New Awakening About Free Trade

by Phyllis Schlafly April 18, 2007

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On the first day that H-1B visas became available, the corporations snapped up all that are allowed. Our government received 150,000 applications for the 85,000 slots set aside to bring in foreign skilled workers.

The corporations whine that H-1Bs are needed because of a shortage of Americans with skills, but major studies at UC-Davis and Duke universities conclusively prove we have thousands of unemployed or underemployed Americans with all needed technical skills. Nobel economist Milton Friedman accurately labeled H-1Bs a government "subsidy" to enable employers to get workers at a lower wage.

The best way to deal with the demand for a limited number of H-1Bs would be to auction them off, so then we would find out if they are really needed and how much they are worth. An auction would enable the taxpayers to get some return on the H-1B subsidy instead of the current system which allows corporations to influence Congressmen with campaign contributions and pay high-priced lobbyists to get legislation to increase the number.

Contrary to corporate propaganda, H-1Bs are not an alternative to outsourcing skilled jobs but a vehicle to promote outsourcing. H-1Bs enable corporations to

bring in foreigners, train them in American ways, and then send them back to guide outsourced plants in Asia.

For years we've been told that it's OK for our manufacturing jobs to be outsourced overseas because the United States will always keep the technology, engineering, innovative, service-industry and white-collar jobs. Even when service-industry jobs began to be outsourced, we were told, those are just low-skill tasks like answering customer inquiries.

It turns out that was all a lie. The high-skill and technical jobs are also rapidly moving overseas, especially to India.

Boeing now employs hundreds of Indians for aircraft engineering, writing software for next-generation cockpits and systems to prevent aircraft collisions. Investment banks like Morgan Stanley are hiring Indians to analyze American stocks and to write reports for institutional investors, jobs formerly done by Americans earning six-figure salaries on Wall Street.

Eli Lilly is doing major pharmaceutical research in India. Cisco Systems, the leading maker of communications equipment, will have 20 percent of its top talent in India within five years, and global-consulting giant Accenture will have more employees in India than in the United States by the end of this year.

I.B.M. reduced its American work force by 31,000 while increasing its Indian staff to 52,000. Citigroup, which already has 22,000 employees in India, plans to eliminate 26,000 jobs in the U.S. and increase its Asian work force by another 10,000 where the pay is lower.

Follow the money, of course, explains this massive shift in jobs. It's cheaper to hire and produce in India than in the United States.

The unhappy results of these policies are now apparent; they richly benefit the corporations but are devastating to the American middle class. Outsourcing reduces good American jobs, our standard of living, our national security, and our world leadership.

This massive change in our economy should be front-page news, but you have to look on the lower half of the inside pages of pro-globalism newspapers like the New York Times to find the facts. It was a real surprise when the Wall Street Journal (always a big supporter of free trade, globalism, and open borders) published a front-page article called "Pain from Free Trade Spurs Second Thoughts."

This article reported that one of the most prominent advocates of free trade, Professor Alan Blinder, now says that free trade can put 30 to 40 million American jobs at risk, mostly from outsourcing.

Blinder is one of America's most influential economists. A professor at Princeton University with a Ph.D. from MIT, he is a former Federal Reserve vice chairman and adviser to several presidents. For years, he has been peddling the notion that free trade enriches the United States.

Professor Blinder just got around to looking at the facts, and the facts changed his views. He ranked 817 occupations to identify how likely each one is to go overseas.

The most vulnerable jobs are bookkeepers, accountants, computer programmers, data entry keyers, medical transcriptionists, graphic designers, and financial analysts. Blinder now says that the millions of American jobs that have already gone to Asia are "only the tip of a very big iceberg."

Dr. Blinder is not the only prestigious economist who is having second thoughts. Nobel Laureate Paul Samuelson, who wrote the principal textbook used in university economics classes, is also now criticizing globalization and admitting that rich countries aren't always winners from free trade.

Most of the Democrats who won in November 2006 talked a lot about the issue of jobs, while the Republicans who lost kept mouthing the tired old mantra that globalism is both good and inevitable. Republicans can't win the White House in 2008 without Pennsylvania, Ohio or Wisconsin, all of which have lost thousands of jobs to outsourcing.