

Hello CFG clients . . . Brian here. Having provided the positive Grand Rapids email last time, I'm ready to get back into presenting some out-of-the-mainstream findings that I believe are going to greatly affect the second half of this year (and beyond). While everyone is well aware of the recent economic meltdown and the prospects for its long-term continuation, we often overlook its true roots. Sure, the collapse of the housing market was a primary culprit, but the underlying reason for the severity and prolonged outcome of this meltdown has been 40-years in the making. The following article was originally presented on July 7th and while not very patriotic, it does paint the reality of why we are where we are right now.

Unfortunately, the article does not provide any solutions . . . so I'll provide one. Forward this article to your elected officials and ask them to develop a solution to reverse this trend and to make the United States the most favorable place in the world to do business!! If we all take a moment to do this, maybe . . . just maybe, one of them will get a clue and take the necessary steps.

Shipping Our Economy, Our Jobs And Our Prosperity To China



As the U.S. economy continues to implode, large American corporations are investing billions upon billions of dollars in China. But all of this investment comes at a price. Over the past several decades, hundreds of factories and manufacturing facilities that would have been constructed in the United States, along with millions of decent paying jobs, have ended up going to China instead where labor is so much cheaper. In the process, China has become a massive economic powerhouse, while once thriving manufacturing cities in the United States such as Detroit are now rusted-out corpses. In fact, China's economy has grown so rapidly that it is being projected that in 2010 China will replace Japan as the world's second-largest economy. Not only that, but China has already overtaken Germany and is now the biggest exporter of goods in the entire world. But none of this growth in communist China would have been possible without all of the globalism and free trade that U.S. politicians from both parties have been pushing on us for the last 40 years. When they were selling us on the benefits of "free trade" they didn't tell us that we would end up shipping our economy, our jobs and our prosperity over to China.

American consumers never seemed to be able to put two and two together. As we were busy running out and filling up our shopping carts with cheap plastic crap made in China, we didn't seem to realize that a "global economy" meant that we would be competing for jobs and wages with workers on the other side of the world.

So now the U.S. economy, with its high wages and repressive government regulations, is suffering while China's economy is thriving. So just how much money are U.S. corporations pouring into China?

Well, according to the U.S.-China Business Council, U.S. corporations combined [for \\$3.6 billion in direct foreign investment in China](#) in 2009. That was substantially up from \$2.9 billion in 2008.

As U.S. companies pour increasingly large amounts of money into China, the economies of the U.S. and China are becoming inextricably linked. In fact, some of the biggest "American" success stories are now manufactured in China.

For example, have you purchased an Apple iPhone? Well, if you have, there is a really good chance that it was made in China. Of course what Apple doesn't tell you is that ten workers at the facility in China where the iPhone is manufactured have committed suicide in the past year [by jumping off buildings at the factory](#). Perhaps they were depressed over their low pay - the workers at the factory work very long hours but make less than 300 hundred dollars a month.

How would you like to work for 300 dollars a month?

But things could be even worse.

[Reuters](#) recently described the ordeal of one Chinese worker who spends at least eight hours a day standing on an assembly line putting together locks for Honda cars....

"Each year is the same. It makes me sick in the stomach. There's no freshness to things anymore," he said of his job which pays around 30 yuan (US\$5) per day.

How in the world can American workers be expected to compete with someone who makes 5 dollars a day?

But some Chinese workers toil in even more difficult conditions. According to the Toronto Star, employees at the Pingdingshan Cotton Textile Company work grueling two day shifts and yet [only make 65 cents an hour](#).

These low wages have enabled big global corporations to make huge profits, and they have helped provide lots of low price products for American consumers, but in the process they are cannibalizing U.S. jobs, factories and businesses.

In fact, it is getting quite hard to find things that are made in the United States anymore. Even many of the "organic foods" that you are buying at organic food stores [are now actually made in China](#).

As tens of millions of American workers sit at home collecting unemployment checks, U.S. companies are busy making plans to invest billions more in China.

[According to Pacific Epoch](#), a China-focused research firm based in Shanghai, Pepsi "has committed \$1 billion over the next four years to build 14 new beverage production plants, in a move that will almost double its production capacity in the country."

Couldn't we use a few of those beverage production plants in the United States?

But who wants to pay U.S. workers 12 dollars an hour when they can pay Chinese workers 2 dollars an hour?

But Pepsi is far from alone. [Forbes](#) recently detailed the massive investments that some of the major car companies are making in China....

General Motors and Volkswagen have invested billions in China, starting more than a decade ago. Ford is rushing to catch up by adding production capacity and expanding its dealer network in China. Ford and its joint-venture partner, Chang'an Ford Mazda Automobile, plan to start producing next-generation Ford Focus models at a new, \$490 million plant in Chongqing in 2012.

Meanwhile, once thriving American manufacturing cities such as Detroit and Flint, Michigan are so dilapidated and run down that they literally look like war zones.

But it is not just U.S. companies that are investing in China. According to China's Ministry of Commerce, overall direct foreign investment in China rose 14 percent to approximately \$39 billion in the first five months of 2010. Nearly half of that money was spent on building or expanding factories.

The implications of all this are staggering.

First of all, nobody can deny any longer that China has become a superpower. China now has one of the largest economies in the world, their military has been dramatically upgraded and modernized and they have developed a network of economic and diplomatic contacts around the globe that would have been unthinkable 20 or 30 years ago.

Meanwhile, the United States has an economy that is imploding, a reputation that has been deeply tarnished and a debt that is the largest in the history of the world.

In fact, China owns about a trillion dollars of U.S. government debt.

Yes, the United States is falling and China is rising.

So now that China's economy and manufacturing base has been built up so dramatically, what happens when someday the communist Chinese government decides that it doesn't want to be such great friends with the United States anymore?

If relations between the two nations really go south someday, could U.S. corporations suddenly lose the billions upon billions that they have poured into China?

Also, many Chinese military strategists believe that it is inevitable that there will be a war between the United States and China someday. So could China end up using all of the technology and manufacturing capacity that they have gained at our expense against us someday?

The truth is that all of the money and technology that we have poured into China could end up being one of the greatest national security blunders of all time.

China is not a democracy. The Communist Party runs China, and most of their leaders still believe in the ultimate worldwide triumph of communism.

So in the end the United States may look back and realize how incredibly stupid it was to build up communist China at the expense of our own economy.

But this is the world our leaders have built for us. A world where globalism and "free trade" force us to compete for jobs against sweatshop laborers around the globe.

The reality is that this "new world" is not very good at all for the American middle class. The economic realities of the 21st century are very cruel for Americans who are seeking to live a middle class lifestyle.

Gradually, everyone in the world is being pushed into two economic groups. The massive global corporations that dominate everyone and everything, and the worldwide mass of expendable labor that serves those global corporations.

It is this kind of "neo-feudalism" that we must avoid at all costs. If the American people would just wake up this trend towards increasing globalism could be reversed.

But will they wake up?

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