

## SAME ACT, SAME SCENE

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

JAN. 7, 2011 -- I've been trying for two years in a tactful way to get President Obama out of the Iraq War and the Afghanistan War and into the trade war to save the economy. But the announcement yesterday of Gene Sperling as the Economic Advisor and Bill Daley as Chief of Staff is the same scene that Clinton found himself after raising taxes in 1993.

We were losing the Congress in '94, and Bill Clinton was making sure that he wouldn't be defeated in 1996. So he threw over the AFL-CIO that had elected him and went for NAFTA with Mexico and served as a Republican president from then on. Clinton, Sperling and Daley put the white tent out on the White House lawn, and the Fortune 500 came running with the contributions, and Clinton got re-elected. When you see President Obama put the white tent out on the White House lawn, we'll all have to leave for Canada to get a job.

The European Union requires that the country have a free market before it can be admitted into the EU. The EU taxed themselves \$5 billion over five years to build up free market entities in Greece and Portugal before admitting them to the EU. France, Spain, Germany, etc. all taxed themselves to build property rights, labor rights, right of appeal, respected judiciary, and restrictions against deficit spending before admitting Greece and Portugal. In short, there must be a free market to have free trade. I voted for NAFTA with Canada because Canada has a free market. But Mexico, amongst other free market needs, doesn't have labor rights.

And the predicted result occurred. Instead of creating 200,000 jobs, we've lost more than 200,000 jobs to Mexico and are still losing more. Instead of creating jobs in Mexico, NAFTA exacerbated the immigration problem, and Mexico has turned to drugs and corruption. We need a Marshall Plan for Mexico to help Calderon develop labor rights and develop democracy in Mexico rather than the billions we are wasting in Iraq and Afghanistan trying to change their culture. I had an override vote committed in the Senate and Evelyn Dubrow had an override vote committed in the House, but as listed in *The New York Times*, President Clinton changed over 23 votes with golf games, cultural centers, C-17s for the Congressmen, and NAFTA became law. Then Sperling and Daley engineered China's admission to the WTO and, as my mother used to say, Corporate America "gave up the ghost." Having been vetoed at every turn to have Presidents enforce the trade laws, Corporate America started off-shoring in earnest after NAFTA and hemorrhaged after WTO with China. Now we have Obama engaging in Clinton's famous triangulation for re-election. And we have two more years of the country going out of business.

We could easily get into the trade war and create millions of jobs by eliminating the corporate income tax with a 5% VAT or eliminating both the personal income tax and the corporate income tax and replacing them with a 10% VAT. Either replacement, or both, raises more money. In short, we can cut taxes and raise more money. Don't tell me they're not going to do it because people don't understand the

VAT. A value added tax is rebated on export, and 135 countries compete in the trade war with an average 16% VAT. It's very simple. It is more or less a sales tax that can be absorbed by the seller. Germany is now using its 19% VAT to establish a foothold of green jobs in Charleston, S. C. Producing and highballing the cost of windmill parts in Germany, the parts are delivered at 3% of the cost to Charleston to be assembled and not pay any U. S. income tax. That means Germany can produce green jobs in the United States at 16% cheaper than domestic production.

But the Wall Street crowd, with Corporate America, will contribute to the defeat of the President and Congress if our tax laws

are changed or our trade laws enforced. Corporate America wants to keep the China profits flowing to Wall Street and not have to come back home and produce for less profit with our environment, safety, and labor requirements. Globalization is nothing more than a trade war with production looking for a cheaper country to produce. And every country is competing and building its economy while the United States destroys its economy with the charade of free trade and refusing to compete in globalization.

Now, instead of just throwing the AFL-CIO overboard, we're throwing the entire country overboard.

Pick me up on your way to Canada.

*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 recently published book, [Making Government Work](#) (University of South Carolina Press, 2008).*

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