



## Trading Away Jobs and Liberty

“Outsourcing,” “offshoring,” “human resource realignment,” “training your replacement.” These are words that send chills through millions of workers in IT (“information technology”) and other hi-tech industries. They also send waves of anger and depression. In the tragic case of Kevin Flanagan, they are being blamed for his suicide. For months, the 41-year-old Silicon Valley software programmer had been anticipating a layoff announcement from his employer, Bank of America.

“He knew that Bank of America was sending jobs overseas,” *Contra Costa Times* reporter Ellen Lee wrote in a May 13th article. “He had seen his friends and coworkers leave until only he and one other person remained on the last project Flanagan worked on.” On the April afternoon after he had been told his job was terminated, Kevin Flanagan went outside and shot himself dead in the parking lot of the Bank of America’s Concord Technology Center.

Most of the newly displaced hi-tech American workers will not react in as extreme a manner as Kevin Flanagan, but the devastating economic, social, geo-political, and psychological impacts of this developing trend will prove to be huge.

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Hundreds of thousands of American IT workers have lost their jobs in the past several years to foreign replacements through the L-1 visa loophole, or the similar H-1B visa program. American software engineers, computer designers, technicians, electrical engineers, and other hi-tech employees are feeling the downside of globalization. These professionals who invested in education and thought they had secure futures in the tech and service industries have had a rude awakening. They have been getting pink slips and joining the unemployment lines, along with auto workers, steel workers, assembly-line workers, loggers, and other low-tech workers. They are being replaced by low-wage workers on computer terminals working from India, Pakistan, and China.

Starting in the 1970s and accelerating in the 1980s and '90s, millions of American blue-collar manufacturing and resource industry jobs were lost as U.S. companies relocated factories to cheap labor markets like Mexico and Communist China. Now the white collar jobs are on the line. Analysts are predicting that millions of these high-end jobs will vanish from America in the next several years. A study by Forrester Research Inc. predicts that at least 3.3 million white-collar jobs and \$136 billion in wages will shift from the U.S. to low-cost countries by 2015. However, if the so-called free trade onslaught of the Clinton and Bush administrations is allowed to continue, the devastating impact could be even greater than that, and could occur much sooner.

### The Coming FTAs

Congressman John Mica (R-Fla.) has introduced legislation to rein in the L-1 visa program, which currently allows U.S. companies to transfer foreign employees from overseas branches or subsidiaries to the United States and then contract them out to replace American workers. But Rep. Mica’s legislative effort and others like it may have negligible impact if the multitude of Free Trade Agreements (FTAs) now being completed by the Bush administration go into effect.

On May 6th, President Bush signed the Singapore Free Trade Agreement, which (if approved by Congress) would allow an unlimited number of “temporary” workers from Singapore to enter the United States. The new Singapore FTA states: “A party shall not: (a) as a condition for temporary entry [of intra-company transferees] require labor certification tests or other procedures of similar effect; or (b)



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impose or maintain any numerical restriction relating to temporary entry.”

“Even before Congress can get around to curbing the abuses of the L-1 visa program, the administration is already looking for ways around any limits that might be set on the number of low-wage high tech workers who can be brought into the country,” charged Dan Stein, executive director of the Washington, D.C.-based Federation for American Immigration Reform (FAIR), in a June 2nd news release. “The language of the Singapore FTA, if it is replicated in trade agreements with other countries, will institutionalize the abuses that have been widely reported” in the major media, Mr. Stein cautioned. “Control over employment-based visas will effectively be taken out of the hands of the people’s elected representatives,” he noted, and transferred to corporate executives and foreign politicians in Singapore, Bangalore, Lahore, and Beijing.

As the history of the H-1B and L-1 programs has shown, many of these temporary workers overstay their visas and join the already massive pool of illegal aliens competing with U.S. citizens for a dwindling job base. The Singapore FTA would also impact U.S. employment by accelerating the trend of “outsourcing” and “offshoring” jobs currently held by American workers.

On June 6th, U.S. Trade Representative Robert Zoellick signed a similar FTA with Chile, on behalf of the United States. A June 6th news release from Zoellick’s office states: “The agreement offers new access [to Chilean markets] for U.S. banks, insurance companies, telecommunications companies, securities firms, express delivery companies, and professionals.” But what the release doesn’t say is that this won’t translate into jobs and prosperity for American workers. The “U.S.” corporations that will be doing business in Chile will use an increasingly international labor force working by telephone and computer modem from Asia, Europe, and Latin America.

### **GATS Targets Everyone**

Other bilateral and regional agreements are pending. One of the most far-reaching multilateral trade agreements now under negotiation, the General Agreement on Trade in Services (GATS), threatens to swell the tide of foreign workers to our shores and greatly speed up job outsourcing. Every bit as important as the job and immigration dynamic, however, is the GATS threat to our national sovereignty and our system of constitutional federalism. GATS will subject the U.S. to innumerable charges of trade restriction violations that arbitrators appointed by the World Trade Organization (WTO) will adjudicate. Thousands of federal, state, and local laws and regulations will become “illegal” under the GATS regime.

GATS’s potential impact on the states is enormous. Under the U.S. constitutional system, the national government in Washington, D.C., is narrowly restricted to the exercise of specific, delegated powers having to do primarily with national defense, diplomacy, international trade, postal service, patents, etc. The individual states, on the other hand, reserved to themselves the vast majority of governmental powers concerning criminal and civil law, commercial relations, contracts, business regulation, professional standards and licensing, etc. Each of our 50 states enacts its own laws and regulations governing these matters. Since the Civil War, the federal government has been encroaching, unconstitutionally, on more and more of these states’ rights. Now, the internationalists in the Bush administration are preparing to take this process to the global level, positioning the WTO to encroach on the states’ authority to an incredible degree.

The General Agreement on Trade in Services will affect virtually all service industries and service jobs, which means *virtually all* American businesses and jobs. The Office of the U.S. Trade Representative,



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which takes the lead in negotiating trade agreements, provides this answer to its own question, "What are services?":

Services are what most Americans do for a living. Service industries account for nearly 80 percent of U.S. employment and GDP. U.S. exports of commercial services (i.e., excluding military and government) were \$246 billion in 1998, supporting over 4 million services and manufacturing jobs in the United States.

GATS targets all of these service industries, including insurance, banking, legal services, accounting, engineering, teaching, real estate, tourism, consulting, energy distribution, transportation, telecommunications, courier and postal services, and much, much more.

Most state laws governing these industries and professions are certain to come under concerted attack from member nations of the WTO. In fact, secret negotiation documents leaked from the European Union show that the EU is angling to have the Bush administration force the state governments in the U.S. to eliminate those laws that the Europeans consider to be unacceptably "discriminatory."

Concerning accounting, auditing and bookkeeping services, the EU's executive branch, the European Commission (EC), calls for opening U.S. markets by striking down many state laws. For instance, the leaked EC proposals say, in typical bureaucratese: "Obligation of establishing an in-state office in several States. EC Request: Remove this requirement." In identical bureaucratese, the EU/EC politicians call for removal of state residency requirements.

Similar proposals hold for engineering services. The EU objects to: "In-state residency requirement in Idaho, Iowa, Kansas, Maine, Mississippi, Nevada, Oklahoma, South Carolina, South Dakota, Tennessee, Texas, and West Virginia." Again, the EC bureaucrats say: "Remove this requirement."

The same goes for insurance services: "All States require in-State residency for surplus lines brokers and agents. EC Request: Eliminate this restriction."

Likewise, the EU insurance proposals call for removal of state laws requiring "U.S. citizenship and residency for members of the board and incorporators."

The EU objects that our incredibly lax immigration standards are too onerous, claiming: "Difficulties are experienced as a result of the length of time to process H1B visas." The EU complains that state governments unfairly restrict foreign acquisition of land, specifically calling for removal of "restrictions on ownership or purchase of land by non-US citizens in South Carolina, Oklahoma, Florida, Wyoming and Mississippi." Likewise it wants to see an end to "restrictions on purchase of public lands by non-US citizens in Hawaii, Idaho, Mississippi, Montana and Oregon."

The European GATS negotiators call for eliminating state laws requiring U.S. citizenship for real estate brokers and take the U.S. to task for not removing state regulations concerning land surveying, aerial surveying, aerial map-making, printing and publishing, translation services, marine dredging, distribution of alcoholic beverages and military equipment, distribution of drinking water, waste water management, solid waste management, and a myriad of other services.

You can be sure that once these sectors are penetrated, GATS will be expanded to cover all other service jobs and professions: doctors, nurses, dentists, medical and dental technicians, anesthesiologists, veterinarians, chiropractors, beauticians, architects, teachers, financial planners, electricians, stock brokers, etc. All state laws concerning regulation and certification of these professions will be up for challenge in the WTO.



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GATS is an especially dangerous agreement because it is not a single fixed document; it is an open-ended, ongoing *process* that commits the U.S. and all other 146 member nations of the WTO to a continuous progression of negotiation and revision. Thousands of invisible WTO/GATS negotiators are ever-busily rewriting state and national laws in secrecy. Although WTO and UN internationalists pretend to favor complete openness in government and are fond of using terms like “transparency” and “accountability,” GATS demonstrates the complete hollowness of their claims. Each round of GATS has been conducted in secret negotiation sessions that last for years, and the documents that have emerged are couched in deceptive, ambiguous verbiage.

### **Federal System Under Attack**

The EU has proven itself very aggressive in using the WTO to challenge U.S. laws and policies in the past. That history, together with the leaked EU proposals for GATS, provides plenty of warning that the Europeans will use all of their weight in the WTO to attack state and local laws that impede their penetration of our markets.

Of course, the EU proposals to their U.S. counterparts that the state laws and requirements in question be “removed,” “eliminated,” or “harmonized” show, at best, an ignorance of the constitutional division of powers between our national and state governments. The White House, even with the agreement of Congress, cannot constitutionally force the states to yield on these matters. To do so would be nothing less than blatant usurpation. The only way legally to effect the EU’s proposals under GATS would be through deliberately amending the U.S. Constitution to transfer those state powers to the national government.

However, because the U.S. is already a signatory to earlier GATS agreements and commitments, the avid globalists in the U.S. argue that we are bound to conform to developing international trade standards, even if they conflict with our constitutional law.

They point, for instance, to the WTO “Disciplines on Domestic Regulation in the Accountancy Sector,” adopted in December 1998. Paragraph 2 of that agreement holds that WTO member nations “shall ensure” that measures relating to “licensing requirements and procedures, technical standards and qualification requirements and procedures are not prepared, adopted or applied with a view to or with the effect of creating unnecessary barriers to trade.” Members also agreed to ensure that “such measures are not more trade-restrictive than necessary to fulfill a legitimate objective.” How will the WTO interpret “not more trade-restrictive than necessary” in relation to our state laws? We do not know, but there is a strong likelihood that it would not be favorable to our states. What are “legitimate objectives?” According to the WTO, they are: “The protection of the consumers (which includes all users of accounting services and the public generally), the quality of the service, professional competence, and the integrity of the profession.” But, again, the interpretation will be decided by WTO one-worlders.

Some state legislatures and legislators are expressing concern, albeit belatedly, over the looming threat GATS poses to their authority. In a March 24, 2003 letter to Robert Zoellick, President Bush’s U.S. Trade Representative, the National Conference of State Legislatures (NCSL) noted that it “supports international trade agreements that generate jobs and economic growth in our communities, provided that the agreements respect the constitutional and traditional authority of state and local governments.” The NCSL said it is concerned that negotiations are proceeding under GATS “without a full understanding of the impact of GATS on state and local authority.”

The NCSL letter noted that there are problems with conflicting and ambiguous definitions. It said:



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“GATS covers government-provided services if the services are ‘commercial’ or if they are procured with ‘a view to commercial resale.’ The WTO Secretariat has taken the position that merely charging ratepayers for a service is all it takes to make the service ‘commercial,’ regardless of whether the charge is for a profit.” The NCSL letter then asks: “Is there any unambiguous interpretation of which public services are commercial and which are not?”

While announcing again its support for international trade liberalization, the NCSL specified that trade agreements “must first be harmonized with traditional American law and values of Constitutional federalism.” “Great care must be exercised,” it continued, “to protect state laws and authority from unjustified challenges that will predictably result from the broad language of trade agreements.”

Twenty-six Democrat members of the California legislature signed a March 28th letter to Mr. Zoellick expressing many of the same concerns. “This far reaching trade agreement of the WTO could have profound implications for our state and municipal lawmaking authority, specifically on our ability to fulfill our obligations and our authority to govern, legislate and regulate for the benefit of our communities and for the broader public interest,” the letter stated. Among those signing the letter were Senate Majority Leader Don Perata, Senate Majority Whip Richard Alarcon, Senate President Pro Tem John Burton, and lesbian activist Senator Sheila Kuehl.

The fact that some of the signers represent the most liberal-left elements of the Democrat Party does not negate the legitimacy of their concerns and objections. Undoubtedly, many of them oppose GATS simply for partisan reasons. However, taking their letter at face value, they are at least expressing the kinds of concerns that Republicans, who claim to be guardians of the Constitution, should be making. “The GATS is of particular concern to us because of its massive scope and the lack of clarity as to the extent to which it will apply to state and local laws,” said the Democrat legislators. Their letter continued:

According to the text, the only services exempted would be those services “supplied in the exercise of governmental authority,” defined as “any service which is supplied neither on a commercial basis, nor in competition with one or more service providers.” These are critical terms that remain undefined and could be interpreted by a dispute panel in a way that renders the exemption meaningless.

In fact, under an enforced regime contemplated by GATS, a great many state powers would be rendered meaningless. GATS is one of many WTO agreements in the process of battering down the remnants of national sovereignty and merging all nations into one global economic and political system that veteran globalists refer to as a “new world order.” The ultimate goal of these one-world Insiders is world government under their control. The principal brain center of the world-government advocates is Pratt House, the New York City headquarters of the Council on Foreign Relations (CFR). Nearly 30 years ago, in April 1974, a now-famous essay entitled “The Hard Road to World Order” appeared in the CFR journal *Foreign Affairs*. It was penned by Columbia University professor and veteran State Department official Richard N. Gardner, who most recently served in the Clinton administration.

Gardner told his fellow one-worlders that “instant world government” is an illusion because Americans would not accept an open assault on their constitutional system. The globalists, he said, must continue to labor for the piecemeal creation of an all-powerful superstate. It must be built gradually, piece by piece, brick by brick, he said:

In short, the “house of world order” will have to be built from the bottom up rather than from the



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top down. It will look like a great “booming, buzzing confusion,” to use William James’ famous description of reality, but an end run around national sovereignty, eroding it piece by piece, will accomplish much more than the old-fashioned frontal assault.

Gardner suggested luring all nations into a variety of technological, economic, and political entanglements which would gradually be strengthened until they formed a genuine world government. The first three institutions Gardner pointed to for this purpose were the International Monetary Fund (IMF), the World Bank, and the General Agreement on Tariffs and Trade (GATT). In 1995, GATT was transformed into the WTO, with greatly expanded status and powers. The Council on Foreign Relations, *Foreign Affairs*, and well-placed CFR members in business, finance, the media and government have provided the key leadership in advancing the GATT/WTO in this march toward “world order” and continue to lead the push for GATS and the proliferating entangling agreements misleadingly called Free Trade Agreements.

### **Sowing Confusion**

As with the WTO itself, the most visible, vocal opponents of GATS are leaders of the hardcore Marxoid left. Global Trade Watch, led by veteran agitators Ralph Nader and Lori Wallach, is in the vanguard of the controlled opposition. This means that they put on a show of opposing the WTO to keep any real, principled constitutionalists from gaining the fore and exposing the real agenda behind the WTO/GATS agenda. Nader and Wallach are shills for the CFR globalists. Global Trade Watch is funded by the Ford Foundation, Rockefeller Foundation, and other CFR-dominated tax-exempt foundations. They are joined in this ruse by the Sierra Club, Greenpeace, Friends of the Earth, the Institute for Policy Studies, and other far-left bastions of radicalism, who, likewise, are generously funded by the same Establishment sources.

The Marxist rhetoric, radical appearance, and often violent demonstrations of these leftists tend to make the one-world champions of the WTO appear more reasonable, respectable, and centrist by comparison. This image contrast is repeatedly reinforced by a continuous parade of CFR-sponsored economists, forecasters, business leaders, brain trusts, and Republican leaders with impressive-sounding “research” that seems to show that what we need is more hair of the dog that bit us. We must simply enact more and more “Free Trade Agreements,” while simultaneously yielding more and more authority to the WTO and sending more and more jobs overseas, claim these “enlightened” voices, when courting the American business community.

This is the essence of the message delivered to U.S. corporate leaders in an influential 2003 report from Deloitte Touche Tohmatsu, a CFR corporate member. Entitled *The Cusp of a Revolution: How offshoring will transform the financial services industry*, the Deloitte report tells CEOs that they had better get their companies aboard the offshore express before they miss out completely on this “transformational” opportunity and are left in the dust.

“The shifting of activities to lower-cost locations,” it claims, “ignites the possibility of transforming the structure of the financial-services industry. Indeed, it offers a once-in-a-generation opportunity to reduce significantly the operating costs of the majority of financial institutions.” According to the report, “\$356 billion of cost for the global financial-services industry will be relocated offshore within the next five years. We calculate that this will translate into a bottom-line annual cost savings of \$138 billion (or \$1.4 billion each) for the world’s top 100 financial-services companies by 2008.”

Estimating that 13 million people are employed in financial services jobs in “mature industrial



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economies," the Deloitte analysis predicts a "potential movement of up to two million jobs" offshore. *Cusp of a Revolution* notes: "In 5 years GE Capital has offshored 11,000 positions to India and is now considering the impact of commercializing their offshore capabilities on their competitive advantage."

"Only a minority of financial institutions yet have offshore operations," says the Deloitte report. It continues: "Momentum has built rapidly within the industry, however, and we estimate that nearly three-of-four major financial institutions will be offshore within two years."

"It is essential to catch the wave of offshoring because the benefits are potentially transformational," says the much-quoted report. "As offshoring gathers momentum, so the types of functions will expand to include all types of business processes." "Those institutions currently offshore," says Deloitte, "particularly investment banks and insurers, will lead the shift to full-service offshoring."

If the CFR cabal dominating the White House, Congress, and the media have their way, GATS and the multiplying FTAs will lead to offshoring virtually all of America's productive capacity and, with it, our rapidly disappearing prosperity, freedom, and independence.

Besides the recently signed FTAs with Chile and Singapore, the Bush administration is nearing completion on bilateral FTAs with Morocco and Australia. It also plans to complete two regional FTAs by year's end: the Central American Free Trade Agreement (CAFTA) with Honduras, Guatemala, Nicaragua, Costa Rica, and El Salvador; and the South African Customs Union with South Africa, Botswana, Namibia, Lesotho, and Swaziland. Then there is the big granddaddy of the regional FTAs, the Free Trade Area of the Americas (FTAA), involving 34 nations of North and South America and the Caribbean, scheduled for completion by 2005. Over the coming weeks and months, President Bush will be sending these agreements to Congress for a "fast track" up-or-down vote. By late 2004 the administration also plans to have completed negotiations on GATS. If we allow these agreements to be adopted and implemented, the United States will be headed on the fast track to self-demolition and oblivion, from world superpower to Third World has-been, a mere cog in the new one-world imperium.

Relatively little organized opposition to these schemes has materialized, except for that led by the left-wing anti-globalization forces. Most Republicans and conservative, patriotic Americans, still enamored of President Bush, have bought into the nonsensical arguments of the administration that these FTAs are the ticket to ever-expanding prosperity.

But that is changing rapidly, as more and more Americans are feeling the harsh reality of the planned "new world order" or are beginning to see the writing on the wall concerning their own jobs, businesses, and professions. By attacking virtually every segment of society simultaneously, the one-worlders may be miscalculating; they risk awakening, angering, and activating an immense resistance involving Americans from all socio-economic backgrounds and every walk of life. These newly awakened Americans can be reached and organized into a formidable force to upset the subversive globalist agenda and preserve our independence. But we have no time to waste.



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