

## The Rockford Files

by Scott P. Richert

# This Is Your Hometown

About two years ago, I wrote a "Letter From Rockford" entitled "A Month in the Life of the Industrial Midwest" (April 2001), in which I used excerpts from news reports to illustrate the rather dramatic economic changes that were taking place in the Rockford area—plant closings, layoffs, declining wages. At the time, I had no way of knowing, but the very month after the one that I had chosen to highlight—March 2001—has since been acknowledged by the federal government as the first month of the current recession, which may explain the number of phone calls, letters, and e-mails I received from readers across the country who said that, after reading the column, they had begun to notice similar news stories in their local media. The hard times, it seemed, were not confined to Rockford or even to the Rust Belt.

Now, two years, a midterm election, a bear market, and a September 11th later, there are precious few signs that it is morning again in America. In fact, looking at the overall state of the economy, the most remarkable thing, perhaps, is how much discretionary spending continues to go on. Very few chain restaurants have folded during this recession (locally owned restaurants, of course, are another story, but that's true in every economic climate), and the traffic continues to stream past my living-room window every Saturday and Sunday, as consumers (the only proper name for them) in their new, zero-percent-financed Japanese cars seek to fill the hole at the center of their existence with the latest piece of plastic forged from Middle Eastern oil by wage slaves in a Chinese factory.

The zero-percent financing provides the key to the puzzle, and the federal government has noted an incredible spike in household debt, as Americans have financed their continued consumption through credit cards, auto and home-equity loans, and advances on their 401(k)s. This cannot continue indefinitely, however: Some reports indicate that average household debt may have doubled since 2000 (average household credit-card debt alone reached \$8,500 by mid-2002), and the rate of personal bankruptcy has risen to unprecedented heights. At some point,

even dual-income families, who have to shop because they cannot afford not to, will have to curtail their spending. And then Rockford's East State Street corridor of chain restaurants and big-box stores will begin to resemble a supersized version of her struggling downtown.

*Now Main Street's whitewashed  
windows and vacant stores  
Seems like there ain't nobody wants  
to come down here no more . . .*

Nowhere is the underlying softness in the economy more obvious than in the small-business manufacturing sector. Several of the stories I highlighted in the earlier column concerned the closing of small factories, often the result of larger corporations (particularly in the auto industry) moving jobs to Mexico or China (and, increasingly, Eastern Europe). While the auto industry isn't necessarily setting out to replace the small factories' products with foreign-made parts (by, for instance, reversing the decades-long trend toward outsourcing when the Big Three move their factories overseas), NAFTA and GATT have still made it harder for small American manufacturers to compete. Tariffs may have been reduced or eliminated, but other costs—particularly transportation—have increased. The pressure then mounts on the small manufacturer to move his own operation south of the border or overseas, so that he can eliminate these additional costs or offset them through cheaper labor. If he refuses to do so, he may find, as one Rockford-area manufacturer recently did, that he has no option but to sell to someone who will.

*They're closing down the textile mill  
across the railroad tracks  
Foreman says these jobs are going  
boys and they ain't coming back  
To your hometown . . .*

Recently, I spent part of two days visiting the factories of Rockford Acromatic Products, a locally owned manufacturer of after-market auto parts. Founded by Dean Olson, Sr., in 1949, Rockford Acromatic (also known as Rockford Constant



Velocity) is now run by his sons, Dean (a longtime *Chronicles* supporter) and Jim Olson. The company has two factories, both "across the railroad tracks"—one on Beacon Street in Loves Park and the other on 11th Street in Rockford. The 11th Street plant also functions as a storage and shipping facility.

With the decline of the domestic steel industry over the last 20 years, Rockford Acromatic has become heavily dependent on foreign steel. Like (I suspect) many *Chronicles* readers, I initially cheered when President Bush announced that he was placing a tariff on certain steel imports. Now, after touring Rockford Acromatic and discussing the effects of the tariff with Dean Olson, I'm not so sure.

The problem is not that either tariffs or free trade are bad *per se* but that they always need to be viewed in historical context. Back during the battles over NAFTA and GATT of the early 1990's, when *Chronicles* was opposing such trade agreements because they had the potential to undermine national security and to gut the American economy, many libertarians joined forces with us, albeit for different reasons. As one prominent paleolibertarian never tired of saying, we don't need thousands of pages of regulations to declare that there will be free trade among the United States, Canada, and Mexico; all we need is the simple statement that "There will be free trade among the United States, Canada, and Mexico." That view, to put it charitably, is naive. "Free trade" is an abstract concept that has never existed in reality and never will. Once we recognize that condition, we can also understand that every businessman will try to structure trade in such a way that it will benefit him and his business. That's human nature. As Dean Olson says, "I don't know anyone who doesn't believe in free trade; it's just that it hasn't been

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applied equally.” And it never will be.

Part of the problem with this current tariff is that it applies only to premium grades of steel, and then only to the steel in raw form—thus exempting from its effects large manufacturers who use standard grades of steel and foreign companies who import final products to the United States. To take just one example: Under the Bush administration’s 40-percent tariff, a certain after-market part would now cost Rockford Acromatic \$25 to \$28 to produce, but the company can import it from China for \$14 to \$18. The Chinese have the advantage not only because of lower labor costs but because no tariff is placed on the Chinese product based on its steel content (it is almost entirely made of steel). So Rockford Acromatic now imports the parts, places them in their own boxes, and sells them on the domestic market.

Similar dynamics have dramatically changed the way Rockford Acromatic does business. Today, half of what the company sells is imported, packaged, and resold. At first glance, this seems to be simply “the market in action, compensating for disparate wage and materials costs in an increasingly integrated global economy.” What gets lost in such an analysis, however, are the human costs of such “adjustments.” Today, Rockford Acromatic employs about 60 people; at its height—when it made most of the products it sold—it employed 680. Two hundred and sixty of those jobs were here in Rockford; the rest, in Chicago, were tied to the aerospace industry, which has gone through similar changes. Even more discouraging: Most of the remaining 60 jobs are now low tech and low pay—ap-

proximately six to eight dollars per hour. Many of the employees are women; some speak very little English. They pack parts—for instance, a universal joint imported from China, boxed in Rockford, and exported to Canada. While Rockford Acromatic continues to make u-joints, it’s hard to argue that it is more “efficient” to pay highly skilled machine operators \$15 to \$20 per hour than to hire more low-skilled packers. As Mr. Olson notes, applicants can no longer be reasonably sure that they can raise a family on their wages or remain at Rockford Acromatic for the rest of their working lives.

There are, however, some signs of hope for Olson’s company. The 11th Street plant was built to store inexpensive rubber parts imported from China. Because the parts are so light, shipping was prohibitive on all but the largest orders, so the Olsons found it economically feasible to build a storage facility to house a million of the rubber parts so that they could import in mass quantities. Then, several years ago, they discovered an even better solution: They developed a proprietary process to produce the parts from a thermoplastic elastomer right there in the 11th Street facility. It is, as Mr. Olson says, an example of comparative advantage. But it’s very different from Ricardo’s classic example of England producing cloth while Portugal produced wine. For one thing, because shipping costs are still prohibitively high, Rockford Acromatic only has a comparative advantage in the domestic market; the company ships very few of the parts overseas, where the market is still dominated by Chinese parts. Still, that this limited comparative advantage has allowed Rockford Acro-

matic to continue to employ local people. Others have not been so lucky, including those Rockfordians whose livelihoods were dependent, directly or indirectly, on the 200 jobs that have been lost locally over the years at Rockford Acromatic. The loss of every one of those jobs had a ripple effect in the local economy, which is something that individualist economists never quite grasp and economic statistics never adequately summarize. The Rockford Area Association of Realtors has trumpeted a recent increase in area home sales, but, behind each of those sales, there is a story, only part of which was hinted at when sales plummeted once again in January.

*Last night me and Kate we laid in bed  
talking about getting out.  
Packing up our bags maybe heading south . . .*

Seven years ago, when we bought our house, my wife and I never toured a home that was empty. Today, looking for a larger home, we’ve noticed that an increasing number of houses lie vacant, awaiting sale. The cleaning lady at Rockford Acromatic’s 11th Street plant has been kept busy by local banks, who hire her to clean up houses that have been abandoned by people who can no longer make their mortgage payments. In a number of cases, she told Dean Olson, the homeowners have simply walked away from the house, leaving all of their possessions, including their cars.

I think of this story this morning, as I (over my wife’s protests) load two school desks in my van from a trash pile in front of a house around the corner from ours. The homeschooling family had placed them at the curb fully loaded—schoolbooks, pencils, projects, and all. There was no “For Sale” sign, and I never noticed a moving van. No real-estate sales figures or unemployment statistics could ever adequately explain what caused them to leave in such a rush—or convey the despair they must have felt when they had to leave behind such a precious part of their children’s lives.

*I’m thirty-five we got a boy of our own now  
Last night I sat him up behind the wheel and said son take a good look around  
This is your hometown . . .*



Scott P. Kiebert

*Dean Olson displays an auto part, previously made in Rockford but now imported from China*

## Letter From Serbia

by Aleksandar Rakovic

### How Long, O Lord?



Since the Middle Ages, the Balkan region of Kosovo-Metohia has witnessed firsthand the confrontation between Christianity and Islam. *Metohia* is a Greek word meaning "the Church's land," and Orthodox Christians consider Kosovo an outpost of their civilization. Muslims, on the other hand, continue to regard the region as a precious remnant of Islamic penetration into Europe. Although Christians and Muslims clashed many times in the course of the Turkish conquest of Christian Bulgaria, Serbia, and Greece, two events stand out in popular memory: the Battle of Kosovo (1389) between Serbs and Turks and the fall of Constantinople (1453).

When I visited the Ecumenical Patriarch, His All Holiness Bartholomew, in Istanbul, he asked me about the life of Christians in Kosovo and about the condition of their churches. We Serbs still call Constantinople *Carigrad* ("the emperor's city"), and I found it difficult to speak of the persecution of Christians in a city whose Christian heritage has suffered so much over the centuries. In Constantinople and Kosovo-Metohia, two sacred Christian places that were once the foundations of Greek and Serbian nationhood, there are now very few Christians. In Kosovo, even old houses and medieval churches, which once bore witness to Christian civilization, have been devastated—many of them just in the past few years.

In June 1999, international peacekeeping forces entered Kosovo-Metohia after 79 days of NATO bombing. Since that time, several hundred Christian Serbs have been murdered or kidnapped, and more than 180,000 have been driven into exile. The Serbs who remain have had to flee for their lives, abandoning their farms and villages to seek refuge in four major enclaves and several small villages. They do not expect to be able to return to their villages, which have, for the most

part, been demolished and burned. In the cities, Albanians have moved into Serbian homes and apartments. Only in the northern enclave, which has access to the rest of Serbia, do Serbs have freedom of movement. Serbs who need to travel from enclave to enclave must be accompanied by peacekeeping forces; the alternative is to risk death. Serb delegates to the Kosovo Assembly travel to Pristina, the capital, in armored cars.

Albanian Muslims, backed by the international community, are now free to eradicate all signs that Christians ever lived in Kosovo. Of course, the desecration and destruction of Kosovo's Christian monuments is hardly a new story: It has been going on since the Turks first occupied the region. In 1455, the Turks destroyed the Monastery of the Holy Archangels in Prizren. This monastery and church, founded by Emperor Dusan, was one of the greatest medieval Orthodox monuments. A century and a half later, Muslims used the stones from the ruins to build a mosque in Prizren.

The destruction of the Holy Archangels Church is only one of thousands of stories that can be told of the Turkish occupation of Serbia, Bulgaria, and Greece. In recent years, Albanian activists had been desecrating and pillaging Christian monuments in Kosovo. What has changed since 1999 is the resolve of the Albanians to eliminate all signs of Christianity: In less than three years, they have desecrated or ruined some 110 Orthodox churches and destroyed nearly 80 percent of Serbian cemeteries.

What has happened to Zociste Monastery is typical. Zociste was a medieval monastery dedicated to Saints Cosmas and Damian (who are also commemorated in an ancient church near the Roman Forum). In the old days, Albanian Muslims visited Zociste to pay their respects and kiss the relics in the hope of securing recovery for their sick friends and relatives. In 1998, however, the Kosovo Liberation Army took over the monastery and held all the monks captive. The monks were set free only when the Red Cross made a formal appeal. After the NATO bombing and the withdrawal of the Yugoslav army and the Serbian police, Albanian activists destroyed the monastery.

In July 2002, I (along with Hieromonk

Jovan Culibrk) had several conversations with three high officers of the Kosovo Force (KFOR). At those meetings, which were held in the ancient center of the Serbian Orthodox Church, the Patriarchate of Pec, Brig. Gen. Pierluigi Torelli, commanding officer of the KFOR International Brigade West, and his executive officer, Col. Raffaele Iubini, expressed their deepest regret both for the expulsion of the Serbian people from Kosovo and for the destruction of their monuments. Spanish Lt. Col. Ruiz de Pascual expressed the same sentiments, adding that, for soldiers in Kosovo, the Patriarchate of Pec had the same importance as the Vatican.

Despite the moral support of KFOR officers, Albanians every day throw stones at the Patriarchate and at the nuns who reside there. Iguman (Abbot) Teodosije, the head of Visoki Decani, the largest monastery in Kosovo, told me that Albanian provocateurs had started walking naked around the monastery in order to scandalize and humiliate the monks. The reaction of the KFOR soldiers has been to look the other way, probably out of embarrassment.

The international authority has recently claimed that the safety of the province has improved. Those claims do not reflect the reality, however, unless "safety" is interpreted in an unusually broad sense (*i.e.*, stay in hiding, and you may not be hurt). Serbs still do not have freedom of movement, and the destruction of churches has continued. During this "safer" period, Albanian activists burned down what was left of the Zociste Monastery after the destruction of 1999, and this second attack took place right after Bishop Artemije conducted a liturgy among the ruins, during which, on the hill above the monastery of the Holy Archangels, Albanians detonated dynamite. Under these circumstances, KFOR's decision (in November 2002) to remove guards from some churches is hard to explain, especially since, as soon as the guards were removed, two other churches were destroyed in an explosion.

To make matters worse, substantial rumors suggest that the KFOR soldiers who guard churches are to be replaced by the far less formidable UNMIK (U.N. Mission in Kosovo) troops. Eventually, so the story goes, UNMIK police would be