

FIRST-PERSON AMERICA

LEAVING THE CITY BEHIND

By William E. Pike

PIERRE, SOUTH DAKOTA—Riding on the Washington subway a while back, I was hit by a strong sense of *deja vu*. Just two years earlier I had taken that same Orange Line train to Vienna, Virginia, on a nightly basis. And I remembered, caught there like a sardine among the throng of 5:30 commuters, that this had been one of the many reasons I had fled the city for what was to be a very different world: South Dakota.

I had grown up on a small farm in Ohio. After four years at Harvard and another year and a half in Washington, urban life was wearing me down. I was not meant to tread along exhaust-choked streets, ride on subways, and stand in lines for everything. Nor was I willing to put up with a cynical culture, continuous late nights at work, a constant striving for material gain, and an empty view of life as a chore, not a privilege. I had seen one too many gaunt, jaundiced, suit-clad, vacant-eyed paper pushers riding on the Metro, 30 years older than me and not a day wiser. I knew I must escape before I, too, fell into this trap called The City and suffered under its slow death sentence.

And so my wife and I, while on our honeymoon, went apartment hunting in a town I'd never seen, and which only a year before I hadn't even known how to pronounce: Pierre, voiced by the residents of this state as "peer." Soon, beating out a winter storm by hours, we returned in a small moving van and began an adventure few of my fellow Metro-riders could envision in their cubicle daydreams.

I thought I knew what I would find in rural America. Wrong. I did not know what *rural* meant until I came to South Dakota. Turning off of I-90 in the middle of this state, one drives over 30 miles of essentially nothing but grass to reach the capital. After about 15 miles, at night, one

sees Pierre far off in the distance, lights gleaming, looking like a metropolis of tens of thousands. But no, it is merely an illusion. Our capital city, the only town for miles around, is home to perhaps 13,000.

In the two years since our arrival we have visited all but a handful of the state's counties, doing our best to acquaint ourselves with small towns, ethnic festivals, overlooked museums, out-of-the-way historic spots, and scenic wonders off the beaten path. Throughout these travels, and at home in Pierre, we have often marvelled at the fact that this state and Washington, D.C.—let alone Boston—are actually in the same country.

More often than not we find ourselves in a county larger than Rhode Island, with fewer than 2,000 residents. One drives for hours and hours, yet never leaves the single congressional district, or the single state area code. We have taken 200-mile drives without reaching a stop sign, or even a town of over 100 people.

This is certainly not paradise, but in many ways we found what we wanted in leaving the city behind us. I still reach for a key upon walking up to our apartment building, forgetting that the building's front door is never locked. We are among the only residents of Pierre to lock our car doors. We take walks at any time of night, along any street, or even out of town and into the surrounding edges of prairie, without the slightest fear (except of speeding pickup trucks).

On my first day of work, I was first surprised when, at noon, everyone vanished—to eat lunch at home. Second, at a hair past five o'clock, when I was still reading through some files, someone popped his head into my office to ask why I wasn't leaving. I looked out, and to

my amazement, *everyone had left!*

We have found it impossible to spend over 50 dollars on dinner for two in Pierre—even with appetizers, wine, desserts, and the priciest main course. Jeans are acceptable everywhere. One of my wife's acquaintances simply refuses to believe that I owned a tuxedo.

But being an outsider does have its pitfalls. For months people would ask us suspiciously why we moved to South Dakota. Even I, an Ohioan, am often seen as an "easterner." One state legislator I was to work closely with, upon meeting me, explained he was a farmer, and then added, "You know, this is an agricultural state," as if I hadn't figured that out yet. In Washington everyone I met asked, "Where did you go to school?" Not a single Dakotan has asked me that.

And when they find out, it rarely means much. "Where is Harvard?" one new friend asked during a visit. "Massachusetts," I replied. "Oh. There many ranches in Massachusetts?" I had to admit that there were not.

Those bureaucrats I shared the Metro with would do themselves a favor by coming out to a place like South Dakota for a year or two and learning just what America really is. There are plenty of flaws here, just as anywhere, but the flaws are far easier to live with, and much easier to escape.

I finally learned what to tell people when they ask me that difficult question, Why did you move to South Dakota? I look at them, smile, and say, "Have you ever lived in Washington, D.C.?" They smile back, nod knowingly, and their suspicions end right there.

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Trade: The Overlooked Engine of U.S. Growth

By Daniel Mitchell

Of the several factors that contributed to our economy's amazing rebound from the traumas of the 1970s, some—like reduced marginal tax rates and a more rational monetary policy—are widely recognized. Others—like transportation deregulation and corporate takeovers—are less fully appreciated. Yet of all the policies that contributed to America's economic rejuvenation, the one that has probably caused the most confusion is trade liberalization. A disturbing number of voters and policy makers now believe America is somehow harmed by international trade.

The reality is, expanded trade has been a blessing for the U.S. economy. Trade benefits consumers by lowering prices and expanding choice. It benefits business via cheaper inputs and wider markets to sell into. Perhaps most importantly, trade benefits the overall economy by forcing American companies to be more competitive, leaner, always on their toes, and by helping ensure that resources flow to the highest-value uses. As leading trade expert Jagdish Bhagwati of Columbia University and the American Enterprise Institute summarized in a recent interview with your author, "Trade is an engine of prosperity."

One almost feels sorry for protectionists. Think of the argument they have to make. Over the same period that U.S. trade with the rest of the world has soared, our economy has enjoyed a remarkable renaissance. Are we supposed to believe everything would have turned out better under protectionism?

The data documenting trade growth over the last two decades are remarkable. Exports soared from \$272 billion in 1980

to \$934 billion in 1998. Imports jumped from \$292 billion to \$1,100 billion. Exports now account for 11 percent of our gross domestic product—up sharply from 7 percent in 1985, meaning that trade has expanded even faster than the economy. Moreover, America's share of global trade has grown. In 1980, we accounted for 23 percent of the world's total; by 1997 this was up above 28 percent.

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Today's bloom of trade began after World War II, when negotiations resulted in the General Agreement on Tariffs and Trade (GATT), an agreement that resulted in about 45,000 tariff reductions in the 23 countries participating. Further negotiations followed, with additional reductions resulting roughly every decade or two. The success of these efforts is best seen in the fact that taxes on trade (which is what a tariff is) are now 90 percent lower than they were when GATT negotiations began.

With some exceptions, America has led the way, and can be considered a free trading nation. U.S. tariffs now average less than 3 percent and we maintain few non-tariff barriers to trade. America still

imposes fewer restrictions on trade than most of its major partners, though most nations are moving toward open markets.

Our support for free trade is not an act of charity, but something very much in our own interest. Trade, for instance, keeps prices down for American consumers and businesses. Between 1985 and 1999, while overall U.S. prices rose by about 45 percent, import prices went up only 4 percent.

Some would argue that expanding trade and American prosperity are not related. Perhaps our economy would be growing even faster without open trade, they suggest. There is reason to doubt this, however.

Adam Smith and other economists taught us that people and nations should concentrate their efforts in fields where they hold a comparative advantage. The U.S. presumably should not try to be the world's number-one coffee producer, though we could undoubtedly produce coffee in greenhouses (probably employing a lot of people) if we had to. Why not? Because it would reduce our living standards and wealth if we tried to "win" the coffee market instead of pursuing better opportunities elsewhere.

If we let the market operate, its incentives and price signals will tell us where we can most productively shift labor and capital in order to succeed. It's simple, Bhagwati notes: "Exchange the things you are good at producing for those you are less good at producing." Yes, there are individual and community costs when, say, an inefficient American textile mill closes. But overall output and living standards climb as workers and funds shift into more valuable applications. That's why export-related jobs in the U.S. currently pay 13-18 percent more than