Obama needs to punish China with import taxes

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WASHINGTON — Giving China permanent trading rights in the United States would not cost our people their factory jobs, Clinton administration officials assured worried members of Congress nine years ago.

"The suggestion of jobs in the U. S. being exported to China is largely, in the judgment of most who studied the issue, I think, a chimera," President Bill Clinton's treasury secretary, Lawrence Summers, testified May 11, 2000, before the House Banking Committee.

Comforted by such predictions, the Republican Congress gave Democrat Clinton his China trade bill. The great sucking sound from the People's Republic started almost immediately.

Between 2001 and 2008, about 2.3 million manufacturing jobs were lost to China, according to others "who studied the issue." In New York State, the flight involved 127,000 good-paying factory jobs.

This tragedy helped bring organized labor in the private sector to its lowest ebb since enactment of laws giving workers the right to organize and strike 75 years ago. Private- sector union membership has shrunk to less than half the 17 million union cardholders of 1970.

Despite Summers' wrong bet with other people's livelihoods, and controversial and costly investments made by Harvard University while Summers was president, he is back in the saddle in Washington.

In spite of Summers' supporting role in what some believe was one of the gravest acts of economic recklessness in our history, President Obama made Summers chairman of his council of economic advisers. Summers will have Obama's ear on whether the president will invoke trade sanctions against China's predatory actions against American tire manufacturers, and on other trade issues with China.

The decline in union membership and factory jobs is much more than a lifestyle change. It is at the heart of what triggered the dangerous slump we are in. Manufacturing, mining and agriculture had been the engines of American economic wealth, part of the steady income growth that enabled workers to send their kids to college, buy a boat, a second car and even a vacation home.

A decade ago, manufacturing provided 30 percent of our gross domestic product. It is now less than 12 percent. Within months of Clinton's signing the China trade law, factory pay flattened. By 2004, hourly and weekly wages dropped, as well as weekly hours worked. Layoffs and industrial flight plunged workers into a cycle of lower-paying jobs and part-time, irregular work.

At the same time, the nation's economic health was bolstered by consumer spending, which in turn triggered a binge of consumer borrowing. Between 2000 and 2007, households doubled their debt to $13.8 trillion.

The economy began to fall apart—long before last fall's crash — when our wealth-producing industries were packed up and shipped across the Pacific, when folks making $30 an hour turned to cleaning bathrooms at fast-food stores, and when mom had to work a second minimum-wage job. This slow implosion of American life began taking its toll on state and federal tax revenues four years ago; not just last year. Government tax money and household income will not return until we get a government that will fight back hard and keep fighting against underhanded trade practices like those employed by the Chinese dictatorship. Unfortunately, the Clintonites Obama hired won't fight for the restoration of our factory economy.

So they will have to be nudged by Congress. Sen. Charles E. Schumer, D-N. Y., has a bill to punish China with import taxes because it undervalues its currency. He said he will try to attach it to a bill Obama can't veto before the end of the year. Rep. Brian Higgins, D-Buffalo, a member of the Ways and Means Committee which deals with trade, is one of 60 co-sponsors of a bill similar to Schumer's.

One can only hope these bills escape from the dead zone.

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