

Citizens for Equal Trade Petition

Stop Trade Deficit Massive Job & Tax Losses - It's Unconstitutional!

Dear U.S. Congress Members and Supreme Court:

We the undersigned, call for a policy of equal trade to stop U.S large trade deficits (i.e. where imports greatly exceed exports). Most U.S. products now come from foreign countries which have cost many U.S. manufacturing jobs. These lost jobs mean the U.S. government cannot collect taxes on lost wages during unemployment, causing tax problems and more government debt. This escalates the national debt and is unconstitutional (explained in the appendix). Many other reasons for tax losses are also in the appendix. CitizensForEqualTrade.org estimates roughly \$1 trillion in lost U.S. taxes since 1971 due to excessive trade deficits. On our website it is demonstrated that tax losses would be stopped if equal trade were U.S. policy. This provides further evidence that only equal trade is ethical, constitutional, and fair.

Additionally foreigners reinvest much of their yearly huge profits from the trade deficit by buying up U.S. businesses. Foreigners now own 14% of U.S. businesses, but actually only employ about 3.5% of the U.S. workforce. This poor job creation means higher unemployment, more lost wages and less tax revenue, and even more national debt. In also means we are beholden to foreigners (mainly China) as they increase U.S. ownership yearly.

We call for the following:

- 1) Government economists provide estimates of the actual tax losses that occur due to the trade deficit. U.S. citizens and congress have a right to know what the trade deficit actually cost tax payers.**
- 2) The U.S. Supreme court rule on the constitutionality of the trade deficit with its related tax losses which violates Article 1, Section 9, Clause 5 (see appendix).**
- 3) Congress transition from a policy of free trade to equal trade.**

PETITION APPENDIX

The following details are optional to this petition and are provided for the interested reader.

1. Citizens for Equal Trade suggest that congress seriously now consider the Balance Trade Restoration Act of 2006 (that was never voted on).

2. How do tax losses from the trade deficit violate constitutional law? The free trade policy that allows for these large trade deficits tax losses is unconstitutional in an indirect way. We have confirmed this with a constitutional lawyer that it violates Article 1, Section 9, Clause 5 that states, "No Tax or Duty shall be laid on Articles Exported from any State." Since the trade deficits essentially creates lost tax revenue, citizens end up paying subsidies on imported trade deficit goods from state to state through these trade deficit tax losses violating this law. Said another way - citizens are paying an interstate tax violating this law since import trade deficit goods cause tax problems that escalate the national debt.

3. Legal people might ask - Does the "Political Question Doctrine" apply so it is prudent for the supreme court not to interfere? No, because it can be demonstrated mathematically that there is a solution, that of equal trade which does not have tax consequence. The constitution is here to protect us. The court should not ignore the fact that no country, including the U.S., can sustain large trade deficits.

4. Are these tax losses also a violation of the U.S. Trade Agreement: These trade deficit tax losses also means U.S. citizens are essentially paying a tax-like tariff/subsidy on deficit imports! So free trade is not free. This also violates our world trade agreements that requires elimination of tariffs, quotas, and subsidies on most traded goods and services.

5. More detailed information about the tax losses: A trade deficit and excessive job outsourcing are interrelated. Excessive job outsourcing means foreigners now make many U.S. products. The U.S. cannot collect tax from foreign workers compared to if the products were made in the U.S. Then as U.S. made goods are replaced with foreign imports, so too are U.S. jobs and lost taxed wages. In addition we recognize there are unemployment benefits, including health care,, and educational job government sponsored programs associated with these job losses. Outsourcing has occurred frequently over time, so theses U.S. tax deficit losses accumulate yearly which essentially adds to the National Debt. How much excessive outsourcing? Since the North American Free Trade Agreement and the entrance of China into the U.S. market, spanning 1993 to present, the total job outsourcing loss is estimated to be over 3.6 million displaced U.S. workers and still growing. There is also a cascade effect, which is hard to quantify, such job losses relate to housing foreclosures, loss in consumer spending, additional job losses due to associated economic down-turns and related need for government bail-outs.

An additional source for tax loss is that U.S. trade deficit enables foreigners to buy numerous American businesses and own more and more of the U.S. IRS data show that foreign-owned corporations doing business here typically pay far less in U.S. income taxes than do purely American firms with comparable sales and assets. This is because it's hard to determine how much of a corporation's worldwide earnings relate to its U.S. activities and therefore are subject to U.S. tax. There are many other tax issues that create serious tax problems. (See for example "Tax breaks for multinational corporations")

Another source for tax losses is Foreigner now own 14% of U.S. businesses aided by trade deficit profits, but actually only employ about 3.5% of the U.S. workforce. For example, this means at this rate, if foreigners owned 100% of U.S. businesses they would only employ 25% of the U.S. workforce. Foreigners trade deficit profits are in dollars, so that the U.S. is increasingly foreign owned every year.

6. How do we know a trade deficit escalates the U.S. national debt? On our website: www.CitizensForEqualTrade.org, we find an 84% statistically significant correlation between the national debt and the trade deficit. The statistical significance of the correlation study indicates a probability of 1 in a 1000 that this correlation is by chance. On this website we provide a crude estimate that the trade deficit tax losses are between 6.5% to 16.3% of the National Debt. We believe government economist should be actively estimating and reporting this amount and not ignoring it. Congress and U.S. citizens have a right to know what the trade deficit costs tax payers. Since 1971 the U.S. trade deficit has accumulated to over \$7.5 trillion. Therefore we believe these crude estimates are not unreasonable.

7. Why is the trade deficit unethical? This problem of tax related consequences means that U.S. citizens are in part funding the free trade deficit and greed issues related to known trading problems of: 1) Foreign currency manipulation, 2) Excessive Job outsourcing, 3) Product subsidies by foreign governments, 4) Unfair non tariff trade barriers by our trading partners, 5) Lack of intellectual property rights protection, and 6) Product counterfeiting.