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*Note: Internet sites included in this publication, other than those of the U.S. government, should not be construed as an endorsement of the views contained therein.*

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# Global Economic Crisis

The global economic crisis has surpassed the assumptions and forecasts of most commentators and now seems destined to cause far-reaching geopolitical consequences. Stock markets around the world have fallen, big financial institutions have collapsed or have been brought out, and governments in even the financially strong nations have had to intervene to rescue their financial systems. What began as a housing price bubble and risky mortgages in the United States has resulted in collapse of the global financial system.

The current recession is expected to be longer and deeper than any economic downturn since the Great Depression of 1930s. Unemployment, failing businesses, falling home prices, and declining savings have become the order of the day. These challenges have forced the U.S. government to take extraordinary measures to revive its financial system and to restore confidence in the integrity of its financial system. According to National Bureau of Economic Research (NBER), the U.S. economy has been in recession since December 2007. Worsening performance of economy prompted concern in September 2008 when the financial market conditions deteriorated further. Estimates indicate a negative GDP (Gross Domestic Product) growth of 6.3% for the fourth quarter of 2008, the worst since 1982. U.S. National Intelligence Director Dennis Blair believes the continuing global economic crisis to be the most significant immediate threat to the United States. "Time is probably our greatest threat. The longer it takes for the recovery to begin, the greater the likelihood of serious damage to U.S. strategic interests," Blair said in prepared testimony before the Senate Intelligence Committee on February 12, 2009

The economic recession has hit almost all nations around the globe. Widespread business contraction, increases in unemployment, and shrinking government revenues have become order of the day. Some of the largest and most venerable banks, investment houses, and insurance companies have either declared bankruptcy or have had to be rescued financially. In response to the financial meltdown, most countries have announced economic stimulus and/or financial sector rescue packages. Several countries have resorted to borrowing from the International Monetary Fund (IMF), World Bank, and other financial institutions exposing the fundamental weaknesses in financial system worldwide.

In response to the deteriorating performance of the economy, a number of financial interventions have been undertaken. The Federal Reserve has reduced short-term interest rates to zero and introduced a number of programs and initiatives, providing direct assistance to the financial system that will eventually surpass \$1 trillion. In October 2008, legislation granting the Treasury Department authority to purchase up to \$700 billion in assets through the Troubled Assets Relief Program (TRAP) was adopted. The American Recovery and Reinvestment Act of 2009 (Recovery Act) was signed into law by President Obama on February 17th, 2009. The Act is an extraordinary response to a crisis unlike any since the Great Depression, and includes measures to modernize America's infrastructure, enhance energy independence, expand educational opportunities, preserve and improve affordable health care, provide tax relief, and protect those in greatest need.

In a globalized economy, the downturn in one nation affects many others. The success of any country's economy is inextricably linked to that of the global economy. The goods produced in one country are consumed in many other countries. And if the declining economy of those countries does not support consumption of the goods, the producing country's economy is affected as well. Describing the continuing recession a global crisis, U.S. Treasury Secretary Timothy Geithner called for a coordinated global response and aggressive actions to fix financial systems and get credit flowing again. Even President Obama, in his weekly address on April 4, 2009, stressed the need for global coordination to combat against a recession that is global in scope.

Nations all over the globe have come to recognize the importance of collaborative efforts in combating the current crisis. A significant step in this direction was the recent G-20 meeting on April 2, 2009, where major players of the world economy including India and the United States shared a common platform to strengthen the international financial architecture. In a communiqué, it was declared that a global crisis requires a global solution. The main areas recognized for joint efforts include restoration of growth and jobs, strengthening financial supervision and regulation, strengthening global financial institutions, resisting protectionism and promoting global trade and investment, and ensuring a fair and sustainable recovery for all. The member countries committed to work together with urgency and determination to translate words into action. Calling the G-20 Summit historic, President Obama observed that it was a turning point in the pursuit of global economic recovery. He said, "The world's leaders have responded today with an unprecedented set of comprehensive and coordinated actions."

The articles included in this section present various perspectives on the issue and discuss in detail the causes of the current crisis, its status quo, and the steps being taken both at the national level under the Obama administration as well as coordinated efforts at the international level.

For additional information, a webliography is presented here for your use. The inclusion of Internet sites other than those of the U.S. government should not be construed as an endorsement of the views contained therein. The websites are current as of publication date and are subject to change at any time.

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<http://www.america.gov/econ.html>

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Economic Policy Studies  
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[http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=111\\_cong\\_bills&docid=f:h1enr.pdf](http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=111_cong_bills&docid=f:h1enr.pdf)

AmeriCorps  
<http://www.americorps.gov>

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<http://www.brookings.edu>

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<http://www.cepr.net>

The Center for National Policy  
<http://www.cnponline.org>

CNN – The Road to Rescue  
<http://money.cnn.com/news/specials/crisiswallstreet/2008/>

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<http://www.cbo.gov>

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<http://www.whitehouse.gov/administration/eop/cea/>

Council on Foreign Relations – Global Economy in Crisis  
<http://www.cfr.org/thinktank/greenberg/>

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<http://www.gpoaccess.gov/eop/>

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International Monetary Fund – Financial Crisis  
<http://www.imf.org/external/np/exr/key/finstab.htm>

International Trade Administration  
<http://www.trade.gov>

The Joint Center for Political and Economic Studies  
<http://www.jointcenter.org>

Joint Economic Committee (JEC)

<http://jec.senate.gov>

Making Home Affordable

<http://www.makinghomeaffordable.gov>

Manhattan Institute for Policy Research

<http://www.manhattan-institute.org>

National Bureau of Economic Research (NBER)

<http://www.nber.org>

National Center for Policy Analysis

<http://www.ncpa.org>

The National Economic Council (NEC)

<http://www.whitehouse.gov/administration/eop/nec/>

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[http://topics.nytimes.com/topics/reference/timestopics/subjects/c/credit\\_crisis/index.html](http://topics.nytimes.com/topics/reference/timestopics/subjects/c/credit_crisis/index.html)

Office of the United States Trade Representative

<http://www.ustr.gov>

Office of Trade and Economic Analysis

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<http://www.piie.com>

Principles of Entrepreneurship

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Recovery.gov

<http://www.recovery.gov>

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<http://www.hud.gov>

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<http://www.usnews.com/sections/business/index.html>

United Nations Economic and Social Council (ECOSOC)  
<http://www.un.org/ecosoc>

Urban Institute  
<http://www.urban.org>

USA Economy in Brief  
<http://www.america.gov/publications/books/economy-in-brief.html>

Voice of America News – Economics and Business  
<http://www.voanews.com/english/economics.cfm>

The White House – Economy  
<http://www.whitehouse.gov/issues/economy>

The White House – Middle Class Task Force  
<http://www.whitehouse.gov/StrongMiddleClass>

The White House – Office of Management and Budget  
<http://www.whitehouse.gov/omb/>

The World Bank – Financial Crisis  
<http://www.worldbank.org/financialcrisis/>

## **1. DELEVERAGING THE ECONOMY**

*By Donald L. Schunk. Business & Economic Review, v. 55, no. 3, April-June 2009, pp. 10-13.*

The dramatic global deleveraging on the part of households, businesses, and governments paved the way for the current economic crisis. Deleveraging—a process by which households, business, and governments are no longer able to sustain unusually high levels of spending given their income levels—is accompanied by sharp declines in consumer, business, and state and local government spending. While deleveraging is adding to the depth and length of the current recession, it could also have substantial implications for the economy for years to come. The article examines this deleveraging, discussing how the global economy became so leveraged and considering the implications of deleveraging in both the short- and long-term.

## **2. ECONOMIC STIMULUS: ISSUES AND POLICIES**

*By Jane G. Gravelle, Thomas L. Hungerford and Marc Labonte. CRS Report for Congress, July 6, 2009, 20 p.*

This Congressional Research Service (CRS) report begins with assessing the current state of the economy including measures that have already been taken by monetary institutions. It then reviews the proposed economic stimulus package. The report also explores the need, magnitude, design and potential consequences of fiscal stimulus. Finally, it discusses recent as well as proposed financial interventions.

## **3. FDR'S LESSONS FOR OBAMA**

*By David M. Kennedy. Time, v. 173, no. 26, July 6, 2009, pp. 25-29.*

[http://www.time.com/time/specials/packages/article/0,28804,1906802\\_1906838\\_1906745,00.html](http://www.time.com/time/specials/packages/article/0,28804,1906802_1906838_1906745,00.html)

David Kennedy, a professor at Stanford University, notes that Barack Obama took office amid circumstances similar to those of Franklin D. Roosevelt. He writes that the big question is if, like Roosevelt, Obama can seize the moment and come up with solutions. Roosevelt used the Depression as an opportunity to revolutionize American life for generations to come, realizing the irony that a Depression made achieving those objectives possible. Kennedy writes that Obama, who similarly faces an economic downturn and massive unemployment, may use his

circumstances to bring about health care reform and other programs he considers necessary to improving the public welfare.

#### **4. THE GLOBAL ECONOMIC DOWNTURN AND PROTECTIONISM**

*By Raymond J. Ahearn. CRS Report for Congress, March 23, 2009, 19 p.*

Analyzing the relationship between the severe economic downturn and protectionism, this CRS report takes a look at how some countries may react to this crisis in order to safeguard their own trade positions and help protect their domestic industries. To approximate different dimensions of the relationship, the report constructs three scenarios. These are not predictions, but descriptions of how and why pressures for protection could be manifested and transmitted under different circumstances and assumptions. Each of these three scenarios—a low impact scenario, a medium impact scenario, and a high impact scenario—reflects a different dimension of the relationship between the economic downturn and protectionism. Based on the analysis, three broad policy challenges for U.S. Congress are derived.

#### **5. THE GLOBAL FINANCIAL CRISIS: ANALYSIS AND POLICY IMPLICATIONS**

*By Dick K. Nanto. CRS Report for Congress, July 10, 2009, 127 p.*

This CRS report analyzes the ongoing global recession that has exposed many fundamental weaknesses in the financial system worldwide. It identifies the multifaceted role of U.S. Congress in this time of global crisis. While the recent focus has been on combating the recession, the ultimate target is to ensure the smooth and efficient functioning of financial markets to promote the general well-being of the United States and protect its taxpayer's interests. Apart from preventing future crises through legislative, oversight, and domestic regulatory functions, Congress plays a key role in generating policy options and informing the public. Congress plays a vital role in reforming and recapitalizing the International Monetary Fund, the World Bank, and regional development banks. On June 17, 2009, the Department of the Treasury presented the Obama administration's proposal for financial regulatory reform. The proposal focuses on five areas and includes establishing the Federal Reserve as a systemic risk regulator, creating a Council of Regulators, regulating all financial derivatives, creating a Consumer Financial Protection Agency, improving

coordination and oversight of international financial markets, and other provisions.

## **6. THE GLOBAL FINANCIAL CRISIS: FOREIGN AND TRADE POLICY EFFECTS**

*By Dick K. Nanto. CRS Report for Congress, April 7, 2009, 29 p.*

This report provides an overview of the major non-financial impact of the global financial crisis. It covers both actual as well as the potential impacts of one of the worst financial crisis world has ever faced. Although the eventual effects of the crisis are yet to be figured out, it is certain that a prolonged and widespread economic contraction can lead to major shifts in governments and catastrophic events with far reaching effect. In some countries, incumbent governments have lost support or authoritarian governments are consolidating power. In certain countries, conditions for citizen discontent or even radicalism are being augmented and market capitalism is being questioned. On the world stage, U.S. leadership is being challenged, money to lend is becoming a critical component of soft power, international financial institutions are assuming a higher profile relative to national governments, shifts in trade flows are raising forces for protectionism, and budgets are tightening and threatening funds for economic assistance and national security.

## **7. THE GLOBAL FINANCIAL CRISIS: INCREASING IMF RESOURCES AND THE ROLE OF CONGRESS**

*By Jonathan E. Sanford and Martin A. Weiss. CRS Report for Congress, June 5, 2009, 23 p.*

The current global financial crisis has put the role of the International Monetary Fund (IMF) and other international financial institutions (IFIs) under scrutiny. This CRS report provides an overview of the major non-financial effects of the global crisis. It takes stock of how the importance of the IMF and other institutions is realized during financial crises and how they remain at the fulcrum of efforts to reform the world financial system. Specifically, it provides information on the role of the IMF in current financial crisis, international agreement to increase the financial resources of the IMF, and the role of Congress in increasing the IMF's resources.

## **8. THE GLOBAL FINANCIAL CRISIS: THE ROLE OF THE INTERNATIONAL MONETARY FUND (IMF)**

*By Martin A. Weiss. CRS Report for Congress, February 4, 2009, 29 p.*

The role of the International Monetary Fund (IMF) has changed significantly since its inception in July 1944. This CRS report discusses the potential roles of the IMF in resolving the current global financial crisis through immediate crisis management and by reforming global macroeconomic surveillance. This may be realized through balance of payments lending to emerging market and less-developed countries. Increased surveillance of the global economy could be achieved through better coordination with international financial regulatory agencies.

## **9. GLOBALIZATION IN RETREAT**

*By Roger C. Altman. Foreign Affairs, v. 88, no. 4, July/August 2009, pp. 2-7.*

The deep and prolonged effect of the global economic crisis is said to have far-reaching geopolitical consequences. The long movement toward market liberalization is gradually being replaced by state intervention, re-regulation, and creeping protectionism. The collapse of housing and credit markets has affected most countries including the U.S., Europe, and Japan. One clear winner in the fray is China, whose unique capitalist-communist economic model has come through unscathed. The author takes a look at China's unique geopolitical standing at a time when the West is experiencing severe economic crisis and discusses how the current crisis has raised questions about globalization, both in concept and practice.

## **10. LAST MAN STANDING**

*By Tyler Cowen. Wilson Quarterly, v. 33, no. 2, Spring 2009, pp. 55-58.*

The author, a professor of economics at George Mason University, believes that although America's relative decline in global affairs has been foretold many times, it never quite seems to happen. Today, the rest of the world is looking to the U.S. to pull the world out of a recession or depression, even though many blame America for having started the recession. The truth is that the worse things get for the world as a whole, the more the U.S. gains in relative power and influence. With its relatively unified system of governance, the U.S. Federal Reserve can simply print money to fund bailouts, and even if that is an ugly

alternative, the government's ability to act underpins the credibility of the system as a whole. The European Central Bank (ECB) is explicitly banned from creating more euros for bank bailouts; the Swiss central bank could, but the prospect of the resulting inflation and rapid depreciation of the Swiss franc makes this an unappealing choice, especially for a country that has marketed itself as a financial haven. It's not widely recognized that Europe, because of its systemic weaknesses, already has required implicit bailouts by the U.S. European financial institutions are prominent on the list of creditors of the failed insurance company AIG. Few U.S. financial regulators would say it openly, but one reason why the Fed rescued AIG was that it knew that European regulators could not handle the fallout from an AIG collapse.

## **11. METROMONITOR: TRACKING ECONOMIC RECESSION AND RECOVERY IN AMERICA'S 100 LARGEST METROPOLITAN AREAS**

*Metropolitan Policy Program, Brookings Institution, June 2009, 21 p.*

MetroMonitor, an interactive barometer of the health of America's 100 largest metropolitan economies, scrutinizes the indicators through the first quarter of 2009 in the areas of employment, unemployment, wages, output, and foreclosure rates. It takes stock of the diverse metropolitan landscape of recession and recovery across the United States. In general no metro area has been insulated from the current economic downturn and the impact on different areas is unevenly distributed. A few metropolitan areas are beginning to showing signs of economic recovery, although none has completely recovered.

## **12. A NEW NEW DEAL UNDER OBAMA?**

*By John Bellamy Foster. Monthly Review, v. 60, no. 9, February 2009, pp. 1-11.*

Looking at the ongoing economic crisis in the background of the Great Depression of the 1930s, this article talks about the possibility of a new New Deal under the Obama administration. While the possibility of a new New Deal is seen by the left as a promising relief to the hard-pressed working population, it also raises some important questions. The article assesses the real prospects for such a Deal and attempts to find out its potential as an answer to the current economic crisis.

### **13. OBAMA'S NEW NEW DEAL AND THE IRREVERSIBLE CRISIS**

*By Gregory Meyerson and Michael Joseph Roberto. Socialism and Democracy, v. 23, no. 2, July 2009, pp 55-69.*

This article takes a look at the Obama administration's response to the ongoing economic crisis. The audacious Obama managed a \$787 billion stimulus package from Congress and committed hundreds of billions of dollars for bailing out banks. However, the authors are concerned about several issues that come in the way of these bold measures including the increased role of financialization, the U.S.'s ability to obtain funding from China, and contradictions that plague Obama's attempt to emphasize federal investment in green initiatives.

### **14. REGULATING FINANCIAL MARKETS: PROTECTING US FROM OURSELVES AND OTHERS**

*By Meir Statman. Financial Analysts Journal, v. 65, no. 3, May/June 2009, pp. 22-31.*

Discussing the current financial crisis, this article explores the potential roles of governments and markets in the promotion of investor trust and confidence. It reports on government's dilemma over libertarianism and paternalism. It explores the role of governments in protecting investors from themselves as well as other investors. It talks about protecting homebuyers from cognitive errors while purchasing real estate and also about the government regulations.

### **15. RESHAPING THE GLOBAL ECONOMY**

*By Jean Pisani-Ferry and Indhira Santos. Finance & Development, v. 46, no. 1, March 2009, pp. 8-12.*

The ongoing economic and financial turmoil marks the first major crisis of the current era of globalization. The economic downturn and national responses to it mark the end of an era of rapid expansion. Open markets, the global supply chain and globally integrated companies are being undermined, and protectionism has reemerged. The authors write that many analysts failed to comprehend the full character of the crisis. Much of the attention was being paid to market regulation and supervision of financial institutions. Until the autumn of 2008, many believed that the economies not directly impacted by the subprime crisis in the USA would emerge relatively unscathed. The authors also note that the G-20 has a tall agenda, including preserving trade integration to avoid making the crisis worse, designing national stimulus programs

that support globalization, avoiding exchange-rate policies that trigger instability, remaking international financial institutions and maintaining reliance on multilateral insurance.

## **16. SETTING NATIONAL PRIORITIES: FINANCIAL CHALLENGES FACING THE OBAMA ADMINISTRATION**

*By Marc R. Reinganum. Financial Analysts Journal, v. 65, no. 2, March/April 2009, pp. 32-35.*

Reinganum describes 2008's extreme financial stress as a severe heart attack of the financial system. In response to this stress significant lifestyle changes will be required to restore and maintain the economy's health. The Standard & Poor (S&P) 500 Index declined by 51.9 percent from October of 2007 to November of 2008, and the equity value of American International Group, Fannie Mae, and Freddie Mac have declined by almost 99 percent since the middle of 2007. Further, with interest rate credit spreads nearing peak levels, rising unemployment, and National Bureau of Economic Research's official declaration of current recession since December 2007, President Obama faces financial challenges not witnessed for generations.

## **17. A SIMPLE THEORY OF THE FINANCIAL CRISIS; OR, WHY FISCHER BLACK STILL MATTERS**

*By Tyler Cowen. Financial Analysts Journal, v. 65, no. 3, May/June 2009, pp. 17-20.*

This article seeks to examine the works of economist Fischer Black and establishes a connection between his works and the recent financial crisis. It uses Black's works as a tool to understand the causes of the financial crisis. Published in 1995, Black's *Exploring General Equilibrium* foreshadowed the financial underpinning of the economy that led to the current global financial crisis.

## **18. THE SMALL BUSINESS ECONOMY: A REPORT TO THE PRESIDENT 2009**

*U.S. Small Business Administration, Office of Advocacy, July 2009, 156 p.*

The 2009 edition of *The Small Business Economy*, an annual reference source on small business' performance, reviews the economic environment and, to the extent that data are available, how small firms fared in the recessionary economy and financial markets of 2008. The report reviews the overall economic environment for small businesses in the year 2008, including brief subsections on small business challenges such as job creation and innovation,

globalization, and competing for federal procurement dollars. Appendices provide additional data about small businesses along with summaries of 2008 small business research from the Office of Advocacy.

## **19. SOCIAL PROTECTION FOR THE ECONOMIC CRISIS: THE U.S. EXPERIENCE**

*By Gary Burtless. The Brookings Institution, July 15, 2009, 45 p.*

The economic crisis that originated in America's real estate and banking industries has now spread to the rest of the economy and to much of the world. This paper looks at recent trends in the U.S. economy, particularly those trends that make the current recession different from earlier ones. It takes a look at the measures Congress has taken to protect household incomes and improve the American social safety net. It offers a brief assessment of the U.S. social safety net response to economic crisis—both automatic stabilization system as well as the Administration's special steps to address the crisis. The paper also assesses the potential of these measures to assure social protection for Americans in the current economic crisis.

## **20. UNTANGLING THE RECOVERY**

*By Robert Brodsky. Government Executive, v. 41, no. 6, June 2009, pp. 24-26, 28, 30.*  
<http://www.govexec.com/features/0609-01/0609-01s1.htm>

The author believes that government has another chance at proving it can be effective in the present economic climate. In early May 2009, President Obama unveiled his formal fiscal 2010 budget, including a list of 121 cuts to federal programs that added up to a savings of about \$17 billion. Then there is the \$787 billion American Recovery and Reinvestment Act, signed less than a month after Obama took office, as an opportunity to prop up a faltering economy, spur long-term investments in energy and in education, and put millions of unemployed Americans back to work. The stimulus plan and the new FY2010 budget represent chances to prove that the government can still operate as an effective management organization. Right now, the most important use of funds are those that are allocated by the Recovery Act to get Americans back to work and to restart a faltering economy. Of this, \$60 billion is expected to be spent on federal contracts, with another \$84 million going to the Recovery Accountability and Transparency Board that was created to oversee fund disbursement and to manage Recovery.gov, the central government repository for information on the stimulus.

## **21. THE US FINANCIAL AND ECONOMIC CRISIS: WHERE DOES IT STAND AND WHERE DO WE GO FROM HERE?**

*By Martin Neil Baily and Douglas J. Elliott. The Initiative on Business and Public Policy, June 2009, 26 p.*

As the U.S. economy is showing signs that it is bottoming out and heading toward a weak recovery, the United States needs to keep optimism and keep policy actions in check, argue Martin Baily and Douglas Elliott. This paper analyzes where Americans stand with the economy and the financial crisis, the likeliest path forward and the associated risks. Despite several predictions about the recovery, there is still a lot of uncertainty about when the recession will end, when growth will recover or whether the financial sector is firmly on the road to recovery.

## **22. VICIOUS CYCLE: HOW UNFAIR CREDIT CARD PRACTICES ARE SQUEEZING CONSUMERS AND UNDERMINING THE RECOVERY**

*The U.S. Joint Economic Committee. May 12, 2009, 24 p.*

This report reveals how unfair credit card practices are sending American families further into debt and undermining the economic recovery. As American families find themselves under increasing burdens, practices by credit card companies could further add to their household financial distress. The report outlines how the economic downturn and financial crisis have accelerated the adverse impacts of these practices on consumers, small businesses and the U.S. economy as a whole.

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# **BUSINESS & ECONOMICS**

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## **23. THE DEATH OF MACHO**

*By Reihan Salam. Foreign Policy, July/August 2009, pp. 65-70.*

The author, a fellow at the New America Foundation, contends that "the era of male dominance is coming to an end." The current recession is having a disproportionate impact on males—more than 80 percent of those who have lost jobs since November have been men. Three-fifths of college graduates in the United States are women. People are realizing that the aggressive, risk-seeking behavior of the "cult of macho" has proven to be destructive and unsustainable in a globalized world. The U.S. economic stimulus package is investing heavily in education, healthcare, and social services—all fields dominated by women. How this changing situation unfolds will

depend on how men react. They can choose to adapt to the changes or they can resist. Resistance is personified in Russia, which is still adjusting to the fall of Soviet Union, and where a higher percentage of working-age women are employed than in nearly any other country, but at only half the wages previously paid men for the same work. China is also trying to contain the damage caused by the loss of manufacturing jobs and to manage the threat posed by the country's massive male migrant population. Writes Salam, "the axis of global conflict in this century ... will be gender. We have no precedent for a world after the death of macho. But we can expect the transition to be wrenching, uneven, and possibly very violent."

## **24. THE END OF ODA: DEATH AND REBIRTH OF A GLOBAL PUBLIC POLICY**

*By Jean-Michel Severino and Olivier Ray. Center for Global Development, Working Paper no. 167, March 2009, 28 p.*

<http://www.cgdev.org/content/publications/detail/1421419>

The authors observe that international development assistance is going through significant change. Developing countries are joining developed economies in accessing financing for essential services. The fall of the Berlin Wall brought an end to a major ideological struggle that had influenced development aid. As a result, the U.S., France and the United Kingdom halved their official development assistance (ODA) budgets between 1990 and 1997. After the terrorist attacks of 9/11, countries became more aware of their interdependency. The Asia financial crisis and failure of the Doha Round of world trade talks led aid agencies to strengthen the capacities of developing countries to cope with economic globalization. The subsequent food crisis led to more concerns for food security. Yet there has been a boom in private giving for international development and the number of global institutions has flourished. Corporate social and environmental responsibility agendas have surged. The authors say ODA measures are too little, too late. They argue that more attention should be paid to how ODA funds are being obligated, what they are producing, how much of a project's costs is covered by ODA and what the administrative costs are. The authors say ODA should be renamed "official global public finance" and countries could use it to maximize leverage of their own support.

## **25. THE GENIE'S OUT OF THE BOTTLE**

*By Carter Phipps. EnlightenNext, no. 44, June-August 2009, pp. 54-62*

Globalization has come under fire from many quarters as an exploitative economic trend, but Dr. Thomas Barnett, a geopolitical

strategist, regards globalization as the most unifying, progressive, and liberating force in human history. Barnett looks across the last century—wars that raged over the Eurasian land mass for the first half of the 20th century are now virtually unthinkable as the bonds of trade, travel, and commerce have grown, he says. The places where violence still disrupts civil society are those largely untouched by globalization, Barnett tells Phipps in an interview. Barnett thinks that the economic and social trends that unfolded in the United States in the late 19th and early 20th centuries are playing out again in globalization. He predicts that the progressivism and the enrichment of the middle class that occurred at that time will also be the outcome of globalization.

## **26. A SENSE OF UNREALITY**

*By Francis Fukuyama. American Interest, Summer (May/June) 2009, pp. 125-127.*

The author writes that there is a "pervasive sense of unreality" in Washington about the scale of the economic crisis facing the U.S. and the rest of the world. The current administration's economic policy team seems to be operating, says Fukuyama, on the assumption that the problem facing the financial system is one of illiquidity and not of insolvency, and that their task is to prop up the banks until their toxic assets can be fairly valued. The problems run deeper than that, says Fukuyama, resulting from years of Americans consuming and spending more than they were saving or producing, and trillions of dollars from abroad fueling the rapid increase of debt. He points out that this is a non-partisan crisis—both Republicans and Democrats were complicit in the deregulation of the financial sector that enabled the explosion of the shadow banking economy.

## **27. TAMED TIGERS, DISTRESSED DRAGON**

*By Brian P. Klein and Kenneth Neil Cukier. Foreign Affairs, v. 88, no. 4, July/August 2009, pp. 8-16.*

According to Klein and Cukier, the global economic turmoil has hurt the formerly rapidly expanding Asian economies hardest. "By emphasizing exports, Asian countries simply replaced a reliance on foreign capital with a dependence on foreign demand," they say. As Americans save more, they will buy less of what Asia produces. This will distract Asian economies from export-led growth and from building the institutions necessary for sustainable domestic economies. Those countries that manipulated their currencies "in effect subsidized exporters at the expense of other domestic producers and consumers," the authors say. Some countries also

ignored corruption, inadequate rule of law, and environmental degradation. The success of export-led growth made structural reform even more difficult because of resistance from vested interests. The Asian economies are now ill prepared for the hard decisions needed to cope with a likely persistent difficult economic environment. The authors say they should be restructuring to create domestic demand by promoting human capital—especially education, improving incomes, and reducing savings. They need to pay workers more money and, most importantly, establish social safety nets. "The lack of basic economic safeguards is the biggest reason why Asians save so much, and reducing those savings would unlock consumption."

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## INTERNATIONAL POLITICAL RELATIONS & SECURITY

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### **28. CENTER STAGE FOR THE 21ST CENTURY: POWER PLAYS IN THE INDIAN OCEAN**

*By Robert D. Kaplan. Foreign Affairs, v. 88, no. 2, March/April 2009, p. 16.*

According to Kaplan, a national correspondent for Atlantic Monthly magazine, the Indian Ocean is central to understanding geopolitics in the 21st century. "It combines the centrality of Islam with global energy politics and the rise of India and China to reveal a multilayered, multipolar world," he says. Already the world's most important passageway for trade of energy resources and other goods, the Indian Ocean will become even more crucial. As rivalry intensifies between India's and China's economies and between their expanding navies, the U.S. Navy, its power declining, will have to manage the peace in the Indian Ocean. While the United States leans on India's Navy in the Indian Ocean and Japan's Navy in the Pacific to limit China's expansion, it will at the same time have to lead incorporation of China's Navy into international alliances in order to attain global political stability. Lacking the singular threat of the Soviet Union during the Cold War, the U.S. military will need to become more flexible and build shifting alliances to respond to many different types of crises in the "weak governments and tottering infrastructure" lining the Indian Ocean from Somalia to Pakistan to Burma.

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# DEMOCRACY & HUMAN RIGHTS

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## 29. ROXANA SABERI AND HOW JOURNALISM WORKS IN IRAN

By Azadeh Moaveni. *Time*, June 1, 2009.

<http://www.time.com/time/world/article/0,8599,1902080,00.html>

Western media sees Iran in black and white, but actually there are many nuances in understanding how Iran really works, the author says. A case in point is the Iranian-American journalist Roxana Saberi, who was arrested in Iran on charges of espionage, but then freed. Moaveni, who has reported in Iran since 1999, acknowledges that she has had to deal with an Iranian government "minder" who monitors all her activities—but she has come to accept that her minder represents "a troubled government composed of both pragmatic and hard-line factions." The hardliners, she says, view all journalists as essentially spies, but the fact that the government still allows so many foreign journalists to visit and operate out of Iran is a sign of pragmatism. Moaveni warns that having valid press credentials issued by the Iranian government is essential—something Saberi ignored. "Reporting on the powerful, whether in the world of finance, the White House, or the Islamic Republic of Iran, is always a fraught enterprise," Moaveni says. Even in Washington, D.C., she says, there is "a complex power game involved in cultivating close access to the knowledgeable and influential. Of course a journalist who flouts the rules in Washington will risk access rather than imprisonment, but that's just one more benefit of living in a society with the luxury of nuance."

## 30. TAKING THE HILL

By Matt Bai. *New York Times Magazine*, June 7, 2009, pp. 30-37, 42, 46, 48.

The author explores how President Barack Obama and his aides are working with U.S. Congress towards a comprehensive health care reform package. Getting a health care bill signed into law this year is one of the top priorities in President's agenda. Making good on his campaign promise will require not just public expenditure on a mammoth scale, but also the kind of activism and creativity at which Washington hasn't succeeded for generations. Health-care spending in the U.S. nearly doubled in the decade after Clinton's plan died, reaching about 16 percent of the gross domestic product, the highest percentage on record. Some businesses that might have opposed reform in 1993 are now desperate to address their growing health care costs, and insurance companies and health care providers

seem increasingly open to compromise if it means they can avoid more drastic forms of government regulation.

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## COMMUNICATION & INFORMATION

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### **31. EBOOKS HIT CRITICAL MASS: WHERE DO LIBRARIES FIT WITH OPRAH?**

*By Jean Bedord. Online, v. 33, no. 3, May/June 2009, pp. 14-17.*

The author, a private consultant, was one of the earliest eBook readers and one of the strongest proponents of the then-emerging format. The earliest eBooks were large, bulky contraptions that looked like thick binders. Since then, readers have shrunk to the size of a thin paperback, more titles are available (now a major key to the success of eBooks), and the term "eBook" is now part of the general lexicon. Much of the credit for this change goes to television celebrity Oprah Winfrey's endorsement of the Amazon Kindle, which did much to change the mind-set for both readers and publishers, plus infrastructure changes that created larger inventories of book titles. When eBooks first launched, there were less than 10,000 titles available. In contrast, present users (thanks to Kindle) have 230,000 titles. OverDrive claims more than 150,000 titles; NetLibrary has over 180,000 titles while Google has just announced the availability of more than 1.5 million public domain books for the iPhone and the Android-based GI.

### **32. EXPLOITING SYNERGIES AMONG DIGITAL REPOSITORIES, SPECIAL COLLECTIONS, AND ONLINE COMMUNITY**

*By Terence K. Huwe. . Online, v. 33, no. 2, March/April 2009, pp. 14-19.*

Huwe believes that there was a time when the Library of Congress and a couple of other leading research libraries were the principal developers of high-quality digital collections. No longer—today, enterprising academic organizations, museums, and think tanks can take advantage of powerful open-source development tools and get started digitizing. Digital collections gain vast new readerships when they appear online in structured and searchable formats. The fact that the excitement factor remains high spells opportunity for professionals. At the same time, the explosion of social networking software now enables repository managers to merge static repositories with Web 2.0 applications. Libraries have come a long way toward integrating special collections into their greater information

ecologies of digital collections, web resources, and online conversations. Digital repositories now provide enterprising curators with another chance to get out in front of the curve. In order to be effective, librarians must focus not only on new technology, but they must also rediscover the potential for synergy that lies hidden in their special collections.

### **33. INFOMANIA**

*By Carolyn Duffy Marsan. Government Executive, v. 41, no. 5, May 2009, pp. 34-42.*

The author notes that as participatory government brings an onslaught of public comments online, agencies will need the right tools to make sense of it all. In 2008, the General Services Administration (GSA) had 214 million electronic communications with the U.S. public, and it expects that number to increase in 2009. Similar situations have developed at other government agencies as they realize that more of public opinion and commentary will be sustained through the new media. While federal agencies are new at gathering and analyzing public comments, private business is experienced in managing feedback by combining automated and manual processes, structured and unstructured data. Government agencies also have legal restrictions; they often have to negotiate standard terms of services with providers because the government is bound by multiple federal regulatory requirements.

### **34. IS TECHNOLOGY TEARING APART FAMILY LIFE?**

*By Dana Wollman. Laptop, March 2009, pp. 92-97.*

<http://www.laptopmag.com/mobile-life/is-technology-tearing-apart-family-life.aspx>

The author notes that text messaging, social networking and online video are changing the dynamics between parents and children. Technology today is the new "rock-and-roll," with the older generation trying to make sense of it, if not openly embrace it. Some believe that social networking will improve family interaction, while others argue that the new technology threatens to rip apart not just family unity but the fabric of society itself, as more individuals communicate only through their high-tech devices, decreasing the amount of time they actually interact on a personal level. Eye contact, emotional resonance and body language are lost if humans rely primarily on texting, instant-messaging or Facebook as means of communication. Family togetherness, like evening meals or weekend activities, gets short-changed once again as children use their gadgets as a substitute for family participation.

## 35. RUN FOR YOUR LIVES, PLEASE

By Amanda Ripley. *Governing*, March 2009.

<http://www.governing.com/articles/0903disaster.htm>

Decades of research into catastrophes shows that people follow patterns in evacuations, the author writes. One can typically identify who is most or least likely to evacuate in an emergency. Local officials need to understand these patterns in order to best motivate residents to leave their homes. "The warnings must be clear, unambiguous and consistent—even if the information on the ground is not. They need to come from many different channels (most people check with four or five sources before evacuating prior to a hurricane). And it is crucial that they be repeated—again and again," Ripley writes. But most important she says, "warnings need to be honest." If storm warnings turn out to be wrong, officials need to explain why so that people do not refuse to evacuate the next time around.

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## GLOBAL ISSUES

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## 36. CLIMATE CHANGE

By Bill McKibben. *Foreign Policy*, Iss. 170, January/February 2009, pp. 32-38.

[http://www.foreignpolicy.com/story/cms.php?story\\_id=4585&page=0](http://www.foreignpolicy.com/story/cms.php?story_id=4585&page=0)

Noted author Bill McKibben writes that it may be too late to avert climate change, but that it is imperative that the international political order stop delaying and adopt the few options humanity has left. He notes that there is no doubt left among the scientific community that global warming is a reality. Many scientists feel that the Intergovernmental Panel on Climate Change's latest report is too conservative. The claims that agriculture will improve in some regions as frost recedes may hold true for a while, but eventually the threat of heat stress and drought will be global. Solving the climate crisis is no longer an option, as human activities have already raised the global temperature by a degree; all we can do is mitigate its worst aspects. Coordinating this effort with every country on Earth will be the biggest foreign policy challenge facing nations today.

### **37. HABITAT SAVED**

By Roger Di Silvestro. *National Wildlife*, v. 47 no. 5, August/September 2009, pp. 20-27.  
<http://www.nwf.org/NationalWildlife/article.cfm?issueID=130&articleID=1757>

The author describes how a non-governmental organization and the publisher of this magazine, the National Wildlife Federation, has successfully challenged environmentally destructive government policies in court. One decision limiting the availability of federally-issued flood-plain insurance, that encourages development of habitat uninsurable by private companies, will help preserve endangered Key deer in Florida, killer whales in Washington State's Puget Sound, and black bears and cypress forests in Mississippi's Yazoo River Basin. Global warming, the author says, makes such areas more vulnerable to flooding, and "business as usual in floodplains is changing."

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## **U.S. SOCIETY, VALUES & POLITICS**

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### **38. THE NEW MOVEMENT TO SERIOUSLY DOWNSIZE OUR HOMES**

By Kristin Bender. *E : the Environmental Magazine*, v. 20, no. 3, May/Jun 2009, pp. 35-39.

Bender describes how the environmental movement, rising energy prices, and the financial crisis of 2008 have affected Americans' attitudes about housing. Now, about forty percent of new construction is "green" because it is less expensive for homeowners over the long term and creates less construction waste. As Baby Boomers are reaching retirement years and their children are no longer living with them, the family home is too large and too expensive to maintain. The article lists a number of construction projects and companies that are focused on building small, environmentally-friendly apartments, mobile homes, and detached houses.

### **39. POE MAN'S IMMORTALITY**

By Edward Lawrence. *Humanities*, v. 29, no. 5, September/October 2008, pp. 41-43.  
<http://www.neh.gov/news/humanities/2008-09/immortality.html>

Nineteenth century U.S. author Edgar Allan Poe continues to be a major figure in modern popular media—cartoons, comic books, graphic novels and other venue—more so than any other major author, notes Lawrence. He ascribes this to a number of factors,

foremost among which is that Poe is "immediately recognizable ... a legendary figure, sort of like the nineteenth century James Dean." He was an astute marketer and a master of publicity stunts; after publishing an essay on "secret writing," he promoted cryptography by offering to solve coded messages sent to him by readers. Poe was a pioneer of dark romanticism and of characters with conflicting emotions, which lends itself handily to the comic format.

#### **40. A PRICELESS INHERITANCE**

*By Emory Holmes. American Legacy, Winter 2009, pp. 23-30.*

With her salary as a librarian at the University of Southern California and UCLA, and later her Social Security checks, Mayme A. Clayton purchased rare photos, films, books and memorabilia that became the largest collection of African American artifacts ever amassed by one person. Her son, Avery, is currently creating the Mayme Agnew Clayton Library and Museum in Culver City, California. He says his mother's life mission for over 40 years had been to preserve endangered African American artifacts "so that people will know that blacks did great things." The collection is now a resource "of incalculable national worth," according to author Emory Holmes: 3.5 million items, including 10,000 rare sound recordings, 1,700 films, 75,000 photos and 30,000 rare and out-of-print books. Among these are the first edition of Phillis Wheatley's 1773 volume, *Poems on Various Subjects Religious and Moral*, the first book by an African American author ever published in the United States. It is likely the only signed copy in existence. The new library is tentatively due to open in early 2010. In the United States today there are three major collections that focus on African-American history and culture: one is in Harlem, one in Chicago, and the third is Mayme Clayton's, which is the largest such collection in the world held independently.

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## SCIENCE & TECHNOLOGY

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#### **41. BIRTH OF A ROBOT**

*By Abigail Tucker. Smithsonian, v. 40, no. 4, July 2009, pp. 56-65.*

The author writes that if a robot is ever going to be useful humans as portrayed on television or film, it can't be merely a vessel into which its inventors pour knowledge. It has to recognize humans individually, and identify our needs and changing circumstances, and

it has to be able to deduce and reason. Researchers at the University of California at San Diego's Machine Perception Laboratory are building a robot that will develop those capabilities as a child does. They are borrowing from developmental psychology to do that, and attempting to create a computer with the capacity to acquire skills gradually in response to its environment. The article describes various intriguing prototypes researchers have experimented with, but also describes the human reactions to these creations on the part of the researchers and their friends and families. The group's research is at a very early stage, but Tucker's description of their work makes clear that this area of scientific pursuit is not only about the machines, but about our level of comfort in creating and interacting with a mechanical being that has human qualities.

## **42. FEELING THE STING**

*By Laura Tangley. National Wildlife, v. 47, no. 5, August/September 2009, pp. 36-41.*  
<http://www.nwf.org/NationalWildlife/article.cfm?issueID=130&articleID=1758>

Scientists speculate that the huge jellyfish swarms that have been appearing worldwide may be something more than a normal, periodic jellyfish bloom. A 2008 National Science Foundation report says the massive jellyfish blooms reported in the Black Sea, the Gulf of Mexico, the Mediterranean Sea, and elsewhere, could be increasing "because of human activities." Scientists cite overfishing and pollution as primary culprits. The blooms, which have had negative impacts on beach tourism, could signal a marine ecosystem severely out of balance.

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