

November 27, 2005

TRADE BITS

WTO DEBACLE?: Trade officials from the U.S., Europe, and other nations met this past week in Geneva to try to lay the foundation for a deal at the WTO Ministerial meeting December 13-18 in Hong Kong, but were unable to reach any agreement, the New York Times reports (11/23). "Peter Mandelson, the EU's top negotiator, is under pressure to sweeten an offer to cut tariffs and subsidies on farm goods," the Times reports. "In return, Mr. Mandelson wants developing countries like Brazil to open their markets to European industrial goods, in the hope that it would persuade his critics in the union, especially France, to back further cuts to farm subsidies." A related article in USA Today (11/21) says that "some trade experts fear another high-profile debacle like two of the WTO's last three ministerial meetings," also pointing to differences over agriculture as a major point of contention. "While [WTO] negotiators hammer away at the complexities of global farm trade -- a legalistic morass of budgetary 'boxes' colored amber, red, green, and blue -- soybean farmers in Iowa and cattle ranchers in Texas ponder the impact on their bottom line." USA Today says that farmers are being asked to trade the security of existing farm programs for larger export markets, but "critics, such as Public Citizen's Lori Wallach," say farmers are being asked to "chase mythical export markets." Since 2001, U.S. farm imports have increased almost three times as fast as exports, the article notes.

LEFT BEHIND: The nation's economy is in a four year expansion, but "prosperity hasn't been spread evenly," says a front page story in USA Today (11/22). "The poverty rate has risen. Wage gains are among the slowest on record. Many corporate pensions are in a death spiral. Health care costs are rising. The personal savings rate has fallen," the article says, profiling workers in Iowa, Maine, Pennsylvania, Mississippi, and Ohio who are struggling to make ends meet. "The Census Bureau says that inflation-adjusted median earnings for full time male workers declined 2.3% from 2003 to 2004," the article notes, while women's earnings dropped 1%, the second year of decline. USA Today says that these trends "have already created political problems for the White House, as polls show Americans souring on President Bush's economic policies," while "sluggish wage gains are also fueling a debate in the Congress on increasing the minimum wage." The number of Americans saying the economy is getting worse "has been hovering above 60%" in recent polls, the article notes. In a related item, the Chicago Tribune reports (11/17) that "Illinois' median family income has dropped dramatically over the last six years," falling to 1989 levels. "These income losses, coming at a time when costs are rising for everything from housing to transportation, bring into sharp relief the shift from good-paying manufacturing jobs to lower-paying service jobs," the Tribune writes.

BUSH REBUFFED: George Bush made a pitch to Chinese leaders for economic and political reform, "but there was little indication that they took his admonitions to heart," the Wall Street Journal says (11/21). "Chinese President Hu Jintao said he was well aware of U.S. concerns and was committed to tackling them, but he also made clear that they would be addressed on a Chinese, not American timetable." The Journal reports that U.S. officials "said they were making progress on several economic fronts, including China's swelling trade surplus with the U.S.," but they "offered nothing to support their claim." The New York Times (11/20) noted that in Japan prior to his visit to China, Bush said that "market-oriented economic policies would eventually lead to political freedoms in China," but that China "has moved in the opposite direction" under President Hu. "Mr. Bush arrived in Beijing amid evidence that the Chinese have little intention of giving up the currency controls that Mr. Bush has said fuel the country's trade surplus, or of curtailing China's crackdown on the media and academic and religious freedoms." In a related story, USA Today reports (11/22) that the International Monetary Fund says that China "should take advantage of its current economic strength to allow wider swings in the value of its currency." The article notes that the U.S. Treasury Department is scheduled to report this month on whether China is guilty of manipulating its currency to gain trade advantages.

KICK-OFF: Working Families Win, a project of the Americans for Democratic Action Education Fund, was launched November 15 in Waterloo IA with a panel discussion on economic injustice and how citizens can combat it, the Waterloo Courier reports (11/16). "Working class families are suffering economically in Iowa and it's time for change, said Dave Leshtz, the Iowa organizer for the project. "This is about helping people connect the dots and making sense of the economy." Much of the evening's conversation centered around the effects of Wal-Mart in the community, the Courier reported. Wal-Mart is so focused on the bottom line that it forces both

employers and suppliers into the "same race to the bottom," said David Osterberg of the Iowa Policy Project. While organizers of the panel agreed Wal-Mart isn't the only problem leading to the demise of local businesses, they called it a "major face" of the problems in today's economy. The Working Families Win project begins in Pennsylvania this coming Tuesday, November 29, with a town hall meeting in Reading PA at 7:30 p.m. at the Goggle Works Dance Studio, 201 Washington St. For more information about the Reading meeting and later events in Coatesville, Pottstown, and Norristown, contact Phila Back, southeastern PA organizer, at Phila_Back@verizon.net.

CLAIMS DEBUNKED: A recently released study by the World Bank purporting to show large economic gains from reducing tariffs actually demonstrates a net loss to developing countries from proposed "reforms," says Mark Weisbrot of the Center for Economic and Policy Research. A release from CEPR (11/22) says that the removal of all the agricultural export subsidies and domestic support programs in developed countries "would actually cause a net loss for developing countries" because "the removal of these subsidies would raise the world price" of food. "It's strange to see the potential gains from the Doha round exaggerated so vastly beyond what standard economic research indicates," said Weisbrot. "And even more puzzling that people are looking to blame France for depriving the developing world of something that this research shows to be a net loss for developing countries (the removal of subsidies)." Weisbrot added that since many developing countries are being asked to make potentially costly and risky concessions in return for tariff reduction by the rich countries, the World Bank should "accurately explain the results of its own research on the potential gains from this liberalization."

HEALTH CARE, JOBS: U.S. employers' health care costs rose only 6.1% in 2005, "one of the lowest rates of increase in recent years," because employers were successful in shifting costs to workers, the Wall Street Journal says (11/21). The Journal reports on a survey conducted by Mercer Health & Benefits, noting that "many employers opted to increase deductibles and co-payments for services and drugs, shifting costs to those who use health benefits the most." In a separate item about the U.S. economy, Daniel Gross notes in the New York Times (11/20) that 9.7% of total employment in the first quarter of 2005 was in real-estate related industries. "If the frothy regional [housing] markets go flat or if prices simply stop rising at the rates of recent years, there will surely be wide-ranging effects on consumer spending and on jobs," Gross says. Mark Zandi, chief economist at Economy.com, told Gross that if housing prices are flat in 2006 and residential investment falls, "housing is going to go from being a key contributor to the job engine to being a significant drag on job growth."

TALKS STOP: Colombia has halted trade talks with the U.S., "dashing hopes that a free trade agreement which would also encompass Ecuador and Peru could be wrapped up by year-end," the Dow Jones Newswire reports (11/23). Hernando Jose Gomez, Colombia's top negotiator, said his country wants the U.S. "to soften its position on agriculture and intellectual property" before talks can be resumed. Dow Jones notes that "the decision follows a similar announcement by Ecuador's delegation, which also walked away from the table" earlier in the week. Talks on what was billed as the "last round of negotiations" were supposed to finish November 18 but were extended "to try and bridge the differences," the article reports. Ecuador said it would return for talks in January, but Colombia said they would only restart when the U.S. came up with a new proposal. According to a poll carried out in early November by Gallup, the support of a free trade agreement fell among Colombians to 42% from 55% in August, Dow Jones notes.

DERAILER'S GUIDE: A new publication from Focus on the Global South, "The Derailer's Guide to the WTO, provides "basic information about WTO agreements, what is on the negotiating table for Hong Kong and the remainder of the Doha Round, and the main actors in these negotiations," the group says. The guide also "offers ideas about how all those committed to social and economic justice can stalemate, or derail, this latest liberalization offensive through the WTO parading under the guise of 'development.'" Download the guide at <http://www.focusweb.org/pdf/Derailersguide-final.pdf>. "If we want to protect our commons, and our rights and capacities to shape development to meet the priorities of our communities and societies, it is imperative that we prevent a new trade deal from being reached in the Hong Kong Ministerial Conference" and future negotiations, the group says.