



Starting Points

2004 Vol. 4 No. 1

Center for Reflection, Education and Action, Inc. Hartford, CT

Public Conversation in an Election Year

A recent letter to the editor in the New York Times included the phrase “Weapons of Mass Distraction.” The phrase has been used before, but it has particular relevance during this election year. The writer was referring to the attention given to issues, events or personalities that distract the public from the crucial issues that profoundly affect our financial, environmental and social security. This “distraction” practice is indeed a “weapon” in that it can be used to confound, confuse and clutter the space needed for the essential dialogues on issues that we face as families, communities and as a country.

For example, at the time that the Department of Labor was issuing its latest report on jobs, the media have focused on the Martha Stewart case. Where in the media did we read of the jobs being lost and/or created? Or of any analysis of the types of jobs lost, their associated wages and benefits, etc. in comparison to the jobs being created. We are told of an “economic recovery” without seeing the components of that recovery defined and described. It is only in the ending paragraphs that we may see some reference to the fact that this is a “jobless recovery”. And so we need to ask: Who is recovering? Who is benefiting? Who is asking the questions...and providing the answers that we have the right to expect in the media?

At first consideration, serious issues do not have the immediate sensationalism or appeal that TV or radio talk show hosts want and that attracts listeners or viewers. Yet the necessary level of technical expertise exists in the media community that could create ways of presenting the important issues affecting us all. The serious public is left with the question: Why isn't this kind of expertise used?

Media attention can be manipulated through the government's timing of the release of information, and through the appearance of high-level officials. And our attention can be and is manipulated through the writing about “clutter” rather than essentials. What are the ISSUES facing our country? What are the positions of the candidates? What are their ideas for the future? It is not essential that we know how someone is dressed, how close he/she stood to someone else, or any of the other clutter and trivia with which the media is filled. A democracy, different from any other form of government, relies on its people being knowledgeable, informed and interested.

Our responsibility, yours and mine, is to want to be informed, to be willing to respect the exploration and discussion of ideas, and to take the time to understand the options before us. While this is always a matter of concern, in an election year, when so much of the well being of us all hangs in balance, it is crucial.

The Politeness Factor

An oft-repeated phrase in many classrooms is that there is no such thing as a “stupid” question. Yet for many of us there is an inbred resistance to raising questions, issues, ideas that may seem different from those around us.

One of the first principles of Systemic Analysis is to understand what is called the “Politeness Factor” that inbred tendency to not speak, to not say, to not question. Many of us have been taught that there are certain topics about which we do not speak in public. Yet there are many definitions of being “polite” when engaged in public discussion.

Justice demands that each of us examines our earlier definitions of politeness and grow in our ability to raise questions. It is only when we are so able and so willing that we will be able to dig beneath the surface of the rhetoric with which we are being inundated and seek greater truth.

It is not necessary to know the answers before asking the questions. Questioning helps us to not accept things at face value but to understand the what and why of what we hear.

To question is an art. To question in a just and peace-filled manner takes practice. To be silent in the face of injustice is never polite.

The Social Dimension of Globalization

A Fair Globalization: Creating Opportunities for All, the report of the World Commission on the Social Dimension of Globalization, was released in February 2004.

The report is comprehensive, combining background information, relevant data, and summaries of dialogues and consultations held at national, regional and global levels around the world. It is realistic, but not pessimistic.

Sections of the report deal with the impact of globalization, its governance, reform of global governance and specific proposals for action. Because of the spectrum of both committee members and participants, the presentation is extraordinarily balanced.

In future issues of *Starting Points* we will bring to our readers' attention quotes or sections of the report that may be of special interest. In the meantime, the report can be downloaded from the web-site: www.ilo.org/public/english/wcsdg



Starting Points is a publication of CREA: Center for Reflection, Education and Action, Inc.

Executive Director
Ruth Rosenbaum, TC, PhD
Research Associate
David Bolan
Office Associate
Melisa Sherman
Editor
Kathryn Wrinn, RSM

TRADE AGREEMENTS - Trying to Get a Handle on Them

Trade agreements have existed ever since human beings started exchanging goods. Setting rules of trade enables everyone to know the terms of the agreement, what is required and what are the penalties if the rules are broken. This is sensible rules-based trade.

A trade agreement can be made between two countries, in what is called a bi-lateral agreement, as between Singapore and the U.S. An agreement may be reached that is regional, as among the U.S., Mexico and Canada, or among the countries as in the Central America Free Trade Agreement. Or an agreement can be multi-lateral as the 1995 Marakesh Agreement that created the World Trade Organization (WTO) and now has 146 member nations.

The goal of the WTO members is the opening of the markets of all countries to the goods and

services of other countries and their representatives, while sacrificing the ability to protect their own national providers of these goods and services.

The WTO calls for the gradual reduction and eventual elimination of the tariffs—and “non-tariff barriers” — that countries have historically applied to goods from another county in order to protect their own industries and agriculture from competition. Allowing goods and services to flow freely is, according to the WTO, “free trade.”

The WTO member nations, through their legislative ratification of the agreement in 1995, agreed that in an era of globalized economy, an international rules-based system, with the legal right to impose financial sanctions, was needed for the orderly conducting of trade.

The WTO agreement expanded the concept of trade in goods to include trade in services. The agreement now inserts itself into nearly every aspect of people's lives. Services are also included in bilateral and regional trade agreements, agreements that also permit companies to sue governments, as the North America Free Trade Agreement does in Chapter 11.

Trade agreements are straightforward when parties to the agreement are equal in power and resources. Often that is not the case. Wealthier, more powerful nation negotiate the rules to their benefit.

Poorer, less technologically or educationally sophisticated nations continue to be at a huge disadvantage. These nations need to be part of the

“The world trading system is the linchpin of today's global order — underpinning its security as well as its prosperity.”

World Trade Organization Director General
Supachai Panitchpakdi, in a speech to the
National Press Club Washington DC 26

global economy, but they do not have the economic power or the

sophisticated legal resources needed in negotiating. They are also vulnerable to retaliation, the withholding of funding assistance.

The final advantage in the trade negotiations goes to the transnational corporations. Through contributions, heavily funded lobbying, and their presence as “experts” on negotiating committees, these corporations have extraordinary influence over the negotiations of their governments.

Absent from negotiations are the voices of workers, indigenous peoples and environmentalists. They have been relegated to advisory committees, or invited to submit papers. We need to insist that they be heard, as ratification of new trade agreements comes before Congress for ratification by Congress.

THE BUDGET DEFICIT AND THE NATIONAL DEBT

Keeping Them Straight—Acting on the Knowledge

The deficit in this year's national budget is projected to be \$521 billion, over a half trillion dollars. Hard to get one's mind around, isn't it? It may help to relate it to ordinary experience.

A deficit occurs when one does not take in enough money to pay one's bills. When this happens, the result is a budget *deficit*. This is not an uncommon experience for ordinary individuals and families in the U.S.

What do they do then? Many use credit cards, or take out loans, thereby incurring future *debt* to cover the present *deficit*. Then they not only have to repay the debt, they also have to keep up interest payments on the debt. The budget *deficit* has gone into the DEBT category, with interest.

On the federal government level, the same process occurs. When the government authorizes spending more money than it will take in, this is a budget *deficit*. In order to have money for its expenditures the government has to borrow. Borrowed money is DEBTowed to the lender, and has to be repaid with interest.

Government borrowing takes the form of Treasury bills, notes and bonds that come due at different times. Except for individual savings bonds, they can be sold by the original purchaser to other buyers.

Lenders include investment companies, governmental agencies investing pension or trust funds, domestic and foreign banks and financial institutions, foreign governments, and individual investors.

The federal DEBT that is called Public DEBT is what the federal government incurs...not counting the Treasury securities held by U.S. departments and agencies.

Government securities are considered good investments since the lenders can be reasonably sure that they will get back their money, with interest, when the bonds or notes come due. However, if a country's economy weakens, investors can lose confidence and decide to invest their money elsewhere.

This situation makes any borrowing country very vulnerable to the lending governments or foreign financial institutions, since its ability to continue to operate depends on the willingness of the lenders to lend. At the end of 2003 foreign ownership of the U.S. public DEBT was 37.3%

At the end of the first quarter of 2004 the U.S. debt stood at \$7,009,235,000.
That's seven trillion dollars.

The total interest on the debt for the same four months was \$128, 043,752,651
*That's 128 billion dollars in interest alone. **

Who can honestly say that budget deficits don't matter when they result in a national debt of this size ?

Analytical Perspectives, Budget of the United States Government, Fiscal Year 2005, Office of Budget and Management. www.whitehouse.gov/omb/budget/fy2005
* Table 15-1, page 223
Foreign ownership of the public debt: Table 15-6, page 235.

Some economic and political analysts brush off the budget *deficit* by predicting that in *x* number of years the economy will improve and the budget will be balanced. Even if this occurs, the deficits will have added trillions to the DEBT.

This is the DEBT of future generations. For their sake we need to monitor the giving of tax breaks, subsidies, and incentives, and we must insist that the record keeping of our government is up to accounting standards. We must insist on budgets that are balanced in a fair and humane manner, not on the backs of those who are poor and vulnerable.

Comptroller General's Disturbing Letter

By law the U.S. General Accounting Office (GAO) is required to audit the financial statements of the U.S. government. It released its report on the consolidated financial statements of fiscal years 2003 and 2002 on February 27, 2004.

The cover letter of the Comptroller General reveals a deep concern, despite its measured, understated tone. His words are of exceptional importance as public concern grows over U.S. fiscal problems

The Comptroller General states that "material weaknesses in internal controls and in selected accounting practices" prevented the GAO from providing U.S. citizens with its opinion that the statements are in conformity with generally accepted accounting principles.

The cover letter summarizes the "material weaknesses." It cites the Department of Defense as "high risk", meaning "vulnerable to waste, fraud, abuse and mismanagement."

As our nation searches for ways to discipline our expenditures, these words point to an area that deserves our critical attention.

The report is available at <http://fms.treas.gov/fr>

Acting for Justice

The Deficit and the Debt

www.publicdebt.treas.gov

Monthly statement of the public and the “statutory” or whole debt that includes debt to government agencies, such as agency trust funds like Military Retirement and Social Security. Checking on this site lets you know what the U.S. debt is to the penny.

Share the information with your friends.

www.whitehouse.gov/omb/budget/fy2005 The U.S. Budget site. The *Analytical Perspectives* portion of this website provides excellent, informative data on the 2004 and 2005 budget and debt. The analysis is presented from the perspective of the present administration.

Alternative Sources of Information

Many non-profit organizations that focus on a particular issue provide an on-line listserv. These are often credible sources of information. Here are some websites that may be helpful in subscribing to a listserv.

www.ictsd.org The International Center for Trade and Sustainable Development.
Bridges Weekly Trade News Digest

www.cpath.org Center for Policy Analysis on Trade and Health

www.fair.org Fairness and Accuracy in Reporting

www.ilo.org International Labor Organization

CREA: Center for Reflection, Education and Action, Inc.

Mailing Address:
CREA, Inc.
P.O. Box 2507
Hartford, CT 06146-2507

Tel: 860-527-0455
FAX: 860-216-1072
e-mail:
crea-inc@crea-inc.org

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“Believing that the earth is home to all, CREA facilitates analysis of human, social and economic policies from the perspective of their effects on human lives, beginning with the lives of those who are poor.”

CREA: Center for Reflection, Education and Action, Inc.
P.O. Box 2507
Hartford, CT 06146-2507

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“There is no point to a globalization that reduces the price of a child’s shoes, but costs the father his job.”

Participant in dialogue
in the Philippines,
quoted in
*A Fair Globalization—
Creating Opportunities for All*
Report of the World Commission on
the Social Dimension of
Globalization
2004