

# Trade deficit declines for third straight month

## U.S. foreign oil bill decreases

By MARTIN CRUTSINGER  
THE ASSOCIATED PRESS

### WASHINGTON

The trade deficit fell for a third consecutive month as the U.S. bill for foreign oil declined to the lowest level in 16 months and American exports hit an all-time high.

The deficit for November declined by 1 percent to \$58.2 billion, the lowest since July 2005, the Commerce Department reported Wednesday. The trade gap hadn't fallen for three consecutive months since early 2003.

The Bush administration hailed the improvement as a sign that its efforts to pry open foreign markets were working. "When we open overseas markets, American companies, consumers and workers benefit," said Commerce Secretary Carlos Gutierrez.

But administration critics said even with the recent improvement, the 2006 deficit will still be significantly higher than in 2005 with much of the deterioration coming from China.

"Our trade deficit is still out of control. Unless the administration takes action to end China's unfair currency manipulation, we will continue to see the problem get worse," said Sen. Charles Schumer, D-N.Y. and the new chairman of the Joint Economic Committee. He said his panel would hold hearings into the administration's planned response to China's reluctance to allow its currency to rise further in value

against the dollar. Treasury Secretary Henry Paulson led a delegation of seven Cabinet members to Beijing in December for two days of talks on trade but came away with no new commitments from the Chinese.

On Wall Street, stocks posted a modest gain, helped by upbeat company news. The Dow Jones industrial average rose 25.56 points to close at 12,442.16.

American manufacturers contend the yuan is undervalued by as much as 40 percent against the dollar, making Chinese goods cheaper and more attractive to American consumers and U.S. products more expensive in China.

For November, the U.S. deficit with China declined 5.9 percent to \$22.9 billion. But for the first 11 months of 2006, the deficit with China now totals an all-time high of \$213.5 billion, surpassing the old record of \$202 billion set in 2005 with the December figure yet to be added.

The overall U.S. deficit for 2006 is running at an annual rate of \$765.4 billion, putting the country on track to see a record imbalance for the fifth consecutive year. The deficit for all of 2005 was \$716.7 billion.

## Delta sale price increases to \$10.3B

### US Airways ups offer 20 percent

By HARRY R. WEBER  
THE ASSOCIATED PRESS

### ATLANTA

US Airways increased the pressure on Delta Air Lines' unsecured creditors to take its buyout offer by raising the bid Wednesday nearly 20 percent to \$10.3 billion. Whether the deal would survive regulatory scrutiny may be the deciding factor.

The Tempe, Ariz.-based company also set a Feb. 1 deadline for certain conditions to be met or its entire bid would be revoked.

The ball is now in the creditors' court.

The question is whether they want to take the money US Airways is offering and run the risk of a long regulatory fight, or stick with Delta's plan to emerge from bankruptcy by the middle of this year as a standalone company worth \$9.4 billion to \$12 billion.

Daniel Golden, a lawyer for Delta's unsecured creditors committee, did not return several phone calls Wednesday seeking comment. Most of the large creditors on the committee have refused to discuss their position publicly, except Delta's pilots union, which opposes the merger.

Delta management has argued that the combination of US Airways and Delta would not receive regulatory approval because of the overlap of the two carriers' routes. US Airways says there wouldn't be any regulatory holdup.

A Jan. 24 hearing has been scheduled by the Senate Committee on Commerce, Science and Transportation on the state of the airline industry and the potential impact of airline mergers.

Ray Neidl, an airline analyst with Calyon Securities in New York, said the increased offer will be more attractive to Delta's creditors, but the great unknown is whether regulators would approve the deal.

US Airways Group Inc. Chief Executive Doug Parker told analysts Wednesday there's an easy way to know who is right on the regulatory issues.

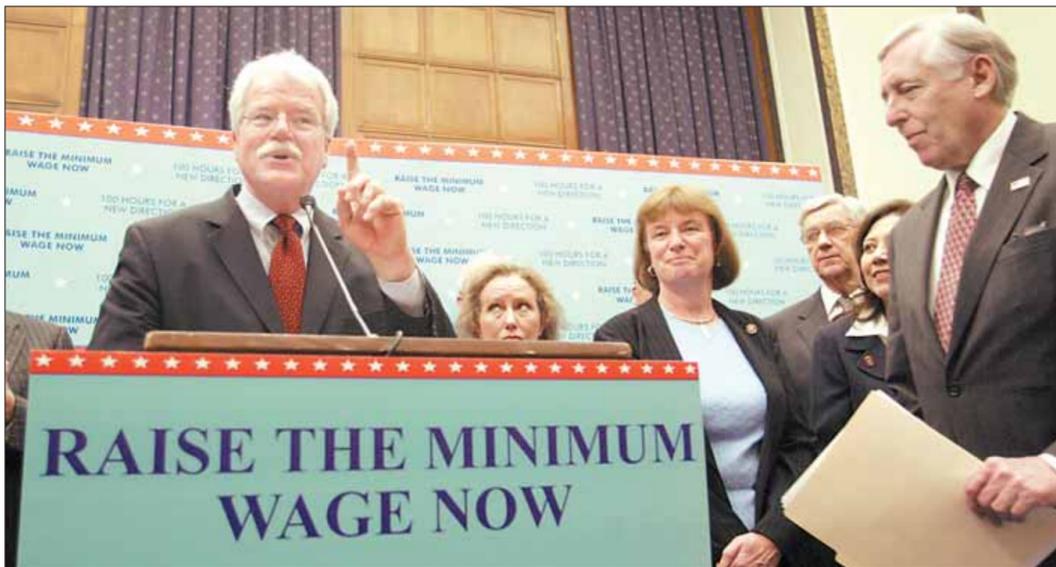
"Let's just go ask them and find out," Parker said of regulators. Parker was in Washington on Wednesday to talk to lawmakers.

Delta Air Lines Inc. said in a statement Wednesday that its board will do its duty to review the revised offer by US Airways.

But, the Atlanta-based airline added, "On its face, the revised proposal does not address significant concerns that have been raised about the initial US Airways proposal and, in fact, would increase the debt burden of the combined company by yet another \$1 billion."

## GIVING CONGRESS Giving workers a raise

### Lowest-paid employees could see increase of \$2.10 in stages



House Education and Labor Committee Chairman Rep. George Miller, D-Calif., gestures as he introduces House Majority Leader Steny Hoyer of Maryland, right, during a Wednesday new conference on Capitol Hill to discuss raising the minimum wage.

By JEANNINE AVERSA  
THE ASSOCIATED PRESS

### WASHINGTON

It's been 10 years since the most recent pay raise for minimum wage workers, predominantly the young, single and women, often black or Hispanic.

But that may be changing under the new Democratic-controlled Congress.

The House voted to raise the federal minimum wage Wednesday for the first time in a decade, to \$7.25 an hour, as majority Democrats marched briskly through their 100-hour agenda at the dawn of a new Congress.

Ebullient Democrats stood and cheered as the final vote, 315-116, was announced.

"For 10 years the lowest-paid Americans have been frozen out," said Rep. George Miller of California, berating Republicans who had refused for years to allow a vote on a stand-alone minimum wage increase.

"You should not be relegated to poverty if you work hard and play by the rules," said House Majority Leader Steny Hoyer, D-Md.

The bill was the second measure passed since Democrats took control of the House, ending more than a decade of Republican rule.

The measure, which now goes to the Senate, would raise the federal wage floor by \$2.10 from its current \$5.15 an hour in three steps over 26 months.

The Senate is expected to move quickly, perhaps in the next few weeks, on a similar bill. Business groups and some Republican lawmakers, however, hope they will be able to get some business-friendly provisions into the Senate package.

The last increase was in 1997, when President Clinton successfully prodded the GOP-controlled Congress to enact the increase.

Republicans declined to approve another raise for the six years in which they held majorities in the House and Senate and President Bush was in the White House.

Organized labor and other supporters pitched the bill as badly needed assistance for the working poor.

Business groups and other critics said it could lead to higher prices for goods and services, force small companies to pink-slip existing workers or hire fewer new ones, and crimp profits.

The White House issued a statement saying it opposed the bill because it "fails to provide relief to small businesses."

Senate Democratic leaders have already signaled they will accept changes designed to shield small businesses from adverse consequences of higher labor costs.

If the federal wage does rise in 26 months to \$7.25 an hour, about 5.6 million people, 4 percent of the work force, who make less than that would be directly affected, according to the Economic Policy Institute, a liberal leaning group. The group estimates that an additional 7.4 million workers would benefit indirectly as raising the floor would ripple through the work force.

Recent attempts to boost the federal minimum wage had failed when Republicans had control of Congress. But prospects changed after the Nov. 7 midterm elections put Democrats in charge in both the House and Senate.

## High court hears lawsuit challenging use of union fees for politics

By MARK SHERMAN  
THE ASSOCIATED PRESS

### WASHINGTON

Supreme Court justices indicated Wednesday they are inclined to uphold a Washington state law restricting unions from using workers' fees for political activities.

The case involves a few thousand teachers and other education employees who are in the bargaining unit and thus represented by the more than 70,000-member Washington Education Association, but who have chosen not to join the union.

Workers can't be forced to join

or pay for the union's political activism, the court has ruled, but they can be charged a fee for labor negotiations that affect them.

The fees average \$700 a year, union president Charles Hasse said. About 75 percent of the total goes to the costs of collective bargaining. Of the remaining 25 percent, just \$10 to \$25 a year is covered by the state law that the union has challenged.

The narrow issue before the justices is whether, as Washington law prescribed, employees must opt in, or affirmatively consent, to having some of their money used in election campaigns.

The Washington Supreme Court struck down the law, saying the union's offer to reduce fees for any nonmember who registers an objection to the political spending was sufficient. The state court said the restriction was an impermissible burden on the union's constitutional rights.

But several justices said Wednesday that the law did not strike them as burdensome.

"States have considerable discretion in determining how to protect First Amendment constitutional rights. It seems to me Washington acted quite properly," Justice Anthony Kennedy said, reflecting a view seemingly shared by at least five other justices.

The provision was a small part of a comprehensive campaign finance reform law that Washington voters approved in 1992.

Washington Attorney General Robert McKenna said there's no reason to think workers who decide not to join the union would want to support its political activities. Hasse said after the court ses-

sion that 300 to 400 workers register an objection each year. "The justices seemed to recognize despite the hyperbole on the other side that this affects just a small group of individuals in Washington state," Hasse said.

In practice, the union uses the money only for ballot initiatives, not for candidate elections. Campaign contributions to union-backed candidates come from a separate political action committee.

John West, representing the union, said workers rights already are protected because they can object to their money being spent on politics.



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