



Island mentality won't help the economy

By Jim Waters

Among all our freedoms, none is as important to the economic well-being of our country and commonwealth as free trade.

And so, removing barriers to free trade could represent the most important step toward regaining our economic footing.

Ironically, even as our economy slipped, the voices of isolationism have grown bolder. The short-sighted, who cannot move beyond a bumper-sticker mentality, swallow the go-it-alone propaganda of economic Robinson Crusoes hook, line and sinker – especially when the hook, line and sinker bears a “Made In the USA” sticker.

OK, I'll fess up: I eat Honduran bananas and drink Brazilian coffee. Does this somehow make me unpatriotic or un-American? Would buying fruit grown in a hothouse somewhere in the U.S. make me a patriot?

If you sit among those who think trade barriers and “Buy American” resolutions can somehow restart our economy's engines – or that free-trade issues affect only folks in far-away places and not Kentucky – you might as well live with Crusoe on his deserted island.

Too far to travel? Then just go to a United Steelworkers office, where labor bosses successfully slapped the Obama administration with I-beams until it put into [place a tariff on tires imported from China](#).

They think like protectionists who have spent a lot of time on an island and too much time in the sun.

“U.S. tire workers in consumer tire-producing operations are at the losing end of a surge in tire imports from China,” said a memo published July 28, 2009, by that union's [Rapid Response](#) arm. “This surge has a direct link to the 25-percent decline in U.S. production and the resulting 7,000 workers who are being impacted by factory shutdowns and slated shutdowns.”

Let me find some shade to figure all this out. What the union is saying is that if the administration levies a heavy-duty tax on Chinese tires, somehow that will reverse the fortunes of domestic tire producers and serve the long-term health of our economy.

What the Rapid Response memo does not tell you: Such tariffs discourage industries from modernizing or becoming more efficient. And as Kelsey Zahourek of Americans for Tax Reform asked in a [recent blog](#): “Why modernize when you're shielded from competition?”

Healthy American industries and companies don't play defense when it comes to the future. Instead of seeking fewer imports from other countries, they proactively search the world for new trading partners.

That's exactly what Susie Givens, president of Givens International Drilling Supplies Inc., is doing. Not long ago, the Kentucky small business owner went to Washington, D.C., to encourage lawmakers to pass the "Colombian Trade Agreement." Such an agreement would expand sales opportunities for her company's products – drilling equipment and supplies, tailor made for Colombia's mineral-rich land.

Chinese tire haters at the union would do well to listen to Givens' take on tariffs: "Countries that have to pay duties are likely to buy from other countries."

Do we really want the Chinese taking their considerable purchasing power elsewhere? Do we really want to deny a small-business owner like Givens the opportunity for new markets and new opportunities while, at the same time, denying Kentucky new jobs?

Givens thinks the Obama administration, which received considerable political support from the Steelworkers during the presidential campaign, sits in a different mode now that it must do more than just campaign. It now must govern in light of the reality that shutting the door to trade in Colombia and other countries such as Panama and South Korea – which also await resolutions of trade disputes – would cause aftershocks to an already shaky economy.

"They misunderstood that trade agreements were taking jobs," she said. "That couldn't be further from the truth."

— *Jim Waters is the director of policy and communications for the Bluegrass Institute, Kentucky's free-market think tank. Reach him at jwaters@freedomkentucky.com. Read previously published columns at www.bipps.org.*