

EXCERPT

Free Trade Betrayed

Economist Jagdish Bhagwati of Columbia University has been one of the most visible and resolute intellectual advocates for free-market globalization, but lately he sounds a lot like Lori Wallach, the brainy lawyer who leads Global Trade Watch. “The process of trade liberalization is becoming a sham,” Bhagwati wrote recently in the *Financial Times*, “the ultimate objective being the capture, reshaping and distortion of the [World Trade Organization] in the image of American lobbying interests.”

Wallach and other leaders of worldwide popular dissent have been making the same argument about bait-and-switch diplomacy for a decade. “Oh, absolutely,” Bhagwati exclaims. “People like Lori Wallach are right.” The multinational corporate interests essentially hijacked the pure “free trade” principles Bhagwati espouses and turned “free-trade agreements” into their own agenda for a densely layered legal code—investment rules that impose a straitjacket of do’s and don’ts on developing-country governments.

The rights of foreign capital and corporations are to be expanded; the rights of sovereign nations to decide their own development strategies steadily eliminated. A country must not require multinationals to form joint ventures with domestic enterprises. It must not limit foreign ownership of its natural resources. National health systems, water systems and other public services must be open to privatization by foreign companies. Underdeveloped countries must, meanwhile, enforce the patent-rights system from the advanced economies to protect drugs, music, software and other “intellectual property” assets owned by wealthy industrialists. Any poor nation that dares to resist the WTO rule will face severe “sanctions”—huge cash penalties—and possibly *de facto* expulsion from the trading club.

“The developing countries are scared out of their wits now,” Bhagwati says, “because they don’t understand what they’re being forced to sign. The agreements are going way outside the trade issues and involve a helluva lot of things like your access to oil, your access to intellectual property and capital controls. . . . When I looked through the investment agreements, it was worse than reading my insurance policy for the fine print. I couldn’t make anything out of it, and I’m a reasonably informed person, a pretty smart economist as they go.”

—National correspondent William Greider in *The Nation* (Sept. 22, 2003)

SOCIETY

Why Teachers Matter

“Crowd Control” by Martin R. West and Ludger Woessmann, in *Education Next* (Summer 2003), 226 Littauer North Yard, 1875 Cambridge St., Cambridge, Mass. 02138–3001.

Reducing class size is an oft-recommended education reform, supposedly boosting student performance by letting teachers spend more time with individual pupils. In the 1999–2000 school year alone, states spent an estimated \$2.3 billion to accomplish that. But an international com-

parison suggests that there’s an interesting twist to the remedy.

West, a research fellow at Harvard University, and Woessmann, a senior researcher at the Ifo Institute for Economic Research in Munich, Germany, used data from the Third International Mathematics

and Science Study, conducted with middle-school students during 1994–95, to compare the effects of class size around the world. “While Americans squabble over whether class size should be 18 or 25 students,” they observe, “teachers in [South] Korean schools routinely face classrooms of more than 50 students.” In fact, the best-performing countries generally tended to have larger classes.

The researchers studied 18 countries, taking advantage of the natural variations in class size between grades to determine whether smaller was better. “We looked at whether seventh graders in a particular school performed better than the same school’s eighth graders (relative to the national average for their respective grades) when, on average, the seventh-grade classes were smaller than the eighth-grade classes.”

In only two of the 18 countries—Greece and Iceland—did smaller classes seem to

improve student performance. The results in 12 of the remaining countries were statistically insignificant: Class size made no difference. In four others (including the United States), there wasn’t enough variation in class size from one grade to the next to produce a meaningful verdict.

In Greece and Iceland, however, the authors found “substantial” benefits from reducing class size: “Students scored just over two points higher for every one student fewer in their class.” Why? The difference may be in the quality of the teachers, West and Woessmann speculate. The two countries rank relatively low in per pupil spending and teacher salaries—and, presumably, in teacher quality. Apparently, better teachers can handle bigger classes. “Smaller classes appear to be beneficial,” the authors conclude, “only in countries where average teacher quality is low.”

When America Was Really Diverse

“The People of British America, 1700–75” by Alan Taylor, in *Orbis* (Spring 2003), Foreign Policy Research Institute, 1528 Walnut St., Ste. 610, Philadelphia, Pa. 19102–3684.

Many Americans retain from their school days an image of 18th-century emigrants coming to British America of their own free will in search of liberty, and becoming more united as the revolution neared. But the demographic reality was very different, observes Taylor, a historian at the University of California, Davis.

By one estimate, the United States had a higher proportion of non-native speakers in its population in 1790 than it did in 1990. Many of the newcomers spoke African languages. “Most [emigrants] were enslaved Africans forced across the Atlantic to work on plantations raising American crops for the European market,” Taylor writes. “During the 18th century, the British colonies [including the West Indies] imported 1.5 million slaves—more than three times the number of free immigrants.”

Even so, he notes, “the colonial white population remained more than twice as large” as the population of enslaved Africans. The harsh conditions of slavery accounted for much of the gap. “In 1780 the black population in British America was less than half the total number of African emigrants received during

the preceding century, while the white population [was three times] its emigrant source.”

Virtually all of the 275,000 slaves imported into British America during the 17th century went to the sugar plantations of the West Indies, where extremely harsh conditions kept the death rate high and the birthrate low.

As the slave trade expanded in the 18th century, more slaves were taken to the Chesapeake and Carolinas. “On the colonial mainland,” says Taylor, “slave births exceeded their deaths, enabling that population to grow through natural increase, especially after 1740.” The mainland imported 250,000 slaves during the colonial period, and it sustained a black population of 576,000 by 1780. (The British West Indies had only 350,000 slaves in 1780, even though 1.2 million had been brought to the islands over the preceding two centuries.)

Meanwhile, emigration from England declined, from 350,000 in the 17th century to only 80,000 between 1700 and 1775—and at least 50,000 of these were convicted felons who were sold into indentured servitude. As