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Restore Economic Patriotism for a Prosperous, Safer America

By Art Halvorson

Far too many career politicians, including Congressman Bill Shuster, have little understanding of global economics, especially foreign trade. Special interests and their Washington lobbyists ensure that Shuster and his allies in the Democrat Party maintain a shallow, naïve view of the world, in which geostrategic adversaries like China are seen as trustworthy trade partners, and the interests of a handful of multinational corporations are confused with those of the United States.

Over the past four decades, Republicans and Democrats alike have clamored to support sweeping multilateral “free trade” agreements that fling open our borders to foreign goods, services and people without regard to the consequences. Most of these deals not only violate free-market principles and guarantee economic decline for our country, but also forfeit our sovereignty by establishing unelected international arbitration bodies that trump the decisions of U.S. courts. Our one-size-fits-all approach to trade diplomacy has also empowered our geostrategic adversaries and jeopardized our long-term security.

The results for our country have been nothing less than disastrous. Between 1900 and 1970, the United States had a foreign trade surplus every single year, even during the Great Depression. In 1971, our trade surpluses began to disappear, never to return after 1975. It is not a coincidence that most Americans have not seen a rise in real wages during the same 40-year period. Nor is it a coincidence that the national debt has ballooned from \$400 billion in 1971 to an appalling \$19

trillion today.¹

The number of jobs in manufacturing has declined by 7,231,000, or 37%, since 1971 as our core productive assets were exported *en masse*, first to Mexico and then to China.² Most of the new jobs that have been created are low-wage, low-skill and often temporary. Wages for high-skilled info-technology workers have also plummeted as their jobs have been outsourced to countries like India and the Philippines. In 1990, there were 565,000 computer programmers in the United States. By 2010 there were only 427,000, many of them foreign workers brought in under HB-1 visas and earning less than their American counterparts.³

American dependence on China is a betrayal of free-market principles

Trust in the free market constitutes the bedrock of the conservative movement. Conservatives understand that the marketplace — and the people who labor within it — are the sole creators of wealth. We know that the marketplace is the most potent possible agent for general prosperity and social well-being. We demand small, non-intrusive government, whose spending is modest and transparent.

More importantly, conservatives want a vibrant, expanding private sector producing real wealth and meaningful, well-paid jobs. We know that a bloated regulatory regime and over-taxation are toxic for the business environment. Government should not interfere in the market except where obviously and reasonably necessary. As a rule, the government should not ration goods, impose price controls, or produce services at a loss, unless a powerful political consensus exists to do so (for example, on national defense, or strategic scientific research).

Once a marketplace becomes reliant on government spending, it ceases to be “free”. Profit ceases to be solely a function of superior, efficient production of goods and services, and is instead derived from artificial pricing in response to bureaucratic signals.

Government spending into a private market usually drives costs up, as we see in American healthcare and higher education. But government spending can also hide the true costs of production. **That is what we see in China, and that is why trade with China cannot be “free”.** The pricing of virtually anything made in China not only reflects a largely disenfranchised labor force working long hours at wages averaging less than \$150 month, it also reflects huge doses of targeted government spending. Allowing such products into the American marketplace at friendly rates of tariff is a betrayal of the free market principles conservatives cherish.

¹ US Treasury data, 2015; <http://www.polidiotic.com>

² Bureau of Labor Statistics data, as reported by Cybercast News Service, May 12, 2015; Jeffrey, Terence

³ Barlett, Donald L. and Steele, James B., “Offshoring stole many U.S. programming jobs.” Philly.com, May 1, 2011.

In China, now our number two trading partner, huge government subsidies are used to reduce the cost of goods production and transport. Such subsidies are usually found in the form of free or cut-rate services. Chinese factories often enjoy state-sponsored advantages such as free water, underpriced coal and free space on cargo trains. Local officials in China often have direct access to central government funds to be used at their discretion. The money is used to build state-owned cargo centers, for example, that offer impossibly cheap loading and storage services for every factory in town.

Ironically, the subsidies are funded with hundreds of billions of dollars' worth of foreign investment capital now held by China's largely state-owned finance sector. U.S. foreign direct investment into China totaled \$65.77 billion in 2014, up from \$59.89 billion in 2013. Since 2000, American firms have plowed \$539 billion in investment capital directly into China. If that sounds like a lot, it is, but it is peanuts in comparison to the total U.S. trade deficit with China. From 2010 through 2015, the United States has transferred a net \$1.5 *trillion* to China, or about \$25 billion a month.⁴ Monthly trade deficits with China reached a whopping \$30 billion in 2015, even as the Chinese economy began to slow.

This constitutes the largest transfer of sovereign wealth in human history — wealth flowing directly from the United States to a country that practices forced abortion, persecution of Christians, territorial expansion into the South China Sea and grueling political oppression. China's disdain for basic human rights alone should make it an unworthy trade partner for the United States. Instead, China trade accounts for more than 80% of the total US trade deficit. It is a tragic betrayal, both to the well-being of our own people and to our legacy as a force for good in the world.

Exporting our industrial capital, productive capacity and intellectual property into Chinese control may have meant lower prices for the American consumer, and higher profit margins for U.S. source-to-shelf retailers. But this has also meant net hemorrhaging of U.S. sovereign wealth directly into the hands of a principal geostrategic competitor. It has also prompted a steady deterioration in our industrial base. The inexorable contraction in American manufacturing has worrisome implications not just for the prosperity of the average American worker, but for our security as well. Moreover, our growing inability to produce real wealth leaves us living beyond our means. The federal government now borrows hundreds of billions of dollars every year from China to pay for entitlements, education, law enforcement, environmental protection and national defense.

This is intolerable.

Bill Shuster has betrayed his district on foreign trade

It is a tragedy that Bill Shuster, who literally inherited his congressional seat in 2001, did not also inherit the informed skepticism of his father, Bud Shuster. In the 1990s, Shuster Sr. opposed NAFTA, and warned presciently that Bill Clinton's free-trade juggernaut would extinguish

⁴ US Census Department trade statistics, January 2016

manufacturing from central Pennsylvania. That's precisely what happened.

From the day he took office in 2001, Bill Shuster's blind faith in free-trade dogma has led him to support every misguided trade deal that has rolled through Congress, even those that weaken the United States, promote corporate welfare, eliminate Congressional oversight of foreign trade and suppress the creation of wealth in central Pennsylvania. For example:

- After just two months in office, Shuster voted to extend “normal trade relations” with China, which among other things, allowed the Communist government in Beijing to enjoy U.S. subsidies through programs such as the U.S. Export-Import Bank. It also made it more difficult to control the hemorrhaging of U.S. investment capital, productive capacity and intellectual property directly into the hands of the Chinese government.
- In 2012, Shuster voted not only to reauthorize the U.S. Export-Import Bank, but to increase its lending cap by 40% to \$140 billion. This bank lends money to foreign governments and purchases products made (or simply “assembled”) in the U.S., when those governments and companies cannot find financing in the private market. It is textbook corporate welfare.⁵
- In June 2015, Shuster voted to give Pres. Obama “fast-track” authority to negotiate a new Asian trade agreement, ceding Congressional oversight of foreign trade relations to the president in direct violation of the U.S. Constitution. At the same time, Shuster voted for Trade Adjustment Assistance (TAA), in which the federal government spends billions trying to identify workers who have lost their jobs due to “free trade” and provide them job retraining, income support, and healthcare.⁶
- Also in June 2015, Shuster voted to repeal the requirement that foreign beef, chicken, and pork sold in the United States be clearly marked with a label identifying country of origin.⁷ The vote came after the World Trade Organization ruled against the U.S. on the issue, telling our country that it no longer had the right to tell consumers where their meat was raised. Thirty years ago, no American congressmen would have tolerated such a blatant assault on American sovereignty.

Economic patriotism: Foreign trade must serve the national interest

Foreign trade is critical to the well-being of our country, but so too is economic patriotism, something the founding fathers understood very well. But “free trade” with nations that are not free comes with devastating costs to our nation. Where there are wide discrepancies in wage, labor and environmental laws between us and potential trading partners, “free-trade” will never be *fair* trade.

⁵ H.R. 2072, May 9, 2012

⁶ Trade Promotion Authority (TPA) and Trade Adjustment Assistance (TAA) sections of HR 1314. The relevant part of the US Constitution is [Article I, Section 8, Clause 3](#), which grants Congress the power to “To regulate [Commerce](#) with foreign Nations, and among the several States, and with the Indian Tribes.”

⁷ Country of Origin Labeling Amendments Act of 2015 (H.R. 2393)

I support *bilateral* trade agreements that are *mutually beneficial*, time limited, subject to congressional oversight, and do not cede sovereignty to unaccountable international bodies like the World Trade Organization. But “free trade” as default policy is anything but “free”. It is liberal, utopian dogma masquerading as conservative ideology, promising to spread wealth throughout the world, but in truth steadily impoverishing the United States. For politicians like Bill Shuster, “free trade” has become an empty shibboleth to disguise the erosion of our economic prosperity and our national sovereignty.

As your Congressman, I will work to rescue our country from irrational, lopsided trade deals that flood our markets not only with cheap manufactured goods made with slave-wage labor, but also with impossibly cheap agricultural imports grown under questionable conditions and often heavily subsidized by foreign governments. Americans have a right to know where their food comes from, and American family farms remain critical not only to our national sovereignty, but to our way of life.

In the tradition of our nation’s founders, I will fight for an America First trade agenda that restores and protects our manufacturing sector and its workers, provides good-paying jobs, and helps to pay down our mountain of national debt.

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