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U.S. Container Exports Still Dominated By Junk

The United States continued its years' long trend of exporting scrap paper and commodities, while importing orders of magnitude greater amounts of high value-added manufactured goods. In 2007, U.S. retail giants, Wal-Mart, Target, Home Depot and Sears were the four largest importers of ocean freight containers, at 720,000, 435,000, 365,300, and 248,600 twenty-foot equivalent container units (TEUs), respectively, according to data compiled by the Port Import/Export Reporting Service (PIERS) run by the Journal of Commerce.

The combined imports of the four companies — 1,768,900 TEUs — equaled the total exports of containers for the top 21 U.S. exporting companies. More than half of those 21 exporters filled containers with scrap paper. Most all of this waste is re-manufactured into cardboard to pack valuable manufactured goods for export back to the United States. Like the millions of products headed to American shores, it is cheaper to manufacture cardboard in China than it is in the United States.

But it was not all gloomy for the United States on the trade front. The depressed dollar has given exporters hope, and there was a 17 percent increase in container exports last year, while imports declined by 0.6 percent. Agricultural and food commodities led the charge with an increase of 131 percent. Chemical exports were up 51 percent, and automobile exports were up 48 percent.

"The demand for U.S. products is spreading to smaller manufacturers in the country's heartland that have never thought about shipping overseas," writes the Journal of Commerce's Peter Leach in an analysis of the annual PIERS data. "The trouble with this bright export picture is that as U.S. containerized imports slow, relatively few import containers wind up empty near the sources of U.S. exports."

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Manufacturing Jobs In China Surge Beyond 110 Million

The number of manufacturing jobs in China has been increasing substantially since 2002, according to Judith Banister director of global demographics at The Conference Board. In 2002, manufacturing employment in China dropped to a 14-year low of 101 million jobs. But as former state-owned enterprises continued to be privatized and as foreign investment in new factories increased, manufacturing employment surged.

"By 2004, China's average manufacturing employment had increased once again to 104.5 million, and by yearend 2005, the total had reached 110.6 million," an increase of more than six million manufacturing jobs in just one year, according to Banister. The number of manufacturing employees in China as compared to anywhere else in the world "is just way out of sight," she adds. "What's striking is that the numbers seem to be growing and the numbers haven't been really growing in other places."

Manufacturing employment in China reached its peak in 1996 at 126 million workers. But labor productivity increased dramatically as China's state-owned manufacturing enterprises were privatized and shed jobs. Foreign investment and the country's booming economic growth are providing the impetus behind the current surge in manufacturing employment.

The numbers could be conservative. As is normally the case in developing nations, millions of people work both in the agricultural and manufacturing sectors. During peak planting and

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Foreign And Trade Interest Groups Lobby Bush For An Investment Treaty With China

Thirty of the nation's largest trade associations, business and financial organizations have commended President Bush's decision to negotiate a new "Bilateral Investment Treaty" with China. Such a treaty, if signed, "will help promote our broader national and economic interests and, importantly, send a signal to all our trading partners that the U.S. remains committed to its leadership role in promoting open markets and the free flow of investment," write the organizations in a joint letter to Bush.

Others aren't so sure about having such an agreement with China, allowing U.S. companies to send even more jobs and investment there and allowing Chinese companies to start widespread purchases of U.S. assets without review.

The business, finance and import-oriented trade groups say investment in China by U.S. companies should be "fully protected" from expropriation. There should be "core investment protections, including fair and equitable treatment [and] free transfer of capital." There should be access to an "investor-state dispute settlement for breaches" of agreements that allows U.S. companies to seek redress. And China should end its "investment restrictions at the national, provincial and local levels" because they are "oftentimes opaque," says the group.

Allowing U.S. companies to invest more freely in China will be a "critically important driver of economic growth and productivity for the United States," says the group, rationalizing its argument by stating: "U.S. investment abroad complements U.S. business activity here at home, supporting higher paying U.S. jobs, increased productivity, a higher standard of living and economic growth in the United States. Furthermore, the vast majority of U.S. manufacturing investment abroad is to produce for those local and regional markets abroad, not for export back to U.S. markets."

The 30 groups argue that an agreement that encourages China to invest in the United States will create U.S. jobs at factories, spur innovation by U.S. entrepreneurs, support the U.S. economy through taxes and financing "and raise the standard of living for all Americas."

It's a specious argument that has been made and accepted by the U.S. government for decades with few positive economic results to prove its continued merit, say others. Policies that encourage U.S. companies to invest in developing nations like China have bankrupted the United States, they say. Even if some of the investment abroad is intended to produce for those markets, enough of it has resulted in the re-importation into the United States of goods that were previously made in the United States. Proof is record trade deficits that have stifled growth of good-paying jobs.

"Foreign investment in the United States consists primarily of acquisition of existing U.S. assets by foreigners, not foreign investment in new plant and equipment," says economic analyst Paul Craig Roberts. The country is having to pay off its debts by giving up ownership of its existing assets, "which means that the current account deficit worsens as dividends, interest, capital gains and rents are paid to foreigners instead of to Americans. When U.S. corporations produce for foreign markets in foreign countries, their output counts as foreign GDP and it does not contribute to U.S. exports. Most profits for U.S. global firms come from foreign operations; therefore corporate profitability is not a measure of American well being."

The proposed investment agreement is "designed to allow the multinationals to move their factories, technology, goods, profits and people anywhere in the world they wish without fear of government interference and without regard for the rule of law with respect to the protectionism and mercantilism of our foreign competitors from which they seek to benefit," says the executive of one U.S. domestic manufacturing company.

Most of the organizations signing the letter "have been focused on offshoring and outsourcing for a number of years at the expense of domestic producers," says another Washington lobbyist for a domestic manufacturing company. "Right now they are at the apex of their considerable influence."

Organizations signing the letter to Bush include:

- American Apparel & Footwear Association
- American Chamber of Commerce - China
- The American Chamber of Commerce in Shanghai
- American Council of Life Insurers
- American Electronics Association
- American Exploration and Production Council
- American Insurance Association
- Association of Equipment Manufacturers
- American Trade Policy Council
- Bankers' Association for Finance and Trade
- Business Roundtable
- Coalition for Employment Through Exports
- Coalition Of Service Industries
- Computer Technology Industry Association
- Emergency Committee for American Trade
- Financial Services Forum
- The Financial Services Roundtable
- Grocery Manufacturers Association
- Information Technology Industry Council
- Motion Picture Association of America
- National Association of Manufacturers
- National Foreign Trade Council
- Retail Industry Leaders Association
- Securities Industry and Financial Markets Assn.
- Sporting Goods Manufacturers Association
- Travel Goods Association
- United States Council for International Business
- U.S. Assn. of Importers of Textiles and Apparel
- U.S. Chamber of Commerce
- U.S.-China Business Council

BEA's Decision To Stop Collecting Specific FDI Data Riles U.S.-Based Producers & Labor Groups

The U.S. Congress should require the Bureau of Economic Analysis (BEA) to reverse its decision to stop collecting data on the specific types of foreign direct investment being made in the United States, according to a letter signed by 38 organizations representing U.S. manufacturing, labor and agricultural interests.

"The U.S. government and the American public will no longer be able to distinguish between foreign direct investments (FDI) used to acquire existing U.S. assets worldwide from FDI actually used to establish new U.S. businesses," write the groups in a letter organized by the American Manufacturing Trade Action Coalition (AMTAC) and sent to Senate and House leaders.

Without having such information, Americans will have little idea of what is happening in the U.S. economy with respect to foreign investment. The BEA says it does not have the money to decipher the different types of investments being made by foreign interests. It will no longer distinguish between the outright purchase of U.S. assets and investment in new production capacity.

"The fact that 90 percent of U.S. FDI is American companies and assets changing ownership to foreign hands signals that America effectively is servicing its debts by selling off many of its most profitable assets," writes AMTAC executive director Auggie Tantillo. "We need a clear picture of whether the foreign direct investment is for new start ups or acquiring established U.S. businesses."

Of the $2 trillion of FDI in the United States during the past 15 years, only $200 billion went to creating new businesses, with the remainder used to buy existing U.S. firms, their patents, brands and other worldwide assets. "While most FDI to create new businesses should be welcomed and encouraged, the acquisition of certain existing assets by state-controlled foreign interests and others may threaten U.S. economic and/or military security," write the 38 groups.

The groups want the BEA to restore its FDI series and report detailed FDI data for all countries that possess state-owned companies or sovereign wealth funds. It also wants Congress to conduct oversight hearings on why the BEA chose not to continue funding the series.

"Special interests, including those that receive large fees from facilitating acquisitions, have launched well-financed campaigns to obscure vital distinctions between the roughly 10 percent of FDI that goes into new businesses and the 90 percent of FDI that brings existing U.S. businesses and their worldwide assets under the control of foreign interests," according to the letter.

Those at BEA running the FDI data program say that there was no political pressure from economic free-market ideologues to discontinue the FDI series. They say it was simply a matter of not having $600,000 to fund the workers needed for data collection and analysis.

Those signing the letter to Congress include:

- AFL-CIO Industrial Union Council
- American Foundry Society
- American Iron and Steel Institute
- American Manufacturing Trade Action Coalition
- American Mold Builders Association
- Coalition for a Prosperous America
- Communications Workers of America
- Copper and Brass Fabricators Council, Inc.
- Dakota Rural Action
- International Association of Machinists and Aerospace Workers
- International Brotherhood of Teamsters
- Kansas Cattlemen's Association
- Kansas Farmers Union
- Metals Service Center Institute
- North American Die Casting Association
- National Council of Textile Organizations
- National Family Farm Coalition
- National Farmers Union
- National Textile Association
- National Tooling & Machining Association
- Nebraska Farmers Union
- Ohio Farmers Union
- Organization for Competitive Markets
- Pennsylvania Farmers Union
- Pennsylvania Manufacturers' Association
- Precision Metalforming Association
- R-CALF USA
- Specialty Steel Industry of North America
- Steel Manufacturers Association
- Tooling & Manufacturing Association
- Tooling, Manufacturing & Technologies Association
- UNITE HERE
- United Automobile, Aerospace & Agricultural Implement Workers of America International Union
- U.S. Business and Industry Council
- U.S. Industrial Fabrics Institute
- United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial & Service Workers International Union
- Western Organization of Resource Councils
- Women Involved in Farm Economics

EPI Study: Trade Deficit With China Ruins Job Prospects For Millions Of Manufacturing Workers; U.S.-China Council Disagrees

"The growth of U.S. trade with China since China entered the World Trade Organization in 2001 has had a devastating effect on U.S. workers and the domestic economy," states the opening sentence of a report from the Economic Policy Institute. The United States has lost 2.3 million jobs due to the trade deficit in manufactured goods with China, including 366,000 jobs lost in 2007. The 2.3 million displaced workers earned $8,146 less in their new jobs, totaling $19.4 billion in lost wages in 2007.

The burgeoning trade deficit with China (having grown 212 percent since 2001) has had an impact well beyond those directly losing their jobs. As many as 100 million U.S. workers without a four-year degree are earning about $1,400 less per year "because of this competition," says EPI.

Proponents of China's entry into the WTO frequently claimed that it would create jobs in the United States by increasing U.S. exports, and improving the trade deficit with China, says the report under the subheading "False Promises." President Clinton explained in 2000 that exports to China "now support hundreds of thousands of American jobs" and that "these figures can grow substantially with the new access to the Chinese market the WTO agreement creates."

But since 2001 the trade deficit with China has increased by $178 billion, from $84 billion to $262 billion in 2007. EPI calculates the job losses based on a model that determines the number of jobs displaced for each billion dollar's worth of trade imbalance with China. "While it is true that exports support jobs in the United States, it is equally true that imports displace them," says the report. "The net effect of trade flows on employment is determined by changes in the trade balance."

The model estimates the number of jobs required to produce a given volume of exports and the labor displaced when a given volume of imports is substituted for domestic output. "The net of these two numbers is essentially the jobs lost to growing trade deficits, holding all else equal," says the study.

Such a calculation bothers proponents of trade with China. The study is "based on flawed analysis [that] distracts from the real challenges facing the U.S. economy and the trade relationship with China," according to the U.S.-China Business Council (USCBC), the Washington, D.C.-based group representing U.S. companies with interests in China.

The study "assumes that every product imported from China would have been made in the U.S. otherwise, which is clearly wrong — several decades wrong, in fact," said John Frisbie, president of USCBC. Products that were previously imported into the United States from places like Japan are now coming from China. "Much of what we import from China is replacing imports from other countries, not products we make in the U.S. today," Frisbie added. "A jobs impact study that ignores the facts undermines its own credibility."

EPI study author Robert Scott said Frisbie's criticism ignores the fact that much of China's trade surplus is driven by that country's illegal system of subsidies, undervalued currency and unfair trade practices. If those were to be eliminated, then the United States "would dramatically expand our exports to China and the rest of the world," he said. "The key point is that this is a measure of the impact that the China trade deficit has on labor demand, it's not about replacing imports one for one."

Frisbie also claimed that productivity is reducing America's manufacturing workforce, not trade with China. Scott doesn't buy it. Manufacturing employment was relatively constant for 30 years, at between 17 million to 19 million jobs, and manufacturing productivity remained high for the entire duration of that period. But in 1998 manufacturing employment fell off a cliff. "It had nothing to do with any acceleration of productivity but was due to the growth of the trade deficit," he said.

Why is the issue of productivity always raised by the proponents of China's unfair trade practices, Scott is asked: "Because the people represented by this organization are multinational companies that want to outsource production to China," he replied. "They want to use subsidized wages and subsidized currency to break labor in the United States and drive wages and environmental standards in this country back to where they were in the 19th century."

Millions Of New Chinese Jobs... *(From one)*

harvest weeks, millions of people temporarily leave their manufacturing jobs to work the fields.

"The population census tends to over classify people in agriculture and under classify them in other sectors of the economy," Banister explains. "A problem with China's statistics is the people are classified as working in only one sector when they are working in two sectors."

But this does not mean a whole lot to Banister. "You've already got massively the highest manufacturing numbers on the planet by orders of magnitude than any other country," she says. "There is no point in getting hung up over whether it's a slight under or over estimate, no point."

Is it possible to determine how many of the new manufacturing jobs in China are associated with foreign direct investment? No, says Banister, adding that trying to do so "is a nightmare." There are a whole range of joint ventures that are difficult to classify. "It's very messy trying to figure out what is foreign production in China and what is domestic production in China, and it's somewhat meaningless," says Banister, whose work was funded in part by the Bureau of Labor Statistics.

Imports & Exports...

(Continued from page one)

America's largest exporter, in terms of volume via container, remained a company virtually unknown in the United States: American Chung Nam Inc. The Chinese company exported 211,300 containers of waste paper to its Chinese sister company, Nine Dragons Paper Industries. Its exports were one-quarter the amount of Wal-Mart's imports. American Chung Nam's cargo was worth virtually nothing in the United States.

Weyerhaeuser was the country's second largest export company, with 165,800 TEUs filled with paper. At least 10 of the 20 largest U.S. exporters shipped paper or waste paper in 2007; four others shipped bulk chemicals and one shipped scrap metal. Only one of the top 20 U.S. exporters was a U.S.-based product manufacturer: Procter & Gamble. The few remaining large U.S companies among the top 20 exporters via ocean container sold bulk chemicals, agricultural commodities or paper.

Few of America's top corporate giants were shipping manufactured goods via container to overseas markets. Mighty General Electric ranked 23rd among exporters with 41,200 container equivalents shipped. But the company imported three times that amount (112,900 containers) and was ranked 11th among importers. Caterpillar was in 27th place among exporters, behind 12 wastepaper exporters.

General Motors ranked in 68th place among exporters at 18,500 TEUs. Deere & Co. ranked in 77th place, exporting 16,300 TEUs, but it imported 13,800 TEUs. Whirlpool exported 15,400 containers, placing it 83rd on the list of exporters. The company had five times the level of imports (67,300 container equivalents), placing it 18th among importers.

Less than one-fifth of the top 100 exporters via ocean-going container could be considered diversified U.S. manufacturing firms. Among the top 100 exporters, at least 20 exported bulk food, feedstock or agricultural commodities; about 15 shipped bulk chemicals; and seven shipped scrap metals. Combined with the 20 scrap paper exporters, more than two-thirds of America's largest exporters via ocean container sold either junk, bulk chemicals or food commodities, exports typical of most Third-World nations.

It's a strikingly different story on the import side of the ledger. At least 35 of the top 100 importers are retail companies importing sophisticated manufactured consumer goods. The vast majority of other importers were high-tech manufacturing companies selling their goods to U.S. distributors and retailers. These well known companies include Canon, Nike, Philips Electronics, Samsung, Mattel, Sony, Panasonic, Michelin, Sharp, Adidas and many more. Eight of the top 100 importers were tire companies. Combined, they imported 200,000 containers of tires.

Shipping rates have gone up only marginally. There have been recent increases in fuel surcharges, but the basic, full rate for a 40-foot container to the United States from Asia remains a little above $4,000. For high-value products like flat screen televisions the amount spent on freight is marginal.

Nevertheless, rates for shipping exports are going up because many of the ships in the transpacific are at capacity. This does not mean they are full. It means that exports of cheaper commodities and waste paper are heavier than the imports. Ships are hitting their dead-weight capacity before they hit their cubic capacity. Rather than returning to China empty, "a shipping container that might be $4,000 this way, might be $1,000 filled with waste paper going back the other way," says Joe Bonney, editor of the Journal of Commerce.

The top 100 importers and exporters via ocean container as compiled by PIERS appear on pages six and seven.

Congressional Disregard For R&D Tax Credit Leads To Thousands Of Lost Jobs, Says ITAA

By allowing the research and development tax credit to expire and not renewing it, the Democratically controlled Congress has allowed the economy to lose more than $10.5 billion in new economic activity over the last six months, according to the Information Technology Association of America (ITAA). Moreover, a lapse in the tax credit could already have placed more than 83,000 jobs at risk, says the trade group.

"For nearly seven months, U.S. technology companies that depend heavily on R&D along with businesses in other sectors, have been unable to count on the tax credit as they consider capital investments, project costs, determine employment levels and report financial results," says ITAA. "Based on analysis by the National Science Foundation, Small Business Administration and the Progressive Policy Institute, ITAA estimates the tax credit would have spurred more than $18.594 billion in new economic activity in 2008, or an average of nearly $51 million per day."

Not extending the credit "has left our most innovative companies in limbo and is undermining tens of thousands of R&D-related jobs," says ITAA president Phil Bond. The R&D tax credit would have sustained or created more than 141,753 jobs in 2008.

The R&D tax credit as it has been structured is no longer the incentive that it once was, as other countries are providing much more lucrative incentives for research. "U.S. technology companies are suffering a critical disadvantage compared to foreign-based competitors, who often enjoy not only generous tax credits, generally lower marginal tax rates and other forms of support from their own governments," says Bond. "If we allow this disparity to persist, we risk falling behind in the global marketplace, conceding America's position as the innovation headquarters of the world."

TOP 100 U.S. IMPORTERS VIA OCEAN CONTAINER TRANSPORT — 2007

As measured in 20-foot-equivalent container units or TEUs

The first number listed for each company is the number of TEUs imported in 2007, followed by 2004 and 2002. NR means the company was not on the top 100 list for that year. SOURCE: Journal of Commerce and the Port Import/Export Reporting Service (PIERS).

1. Wal-Mart Stores, retail, 720,000, 576,000, 291,900
2. Target Corp., retail, 435,000 202,700, 173,100
3. The Home Depot, retail, 365,300, 301,200, 182,000
4. Sears (includes K-Mart), retail, 248,600, 186,000, 60,400
5. Dole Food, food, 223,200, 164,100, 142,900
6. Costco Wholesale, retail, 183,800, 66,400, 19,382
7. Lowes Cos., retail, 182,100, 100,000, 82,900
8. LG Group, conglomerate, 130,000, 43,300, 33,500
9. Philips Electronics, electronics, 127,200, 27,200, 22,000
10. Chiquita Brands Intl., food, 116,300, 115,600, 103,200
11. General Electric, conglomerate, 112,900, 51,800, 48,500
12. Ashley Furniture Inds., furniture, 104,700, 69,800, 45,200
13. Heineken USA, beverages, 104,300, 83,400, 75,000
14. Ikea Intl., retail, 102,000, 100,000, 44,700
15. Jarden Corp., appliances, 74,700, 21,800, 14,600
16. Red Bull, beverages, 72,500, 20,400, NR
17. JC Penny Corp. 68,400, 45,000, NR
18. Whirlpool, appliances, 67,300, 26,800, NR
19. Canon, computers, 66,400, 26,200, 220,000
20. Nike, footwear & apparel, 62,700, 47,900, 38,700
21. Williams Sonoma, retail, 62,400, 50,000, 19,200
22. Gap Stores, retail, 59,300, 14,800, 12,000
23. Toyota Tsusho America, autos, 58,800, 52,000, 45,000
24. Bridgestone Americas, tires, 52,300, 42,500, 26,800
25. Dollar General, retail, 51,000, 40,000, NR
26. Samsung, electronics, 50,800, 52,800, 46,200
27. Pier 1 Imports, retail, 49,600, 48,100, 46,700
28. Mattel, toys, 48,900, 49,300, 43,700
29. Sony Corp., conglomerate, 46,900, 47,100, 40,000
30. Big Lots, liquidator-retail, 46,600, 36,300, 45,800
31. Daimler AG, autos, 46,500, 14,600, 14,200
32. Family Dollar Stores, retail, 44,600, 19,300, 10,000
33. Panasonic Corp., electronics, 43,300, 52,100, 41,500
34. Furniture Brands Intl., furniture, 42,700, NR, NR
35. Kohl's Corp., retail, 42,400, NR, NR
36. Nestle, food & beverages, 40,400, 28,500, 14,300
37. Dorel Industries, furniture, 39,900, 28,700, NR
38. Michelin, tires & rubber, 38,700, 46,100, 34,500
39. Staples, retail, 32,800, 13,200, NR
40. Yamaha, transportation mfg., 32,000, 27,300, 24,600
41. Del Monte Foods, food, 32,000, 32,400, 12,600
42. Nissan North America, autos, 31,800, 27,700, 16,500
43. American Honda, autos, 30,900, 10,300, 46,200
44. Michaels Stores, retail, 30,600, 27,100, 14,600
45. Hewlett-Packard, computers, 29,700, NR, NR
46. Coaster of America, furniture, 29,500, 13,300, NR
47. Hankook Tire Americas, tires, 28,800, 20,400, NR
48. CVS Corp., retail, 28,000, 10,200, 16,000
49. BMW, autos, 27,400, 14,200, 14,000
50. Rooms to Go, retail, 27,200, 24,200, 19,800
51. Macy's Inc., retail, 26,600, NR, NR
52. Itochu Intl., conglomerate, 26,400, NR, NR
53. Conair, appliances & housewares, 26,000, 17,800, 15,100
54. Dollar Tree Stores, retail, 25,900, 19,300, NR
55. Adidas Group, 24,900, NR, NR
56. Southern Wines & Spirits, beverages, 24,800, 11,700, NR
57. Hasbro, toys, 24,500, 14,200, 13,300
58. Sharp Electronics, electronics, 24,100, 17,900, 19,700
59. Arauco Wood Products, forest products, 23,900 15,000, NR
60. American Signature, retail, 22,900, NR, NR
61. Toyo Tire & Rubber, tires/auto parts, 21,700, 16,900, 12,900
62. Best Buy, retail, 21,500, 14,400, NR
63. Marubeni America, chemicals, 20,800 21,800, NR
64. Fonterra Corp, beverages, 20,700, 16,700, NR
65. Ford Motor, autos,19,900, 29,700, 31,100

65\. VF Corp., apparel, 19,900, NR, NR

67. Del Monte, food, 19,300, NR, NR
68. Anheuser-Busch, beverages, 18,900, NR, NR
69. Limited Brands, retail, 18,800, 41,300, 35,000
70. Retail Ventures—Value City, retail, 18,300, 18,800, 13,000
71. JoAnn Stores, retail, 18,100, 15,900, NR
72. Toshiba, electronics, 17,900, NR, NR
73. Payless ShoeSource, retail, 17,800, 54,200, 55,000
74. TJX, retail, 17,100, 18,200, 15,000
75. Linens & Things, retail, 17,000, 13,600, NR
76. Office Max, retail, 16,200, 13,400, NR
77. Fred Meyers Stores, retail, 16,000, NR, NR

78 Phillips Van Heusen, retail, 15,900, NR, NR

78 Giti Tire, tires, 15,900, NR, NR

80. Natuzzi Americas, furniture, 15,800, 19,654, 20,800
81. DuPont, chemicals, 15,800, 22,800, 20,000
82. Bissell Homecare, consumer products, 15,700, NR, NR

82\. Continental Tire, automotive, 15,700, NR, NR

84, Lifestyle Enterprises, furniture, 15,400, NR, NR

84\. Goodyear, tires/rubber/retail, 15,400, 19,400,14,200

86. Dal-Tile, tiles, 15,200, NR, NR
87. Hon Hai Precision Inds., electronics mfg., 15,000, NR, NR
88. TPV Intl., electronics, 14,900, 14,500, NR
89. Kawasaki Motors, motorcycles, jet skis, 14,800, NR, NR

89\. Ricoh Corp., electronics, 14,800, 11,600, NR

91. Walgreen Co., retail, 14,700, 25,500, 17,200
92. Brother Intl., electronics, 14,500, 11,600, NR
93. Yokohama Tire, tires, 14,000, NR, NR
94. Sketchers USA, retail, 13,900, NR, NR
95. Deere & Co., 13,800, NR, NR
96. Suzuki, auto & transport, 13,700, 13,700, 12,300

96\. Pirelli Tire, tires, 13,700, NR, NR

98. Funai, 13,300, NR, NR
99. BASF, chemicals, 13,100, NR, NR
100. Icon Health & Fitness, fitness equipment, 13,100, NR, NR

The source of these lists is the Journal of Commerce and its Port Import/Export Reporting Service (PIERS). The list includes only containerized cargo that entered or exited U.S. ports by ocean vessel. Cargoes that arrived or departed via ship that were not in containers or traveled via truck, rail or air are not included in these tallies.

TOP 100 U.S. EXPORTERS VIA OCEAN CONTAINER TRANSPORT — 2007

As measured in 20-foot-equivalent container units or TEUs

The first number is the number of TEUs exported in 2007, followed by TEUs exported in 2004 and 2002. NR means the company was not on the list of top 100 for that year. SOURCE: Journal of Commerce and the Port Import/Export Reporting Service.

1. American Chung Nam, wastepaper, 211,300, 201,100, 156,500
2. Weyerhaeuser, forest products/paper, 165,800, 154,900 95,600
3. Cargill, food, 123,800, 80,600 51,200
4. Koch Industries, paper, 123,400, 29,100, NR
5. International Paper, paper, 100,900, 42,700, 50,100
6. Dow Chemical, chemicals, 100,000, 64,700, 52,400
7. DuPont, chemicals, 93,100, 123,000, 104,000
8. MeadWestvaco, paper, 77,900, 66,800, 59,000
9. P&G, consumer products, 73,800, 54,200,48,000
10. Archer Daniels Midland, food, 73,300, 32,300, 17,700
11. Potential Industries, wastepaper, 70,800, 22,300, 11,500
12. Newport CH Intl., paper, steel recyclables, 69,700, NR, NR
13. Sims Metal Mgmt., metals, recyclables, 69,600, NR, NR
14. Cedarwood-Young, wastepaper, 64,900, 38,600, 21,000
15. CGB Enterprises, agriculture, 57,500, NR, NR
16. ExxonMobil Chemical, chemicals, 56,500, 44,300, 28,700
17. Cellmark Group, paper, 54,200, 56,700, 45,100
18. JC Horizon, waste paper, 53,000, 28,700, 25,400
19. BASF, chemicals, 52,500, 50,200, 38,500
20. Mega Fiber, waste paper, 44,300, NR, NR
21. Denison Intl., recycled paper, 43,400, NR, NR
22. DaimlerAG, autos, 41,700, 50,100, 47,000
23. General Electric, conglomerate, 41,200, 50,000, 44,400
24. Toyota Tsusho, autos/parts, 40,900, 28,100, 13,100
25. Allenberg Cotton, cotton, 39,800, 45,900, 21,200
26. AbitibiBowater, paper, 39,000, 18,900, 9,300
27. Caterpillar, machinery, 37,300,. 23,500, 19,200
28. Wal-Mart Stores, retail, 36,400, NR, NR
29. Rayonier, paper & forest products, 35,500, 31,700, 26,900
30. Mitsui, conglomerate, 34,900, 24,300, 24,300
31. Eastman Chemical, chemicals, 34,800, 37,900, 21,500
32. Staple Cotton Coop. Assn., 33,200, NR, NR
33. Schoular Co., foodstuffs, 33,100, NR, NR
34. Shintech, chemicals, 32,900, 22,300, 29,500
35. Yao Yang Enterprises, wastepaper, 32,700, 29,400, 20,600
36. Sino Paper, recycled paper, 32,300, NR, NR
37. Tyson Foods, food, 31,300, 19,600, 44,100
38. Itochu Specialty Chemicals, chemicals, 30,900, 26,700, NR
39. Rio Tinto America, minerals, 28,900, 18,500, NR
40. Kimberly Clark, consumer goods, 28,400, 23,900, NR
40. Delong, animal feed, 28,400, NR, NR
40. International Forest Products, paper, 28,400, 20,000, NR
43. 3M, chemicals, 28,300, 16,800, 14,500
44. Goodyear Tire & Rubber, tires, 27,300, 21,600, 19,000
44. Dunavant Enterprises, cotton, 27,300, 32,600, 22,700
46. Paul Reinhart, cotton, 27,000, NR, NR
47. Ford Motor, autos, 26,800, 30,200, 32,300
47. Mills Brothers Intl., food/grain, 26,800, 17,900, NR
49. Fruit of the Loom, textiles, 26,300, 16,900, NR
50. ConAgra Foods, food, 25,900, 27,400, 42,200
51. JM Huber, chemicals, 25,600, 25,100, 17,200
52. Anderson Hay & Grain, animal feed, 25,400, 27,300, 25,500
53. Smurfit Stone Cont., wastepaper, 24,600, 14,200, 14,500
54. Ekman Recycling, wastepaper, 23,900, NR, NR
55. Genesis Resources, wastepaper, 23,600, 15,900, 9,500
56. AJC Intl., food, 23,500, 16,900, NR
57. Hanesbrands, apparel, 23,400, NR, NR
58. Buckeye Technologies, paper, 23,100, 22,500, 24,600
59. Solutia, chemicals, 22,500, 12,500, 12,400
60. Sears Holdings, retail, 21,500, 24,200, NR
61. G.A. Paper ,paper/wastepaper, 21,100, NR, NR
61. Celanese, chemicals, 21,100, NR, NR
63. Tzeng Long, paper, 21,000, 19,900 NR
64. H. Muehlstein, chemicals, 20,900, 17,200, 12,500
65. Calgrain, Corp., animal feed, 20,500, NR, NR
66. Graphic Packaging, paper, 19,100, 20,200, 19,100
67. Army & Air Force Exchange Service, 18,700, NR, NR
68. General Motors, autos/parts, 18,500, 17,900, 8,900
69. WM Recycle America, recyclables, 18,200, NR, NR
70. Nestle USA, food/beverages,17,700, 15,400, 12,000
71. Gomes Enterprises, metals recycler, 17,000, NR, NR
71. Pilgrim's Pride, food, 17,000, NR, NR
73. Baillie Lumber, forest products, 16,900, 11,500, NR
74. Gildan Activeware, apparel, 16,700, NR, NR
74. Resources Mgmt., wastepaper, 16,700, NR, NR
76. Calaway Trading, animal feed/hay, 16,300, 13,800, 10,400
76. Deere & Co., mfg. equipment, 16,300, NR, NR
76. Zen Noh Unico, animal feed, 16,300, 11,800, 7,800
79. Lee Cheong Steel & Metal, scrap metal, 16,000, NR, NR
80. T&T Group, recycled plastic, 15,500, 15,400, NR
80. Jordan Trading, wastepaper, 15,500, NR, NR
82. Sumitomo, conglomerate, 15,400, NR, NR
82. Whirlpool, appliances, 15,400, 12,300, 12,500
84. Michelin N. America, tires,, 15,300, 18,900, 12,100
85. Chevron, chemicals, 15,200, 13,300, 13,000
85. Honda North America, autos, 15,200, 14,600, 13,100
85. Alcoa, metals/aluminum, 15,200, 11,200, 13,100
88. Kraft Foods, foods, 15,100, NR, NR
89. Advanced Steel Recovery, metal scrap, 15,500, NR, NR
89. Bayer Corp., chemicals, 15,000, 16,100, 17,900
91. Jetway Intl., plastic recyclables, 14,800, NR, NR
91. PG Industries, chemicals,14,800, 11,800, 9,600
93. Cementhai SCT, diversified, 14,700, NR, NR
93. Husqvarna, mfg. power products, 14,700, NR, NR
95. Potlatch, paper/forest products, 14,600, 14,000, 11,000
96. Nissan, autos, 14,100, 10,100, 8,100
97. BP, chemicals, 13,900, 13,400, NR
98. Calcot, cotton, 13,800, 16,100, 16,600
99. Global Metal Industrial, metals recyclables, 13,600, NR, NR
100. JBS Swift, refrigerated meats, 13,300, NR, NR

Bankruptcy Indicator Heads In Wrong Direction

Business bankruptcies are on a "relentless upward pace" and the trend could increase "substantially" as the year progresses, according to accounts receivable insurer Euler Hermes ACI. In gathering data from the Administrative Office of the U.S. Courts, the company found the number of businesses seeking bankruptcy protection increased by 39 percent over the past four quarters (ending the first quarter of 2008) compared to the previous four. Filings have grown for five consecutive quarters at an average rate of 42 percent on a year-over-year basis, according to Dan North, chief economist for Euler Hermes ACI.

High energy prices, weakened consumers, job losses and the credit crunch "are likely to continue for some time and to put increasing pressure" on a growing number of companies, says North.

The Federal Reserve's quarterly "Senior Loan Officer Opinion Survey" provides further insight into future bankruptcies, says North. The survey asks respondents from large banks about lending conditions, such as whether bankers are increasing or decreasing spreads. Historically, when the net percentage of respondents who are increasing spreads for loans to smaller businesses exceeds 20 percent, bankruptcies usually rise the following quarter. "They rise three quarters of the time at an average increase of more than 6 percent," said North.

But in April, the net percentage of increasing spreads was "nowhere near 20 percent," says North: "It had skyrocketed to a record-setting 63.6 percent, strongly suggesting that bankruptcies for smaller companies are very likely to rise next quarter." The previous record increase had been 41.8 percent.

But large companies aren't in much better shape, as the net percentage of banks increasing spreads on those loans also set a record of 71 percent, well above the previous record of 59 percent, says North.

In the same survey, the Fed asked banks if they were tightening lending conditions to small companies. Fifty two percent said yes, just below the record of 53 percent. For large firms, the net percentage was 55.4 percent — the third highest ever. "When bank financing becomes very difficult, it adds just one more pressure to the challenging conditions businesses are currently facing," says North.

Job Cutting Grips U.S.

A national "job-cutting spree" continued through June, with announcements among American companies to reduce payrolls by 82,000, according to the Challenger, Gray & Christmas outplacement firm. In the past three months, employers have announced plans to reduce payrolls by 275,000. Since April, job cuts have averaged 91,764 per month, "37 percent higher than the first quarter average of 66,885 job cuts per month," says the company. June's total of 82,000 was 47 percent higher than the 55,700 job cuts announced for the same month in 2007.

So far this year, employers have announced 475,948 job cuts, 21 percent more than during the same period in 2007 (393,499). "If the pace of job-cutting recorded in the second quarter continues in the last half of the year, annual job cuts could surpass one-million for the first time since 2005, which was the last of five consecutive years in which job cuts exceeded one million," says Challenger.

NIST Tech Program Seeks Bidders

The National Institute of Standards and Technology (NIST) has issued a call for proposals under its reconfigured "Technology Innovation Program." TIP is seeking proposals for technologies that can inspect and monitor roads, bridges and drinking and wastewater systems. NIST has $9 million to spend on new awards. TIP, the follow-on to the controversial Advanced Technology Program, was created "in an effort to address critical societal challenges."

NIST invites submissions for projects "focused on new, efficient, accurate, low-cost and reliable sensors and related technologies that provide quantitative assessments of the structural integrity or degree of deterioration of bridges, roads, water mains and wastewater collection systems," says the agency. "The competition...addresses a critical national need for improved sensing technologies to help local, state and national authorities more cost-effectively monitor and maintain the nation's vast public infrastructure, some portions of which have been in place for many years and are rapidly and dangerously aging."

Companies and organizations hoping to win contracts have to provide a 50 percent cost-share. To view the solicitation, go to http://www.nist.gov/tip/comp08_apply.html.

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Laid Off Execs Not So Gung Ho About Starting New Companies

Entrepreneurial activity in the United States is in a trough. In previous economic slowdowns, a large number of laid off white-collar managers have usually started new companies. But that isn't happening now, due to the difficulty of raising money in tight credit markets and inflation, according to Challenger, Gray & Christmas, Inc. the outplacement firm.

"The percentage of jobless managers and executives starting their own businesses fell to its lowest level since the onset of the dot.com collapse," says the firm. The start-up rate among unemployed managers and executives fell to only 4.3 percent in the second quarter of the year, down from 7.2 percent in the first quarter and 6 percent for the same quarter in 2007. The second quarter figure was the lowest since 2000 when only 3.5 percent of job seekers started their own firms.

"The rate of entrepreneurship never fully recovered following the dot.com collapse," said Challenger. "Since falling to 3.5 percent at the end of 2000, the start-up rate has averaged 8.3 percent, compared to 12.4 percent averaged from 1986 through the third quarter of 2000. The height of start-up activity among job seekers occurred between 1988 and 1991, a period of heavy corporate restructuring, when quarterly start-up rates averaged about 18 percent.

Since 2000, the rate of new startups has stayed depressed due to the fact that so many of the companies that collapsed in the dot-com boom were entrepreneurial ventures. "It dissuaded a lot of people from starting their own business," said John Challenger, CEO of the firm. "It is unlikely that we will see a resurgence in entrepreneurial activity in this period of heavy job cutting due to the fact that credit is so hard to come by and those who qualify are facing much higher interest rates. Many of those who might have funded a start-up through a home equity loan five years ago simply do not have that option today."

High energy prices and inflation are driving up costs and causing customers to spend less. "Anyone considering a potential start-up right now must take these factors into consideration," said Challenger.

The number of self-employed workers has dropped precipitously over the past year. According to the Bureau of Labor Statistics, the number of self employed workers between the ages of 25 and 54 dropped from 8.6 million in 2007 to 6.4 million in June 2008. Only in the 55- to 64-year-old category was there an increase of self employed people, rising from 1.9 million in 2007 to 2.04 million in 2008.

"We could definitely see a surge in older entrepreneurs in the coming months," said Challenger. "A growing number are forgoing or coming out of retirement due to financial pressures exacerbated by the economic downturn." Many are working as consultants to their former employers.

The Words Of Henry Ford

"Whether you think you can do a thing or think you can't do a thing, you're right."

"The competitor to be feared is one who never bothers about you at all, but goes on making his own business better all the time."

"You can't build a reputation on what you are going to do."

"You can't learn in school what the world is going to do next year."

"History is more or less bunk."

"It is well enough that people of the nation do not understand our banking and monetary system, for if they did, I believe there would be a revolution before tomorrow morning."

"Speculation is only a word covering the making of money out of the manipulation of prices, instead of supplying goods and services."

"A business that makes nothing but money is a poor business."

"Wealth, like happiness, is never attained when sought after directly. It comes as a by-product of providing a useful service."

"Coming together is a beginning; keeping together is progress; working together is success."

"Don't find fault, find a remedy; anybody can complain."

"If there is any one secret of success, it lies in the ability to get the other person's point of view and see things from that person's angle as well as from your own."

"It is not the employer who pays the wages. Employers only handle the money. It is the customer who pays the wages."

"Nothing is particularly hard if you divide it into small jobs."

"Quality means doing it right when no one is looking."

"There is one rule for industrialists and that is: make the best quality of goods possible at the lowest cost possible, paying the highest wages possible."

"Thinking is the hardest work there is, which is probably the reason why so few engage in it."

"What's right about America is that although we have a mess of problems, we have great capacity —intellect and resources — to do some thing about them."

"When everything seems to be going against you, remember that the airplane takes off against the wind, not with it."

China Lobby Pushes To Drop Shoe Tariffs

BY WILLIAM HAWKINS

Seemingly minor pieces of legislation can embody large principles. The Affordable Footwear Act of 2007 (H.R. 3934) is a case in point. It currently has 156 co-sponsors. Its advocates say the broad bipartisan support is due to the bill's simplicity. It would eliminate tariffs on low-cost footwear made of rubber or plastic.

The bill was introduced by Rep. Joseph Crowley (D-N.Y.) and there is companion legislation in the Senate (S. 2372) from Sen. Gordon Smith (R-Ore.). Another Oregon lawmaker and co-sponsor, Democrat Rep. Earl Blumenauer, told an audience at the Cato Institute July 24 that the bill was an example of how Congress could continue to liberalize trade without having to wait for trade agreements to be negotiated, and without having to add any provisions about labor or environmental standards. Congress could just drop American tariffs unilaterally to help poor countries overseas and poor consumers at home.

The notion that tariffs determine whether shoes are affordable is not, however, supported by the facts. According to U.S. government data, tariffs on average amount to $1.06 per pair of shoes, or only about 4.3 percent of the retail price. This is less than the sales tax paid at the checkout counter. Though tariff rates can be high, the import price of shoes is very low. It is the markups once the shoes are in the country that drive up retail prices. The European Union increased tariffs on shoes from China and Vietnam in 2006. The European Commission found that during 2001-2005, import prices had dropped 27 percent but "consumer prices...[had] remained stale or even risen slightly."

The U.S. imports 98 percent of its footwear. The text of H.R. 3934 claims, "elimination of duties on such products will not negatively affect manufacturing in the United States" because there is no longer a domestic shoe manufacturing industry to protect. In its findings, the bill uses the odd comparison of how much more tariff revenue is earned on shoes than on imported automobiles. The comparison is more a testimony to the failure of trade law to protect the U.S. auto industry, which is under heavy foreign assault and losing thousands of high-paying jobs, than to why taxes should be cut on shoes.

Not all tariffs are protective. Duties also generate revenue. There is nothing in H.R. 3934 to replace the lost revenue (estimated be around $1.2 billion annually). The bill is another example of special interest legislation, the costs of which will be borne by someone else. With the federal deficit again rising, any measure that adds to it only increases the pressure to raise taxes on other activities, such as capital gains, dividends, inheritance, "excess" profits or personal income.

Legislation like the Affordable Footwear Act is not the result of barefoot peasants storming the halls of Congress, but of well-heeled lobbyists representing business clients who hope to put more money into their own pockets. China supplies 73 percent of all U.S. footwear imports, and 80 percent of the rubber and plastic shoes that are the focus of this legislation.

The shoe tariffs have been on the books for decades, so why the sudden interest in dropping them now? The answer is found in what is happening in China. Inflation is rising, including some increases in labor costs. Energy costs are up, both for inefficient domestic production and for transoceanic transportation. And there is increasing international pressure on Beijing to let the yuan rise in value. To the China Lobby, cutting U.S. import duties looks like a way to offset increased costs elsewhere. The United States has already given China over $1 trillion this decade via its trade deficit. Perhaps it is time to think about helping other countries, whose governments do not use the gains from trade to support a military buildup and a foreign policy at odds with U.S. interests around the world.

H.R. 3934 hints at how to do this. The last section of the bill grants Haiti the same preferential treatment for footwear that is provided to members of the Central American Free Trade Agreement (CAFTA). The final push for votes to pass CAFTA in 2005 was based on foreign policy. House Republican Whip Rep. Roy Blunt told *Congress Daily* that the strongest argument was that CAFTA would create a trade bloc that could fend off Chinese competition, giving protection to regional industry and economic support to fragile democratic governments.

The same can be said for NAFTA. Mexican shoe exports are down 40 percent from 2000 due to Chinese competition. Mexico is extending its duties on Chinese shoe imports to protect is own industry and hopes that it can recover ground in the American market as costs rise in Asia. But it will need the continuing preferences under NAFTA to have a chance. Cutting external tariffs eliminates the benefit of preferential agreements. Directing trade towards neighbors and away from rivals is a strategic objective that should trump the pleading of special interests for tax breaks.

—William Hawkins is a Senior Fellow at the U.S. Business and Industry Council in Washington, D.C.

A Workforce Betrayed: Watching Greed Murder The Economy

The collapse of world socialism, the rise of the high-speed Internet, a bought-and-paid-for U.S. government and a million-dollar cap on executive pay that is not performance related are permitting greedy and disloyal corporate executives, Wall Street and large retailers to dismantle the ladders of upward mobility that made America an "opportunity society."

BY PAUL CRAIG ROBERTS

In the 21st century the U.S. economy has been able to create net new jobs only in non-tradable domestic services such as waitresses, bartenders, government workers, hospital orderlies and retail clerks. Non-tradable services are "hands on" services that cannot be sold as exports, such as haircuts, waiting a table or fixing a drink.

Corporations can boost their bottom lines, shareholder returns and executive performance bonuses by arbitraging labor across national boundaries. High value- added jobs in manufacturing and in tradable services can be relocated from developed countries to developing countries where wages and salaries are much lower.

In the United States, the high value-added jobs that remain are increasingly filled by lower-paid foreigners brought in on work visas.

When manufacturing jobs began leaving the U.S., no-think economists gave their assurances that this was a good thing. Grimy jobs that required little education would be replaced with new high-tech service jobs requiring university degrees. The American work force would be elevated. The U.S. would do the innovating, design, engineering, financing and marketing, and poor countries such as China would manufacture the goods that Americans invented. High-tech services were touted as the new source of value-added that would keep the American economy preeminent in the world.

The assurances that economists gave made no sense. If it pays corporations to ship out high value-added manufacturing jobs, it pays them to ship out high value-added service jobs. And that is exactly what U.S. corporations have done.

Automobile magazine in its August 2008 issue reports that last March Chrysler closed its Pacifica Advance Product Design Center in Southern California. Pacifica's demise followed closings and downsizings of southern California design studios by Italdesign, ASC, Porsche, Nissan and Volvo. Only three of GM's 11 design studios remain in the United States.

According to Eric Noble, president of The Car Lab, an automotive consultancy, "Advanced studios want to be where the new frontier is. So in China, studios are popping up like rabbits."

The idea is nonsensical that the United States can remain the font of research, innovation, design and engineering while the country ceases to make things. Research and product development invariably follow manufacturing.

Now even business schools that were cheerleaders for offshoring of U.S. jobs are beginning to wise up. In a recent report, "Next Generation Offshoring: The Globalization of Innovation," Duke University's Fuqua School of Business finds that product development is moving to China to support the manufacturing operations that have located there.

The study acknowledges that "labor arbitrage strategies continue to be key drivers of offshoring," a conclusion that I reached a number of years ago. Moreover, the study concludes, jobs offshoring is no longer mainly associated with locating IT services and call centers in low-wage countries. Jobs offshoring has reached maturity, "and now the growth is centered around product and process innovation."

According to the Fuqua School of Business report, in just one year, from 2005 to 2006, offshoring of product development jobs increased from an already significant base by 40 to 50 percent. Over the next one and one-half to three years "growth in offshoring of product development projects is forecast to increase by 65 percent for R&D and by more than 80 percent for engineering services and product design projects."

More than half of U.S. companies are now engaged in jobs offshoring, and the practice is no longer confined to large corporations. Small companies have discovered that "offshoring of innovation projects can significantly leverage limited investment dollars."

It turns out that product development, which was to be America's replacement for manufacturing jobs, is the second largest business function that is offshored.

According to the report, the offshoring of finance, accounting, and human resource jobs is increasing at a 35 percent annual rate. The study observes that "the high growth rates for the offshoring of core functions of value creation is a remarkable development."

In brief, the United States is losing its economy. However, a business school cannot go so far as to admit that, because its financing is dependent on outside sources that engage in offshoring. Instead, the study claims, absurdly, that the massive movement of jobs abroad that the study reports are causing no job loss in the U.S.: "Contrary to various claims, fears about loss of high-skill jobs in engineering and science are unfounded."

The study then contradicts this claim by reporting that as more scientists and engineers are hired abroad, "fewer jobs are being eliminated onshore." Since 2005, the study reports, there has been a 48 percent drop in the onshore jobs losses caused by offshore projects.

One wonders at the competence of the Fuqua School of Business. If a 40 to 50 percent increase in offshored product development jobs, a 65 percent increase in offshored R&D jobs and a more than 80 percent increase in offshored engineering services and product design-projects jobs do not constitute U.S. job loss, what does?

Academia's lack of independent financing means that its researchers

(Continued on next page)

Workforce Betrayed...

(Continued from page 11)

can only tell the facts by denying them.

The study adds more cover for corporate America's rear end by repeating the false assertion that U.S. firms are moving jobs offshore because of a shortage of scientists and engineers in America. A correct statement would be that the offshoring of science, engineering and professional service jobs is causing fewer American students to pursue these occupations, which formerly comprised broad ladders of upward mobility. The Bureau of Labor Statistics' nonfarm payroll jobs statistics show no sign of job growth in these careers. The best that can be surmised is that there are replacement jobs as people retire.

The offshoring of the U.S. economy is destroying the dollar's role as reserve currency, a role that is the source of American power and influence. The U.S. trade deficit resulting from offshored U.S. goods and services is too massive to be sustainable. Already the once all-mighty dollar has lost enormous purchasing power against oil, gold and other currencies.

In the 21st century, the American people have been placed on a path that can only end in a substantial reduction in U.S. living standards for every American except the corporate elite, who earn tens of millions of dollars in bonuses by excluding Americans from the production of the goods and services that they consume.

What can be done? The U.S. economy has been seriously undermined by offshoring. The damage might not be reparable. Possibly, the American market and living standards could be rescued by tariffs that offset the lower labor and compliance costs abroad.

Another alternative, suggested by Ralph Gomory, would be to tax U.S. corporations on the basis of the percentage of their value added that occurs in the U.S. The greater the value added to a company's product in America, the lower the tax rate on the profits.

These sensible suggestions will be demonized by ideological "free market" economists and opposed by the offshoring corporations, whose swollen profits allow them to hire "free market" economists as shills and to elect representatives to serve their interests.

The current recession with its layoffs will mask the continuing deterioration in employment and career outlooks for American university graduates. The highly skilled U.S. work force is being gradually transformed into the domestic service workforce characteristic of third-world economies.

— Dr. Roberts held the William E. Simon Chair in Political Economy at CSIS at Georgetown University and was Senior Research Fellow in the Hoover Institution at Stanford University. He served as Assistant Secretary of Treasury in the Reagan administration.

NAM President Ruffles Senate Majority Leader's Feathers

A recent meeting with Senate Majority Leader Harry Reid (D-Nev.) and John Engler, president of the National Association of Manufacturers, to discuss means in which the Democratic majority in Congress could improve manufacturing in America turned politically uncomfortable, according to sources familiar with the meeting.

Reid asked that NAM bring along members of its ad-hoc "Domestic Manufacturing Group." DMG is comprised of about 100 small- and medium-sized manufacturers that have tried without success to get NAM to embrace a "fair trade" agenda that would benefit U.S. manufacturing companies. Reid thought it was important for DMG members to know that the senior-most leadership of the Senate is aware of their efforts.

Discussion at the meeting centered on how the Democratic majority and NAM could work on issues that are important to the health of the U.S. industrial base: energy, infrastructure, health care and immigration. Reid mentioned that he did not think it was appropriate for Engler to be using NAM as a platform to lobby Congress on judicial nominations. The manufacturing industry's primary lobbying organization should not have a reputation for being partisan due to the personal interests of its president.

Engler had discussed the need for NAM to get involved in pushing conservative judicial appointees just as the Senate was embroiled in the "nuclear option" debate over Bush's judicial nominees.

Toward the end of the meeting, Reid raised the judge issue again, but instead of saying the politically correct thing — that his previous efforts were a misunderstanding — Engler told Reid something to the effect that "we still don't have our judges approved."

According to sources familiar with the meeting, it was the wrong time for Engler to raise a Republican talking point with the majority leader on one of the most bitter partisan fights in Senate history.

NAM Names Policy Pros

The National Association of Manufacturers has named Keith Smith director of employment and labor policy. Smith has been at NAM since 2005, having worked for former Sen. George Allen (R-Va.).

NAM has a new director of transportation and infrastructure policy: Robyn Boerstling, who is leaving her post at the Department of Transportation, where she was counselor to the assistant secretary in the Office of Transportation Policy.

And Alexis Bayer has been appointed NAM's director of energy and resources policy. Bayer was previously a legislative assistant for Sen. John Ensign (R-Nev.) for more than five years.

Meanwhile, Dallas Lawrence, who was vice president of broadcast and Internet content at the National Association of Manufacturers, has landed a new job. Lawrence has joined Levick Strategic Communications, a Washington, D.C., "crisis communication" firm. The company deals with crises related to public affairs, litigation, liability and product recalls. It has international clients, and provides services to governments and corporations.