

## WE ARE IN REAL TROUBLE

Former U.S. Sen. Ernest F. "Fritz" Hollings (D-SC)

JUNE 3, 2009 -- Now we are in real trouble. We've lost the markets for textiles, cameras, radios, TVs, steel, electronics, computers, communications equipment, machine tools, advance technology, robots, steppers, etc. The little that we produce has now been bought up by foreigners. Big Blue, IBM and the Hummer to China; Westinghouse Nuclear and all of its patents to Japan; Bell labs and all of its discoveries to France; Bethlehem Steel to Russia; Genentech to Switzerland. And we can't prepare for war. Boeing's fighter planes depend on parts from India and Sikorsky for its helicopter must get its tail motor from Turkey.

We begin a program to stimulate American production and American jobs. But in April President Obama signs a declaration against protectionism at the summit of the big nations. And now *The New York Times* editorializes "Buy American' is a terrible idea." You would think that having to get a Mexican loan to keep *The New York Times* going would have sobered them up from their mantra of "free trade" and "protectionism." Our trouble is most in the Congress believe *The New York Times*. Yet Congress is our only hope.

The United States of America was begun in a trade war against the Mother Country's protectionism. Under the Navigation Act of 1632, England required all production in the colony shipped back to England to be transported in English bottoms. Furthering protectionism, England enacted the Townsend Act with discriminatory tariffs causing the Boston Tea Party, igniting the Revolution. Once we had won our freedom, adopted a

Constitution, and adopted a national seal, the first Congress in history, on July 4, 1789, pursuant to Article I, Section 8, of the Constitution, assigning the duty of competing in international trade to Congress, enacted a protectionist tariff on numerous articles. We financed and built the industrial giant, U.S.A., with protectionism. Now, the President, the Congress, the press, and the think tanks, all think that protectionism or "Buy American" is a terrible idea.

After World War II we had the only industry in the free world. Fortunately, with the Marshall Plan, American equipment, expertise and dollars, capitalism defeated communism in the Cold War. We didn't bother to open markets and enforce our trade laws in the Cold War. We were anxious to spread capitalism. Of course, the financial community, big banks, and Wall Street, prospered with the cry of "free trade" as we offshored production to Mexico, China, and India. And Corporate America prospered too in the charade of one-way "free trade." Now we have lost our production, our middle class, and almost our economy, and today we're back to the beginning days of rebuilding the nation. That's the whole idea of saving the banks, insurance companies, and stimulating Detroit. Hopefully, we've hit the ball with this stimulation. But if Congress doesn't wake up and follow through, the economy is gone.

What's the matter with the President and Congress? The trouble with the President and Congress is that there are all imbued with reelection, i.e. the money for reelection. For example, I can do nothing about trade as Senator and easily get the

money to get reelected because under the Constitution all trade matters affecting revenue should derive in the House of Representatives. The Ways and Means Committee in the House of Representatives that handles trade legislation is controlled by New York. Wall Street, the New York banks, the New York brokerage houses, the New York Council of Foreign Relations, the New York Federal Reserve, the New York World Bank, the New York Investment Development Bank, the New York National Retail Federation, the New York or National Chamber of Commerce, my friend New York's Chairman of the Ways and Means Committee, Charlie Rangel,

and *The New York Times* think “Buy American’ is a terrible idea.”

President Obama and the Congress must repeal the subsidy to get rid of jobs – offshoring. President Obama and the Congress must enact a value added tax to get us competitive in international trade and pay for health care and the government we provide. President Obama and the Congress must impose import quotas on autos and auto parts for the stimulus to work. President Obama and the Congress must enforce “Buy American” and our other trade laws if we are to save the economy. We are in desperate circumstance.

*Senator Hollings of South Carolina served 38 years in the United States Senate, and for many years was Chairman of the Commerce, Space, Science & Transportation Committee. He is the author of the newly published book, [Making Government Work](#) (University of South Carolina Press, 2008).*