

AFGHANISTAN UNNECESSARY – TRADE WAR NECESSARY

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

JULY 15, 2010 -- To have been editor of the Harvard Law Review and a Professor of Law, President Obama is a slow learner. By the time President Obama raised his hand to take the oath of office, President Bush and the Federal Reserve had increased the debt \$7 ½ trillion in eight years and household debt had increased \$7 trillion in the same period. The economy had been stimulated \$14 ½ trillion and we were still losing 799,000 jobs a month. Stimulation was spent. Everybody was saving, not about to consume. But President Obama stimulated the economy \$1.3 trillion last year and already this year \$1.1 trillion. Last month we still lost 125,000 jobs. President Obama proposed stimulation to Congress, which Congress promptly killed. But off to Canada goes the President, insisting on stimulation. The rebuff of stimulation by the G-20 countries in Canada has finally taught the President that stimulation is spent. Stimulation saved China profits for Wall Street, Goldman Sachs, AIG, and Citicorp – not the economy.

There's no mystery to the loss of jobs. Princeton economist, Alan Blinder, in February 2007, long before the recession, estimated that in ten years the United States would be losing on an average of 300,000 jobs a year to off-shoring. But President Obama has yet to learn to compete in globalization. He furiously bails out the economy boat with stimulation but fails to plug the off-shoring hole in the bottom.

Globalization is nothing more than a trade war with production looking for a cheaper country to produce. If another country promises more profit, the industry leaves for that country. I tried to get Andy Grove to expand Intel in South Carolina, but he went to Dublin, Ireland, for a greater profit. Then

Intel went to China for a greater profit. Now Intel is building in Vietnam. This means that as long as more profit is promised by a country like China with government control of its economy and a lesser standard of living -- investment, research, technology, development, production, jobs – the economy will continue to drain from the United States. Long before the recession, South Carolina lost its textile industry, North Carolina its furniture industry and Michigan its automobile industry. General Motors knows how to make a profit. They are making a profit and producing more cars in China than the United States today. But in eight years under President Bush, GM was subjected to a trillion dollars in subsidized autos and auto parts. President Bush refused to enforce Section 201 of the Trade Law and GM had to declare bankruptcy. Section 201 allows the President to impose import quotas or tariffs to protect endangered production. Now, President Obama also refuses to enforce Section 201, whining "protectionism."

The War Production Act of 1950 calls on the President to make sure we have the equipment necessary for the nation's security. Today, the United States has troops, but not the equipment. Boeing can't produce a fighter plane without a vital part from India. Sikorsky has to get its tail motor from Turkey. And now *The Wall Street Journal* (7/8/10) reports that we can't continue the war in Afghanistan without Russian helicopters. We can't defend the nation's security save the favor of some foreign country. President Kennedy had hearings to determine textiles were necessary for the nation's security, and his 7-point program saved the textile industry in 1961. President Obama can save the textile

industry by enforcing the War Production Act of 1950. But with globalization, it is not necessary to save the entire industry – just winter wear for the troops, camouflage, parachute cloth, anti-microbial underwear, inflammable uniforms, composites for body armor, bladders for bulk fuel, etc. The task is to save enough of the textile industry so that we have the vital materiel. A measured enforcement is required to permit globalization to continue and at the same time protect the nation's vital production.

When the trade deficit in 1971 was a fraction of what it is today, President Nixon imposed a 10% surcharge on imports. A 10% surcharge would start rebuilding our manufacture and create millions of jobs. Enforcing the "Buy American" Act would create more jobs.

All countries fight fiercely in the trade war. Germany, Japan, Korea all have invaded the south with auto production rivaling Detroit. Germany just announced the production of windmills in Charleston, South Carolina. Producing parts in Germany and exporting them to Charleston, the 19% VAT of Germany is rebated at export. Highballing the cost of producing parts in Germany, the Charleston plant will pay no more than 1% corporate tax. Shipping parts costs 3%, so German production in Charleston is 15% less than any domestic production. Germany takes over the clean energy jobs that President Obama dreams about.

America is uptight -- not about health reform; not about financial reform; there're uptight about paying their bills and finding a job. Governors, mayors, all are trying to make ends meet. Rather than trying to make ends meet in Washington, President Obama appoints a deficit commission to study deficits. The commission can't report until the end of this year; which means that Congress cannot act on the commission's recommendation until next year. Next

year's action won't take effect before the following year, wasting two years on the deficit. Now President Obama appoints another commission to study and promote exports. President Obama was elected to act, not study. President Obama was elected to change, lead. If the President wants to know why he's down in the polls, he does nothing about jobs or paying down the deficit. He just stays AWOL in the trade war and adds to the debt.

President Obama could begin to fight in the trade war by calling on Congress to eliminate the corporate tax and replace it with a 2% VAT. This would promote exports, eliminate a principal cause of off-shoring jobs, and provide more revenues. Don't tell me about needing sixty votes to get it done. Let them vote. Those opposing will be voting against eliminating "the highest business tax," voting to continue to lose jobs and voting against more revenues to pay down deficits. At least the President would show he is trying rather than studying.

We all know that President Bush started the war in Afghanistan, deploying 30,000 troops. President Obama has had a year and a half to stop forcing a Muslim country to change its culture. Instead, President Obama calls the war necessary and commits over 100,000 troops. We all want the troops sacrificing in Afghanistan to feel that Afghanistan is America's war. But a Gallop poll would show it's no longer America's war. It's definitely a war of "Obama's choosing."

I helped liberate Morocco, Algeria, Tunisia, sixty-seven years ago, which have yet to opt for democracy. In the Muslim world, more important than freedom and democracy is tribe and religion. Libya, Egypt, Saudi Arabia, Iraq, Jordan, Kuwait, Lebanon, Syria, Iran, Afghanistan, Pakistan, have yet to opt for democracy. The nearest to democracy is Turkey, and its democracy is

constantly being restored by the military. I don't know who thought Afghanistan was looking for democracy.

We tried to force democracy in Vietnam. We called it Vietnamizing Vietnam. "Build and destroy" in Vietnam has become "make friends and kill" in Afghanistan. With everyone running around in nightgowns and beards, GIs are getting killed trying to make friends. For counterinsurgency to work it takes time, money, and casualties. After nine years in Afghanistan we've run out of time and money. Earlier this year, we gave up a valley after five years of trying because we weren't willing to take the casualties. The lesson of Vietnam is that more were willing to sacrifice their lives for communism than were willing to sacrifice their lives for democracy.

Everything in Afghanistan is corrupt. Karsai, the President, is corrupt. The election was corrupt, the warlords are corrupt, the police are corrupt, the Taliban are corrupt, and we're corrupt. We have been keeping Karsai's corrupt brother on the CIA payroll. Not only are we corrupt, but we are the foreigners. The victory cry in Charlie Wilson's war that we won is: "We're against foreigners." Winning in Afghanistan requires us to corrupt enough of the enemy to fight for us. Our troops are brave, but their command has yet to learn the lesson of

Vietnam. We shouldn't be asking General Petraeus to Afghanisize Afghanistan.

Vice President Biden has just exclaimed on TV that the reason for the July withdrawal date next year is a message for the Afghans to: "Step up! We cannot want peace and security in Afghanistan more than you want it." But that's what we've been proving for the last nine years. A Gallop poll would show a majority of Afghans want us gone. Democracy must come from within. We violate democracy by trying to force feed democracy in a Muslim country.

Senator McCain says "victory" will come in Afghanistan when we "rid the country of Al Qaeda and make sure it cannot return to stage an attack against our security." 9/11 was not staged in Afghanistan. Mohamed Atta and his gang staged and trained in the United States to fly a plane into a building. We've been a democracy for 234 years, and still can't keep Russians out of the country from plotting against us.

As editor of a law review and professor of law, President Obama has learned to look to authorities or advisors. There are many things about President Obama to admire, but his advisors, Secretary of the Treasury, Timothy Geithner, and economic advisor, Larry Summers, ought to be put on weekend leave to rest, so the rest of the country can go to work.

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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