

GETTING MONEY FOR THAT

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SEPT. 14, 2011 -- I thought the President in his job speech would tell how the country could make a comeback. Instead, he told how he could make a comeback. President Obama kicked off his re-election campaign a la Harry Truman blaming a "do nothing Congress" for not passing his jobs bill.

The country is in a depression. But our problem is not primarily economic, It's political. Globalization is a competition among nations to attract investment and production as each nation builds its economy. But the United States is not competing; not building its economy. Corporate America, the principal entity to create jobs, is off-shoring jobs faster than we can create them. The job for the President and Congress is to have Corporate America create jobs in America. We must return to our roots. In his first message to the Congress, George Washington emphasized manufacture to build the nation's economy. And the United States built its manufacture and economy on protective tariffs. We didn't pass the income tax until 1913. We can stop this hemorrhaging of off-shoring jobs if President Obama would enforce the trade laws on the books like President Kennedy did in 1961, enforcing the War Production Act of 1950 saving the textile industry; like President Nixon imposed a 10% surcharge on imports in 1971 when our trade deficit was a miniscule of what it is today; like President Reagan protected, steel, motor vehicles, computers, machine tools, and imposed a 45% tariff on motorcycle imports in 1984, saving Harley-Davidson.

Today we need a value added tax that's rebated on exports. The corporate income tax is not rebated. All the President and Congress need to do is to take the tax break the government gives to off-shore jobs and give it to Corporate America to on-shore jobs – cancel the corporate tax and replace it with a 6% VAT. Since there are no loopholes in a VAT, we have instant tax reform – and the tax lawyers will howl. It puts them out of business. We can eliminate most of the tax lawyers and lobbyists in Washington and give control back to the people's representatives. A VAT is easily implemented with computers. 141 countries compete in globalization with a VAT and don't find it regressive or a "money machine." Last year, the corporate tax produced \$194.1 billion in revenues. A 2010 VAT would have produced \$700 billion. Exemptions of \$70 billion for the poor leaves \$630 billion to pay down the debt. Canceling the corporate tax permits Corporate America to invest \$1.2 trillion in off-shore profits to create jobs in the United States. Since the VAT is self-enforcing, we can eliminate much of the internal revenue service and cut the size of government. So rather than a jobs bill that is little more than welfare, the President should submit this tax cut with a VAT that takes the government off steroids, allows Corporate America to make a profit in the United States, stops the hemorrhage of off-shoring jobs, promotes exports, gives instant tax reform, gets rid of the tax lawyers, cuts the size of government, provides billions to pay down the debt and creates millions of jobs.

Today, everyone thinks the trouble in Washington is: "They can't compromise;

they can't agree." On the contrary, our problem is what the President and all in Congress agree upon. We gave President George W. Bush a balanced budget in 2001, but President Bush and the Congress agreed on tax cuts, wars that weren't paid for, prescription drugs that weren't paid for, increasing the national debt \$5 trillion in eight years. Now President Obama and Congress also agree to cut taxes, not pay for government, adding \$4.3 trillion to the debt in three years. The President and Congress agree that whatever the Super Committee agrees to or refuses to agree to will not take effect until 2013, after the election – not paying for government.

Republicans and Democrats love filibusters. One Senator on each side of the aisle holds the floor and the rest of the Senators go to California or New York to fundraise. The nation's lobbyists are quartered in Washington, and the

President and Congress fundraise morning, noon and night. Their biggest contributors, Wall Street, the big banks, and Corporate America, want to keep the off-shore profits flowing. Wall Street and the financial elite love the tax break that prompts off-shore production and jobs and make sure that nothing is done to disturb the subsidy to get rid of jobs in the U. S. So nothing gets done.

The President and Congress continue to subsidize "getting rid of jobs" as they all exclaim that their principal goal is to create jobs. Not a single member of the 535-member Congress will introduce a bill to repeal the subsidy, and President Obama didn't mention the subsidy in his job speech to the Congress. I keep waiting to hear him call for a repeal as he campaigns the country. The President and all in Congress agree on creating jobs -- in China. They get money for that.

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

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