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# The No-Think Nation

By [Paul Craig Roberts](#)

Thought is not an American forte. Consider the speed with which our government got us trapped in two quagmires, Iraq and Afghanistan.

The [CIA says](#) that Bush's invasion of Iraq has created ideal conditions for training insurgents and terrorists. The longer we are there, the worse it gets.

Our military is being worn down by a gratuitous war of no benefit to anyone except Osama bin Laden. Bush's war has provided substance for bin Laden's propaganda and [radicalized the Middle East](#).

Bush's war is being financed by debt, and the result is to give [our foreign bankers](#) more control over our interest rates and [our currency's value](#), should they choose to use the power we have placed in their hands.

Not only has our government demonstrated an inability to think before rushing to war, it cannot think about the economy either. Each month in the 21st century the government's own statistics tell the tale of the US winding down as a [superpower](#) and devolving into a [third world country](#). Not a single net new high tech or manufacturing job has been created for native-born Americans in the 21st century.

Month after month this devastating information is released and ignored.

Now comes a report from Richard Freeman, professor of economics at Harvard University and associate of the [National Bureau of Economic Research](#). Freeman's conclusions suggest that the US is not only losing its lead in science and engineering but also might be [losing the professions themselves](#).

A country that outsources its manufacturing and its R&D abroad doesn't have jobs for its own [engineers and scientists](#).

Corporations have moved many information technology, high-tech manufacturing, engineering, and research and development jobs away from America to lower cost countries principally in Asia. The result is declining opportunities and salaries for American graduates in science and engineering, which discourages students from these curriculums.

As my [free market](#) friends are [fond of saying](#), "**the market works.**" It certainly does. The market is working to close down the great American middle class and to dismantle

the ladders of upward mobility. The US economy in the 21st century has been able to create new jobs only in [nontradable domestic services](#). A labor market orientated toward domestic services is the hallmark of a third world economy.

The jobs problem is more serious than the war problem and receives even less attention. Economists misperceive the offshore outsourcing of jobs as the beneficial workings of free trade, a subject they have given scant thought for 200 years, being, as they are, [content](#) with Ricardo's [demonstration](#) that comparative advantage ensures mutual gains from trade.

America's no-think economists have yet to fathom that the offshore outsourcing of jobs reflects the workings of absolute advantage, not comparative advantage. When American capital, technology and business know-how employ foreigners in place of Americans, foreigners benefit and Americans lose.

In the short-run the corporations benefit. The lower labor costs raise profits and executive bonuses. But the long-run effect is to destroy the US consumer market for the goods and services that the corporations supply from abroad.

American profits and American employment no longer move in tandem. A recent report in the *New York Times* by John Markoff and Matt Richtel says [profits have rebounded in Silicon Valley but not employment](#). They use the example of Wyse Technology, a maker of computer terminals.

At the beginning of this year, 90 percent of Wyse's work force was in Silicon Valley. At the present time the figure is 48 percent, with only 15 percent of its engineers remaining in Silicon Valley. The reason?

Wyse has created technology development teams in India and China, adding 100 employees in India and 35 in China so far this year.

America has a new development model, one unprecedented in history. The growth and prosperity of American corporations is now keyed directly to the employment of foreign workers in place of Americans.

It is impossible for a country to prosper when its capital, technology, and business knowledge are used to enhance the productivity of foreign workers in place of its own. American incomes are stagnating and falling. By abandoning American employees, corporations are eroding the great American consumer market and America's position in the first world.

*Dr. Roberts, [[email him](#)] a former Associate Editor of the Wall Street Journal and a former Contributing Editor of National Review, was Assistant Secretary of the Treasury during the Reagan administration. He is the author of [The Supply-Side Revolution](#) and, with Lawrence M. Stratton, of [The Tyranny of Good Intentions : How Prosecutors and Bureaucrats Are Trampling the Constitution in the Name of Justice](#). Click [here](#) for Peter*

*Brimelow's Forbes Magazine interview with Roberts about the recent epidemic of prosecutorial misconduct.*

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