

Free Trade and Peru

When we discuss issues like free trade, we generally do so from our own narrow perspectives, looking only at how the issues affect us personally or locally. But sometimes, it's worthwhile to notice that we're not the only ones being affected.

I spent this past January in Peru, leading 23 students in a study of its economy. We discovered a country that is in many respects very poor, but also very vibrant. We saw dirt roads, and houses of mud brick or even just woven mats, houses where the nearest water supply was a hike up and down a large sandy hill. But we also saw a people who are hard working and entrepreneurial, a people who will grab at the slightest of opportunities to earn a meager living and make a go of it.

And meager many of those opportunities were. Nearly everyone in Peru is employed, but the overwhelming majority are severely underemployed, working in the most marginal jobs you can imagine. Little tiny family owned stores selling this, that or whatever; or small stands along the street vending phone cards and bottled water; or worse yet street hawkers, walking through the traffic stopped at any intersection, offering their drinks, snacks, calendars, newspapers, you name it, to the waiting drivers and passengers. To us it seems like a tremendous waste of manpower, but to them, it's a living.

But Peru's economy is booming, and has been for 5 or 6 years now, in Lima and all along the Pacific coast. And the number one reason is free trade. Whether it's selling us their peppers, artichokes, or asparagus, or the Chinese their copper, gold, or zinc, they have tripled the value of their exports in the last 5 years. That growth is providing real employment opportunities to thousands of people up and down the coast. People who, if these opportunities don't disappear, will be able to afford a better life for themselves, and a better future for their children. If only this growth doesn't just disappear.

The recently signed free trade agreement with the U.S. is one reason why they can hope it won't disappear. Losing their access to our markets, especially for their agricultural produce, would have been devastating to them. The extra provisions the Congress insisted upon, on labor laws and the environment, were actually quite welcome to them, since those provisions will force them to do what they've known they should've been doing all along.

Democracy in Peru is still quite fragile. We saw a large political demonstration in Qusqo, up in the Andes mountain range. There's a large Quechuan-speaking population in the Andes, that's enamored with Venezuela's Hugo Chavez, and his pro-Castro, anti-American rhetoric. The best way to undermine that line of thinking is to show them the benefits of trade through increased living standards and the better public services that trade dollars may eventually bring. The best way to support that line of thinking would be to cut trade off with Peru altogether.

I know we can all talk about jobs that have left America because of free trade. Less obvious, but equally true, are the American job opportunities that free trade have increased, in both agriculture, manufacturing (we saw Kimberly Clark products everywhere) and services.

But yes, those losses and those gains are not distributed equally. We who have benefited from lower cost foreign goods do need to help those in America that trade has hurt. But not by trying to turn the clock back. Because even if we could, would we really want to do that to our poor neighbors in Peru?