FROM: Phyllis Schlafly

68 FAIRMOUNT, ALTON, ILLINOIS 62002 / (618) 462-5415

RELEASE: JUNE 26, 1986

THE REAL ISSUE IS JOBS

Every campaign year, politicians hire expensive consultants to survey public opinion and find out what people are interested in so the candidate can structure his speech-making and strategies to give the voters what they want. I can save them a lot of money by letting them in on a secret.

The number-one issue is one little four-letter word: JOBS. The average voter just wants a decent job at a fair wage where he can do an honest day's work and build a home and better life for his family in a free society.

Tens of thousands of workers have lost their jobs in the last several years, even though they were proven to be steady, reliable employees and even though we are in the midst of remarkable economic prosperity. American jobs have disappeared in the face of foreign products which sell in our markets at less than U.S. plants can produce them.

If we rule out a tariff, there are only three ways we can lower our manufacturing costs to try to beat foreign competition in our own home market: (1) reduce labor costs, (2) increase productivity, and (3) use automation.

Option #1 is impossible; we would have to reduce wages to about 12 percent of today's wages to match the wages in Taiwan and South Korea. Option #2 is unrealistic; we can't match the incentive which foreign workers have, namely, they don't get any government-paid benefits when they are unemployed. Option #3, getting technology to provide the edge we need, sounds like the all-American solution.

The problems with that option are that many nations acquired our know-how while maintaining their low labor costs, many foreign engineers are educated at U.S. universities, and many U.S. professional associations are aggressively sharing all our technical expertise with foreigners.

Most important, Asian competitors have a much higher profit margin on current sales, so they have much more capital to invest in automation. Because of low labor costs, Japanese auto manufacturers make $2,500 more profit per vehicle than U.S. manufacturers.

Some politicians have rubbed their lamp of hope and think a genie has appeared to solve their problems -- the foreigner who is willing to open a foreign-owned company in Smalltown America. But that doesn't reduce imports; it only puts a foreign-owned company in competition with a U.S.-owned company.

Since the foreign-owned company will have to pay prevailing wages for production jobs, how will the foreign-owned company seek a competitive advantage? By doing its engineering, design, and toolmaking overseas, so those good jobs are lost to Americans.

An Illinois manufacturer, John V. Westberg, president of an Illinois manufacturing corporation, thinks he has a solution to this dilemma. He believes we should "group manufacturers into fair arenas of competition" so that Asian manufacturers would compete only among themselves for the U.S. market. This would drive their current, excessive profits down to the five to ten percent levels for which U.S. firms strive.

In a free-market society, competition produces a better product at a lower price in order for a company to survive. But to realize the benefits of competition, there must be restrictions on who can compete with whom. Football is an exciting game at all levels because competitors are fairly grouped; but if a high school team were required to play a pro team, there would be universal protests that this is not fair competition.

Westberg wants a law to require foreign products to enter the U.S. market only through a U.S. manufacturer of that product. Thus, Ford, General Motors and Chrysler could import fully-made cars since they manufacture cars. But if they wanted Japanese steel, they would have to contact a a U.S. steel manufacturer who would import the steel.

This would automatically and fairly "group" the Asian manufacturers so they would compete among themselves to sell to U.S. manufacturers. It would also push the Asian manufacturers down to reasonable profit levels on a par with U.S. manufacturers.

A good example of how this would work is Chrysler's importing of the Japanese cars by Mitsubishi. These cars are sold by Chrysler and cost the U.S. consumer no more than a Toyota or Datsun. But Mitsubishi is forced to sell to Chrysler for a lot less than a Toyota sells to the local Toyota dealer.

Westberg thinks that making the Asian manufacturers compete among themselves for the U.S. market, while U.S. manufacturers compete fairly and aggressively with each other, would restore economic health to many American businesses and save thousands of jobs. His innovative idea deserves discussion; after all, the job we save might be your own.