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Trade Demands a Level Playing Field

The goal of our post-World War II trade agreements, such as the GATT (General Agreement on Tariffs and Trade) and the World Trade Organization (WTO), was to lower tariffs mutually in pursuit of worldwide free trade. The trouble is that it takes two to tango and we trade with at least 137 other countries that dance to a different tune.

When other countries reduced their tariffs, they simultaneously imposed border tax schemes, particularly Value Added Taxes (VAT), which add up to almost exactly the same amount as the tariffs that were supposedly reduced. This sleight-of-hand trick is achieved by imposing VAT taxes on *imports* (a de facto tariff) and *rebating* VAT taxes on *exports*.

These de facto tariffs in many countries, including the European Union, are now as high or higher than tariffs were at the beginning of the GATT. Today, 94% of all U.S. exports and imports of goods are traded with VAT countries. These border-tax inequities currently disadvantage U.S. producers and service providers to the tune of \$379 billion a year.

The scheme started as a historical accident. The VAT (a consumption tax) was labeled an "indirect" tax, while income/payroll/property taxes paid by U.S. businesses were called "direct" taxes. Incompetent U.S. negotiators agreed in 1955 that "indirect" taxes, such as the VAT, "shall not be deemed to be a subsidy." At that time the rates of VAT taxes were only 2% to 4% and U.S. negotiators looked upon this concession as no big deal.

However, foreign countries caught on to how to use the VAT to cheat the United States. Over the years, other countries' use of the VAT has grown into a major violation of GATT's primary purpose: the reduction of border barriers. The average VAT imposed by all our trading partners today is a whopping 15.7% of the cost. European Union nations average a VAT of 19.2%.

The VAT is one of the major factors causing the loss of 3.2 million manufacturing jobs since 2000 and the dramatic increase in our trade deficit to \$763.6 billion in 2006.

The disparate treatment of border taxes is harmful and costly to U.S. workers in two ways. First, the refunds of indirect taxes amount to subsidies to foreign companies that ex-

port to the U.S. (although subsidies are supposed to be prohibited by WTO rules). Second, U.S. exporters are subjected to double taxation. They pay U.S. "direct" taxes, and then they pay a so-called "indirect" tax at the foreign border in order to get their products and services admitted. The VAT import tax is levied on the price of the "landed cost," which includes the costs of the product and its transportation.

To remedy this discrimination, the bipartisan Border Tax Equity Act (H.R. 2600) has just been introduced by Congressmen Duncan Hunter (R-CA), Walter Jones (R-NC), Bill Pascrell (D-NJ), and Mike Michaud (D-ME). It is designed to level the trading field by forcing other countries to eliminate their de facto tariffs. The Act accurately calls the discrimination against U.S. producers "arbitrary," "inequitable," and "a primary obstacle to more balanced trade relations between the United States and its major trading partners."

The Border Tax Equity Act directs our trade representatives to negotiate a remedy for the VAT inequity on goods and services by January 1, 2009. Then comes the mailed fist in the velvet glove. If the VAT countries refuse to agree to a reasonable negotiated solution by then, the United States would charge an offsetting assessment on imports of goods and services equal to the amount of VAT the foreign government rebates to its exporters. In addition, the United States would issue rebates equal to the amount of VAT taxes that U.S. exporters are forced to pay on goods which they sell to other countries.

U.S. businesses have complained about this border-tax discrimination for 40 years, and Congress has repeatedly tried to resolve it by good-faith negotiations with VAT countries. But other countries continue to say "no dice," and the WTO turns a deaf ear. This differential fuels the trade deficit, cripples U.S. competitiveness, and provides a powerful incentive for U.S. companies to shift production and jobs overseas. Thousands of U.S. companies have shifted production to nations that use a VAT where they avoid the double taxation.

To those who say that this bipartisan bill is not WTO compliant, we reply that the WTO's refusal to address this discrimination proves its anti-American bias. It's time to speak up for American industry and jobs.

The Voters Roared — The Senate Heard

To the surprise and dismay of the media and the political establishment, the highly touted and aggressively lobbied Senate amnesty bill was rejected by the Senate in a cloture vote on June 28.

The American people are fed up with the six years of “**silent amnesty**” President Bush has given us by allowing at least 700,000 illegals to come into our country every year of his Administration (a) to take jobs in the underground economy (paying no taxes), or (b) to take jobs using a fake or stolen Social Security number and receive massive social benefits paid by U.S. taxpayers, or (c) to roam our streets as conduits for illegal drugs or to participate in criminal gangs.

Bush’s **silent amnesty** results from his refusal to enforce current laws against illegal entry into our country, against hiring illegal aliens, and against allowing foreigners to overstay their visas.

The American people demanded that Congress reject the 700-page amnesty bill that would grant Z visas to make Bush’s silent amnesty permanent. The grass roots showed their power over the White House, Big Democratic Establishment, Big Republican Establishment, Big Business, Big Unions, Big Media, and Big Church combined. The Senate bill didn’t even get a simple majority, much less the 60 votes it needed to proceed to vote on the bill itself.

Senator Jeff Sessions (R-AL), who was out front first with specific objections to the Senate bill, pointed out how phony it was to call the Senate bill “reform.” He said it would result in only a 13% reduction in the invasion of illegal aliens and would double the number of legal immigrants.

The arguments *against* the details of the bill were so powerful that its advocates were reduced to repeating the mantra “Something is better than nothing.” How dumb do the elite think the American people are? The amnesty bill was far worse than doing nothing; the American people want current laws enforced.

The amnesty bill was written by a handful of “Deal Makers” behind closed doors without hearings or the usual committee process, who then limited amendments and debate, and demanded that the bill be passed only hours after the text was made public. The principal Deal Maker was Senator Ted Kennedy (D-MA). Republicans found it especially obnoxious that all negotiations had to go through Kennedy, the architect of 40 years of failed immigration policy.

Among the many amendments that the Deal Makers rejected or did not allow to be considered were amendments to prohibit felons from getting Z visas, to require completion of background checks before Z visas are issued, and to ensure that drunk drivers are not given legal status.

The pro-amnesty crowd is now engaging in ugly name-calling and blaming its defeat on Talk Radio. In fact, Talk Radio merely gave voice to the grass roots, thereby enabling

a “great victory for the American people who demanded to be heard,” as Sen. David Vitter (R-LA) said at the post-vote press conference.

Contrary to continuing media propaganda, the 2006 election and the killing of the Senate “comprehensive” immigration bill do **not** prove that anti-amnesty is a loser for Republicans. The Democrats who won in 2006 campaigned with Republican-rhetoric messages calling for border security, and they kept their promises in the decisive cloture vote.

Republican Senators voted **No** by a 3-to-1 majority (37 to 12), and they were conspicuously joined by three new Democratic Senators who defeated incumbent Republicans last November after criticizing the failure of our government to stop the entry of illegal aliens. They were Senators Jim Webb (VA), Jon Tester (MT), and Claire McCaskill (MO) who said simply, “I like to keep my word.”

The House Democrats who won in 2006 after making border-security promises were equally resistant to establishment and media lobbying. For example, Rep. Nancy Boyda (D-KS) who pulled off one of the most surprising 2006 upsets against an incumbent Republican, called President Bush just plain “wrong” and asserted that “most Americans oppose the Senate’s wrong-headed reforms; it’s just Kansas common sense.”

Bush’s duplicity about building a fence destroyed his credibility. Just before the 2006 election, Bush arranged a photo-op to show himself signing the Secure Fence Act, but since then he has refused to build it. The Senate bill he lobbied for would have cut in half the 700 miles of fencing called for in the 2006 law he signed. Bush likes fences for himself and keeps a high fence around the White House. When he met at the Group of Eight (G8) summit in Germany, he was protected by a welded-mesh fence, topped with barbed wire and video cameras, that began in the water and wound its way through the countryside until it ended back in the water.

Bush has just sent 120 of our best-trained Border Guards to Iraq to help the Iraqis with their border enforcement! With much fanfare last year, Bush sent some National Guard troops to our southern border, but they were not allowed to do anything except observe and are now scheduled to be sent to Iraq and Afghanistan.

Promoting the North American Agenda

When the details of the Senate amnesty bill were released, it became apparent that it was part of the globalists’ plan for the economic integration of North America. The bill would accomplish economic integration by immediately legalizing the 20 million aliens who now live in our country illegally, plus inviting tens of millions more (all their remote relatives) to enter legally in the coming years.

Title VI of the K-K bill would instantly turn the 20 million illegal aliens now in the U.S. into legal residents. No-

body knows the exact number, but since the bill had no cap and made it advantageous to declare yourself an illegal alien, fraud would probably grow the number (as did the number who were granted amnesty by the 1986 law). Forget national security and our hope to exclude potential terrorists, criminals, and MS-13 gangs — background checks would be limited to what the government could prove “by the end of the next business day.”

Title IV, Section 413 called on Congress to “accelerate the implementation” of the Security and Prosperity Partnership (SPP), which was agreed to by Bush and the Mexican and Canadian heads of state at Waco in 2005, and then reaffirmed at Cancun in 2006. SPP’s purpose and procedures were spelled out in the Council on Foreign Relations document called “Building a North American Community,” which identified SPP as a five-year plan to achieve economic integration of the three countries with open borders through which “trade, capital, and people flow freely.”

The Senate amnesty bill was a backhanded attempt to give some legislative color to Bush’s attempt to achieve his goal of open borders by press releases and confidential SPP meetings in our Department of Commerce with Mexican and Canadian bureaucrats.

The Senate amnesty bill stated that we want to increase access to credit for “poor and under served populations in Mexico,” and expand efforts “to reduce the transaction costs of remittance flows” from the U.S. to Mexico (now running at \$23 billion a year). The bill would put us into a “partnership” with Mexico for “increasing health care access for poor and under served populations in Mexico,” for “assisting Mexico in increasing its emergency and trauma health care facilities,” and for “expanding prenatal care” in the border region.

The Senate amnesty bill even called for massive U.S. foreign aid to Mexico to “improve the standard of living in Mexico.” Thus, the Senate bill called on the U.S. to assume the awesome economic burden of solving poverty problems in a country where a handful of billionaires sit at the top of a corrupt economy and keep most of the people in abject poverty.

Raiding U.S. Taxpayers’ Pocketbooks

The biggest effect of the Senate amnesty bill would be the immense tax burden it would impose on America’s middle class. It would require U.S. taxpayers to finance what would be, in essence, a multi-billion-dollar purchase of Mexican poverty. It would integrate millions of poor, uneducated Mexicans into the U.S. economy, giving them and all their distant relatives extraordinarily generous tax-paid social benefits. At least two-thirds of illegal aliens are low-skill, low-wage high school dropouts. A Congressional Budget Office spokesman said that one-third have never gotten as far as 8th grade.

An in-depth Heritage Foundation study by Robert Rector estimates that the average low-skill household in the U.S. re-

ceives \$30,160 in taxpayer-paid benefits (from all levels of government), and pays only \$10,573 in taxes at all levels. Each low-skill household, therefore, imposes a net cost on U.S. taxpayers of \$19,588 per year, which added up to \$564 billion in 2004.

In addition to public schools, low-wage illegal aliens would become heavy users of over 60 federal means-tested aid programs, including Medicaid, EITC (Earned Income Tax Credit, a cash handout that averages \$1,700 per year per household), food stamps, SSI (Supplemental Security Income), Section 8 housing, public housing, TANF (Temporary Assistance to Needy Families), school lunches and breakfasts, WIC (Women, Infants and Children) nutrition program, SSBG (Social Services Block Grants), and legal services. Most Americans are unaware of the enormous government transfers from taxpaying Americans to those who pay little or no income taxes.

About 45% of illegals work in the underground economy, thereby avoiding all income and employment taxes. And, since Mexicans send \$23 billion a year of their earnings in remittances back to their home country, they are not even paying much in sales taxes for purchases of U.S. products.

In addition to the heavy costs that the Senate amnesty bill would impose on current U.S. taxpayers, it is awesome to contemplate the burden put on our children and grandchildren when the amnestied aliens and their many relatives retire and collect Social Security and Medicare. The Heritage Foundation estimates that the net retirement costs (benefits minus taxes) could be more than \$2.5 trillion, which is five times the cost of the Iraq war.

The influx of tens of millions of low-skill workers, who pay almost no taxes and send \$23 billion of their earnings out of the country, will increase U.S. poverty and impose a tremendous burden on U.S. taxpayers. The increased supply of low-skill workers will also depress the wages of low-skill Americans who compete for low-wage jobs. The terrible costs of the amnesty bill’s buyout of Mexican poverty is **not** the legacy we want to leave our children and grandchildren.

The globalists try to tell us that bringing in more workers will expand and enrich our economy. That’s nonsense. If millions of low-skill, low-wage workers could build a country’s wealth, Africa and South America would be the richest countries in the world, and obviously they are not.

Education Secretary Warns About Dropouts

Secretary of Education Margaret Spellings made a speech to the National Summit on America’s Silent Epidemic on May 9. She said: “The dropout rate for African-American, Hispanic, and Native American students approaches 50% . . . Every year nearly a million kids fail to graduate high school.”

Secretary Spellings exhorted us to deal with this problem because it is a “moral imperative.” But the Senate amnesty

bill would dump many more millions of high school dropouts into our country.

Big business employers know that legalized illegals and guest-workers are willing to work long hours at low wages. Employers know they can avoid paying employee benefits and let U.S. taxpayers provide generous financial benefits. The Heritage Foundation estimates that U.S. taxpayers provide about \$20,000 per year of these benefits to every household headed by a high school dropout. That's even before retirement age enables the high school dropouts and their relatives to cash in on Social Security and Medicare.

Secretary Spellings' plan to pour more taxpayers' money into public schools does nothing for the dropouts who have already given up and gone out to the streets where they get into mischief. The high unemployment rate of young minority men is a national scandal. What our own high school dropouts need is a job so they can get started building a life.

Instead of rewarding illegal aliens with a Z visa to enable them to hold a job legally, Secretary Spellings should ask the Senate to authorize a Z diploma to encourage U.S. businesses to hire our own high school dropouts.

Amnesty Attacks the English Language

One of the mischievous proposals hidden in the crevices of the unlamented Senate amnesty bill was a surreptitious attempt to convert us to a bilingual (or even multilingual) nation. Section 702(b) would have forbidden the government to "diminish" any existing rights under U.S. "laws" that concern services or materials provided by the government "in any language other than English." Section 702(c) then gave this section extraordinary legal scope by defining the word "laws" to include "Presidential Executive Orders."

These deviously written sections would thus have exalted Clinton's Executive Order (EO) 13166 to the status of U.S. law. Clinton's EO requires all recipients of federal funds to provide all information and services in any language requested by any recipient of federal funds (such as a private-practice physician who accepts a Medicare or Medicaid patient). Ergo, all applicants for the new Z visa could apply in any language of their choice. Applicants would even have to be provided with tax-paid attorneys to demand their Z visas and challenge any rejection.

Clinton's EO 13166 should be repealed and English should be legislated as our official U.S. language. A new Zogby survey reports that 84% of Americans support this, one of the highest percentages of Yes votes ever recorded in public opinion polls.

CNN's televised presidential debates highlighted the chasm between the two parties on this issue. When Wolf Blitzer asked all the Democratic candidates "to raise your hand . . . if you believe English should be the official language of the United States," only Mike Gravel held up his hand.

A few nights later at the Republican presidential debate, Blitzer asked any candidate to speak up "who doesn't believe English should be the official language of the United States." Only John McCain spoke, hedging his reply by talking about the sovereignty of American Indians in Arizona. Blitzer followed up with the question "is there anyone else who stands with Senator McCain specifically on that question?" No Republican candidate responded.

A good example of the effect of **not** legislating English as our official language can be seen in this June 22, 2006 release of the U.S. Department of Agriculture about the school lunch program: "Please be advised that we have finalized the process of translating the Free and Reduced Price School Meals Application package into 25 different languages . . . Arabic, Cambodian, Chinese (Mandarin), Farsi, French, Greek, Haitian, Hindi, Hmong, Japanese, Korean, Kurdish, Laotian, Polish, Portuguese, Russian, Samoan, Serbo-Croatian, Somali, Spanish, Sudanese, Tagalog, Thai, Urdu, and Vietnamese."

Univision, the nation's most-watched Spanish-language television network, has announced it wants to host a Spanish-language TV debate among the 2008 presidential candidates. After specifying that all questions would be asked in Spanish, Univision condescendingly said that candidates may either answer in Spanish or use a translator if they answer in English.

The Univision invitation illustrates why it is important to recognize English as our official language. Since only citizens may legally vote, and being able to speak English is a requirement for naturalization, there is no necessity for candidates to speak to voters in any language other than English.

When a candidate uses a language other than English (as Mitt Romney is now doing in radio ads), it's like whispering behind the backs of most voters. This is unacceptable because the candidate may be making promises or concessions or innuendoes to a minority bloc, and because the process tends to divide the electorate into political pressure groups.

The English language is the greatest force we have for national unity. It would be a tragic mistake to diminish it.

Let's terminate President Bush's "silent amnesty" and demand that our government enforce current laws.

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