

Threads of Destruction and Delusion

The U.S. economy has a structural imbalance that will not be corrected by eliminating programs or departments of government or shifting functions of government. The imbalance should be the first item on the agenda to return the United States to fiscal health. If we don't do that, then nothing else we do will make any difference.

The imbalance exists because of the parasitic growth demands of the Financial Services Industry giants: Citibank, American Express and AIG.¹ In order to open markets in other countries, they lobbied for – and got the Uruguay Trade Round of GATT (Generalized Agreement for Trade and Tariffs) initiated with the focus on Trade in Services (1986). The Uruguay Round negotiations were completed in 1993 after nearly collapsing in 1990.

President Ronald Reagan appointed William Brock (R-TN) to the position of U.S. Trade Representative in 1981. According to his Speakers Biography on the Du Plain Enterprises, Inc. website, “Brock initiated the first free trade agreement ever negotiated by the United States and was recognized (by the Financial Times of London, along with three others) as a principal ‘father’ of the Uruguay Round of Trade Negotiations and the World Trade Organization”.² He served as USTR until 1985. In 1986 as the U.S. Secretary of Labor, Brock commissioned a study to determine what the impact would be on the American labor force if Trade in Services were included in the international trade agreements. The Hudson Institute published the results in 1987 in a report titled, *Workforce 2000: Work and Workers for the 21st Century*.³

The Workforce 2000 report is the key to understanding U.S. international and domestic policy for the last two and a half decades. It's clear in hindsight and through the contradictions in the text that the decisions regarding international trade to benefit Citibank, AIG and American Express were already made. The book provides the cover story because much of what they said was happening wasn't true at the time but would become true by the end of the Uruguay Round of trade negotiations. It was at this point, that reality became disconnected from the government story line. The conclusion of the report was that more education and higher skill levels would be the solution to the cheap labor costs of the third world while at the same time recommending increasing immigration to the United States. The education “reform” and domestic policy for the last two and a half decades have been based on that contradiction and delusion.

Throughout the book, the main message is that the United States policy makers must focus on developing the economies of other countries.

Stimulate balanced world growth – To grow more rapidly the U.S. must pay less attention to it's share of world trade and more to the growth of the economies of other nations of the world including Europe, Latin America and Asia with whom the U.S. competes. Pg xiv.

Rebalancing world growth – The world's financial institutions must rechannel capital from the rich, aging nations of the world to the young, industrializing countries where the real rates of return are likely to be higher. Pg. 9

The idea was to shift the focus of the domestic economy to ‘service industry’ jobs with Advanced Technologies becoming the driver for the economy:

Five technologies that will have the greatest impact - Pg. 32:

- Information storage and processing
- Communications
- Advanced Materials
- Biotechnologies
- Superconductivity

It sounds great – like the lottery ad – “all you need is a dollar and a dream”.

Only a small percentage of the population can participate in the above sectors and the need for Service industries in general grew out of the economy that was based on production. Without the foundation of production, there is no need for Services and no money for them. Combine that with open borders for Goods AND Services due to international trade agreements with the focus towards developing the economies of other countries for the benefit of Citibank, American Express and AIG - and you have a recipe for the economic destruction of the United States. Any mitigation that does not address the structural imbalance in the economy will serve only to exacerbate and accelerate the decline.

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¹ Brookings-Wharton Papers on Financial Services, 2000, Pierre Sauvé and James Gillespie, *Financial Services and GATS 2000 Round*, p.423-452.

http://muse.jhu.edu/journals/brookings-wharton_papers_on_financial_services/v2000/2000.1sauve.html

² Du Plains International Speakers Bureau, Biography of William E. Brock, (recovered from Internet archives)
http://www.channelingreality.com/documents/Du_Plain_bio_William_Brock.pdf

³ Hudson Institute, June 1987, William B. Johnston, Arnold E. Packer, *WORKFORCE 2000: Work and Workers for the Twenty-first Century*. <http://eric.ed.gov/PDFS/ED290887.pdf>