Is America For Sale?

by Phyllis Schlafly September 6, 2006

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Conservatives believe that private industry does a better job than government; right? Conservatives are for divesting some government functions so private industry can run them more efficiently; right?

Many state and local governments take this idea seriously and, unnoticed by the American public, have been selling off some of our infrastructure to foreigners. Then suddenly the news hit the fan about the proposed sale of 22 East and Gulf Coast port operations to Dubai Ports World, a maritime company controlled by a Middle East government.

When devotion to private enterprise ran up against American sovereignty and national defense, not only conservatives but the American people opted for the latter. The anti-Dubai uproar swept across all party and economic lines because there is a limit to whom we want to sell our essential transportation systems.

A federal agency known as CFIUS (Committee on Foreign Investment in the United States) is supposed to be guarding our national interests when foreigners seek to buy U.S. properties. CFIUS operates in secret, so the public is in the dark about its procedures.

CFIUS is apparently also in the dark about what the American public thinks and didn't foresee that the Dubai Ports deal would be controversial. Foreign purchase of U.S. infrastructure has been proceeding at a rapid pace both before and after the Dubai Ports flap.

The scholar Frank Gaffney discovered that "out of more than 1,500 cases of foreign acquisitions reviewed since 1988, CFIUS has only formally rejected one." Homeland Security admits that 80 percent of our 3,200 terminals nationwide are operated by foreign companies and countries.

In June, a Spanish firm paid $1.3 billion for a 50-year lease to operate a 10-lane toll road through the heart of Texas. The same month, an Australian company bought a 99-year lease on Virginia's Pocahontas Parkway.

Also in June, an Australian-Spanish partnership paid $3.8 billion to lease the Indiana Toll Road for 75 years. Last year, Chicago sold a 99-year lease on the eight-mile Chicago Skyway to the same buyer for $1.8 billion, and the tolls are expected to double.

Almost weekly, we learn about other American properties that have been sold or leased-long-term to foreign companies. The tolls from the U.S. side of the tunnel between Detroit and Windsor, Canada, belong to an Australian company.

Why the rush to sell our transportation systems to foreigners? Like most actions that are hard to understand, "follow the money" explains all.

State and local governments pocket the money up front and get to spend it here and now, so politicians can cover their runaway budget deficits and enjoy the political rewards of spending for new facilities. They ignore the fact that U.S. citizens must pay tolls to foreign landlords for the next two or three or even four generations.

The foreigners like the deals because they know that, unlike the rest of the world, American law enforces contracts and the U.S. government doesn't nationalize industries. The foreign companies can raise the tolls without having to cope with objections from local customers.

These deals leave a lot of unanswered questions. Texas ranchers are concerned about the use of eminent domain to cut a wide swath through their properties in order to build a very-limited-access corridor on which foreign trucks and trains will transport Chinese goods in sealed containers, uninspected until they reach Kansas City.

The Texas governor is already talking about more toll roads through Texas, north and south, east and west.

Indiana legislators are concerned that the Spanish firm could rake in $133 billion over the 75-year life of the Indiana toll road lease for which Indiana received only $3.8 billion.

The Indiana Governor is now seeking an I-69 toll road from Evansville to Indianapolis which critics claim will destroy vast Hoosier properties: 5,100 acres of farmland, 1,600 acres of forest, 140 acres of wetlands, 400 homes, 76 businesses, and 135 existing roads. A foreign company could collect tolls for decades into the future.

Orange County, California, was burned by its contract with a French company that bought part of state Route 91 for $130 million. When Orange County found that the fine print in the contract prohibited it from building more roads, it had to buy back the lease for $207.5 million.

The U.S. government blessed this rush to sell off American infrastructure on April 30, 1992, when the first President Bush signed Executive Order 12803 called

"Infrastructure Privatization." It directed federal departments and agencies to encourage state and local governments to "privatize infrastructure assets."

Infrastructure assets were defined to include "roads, tunnels, bridges, electricity supply facilities, mass transit, rail transportation, airports, ports, waterways, water supply facilities, recycling and wastewater treatment facilities, solid waste disposal facilities, housing, schools, prisons, and hospitals."

Bush's order didn't put any restrictions on who the purchasers could or should be, American or not, or friend or foe. The second President Bush is now acquiescing in European Union demands to open up U.S. airlines to foreign ownership. Is America for sale?