



Politicians trade allegiances when it comes to what's fair

By Jim Waters

The outcome of congressional left-wingers' attempts to kill the Colombian free-trade agreement plays out as critically for Kentuckians as for Colombians.

Most Americans don't understand the stakes, a reality that politicians such as Reps. John Yarmuth and Ben Chandler – both opponents of the agreement – seem all too willing to exploit. These congressmen need to part with their narrow-minded union pals on this issue and think about Kentucky's – and our nation's – economic and political future.

A recent study cited by the Cato Institute showed the consequences to Colombia of not approving the agreement:

- Investment in the country would decrease by 4.5 percent.
- Unemployment would increase by 1.8 percent; 460,000 jobs would be lost.
- Colombia's poverty level would rise by 1.4 points while its GDP would fall by 4.5 percent.

Ironically, the party of Chandler and Yarmuth decries our country's standing in the world. Thus, inquiring minds want to know: How does contributing to rising unemployment and poverty rates of a nation in the region of two-bit thugs like Hugo Chavez improve our country's status in the eyes of the rest of the world? How would these politicians, by reducing trade opportunities, help constituents in their districts whose companies depend on finding new markets for their products?

One of Chandler's constituents is Kathy Gornik, president of Thiel Audio Products Co., and – full disclosure here – chair of the Bluegrass Institute's board of directors.

Gornik's corporate office may be in Lexington, but her audio loudspeaker business operates worldwide.

In a recent trade publication, Gornik charged politicians with preying "on the fears of citizens who do not understand how markets work and (getting) themselves elected on the basis of 'protecting jobs' or 'protecting industries.'"

She calls such approaches "total poppycock" that have caused "incalculable" harm.

Granted, some parts of the playing field remain uneven in the Colombian trade agreement, including those involving Kentucky products. Charles Shapiro recently wrote about that in the New York Times. Shapiro, former ambassador to Venezuela, reported:

- Colombian roses enter the United States duty free.
- Lexmark International Inc. printers face a 12-percent tax when they enter Colombia.
- Colombian coffee imported into the United States pays no duty.
- Kentucky-grown animal feed faces a 20-percent tax when entering Colombia.

The facts don't lie. But regardless of those inequities, fighting free-trade policies could reverse the progress made to this point.

Both Shapiro and Gornik say more, not fewer, trade opportunities offer the cure to those inequities. For example, Shapiro wrote that signing the Colombian agreement would increase U.S. exports by an estimated \$1.2 billion.

But wait a minute. How could this agreement, which eliminates Colombian tariffs even as American companies must pay that government's tariffs, turn out fair?

It's not fair. But it's free. And "free trade" in this case trumps some politician's definition of "fair trade."

As Nobel Laureate Milton Friedman once noted, "The word 'free' is used three times in the Declaration of Independence and once in the First Amendment to the Constitution, along with 'freedom.' The word 'fair' is not used in either of our founding documents."

Our government must resist the temptation to respond to trade imbalances by putting big import duties on U.S. products. Gornik says the "unfair" practices exist because of wrong-headed government policy, not entrepreneurial efforts of individuals and businesses. These hard-working Americans do the trading while unfair policies – whether instigated by our country or others – only serve to enrich governments.

"So why would we want to punish our own businesses and consumers by following suit?" she says. "It's like cutting off your nose to spite your face."

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