

## Article Round-up

### September-October 2008

#### ECONOMIC SECURITY

##### 1. How economics can defeat corruption

Raymond Fisman and Edward Miguel. Foreign Policy. September/October 2008, 6 pages.

What's the dirtiest secret about corruption? Just how little we know about it. Treasuries are plundered and kickbacks are paid, but the nature and scale of the world's shady transaction remain a mystery. Luckily, a little economic detective work is all that's needed to expose the smuggling, cheating, and bribery that are hiding in plain sight.

##### 2. The Price of Greed

Andy Serwer and Allan Sloan. Time. Vol. 172, No. 12/2008, pp. 18, 20-23.

For years the financial markets roared along as if there were nothing to fear. Now it's payback time—and all of us will be feeling the pain.

##### 3. The Rise of State Capitalism

The Economist. September 20, 2008, pp. 20-23.

The number of emerging-market companies acquiring established “rich-world” business and brands is sharply increasing. Most of these corporations invest abroad through their companies and new sovereign-wealth funds. Globalization is entering a new phase, and the author asks what that will mean for capitalism.

##### 4. The Financial Bailout (and the New Resolution Trust Corp.) Must Restore the Markets and Protect the Taxpayer

David C. John. The Heritage Foundation. WebMemo #2072. Revised and updated September 24, 2008, 3 pages.

The House and Senate must have two objectives: 1) restore the markets, and 2) protect the taxpayers. Congress should act clearly and decisively to address the turmoil in the financial markets and not burden this legislation with other issues, problems, or projects.

##### 5. Boiler Room: The Business Press is Missing the Crooked Heart of the Credit Crisis

Dean Starkman. Columbia Journalism Review. September/October 2008, pp. 48-53.

The author, head of the business and finance desk at CJR, writes that while there have been many good articles about the subprime mortgage fiasco that has caused the widespread crisis in the credit markets, most have treated it as a “kind of natural disaster or nasty turn in the business cycle.” There is acknowledgement that abusive practices did occur, but Starkman writes that few have reported about how extensive they were. He says that the most comprehensive and insightful reporting on the system that produced the credit crisis was a story aired in May 2008 on (United States) National Public Radio, called “The Giant Pool of Money”. The piece explains that the global pool of savings, which had doubled to USD 70 trillion, was searching for higher returns, and the U.S. financial system, from the investment banks at the top to the mortgage brokers and salesmen across the country at the bottom, was under tremendous pressure to create financial “products” that this money could be invested in. Traditional underwriting procedures were abandoned in favor of aggressively selling loans to marginal borrowers. Some former loan company agents reported that the movie BOILER ROOM, about unethical stockbrokers, was used as a “training tape”. Starkman notes that systemic corruption and fraud has been revealed at lenders across the board. “Yet to be explored fully”, he writes, “is the extent

of Wall Street's role, and the size of the transfer of wealth from millions of civilians" to the financial professional class.

#### **6. Is the 'Good Life' as America Knows it Over?**

Steve Fraser. AlterNet. Posted September 19, 2008, 4 pages.

Fraser, guest blogger on TomDispatch.com and author of *Wall Street: America's Dream Palace*, writes that the replacement of President Franklin Roosevelt's New Deal program and its regulatory regime with the "socialization of risk" (the "off-loading" financial institutions' risky and wasteful behavior onto the taxpayers) has resulted in the present-day collapse of the U.S. financial system. He notes that, despite free-market, anti-government rhetoric, Washington's bail-out of the financial industry is an acknowledgment of how dependent the U.S. economy has become on the financial sector. The recent decisions allowing some firms to survive and others to fail is a symptom of confusion regarding how to deal with a spiraling crisis. Fraser states that the financial system is out of control, and that it is "time for a reversal of course—regulation of [the financial system] is not enough anymore ... the government must figure out how to shift the flow of investment capital out of the mine-fields of speculative paper transactions and back into productive channels that will help meet the material needs of American society."

Available online at:

[http://www.alternet.org/workplace/99395/is\\_the\\_%27good\\_life%27\\_as\\_america\\_knows\\_it\\_over/?page=entire](http://www.alternet.org/workplace/99395/is_the_%27good_life%27_as_america_knows_it_over/?page=entire)

#### **7. Why the Bail Out of Freddie Mac and Fanny Mae Is Bad Economic Policy**

Michael Hudson. Counterpunch. Posted July 14, 2008, 11 pages.

The bailout of Fannie Mae and Freddie Mac, the two semi-public mortgage packaging companies that hold trillions of dollars in U.S. mortgage debt, in effect protects the interests of the commercial banking system, representing the top one-tenth of the U.S. population, writes economist Michael Hudson, economic adviser to former Democratic presidential candidate Dennis Kucinich. Challenging the "myth" that Fannie Mae and Freddie Mac help make homeownership more accessible, Hudson contends that the two companies functioned in quite the opposite direction, making house prices increasingly unaffordable. "They have inflated asset prices with credit that has indebted homeowners to a degree unprecedented in history. That is why the real estate bubble has burst, after all," Hudson writes. He contends that politicians such as Chuck Schumer of New York, Chris Dodd of Connecticut and Barney Frank of Massachusetts are among the leaders of the charge to rescue the mortgage giants because they are giving priority to their main campaign contributors in the financial, insurance and real estate sectors. This "means more debt peonage for new home buyers rather than housing prices falling back to more affordable proportions," Hudson writes.

Available online at: <http://www.counterpunch.org/hudson07152008.html>

#### **8. Why Can't We build an Affordable House?**

Witold Rybczynski, *The Wilson Quarterly*. Summer 2008, 4 pages.

One explanation of America's housing market collapse is that too many people bought houses that were too large and lavish. The solution: build more affordable houses.

### **DEMOCRACY AND GLOBAL ISSUES**

#### **9. Driven**

Daniel Roth. *Wired*. Vol. 16, no. 9, September 2008, pp. 118-127,158.

Shai Agassi made millions of dollars when he sold his software company SAP a few years ago. In 2005, he became interested in the environment and energy. Now he has a plan to end the carbon economy and

remake the auto industry with a project he calls Better Place, the first electric recharge grid operator (ERGO). Israel, Agassi's nation of birth, will become the first country to experiment with an auto-fueling design system that Roth describes as "an unorthodox mashup of the automotive and mobile phone industries." ERGO is envisioned as a network of "smart" charging stations for cars that drivers have acquired at steep discounts, according to the Agassi business model. The revenue stream from the business comes from electric-charging plans that drivers buy based on their needs – unlimited miles or pay-as-you-go. The cars would also be equipped with technology to monitor the available charge in the vehicle, estimate the adequacy of the charge for the driver's intended trip, and direct the driver to a convenient charging station, if necessary, en route. So far, Agassi has won investors to fund the charging network, the cooperation of the Israeli government to launch an ERGO trial, and a commitment from Nissan-Renault to build a compatible electric vehicle by 2011. Denmark is also in talks with Agassi about serving as a proving ground for the system. In the United States, the governor of Hawaii has also sought talks with Better Place to begin a trial of the system.

### **10. The Deadly World of Fake Drugs**

Roger Bate. *Foreign Policy*. September/October 08, pp. 57-65.

Whether it's phony Viagra or knockoff cancer medicine, fake drugs kill thousands of people each day, thanks to counterfeiters in China and India who mix chalk, dust, and dirty water into pills sold around the world. With the Internet booming the world's dispensary, these poison pills could be coming to a pharmacy near you.

### **11. Malevolence: The World of Web Trolling**

Mattathias Schwartz. *The New York Times Magazine*. August 3, 2008, 6 pages.

The author explores one of the unfortunate side effects of the Internet—a growing subculture of "trolls" who intentionally disrupt online communities. Incidents of Web trolling increasingly involve harassing strangers and hacking into web sites of nonprofit organizations. The author warns that prosecuting the trolls can be problematic. Schwartz questions whether we are ready for an Internet where law enforcement keeps watch over every vituperative blog and back-biting comments section, ready to spring at the first hint of violence.

### **12. Global Trends in Culture, Infrastructure, and Values**

Andy Hines. *The Futurist*. September/October 2008, 6 pages.

The second part of this special report, "Consumer Trends in Three Different Worlds", examines the global consumer trends that affect the changes in culture, public infrastructure and values, as well as the challenges that accompany such trends. This report on consumer trends is intended to provide a primer on the global trends in play today and how they might develop and evolve into the next decade.

### **13. How Newspapers Can Thrive in the 21st Century**

Jonathan Yardley. *The American*. September/October 2008, 7 pages.

The author has spent half a century in the American newspaper business, an industry now in crisis. The Pulitzer Prize-winning writer believes the future can be bright, but only if papers look at things differently than they do today.

## **INTERNATIONAL/REGIONAL AFFAIRS**

### **14. The Next President: Mastering a Daunting Agenda**

Richard Holbrooke. *Foreign Affairs*. September/October 2008, 10 pages.

The next U.S. president will inherit a more difficult set of international challenges than any of his predecessors since World War II.

Available online at: <http://www.foreignaffairs.org/20080901faessay87501/richard-holbrooke/the-next-president.html>

### **15. Managing Foreign Policy and National Security Challenges in Presidential Transitions**

Kurt M Campbell and James B Steinberg. Washington Quarterly. Autumn 2008, 14 pages.

Presidential transitions are replete with dangers and missteps that bedevil even the most experienced practitioners, but they are also times of opportunity. These ten recommendations can help the candidates, even before either is president-elect, to traverse this course.

Available online at: <http://www.mitpressjournals.org/doi/pdf/10.1162/wash.2008.31.4.7>

### **16. International Exchanges and the U.S. Image**

Nancy Snow. Annals of the American Academy of Political and Social Science. No. 616, March 2008, pp. 198-222.

Snow, a senior research fellow at the University of Southern California, reviews four special issues of the *Annals of the American Academy of Political and Social Science* devoted to the issue of international exchange programs and the U.S. image. She concludes that methods of public diplomacy that were applicable in the past can still be applied today, including the importance of dialogue in overcoming stereotypes, building relationships, knowing the target culture, and enhancing the national reputation of America during ideological contests. The primacy of one individual in contact with another individual remains one of the most important opportunities to change attitudes and, thereby, improve the image of the United States.

## **MEDIA, COMMUNICATIONS AND INFORMATION TECHNOLOGY**

### **17. How Obama Really Did It**

David Talbot. Technology Review. Volume 3, No. 5, 6 pages.

This article explains how social networking technology helped bring Barak Obama to the brink of the presidency.

### **18. Murky Boundaries**

Kevin Rector. American Journalism Review. June/July 2008, 8 pages.

What are the guidelines for personal blogs of journalists who work for mainstream news organizations? Some news outlets such as the *New York Times* and the *Los Angeles Times* have specific policies addressing blogs, but many organizations have not incorporated the new forum into their respective corporate policies. The author examines the potential conflicts of interest for journalists who also maintain blogs, as well as the problems surrounding developing blog guidelines.

### **19. Closing the Gap**

Janette Kenner Muir. Harvard International Review. Spring 2008, 4 pages.

Every campaign season generates discussion about the ways the media can influence the political process and shape public debate. This year, citizen engagement is another strong source of influence, manifested through Internet social networks and blogging sites. The media now faces perhaps its greatest identity crisis as it redefines its role in a media-saturated society. The author discusses the impact of shifting influences in the media and increased citizen involvement.

### **20. Improving Technology Utilization in Electronic Government Around the World, 2008**

Darrell M. West. The Brookings Institution. 2008, 32 pages.

The author reviews the current condition of electronic government and makes practical suggestions for improving the delivery of information and services over the Internet. Using a detailed analysis of 1,667 national government websites in 198 nations around the world, the report studies the types of features available online, the variation that exists across countries, and how current e-government trends compare to previous years.

### **21. Biofuels, Neither Savior Nor Scam: The Case for a Selective Strategy**

Suzanne Hunt. *World Policy Journal*. Spring 2008, 9 pages.

Biofuels, which are made from plants such as corn or sugarcane, offer the potential to reduce emissions and create energy independence. Positing that biofuels can be a viable alternative fuel source to petroleum, the author discusses the advantages and disadvantages of biofuels in a debate about the role they can potentially play in addressing energy needs and climate change.

## **U.S. SOCIETY AND CULTURE**

### **22. Happy Campers**

Jim Rasenberger. *The Wilson Quarterly*. Summer 2008, 6 pages.

Summer camp, which first took root in America, is a fundamental rite of childhood that arguably makes kids better human beings. Today, however, children spend less time than ever in nature and more time in front of computer screens, televisions, and video games. As the number of children who attend summer camps declines, the author is compelled to explore the U.S. tradition of summer camps, trace its origins, and present the benefits children gain by spending time in nature.

### **23. The Impact of Employment During School on College Student Academic Performance**

Jeffrey S. DeSimone. *National Bureau of Economic Research Working Paper 14006*. May 2008, 40 pages.

Many high school and college students work part-time. Does this affect their school performance? The author analyzes the effect of paid employment on the grades of full-time, four-year students from four nationally representative cross sections of the Harvard College Alcohol Study administered during 1993-2001.

### **24. Case Study Instruction in Teacher Education: Opportunity to Develop Students' Critical Thinking, School Smarts and Decision Making**

Ray Heitzmann. *Education*. Summer 2008, 20 pages.

Arguing that case study instruction should be a central component to teacher preparation programs, the author describes the significance and research findings that support case study methodology and its advantages for future educators. Strategies to incorporate this teaching method into university/college classrooms are offered, as well as a detailed example of an effective program developed at Villanova University.

### **25. America's Other Immigration Crisis**

Vivek Wadhwa. *The American*. July/August 2008, 6 pages.

The author discusses the impact of U.S. visa restrictions on the increasing number of skilled immigrants who are abandoning America and moving to other countries where economies are booming and their skills are in greater demand. The author argues that the government should focus on attracting and keeping skilled immigrants, who contribute to U.S. economic growth and global competitiveness, rather than bringing them to America temporarily, training them and then sending them back home.

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