



# The Phyllis Schlafly Report



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## Globalism: Enemy of the Middle Class

The majority of countries in the world (*e.g.*, Mexico) have two classes: the rulers who are very, very rich and the rest of the people who are very, very poor. The United States is different; we built a prosperous society with a well-to-do middle class and the chance for anyone, based on merit and hard work, to better himself and live the American dream.

Globalism is the enemy of the middle class. Globalism preaches that the world is flat; that nations should have no borders; that labor, capital, goods and services should flow freely between countries. Globalism's mantras are "free trade" and "abolish protectionism." Globalism forces American workers to compete against people who work in other countries for 30 cents an hour without benefits. Competing with such low wages means the end of the American middle class.

Americans relish competition, as our national fixation on sports contests proves every day. But global trade is not played on a level playing field — our opponents don't play by the rules and the umpire (the World Trade Organization) is biased against us.

Middle-class Americans are waking up to how they have been squeezed out of prosperity by the politicians of both parties who were elected with the political donations and other goodies provided by corporations that reap the rewards of cheap labor through insourcing and outsourcing.

### ***Bush's Plan to Bankrupt Social Security***

The Social Security system has been a safety net for the middle class since the Great Depression of the 1930s. Now, President George W. Bush is trying to burden it with incredible costs by giving millions of illegal aliens Social Security benefits to which they are not entitled. This so-called "Totalization" plan would bankrupt the system just as our baby-boom generation retires. A 2003 Government Accountability Office (GAO) report warned that the cost to U.S. taxpayers is likely to be vastly higher than official estimates.

Bush made this secret plan with Mexico in June 2004, and we know about it now because of a Freedom of Information lawsuit filed by TREA Senior Citizens League, a million-member seniors advocacy group.

Senator John Ensign (R-NV) and Rep. Barbara Cubin (R-WY) have introduced a bill to require Totalization agreements to be treated like bilateral trade agreements, and go into effect only if affirmatively passed by both Houses of Congress. Unless this bill passes, the Totalization agreement will automatically become law without congressional action.

Totalization is part and parcel of the Council on Foreign Relations five-year plan for the "establishment by 2010 of a North American economic and security community" with a common "outer security perimeter." The 59-page CFR document (which can claim Bush Administration approval because it is posted on a U.S. State Department website) demands that we "implement the Social Security Totalization Agreement negotiated between the United States and Mexico."

Totalization would allow millions of illegal Mexican workers to collect U.S. benefits based on their U.S. earnings under false or stolen Social Security numbers plus virtual earnings in Mexico. American citizens must work ten years to be eligible for Social Security benefits, but the Totalization agreement would allow Mexicans to qualify with only 18 months of work in the United States, and pretend to make up the difference by assuming work and tax payments in Mexico.

The United States has totalization agreements with 21 other countries in order to assure a pension to those few individuals who work in two countries (legally, of course) by "totalizing" their payments into the pension systems of both countries. All existing totalization agreements are with industrialized nations whose retirement systems are on a parity with ours.

Mexican retirement benefits are not remotely equal to U.S. benefits. Americans receive benefits after working for 10 years, but Mexicans have to work 24 years before receiving any benefits. Mexican workers receive back in retirement only what they actually paid in plus interest, whereas the U.S. Social Security system is skewed to give lower-wage earners benefits greatly in excess of what they and their employers contributed.

Mexico has two different retirement programs, one for public-sector employees, which is draining the national treasury, and one for private-sector workers, which covers only

40% of the workforce. Most of the Mexicans who illegally entered the United States previously lived in poverty, where they were unemployed, or worked in the off-the-record economy, or worked for employers who did not pay taxes into a retirement system.

The Bush totalization plan would lure even more Mexicans into the United States illegally in the hope of amnesty and eligibility for Social Security benefits for themselves, as well as for their spouses and dependents who may never have lived in the United States.

### ***The Problem with Globalism***

In the Franklin D. Roosevelt era of the 1930s, conventional wisdom was that socialism, based on government spending to deal with all problems, was the wave of the future. That folly persisted into the 1970s, when Richard Nixon famously said, "We are all Keynesians now." Fortunately, such nonsense died with Watergate and was replaced by Reaganomics and its assumption that government is the problem, not the solution.

Now, the fashion is to promote globalism as inevitable. Economists, professors, financial consultants and CEOs for years have been preaching that globalism is the wave of the future and that anyone who wants to survive in business must ride its surfboard or drown.

All of a sudden the voice of business, *Business Week*, has admitted that the United States is no longer the captain of our fate because "globalization has overwhelmed Washington's ability to control the economy." No longer can the United States set its course for economic growth by tax and spending decisions made by our elected representatives.

The problem is that a common market requires a government to regulate and enforce its rules and contracts. Europe found that out when it progressed from a Common Market to a European Union (EU) run by bureaucrats in Brussels and judges in Luxembourg.

Globalism is world socialism run by a global regulatory body. *Business Week* concedes this when it reports "the creation of global institutions for governing the world economy." We have already joined the World Trade Organization (WTO) and kowtowed to its rulings.

The effects of globalization are not equal. Some get rich, the stock market goes up, and consumer goods get cheaper. But real wages for many U.S. workers are down over the past five years and have stagnated for others. Even *Business Week* admits that our weak wage growth is driven by competition from cheap labor in Asia, and that Congress is virtually powerless to make any significant difference.

Janet Yellen, president of San Francisco's Federal Reserve Bank, warned in a recent speech: "Globalization and skill-based technological change may have been working in combination to particularly depress the wage gains of those in

the middle of the U.S. wage distribution."

What about the area we brag about: research and development? *Business Week* admits that it's no longer a given that U.S. workers benefit directly from U.S.-funded research because India and China are increasingly attractive places for U.S. companies to do R&D, and education is no answer because globalization depresses wages for the better educated as well as the poorly educated.

The middle class is not placated by feel-good talk that the stock market has climbed to a record high, or that unemployment is at a record low, or that the Gross Domestic Product (GDP) is growing. Unemployment statistics *do not count* the fact that thousands of guys lost \$50,000 jobs in manufacturing or computers and are now working \$25,000 jobs in retail, and job-growth figures happily *do count* the wives who have been involuntarily forced into the labor force just to keep groceries on the table.

The middle class is not placated by glib slogans that free trade is good for the economy and that protectionism is a nasty word. Common sense tells them that there is no such thing as a free lunch and yes, indeed, we do expect friends in government and industry to protect American jobs against unfair competition from foreigners who work for 30 cents an hour.

### ***Who Will Win the Middle Class?***

The biggest moveable bloc of voters who will swing the 2008 election are the middle class, which includes people variously labeled blue-collar workers, skilled workers, or Reagan Democrats. President Ronald Reagan's victories absolutely depended on their support. But Presidents Bush I and II kicked them away from the Republican Party, particularly on the issue of jobs.

The 2006 election showed that the middle class understands that globalization is the enemy of well-paid American jobs. The United States has lost over three million manufacturing jobs since Bush became President. Even if U.S. workers give up pensions, health care, overtime, and all the employment benefits that have become the norm in America, there is no way they can be competitive with the very cheap labor in Asia.

Almost every one of the Republican Members of Congress who bit the dust in the 2006 election had been an enthusiastic booster of the globalists' agenda: NAFTA, CAFTA, WTO (World Trade Organization), Fast Track, PNTR (Permanent Normal Trading Relations), and Free Trade Agreements (FTA) with countries many Americans never heard of. Republicans were badly on the defensive in the face of Democrat ads touting the loss of jobs.

George W. Bush carried Ohio in 2004 because the marriage amendment brought out the values voters. But Democrats can play that game, too: in 2006 the Ohio referendum on

increasing the minimum wage raised the jobs issue, passed by 57%, and helped to bury Republican candidates. Ohio has lost its manufacturing base. Some of the good jobs went to plants that were outsourced overseas and some disappeared as a result of competition from cheap Chinese goods.

Republicans who seek to win in 2008 should listen attentively to the campaign messages of the Democrats who won in November 2006.

Incumbent Republican Senator Mike DeWine (R-OH) was badly defeated by Rep. Sherrod Brown (D-OH) who led the congressional fight against CAFTA and wrote a book called *Myths of Free Trade*. Brown's TV ads showed him standing in front of a "plant closed" sign. He promised: "In the U.S. Senate I want to revamp U.S. trade policy to reward corporations that create jobs at home."

Senator Rick Santorum (R-PA) was defeated by Bob Casey, whose campaign materials proclaimed that he "opposes unfair trade laws like CAFTA that put U.S. workers at a disadvantage."

Senator George Allen (R-VA) was defeated by Jim Webb, who said, "The middle class is continuing to get squeezed by stagnant wages and rising cost of living. . . . We must reexamine our tax and trade policies . . . so that free trade becomes fair trade."

Ben Cardin, who was elected to the open U.S. Senate seat in Maryland, said, "I will be introducing legislation to restore international tax fairness to prevent further discrimination against American workers."

Globalist policies have encouraged U.S. employers to use near-slave labor in Asia, whose products are then guaranteed duty-free or low-tariff re-entry to the United States. Those products are then sold here for prices that are cheap by U.S. standards but have a high markup of up to 80%.

Globalist policies also allow discrimination against U.S. manufacturers by the Value Added Tax (VAT) racket, whereby foreign governments subsidize their products both coming and going. For example, imported German automobiles cost 16% less in the United States than the same car sold in Germany, and exported U.S. automobiles cost 16% more in Germany than the same car bought in the United States.

All six U.S. Senators thought to be planning a run for the Democratic nomination for president voted against CAFTA. The issue would be dramatically joined if the Democratic nominee were opposed, for example, by Senator John McCain, who supported NAFTA, CAFTA, WTO, and PNTR for China.

Will Republicans continue to follow George W. Bush in his post-election travels to solicit even more Asian products made by cheap labor and subsidized by their governments?

Or will Republicans get smart on the jobs issue and reestablish their friendship with the Reagan Democrats? The candidates who side with the middle class instead of corporate money will be the winners in 2008.

## *Lies about H-1B Visas*

A technology industry coalition called Compete America gathered at Stanford University in November 2006 for a TechNet Innovation Summit, but the goal wasn't innovation. This Coalition, backed by Microsoft, Intel and other computer giants, dispatched its wallet-filled lobbyists to demand that the new Congress vastly increase the number of Indian, Pakistani and Chinese computer software techies and engineers who can be imported on H-1B visas to take U.S. jobs.

H-1Bers cut industry costs but do nothing to improve innovation. Most innovators are Americans; the successful immigrant entrepreneurs the industry brags about did not come here as guest-workers on H-1B visas, but entered as children and were educated in U.S. universities.

The industry's demand for H-1Bs is based on the claim that we suffer a labor shortage in those fields, but that's a bare-faced lie to erect a smokescreen around the real reasons: (a) Cost-cutting: H-1Bers are paid much less than Americans. (b) The influx of H-1Bers depresses the "prevailing wage" for all computer techies and engineers. (c) The hiring of H-1Bers prevents potential competition from Americans who might resign to work for other firms or start companies of their own. H-1B visas are not for entrepreneurs or executives, but are for employees who are tied to the company that imports them (much like indentured servants) and are supposed to depart from the United States after a few years.

The corporate CEOs laid down the gauntlet: if Congress doesn't give them more H-1Bs, they will just outsource the jobs. "Outsourcing is the perfect argument for increasing the numbers" of H-1Bs, said a Compete America spokesman. That's another lie: H-1Bs *promote* outsourcing. They enable corporations to bring in foreigners, train them in American ways, and then use them effectively in outsourced plants in Asia. Nobel economist Milton Friedman labeled H-1Bs a government "subsidy" to enable employers to get workers at a lower wage.

Current law allows industry to bring in 85,000 H-1B visas a year, but industry lobbyists seek to double or triple the number. They would really like the Cornyn-Shadegg SKIL bill (known to engineers as the KILL bill), which could import 1.5 million underpaid H-1B workers by 2013.

America has more than enough U.S. engineers. After the dot com bust in 2000, Silicon Valley lost about 100,000 engineering jobs, and many of those who lost out are unemployed or underemployed or have taken jobs in other industries.

Research by Professor Norman Matloff of the University of California/Davis confirms that there is no shortage of U.S. engineers or computer techies. If there were a shortage, salaries would be going up, but starting salaries for bachelor's degree graduates in computer science and electrical engineering, adjusted for inflation, are flat or falling.

A major study made by the Pratt School of Engineering at

Duke University also found that there is no shortage of U.S. engineers. Eighty percent of respondents to a Pratt survey say U.S. engineering jobs are filled within 4 months, and 88% didn't offer signing bonuses.

Many companies hire student engineers from India and China with only 2 or 3 years of college and then train them in their own facilities. U.S. students with 2 or 3 years of college get no job offers.

The Compete America globalists are not interested in preserving America as the greatest nation and economy in the world, or in protecting American industry or jobs or universities or national security. They rejoice in economic redistribution from rich and prosperous nations to other countries around the world.

Bill Gates spoke for the globalists: "The United States has been spoiled by being a global leader for so long that there may be an adjustment. We've got to get used to the fact that our relative share of everything — our ability to exercise unilateral decision making, military power, and economic power — won't be as out of line with our 5 percent share of world population as it is today."

Anyone who rejoices that the United States is losing its preeminence and distributing our wealth around the rest of the world must have lost all patriotism and appreciation for the Yankee ingenuity essential to our prosperity.

If Republicans want to take back Congress in 2008, they will have to find solutions other than the tiresome mantras that we should improve our educational system and be more competitive with cheap labor abroad. The winners will be those who make friends with the middle class, also known as the Reagan Democrats.

### ***Who Is Against Border Guards?***

Border Patrol agents Ignacio Ramos and Jose Compean were guarding the Mexican border near El Paso, Texas, on February 17, 2005 when they intercepted a van carrying nearly 1,000 pounds of marijuana. They were then convicted and sentenced to 11- and 12-year prison terms for the crime of putting one bullet in the buttocks of the admitted drug smuggler, and failing to report the discharge of their firearms. The non-fatal bullet didn't stop the smuggler from running to escape in a van waiting for him on the Mexican side of the border.

55 Members of Congress have been urging President Bush to pardon the two border guards, and U.S. citizens have sent 200,000 petitions and 15,000 faxes asking for a presidential pardon because they believe these convictions are a great miscarriage of justice. The White House and the U.S. Justice Department have been stonewalling these requests.

The official line of the Bush Administration is that the Border Patrol agents got a fair trial. But that's not true; Border Guards Ramos and Compean didn't get a fair trial. They

were convicted because the Justice Department sent investigators into Mexico, tracked down the drug smuggler, and gave him immunity from all prosecution for his drug smuggling crimes if he would please come back and testify against Ramos and Compean. It was massively unfair to give immunity to an illegal alien narcotics trafficker while destroying the lives and families of two Border Patrol agents who risked their lives to stop him. President Bush cannot duck responsibility because both the prosecutor and the judge are Bush appointees.

A major argument used by the prosecution during the trial was that our government has a policy forbidding agents from chasing suspected drug smugglers without first getting permission from supervisors. That exposes the misplaced priorities of the Bush Administration. The case also reminds us that our Border Patrol agents are in daily danger from hardened criminals.

The Department of Homeland Security issued this Officer Safety Alert on December 21, 2005: "Unidentified Mexican alien smugglers . . . have agreed that the best way to deal with U.S. Border Patrol agents is to hire a group of contract killers." The alert cautions that, to perform the killings, the smugglers intend to use the Mara Salvatrucha (MS-13) street gang, known for its unspeakable atrocities and torture.

T.J. Bonner, chief of the national Border Patrol Council, said "there is a palpable sense of outrage and betrayal" because President Bush pardoned five convicted drug dealers in December 2006, but "two border patrol agents, who were doing their job, fighting the war on drugs on the front lines, are going to prison."

Tony Snow, speaking for President Bush, is trying to convince the public that Ramos and Compean did bad things and deserved to be convicted. Assuming it is true that they violated the rules about fully reporting the incident, that does not deserve a 12-year prison term. They could have been fired, suspended, or had their pay docked.

The bottom line is that the Bush Administration gave total immunity to a proven Mexican drug dealer while two border guards who intercepted his van loaded with illegal drugs have been sent to prison for 12 years, and are not even allowed to remain free pending their appeal.

Rep. Dana Rohrabacher (R-CA) called the two agents heroes. "Because of their actions, more than a million dollars in illegal drugs were stopped from being sold to our children. Bringing felony charges against them is a travesty of justice beyond description."

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