

The Cost of Doing Business...

6:45 PM PDT, April 22, 2009

...what the pirates, the banks and Afghanistan have in common...

With the economy being foremost on our minds, we have begun to develop, at least around my house, a heightened sense of what things cost. The runaway price of a gallon of gasoline was only the first thing that we all noticed. It quickly became obvious that almost everything was on the increase except our incomes, but the real wake up for me was when [four Somalia pirates struck the Maersk Alabama, a US cargo ship](#), and squared off with our Navy for the better part of a week. The more I thought about these pirates and reflected upon the costs of such things, the more I became concerned.

Now I don't doubt that it takes \$500,000 to train a Navy Seal or that an \$800 million Navy ship had to square off with these pirates to diffuse this latest hostage situation. I'm more concerned that the world's shipping industry as a whole, including its insurers, has opted for doing business in this manner, which now depends upon the resources of the American government and others to subsidize their services rather than buying insurance to protect themselves or using private security. They have in fact created a \$150 million dollar ransom industry. [This year alone, according to the Associated Press](#), pirates have attacked more than 80 ships, nearly four times the number assaulted in 2003 and it's only April. Pirates currently hold at least 18 ships hostage along with more than 310 crewmembers. Who's paying for this? Are there rules? [Most consumers don't realize the tremendous price they pay for piracy!](#) The more I thought about this, the more upset I became. Any failure to detain and punish these pirates will only convince them that they have little to lose from attempting fresh attacks.

When you think about it, the banks are similar to a group of 'pirates' that have been holding us hostage for years with subprime loans and credit cards. In addition, credit card crime and fraud has been rising, right under our noses, to an estimated half billion dollars a year. And it's not just the credit card companies that are left holding the bag. We as cardholders must also face the economic losses and the legal struggles that accompany compromised credit. The banks consider these 'business costs' and pass them on.

But it's the Afghans who won the global prize for extortion last year. [*They convinced the international community to commit to \\$20 billion in aid while they continued to produce 92% of the world's heroin.*](#) That is a regional problem that can only be solved by Kabul's efforts, addressing it directly with the local leaders and the people and offering them alternatives to poverty... the West cannot do that. [*Afghanistan's people were actually better off in 2004 prior to the NATO troop increases,*](#) which has only served to attract insurgents and make our forces more vulnerable. Afghanistan is not our front line for the war on terror; our role there should be focused and limited.

Because '*all of these costs of doing business*' are borne predominantly by you and me, focused policies from the new administration, resurrecting traditional pay-as-you-go values, emphasizing what we do best and holding responsible individuals, institutions and governments accountable for what happens, will better serve us all in the long run.