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Europe To Fund Individual Researchers Through NSF-Style Program

The European Union has created its own version of the National Science Foundation, funded at $1 billion a year, to invest in innovative research. The European Research Council has become the first pan-European funding agency for frontier research. As an autonomous scientific agency it will provide research funding to individuals and teams competing from all EU countries. Excellence will be the "sole criterion" for awards, says Laurent Bochereau of the European Delegation to the United States.

The program "will provide the first opportunity for individual research teams to compete on a European level, rather than on a national level....and will encourage proposals in new and emerging fields and high-risk, high-gain ideas."

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One Last Look At The Midterm Election: Democrats Rode Into Office On Strength Of Trade & Middle-Class Economic Issues

NAFTA and CAFTA are alive and well, and have become a potent political force. "Right after the CAFTA vote [last year], prominent pundits said it was not going to play a role in any [congressional electoral] race," says Todd Tucker, research director of the Public Citizen's Global Trade Watch. Mickey Cantor, the U.S. Trade Representative in 1994, said that NAFTA's passage would have a political half-life of a week.

But NAFTA, CAFTA and "free trade" played a prominent role in 30 House races and seven Senate races won by Democratic challengers over Republican incumbents. Virtually every Democratic challenger ran against the Iraq War, but the difference between candidates who won and lost was decided upon by how strongly they emphasized fair trade and middle-class economic security issues.

"War criticism was a necessary but insufficient basis for electoral support," writes Tucker and fellow Trade Watch analyst Chris Slevin in the latest issue of The Democratic Strategist. "Anyone who thought that merely being opposed to a war of choice that is costing American lives would carry the day was proved wrong. The difference between the war-critic Democrats who won and the war-critic Democrats who lost was largely the economics issue."

In both Senate and House races, not a single fair-trade proponent was ousted by a free trader.

Tucker and Slevin assessed the Democratic challengers running against incumbents in competitive districts on their fair trade platforms and graded them on a scale from A to F. It found that 73 percent of the challengers with the highest grades in support of fair trade (A or A+) beat the incumbent, whereas 72 percent with grades of B, C, D and F lost their challenge.

Tucker and Slevin then compared the record of those taking aggressive stances on fair trade and middle-class economics against the results of key races supported by the Democratic Congressional Campaign Committee. The majority — 11 out of 20 — of the DCCC's top candidates lost their election bids, even though the Democratic group targeted what it considered to be "winnable" races. All of the losers scored low on the Global Trade Watch fair-trade index. Of the nine DCCC candidates who won, six

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GAO Finds Federal Commitment To Energy R&D Drops By 85 Percent

The Department of Energy's budget for energy research and development fell by 85 percent between 1978 and 2005, according to the Government Accountability Office. Despite repeated calls for energy independence, the United States has become even more dependent on foreign sources of energy supplies during that period. Foreign oil now accounts for 65.5 percent of consumption, up from 40 percent in 1980.

Funding for energy R&D has dropped in real terms from about $5.5 billion in 1978 to $793 million in 2005. "As funding has shrunk, DOE's R&D focus has narrowed," says GAO. Moreover, the energy R&D budget has been "subject to growing congressional earmarks in recent years."

The Energy Department's R&D programs have led to incremental improvements in energy technologies, but there needs to be a "dramatic change" in policies in order for the United States to become more energy independent and overcome challenges in commercializing renewable and advanced nuclear power generation technologies.

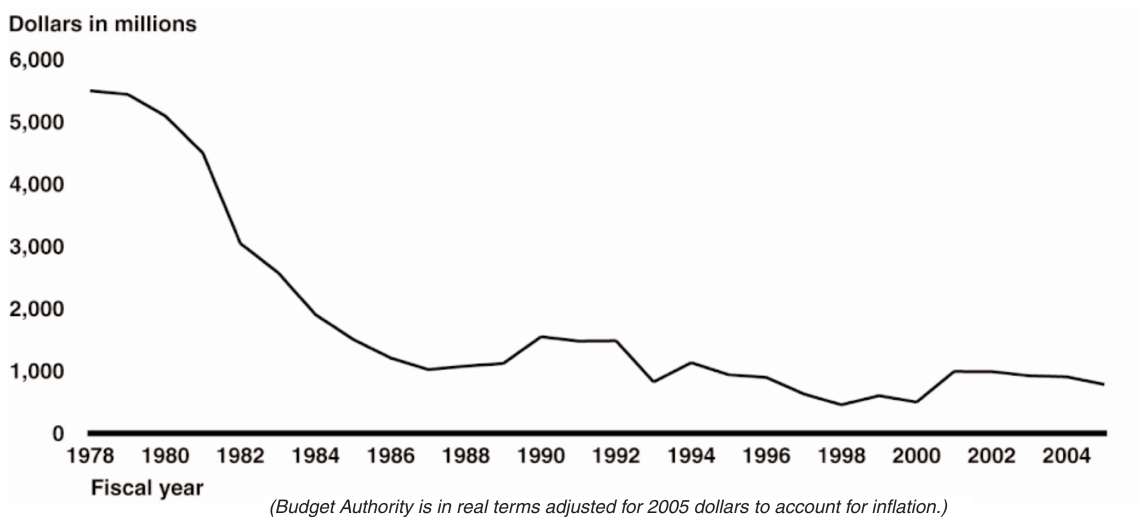
Other countries are embracing renewable energy technologies, and their efforts are paying off. Brazil has eliminated its need to import oil for gasoline due to price subsides to stimulate its ethanol industry. Denmark's policies have resulted in that country generating 19 percent of its electricity from wind. "Denmark's support of wind energy has also created a thriving domestic wind turbine industry, which grew from about 200 megawatts to more than 3,000 megawatts in annual global sales over the past decade," says GAO.

Germany's goal of having 4.2 percent of its total energy generated from renewable sources by 2010 has already been exceeded, with renewables accounting for 4.6 percent of consumption in 2005. Japan's policy of subsidizing solar on rooftops has resulted in solar installations on 253,000 homes, with the price of solar being cut by half.

In the United States, virtually all new energy technologies face technical difficulties and financial risks in gaining market acceptance. "The market has been slow to embrace advanced energy technologies because they typically are not economically competitive with conventional energy sources such as oil, natural gas and coal," says the GAO. "In part, this is because the prices U.S. consumers pay for conventional energy do not reflect their true costs, including the costs of certain adverse economic impacts; economists refer to these hidden costs as negative externalities. For example, we continue to rely on electricity generated from coal-fired plants because coal is plentiful and inexpensive in the United States. However, carbon dioxide emissions from coal-fired power plants — a key concern for global warming — are not currently regulated, and thus potential environmental costs associated with global warming are not reflected in the electricity prices that consumers pay. In contrast, renewable energy sources such as wind farms and nuclear reactors do not produce carbon dioxide emissions in generating electricity."

The 78-page report, "Department of Energy: Key Challenges Remain for Developing and Deploying Advanced Energy Technologies to Meet Future Needs" (GAO-07-106), is available at http://www.gao.gov/new.items/d07106.pdf.

Budget Authority for Renewable, Fossil and Nuclear R&D



(Budget Authority is in real terms adjusted for 2005 dollars to account for inflation.)

NAM President Meets With Domestic Manufacturers And Defends NAM's Policy-Making Process

The National Association of Manufacturers continues to confront a group of domestic manufacturing members upset with a perceived lack of willingness to pursue their interests over those of large multinationals. At a January 9 meeting in Washington, NAM president John Engler met with 20 to 30 members of the Domestic Manufacturing Group (DMG) who have questioned whether the policy process within NAM is stacked against them. According to half a dozen people who were present, one of whom requested that his comments not be used in any way, Engler was a bit short-tempered over the claim that he broke rules in order to assure that NAM would not endorse legislation intended to force China to stop manipulating its currency. He told the group that he has a reputation for being straight with people and wasn't pleased of being accused otherwise.

BY RICHARD McCORMACK

Engler also expressed anger over the rise of new trade associations that intend to represent only the interests of domestic manufacturers and potentially siphon off NAM's members. He was brandishing a press release from the recently named Tooling, Manufacturing & Technologies Association (TMTA), formerly the Michigan Tooling Association, which claimed that Engler has "betrayed" NAM's domestic manufacturers. He is said to have made disparaging remarks about the announcement which stated: "Clearly NAM is not representing the interests of domestic manufacturers who happen to be NAM's core constituency."

Members of the DMG left the meeting a bit shaken by the affair. "The meeting was NAM leading with their left hook when addressing a group of its own members," wrote Burl Finkelstein of Shenandoah, Ga.-based Kason Industries to NAM senior vice president of communications Pat Cleary and distributed to members of the DMG. "It was extremely misplaced aggression by the NAM executive to be directed at negating the fact that domestic manufacturers may have an issue with NAM policy or a dissenting viewpoint of NAM process."

Others said the combative tone taken by Engler might have helped the new groups that are being formed. "If you want to chase people away, that was a good way to do it," says one participant. "There was no meeting of the minds on procedural issues and the Governor said he did nothing wrong. The sense that I got is [the DMG] is more trouble than it's worth. NAM might do well to lose the 79 members — so go." Another attendee said Engler "didn't open an opportunity for peace, closure or compromise. It's more of the same NAM stuff."

NAM executives feel it's difficult to placate the small group of domestic manufacturers. The group has been unable to persuade NAM to endorse the Hunter-Ryan currency manipulation bill (HR-1498), which did not pass Congress last year despite having about 170 co-sponsors, about half of whom were Republicans. Some of the manufacturers associated with the DMG are not even NAM members and others can't be viewed as being allies, say NAM officials.

The dispute revolves around a June 27, 2006, meeting of NAM's International Economic Policy Committee. Members who were in attendance either in person, by a hired Washington representative or via phone voted in favor of recommending that NAM lobby Congress in support of passage of the Hunter-Ryan bill.

It turns out that the majority of people in the room (43) voted against endorsing Hunter-Ryan, while 38 voted in favor. But 37 members on the phone voted in favor, providing the DMG with a significant, though short-lived victory. "If you can pack a meeting you can get it to turn out however you want," says the NAM official.

Most of NAM's policy positions get approved without much fanfare, meetings or gnashing of teeth. But not this one. On September 28, the recommendation from the committee was overturned by NAM's board of directors by a vote of 55 to 25. There are 50 small- and medium-sized manufacturers on the NAM board meaning only a minority of them voted for the resolution. Two weeks prior to the board meeting, Engler had distributed to board members a legal brief that

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Mfg. Jobs Continue Long-Term Decline

It was another down year for manufacturing employment, despite the fact that the economy created 1.8 million new jobs. The total number of manufacturing workers dropped by 72,000 in 2006, and settled at 14.15 million, according to the Bureau of Labor Statistics. The number of people working in the service side of the economy grew by 1.03 million to 113.9 million. There were 22.125 million people working for the government, down 97,000 from 2005. The total number of people who were eligible but were not in the labor force was 77.3 million. Total number of people employed in the United States was 146 million, or 63 percent of the eligible workforce. The number of unemployed was 6.8 million at the end of December. The full report is available at ftp://ftp.bls.gov/pub/news.release/empsit.txt

Europe Creates NSF...

(Continued from page one)

The new organization is part of the EU's recently inaugurated "Seventh Framework" research program, which includes provisions for cooperative programs with U.S. researchers. It will also fund European researchers to work in U S. laboratories, as well as with providing European researchers who have been working outside of Europe for at least three years with funding to return and do their work in Europe.

Overall funding for the Seventh Framework program represents a 41 percent budget increase from the previous "Sixth Framework" initiative. Between now and 2013, the Seventh Framework budget will more than double, to about $11 billion a year. A total of $70 billion is expected to be spent developing new technology. The program "will put more money on technologies of the future, and less on technologies of the past" such as agriculture, said European Commission U.S. Ambassador John Bruton.

"Many in the U.S. [research community] would be happy to know what their budget [will be] seven years out," said Bruton. Added NSF director Arden Bement: "Sustainability of research and support is more important often times than the amount of money."

For information on the specific funding levels for the research subjects to be pursued in the Seventh Framework program, along with solicitation announcements, go to http://ec.uropa.eu/research /fp7/.

Mfg. Task Force In Congress Gears Up

The House Task Force on Manufacturing is gearing up for operations during the new session of Congress. The group, hosted by the Northeast Midwest Institute in Washington, D.C., has a new co-chair, Rep. James Walsh (R-N.Y.), who joins the three other co-chairs: Reps. Mike Doyle (D-Penn.), Steven LaTourette (R-Ohio) and Marty Meehan (D-Mass.).

The task force also has a new coordinator: Katie Waskiewicz, who joined the Northeast Midwest Institute in September from the offices of retired Rep. Sherwood Boehlert (R-N.Y.), former chair of the House Science Committee.

The House Task Force on Manufacturing lost 15 members due to retirements and losses in the November elections, and the group's first task is to mount a membership drive to at least replace those who left. "We'd like to grow by more than 15," says Waskiewicz.

The bipartisan task force will address tax, trade and educational issues aimed at improving the nation's manufacturing competitiveness. To view the membership rosters of the House and Senate Manufacturing Task Forces, go to http://www.nemw.org and click on "About Us."

NAM's Policy Making Process...

(From page three)

questioned the efficacy of the Hunter-Ryan bill. A few days later, Engler sent a letter to board members which supported the pro- Hunter-Ryan forces. DMG members said the first brief made a specious argument and gave the impression that Engler was picking sides and lobbying against it. Big multinational companies like Caterpillar had expressed displeasure with the prospect of NAM endorsing the Hunter-Ryan bill, and some even threatening to quit NAM if the DMG-backed vote of the IEPC prevailed.

In the January 11 meeting, Engler insisted that both he and NAM played by the rules and asked the DMG members to tell him where NAM parted with its policy-making policies. DMG members said NAM's constitution might be at fault, and that if they were to bring the issue to a vote of the entire membership, it's likely that members would support the efforts of the DMG. But that's not the way NAM sets policy, Engler said.

The tit for tat has been going on for years now. Most of the members of the DMG insist that they're going to hang in there, to see if they can convince NAM to endorse legislation addressing currency manipulation. Without NAM on board it's hard to get much accomplished legislatively, they say. But others have had enough.

"I understand Engler's position and NAM's position," said one attendee at the meeting. "We were given an audience. They agreed to do that and they did that, so you can hardly fly in their face and say they are wrong. I was disappointed in the tenor of the meeting and I think NAM was disappointed. Nobody likes to have that conflict, but I don't want to be wasting any more time. I've made a conscious decision that we have made our best efforts to influence NAM and at this point we have our result, and we need to motor on."

Finkelstein in his e-mail to Cleary stated: "The fact that NAM has a large group of members who have a concern is an issue that NAM leadership must address if they want to maintain membership. Rather than criticize members who have left and who have started alternate trade associations, NAM should see this as a wake up call. Loss of a large number of domestic manufacturer members will seriously erode the NAM being able to present the organization as the voice of manufacturing. There have been several articles in the media over the past few years about a growing rift in NAM. Our meeting certainly did not quell any rumors of the rift, nor did it address any of the causes."

The trade issue is "absolutely the 'sine qua non' for domestic manufacturing," says Finkelstein. "Without fair trade policy being advocated we will have little need for any of the other issues on the NAM agenda."

In his reply to Finkelstein, Cleary said NAM understands that a "small group of our members is not happy with our position on Hunter-Ryan, but I hope what came through at the meeting was that despite your disagreement, we followed all our procedures and Constitution. As for our position on China's currency, we are united."

Steel Industry Tells DOD That Health Of U.S. Mfg. Sector Is Essential For National Security

The U.S. Department of Defense is dependent on a healthy commercial steel industry for the production of its many weapon systems, according to the major U.S. steel trade associations and the United Steelworkers Union. "If we continue to lose our manufacturing base due to market-distorting foreign competition or U.S. economic policies that are hostile to domestic investment and U.S.-based manufacturing, it could become impossible to produce here," say the groups in a 28-page study. "The U.S. military would lose its principal source of strategic metals and we as a nation would become dangerously dependent upon unreliable foreign sources of supply."

China poses a significant threat to the steel industry, and its overcapacity and subsidized production could adversely impact the U.S. military, according to the paper prepared by the American Iron and Steel Institute, the Specialty Steel Industry of North America, Steel Manufacturers Association and the United Steelworkers. "Any discussion regarding the importance of steel to national security must take into account the growing impact of China on the U.S. steel industry," says the white paper.

By the end of last year, China was producing at a rate of 500 million metric tons per year, "far more than the next three largest world steel producers combined," say the groups. China became a net steel exporter in 2005, and by the end of last year it had become a major steel exporting nation, with total exports reaching almost a 60-million-ton annual rate. The country is expected to add another 200 million tons of capacity over the next three years, far exceeding its domestic demand and ensuring that it will be a major steel exporter.

China's growth is the result of a myriad of unfair subsidies, manipulation of its currency, financial incentives for foreign investment, lack of enforcement of environmental, health and safety regulations and a government-directed economic system.

"Given the importance of steel to U.S. national security, it is vital that America does not become dangerously dependent on offshore sources of supply," state the four U.S. steel groups. "Yet, the growth of the Chinese steel sector gives rise to such concerns. U.S. economic policy toward China and in particular towards its steel sector, must be considered in the context of our own domestic steel industry and the national security consequences of allowing the U.S. steel industry to become the victim of a foreign government-directed industrial policy that has already targeted the U.S. market from the standpoint of access to raw materials, technology and greater market share."

The U.S. steel industry produces $60 billion a year in steel and specialty alloy products, and employs 160,000 workers. Most of the industry's output is sold to commercial companies, and only a small percentage is destined for use in military applications such as submarines, aircraft carriers, missiles, tanks and field artillery pieces. Steel intended for defense applications is usually produced on the same production lines with the same workforce and engineers as steel being produced for the commercial market.

"It is the overall financial health of U.S. steel producers, and not simply the profitability of their defense business, that is essential to their ability to be reliable defense suppliers," the four groups point out. "If the U.S. is to maintain its strategic capability to produce steel and other strategic metals critical to the national defense, it must pursue economic policies that encourage continued investment in the United States in both manufacturing and technology."

It is essential to create an economic environment in the United States that is attractive to investment in manufacturing plants by multinational companies. These companies have the option to move their investment to other countries. "It is not necessary or even desirable to stop investment overseas by multinational companies," say the steel groups. "It is only necessary to create an environment that encourages significant ongoing investment here."

The bottom line is a "simple one," the four groups state. "Many of the problems related to inappropriate foreign government interventions that have plagued the world steel industry for decades remain unsolved today. In certain cases, they may have become even worse. Continued foreign government interventions in the marketplace put the stability of the domestic steel sector in serious jeopardy and portend potentially escalating trade frictions."

> *"It is the overall financial health of U.S. steel producers, and not simply the profitability of their defense business, that is essential to their ability to be reliable defense suppliers."*

For a copy of the 28-page report titled "Steel and the National Defense," go to http://www.ssina.com/news/releases/pdf_releases/steel_and_national_defense_0107.pdf.

EIA Estimates Costs Of A Cap-And-Trade Emissions System

A federally mandated cap-and-trade system for regulating greenhouse gas emissions could generate tens of billions of dollars for the federal government but could be costly to consumers, according to the Energy Information Administration. A phased-in system that charges $7 for each metric ton of carbon dioxide emissions in 2012 and increases 5 percent a year over the projected rate of inflation could boost the average delivered price of coal to power plants from $1.39 per million Btu to $2.06 in 2020, an increase of 48 percent. By 2030, the cost could reach $2.73 per million Btu, an increase of 81 percent.

The cap-and-trade system could generate up to $50 billion in revenue to the federal government by 2017. This money would be deposited in the proposed Climate Change Trust Fund. But if a "full auction" cap-and-trade system is implemented "the revenues flowing to the government are much larger, resulting in a $200-billion reduction in the federal deficit in 2030," says EIA.

A cap-and-trade emissions control system would likely slow the use of coal to a 23-percent growth rate between 2004 and 2030, less than half the 53-percent increase projected without the system. Nuclear power would benefit, as would renewable energy generation, which would grow significantly from 358 billion kilowatthours in 2004 to 823 billion kilowatthours in 2030, far more than the 559 billion kilowatthours projected without the program in place.

The price of gasoline would increase by $0.11 per gallon in 2030.

For a copy of the report "Energy Market and Economic Impacts of a Proposal to Reduce Greenhouse Gas Intensity with a Cap and Trade System," go to http://www.eia.doe.gov/oiaf/servicerpt/bllmss/pdf/sroiaf(2007)01.pdf.

Emissions Legislation Is Popular In Congress

Eleven Democratic senators have introduced legislation calling for reducing greenhouse gas emissions by 80 percent below their 1990 levels. The Global Warming Pollution Reduction Act introduced by Senate Environment and Public Works Committee Chair Barbara Boxer (D-Calif.) and Sen. Bernie Sanders (I-Vt.) calls on the United States to cut emissions by 2 percent each year from 2010-2020 to reach 1990 levels. Emissions would then be cut 26 percent below 1990 levels by 2030, 53 percent below 1990 levels by 2040 and 80 percent below 1990 levels by 2050.

The goal is to keep atmospheric concentrations of carbon dioxide at or below 450 parts per million, thereby providing humans with a "good chance" of holding global average temperature increases below 3.6 degrees F., say the senators. Staying under the 450 ppm threshold requires cutting global emissions by roughly half of today's levels by mid century.

The bill includes provisions to increase use of renewable energy, improve energy efficiency, test carbon capture and storage technologies and reduce emissions. The bill's nine other sponsors are Patrick Leahy (D-Vt.), Edward Kennedy (D-Mass.), Robert Menendez (D-N.J.), Frank Lautenberg (D-N.J.), Jack Reed (D-R.I.), Daniel Akaka (D-Hawaii), Daniel Inouye (D-Hawaii), Russ Feingold (D-Wisc.), and Sheldon Whitehouse (D-R.I.).

Meanwhile, Senate Foreign Relations Committee Chairman Joe Biden (D-Del.) and ranking minority member Richard Lugar (R-Ind.) are co-sponsoring a resolution calling on the U.S. government to return to international negotiations on climate change. "The climate has changed outside and the climate has changed in the halls of the Senate, where the causes and consequences of global warming — and how we should respond — will be a major concern of this new Congress," says Biden. The resolution calls for U.S. participation in negotiations under the United Nations Framework Convention on Climate Change, signed by the first President Bush. India, China and other developing nations would be involved in "a dynamic dialogue, which recognizes that a one-size-fits-all approach is not workable," said Lugar. It calls for a bipartisan Senate observer group to monitor the talks.

NOAA Describes Warmest Year On Record

Last year was the warmest on record for the United States, according to the National Oceanic and Atmospheric Administration (NOAA) Climate Data Center. The 2006 annual average temperature was 55 degrees F, or 2.2 degrees F. above the 20th century mean and 0.07 degrees F. warmer than the previous record year of 1998. The rise of El Nino conditions contributed to the record warmth along with global warming associated with greenhouse gas emissions, says NOAA.

Last year was not on pace to be the warmest on record, but December temperatures spiked upward. During that month, Boston was eight degrees F. above normal, and Minneapolis was 17 degrees F. above average. Five states had the warmest December on record: Minnesota, New York, Connecticut, Vermont and New Hampshire. No state was colder than average in December. For the year, "all 48 of the contiguous states were either record warmest, warmer or much warmer than average," says NOAA.

The western part of the United States had its warmest summer on record, and many locations from the West Coast to the Central Plains broke records for the most days above 90 degrees and 100 degrees F. "All-time record high temperatures were also set, breaking records which had stood since the 1930's Dust Bowl era," says NOAA.

Globally, last year was the fifth warmest on record with temperatures 0.95 degrees F. above average; land temperatures were 1.4 degrees F. above the average, and ocean temperatures were 0.81 degrees F. above average.

"U.S. and global annual temperatures are now approximately 1.0 degree F. warmer than at the start of the 20th century and the rate of warming has accelerated over the past 30 years, increasing globally since the mid-1970s at a rate approximately three times faster than the century-scale trend," says NOAA: http://www.noaanews.noaa.gov/stories2007/s2772.htm.

Last Look At Election...

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received A-pluses in the Global Trade Watch fair trade index.

Democratic House candidates that did not stress fair trade and middle-class economics issues did not do well even in districts that were easily won by Democratic Senate candidates on the same ballot who were stressing the issues. Had these losing candidates focused on fair trade issues, the Democrats could have won an additional 10 to 20 seats in the House, says Tucker.

In contrast to the DCCC, fair trade groups "looked beyond the party leadership's top tier and focused on promoting and lending organizing resources to Democrats who recognized the failures of the NAFTA-WTO model and actively embraced a fair trade message," says Tucker. "While several of these races were not deemed winnable by leaders in Democratic circles, nearly all of these candidates ended up winning or coming very close to winning."

The Democratic Congressional Campaign Committee seemed unwilling to embrace the deciding issue in the campaign. In one "winnable" race in Pennsylvania, the DCCC put its money on Democratic challenger Lois Murphy in a bid to unseat Republican Jim Gerlach in the Philadelphia suburbs. "Efforts to run a trade-specific get-out-the-vote program were not met with enthusiasm from the DCCC or Murphy camp," says Tucker. The result: Murphy lost by one percentage point. Yet across town, another Murphy — Patrick — was taking a run for a seat held by Republican Mike Fitzpatrick, a CAFTA supporter. The DCCC did not expect Murphy to win, but he pulled off an upset, due to a campaign that "prominently and aggressively advocated fair trade and hammered Fitzpatrick for his CAFTA vote," says Tucker.

A grass-roots effort by fair-trade activists helped put many of the Democrats over the top. The recently created Citizens Trade Campaign sent trade policy questionnaires to dozens of candidates and then endorsed 15. It sent organizers to seven of their campaigns and provided financial support for the remaining eight. It developed fair trade media campaigns aimed at independent voters. "In the end, 12 out of the 15 CTC political action committee's candidates won their races, with a thirteenth race — Democrat Larry Kissell's challenge of CAFTA and fast track flip-flopper Robin Hayes (R-N.C.) in what should have been a solid GOP district — lost by just a few hundred votes."

Republicans who embraced a fair trade agenda, such as Reps. Walter Jones of North Carolina and Virgil Goode in Virginia, had no problems being re-elected. There were some instances, such as Heath Shuler's win over Rep. Charles Taylor in North Carolina, "where challengers were able to out fair-trade the incumbent," says Tucker.

Some of the 15 Democrats who voted in favor of CAFTA — the so-called CAFTA 15 — faced some of the toughest battles they have had as incumbents, despite it being an easy year for Democrats. Rep. Ed Towns in Brooklyn, N.Y., received the lowest margin of victory in his life, receiving less than 50 percent of the vote in a race he likely would have lost had it not been a three-way affair. Rep. Melissa Bean of Illinois was on the defensive as well, with challengers who made an issue of her CAFTA vote. Democratic free traders "were in for a very tough race where they had to spend a lot of money" to retain their seats, says Tucker.

Despite the success of the fair traders, "there is some evidence that top Democratic Party officials may not understand the voter mandate for change on trade policy," says Tucker. "Ninety-two Democrats voted for a lame-duck session measure that will subject the U.S. labor force to more low-wage competition from Vietnam, while several incoming Democratic committee chairs have hinted that they might pursue a more-of-the-same trade policy.

"There is a real sense that after several decades of NAFTA-style policy the impacts have been felt throughout the economy and the voters," says Tucker. "I don't hear any Democratic or Republican strategists saying that endorsing a [NAFTA-style economic policy] is a winning issue. Nobody came out and endorsed free trade. Even Joe Lieberman was running from it in Connecticut. Even ones who were for free trade were distancing themselves from their own records."

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What happens next? The fair trade movement is going to have to make positive proposals that are not damaging to the U.S. economy, says Tucker. They must involve those who believe in free trade in developing a better system, "because nobody is against trade," says Tucker. "It's about having specific rules of trade."

To view the analysis by Tucker and Slevin entitled "The Fair Trade Sweep," which includes the list of 37 new members of Congress winning on the fair trade agenda, go to http://www.thedemocraticstrategist.org/0701/slevintucker.pdf.

Retaining Employees Is A Growing Challenge

Only one out of four employees is happy with their job and the remaining three are looking for a new one, according to a survey by the Society of Human Resource Management (SHRM). Twelve percent of employees voluntarily quit their jobs in 2006, says the society's annual U.S. Job Retention Poll. Fifty percent of the HR professionals report that their organizations implemented special retention processes in 2006, up from 35 percent in 2004.

"HR professionals have found that promoting qualified employees, offering competitive merit increases and salary adjustments, and providing career-development opportunities are among the best employee-retention strategies," says the society, which has 210,000 members. "Although salary increases often are perceived as the most valuable incentive for employees to stay with their current jobs, they also are among the most difficult to provide because although the economy is improving, organizations are still somewhat cautious to increase spending."

The top three reasons employees voluntarily leave are to find a better paying job (30 percent), a career opportunity elsewhere (27 percent) and dissatisfaction with the potential for career development in their current position (21 percent).

"Compensation alone is not sufficient for a complete retention strategy," says Susan Meisinger, president of SHRM. "Career-development opportunities and work/life balance are also important, and employers must consider these types of benefits in their retention practices if they want to maintain or increase retention at their organizations."

Ehlers Dusts Off Mfg. Extension Legislation

Manufacturing legislation that has gone nowhere for the past two years has been reintroduced in the House of Representatives. The Manufacturing Technology Competitiveness Act (HR-255) is intended to help address "long-term problems facing our nation's manufacturers by coordinating existing federal manufacturing programs, creating a new program to revive manufacturing innovation through collaborative research and development, and broadening and strengthening manufacturing extension programs," says bill sponsor Vernon Ehlers (R-Mich.).

The bill would authorize $120 million in funding for the Manufacturing Extension Partnership program in 2008, along with $1 million for the MEP to run a competitive grant program. MEP's funding would increase to $125 million in 2006, with the grant program boosted to $4 million. The bill would also authorize $505.3 million in 2008 for the National Institute of Standards and Technology's laboratories, rising to $556 million in 2009 and $611 million in 2010. To read the provisions of the bill, go to www.congress.gov and type in the bill number.

This Might Be The Year For Earmark Reform

Legislative earmarks, which tallied almost $60 billion last year, might soon see the light of day prior to their congressional approval. An amendment offered by Sen. Jim DeMint (R-S.C.) requiring disclosure of all earmarks on the Internet 48 hours before they are approved by committee, passed the Senate by a vote of 98 to 0. A similar reform offered by House Speaker Nancy Pelosi (D-Calif.) passed the House earlier this year.

DeMint's amendment requires the disclosure of all earmarks contained in report language to appropriations bills, where 95 percent of earmarks are contained. The original Senate bill did not contain this definition and therefore excluded 95 percent of all earmarks, says Sen. Tom Coburn (R-Okla.) The amendment requires disclosure of earmarks for federal projects, and that earmarks' sponsors provide written information to the committee of jurisdiction. Proposed earmarks must be made available to the public on the Internet in a searchable format 48 hours prior to consideration. "We need to stop earmarks from being airdropped into conference reports without being considered in either the House or the Senate," says DeMint.

Bush Doesn't Give Up On Dudley Nomination

The Bush administration has resubmitted to Congress the nomination of Susan Dudley to be the nation's top regulatory official. Dudley, a principal with the conservative Mercatus Center at the George Mason University, was nominated last year to the post of director of the OMB's Office of Information & Regulatory Affairs (OIRA) and had a Senate confirmation hearing. But the Senate Committee on Homeland Security and Government Affairs under Republican control let her controversial nomination lapse in the waning days of the session. The Bush team re-sent Dudley's nomination to the Senate on January 9 and expects to hire her as a consultant until she is confirmed. "We are confident in Susan's abilities to contribute to OMB and we look forward to bringing her on board as a senior adviser," says OMB deputy press secretary Andrea Wuebker.

Consumer Group Targets Big Corporations

A new Web site has opened to provide consumers with another list of "corporate America's worst players and most destructive practices." The site, www.responsibleshopper.org, is run by Co-op America and profiles the ethical practices of more than 150 major companies. "We're providing a snapshot of the global impact that businesses have on human rights, the environment and trade inequity," said Niki Lagos, lead researcher for Responsible Shopper. Co-op America is a nonprofit membership organization founded in 1982 and includes more than 75,000 consumers, investors and business leaders.

Americans Avoid Buying American Automobiles For The Wrong Reasons

American auto purchasers avoid Ford, GM and Chrysler cars due to the perceived lack of quality, according to a study by J.D. Power and Associates commissioned by the Detroit News. Seventy percent of Americans not wanting to purchase an American-made auto said they were concerned about reliability and breakdowns; another 70 percent said they were concerned about poor quality and workmanship.

This is far different from the reasons cited by Americans avoiding the purchase of foreign automobiles. Of those avoiding purchasing a European car, only 3 percent said it was due to quality problems; while only 14 percent said they avoid buying an Asian car for that reason.

Quality issues continue to confound American producers, with a vast percentage of American car buyers (77 percent) saying they want American companies to improve the reliability and durability of American-made vehicles, followed by 69 percent saying American manufacturers need to improve the quality of workmanship.

But the perception that U.S.-made cars are lacking in quality is wrong. American vehicles had 234 problems per 100 vehicles after three years of ownership, compared to 270 problems for European vehicles and 208 for Asian autos.

The study indicates that American buyers not wanting to purchase an American-made auto "are more than three times more likely to avoid domestic brand vehicles due to reliability concerns than they are to avoid imports," says J.D. Power. "This shows that consumer perception is not in line with experience."

Sixty three percent of those not wanting an American auto said American cars depreciate too fast and have poor resale value. Other reasons not to buy American include concerns about maintenance and upkeep being too expensive (42 percent of respondents); bland and boring vehicles (42 percent); poor gas mileage (40 percent); somebody they know who had a bad experience with an American auto (36 percent); and unappealing exterior design and styling (33 percent).

"While gas mileage ranks sixth among the reasons mentioned to avoid American vehicles, it is the third most influential reason," says J.D. Power.

Concerns over high maintenance costs, cited 42 percent of the time — also seem misplaced. Maintenance costs are substantially lower for American cars than they are for foreign models. The average annual maintenance costs at dealerships for an American car is $163, compared to $205 for European vehicles and $209 for Asian cars.

Americans avoiding buying cars due to poor fuel efficiency hold a correct assumption, however. American vehicles have substantially lower fuel efficiency ratings than do European and Asian vehicles.

What can GM, Ford and Chrysler do to encourage more people to buy their brands? Develop cars that last well beyond 100,000 miles and with better warranties, was a popular answer among those surveyed. "Stop killing the resale value and redesign the cars to give them a 'new look,' " said another. "Put the customer FIRST, and not the shareholder!!!" shouted another.

The primary reason American consumers avoided buying an Asian vehicle was because they "did want an Asian brand vehicle," a reason cited 61 percent of the time. Others said that the maintenance and upkeep were too high (39 percent); that Asian vehicles cost too much (27 percent); that they don't like the exterior styling (23 percent); and that they were concerned about safety (20 percent). Poor quality was cited 14 percent of the time.

The primary reason Americans avoided buying a European model is high prices (cited 80 percent of the time); followed by high maintenance costs (60 percent); high cost of insurance (39 percent); and "I don't want a European brand," cited 35 percent of the time. Concerns about reliability were cited 19 percent of the time, while poor quality was cited only 3 percent of the time.

Those who avoid the purchase of an American vehicle tend to be younger (average age of 37), than those avoiding the purchase of Asian (42) and European cars (42). Those avoiding purchasing an American car also tend to be better educated, with 56 percent being college graduates, compared to 37 percent of those avoiding the purchase of an Asian auto and 41 percent avoiding the purchase of a European model. Those who don't want to buy American also make more money ($66,400) compared to those avoiding Asian cars ($52,100) and European cars ($52,200).

"American vehicle avoiders select twice as many avoidance reasons as import avoiders (7 versus 3.5 reasons)," says J.D. Power.

R&D Projects For Shipbuilding

The National Shipbuilding Research Program has selected 16 new projects aimed at saving taxpayers money in the naval shipbuilding industry. The organization, a collaborative venture between NAVSEA and 11 major U.S. shipyards, is funding projects targeting quality, environmental compliance, welding, design analysis, STEP-NC standards, and cost estimating with companies like General Dynamics, Northrop Grumman, Bath Iron Works and others. One project entitled "Improving Shipbuilding Industry Image," led by SENESCO Marine, aims to attract and retain a skilled workforce. To view the project abstracts, go to http://www.nsrp.org/.

Guest Editorial: Rep. Duncan Hunter On Unfair Trade

When we got into World War II, our allies and our adversaries realized very quickly that America had an arsenal of democracy. We had a great industrial base. We had an industrial base in which our major automakers were able to turn immediately to making tanks and personnel carriers and all the other equipment of war.

In my own home town in San Diego, we had a facility you can still see if you drive down by the harbor that used to turn out a bomber aircraft every 60 minutes. They could have built the entire B-2 force in one day and had three hours left over.

Everywhere across this land we had a strong industrial base, which was transformed into a wartime footing. It was with the support of that industrial base that the armies of the United States moved across Europe, that the Marine Corps and the armies moved across the Pacific, and that we brought this war to a conclusion that favored the United States of America. An arsenal of democracy is pretty important to democracies.

Today, if you want to look at a big part of the arsenal of democracy, you may have to go to some other countries. One country you may have to go to is China, because China is cheating on trade and China is acquiring hundreds of billions of American dollars more than we are acquiring from them. They are using those billions of American trade dollars to buy military equipment.

That is why they are able to have some 17 submarines under production today while we have a fraction of that. That is why they are able to buy and build medium-range ballistic missiles. I predict that at some point those ballistic missiles will have an anti-ship capability that will present a major threat to the American fleet. That is why they are able to start developing a new industrial base for the development of a modern tactical aircraft program.

We see this one-way street on trade beginning to move the arsenal of democracy offshore. In the past year on the Armed Services Committee I have looked at certain critical components of the arsenal of democracy and I note that we only have one carbon fiber manufacturer left in the United States. We only have one rocket fuel manufacturer left in the United States.

As we look at more and more of the industries that are critical to national security, we realize that in many of them we only have one or two or three businesses or companies left that are capable of making particular components that are critical to America's military strength.

It is time to change and reverse this one-way-street trade policy that we have acquiesced to and restore the arsenal of democracy.

Since we are all talking football at this time of the year, when China enters a trade deal with the United States or competes against an American company they start with 74 points on the scoreboard before the opening kickoff.

They give a 17 percent refund of their VAT tax, basically a 17 percent subsidy to exporters sending products to the United States. When our products arrive at China's shores, they give us a 17 percent penalty. That is a 34-point spread. Then just to make sure that we don't throw a Hail Mary and come from behind and win that particular competition on that particular product, they devalue their currency by 40 percent, and increase the spread to 74 points.

That means that before the opening kickoff in this competition that we call world trade between the Chinese corporation and the American business and American workers, China has 74 points on the scoreboard. Then if we lose the competition, they say, what's the matter? Can't you play football?

China is cheating on trade. The Chairman of the Federal Reserve Board made that clear in his preliminary speech which called this manipulation of currency an illegal subsidy. That word "subsidy" was subsequently removed from the speech before it was given to the Chinese leadership, but that illegal subsidy — that 74 points on the scoreboard — hurts American businesses, it hurts American workers and it erodes the arsenal of democracy.

We are going to need the arsenal of democracy at some point in the future. We need to have a trade policy and new trade laws that say this: We are not going to live with the 74-point disparity any more. You can do it the easy way or the hard way. We can all start with zero points on the scoreboard, or we will put the same taxes on your goods that you put on ours, and we will both start with 74 points on the scoreboard. But we are not going to start anymore with the score being America zero, China 74.

I hope this is a year in which we pass a bill that calls the currency manipulation and devaluation by the central government of China what it is: an illegal subsidy.

—Rep. Duncan Hunter (R-Calif.) is a Republican presidential hopeful and made these comments on the House Floor on January 16, 2007.

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