

SEEING THE FOREST

For the Trees

Who is our economy FOR, anyway?

FINANCIAL CRISIS TRACKER
FEB, 2010

UNEMPLOYMENT
14 Million or 9.7%

FORECLOSURES
223,651

WALL STREET BAILOUT
\$4.6 Trillion

Learn More • Take Action

Follow On Twitter:
<https://twitter.com/seeingtheforest>



[Seeing the Forest supports Progressives](#)



Visit the Seeing the Forest STORE

Smelling the Coffee Growing the Garden Dancimals

Premium Sponsor
[Advertise at Seeing the Forest](#)

NEWS SOURCES:

- [AlterNet](#)
- [BuzzFlash](#)
- [California Progress Report](#)
- [Calitics](#)
- [Common Dreams](#)
- [Drudge ReTort](#)
- [Huffington Post](#)
- [In These Times](#)
- [OpEd News](#)
- [Raw Story](#)
- [Reader Supported News](#)
- [Smirking Chimp](#)
- [Truthdig](#)
- [TruthOut](#)

Please help Seeing the Forest meet expenses. You can contribute using **Paypal:**



This is a secure online payment method which accepts major credit cards. **Thanks!**

STORE DEMOCRACY TO OUR COUNTRY AND ECONOMY.



[« On CNBC Today](#) | [Main](#)

April 8, 2010

Is China Trading Fair? CAF V. CATO On CNBC

-- by Dave Johnson

This post originally appeared at [Campaign for America's Future \(CAF\)](#) at their [Blog for OurFuture](#) as part of the [Making It In America](#) project. I am a Fellow with CAF.

I appeared on CNBC's Power Lunch today to discuss the trade imbalance with China. I was taking the position that we should be pushing for China to bring its currency into balance, and start following the trade rules, so that we can have a balanced and mutually beneficial relationship. [Dan Ikenson](#), associate director of the Cato Institute's [Center for Trade Policy Studies](#) was on the show to argue the opposing view.

I was only on for about a minute, but here are the notes I had prepared:

The trade imbalance with China is huge. This imbalance is the result of rulebreaking that has created a bubble that is expanding beyond all safe margins. If we let it get worse it could lead to another worldwide economic

ABOUT

Authors:
[Dave Johnson](#)
And occasionally:
[John Emerson](#)
[Thomas Leavitt](#)
[Sam Perry](#)

Dave is available for Consulting, Speaking Engagements, Special Projects.

CONTACT
e-mail addresses are first name, last initial
[@seeingtheforest.com](mailto:seeingtheforest.com)

Please visit our advertisers

Over 100 million impressions a month

- [Party like it's 1995](#)
- [Jon Stewart proves Republicans Hannity and Gingrich are liars](#)
- [2 More Glaciers Gone from Glacier Park](#)
- [SSP Daily Digest: 4/9 \(Morning Edition\)](#)
- [Weekend wound up](#)
- [Party Ideological Trends, Senate, 1931-Current](#)
- [Amnesty: US guilty of Katrina-related abuses](#)
- [Read more...](#)
- [Advertise at Seeing the Forest](#)

Secret War On The Dollar

Read the Shocking Bulletin That Washington Does Not Want You To See
[UncommonWisdomDaily](#)

SUBSCRIBE

Maddow controls emotions long enough to pick up gauntlet



ADVERTISEMENT

ancestry.com
who will
you discover?

Start Now ▶

ancestry.com

Join msnbc.com Politics Network

disaster.

A study by [the Alliance for American Manufacturing](#) and the [Economic Policy Institute](#) found that 2.4 million (oops I said 2.8 on the show) American manufacturing jobs were lost between 2001 and 2008 due to unfair trade with China. The biggest share of those job losses was in technology by the way.

The solution – the way to bring the trade relationship back into balance – is *actual* free trade. That is trade that follows and enforces the rules and is not manipulated and is not exploitative. Actual free and fair trade lets companies and countries compete in a free, unmanipulated market that is on a level playing field with clear rules that benefit everyone.

But right now China is manipulating its currency to bring themselves a pricing advantage, some say by as much as 40%. This is NOT a level playing field, is NOT free trade, and is not following the rules of a FREE market! If they adjust their currency by 5% over the next year, as rumored, they will start up and end up about 40% undervalued.

Some say we should be afraid to confront China. But China needs our market and they should be worried about taking this too far and the American public demanding action. And if China dumps their dollar holdings they would do it by selling dollars instead of buying them. Since buying dollars is how they have been forcing their currency down, selling them accomplishes the rebalancing we need. The dollar would drop against theirs, and our goods would be competitive. This is what we want to happen, not something to be afraid of.

Free Trade economists are also complaining about this manipulation. [Here is](#) Fred Bergsten, director of the Peterson Institute for International Economics:

“They clearly are manipulating. They’re keeping their currency undervalued, somewhere between 25 to 40 percent. That has huge effects on the world economy, huge adverse effects on lots of other countries.”

[Paul Krugman says](#) it’s knocking 1.5% off our GDP, and “This is the most distortionary exchange rate policy any major nation has ever followed.”

We want a level playing field, not manipulation of the rules. True free trade works for everyone and lifts everyone.

[The main unfair and manipulated tactics China uses to its advantage are:](#)

- 1) Currency manipulation. China “pegs” its currency at a very low, or “weak” rate, so goods from China cost up to 40% less than they otherwise should.
- 2) Labor-rights suppression has lowered manufacturing wages of Chinese workers by 47% to 86%.
- 3) There is massive direct government subsidization of export production in many key industries.
- 4) China allows environmental degradation that ends up affecting all of us.
- 5) Intellectual property theft and piracy mean that American products that could be sold are stolen instead.
- 6) China has a number of policies that block U.S. firms from market access.

The mission of Campaign for America’s Future is to build an economy that works for everyone. An unbalanced trade relationship creates an unsustainable global economy that works for the few.

Here is the segment. Let’s see how those notes translate into a live segment:

Receive a daily e-mail summary of Seeing the Forest posts! Enter your email address to subscribe:

Subscribe me!

77 email readers
BY FEEDBLITZ

Or click to subscribe

845 via feed:
BY FEEDBURNER

Click on any of the following to add **Seeing the Forest** headlines to your blog reading service:



Syndicate this site (XML) [XML](#)

SEARCH

Note - this only searches blog entries since April, 2005. To search for earlier entries, please go to the [old blog](#).

Search this site:

Search

CATEGORIES

[American Manufacturing](#)

[Bad Democrats](#)

[Bailouts](#)

[Blogging](#)

[Blog Hero Award](#)

[Books](#)

[Bush](#)

[California](#)

[Calls to Action](#)

[Civil Liberties](#)

[Corporate Rule](#)

[Corruption](#)

[Coverups](#)

[Democracy and Community](#)



So, I guess I told them a thing or two!

Well, at least they used a low-def camera for me. Things are generally better for everyone when they do that.

[Sign up here for the CAF daily summary.](#)

Posted by Dave Johnson at April 8, 2010 1:19 PM

5 tweets

retweet [SHARE](#) [f](#) [f](#) [f](#) ...

Comments

Post a comment

You are not signed in. You need to be registered to comment on this site. [Sign in](#)

Email this entry to:

Your email address:

Message (optional):

[Return to main page](#)

- [Economics](#)
- [Elections](#)
- [Candidates](#)
- [Democratic Convention](#)
- [Voting Machines](#)
- [Environment and Energy](#)
- [Funny](#)
- [Government and Governing](#)
- [Health Care](#)
- [Housing Bubble](#)
- [Human Rights](#)
- [Impeachment](#)
- [Iraq War](#)
- [John Emerson](#)
- [Labor](#)
- [Making It In America](#)
- [Movies](#)
- [Music](#)
- [News](#)
- [Obama](#)
- [Party Over Country](#)
- [Political Strategy](#)
- [Products](#)
- [Progressive Infrastructure](#)
- [Progressive Values](#)
- [Propaganda](#)
- [RW Smears](#)
- [Religion & Athiesm](#)
- [Right-Wing Takeover](#)
- [Technology](#)
- [Computers](#)
- [The Commons](#)
- [The Media](#)
- [The Right](#)
- [The Rove Scandal](#)
- [The STF Rule](#)
- [Trade](#)
- [War and Military](#)

sitemeter 
2,278,383

[LEFTY BLOGS](#)




[BLOG CATALOG](#)



This weblog is licensed under a [Creative Commons License](#).

Powered by
[Movable Type 3.34](#)

Web hosting provided by 
Assistance from [RWC](#)
[Computer Services](#)

ARCHIVES

- [April 2010](#)
- [March 2010](#)
- [February 2010](#)
- [January 2010](#)
- [December 2009](#)
- [November 2009](#)
- [October 2009](#)
- [September 2009](#)
- [August 2009](#)
- [July 2009](#)
- [June 2009](#)
- [May 2009](#)
- [April 2009](#)
- [March 2009](#)
- [February 2009](#)
- [January 2009](#)
- [December 2008](#)
- [November 2008](#)
- [October 2008](#)
- [September 2008](#)
- [August 2008](#)
- [July 2008](#)
- [June 2008](#)
- [May 2008](#)
- [April 2008](#)
- [March 2008](#)
- [February 2008](#)
- [January 2008](#)
- [December 2007](#)
- [November 2007](#)
- [October 2007](#)
- [September 2007](#)
- [August 2007](#)
- [July 2007](#)
- [June 2007](#)
- [May 2007](#)
- [April 2007](#)
- [March 2007](#)
- [February 2007](#)
- [January 2007](#)
- [December 2006](#)
- [November 2006](#)
- [October 2006](#)
- [September 2006](#)
- [August 2006](#)
- [July 2006](#)
- [June 2006](#)
- [May 2006](#)
- [April 2006](#)
- [March 2006](#)
- [February 2006](#)
- [January 2006](#)
- [December 2005](#)
- [November 2005](#)
- [October 2005](#)
- [September 2005](#)
- [August 2005](#)
- [July 2005](#)
- [June 2005](#)
- [May 2005](#)
- [April 2005](#)
- [March 2005](#)
- [February 2005](#)
- [January 2005](#)
- [December 2004](#)
- [November 2004](#)
- [October 2004](#)
- [September 2004](#)

-
- [August 2004](#)
 - [July 2004](#)
 - [June 2004](#)
 - [May 2004](#)
 - [April 2004](#)
 - [March 2004](#)
 - [February 2004](#)
 - [January 2004](#)
 - [December 2003](#)
 - [November 2003](#)
 - [October 2003](#)
 - [September 2003](#)
 - [August 2003](#)
 - [July 2003](#)
 - [June 2003](#)
 - [May 2003](#)
 - [April 2003](#)
 - [March 2003](#)
 - [February 2003](#)
 - [January 2003](#)
 - [December 2002](#)
 - [November 2002](#)
 - [October 2002](#)
 - [September 2002](#)
 - [August 2002](#)
 - [July 2002](#)
 - [Full archives](#)