

Policymakers sound alarm over protectionism

DAVOS, Switzerland (Reuters)—Policymakers sounded the alarm about the growing threat of protectionism on Thursday as new data showed a sharp fall in air freight traffic, signaling a broader slowdown in world trade.

India's trade minister, Kamal Nath, warned at the World Economic Forum that the global economic crisis could fuel protectionism to safeguard national industries and jobs.

He told Reuters that India saw growing signs of protectionism and would respond with its own measures if its exporters were threatened.

"We do fear this because one must recognize that at the heart of globalisation lies global competitiveness, and if governments are going to protect their non-competitive production facilities it's not going to be fair trade," he said.

"If there are protectionist measures India will be compelled to also take commensurate measures against those countries which will be good for no one."

Nath cited Dutch authorities' seizure last week of a Brazil-bound shipment of a generic high blood pressure drug made in India. He said India had taken up the issue with the Dutch authorities and the European Union, and hoped to resolve it.

India itself has raised tariffs on steel to protect local producers, a measure trade experts say was aimed at China, which India does not regard as a market economy.

Chinese Premier Wen Jiabao warned in a keynote speech at the opening of the Davos meeting on Wednesday that protectionism would only deepen and prolong the crisis.

And Pascal Lamy, director-general of the World Trade Organisation (WTO), said it was to be expected that the crisis would generate protectionist pressures.

"We all know by experience that erecting obstacles to trade would make things worse. And the first thing you have to do when you have to cope with a crisis like this is don't shoot in your own foot," he told reporters. "It's pretty clear that there is a risk and that we have to be very vigilant."

The deepening economic crisis, and the failure to complete the WTO's long-running Doha round



Indian Commerce Minister Kamal Nath gives a press conference in Davos on January 29, 2009 on the second day of the World Economic Forum. PIERRE VERDY/AFP/GETTY IMAGES

on freeing up global commerce, have raised fears that countries will block imports from their trading partners so as to protect jobs at home.

Such protectionism, if it led to tit-for-tat retaliation, would intensify the crisis, as happened in the 1930s during the Great Depression.

Nath said it was important for trading powers to continue efforts to complete the Doha round, launched in late 2001, and said he was optimistic a breakthrough could be reached in the next few months.

"I think that at this point the multilateral trading system more than ever before needs strengthening," he said.

The WTO has started to monitor trade measures taken by its 153 members for signs of protectionism. A first report this week will be updated in time for a meeting in London in April of the G20 group of rich and emerging nations, Lamy said.

"At this stage there's nothing dramatic. There are spots here and there which have appeared. Not real significant macroeconomic importance, but there is an area which deserves a lot of vigilance which is subsidies," he said.

Slump in air cargo

In more bad news for the global economy, the International Air Transport Association said international air freight traffic fell 22.6 percent in December compared to a year earlier.

IATA called it an "unprecedented and shocking" drop and said: "There is no clearer description of the slowdown in world trade."

On Wednesday the U.S. House of Representatives approved a controversial "Buy America" provision requiring public works projects funded by an \$825 billion stimulus package to use only U.S.-made iron and steel. European steelmakers have already challenged the move.

The U.S. Chamber of Commerce, which opposed the provision, believes it will be of only limited impact.

"An expansion of the current 'Buy American' rules would be a dumb idea, it would be a bad idea because the natural reaction would be for our trade partners to react in kind," Thomas J. Donohue, president and chief executive of the Chamber, which represents more than 3 million U.S. businesses, told Reuters.

"The more difficult it gets the more we have to keep saying 'no isolationism, no protectionism.' We need to keep markets open, we need to keep our ability to sell stuff working and to do that we have to keep our own markets open," Donohue said.

Egyptian Trade Minister Rachid Mohamed Rachid expressed concern on Wednesday at the way countries were rolling out stimulus and bailout packages to defend local industries and called for a more coordinated approach.

Your economy-related questions answered

By ANTONIO PEREZ
Epoch Times Staff

I was a layoff casualty. Now what?

Your boss just told you the bad news—you're one of a handful of people to receive a pink slip. You may feel depressed, angry, emotional, or completely numb. But the first thing you should remind yourself is to not take it personally.

Layoffs happen in the course of business. In this tough economic environment, you are not the only one to receive the bad news. There are a variety of factors that culminate in layoffs, and most of which are probably outside of your boss's control.

Keeping a cool head and remaining professional not only can be beneficial to your mental state, but can also ease the financial pain later on.

Arguing, starting a tirade, or becoming overly emotional can quickly burn bridges and bring negative consequences for your next interview. Word travels fast among the human resources departments of major companies, especially companies in the same industry.

Also, keep in mind that your boss probably was not the ultimate decision maker, and it helps to maintain professionalism and sound judgment. Your severance isn't likely etched in stone, so how well you carry yourself as you exit could play a role in how much benefit you receive.

Be frank with your boss in discussing severance—including details about your personal situation and your family. Is your spouse working? If not, see if you can stay on the employer's healthcare benefit a while longer. Many companies typically pay severance based on tenure. But if you are up there in

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age and fairly new to the company, is it fair to assign you the same severance pay as someone who recently graduated from college and came to work for the firm?

Remember, fairness, honesty, and sincerity always goes a long way in navigating difficult situations.

Home prices are dropping. Is it time to buy?

According to the latest S&P Case-Shiller Home Price Index, home prices nationwide are nearing 2004-levels. This begs the question, is it time to buy?

The answer is: it depends.

If you have extra money lying around and near-term job security, analysts agree that it is a good time to buy. Mortgage rates have already come down dramatically, but home prices should—and will—fall further. However, if you are in position to purchase right now, or have been waiting to purchase, there is no reason to wait.

On the other hand, if you are looking for investment property or are seeking a second or third home, you should probably wait a while.

Economists expect housing prices to fall further until at least late 2009, and the economic benefits of owning such properties likely won't be realized in the near future.

The markets are battered. Where should I put my money?

Your stock portfolio probably took a beating within the last six months. You may have cut your losses already, or have taken money out of the market completely—but whatever you do, don't stash it under your mattress yet.

If you are like most Americans, your appetite for high risk-high reward investment vanished amidst the bank failures and deluge of unemployment news.

Some investors turned to U.S. treasury bills, but the rates for treasuries are near zero. A recent article in Kiplinger's magazine recommended putting money in certificate of deposits (CD). CDs have interest rates far higher than treasury bills with the same security and peace of mind—all CDs up to \$250,000 are guaranteed by the FDIC.

The FDIC guarantee ceiling was raised from \$100,000 to \$250,000 last fall, and the limit will revert back to \$100,000 on Jan. 1, 2010. If you want to put in more than \$100,000 in CDs, consider splitting the savings into CDs at different banks.

If you want to take some risk, some analysts expect commodities and hard assets—especially gold—to prosper in the long term, given all the currency the Fed is currently printing to hand out as corporate bailouts. The U.S. government is currently borrowing billions of dollars to pay for financial bailouts. Recent Fed actions could lead to a weakening dollar and higher inflation in the long run, driving up the value of commodities.

ILO warning: Global job crisis

By CHOWA CHOO
Epoch Times Staff

If the current global economic crisis continues to deteriorate, more than 50 million people worldwide could be forced out of employment in 2009, totaling some 200 million workers globally, the International Labor Office (ILO) announced on Jan. 28.



People queue as they wait for a government job center to open in Madrid on Jan. 22. The number of unemployed workers in Spain soared to a 12-year high point of more than 3 million in 2008 as the economy reeled from the collapse of the property market. PHILIPPE DESMAZES/AFP

The global economic growth in 2009 will drop to almost a standstill at 0.5 percent before a turnaround in 2010.

mies—such as North America, the European Union, and Australia—as a result of the economic recession triggered by the sub-prime loan disaster and the ensuing global financial crisis. The size of these developed economies makes its impact on other regions of the world highly significant.

The people of the developing countries in Africa and the Middle-East, which are poverty stricken and enduring unemployment rates above 11 percent, could be hit severely because foreign aid is likely to be reduced.

ILO Director General Juan Somavia said, in conjunction with the release of the report, the worst case scenario is not exaggerated but realistic. Many governments are taking measures to prevent the situation from turning into a social destabilization factor with political and security implications.

Social unrest in some countries in Eastern Europe is already being reported by the mass media.

On Jan. 26, violent demonstra-

tions by citizens forced the Iceland government to resign. The angry citizens blamed the government for driving the once prosperous country into bankruptcy and high unemployment. In Greece, Lithuania and Latvia, demonstrations triggered by economic issues turned violent.

Forecasts by the European Commission released on Jan. 19 show a loss of 3.5 million jobs in 2009, as the economies plunge further down, bringing the unemployment rate to 8.75 percent. European governments have pledged to make jobs the highest priority. The ILO report appeals to governments to act even more decisively on the issue.

The ILO report on the global job crisis, resulting from the economic downturn, is supported by another report on the world economic outlook, released on the same day by International Monetary Fund (IMF). According to the IMF, the global economic growth in 2009 will drop to almost a standstill at 0.5 percent before a turnaround in 2010.

By A. DARIN
Epoch Times Staff

For the past century, music and movies have been a huge part of American pop culture. People have always been trying to make these things their own and continue to seek out the most convenient, inexpensive, and portable ways to enjoy their favorite forms of entertainment.

Throughout the 20th century, from the Victrola and 45s, to eight-tracks and the first color TVs, to VCRs and the first CDs, to today, we have seen a myriad of technologies come and go. Their rise and fall from popularity fuels our continuous search for more. At the beginning of the 21st century, however, the toll our industry and technology has taken on the planet is becoming more and more measurable, observable—and evident.

Unfortunately, entertainment through movies and music has played its role. This presents a dilemma. Our movies and music are just as much a part of American culture as baseball and hamburgers. How can people continue to enjoy music and movies without allowing them to contribute to the negative impact technology and industry has had on the environment?

Specifically, how have movies and music played a negative role? Actually, the content of the films and musical works themselves is really dependent of the production company and the individuals involved in their making. So, whether or not music or movies send a positive or negative message or whether or not many resources were consumed in the production of such entertainment really varies from movie to movie and album to album.

The problem with changing technology

In the past, there was very little one could do, as an individual consumer, to offset any negative environmental impact caused by the entertainment industry other than boycotting it. The area where movies and music have hurt the environment the most are in their packaging and delivery.

For example, the first TV sets and record players were big and bulky. Many resources were consumed in the production, packaging, and transportation of these goods. We have seen media become smaller and smaller and more and

more portable. But whether it was the records and tapes of the past, or the CDs and DVDs of today and the machines required to use them, there is still an unnecessarily vast amount of packaging material used and an enormous amount of resources consumed in the transportation of the goods.

We should also mention that all of these things, including the modern devices, will not last forever. So, do we fill our houses and landfills with piles of obsolete junk that is not biodegradable? They can, of course, be reused until they can't be reused anymore, but there would eventually be a limit, and then what?

The ideal situation would be to somehow recycle these things or have them re-made. Most people, though, would not think it's worth their time and energy to do this. It is simply more practical to just buy a new gadget or device and throw away the old. But, in fact, it is not as simple as tossing one item in the trash.

For example, tape players have been obsolete since the marketing of CDs began. So, once the old tape player was disposed of, all those tapes would have had to go too. Even if they were given away, it would have only postponed their being thrown out. So, it wasn't simply the case of only one thing needing to be dealt with.

Then if we take into consideration the total number of people in America alone who have owned records, tapes, CDs, and DVDs—and the playing devices for each of them—it's an unimaginable, uncountable number of inevitably useless pieces of metal and plastic. If these items are not disposed of properly when the day comes, they may take a heavy toll on the environment.

Nowadays there are more and more people, companies, and organizations placing an emphasis on the environment and creating products and services that have little or no negative effect on it. But the overall trend is that, environmentally speaking, things are still headed downhill. Sometimes, living green may seem discouraging in the same way that healthy eating can be. For example, people who diet often wonder, "Why do the things I enjoy the most have to be the worst for me?" The same is true for living green, in the sense that the things many people enjoy

doing, or are in the habit of doing, are environmentally damaging and oftentimes self-damaging on top of that. Fortunately, in the case of movies and music, there is a light at the end of the dark tunnel.

A modern solution

A product of modern times is the advent of downloading from the Internet. Of course, we are only referring to legal forms of downloading materials. Throughout our recent history of marketed entertainment and portable media, this may be one thing that the entertainment industry has gotten right in terms of eco-friendliness.

It may or may not have been their intention, but either way, downloadable music and movies, as opposed to discs you would buy in a store or have shipped to you, requires no packaging and no transportation. Additionally, there are virtually no raw materials or resources consumed in the items' production, packaging, or shipment. Furthermore, there is nothing to throw away.

A common argument against downloadable entertainment is that certain songs and movies are not available to download and are only accessible through older platforms. This is probably true for some who have very particular tastes, but generally speaking, many of the online services from which movies and music can be downloaded tend to have impressive libraries that are always being updated.

The reality is that there are some songs on LPs which may never be marketed in MP3 format or some movies on 8mm that may never make it to Blu-ray. However, there are many technology-driven people who are doing this independently. There are also businesses that will digitally convert all of your movies and music to the current modern platform for a modest fee.

If you've been living green for a while or you are new to it, you can relax in knowing that one of the popular modern ways of obtaining and enjoying your favorite movies and songs is not killing the planet. So, feel free to download to your heart's content. You may have to pay attention to the legalities involved and be wary of Internet security. Other than that, it is a relatively fast, safe, easy—and environmentally friendly—means of entertainment.