

Chapter 11

COMPARATIVE PRODUCTION COST EQUALIZING TARIFF

Preface to Proposal

Random Thoughts About the Wall Street Gang and Their Corporate Friends

American workers that still have jobs go to work, and put in a full week. They are good workers. Yet, when they return home from a day's work their money is worth less than it was when they left for work; because the Dollars they are paid are continually diminishing in value, and ordinary workers have little extra money to invest in inflation hedges. The workers aren't to blame for the diminishing value of their dollars. And, neither are the workers that no longer have jobs responsible for the egress of American manufacturing to all parts of the world. If the fault lies not with the workers, with whom then does it lie? The answer has been obvious for some time, and is at the core of the protests that now occupy many cities around the country. The workers are the victims of greed, a greed exercised to a degree not matched since the days of ancient feudal kings and lords. And, even though the ordinary worker's money is worth less at the end of their day, the members of the Wall Street gang, who produce no durable manufactured products, are wealthier when they return home; because they have ever increasing salaries, bolstered with bonuses, and they have the ability to secure hedge investments that protect their money. That difference in financial worth at the end of each day, between those producing value and those skimming off from what is produced, is the fundamental effect of the severe dichotomization of how labor has been valued in the American economy over the past 60 years.

While there has always been great wealth in the United States, even some who have lived like kings and exercised great influence over the nation's policies, there was also a growing Middle Class. That once thriving Middle Class that developed over the past 150 years, is quickly being destroyed. It was this Middle Class, whose ranks even the poorest citizen could once hope to join, that acted as a buffer between the wealthiest and the most poor. That buffer is no longer sufficient to keep the two camps, the rich and the poor, from rubbing up against each other. And, while this Middle Class served as a potential exit from poverty, it sadly, also acted as a shield preventing the true face of poverty from being seen in this country. When discussing poverty, those not mired in poverty could always point to the Middle Class as the American Dream; as the next very possible step up for the poor. In the minds of the Middle Class, the poor in America were not the same as the poor in third world countries, because America had a thriving Middle Class, many of whose members, or their parents, had themselves started life in some stage of poverty or degraded socio-economic status. So, in spite of existing generational poverty and systemic disadvantages, poverty was, for the more financially comfortable Americans, thought of as a transitory condition, something that everyone, on their own, or with government assistance, would eventually leave as they moved upward into the middle class, or even higher. It was this Middle Class, after all, who as teachers, professionals and ordinary workers, that lived the American Dream, and instilled the value of equal opportunity into mainstream American politics. It was the Middle Class that challenged slavery as abolitionists, and a century later joined hands across the color barrier and protested segregation. It is the Middle Class that has a certain degree of disposable capital that allows them to make those purchases that stimulate the economy, and more importantly, who have a certain amount of disposable time that allows them to stay informed on issues and join political and social organizations that promote political policy.

The enlarged financial rift between the corporate elite and ordinary workers has the potential upheaval of crashing tectonic plates; so much so, that America may be on the precipice of destruction. The American republic is in turmoil; as much or possibly even more turmoil now than during the Great Depression. There is now more accumulated socio-economic progress to be undone by an economic disaster than there was in the 1920's. More people have more now than they did back in the 1920's, and they now have more to lose. Families are not as strong now as they were then, and the general population has become more concentrated in urban settings where social support is more difficult. The fall from economic grace will hit this country very hard.

Consuming the Economy Back to Health

The singular cause and effect of our recent economic ills appears to have been a major housing debacle created by Wall Street that left masses of workers unemployed. At the same time, though, as workers continued to lose jobs, the stock market has rebounded back to the pre-bust level. One must, therefore, question the conclusion that the economic debacle that is consuming the working class was precipitated solely by events on Wall Street. Wall Street does not deal in production. Except for the funding of new companies through IPO's or supplemental financing through the issuance of bonds, Wall Street adds no value directly to a company's manufacturing capability. And, except for the dividends to be paid to stock holders, (putting aside the corrupt pump and dump schemes of many corporate boards for quick profits on their stock options) Wall Street, by and large, is disconnected from a company's manufacturing and sales decisions. So, why would it be that so many people not connected to Wall Street are paying the price for Wall Street's greed and corrupt activities?

We cannot ascribe the entire decline of the economy to lowered housing prices. The banks could have continued earning income from the mortgagors, albeit at a reduced rate. But, they chose not to, and the Federal government voted to bail

them out. Instead of working with their customers, the banks spent goodly sums on attorney's fees and court costs in taking back properties; many of which were sold at greatly reduced prices or even demolished. Many of the Wall Street financiers were made whole again, as well as many of the largest banks and insurance companies. In fact, many smaller banks that have been closed by Federal regulators were in no worse shape than some of the giant "too big to fail banks." But, the economy had ground to a halt and lending and investment dried up. We are told that the American consumer is not spending, and that when he begins spending again, all will be okay. The President repeated that message, and tried to get Congress to pass legislation that would take money from the treasury to guarantee jobs for certain citizens so their spending would save the economy. The truth is that the American economy was in bad shape before the Wall Street connected Federal Reserve raided everyone's piggy banks. Were the economy in better shape before Wall Street's antics, maybe the economy wouldn't now appear to be so close to the precipice; maybe financially comfortable ordinary workers with good jobs and a few bucks in the bank could have sat back while Federal prosecutors went after the swindlers. But, the Federal Government was not interested in going after the big crooks. The result is that there are now too many people without jobs, as well as too many people with low paying jobs worried about how they will pay their rent and buy food to sufficiently pressure their elected officials to get Federal prosecutors to prosecute those whose swindle caused such harm. Sorrowfully, with so many people in such weakened condition, when Wall Street sneezed, Americans got pneumonia.

The turmoil in America is between those few who are in control of the economy, and the vast majority of citizens whose lives and well being depends upon continuing employment. The question that is being bantered about is "How do we change things?." Both the so-called "left" and the so-called "right" have put forth objections to the current system, and both have offered solutions. And, there are solutions. And, they are surprisingly simple; contrary to how it may appear

because of social issues that have clouded and strangled our democratic process. For some it is religious warfare, and all else be damned. For others it is class warfare and social justice for everyone immediately, and nothing short of that. None of the goals of either camp as they are now postured, regardless of how politely they are shouted in civil meetings, can succeed without a great and bloody revolution fully vanquishing one side or the other. But, there are common goals that can be reached using the tools that currently exist in the system, if only we begin to examine the problems that beset us, and attack them individually at their core. An unemployed Fundamentalist Christian and an unemployed Catholic or Atheist, an unemployed Pro Lifer and an unemployed Women's Rights supporter and an unemployed gay basher and an unemployed social justice advocate have more in common today than they have differences. Americans must learn to overcome the Machiavellian precept of "Divide and Rule", which has been utilized much too long by the Power Elite against the citizens of our fair land. A healthier America will relieve the pressure that is building within the American cauldron. And, If America was ever truly a melting pot, it most certainly is now, and one that is heating up and about to boil over. Only when we begin to focus on what is taking away our security and freedom and stop rallying solely behind our different social and religious rules will we be able to change what ails us and promote change that will be good for all of us.

While the bought and paid for Congress argues about this and that, the Treasury is being depleted and people are suffering. The manufacturing capability and the economy of the United States is being wrought asunder by corporate thieves hiding behind an American flag they wave from shores far from those of the United States. The rich are getting richer exponentially, while the Middle Class is getting poorer and the poor are being ravaged.

We are told by a controlled media that the strength of the economy is linked to the American consumer, the largest consumer economy in the world. But, the truth is that the United States cannot rebuild its economy and economic strength

on the backs of consumers alone. As the situation exists today, with so much manufacturing located off of American shores, more consumption only helps domestic retailers and adds to state, county and local tax revenues. By and large, more consumption does not help domestic manufacturers, nor can it create enough jobs to replace those jobs that have been taken away. Neither can the US cannot rebuild its economy and support its needs on the backs of the Wall Street trading profits, which add nothing to the overall economy. As a general rule, the wealthy do not use their personal money to build new businesses. They use investment money, and that money is not forthcoming. And recently, what money has been invested, has built few new factories in the United States.

While the mantra of right wing talk radio may be that less taxes on the wealthy will help create jobs, that statement is only partially true. Were the wealthy to use their personal money to create jobs, they would not create them in the United States. They would create jobs where they have been created for the past three decades, offshore in foreign countries where labor is cheap and manufacturing regulations are lax, if existent at all. In a recent trip to New York City, my wife and I passed through the Newark, Jersey City Hoboken area. My wife who had not previously driven through this area centered around the Pulaski Skyway, was astounded at the mechanical splendor of the several lift bridges. She was also astounded at the tremendous number of empty warehouses and decaying manufacturing buildings. For some, the gentrification of many parts of New York City, as well as most cities in the United States, that utilize conversions of old manufacturing buildings to expensive residential lofts, is quite attractive. While I am a big fan of loft living, I am personally disgusted at the almost total exclusion of manufacturing from the former industrial neighborhoods in New York and every other city in the U.S.. Were it that manufacturing no longer existed, I would accept the conversions with a light heart as progress. But, manufacturing still exists, but not in many parts of America. Maybe it is pure nostalgia on my part, but I still thrill at the imprint of an American city on an old pair of steel pliers; pliers that still work as well today as they did when they were made in the 1930's

and 40's. We are getting what we pay for. Cheap tools for people with lower paying jobs leads to more unemployment. Competition is wonderful. Government sponsored corruption of the market place is criminal.

The rise and fall of the stock market has little effect on the creation of new jobs. The only real economy building function of the stock market is when an Initial Public Stock or Bond Offering is made, when a company's stock is bought for the first time, capitalizing the company. After the IPO, stock dividends are what produces income for the stock holder. The rise and fall of a stock price is really of little importance, unless a company wants to use its capital to buy its stock back, or for speculators. The recent broad fluctuations in stock prices and the value of the DJIA are more akin to what occurs in Las Vegas, than what should be occurring on Wall Street. Speculation is not investment. It is gambling. Wild fluctuations in a stock's price are reflective of a fixed horse race rather than a free market that values its stocks based on a company's performance, not whimsical news that changes daily. In fact, the odds on Wall Street brokerage houses and insiders coming out ahead on an investment is better than what the casino operators get in Vegas. But, in Vegas they at least serve free drinks to the small time players who never seem to beat the house.

One must wonder why we are given the news on the Dow Jones Average several times a day. The media message is that the daily value of stocks is an inherently important element of our lives. Over the period from November 2010 until November 2011 the stock market had basically gone nowhere. It hovered around the 11,500 level, with a rise to almost 13,000 and a dip to just below 11,000. In the five years from 2006 until November 2011 it has gone from 12,500 to just above 11,500 with a large dip to 7,000 in 2009. During that time it has had wild two, three and four percent swings almost daily. The actual value of so many stocks have not changed so rapidly from day to day. The wild swings in the market are speculation, not long term investment. The value of a stock on any given day is of no direct concern to the ordinary American worker. It's value lies

with speculators who already have that information on a real time basis. We have been subjected to the all pervasive importance of Wall Street in our lives. And, Wall Street has become important to our lives, but more so in a negative way than in a positive way. I truly believe that stock speculation should be relegated to Las Vegas, as it has as much relevance to our lives as a horse race. The difference, of course, is that those in control of a race track, don't also have direct ties to our government, and don't influence government financial policy.

Foreign Labor - Dismantling America

The recent bundled assets / derivatives fraud on Wall Street was not the beginning of the decline of American Industry; it was just the latest and most singular event hammering away at a nation already on the ropes because of years of assault by Federal trade policies. The lack of economic growth in the US (and Europe) is not about bankers and financiers holding onto their money. That is not what is preventing job creation in the United States. The American banks that have survived the Wall Street debacle are doing just fine earning interest on the reserve dollars given to them by the Federal Reserve. The Wall Street financiers are doing just fine once again with profits garnered from the large Wall Street swings, even getting to keep profits from the massive swindles that have left economies around the world on their knees. The lack of economic growth is a result of too many in America having been tossed out of their homes, are now homeless, or on the verge of disaster without a job. Too many Americans no longer have sufficient disposable income to purchase anything other than necessities. Too many in the Middle Class, which is truly the engine of new businesses, are close to insolvency. They has very little to give. The wealthy industrial investment class has already invested its money. They invested it in the Far East and Mexico, and soon will be investing their money in South Korea, Panama and Colombia. The United States worker has, to a great degree, become superfluous to the wealthy industrial investment class. The American industrial worker has become a hindrance to them; not because the American

worker has become unproductive; not because the American worker is not showing up for work in small shops and businesses all over the country that have been able to hold on; not because the American worker prevents them from earning profits, but because the American workers' demand for a greater piece of the pie and a generally better standard of living prevents the wealthy industrial investment class from maximizing their profits, literally strangling every cent they can out of every dollar invested.

The profits that can be earned by exploiting labor in foreign countries cannot be duplicated in the US. So, a purchase at Wal-Mart with a government stimulus check may help Wal-Mart, but it also helps the investor who backed the factory in China from which Wal-Mart gets its goods. Americans no longer have as many opportunities to purchase an American made product – as there are fewer and fewer of them, and they cost more than struggling workers can comfortably afford. Of course, if the American worker had more and better paying jobs, as he used to have, he could afford the more expensive American made products. Henry Ford explained why he paid his workers as well as he did. "I pay them well so that they can afford to buy the cars they produce.... and it is good for the economy." We seem to have lost something since the days of the man who revolutionized American Industry.

Higher wages for American workers continued through the 1950's and 1960's – up until the opening of China to American and European manufacturers. In the 1980's many small and medium sized American companies, while producing yearly profits, had relatively low stock valuations. Stock prices had not kept up with the slow rise of inflation since the late Fifties, and many companies were severely undervalued. It soon became fashionable for corporate raiders to buy American companies that had tangible assets such as factories, buildings, real estate, etc., and either downsize the company's operations and fire workers or liquidate the company entirely – often selling the equipment to an emerging country. The American factory was worth more dismantled than it was if it kept

operating; albeit that many workers had decent salaries and good livelihoods from their jobs. In many instances companies had been producing items and supporting hundreds of workers for several generations. But, while the company's pension fund and the companies manufacturing equipment and pay scale had been able to support the hundreds of workers, and would have continued to support those workers, Wall Street investors realized that the book value of the company was worth more on a short term basis if the company were dismantled and its parts sold. So, many companies, companies that eked out profits year after year, producing those fine American made products, were bought out by corporate raiders and the companies dismantled and sold. Of course, once the company was dismantled, the workers were fired. Many times the factory was shipped lock, stock and barrel to China, and began producing the same product at a much lower cost. The investors had made a literal killing. They killed a company. They killed the livelihood of hundreds of workers. They had, though, made a quick return on their investment. They saw a company ripe for the taking. They took the profits and they placed their money overseas.

The United States financial markets, and financiers all over the world, are more concerned with short term profits than long term investments. Raising a stock's price, for even a short while, affords a wonderful window of opportunity for CEO's and their kindred souls in corporate America to cash in those generous stock options they received. The low capital gains tax in the United States, through which investors can funnel their earning, has become incentive for this short term investment. While I am not a fan of the income tax, as long as the income tax is in place, the capital gains tax is a haven, a money laundering scheme for investors who earn their living buying and selling money; buying and selling financial instruments, be they stocks, bonds or credit default swap protected bundled assets. If you are wealthy enough to receive your work remuneration in the form of a bonus or a stock option, you will declare those earnings as capital gains and immediately save at least 10% on your money; in contrast to having to report the money as salary and paying a higher rate.

American Re-Emergence

The United States must rebuild its economic engine. There is no reason for American manufacturing to have re-located outside of the US other than American based Corporations want absolutely maximized profits. The concept of greater profit is fine, but so is the concept of America surviving. And, if America is to survive it must be able to create jobs in the United States – not merely retail or service industry jobs. So, certain questions must be asked. How much profit is necessary on an investment? And, what is the expected term of an investment over which profits should be realized? And, how much of the profit should be shared by the American worker? According to *Executive Excess 2008*, the 15th Annual CEO Compensation Survey from the Institute for Policy Studies and United for a Fair Economy, the CEOs' of S&P 500 firms compensation as a multiple of the average worker's pay, 1960-2007 has risen from 50 times greater than the ordinary worker to 350 times greater. The CEO's at Dow Jones companies earn 500 times greater. At the same time production workers' pay increased a mere 4.3%, while minimum wage earners pay fell 9.3% below inflation. The average CEO's pay is a mere 100 times the ordinary worker. The AFL/CIO website tracks the average compensation of all CEO's at \$3,900,000.00 compared to the median pay of workers to be \$36,000.00.

The answer to "redistributing" the wealth is not necessarily more taxes on the wealthy, but taxing more equally, in a more fair progressive way and dissuading investments that produce no jobs. (A new taxing proposal is discussed in a separate paper.) The massive amount of trading on Wall Street does very little if anything in the way of job creation. As noted, the tumultuous trading on Wall Street adds nothing to the overall economy. This has been graphically evidenced over the past ten years when Wall Street financiers have made tremendous amounts of money while the American economy has sunk precipitously. The way for the American worker to share in the profits is to bring higher paying jobs back into the United States.

American manufacturing

Bringing manufacturing back to the United States will not stop economic growth in other parts of the world. America will always import, and the healthier the United States economy is, the more it will import; and economic growth around the world cannot be built on the broken backs of the American worker. Currently, the American public pays more for its military and security establishment and its foreign bribes in the form of foreign aid than it does for almost anything else. Were a substantial realignment of the productivity that is currently being expended in colonial warfare, fighting over various countries' natural resources, instead used for investment in underdeveloped countries' infrastructures, true worldwide prosperity would occur without the need to bleed the American worker. A realignment of investment into constructive endeavors rather than simple destruction would utilize American expertise and ingenuity in manufacturing and construction and create American manufacturing jobs to support the worldwide development.

There is a diminishing window of opportunity in which American jobs will have relevance. Once the Chinese consumer market surpasses the American market, China will become self sufficient, and will rely even less on American manufactured goods. Once that change occurs, it may be irreversible.

"The Big Print Giveth and the Small Print Taketh Away"

One must be astounded that at the same time that **President Obama toured the country** promoting his jobs bill, which requires a massive expenditure that would add more debt to the already over burdened US budget, he also signed into law a long delayed trade agreement with Colombia, Panama and South Korea; legislation that includes a provision for compensation if jobs are lost to the trading partners as a result of these trade agreements, or as it is phrased in Washington fancy speak, " a bill to extend aid to workers displaced by foreign

competition." "Displaced by foreign competition" is less visceral than "losing your job because your company moved its production off shore where labor is cheap and working conditions are below standard" - or in polite short-talk, "outsourcing" To me the legislation is more reminiscent of a Tom Wait's' phrase, "The big print giveth and the small print taketh away."

According to the Office of the US Trade Agreement Representative:

"The Colombia part of the trade deal, Over 80 percent of U.S. exports of consumer and industrial products to Colombia will become duty free immediately, with remaining tariffs phased out over 10 years. The U.S.–Colombia Trade Promotion Agreement (TPA) will support more American jobs, increase U.S. exports, and enhance U.S. competitiveness."

The White House, Office of the Press Secretary, released the following:

"On Friday, October 21st, President Obama will sign the Korea, Panama and Colombia Free Trade Agreements and the renewal of Trade Adjustment Assistance for workers in the Oval Office before making remarks in the Rose Garden. In his remarks, President Obama will underscore that these trade agreements will significantly boost American exports, support tens of thousands of American jobs and protect labor rights, the environment and intellectual property. President Obama will be joined in the Rose Garden by business and labor leaders as well as workers who will benefit from these bills."

So, why is labor opposed? Part of the reason, and not the only part, is that Colombia has failed to protect Union Organizing. Quite simply, Union Organizers are murdered in Colombia; which means that working conditions and wages are less than what they could and should be. Which means that labor in Colombia

will be substantially cheaper than in the United States; much the same as it is cheaper in every country with whom the United States has signed a trade agreement. Additionally, discounting the few industrialized countries with whom we have trade agreements, working conditions and wages are also lower in every country with whom we have recently signed a trade agreement. Besides wages and working conditions, none of the countries with whom we have recently signed trade agreements have any substantial anti-pollution standards or in general have any substantial environmental protection regulations. So, what is euphemistically called Free Trade is not free. It is not free trade because the American worker pays a high price for deals that mainly benefit foreign workers and corporate executives. Free trade exists when all players play with the same rules on a level playing field.

Contrary to what right wing talk radio and the majority of the 2012 crop of Republican presidential candidates would have had you believe, manufacturing has not fled from this country because of high labor costs. Jobs have been moved not because American labor is expensive. American workers receive far less salary and remuneration and benefits and bonuses than executives and board members in the same company for which they work. Stock brokers who buy and sell stock shares and bonds in the companies for whom the American worker works earn more than the workers. It is not that American labor is too expensive, it is that foreign labor in favored nations is very cheap and regulations are few and far between. It is not that American companies cannot make a profit manufacturing in the United States. It is that company executives and large stock holders cannot make as much profit by paying good salaries. *It is not about profit. It is about more profit.*

Heads They Win Tails You Lose.

In the midst of a severe recession, a depression to many Americans, that has left millions without jobs, the US Congress passed an agreement that would lower or

eliminate tariffs that American exporters face in the three Colombia, South Korea and Panama. And, if the trade bill will protect American industries and jobs, why did the Congress also feel it necessary to pass the bill that will extend aid to workers displaced by foreign competition? The President is well aware that these bills will threaten American Jobs, because he demanded that the worker aid bill be part of the trade package. Obviously, the President and the congress prefer that certain American companies prosper and then, in turn, have the US Treasury pay displaced / unemployed workers some sort of compensation after they have lost their jobs. Putting kickbacks, political points and corruption aside, it makes no sense to sponsor programs that will cost Americans their jobs and then compensate them with Federal dollars once they are unemployed. Heads they win tails we lose. The US Treasury has become a slush fund to reimburse the wealthy investor when he commits illegal business and bankrupts the world, and then again to hand out pittances to American workers when the American companies have moved their jobs off shore. Programs to aid displaced workers due to jobs lost because of free trade deals is corporate welfare paid for by the American public. First the Congress helps American corporations find cheaper manufacturing situations and then uses taxpayer money to help those workers whose jobs the Congress has just helped send overseas. Heads they win tails we lose.

In October 2011, the Associated Press reported that the administration said that the deal with South Korea, America's seventh largest trading partner, will support 70,000 American jobs. Also reported was that "Many among Obama's core supporters, including organized labor and Democrats from areas hit hard by foreign competition, were unhappy that the White House was espousing the benefits of free trade. Rep. Maxine Waters, D-Calif said, "I find it deeply disturbing that the United States Congress is even considering a free trade agreement with a country (Colombia) that holds the world record for assassinations of trade unionists..."

It was with this backdrop of dissatisfaction that "the White House demanded linking the trade bills to the extension of a Kennedy-era program that helps workers displaced by foreign competition with retraining and financial aid " The question that must be asked of our elected officials is : Where are retrained workers going to find work in a shrinking labor market?

One need go no farther than your closest "Occupy" protest to know that there is great discontent with the current state of economic dystopia, which may be laid at the door steps of stock market manipulation and trade agreements that serve as manufacturing support for favored multinational corporations. The protestors' anger may be reported in the mainstream press as unfocused, but the elements of what has caused the anger are being expressed cogently elsewhere, as for example on the web.

The following information was posted on economyincrisis.org, under the heading "Opposition to Free Trade Mounts / Economy in Crisis," "A Pew Research poll conducted after the 2010 elections, a plurality of Americans now believe that NAFTA and the WTO have had a negative impact on America." A web poster on change.org/petitions/end-free-trade-now, cogently said what needs to be said, "Because of MFN, WTO, NAFTA and CAFTA, all Free Trade Legislation, we have high unemployment while the Corporations are making record profits at the Cost of our Hard Working American jobs. Until we end all Free Trade Legislation our Country is on it's way to Feudalism..... All of this Free Trade Legislation was passed and then signed knowing that it would be the outsourcing of Hard Working American jobs.....I am fed up with my intelligence being insulted....'End Free Trade Now' should be a Slogan used by the Party that wants to show "We the People" that we get it and we do not want Free Trade anymore. "

The current tariff arrangements are a reflection of a corrupt colonial foreign policy, which at its core is structured to favor certain corporate interests; and only incidentally reflects the true security needs of the United States. One need look

no farther than what was done in Iran in 1953, and how US and British and French oil interests in Iraq, beginning in 1917, during the First World War, and continuing to this day, have shaped the Middle East, and developed into a tangled political and military mess that is robbing the blood and treasure from US citizens. As this book is being written, the United States, with all the to do about beginning a pullout from the Middle East is slowly but steadily entrenching itself in Africa. It would be no exaggeration to say that if the US had a much more honest foreign policy, based upon the true security needs of the US, and not put into place mostly to support business interests worldwide, US tariffs would be doing what they are supposed to be doing, generating money for the treasury and protecting America workers by protecting their jobs.

The Problem and Solution

To bring jobs back to the United States, American manufacturing must be able to compete fairly. American labor cannot compete with other nations that support their industries with subsidies, suppress wages, fail to supervise working conditions, ignore concerns for environmental issues relating to their manufacturing, allow goods to be manufactured at prices that a well paid worker in an older economy cannot conscionably match, and manipulate their currencies to promote exports at the expense of the workers in the importing company.

The Blame is Two Fold:

1) The first part of the blame must be ascribed to the corporations that seek not profit, but seek much more profit. It is greed that runs most of the manufacturing decisions being made in the corporate board rooms of multi-lateral companies today, not long term productivity and a concern for the corporation's labor force.

2) The second part of the blame must be ascribed to the politicians who have succumbed to the multi-lateral corporate interests and have entered into international trade agreements that have led to the dismantling of the older

economies around the world. One cannot force a company to behave in any prescribed manner, detailing where it can manufacture its products; but then again, it is unfair to give a company unfair advantage by allowing it freely to import products off shore that were produced under conditions that would not be allowed in the United States. There is a discernible distinction between Capitalism and what is now called "Crony Capitalism," "Friendly Fascism," "Trickle Down Economics" - or in reality, "Fascism." It is evident to most, but admittedly not all, that Americans do not want to remove all manufacturing restrictions and safeguards in the United States; that then being the case, we should not allow products that have been produced under much less scrutiny and concern elsewhere free entree in our country.

Jobs Solution

Comparative Production Cost Equalizing Tariff

The first policy that must be enacted is to establish a Comparative Equalizing Tariff. This tariff would rate an importing nation's manufacturing and financial practices in six categories.

Production Cost Comparison Scale

- A) Manipulation of their currency to artificially reduce the cost of manufactured items intended for export.
- B) Government subsidies for products intended for export,
- C) The wage level of workers.
- D) The amount of attention to environmental protection and pollution in manufacturing,
- E) Working conditions.
- F) The general level of health care and the type of health care system in their country,

Each imported product would be judged on a scoring system that would rate the product against the six criteria listed above, and the decision as to how much, if any, tariff to be levied would be based upon the imported products score.

For example, when rated on the Production Cost Comparison Scale some nations might be on a par with the US, with no import tariffs being levied, in that their standard of living and production controls are equal to or higher than ours. A country like China might rate poorly on the equalization scale, and their products might be heavily taxed, elevating the cost of their products to a level almost on par with the cost of that same product manufactured in the US.

The result of implementing a Comparative Equalizing Tariff would lead to true competition on a leveled playing field. The effect on the market place would lead competing nations wanting entrée to an established market to produce a superior product at a competitive price. American companies would have to choose to pay a higher tariff on their goods, work with the manufacturing country to raise their standards so as to lower the import tariff, or return their production to the United States or to another developed country. If a manufacturer chose to continue to produce in a foreign nation and be met with a negative tariff score, at least a tariff will be collected on their products, adding to the coffers of the US Treasury; allowing the US to lower its tax on its citizens.

Tariffs still exist in the United States. Currently we tax imported autos at 2.5% and imported trucks at 25%. The concept of taxing imports based upon certain particular criteria already exists under current US tariff law. For example If the vehicle being imported has a gas mileage rating of less than 22.5 miles per gallon, a gas guzzler tax is applied to the vehicle in addition to the import tariff.

An import tariff, even the one that exists on automobiles, does not necessarily kill foreign production as evidenced by the ability of foreign producers to penetrate

established markets. This was demonstrated by Japanese automobile manufacturers when they overtook a lethargic and short sighted Detroit. The Japanese automakers, themselves part of an established economy with a high standard of living, were able to produce a competitive vehicle at a competitive price through the innovation of enhanced manufacturing techniques and market amenable products.

Short of enlightened legislation, the established economies will sink. The giant corporations that they spawned will survive; but will survive as basically foreign corporations, dumping cheap products into newly impoverished nations. Attempting to aid developing countries and encourage new centers of production in order to raise the overall standard of living of the world is a noble goal; manufacturing in cheap labor markets solely for the benefit of various corporate interests at the expense of the workers in their home nation is criminal. American corporations will have to decide where they want to make their home. That of course is their choice. The bottom line for them is that their products manufactured overseas will be judged against the US's Comparative Equalizing Tariff.