

July 20, 2005

TRADE BITS

CAFTA "DOWN TO THE WIRE": The U.S. House will vote on CAFTA by July 28, and "if we don't act now, we'll be stuck with another job-killing trade deal like NAFTA," says the AFL-CIO's Working Families e-Activist Network (7/19). "We still have time to stop CAFTA -- but not much time. Please take a minute right now to urge your U.S. representative to vote CAFTA down." The alert notes that George Bush is "working shamelessly" to get CAFTA passed. "This deal is good for workers," Bush said Friday in North Carolina, a state that has lost about 65,000 textile and apparel industry jobs since 2001 and another 170,000 or so manufacturing jobs. The AFL-CIO says that like NAFTA, CAFTA lacks real workers' rights protections, "but it offers plenty of trade breaks to companies operating in countries that violate workers' rights. The big winners from this deal will be the corporations that profit from moving our jobs offshore while taking advantage of exploited Central American workers." The alert urges readers to communicate opposition to "the Wal-Mart of trade deals" to their Representative by going to <http://www.unionvoice.org/campaign/NOCFTA>.

DISILLUSIONED: A poll conducted by Greenberg Research for NPR finds that voters are "deeply disillusioned" with the economy, according to a summary from Greenberg (7/20). "People see multi-dimensional problems: rising health care and gas costs, shrinking benefits, lost manufacturing jobs, and big federal deficits," Greenberg says. "As a result, Republican statements about economic progress get a poor hearing. Voters respond to two fundamental critiques of the Bush economy: short-term decisions creating long-term problems; favoritism to the privileged, hurting the middle class." Only 43% of respondents approve of how George Bush is handling the economy, "eroding support for the Republicans in places where the president has run well on values, particularly non-college educated, older women and rural voters." College educated voters are "critical of the general economy but positive about their own," while high school educated voters are negative about both. Greenberg says the Democrats "have two strong narratives that dominate the Republican economic discussion: 1) tax cuts, deficits, and inaction on job outsourcing and health care that leave the economy in long-term trouble; and 2) policy that benefits the wealthiest and big corporations, while the middle class face rising economic burdens."

TRUTH DEFICIT: The weakening position of the U.S. in the global trading system "is obvious and ominous, yet leaders in politics, business, finance and the news media are not willing to discuss candidly what is happening and why. Instead, they recycle the usual bromides about the benefits of free trade and assurances that everything will work out for the best," William Greider writes in the New York Times (7/18). Trade deficits and net foreign indebtedness are at record highs, but the American establishment "is enthralled by utopian convictions - the market orthodoxy of free trade globalization" and portray America's trade problems as "an esoteric technical dispute about currency values, the dollar versus the Chinese Yuan," in a context "guaranteed to baffle and benumb citizens." Greider says "free trade" does not actually describe the global economic system. "A more accurate description would be 'managed trade' - a dense web of bargaining and deal-making among governments and multinational corporations, all with self-interested objectives." But the U.S. stands alone by defining "national interest" primarily in terms of "advancing the global reach of our multinational enterprises," Greider says. "If globalization is to continue without encountering more crisis and random destruction, governments must together shift the balance of power so labor incomes can rise in step with rising productivity and profits."

CHINA FIRST?: Ways and Means Committee Chair Rep. Bill Thomas (R-CA) told Inside U.S.-China Trade (7/20) that the China trade bill he introduced last week would come up for a vote in the House "before it considers a bill implementing a free trade agreement with Central American countries." The House GOP leadership is now planning to bring up the CAFTA implementing bill before the August recess, and congressional staffers said the China bill could be voted on as early as this week. Meanwhile, House Democrats on July 14 introduced their own China bill, and said Thomas' version

does not do enough to address the growing U.S. trade deficit with China. That bill, introduced by Rep. Charles Rangel (D-NY), would allow countervailing duty cases against non-market economies including China, and address problems the U.S. has had collecting duties against China. But it would also take other steps not included in the Thomas bill, including defining foreign currency manipulation as a violation of U.S. trade law and requiring the U.S. Trade Representative's office to pursue a WTO case against China. Rep. Sander Levin (D-MI) told Inside US-China Trade that these provisions are much tougher than those in the Thomas bill, and because many Democrats would likely see Thomas' bill as "inadequate," it might not win much Democratic support.

RICH-POOR: "While researchers have in recent years described limits to class mobility in the U.S. and decried the growing wage gap among Americans, things are much worse south of the border," the Wall Street Journal writes (7/18). The son of a Mexican blue-collar worker has only a 10% chance of landing a white-collar job, compared to 30% in the U.S., according to the Inter-American Development Bank. "Moving up the economic ladder in Mexico often means moving north of the border," the Journal writes: almost one in five Mexican men between the ages of 26 and 35 was living in the U.S. in 2000. A related column by the Journal's John Lyons says that CAFTA largely "cements temporary trade preferences Central American countries already have," doing "much less than NAFTA did" for Mexico. "Regional negotiators lacked the leverage to pry concessions from the U.S., so they won only limited gains," in sugar and textiles. The White House says CAFTA's failure would undermine regional leaders, but only two of the CAFTA nations --Honduras and Nicaragua -- qualify for assistance under the Administration's Millennium Challenge Account. CAFTA's immediate economic benefits are so nebulous," says Carl Ross of Bear Stearns, "that he says he can't incorporate them into his forecasts for the region." Lyons points to the European model of economic integration and concludes that CAFTA is "unlikely to produce such dramatic gains."

LISTEN CAREFULLY: "The U.S. has told African nations they must await a global trade deal before Washington will cut farm export subsidies, warning that failure at WTO talks in December could see subsidies extended for years," Reuters reports (7/19). At a meeting with countries eligible for benefits under the African Growth and Opportunity Act (AGOA), the U.S. sought to "explain" to African counterparts G8 commitments made earlier this month to end farm export subsidies affecting African farmers. Agriculture Secretary Mike Johanns urged African countries to work with U.S. negotiators to ensure a deal at the Hong Kong talks this December, which will bring together ministers from all 148 WTO member states. "If we do not (complete Doha) a new farm bill will be set in place for a number of years," Johanns said. The WTO's Doha round, due to be completed by the end of 2006, "virtually collapsed after talks in Mexico in 2003 failed to reach a deal on subsidies with poor countries refusing to accept concessions they said would damage their economies," Reuters notes. A related press release by the Asian Pacific Research Network notes that the U.S. agenda for the WTO at Hong Kong includes trade concessions from developing nations in manufacturing, and privatization of their service economies, "a comprehensive assault on socially progressive economic, social, environmental and labour policies."

FAITH BREAKFAST: Reps. Sherrod Brown (D-OH), Walter B. Jones (R-NC), and the Interfaith Working Group on Trade and Investment are holding a prayer breakfast tomorrow in Washington D.C/ "to reflect on trade justice" as the House of Representatives prepares to vote on CAFTA before they head home for their August Congressional recess. "Moral values arising from faith commitments compel people of faith to seek just and equitable economic relationships in all dimensions of life," says the group. "In an age of economic integration and globalization, this imperative includes how nations relate to each other in their trade and investment policies and practices. When we reflect that the world in which we live has been shaped by human hands, and that we have the power to change it, we can recognize God's call to participate in that change." Speakers who will talk on scriptures relevant to trade justice include Bishop David Albin Zywiec Sidor of Nicaragua; Father Guido Villalta of Costa Rica; the Reverend John L. McCullough, Executive Director of Church World Service; and Mary Lord of the Religious Society of Friends.

PRIVATIZATION: The U.S. supported government in Iraq "wants to launch a privatization program that will end state monopolies over industries," the Wall Street Journal reports (7/18). Adel Karim, a deputy

minister for industrial development, told an international meeting on Iraq reconstruction activities, held in Amman, Jordan, that the government wants to sell cement, brick, and pharmaceutical factories as a first step. Kamim "declined to discuss specifics or say if the oil sector may also be privatized," the Journal reported. He did acknowledge that the "security situation in Iraq is extremely bad" and that safety is a factor for businesses considering investing there. "We want to give the private sector a leading role, and that's why we want to privatize sectors owned by the state," told the Journal at a workshop cosponsored by his ministry and the American Chamber of Commerce.

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