

TODAY'S EDITORIAL

Let's make deal to guard free trade

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Our position: *It's one small agreement, but one giant move to reiterating importance of free trade.*
So why is free trade with Peru -- the South American nation, not the north-central Indiana city -- so important to Hoosiers?

It's about creating and retaining jobs.

Congress in coming weeks is expected to vote on the Bush administration's trade agreement with Peru. The pact would lift tariffs on U.S. exports, making American-produced goods more attractive to Peruvians. The deal also would eliminate almost all duties on items imported from Peru.

The agreement, if passed, should help Indiana manufacturers and farmers to increase exports. The Indiana Chamber of Commerce and the Farm Bureau are among the organizations supporting the agreement. A spokesman for Whirlpool, with 1,500 employees in Evansville, says the pact is critical for the company to retain jobs in the United States.

Yet there's strong skepticism in Congress about whether such trade agreements are truly beneficial to American workers. For that reason, the fate of the Peru agreement has implications that reach far beyond trade with one relatively small partner.

Indiana's congressional delegation is split along party lines over the agreement, with Republicans largely in favor and most Democrats lining up against the deal. Also pending in Congress are trade agreements with Colombia, Panama and South Korea. Those deals face even more opposition than the Peru pact.

Congressional antagonism to free trade has grown in the past year after Democrats gained control of the House and Senate. The Cato Institute's Center for Trade Policy Studies found that most of more than 20 trade-related bills filed in the first six months of 2007 leaned toward protectionism.

That's a historically and economically unsound approach to international trade.

Consider the benefits of the North American Free Trade Agreement, which won bipartisan support when it was approved in 1993. Protectionists often cite NAFTA as a bane to American workers. But the number of jobs and the level of compensation dramatically increased nationwide in the decade after NAFTA was implemented. So too did business investment and industrial production, both key indicators of economic growth.

Free trade can be messy. Some industries and some workers suffer when lower-priced imports flow into the market. But the data is clear that in the long run the economy grows stronger when trade restrictions are eased.

The Peru agreement is good for Indiana. Even more important, congressional approval of the pact would help stem the rise of protectionism, a trend that if unchecked could dramatically undermine the nation's economy.