



The Great Betrayal

How American Sovereignty and Social Justice Are Being Sacrificed to the Gods of the Global Economy

by Patrick J. Buchanan

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Take-Aways

- A divide is growing in the United States between a Third Wave that is becoming wealthy and a Second Wave of forgotten middle class people.
- The people in the Third Wave are being hurt because they are losing their jobs to free trade.
- The growth of free trade and the decline in jobs are due to the policies of Washington, which have encouraged global free trade.
- The American economy is declining because of the loss of manufacturing jobs to foreign countries.
- America has to protect itself from other nations, because nations are rivals for power.
- A gain for other countries in the marketplace is a loss for the United States.
- The U.S. is not benefiting from free trade; instead, other countries are becoming much stronger.
- The transnational companies are especially dangerous to the dreams of American workers, because their only interest is profit, not social justice.

Rating (10 is best)

Overall	Applicability	Innovation	Style
6	5	6	7

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Review

The Great Betrayal

Patrick J. Buchanan argues that free trade is destroying the United States. He is particularly concerned with the loss of U.S. workers' traditional industrial jobs to overseas countries, a trend he feels undermines the U.S. middle class. He argues for a return to higher tariffs to protect U.S. industries and for an end to the country's membership in mutual trade pacts and organizations such as the United Nations.

Many readers, especially those in business and top management, may find his basic premises flawed, even irrational, since his arguments seem as if he wants to turn back the clock. These ideas appear considerably out of touch with the realities of modern technology, particularly since he sees multinational and transnational corporations as a threat to American society, rather than as sources of new possibilities. He doesn't acknowledge the alternative of retraining displaced workers. Buchanan advocates an isolationist United States which exists in a protected cocoon. He also seems to want career women to return to the home. If he is planning to run for the U.S. Presidency again, this book will not help. Nonetheless, *getAbstract.com* recommends this book to those who are curious about this political figure's views or who wish to examine his arguments against free trade.

Abstract

The Development of the "Two Americas"

The dreams of many middle class people in the United States are being destroyed because of the shut down of many U.S. manufacturing companies. This is due to U.S. government policies which put its workers into competition with low-paid workers in other countries, such as Mexico and Honduras.

The growing split between "two Americas" is turning the U.S. into "two nations." This dividing line is no longer due to race alone. Class is the big division between the Third Wave and the Second Wave. The Third Wave consists of bankers, lawyers, investors, executives, professionals and high-tech entrepreneurs, who are becoming very wealthy. The Second Wave refers to the "forgotten Americans left behind." This includes white-collar and blue-collar workers who are not self-employed.

The Third Wave has become very successful due to recent economic and social changes. At the same time, the Second Wave is losing ground. Many people, including those in the inner cities, have lost or are losing their jobs, as jobs go overseas and companies downsize. These people suffer "middle-class anxiety, downsized hopes, and vanished dreams," along with great economic insecurity.

U.S. economic statistics reflect the new reality. For example, the wealthiest 10 percent of people now have 60 percent of the wealth. Top CEO salaries have soared to 212 times the pay of the average worker, increasing from 44 times in 1965. Meanwhile, the real wages of working people declined by 29 percent between 1972 and 1994. Sixty-five percent of women with children under age 6 were in the work force as of 1995, compared to only 18 percent in 1960. At the same time, the number of American men in prison has zoomed to more than 1.1 million. Many of them are incarcerated because they can't get a job or,

"Second Wave America is a land of middle-class anxiety, down-sized hopes and vanished dreams, where economic insecurity is a preexisting condition of life, and company towns become ghost towns overnight."

“The decline and fall of Middle America was neither preordained nor inevitable. It was engineered in Washington, D.C.”

“The price of labor has been dropping because the supply of labor has exploded.”

“Our industrial base is shrinking and Middle America’s standard of living is no longer rising, because we forgot how America became a mighty industrial power and we embraced the myth that it was free trade that made it great.”

“Our politics are being corrupted, our dependency on unstable foreign regimes is growing, and our survival as a self-reliant and independent republic is at risk.”

at least, a job that pays a decent wage. This decline is reflected in the loss of 2.6 million manufacturing jobs since 1980 and in the dropping hourly wage for high school dropouts, down 28% between 1973 and 1995.

This decline is due to Washington’s policies promoting international trade. International trade deals mean that U.S. workers now have to compete with “hundreds of millions” of foreign workers, who make much less money. For example, the Immigration Act of 1995 opened the door to “tens of millions of immigrants.” Millions of illegal aliens from Mexico have contributed to depressing U.S. wages.

Unfortunately this policy direction has resulted in the decline of America’s industrial base, the basis of American power. Many people believe the myth that free trade “made us great.” That commitment to free trade in a global economy is destroying the United States.

How Free Trade Is Killing America

The free traders began gaining control of America in 1934, with passage of the Reciprocal Trade Agreements Act. Under this act, Congress gave most of its trade and tariff power to the Executive Branch, which soon negotiated reciprocal tariffs with several countries. Within two years, deals were cut with Cuba, Canada, Brazil, Sweden and the Netherlands. By the mid-1940’s, more than 30 bilateral trade agreements were in effect. The creation of the United Nations in 1945 led to further international agreements detrimental to American interests, including those which established the International Monetary Fund, the International Bank for Reconstruction and Development, and the International Trade Organization.

The free traders became even stronger in 1967, at the end of the Kennedy Round of trade negotiations. This marked the beginning of the “free-trade era.” Reagan was especially guilty of promoting free trade. Under Bill Clinton, the dangers of free trade became even greater. In 1994, he agreed to the big General Agreement on Tariffs and Trade (GATT) treaty, creating the World Trade Organization.

This approach to free and international trade, supported by the Republicans and the Democrats, has undermined America’s strength. It has led to other countries gaining more economic strength and power. For example, the U.S. contributed to building up Japan after World War II, since it needed Cold War allies. The U.S. also contributed to the rise of Europe. For instance, as America’s share of world exports fell from 32% in 1950 to 20% in 1973, Europe’s share rose from 33% to 43%.

These developments led to the U.S. trade deficit: \$191 billion in 1996, a primary cause of growing problems with Medicare and Social Security. These problems will worsen if the U.S. does not clamp down on free trade and protect its economy and its workers. In the 1950’s, America’s “industrial supremacy was a given” and U.S. industry produced everything the country needed. U.S. workers were the best paid in the world. Now, the U.S. is making its own jobs obsolete. The country needs to reverse its free trade policies.

The Fallacies of Free Trade

Free trade is actually a betrayal of the principles and vision of the country’s Founding Fathers. One could consider it a form of treason: “selling out America’s sovereignty.” It is based on the false premise that the U.S. needs to work with a family of nations. Unfortunately, nations are not really like a family. Families are based on close relationships; members are “natural friends.” Nations are rivals, natural opponents, antagonists and, in

“When we are rid of all those obsolete industrial jobs, what do we do with the obsolete workers who used to perform them? Who takes care of their families?”

“Free trade is shredding the society we grew up in and selling out America’s sovereignty. Free trade is truly a betrayal of Middle America and treason to the vision of the Founding Fathers.”

“Families are natural friends, while nations are rivals, antagonists, and often mortal enemies.”

“No family is self-sufficient, but no superpower can rely on foreign trade for the necessities of national survival – and remain a superpower.”

many cases, “mortal enemies.” To remain a superpower, the United States can’t depend on foreign trade for the “necessities of national survival.”

Many U.S. industries have lost ground, including television manufacturers, American steel companies and commercial aircraft manufacturers. American government policies did this, as if engaged in a conspiracy to “kill U.S. companies,” using essentially criminal tactics.

People also buy into the myth that allied U.S. companies and foreign companies – such as Toyota and Ford – are “trading partners.” They are really adversaries, even in these alliances, because when one gains market share, the other loses. As one becomes victorious, the other can die. This whole approach is dangerous, since foreign governments use these arrangements to send students in as agents to get jobs in the U.S. and learn U.S. secrets. Then, these students send this information home to further undermine U.S. industry.

What is good for the U.S. consumer – for instance, buying goods at lower prices due to foreign competition – is not necessarily good for the country. National interest should be more important than consumer demand. The U.S. must put production before consumption – and before production, it must prioritize investment, savings and income received as a reward for work.

The United States must understand the dangers of transnational corporations, which have “no heart or soul.” A transnational company is “an amoral institution that exists to maximize profits, executive compensation and stock dividends.” These countries have cost the U.S. economic strength since they can’t be depended upon to invest where they are based. The winners are the global corporate elite, who can move production anywhere, and knowledge industry workers, who command high salaries. Meanwhile, U.S. families are the losers.

Another myth is that government should remove free trade barriers because the global economy will bring peace and all nations gain from trade. However, politics and trade are – and always will be – zero-sum games, with a loser for every winner. Worldwide “politics trumps economics.” Rival nations will always struggle to increase their “relative power and position.” The U.S. must not lose this free trade game, which is undermining not only its economy but its independence.

How America Lost Its Way and What to Do About It

This current interest in free trade has undermined the U.S. as a united country. Once the free-trade era began in the 1960’s, the wages of working Americans declined, and wives and mothers began entering the job market to keep up their families’ standard of living. This contributed to declining birthrates, increased teen drug abuse, promiscuity, illegitimacy, abortions, delinquency and many other social problems. It also led to renewed calls to patriotism and “ethnic solidarity” by those who feel left out by the “commands of commerce.”

The global economy has corrupted worldwide politics, since representatives of trade groups and foreign companies put money into politics to influence decisions. It threatens to undermine U.S. sovereignty, too. For example, when the nations of Europe joined to form the European Union, they each gave their national powers to a super state.

“In the name of ‘free trade’ we let foreign companies – abetted by the regimes that own them – col- lude and kill U.S. companies, using tactics that would have brought criminal indict- ments if done by such a conspiracy in the United States.”

“Free trade in today’s world is not consistent with the U.S. free market; it is at war with it.”

Throughout history, the shift to free trade and a global economy has undermined America’s founding principles. The U.S. was born out of rebellion against England’s high-handed tactics, such as the Sugar Act, Currency Act and Stamp Act of 1765. The colonists revolted against being taxed without their consent. Then, when the Constitution was drafted, the power to regulate trade was given to Congress. This created the world’s largest free trade zone, to date. However, it was established “for the benefit of Americans alone.” The founders regulated foreign trade to “protect this internal free market from predators.” They intended to establish a “privileged sanctuary for the American people.”

The country was created with a strong central government and manufacturing base, so it could support everyone. This support extended to an army and navy to keep the country strong, safe and independent in a world filled with hostile enemies. To protect the U.S. economy, a number of tariffs were placed on British imports. The plan was to keep American capital at home, where it could be used to further the country’s development. U.S. trade policy at the time was based on creating strong “national self-sufficiency.”

Thus, the United States was founded on protectionism, with a “defense perimeter” erected around the world’s “greatest free-trade zone.” This approach helped create national prosperity and the American free-market system. Tariffs – such as the Tariff Act of 1789 and the Embargo Act of 1807 – kept American products competitive and protected workers’ jobs.

As years passed, this policy was undermined. Beginning with Andrew Jackson’s term in 1833, tariffs were reduced or eliminated. Abraham Lincoln, known as the “Great Protectionist,” passed some new tariffs, which contributed to the Civil War, since southerners wanted duty free ports. But after the Civil War, the pressures for freer and freer trade grew. The Founding Fathers’ vision was betrayed.

The future calls for a new nationalism, with new tariffs to protect U.S. industry against products from countries where workers are paid very low wages. The United States should get rid of free trade agreements like NAFTA, which undermine its sovereignty. Such a tariff isn’t xenophobic, since it doesn’t keep foreign traders out of U.S. markets. Rather, it “merely imposes on them a price of admission into a lucrative market, which was, after all, created for the benefit of Americans.”

About The Author

Patrick J. Buchanan was a two-time candidate for the Republican presidential nomination and a senior adviser to Presidents Richard Nixon and Ronald Reagan. He appears daily on *Crossfire* and weekly on *The McLaughlin Group*, writes a twice-weekly nationally syndicated column, and has written three books including *Right from the Beginning*.

Buzz-Words

Economic insecurity / End of the American dream / Free trade / Free trade era / Industrial supremacy / Middle class anxiety / Second Wave / Third Wave