare a number of characteristics of best diversity companies, best HR companies, and other companies, using quantitative and qualitative methods. They find

that firms recognized for diversity are distinguished by a core set of motives and practices that resemble those presented in the best-practices literature, but that best practices per se may not enable a company to achieve a high level of diversity. Contextual factors, such as industry affiliation and company size, may be as significant as strategic factors in influencing the extent of a company's diversity.

http://rand.org/pubs/occasional_papers/2007/RAND_OP206.pdf

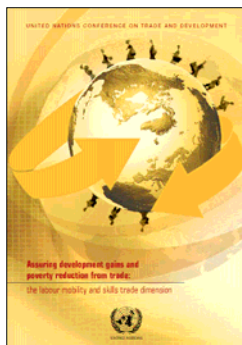
UNITED NATIONS

INFORMATION ECONOMY REPORT 2007-2008: Science and technology for development: the new paradigm of ICT. UNCTAD. Web-posted February 2008

The Report analyses the current and potential contribution of information technology to knowledge creation and diffusion. It explores how ICTs help generate innovations that improve the livelihoods of the poor and support enterprise competitiveness. It examines how ICTs affect productivity and growth and reflects on the need for a development-oriented approach to intellectual property rights in order to enable effective access to technology. ICT has also given rise to new models for sharing knowledge and collective production of ideas and innovations, known as "open access" models, which often bypass the incentive system provided by intellectual property rights.

The Report presents a current cross-section of themes and analysis that aim to inform and enable governments to understand the policy challenges and opportunities. The analysis identifies important areas of concern and best practices necessary for the formulation of targeted policy decisions to support and accelerate ICT diffusion.

http://www.unctad.org/en/docs/sdteecb20071_en.pdf

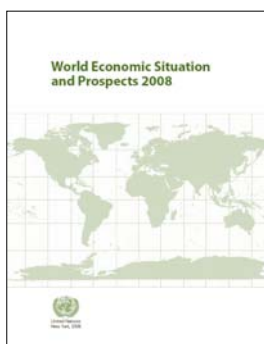
ASSURING DEVELOPMENT GAINS AND POVERTY REDUCTION FROM TRADE: THE LABOUR MOBILITY AND SKILLS TRADE DIMENSION. By Lakshmi Puri, Director, Division on International Trade in Goods and Services, and Commodities, UNCTAD. January 2008

It is becoming increasingly clear that the issue of global labour movement and integration is a key topic at the interface of trade, development and globalization. In 2005 the global labour force numbered 2.8 billion, of which 2.25 billion was developing country labour force.

This paper attempts to provide a comprehensive picture of the impact on trade, development and poverty reduction brought about by global labour movement and integration. It attempts to answer the question as to how temporary labour mobility can be better managed so as to contribute to improving people's livelihood and welfare prospects while at the same

time moving closer to the achievement of internationally agreed development goals, in particular the United Nations Millennium Development Goals.

http://www.unctad.org/en/docs/ditctncd20078_en.pdf

**WORLD ECONOMIC SITUATION AND PROSPECTS 2008. Department of Economic and Social Affairs, UNCTAD, United Nations. January 9, 2008. 08AD431**

The growth of the world economy moderated somewhat from 3.9 per cent in 2006 to a nonetheless robust 3.7 per cent during 2007. The baseline forecast of the United Nations for 2008 is for growth of the

world economy to slow further to 3.4 per cent. This report claims that “the major drag on the world economy is coming from a slowdown in the United States, driven by the slump in the housing sector.” The report looks at inflation, investment rates, and other factors affecting economies around the world.

[Note: Contains copyrighted material.]

<http://www.un.org/esa/policy/wess/wesp2008files/wesp2008.pdf>

WHARTON SCHOOL

BETTING ON THE FUTURE. By Richard Beales. Wharton Alumni Magazine. Winter 2008

From investment choice of the rich and informed to fixture on the investing scene: What’s ahead for the fast-growing hedge fund industry?

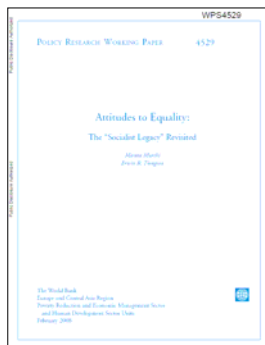
Not long ago, the idea that hedge funds were “generally run for rich people in Geneva, Switzerland, by rich people in Greenwich, Connecticut” captured the industry neatly. The funds attracted little attention, and the relatively few managers operated under the radar. Investors were wealthy individuals and families, themselves eager for privacy.

(...) Now, though, few would say hedge funds are anything but a fixture on the investing scene. The industry has doubled in size in the few short years since Asness wrote his papers. By last fall, the private investment vehicles managed more than \$1.8 trillion of investors’ money globally, up from less than \$40 billion in 1990, according to Chicago-based Hedge Fund Research, Inc. Meanwhile, the number of funds has risen from about 500 in 1990 to 7,500. Asness’s Greenwich-based fund group is one of the biggest, managing some \$35 billion as of early 2007.

http://www.wharton.upenn.edu/alum_mag/issues/winter2008/feature_2.html

WORLD BANK

ATTITUDES TO EQUALITY: THE “SOCIALIST LEGACY” REVISITED. World Bank, Policy Research Working Paper #4529. Mamta Murthi, et. al. Web posted February 27, 2008. 08AD476



It generally has been believed that owing to the legacy of the past there is a strong preference for income equality and redistributive state spending in post-socialist countries. Yet, in the decade and a half since the end of the Soviet Union income inequality has increased everywhere but has risen far more in some countries than in others. If there is a strong preference for more equal outcomes owing to a ‘socialist legacy,’ why do we observe highly unequal outcomes?

[Note: Contains copyrighted material.]

<http://www->

wds.worldbank.org/external/default/WDSContentServer/IW3P/IB/2008/02/25/000158349_20080225085947/Rendered/PDF/wps4529.pdf [pdf format, 28 pages]

SERVICES TRADE AND GROWTH. Bernard Hoekman and Aaditya Mattoo. Policy Research Working Paper, World Bank. Web posted January 2, 2008 08AD406



The competitiveness of firms in open economies is often determined by access to low-cost and high-quality producer services; i.e., telecommunications, transport, financial intermediation. This report discusses the role of these services in economic growth focusing on the openness to trade in services to increase productivity. The report also offers suggestions on policy reforms to open services markets to foreign participation.

[Note: Contains copyrighted material.]

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DOING BUSINESS IN 2008: COMPARING REGULATIONS IN 178 ECONOMIES—OVERVIEW. Working Paper, World Bank. Web posted January 1, 2008. 08AD412



Eastern Europe and the former Soviet Union have now surpassed East Asia in the ease of doing business. This document outlines the results of the “Doing Business” project which has contributed to some 113 business-related reforms around the world.

[Note: Contains copyrighted material.]

<http://www->

wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2008/01/17/000333037_20080117062610/Rendered/PDF/419380WPOENGLI100810veview01PUBLIC1.pdf [pdf format, 9 pages]

WORLD BUSINESS COUNCIL FOR SUSTAINABLE DEVELOPMENT

DEVELOPMENT: THE "JUST DO IT" FOCUS AREA. World Business Council for Sustainable Development. March 18, 2008

Geneva, 18 March 2008 - By 2050 some 7 billion people will be living in what today we refer to as the developing world. These are the high growth markets of today and tomorrow, and companies would be foolish not to take a look.

In the Development Focus Area, we want to find innovative ways to put business leadership into action to capture this huge opportunity. We want to achieve this by promoting new, innovative, inclusive business approaches that are good for both business and development.

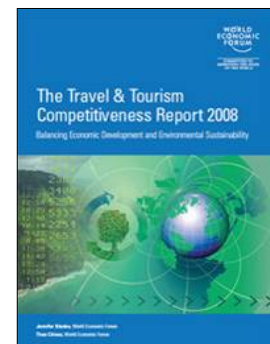
Thus, the challenge we set ourselves is to find new ways to bring the low-income segment into our value chain – as employees, suppliers and/or service providers, or as consumers of affordable products and services that improve their overall quality of life. We call this “doing business with the world”, but really it is all about creating more winners from globalization.

<http://www.wbcsd.org/Plugins/DocSearch/details.asp?DocTypeId=251&ObjectId=MjkwNTI>

WORLD ECONOMIC FORUM

TRAVEL & TOURISM COMPETITIVENESS REPORT 2008; Balancing Economic Development and Environmental Sustainability. By Jennifer Blanke, Senior Economist, Global Competitiveness Network, World Economic Forum; Thea Chiesa, Head of Aviation, Travel and Tourism, World Economic Forum. WEF. March 2008

Switzerland, Austria and Germany have the most conducive environments for developing the travel and tourism industry, according to the second annual Travel & Tourism Competitiveness Report 2008. Australia, Spain, the United Kingdom, the United States, Sweden, Canada and France complete the top-10 list.



This year's Report, under the theme Balancing Economic Development and Environmental Sustainability, places a particular focus on this issue, both through a reinforced environmental component of the Index used to measure travel & tourism (T&T) competitiveness and through topics covered by the analytical chapters. The Report includes an analysis of the rankings of the Travel & Tourism Competitiveness Index (TTCI).

Browse the Report:

<http://www.weforum.org/ttcr08browse/index.html>

TACKLING TUBERCULOSIS: THE BUSINESS RESPONSE, World Economic Forum Global Health Initiative in cooperation with Harvard School of Public Health. February 2008



The Global Health Initiative (GHI) of the World Economic Forum has launched the report which provides an overview of the threat posed by tuberculosis to the private sector and makes recommendations for the private sector in the global context.

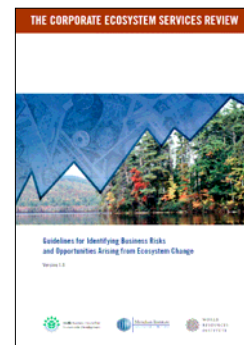
The report is based on an analysis of responses to questions on TB in the World Economic Forum's annual Executive Opinion Survey (EOS). The EOS forms part of the Forum's annual Global Competitiveness Report, which is intended to assist business leaders and policy-makers in understanding the drivers of, and impediments to, competitiveness in their countries. The survey elicits the views on competitiveness of more than 11, 000 business leaders from 131 countries and has, since 2004, included questions on the perceived impact on the private sector of three major infectious diseases – HIV/AIDS, TB, and malaria.

<http://www.weforum.org/pdf/GHI/TB.pdf>

WORLD RESOURCES INSTITUTE

THE CORPORATE ECOSYSTEM SERVICES REVIEW: GUIDELINES FOR IDENTIFYING BUSINESS RISKS & OPPORTUNITIES ARISING FROM ECOSYSTEM CHANGE. Craig Hanson, John Finisdore, Janet Ranganathan, Charles Iceland. WRI. March 11, 2008

Global warming may dominate headlines today. Ecosystem degradation will do so tomorrow. The Millennium Ecosystem Assessment—the first global audit of the world’s forests, wetlands, and other ecosystems—found that ecosystems have declined more rapidly and extensively over the past 50 years than at any other comparable time in human history. Left unchecked, this degradation jeopardizes not just the world’s biodiversity, but also its businesses. This is because companies depend on the services healthy ecosystems provide such as freshwater, wood, genetic resources, pollination, climate regulation, and natural hazard protection.



This publication provides corporate managers with a proactive approach to making the connection between ecosystem change and their business goals. It introduces the Corporate Ecosystem Services Review—a structured methodology to help businesses develop strategies for managing risks and opportunities arising from their dependence and impact on ecosystems. It is a tool for corporate strategy development and can augment existing environmental management systems.

http://pdf.wri.org/corporate_ecosystem_services_review.pdf

MANAGING THE TRANSITION TO A SECURE, LOW-CARBON ENERGY FUTURE. By Kathryn Zyla, Britt Childs, Sarah Ladislaw. WRI Issue Brief. February 2008

In the years to come, the world must meet the energy needs of a growing and developing world population while mitigating the impacts of global climate change. This policy brief seeks to establish a framework for considering the complex and evolving links between energy security and climate change, and identifies three challenges:

- the evolving and interconnected nature of energy security and climate change definitions and goals,
- the variables that contribute to an uncertain future, and
- the trade-offs and unintended consequences involved in addressing both issues.



A workable strategy must be concerned not just with how to design a future in which climate change and energy security concerns are met, but also with the pathway to get there. To guide this transition, this brief offers several guiding principles for devising energy and climate policies that are both effective and politically viable.

http://pdf.wri.org/managing_transition_to_low-carbon_energy_future.pdf

ARTICLES FROM U.S. JOURNALS

AN EMPTY REVOLUTION: THE UNFULFILLED PROMISES OF HUGO CHAVEZ. Rodriguez, Francisco. *Foreign Affairs* Vol. 87, No. 2, March-April 2008 AA08072

Summary: According to Rodríguez, former chief economist of the Venezuelan National Assembly and now an assistant professor at Wesleyan University, the facts show that President Hugo Chavez has accomplished no more than previous Venezuelan governments in reducing poverty yet has managed to wreck the economy. While surging oil prices have kept Venezuela's economy and tax revenue expanding, inflation has accelerated and delivery of basic foodstuffs and public services is failing. Under Chavez, the government has increased spending sharply, nationalized key sectors, regulated prices and wages, and eroded private property rights. Meanwhile, it has replaced previous social programs with high-profile initiatives aimed at specific problems in poor neighborhoods. Yet official statistics show no improvement in Venezuelans' well-being and, in fact, a higher proportion of underweight babies, households lacking running water, and families living in dwellings with earthen floors. Independent research shows negligible improvement in literacy, rebutting the government's claim. Reckless government spending and expansion of the money supply coupled with falling oil output resulting from gross mismanagement foretell far worse economic and political conditions for Venezuela.

<http://www.foreignaffairs.org/20080301faessay87205/francisco-rodriguez/an-empty-revolution.html>

FERMENTING THE FOOD SUPPLY: MODELLING BIOFUEL PRODUCTION AS AN INFECTIOUS GROWTH ON FOOD PRODUCTION. Staniford, Stuart. *Oil Drum*. January 7, 2008 AA08043

Summary: The author, a consulting scientist and computer security researcher, notes that it is now generally recognized that biofuels production is having an inflationary effect on food prices, and that in the U.S., ethanol production is growing rapidly and is consuming a significant fraction of the corn harvest. Staniford writes that globally, biofuels production is several years behind that in the U.S., and warns that if it continues on an upward trajectory similar to that in the U.S., it has the potential to cause widespread starvation among the poor, possibly within the next five years. In this technical but readable article, using a variety of methods, including infection/diffusion modelling, Staniford believes that, like a bacterial growth in a Petri dish, world biofuels production is at the beginning stages of a rapid upward growth that will consume an increasing share of the annual global food supply.

<http://www.theoil Drum.com/node/2431>

A SOLAR GRAND PLAN. Zweibel, Ken; Mason, James; Fthenakis, Vasilis. *Scientific American* January 2008. AA08009

Summary: Solar power could eliminate U.S. dependence on imported oil and slash greenhouse gas emissions, note the authors, in this article on a bold proposal to construct a nation-wide solar-energy generation and distribution system by the year 2050. The U.S. has a quarter-million square miles in the Southwest on which tracts of photovoltaic panels and parabolic-trough solar concentrators could be built, and the electricity generated would be transmitted along high-voltage direct current lines, far more efficiently than the alternating-

current lines in use today; compressed-air or molten-salt systems would be employed for overnight energy storage. It would cost the federal government USD 400 billion over the next four decades to build it, but the payoff would be far greater. The major hurdle is not technology or money, but unawareness by elected officials and the public that solar power is a practical alternative. Currently available online at

<http://www.sciam.com/article.cfm?id=a-solar-grand-plan>

FROM AMERICA.GOV: TELLING AMERICA'S STORY

<http://fpolicy.america.gov/fpolicy/econ/index.html>

THE GREENING OF U.S. CORPORATIONS. . eJournal USA Volume 13, Number 3.U.S. Department of State. Bureau of International Information Programs. March 2008

This issue of *eJournal USA* delves into what those familiar with the history of the environmental movement in the United States might see as a surprising trend — the way U.S. corporations in recent years have embraced environmentally friendly ways of doing business. What prompts a corporation to “go green”?



<http://www.america.gov/media/pdf/ejs/0308.pdf#popup>

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