Notes on Stiglitz Lecture, Feb 15, 2005

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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