



# The Phyllis Schlafly Report

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## 'It's Still the Economy, Stupid'

Bill Clinton was elected President in 1992 using James Carville's slogan, "It's the economy, stupid." The Democrats thus capitalized on a temporary economic recession during the last year of George H.W. Bush's Administration.

Could 2008 be a repeat performance? The falling stock market, rising unemployment, skyrocketing oil prices, sub-prime mortgage collapse, and the Michigan recession have moved to front and center in the primaries.

Will the Republicans get it? Or will they just keep mouthing their tired mantras about free trade, the global economy, the world is flat, we have to be more competitive, send more students to community colleges, and teach more math and science?

Will the Democrats get it, or just keep mouthing their Big Government mantras that we need more taxpayer-paid social services? The liberal *New York Times* calls on us to "embrace globalization," and to compensate for job losses (which it speaks of with elitist disdain as "dislocations") by extended unemployment benefits, more progressive taxation, tax-paid lifetime re-training of workers, socialized medicine, and more income handouts to low-wage workers through the EITC (Earned Income Tax Credit).

The private enterprise system did not cause the loss of jobs. It's the result of bad U.S. policies and one-sided trade agreements that allow foreign governments to discriminate against American workers and products.

It's a very bad U.S. policy to invite millions of illegal aliens to come into the U.S., take low-wage jobs, and cash in on the social benefits that U.S. taxpayers generously provide to low-income households (estimated by the Heritage Foundation at a net cost of \$20,000 per year).

It's also a very bad U.S. policy to tolerate the H-1B and L-1 racket that is bringing in hundreds of thousands of skilled foreigners, particularly from Asia, to take jobs away from Americans. Senator Chuck Grassley (R-IA) says that the H-1B program is "now replacing the U.S. labor force."

The public is falsely led to believe that only 65,000 H-1B visas are permitted per year to take jobs for which no American can be found. The true figure is closer to 400,000 annually, because the number is increased by an additional 20,000 for-

eigners who get graduate degrees from U.S. universities, by foreigners who are completely exempt from the count because they work for research, educational or non-profits, and by 315,000 L-1 visas for which there is no cap at all.

The specific purpose of L-1 visas is to allow multinational companies to transfer managers and specialists within the company for a limited time. The high number now issued annually indicates that the multinationals are abusing L-1s as a back door to bring in lower-paid workers, not for a legitimate rotation of managers and specialized employees.

Tata Consultancy, for example, obtained 4,887 L-1s in fiscal 2006. Tata refused to answer questions from the tech journal *InfoWorld*, which called the H-1B/L-1 racket the fifth most underreported tech story of 2007.

Neither the H-1B nor the L-1 foreigners are expected to take permanent jobs or to get residency in the United States. But no one keeps track of whether or not they go home when their visas expire.

We can thank YouTube for posting on the web a portion of a conference at which immigration lawyers train employers on how to side-step immigration law. The blunt advice dished out by Lawrence Lebowitz of Cohen & Grigsby was: "Our goal is clearly not to find a qualified U.S. worker. . . . Our objective is to get this person a green card." Lebowitz also advised employers to find a place to advertise for U.S. workers where you will be "complying with the law" but hoping "not to find qualified and interested worker applicants."

Jobs losses are also caused by unfair trade agreements signed by our government which encourage corporations to close U.S. plants and move their production overseas. Chinese laborers, working under slave-labor conditions, can be hired for 30 cents an hour.

In addition to the advantage of cheap labor, our trade agreements permit massive product discrimination against us. Foreign governments are allowed to subsidize the goods they export to us, but also allowed to impose heavy taxes on goods they import from us.

Free trade was supposed to result in a mutual reduction of tariffs so goods can move freely around the world. It didn't

work out that way because our trade agreements do not require a level playing field. The United States cut our tariffs, but foreign countries substituted border taxes that are just as high as the tariffs they supposedly eliminated. They hide these border taxes under the moniker Value Added Tax (VAT), and it adds up to playing us for Uncle Sucker.

Now that millions of Americans have lost the good jobs they thought had put them on the path to living the American dream, the voters are waking up. Presidential candidates beware: we want to know what you will do to protect American jobs.

### ***Free Trade in Dangerous Drugs***

Several months ago when the news broke about poisonous pet food and lead-laden toys from China, I asked my local pharmacy to give me a letter stating it is not selling me any prescription drugs imported from China. The reply was, "We don't buy any drugs from China."

I said, "I know you don't, but I want you to check with your suppliers and verify that they don't buy from China." That request was met by thunderous silence.

Now we know why. The Government Accountability Office (GAO) reported that 80% of the drug substances used by U.S. manufacturers to produce prescription drugs is imported. The majority come from Communist China.

That means most of our medicines and medical products are manufactured in thousands of unregulated, unsupervised plants run by managers who have no moral code that imposes an obligation to use ingredients that are safe in preference to those that are cheaper but poisonous or at least dangerous. As Walter Cronkite would say, that's the way it is.

One of China's largest pharmaceutical companies that export to the United States, Shanghai Hualian, has just been exposed to have marketed contaminated leukemia drugs that paralyzed or otherwise harmed 200 Chinese cancer patients. This is the latest in a string of tainted medicines. Manufacturers who have such little regard for the safety of their own countrymen are not likely to care about the safety of American patients.

Like so many scandals, the problem is not merely the crime but the cover-up of violations; the company refuses to tell what drugs it has exported to the United States. Chinese government authorities have arrested the CEO; maybe he will face the same fate as China's top drug safety official who was executed last year, but that doesn't solve the problem.

We do know that Shanghai is the sole supplier to the United States of the abortion pill, mifepristone, known as RU-486. Our FDA had previously concealed the source of RU-486, and its U.S. distributor, Danco Laboratories, does not list a street address on its website or return press calls.

According to the journal *Drug Discovery and Development*, Pfizer (makers of Viagra) will double its outsourced

manufacturing operations in Asia to 30% this year in order to "cut costs." GlaxoSmithKline has announced steps to outsource more manufacturing, and AstraZeneca (makers of Nexium) will quit manufacturing altogether and shift its work to China and India.

Criticism of the FDA is mounting along with demands that the agency be given huge emergency injections of taxpayers' money to do a better job of inspecting imports. But the GAO investigation leads us to believe it is unlikely that the FDA could protect us from contaminated Chinese drugs even if it had ten times its current budget.

The FDA is so overwhelmed by the flood of cheap drug imports that it is simply incapable of protecting the public from unsafe drugs and medical devices, as well as food. The FDA would need 13 years to inspect every foreign drug plant just once.

Last year, the FDA inspected only 30 foreign drug manufacturing facilities. FDA computers estimate that the number of drug factories exporting drugs to the United States could be anywhere from 3,000 to 6,800, and the FDA has no idea how many have never been inspected.

The GAO reported that it would take 27 years to inspect every foreign plant that sends us medical devices such as pacemakers and defibrillators. Over the last six years, the FDA inspected only 64 of the 700 plants that produce medical devices.

Unlike domestic inspections, the FDA does not arrive unannounced at a foreign factory; the Chinese have the opportunity to prepare for the inspection. The FDA does not have its own translators but relies on translators provided by the Chinese.

The FDA inspects only about 7% of foreign establishments a year. The FDA admits that there are at least 2,133 foreign drug factories for which the FDA could not identify any previous inspection.

The FDA does not have a dedicated staff to conduct foreign inspections but relies on domestic inspectors to volunteer. U.S. inspectors must adhere to an itinerary (presumably arranged by the foreign government) so that multiple inspections can be made on the same trip, and an inspection cannot be extended if problems are discovered.

The entire process of registering facilities that manufacture drugs for export is subject to all kinds of manipulation. There is no system for checking current accuracy or identifying and correcting errors.

The major problem is not the FDA but the multinationals' passion to make free trade a policy that not only locks us into trade agreements that discriminate against U.S. manufacturing and jobs but even trumps U.S. health and safety standards.

Free trade is not only bringing us contaminated drugs and foods, but soon may bring us the products of embryonic stem cell transfers (a.k.a. cloning). The Chinese government is fi-

nancing a new laboratory to conduct research on stem cells, the nuclear transfer and reprogramming of cells, and other cell-engineering innovations.

So, there need be no more demands for U.S. funding of embryonic stem cell research. The globalists can partner with Communist-funded stem cell factories, like the new stem-cell agreement between Beike Biotechnology and Tsinghua University's Shenzhen Graduate School.

### ***Patents, Poisons, Prescription Drugs***

At the MSNBC Florida presidential debate, Mitt Romney posed a very significant question. "As we compete with China, how do we make sure that trade is done in a way that levels the playing field? How do we . . . protect American industry and American jobs, and do not cause a departure of jobs from this country?"

Good question, but neither Romney nor anyone else answered it.

In answer to the question about the bipartisan stimulus package to give cash to every American, Mike Huckabee made an important point: "We'll probably end up borrowing this \$150 billion from the Chinese. And when we get those rebate checks, most people are going to go out and buy stuff that's been imported from China. I have to wonder whose economy is going to be stimulated the most by the package." Again, nobody responded, and we didn't hear any plans to deal with the China problem.

How can we have fair trade with a country that is a major thief of our intellectual property? The Chinese don't even believe in individual intellectual property rights, which they look upon as a Western concept.

China is now salivating about the prospect that the Democratic Congress might make it easier to steal our patents. In the November 7 issue of *China Intellectual Property News*, a Chinese spokesman brags that the Patent bill soon to be voted on by our Senate is good news for China because the bill is "friendlier to the infringers than to the patentees in general as it will make the patent less reliable, easier to be challenged and cheaper to be infringed."

That's bad news for U.S. independent inventors and small companies. The author of that statement, Yongshun Cheng, is deputy director of the Intellectual Property Division of the Beijing High People's Court.

China is the world's biggest supplier of counterfeit, misbranded, substandard and unapproved pharmaceutical products to the United States. A dozen Chinese companies were producing copies of Viagra until stopped when Pfizer finally won its patent protection lawsuit.

Communist China has picked biotech as the new engine to continue its economic phenomenon. The Chinese government is supporting biopharmaceutical enterprises politically and financially, helping the biopharmaceutical industry to grow

by 31.2% annually from 2001 to 2005.

China is marketing itself as an international outsourcing hub for life sciences and has become the largest vaccine manufacturing country in the world, capable of producing 41 vaccines. China already has more than 400 biopharmaceutical companies of different ownerships and more than 20,000 biotech research scientists.

That number is increasing as the Chinese government is steadily repatriating its scientists who were trained in the United States. The *hai gui*, skilled Western-trained Chinese returnees who studied and worked in the U.S. for many years, acquiring academic and commercial experience, are now going back to China to take important positions at salaries that are one-third to one-fifth of U.S. salaries.

An estimated 80% of the active pharmaceutical ingredients used to make drugs sold in the United States are imported, and an estimated 40% of finished drugs are made in foreign countries. The Chinese drug agency does not even oversee the making of pharmaceutical raw materials, called intermediates, which are the building blocks for active pharmaceutical ingredients.

Our Food and Drug Administration (FDA) is slated to inspect only 13 of China's 714 drug firms (only 1.8%) this year. U.S. drugmakers are inspected at least once every two years, but there is no such requirement about imports, and Government Accountability Office spokesman Marcia Crosse admitted that 13 years can pass before a foreign manufacturer is visited even once.

The Associated Press reported that when the FDA does visit foreign plants, its inspectors can make "sometimes harrowing findings."

Even when Chinese manufacturers are inspected, our FDA inspectors rely on the companies for translators, and U.S. firms are required to authorize a Chinese official to serve as its legal representative. One U.S. CEO said, "every piece of information you get is suspect."

At the Cambridge Healthtech "Drug Development in China" conference in Philadelphia in September 2007, Chinese speakers bragged that China offers opportunities to lower costs for preclinical and clinical drug development activities. The cost of doing preclinical studies and clinical trials in China is about 20% to 60% of U.S. costs and can be many months faster, so U.S. multinationals follow the money.

According to an editorial in *Genetic Engineering News*, the Chinese are offering U.S. companies the opportunity to be a "strategic partner" with Chinese Contract Manufacturing Organizations (CMOs), which will shorten a new drug's production time by 1 to 1.5 years.

According to a Department of Health and Human Services report, the FDA doesn't know how many clinical trials are underway or where they are being held. The FDA has audited fewer than 1% of clinical trial sites. From 2000 through 2005, FDA inspectors visited only 2,856 out of an estimated

350,000 clinical trial sites, about 0.8% of the total.

Clinical trial applications are risky because there is no well-defined process, and Chinese regulations mean little because everything is ultimately decided on a local level. How can we know that the drugs in our medicine chest are safe?

### ***Americans Need China-Free Food***

The scandal of imported products from Communist China has accelerated to a level that the public should demand "China-free" labels on anything that goes into our mouths. This includes not only food, vitamins and medicines but toothpaste and toys which, as all parents know, go into children's mouths.

The Communist Chinese government's response was, first, to deny the problem, then, to execute its top food and drug regulator. Sorry, that doesn't assuage our anxiety.

It would take a couple of generations and many billions of dollars to bring Chinese food up to U.S. health and safety standards. Nearly half of China's population lives without sewage treatment, and the water isn't safe, whether from the tap or in sea or pond.

The Chinese food scandal first came to public attention in the spring of 2007 when hundreds of U.S. cats and dogs died. The FDA discovered that our pet food used wheat flour from China contaminated with melamine, a chemical used to make plastics and fertilizers that fooled testers with false high protein readings. The FDA announced an extensive recall of 100 pet food brands, but nobody asked the question, why is the United States importing wheat products? Can America possibly be short of wheat?

The U.S. Department of Agriculture said that as many as 20 million chickens and thousands of hogs in several states may have been fed contaminated feed.

In May, 900,000 tubes of toothpaste imported from China were withdrawn because tests showed that glycerine had been replaced by diethylene glycol, a chemical used in anti-freeze. This poisoned toothpaste has turned up in U.S. hospitals, prisons, and juvenile detention centers.

We import 80% of the seafood we eat, and China is our largest foreign source. The FDA says that a quarter of the shrimp coming from China contains antibiotics that are not allowed in U.S. food production and cannot be eliminated by cooking.

The FDA rejected 51 shipments of catfish, eel, shrimp, and tilapia because of contaminants such as salmonella, veterinary drugs, and a cancer-causing chemical called nitrofurantoin.

China raises most of its fish in water contaminated with raw sewage, and China compensates by using dangerous drugs and chemicals, many of which are banned in the U.S. The Chinese try to control the spread of bacterial infections, disease and parasites by pumping the food with antibiotics and the waters with pesticides.

Chicken pens are often suspended over ponds where seafood is farmed, recycling chicken feces as food for the fish.

The U.S. Department of Agriculture wants to allow China to sell cooked (but not raw) chickens to the U.S. even though public health officials have warned for several years about a potential avian influenza pandemic. Doesn't the U.S. have enough chickens?

China exports more than 80% of the world's vitamin C, which is put in thousands of processed foods from fruit drinks to applesauce to granola, and is used as a key food preservative. There is no claim of contamination yet, but many worry about dependence on China, which has driven all U.S. competitors out of business.

The United States long ago banned lead in paint because it can cause learning disabilities, kidney failure, anemia and irreversible brain damage in children. But lead is widely used in Chinese manufacturing, and 80% of toys sold in the U.S. come from China.

The U.S. recall of nearly a million toys already sold by Fisher-Price, because the paint contains excessive amounts of lead, is only one in a string of Chinese product safety scandals. Those toys are Fisher-Price's multi-million-dollar mistake, but the safety of our food and drugs is the responsibility of our government; that's why we have a Food and Drug Administration (FDA).

Every one of the 24 kinds of toys recalled for safety reasons in the U.S. so far this year was manufactured in China. Because of lead paint, the U.S. has recalled hundreds of thousands of children's necklaces, bracelets, earrings, charms, rings, toy drums, and 1.5 million Thomas & Friends wooden trains.

Other recalled products include a ghoulish fake eyeball toy filled with kerosene, Easy-Bake Ovens that could trap children's fingers and burn them, and 450,000 tires that lacked an essential safety feature called a gum strip to keep the belts of a tire from separating.

The FDA inspects only 1% of our imports from China. It's not realistic to believe that doubling or tripling the inspection rate would make any significant difference in the safety of foods or toys. Nor would FDA on-site inspection of producers in China be practical. When FDA investigators visited China in May, they found the factories closed, the machinery dismantled, and all records destroyed.

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