

Notes on Stiglitz Lecture, Feb 15, 2005

-Alan Deardorff

1. Notable changes in the world economy
 - a. Capital market liberalization
 - b. Pro-cyclical lending
 - c. IMF conditions have changed, enormously reduced
 - d. IMF now does recognize the importance of poverty
 - e. Debt relief: Jubilee 2000 got it for 20 countries
 - f. Bankruptcy: IMF now accepts the need of an international bankruptcy facility
 - g. International Governance: Piecemeal
 - i. Democratic Deficit of IFIs
 - ii. No FOIA for IFIs
 - iii. Revolving doors
 - iv. Some recognition that something needs to be done
2. Trade
 - a. Theory says that everybody should be made better off by trade
 - b. Poorest countries were made worse off by the Uruguay Round
 - i. Their terms of trade worsened
 - ii. See studies by UNDP and WB
 - c. EU subsidies remain (\$2/day per cow)
 - d. US cotton subsidies (\$3-4 billion to farmers)
 - e. WTO has brought some rule of law to trade issues
 - f. Example: Brazil vs. US case
 - i. Professor at a state school in CA testified for Brazil
 - ii. Was threatened with firing
3. Doha Development Round:
 - a. Stated intentions are good
 - b. Some features are anti-development
 - c. Cancun meeting
 - i. A victory for democracy
 - ii. NGOs called the capitals every night
 - d. S's project for Commonwealth (?): What would a true "development round" consist of? (Nobody had done this.)
4. US Bilateral Agreements
 - a. These are bad agreements
 - b. Good news is that few countries have signed on
5. TRIPs
 - a. IP interests didn't want to leave this to WIPO because it actually has expertise
 - b. Doha meeting turned TRIPs into "TRIPs minus"
 - c. Morocco bilateral turns TRIPs into "TRIPs plus"

6. NAFTA
 - a. S was in favor of it at the time
 - b. US experience: fine
 - c. Mexico experience
 - i. Did not gain as expected
 - ii. Growth has been slower than before
 - iii. Real wages are lower, income is higher, so gains went to those with high incomes
 - iv. Now Maquiladora sector is losing jobs to China
 - d. Trade by itself is not enough: Mexico is not investing in education, roads, etc.
 - e. NAFTA is not really an FTA.
 - i. Mexico still faces US subsidies for agriculture, especially maize
 - ii. It is also more than an FTA, with features used for all kinds of things
 - f. Chapter 11: No one in White House knew about it at the time
7. Singapore Bilateral: Got them to admit chewing gum!
8. The Global System
 - a. Inherently unstable
 - b. Odd features
 - i. Richest country is borrowing from poor countries
 - ii. Developing countries are bearing risk
 - iii. Because developing countries hold reserves in \$, they
 1. Borrow at 18%
 2. Hold US T-bills as reserves, earning 2%
 - c. The falling dollar
 - i. Developing countries lose: Moving into “risk management reserve system”
 - ii. Don’t know where this is leading: Crisis, or malaise?
 - d. Shrimp-turtle case
 - i. WTO found in favor of US
 - ii. S thinks this precedent can be used against the US on the issue of the Kyoto Agreement