



The

# Phyllis Schlafly Report



VOL. 44, NO. 8

P.O. BOX 618, ALTON, ILLINOIS 62002

MARCH 2011

## Free Trade with Protectionists Cheats U.S.

It looks like the Russians fooled us again in nuclear treaty negotiations. After President Obama bamboozled the Senate into a hurry-up ratification of his New START Treaty, Russia impudently rejected the McCain “understanding” that we don’t have to abide by the Preamble’s language limiting the U.S. from building anti-missile defenses. Russia then ratified New START with its own understanding that the points about anti-missile defense are “indisputable” and must not be ignored. Shame on the Republican Senators who voted to ratify Obama’s dangerous treaty.

We no longer worry about a nuclear attack from Russia, but we should start worrying about China, North Korea and Iran. It’s time Americans wake up to the fact that China is not merely a friendly trading partner who manufactures cheap goods we can buy at WalMart. China is spending the billions of dollars it gets from its tremendous sales to Americans to build the most formidable military force in the world. China is building strategic nuclear weapons with delivery capabilities, submarines and ships, fighter planes and bombers, and a new anti-ship ballistic missile to sink U.S. aircraft carriers.

Communist China recently conducted a space test involving two satellites that rendezvoused several hundred miles above Earth in a maneuver that boosts Beijing’s anti-satellite weapons program. That’s a key capability for space warfare, intelligence gathering, and destroying enemy satellites.

Some people foolishly call our relationship with China “free trade.” But there is nothing free or fair about it; we are in a trade war between a militantly protectionist Communist government and a U.S. shackled by obsolete illusions about trade. The whole notion of free trade with China is dishonest. China is pumping public funds into its government-run companies, such as the airlines and steel mills, and the proportion of industrial production controlled and subsidized by the government is increasing rapidly.

With the Communist Party in the driver’s seat, China violates international law and trade agreements, slaps taxes and regulations on U.S. plants in China, and forces U.S. corporations to give away their trade secrets and manufacturing know-how to Chinese competitors. Chinese regulators have unlim-

ited discretion to reward China’s friends and punish enemies.

Communist China is the world’s top producer of illegal copies of music, movies, software, designer apparel, medicines, and other U.S. products. Chinese agents stole or illegally bought high-tech, electronic, military, and communications systems.

China’s strategy for economic development specifically includes stealing foreign innovations in order to develop domestic technology and manufacturing. China’s goal is to be the world’s biggest exporter based on stealing U.S. know-how and subsidizing Chinese manufacturers.

That’s only part of China’s strategy to cheat Americans. When U.S. companies build plants in China, Beijing forces them to disclose their technology in order to gain contracts, and the result is that major U.S. corporations, including our biggest technology companies, have given away their most valuable industrial secrets. And it gets worse.

“**Indigenous innovation**” is China’s new official policy. That’s China’s label for anti-American trade rules that prohibit imports and U.S. manufacturing in China unless based on intellectual property developed and owned in China, with its trademarks registered in China. This new rule targets our most innovative manufacturing and service industries, including computers, software, and telecommunications.

The Chinese government’s list of products subject to this obnoxious rule is constantly expanding. China’s “indigenous innovation” policy forbids U.S. products from being sold in China unless the U.S. companies give China their current patents and technology plus information about their research and development of new products.

China has no plan to be a market for U.S. products. China’s principal imports are and will continue to be U.S. jobs.

**The right of inventors** to own their own inventions is a precious American right written into our U.S. Constitution even before the famous rights of freedom of speech and religion. This inventors’ right is uniquely American: it was an original creation by the Founding Fathers and it’s still unique in the world.

That’s why nearly all the world’s great inventions are American. Our superiority in inventions and innovations is the principal

reason for our world leadership and standard of living.

For years, foreign corporations have been trying to destroy our innovation superiority under the code word "harmonization," *i.e.*, persuading us to harmonize our patent law with foreign laws, down to the levels of unfair European and Japanese systems.

Now Communist China has replaced the harmonization slogan with indigenous innovation, China's code word for theft. We are fools if we allow China to steal our innovations, which are the mainspring of our high standard of living.

### ***Obama's New Boss of Jobs***

President Obama recently appointed as chairman of his Presidents Council on Jobs and Competitiveness General Electric's CEO, Jeffrey R. Immelt. He is gung-ho for trade with China. In 2002 he told G.E. managers: "I talk China, China, China, China, China. You need to be there. I am a nut on China." He has closed G.E.'s light bulb factories in Kentucky, Ohio and Virginia that employed hundreds of people, so G.E. can make new light bulbs in China.

A few years ago, G.E. caved into the Chinese government's demand that G.E. build a large wind turbine factory in China. Since G.E. owns a crucial patent for wind turbines, this demand was based on the Chinese anti-free trade policy called indigenous innovation (which China expert James McGregor calls "a blueprint for technology theft on a scale the world has never seen before"). China then developed its own wind turbine manufacturers, and is now directing purchasers to buy from those Chinese firms instead of from G.E.

China treats U.S. companies like suckers, cheating them coming and going. China wants to be the world's biggest exporter based on stealing U.S. know-how and subsidizing local manufacturers. China blatantly violates international trade laws and doesn't plan to be a market for U.S. exports; China's principal imports are and will continue to be U.S. jobs.

When asked about China's cheating of G.E. on wind turbines, Immelt responded by saying that G.E. will fine-tune its competitive tactics to adapt to Beijing policy. The *New York Times* quoted a California lawyer specializing in Asia deals, Judy Lam, as explaining that his reaction translates as, "I understand my place" and big American corporations are "willing to suck it up — that will win them points."

Although the Obama Administration filed a wind-turbine complaint with the World Trade Organization, no U.S. company joined to defend itself. WTO disputes take up to three years to come to a decision, which usually turns out to be against U.S. interests.

The Chinese government passes short laws on complex industrial and financial subjects while leaving unlimited discretion to bureaucratic regulators (like the Obama Administration). In authentic socialist practice, the regulators can use their discretion to reward their friends and punish their enemies.

China has a long record of disciplining companies that fail to conform to Chinese regulatory demands. Chinese regulations presume to dictate ordinary managerial decisions of non-Chinese companies such as what equipment may be bought and from whom.

"Free trade" is the mantra of many politicians of both political parties. But it isn't free or fair; it is a trade war between an aggressively protectionist Communist government engaged in a vast military buildup and a U.S. that is shackled by out-of-date assumptions about trade.

### ***Obama Plans to Admit Mexican Trucks***

It is amazing that, with unemployment unacceptably high, President Obama met with the Mexican president and announced a plan that will cost U.S. jobs and make highway driving for Americans more dangerous and less pleasant. Obama wants to admit Mexican trucks to drive on all U.S. highways and roads.

Todd Spencer, executive vice president of the Owner-Operator Independent Drivers Association, explained what this means: "U.S. truckers would be forced to forfeit their own economic opportunities while companies and drivers from Mexico, free from equivalent regulatory burdens, take over their traffic lanes." We wonder if Mexico has any regulatory standards at all.

Mexican trucks are known to be overweight and lacking in safety regulations we consider essential, such as anti-lock brakes. Mexico doesn't have national databases that track drivers' records, background checks, drug usage, and arrests, and it's known to be easy to get a commercial driver's license with a bribe.

Nevertheless, Obama's Transportation Secretary, Ray LaHood, is working to admit Mexican trucks, and he thinks he can appease Congress by presenting on January 6 what he calls a "concept document." It is two pages of bureaucratic pablum that does nothing to assure the safety of Americans on our highways and roads.

The concept document calls for a "review" of the Mexican carriers' safety program, the driving records of Mexican drivers admitted to the program, and inspection of Mexican trucks for safety and emissions. But the document says nothing about what the standard of review and inspection will be, and whether trucks and drivers who don't pass inspection will be rejected.

Under the concept document, Mexican trucks would be subject to border inspections at the "normal border inspection rate," and subject to inspections within the U.S. "at the same rate as U.S. companies." That doesn't reassure us; the "normal" border inspection rate means that only a few violators will get caught, which the Mexicans will consider just a cost of doing business, and the notion that Mexican drivers need inspection only at the 50 percent U.S. rate is ridiculous.

U.S. law requires truck drivers to speak and understand the English language. The concept document says it will "conduct an English Language Proficiency" test of each Mexican driver, but it doesn't say the Mexican drivers must speak English or pass the test.

We know from the House testimony of the previous Transportation Secretary, Mary Peters, that the Department's policy is to approve Mexican drivers as "English proficient" even when they respond to an examiner's questions in Spanish. Senator Byron Dorgan (D-ND), who was conducting the hearing, was so astounded at this answer that he asked Secretary Peters to repeat it.

The concept document contains other provisions about monitoring, inspections, review, and drug and alcohol inspection. But the document contains nothing about requiring Mexican trucks to meet U.S. standards and rejection if they do not.

Mexican trucks have been barred from operating inside the United States since March 2009. They are limited to a border zone where they must then transfer their cargo onto U.S. trucks.

Mexico claims the current ban violates our treaty obligations under NAFTA. That's not true because NAFTA is not a treaty; it was never ratified by two-thirds of Senators as our Constitution requires for a treaty, and is merely a law passed in 1993 by a simple majority vote.

With the drug war in full battle array along our southern border, this is no time to start admitting Mexican trucks. It's a safe bet that many of the trucks will be carrying illegal aliens and illegal drugs.

Another safety problem exists for U.S. trucks that would get access to Mexican roads under this misguided proposal. Trade is supposed to be two-way street, but U.S. drivers don't want to drive into northern Mexico, the most dangerous area in the world because of the ongoing war between drug cartels.

### ***Government by Regulations Not Laws***

Republicans are assuming that Cap and Trade (a.k.a. Cap and Tax) is dead because Senator Majority Leader Harry Reid lacked the votes to bring up the House-passed bill and because this issue proved a loser in the 2010 House races. Like the famous Mark Twain saying, its death may be exaggerated.

The Senate's environmentalism expert, Jim Inhofe (R-OK), warns us that the Obama Administration is trying to implement Cap and Trade anyway by bureaucratic regulations. Directives issued by the Environmental Protection Agency (EPA) are coming down the pike to increase energy costs and kill jobs.

Last May, the EPA issued what it called a tailoring rule to govern new power plants, oil refineries and factories that yearly

emit 100,000 tons or more of carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, or sulfur hexafluoride. Inhofe reports that this tailoring rule will further reduce our manufacturing base and especially hurt the poor and elderly.

Inhofe predicts that the EPA standards planned for commercial and industrial boilers will cost 798,000 jobs. He also warns about the harmful effects on jobs caused by new rules on ozone emissions.

Since Obama moved into the White House, the EPA has proposed or finalized 29 major regulations and 172 major policy rules. The EPA is, for the first time, simultaneously toughening the regulations on all six major traditional pollutants such as ozone and sulfur dioxide.

Before Climategate exposed the politics behind the "science" of global warming, a 5-4 Supreme Court ordered the EPA to consider regulating emissions based on that unsubstantiated and now largely discredited theory.

Despite a long record of supporting Obama stimulus and spending legislation, the expected chair of the House Energy and Commerce Committee, Rep. Fred Upton (R-MI), says "we are not going to allow this administration to regulate what they have been unable to legislate."

Opposition to the EPA's new rules is remarkably bipartisan. Seventeen Democrats signed a letter to EPA Director Lisa Jackson opposing the new rules.

EPA Director Jackson is plotting to force mass retirements of the coal plants that provide half of U.S. electricity. The EPA's aggressive overregulation is forcing the electric industry to choose between continuing to operate while taking on major capital costs of complying with heavy new burdens, or closing down and building new plants that use more expensive sources such as natural gas. The public will surely end up paying higher electric rates (a.k.a. a big tax increase).

The ObamaCare law was deviously designed to take decision-making away from our elected representatives and give it to 15 "expert" members of the Obama-appointed Independent Payment Advisory Board. Many provisions of this law prohibit Congress from repealing or changing decisions of the "experts."

The Obama Administration is using administrative regulations to implement what is known as Card Check, which even the Democratic Congress refuses to legislate. Obama's recess appointee to the National Labor Relations Board, Craig Becker, has lined up a 3-to-2 Board majority to repeal the rule that requires secret ballots in unionization elections.

Currently, a secret ballot of workers is mandated in order to unionize a company. Becker's new regulation will eliminate that workers' right and make them subject to coercion and bullying to induce them to vote Yes on a card visible to union bosses.

The Obama Administration is also toying with a plan to

substitute administrative regulations for treaties. Several years ago, the Council on Foreign Relations fingered the treaty provision of the U.S. Constitution as its most objectionable section, and now an ex-Clinton Administration State Department bureaucrat, James P. Rubin, has floated a *New York Times* op-ed suggesting that treaties are not “worth the trouble anymore” and we should substitute domestic regulations.

The globalists find it inconvenient that our Constitution requires a two-thirds Senate vote for treaty ratification. Horrors! That, they say, causes “international frustration” with America. Rubin reminds us that after it became clear the Senate was not going to ratify a climate-change treaty, Obama just used EPA regulations, and so we can do likewise with arms-control treaties. Let’s just ignore the Constitution and let Obama bureaucrats make all important decisions.

### ***Gaffe About Shovel-Ready Jobs***

All sides admit that jobs are the number-one issue, but only three weeks before the 2010 congressional election on November 2, Obama casually admitted that his claim that his Stimulus spending bill would create 3.5 million “shovel-ready jobs” was not true.

Fox News played six video clips from different Obama speeches bragging that his \$787 Billion Stimulus bill would create millions of “shovel-ready jobs.” In 2010, Obama finally admitted that those things he talked about never existed.

He played his Democratic majority in Congress for suckers. He conned them into voting Yes for the Stimulus bill, while Republicans stood their ground and unanimously voted No.

Mark Shields commented, “How would you like to be a Democratic member of the House fighting for your life right now, getting hit over the head for having voted for the Stimulus bill, and have the President say in the *New York Times Sunday Magazine*, ‘there’s no such thing as shovel-ready projects’?”

Obama deceived his grassroots supporters the same way. He sent messages to thousands of cell phones to get them to hold 3,587 House Meetings, covering all 50 states and every congressional district, so they could listen to his sales talk for the Stimulus over the internet, and then call their Members of Congress to urge them to vote Yes. Obama’s friends performed loyally, and now they have to face the truth that the Stimulus is not merely a failure; it was a fake.

Obama keeps pouring salt into his friends’ political wounds. He bemoaned that he let himself look like “the same old tax-and-spend liberal Democrat.” No kidding! That’s not just how he looks; it’s what he is. He has saddled us with colossal debt that mortgages the future of our children and grandchildren with no end in sight.

Political pundits are trying to explain the meltdown of the Obama presidency after he entered the White House bask-

ing in what Bernard Goldberg called “the slobbering love affair” of the media and Chris Matthews called “the thrill going up my leg.” But the meltdown is not caused only by the depression, the debt, the deficits, the bailouts, the unemployment, the bankruptcies, and the industry takeovers; it’s caused by what Obama says and doesn’t say.

Obama’s ramrodding of ObamaCare through Congress by peddling the narcissistic notion that we should pass it first, and then learn to love it, was a colossal failure. His 38 speeches promoting government health care failed to convince us, and we liked it less after we got a closer look.

Call the roll of Obama’s remarks and actions that are downright insulting to American sensibilities and values. He bows to foreign dictators who hate us and apologizes for America at the United Nations. He puts down American exceptionalism. He pretends we are not and don’t want to be a superpower, and he belittles America’s generosity in saving and rebuilding other nations that ask for help after attacks or disaster.

He attacks our deeply held religious values. He twice pretended to quote the famous lines from the Declaration of Independence but purposely and conspicuously omitted the words that our unalienable rights were given to Americans “by their Creator.”

Obama has made a mantra of saying that America is a nation of “nonbelievers” as well as Muslims and other faiths. The Census Bureau’s official Statistical Abstract reports that only 0.7 percent of U.S. adults are atheists.

He insulted the Boy Scouts by boycotting their 100th anniversary Jamboree in July, attended by 45,000 Scouts only a few miles from the White House. Instead, he spent that day consorting with leftwing feminists on television.

The American people were allowed to learn less about Obama than anyone ever elected President. We don’t even know, for example, his college grades or who paid his tuition at pricey Harvard and Columbia.

The Pulitzer Prize winner Dorothy Rabinowitz expressed the belief of many Americans when she called him “the alien in the White House” (adding the caveat that this label is not even related to where Obama was born). It refers to calling himself a “citizen of the world” and the tell-tale discomfort he reveals when discussing America’s greatness, values, religious traditions, or exceptionalism.

### **The Phyllis Schlafly Report**

PO Box 618, Alton, Illinois 62002

ISSN0556-0152

Published monthly by the Eagle Trust Fund, PO Box 618, Alton, Illinois 62002. Periodicals Postage Paid at Alton, Illinois. Postmaster: Address Corrections should be sent to the Phyllis Schlafly Report, PO Box 618, Alton, Illinois 62002. Phone: (618) 462-5415.

Subscription Price: \$20 per year. Extra copies available: 50¢ each; 10 copies \$4; 30 copies \$8; 100 copies \$15; 1,000 copies \$100.

<http://www.eagleforum.org>

[eagle@eagleforum.org](mailto:eagle@eagleforum.org)