

Trade Wins

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Democrats in Congress need a united front not merely to oppose policies that can damage the country, but also to propose constructive alternatives on issues such as the privatization of Social Security, soaring budget deficits, and tax policies that favor the wealthy. As demonstrated by effective Democratic leaders going back to the days of Lyndon Johnson in the Senate, Democrats also need to embrace certain Republican policies that are in the national interest in order to maintain credibility to oppose those which are not. One early test will be the vote on Cafta, the Central American Free Trade Agreement -- an agreement that Democrats should support, and on which Congress plans to hold hearings early next week.

Congressional Democrats cite a litany of reasons to vote against Cafta -- a free trade agreement that will encompass the U.S., Costa Rica, El Salvador, Nicaragua, Honduras, Guatemala and, stretching geography a trifle, the Dominican Republic. Unions, a core Democratic constituency, bitterly oppose Cafta, arguing that it will cost American jobs. Besides, they assert, the Bush administration negotiated the agreement -- why give Bush a victory?

It is argued, further, that unified Democratic opposition to Cafta will force House Republicans with close races in 2006 to support Cafta, thereby making them court unpopularity on the stump. Finally, let's face it, Cafta rhymes with Nafta -- and Nafta brings back memories of President Clinton's brutal fight within his own party to pass the North American Free Trade Agreement with Canada and Mexico.

Democrats should, however, support Cafta for two fundamental reasons: First, the agreement is deeply in our national interest and will create, not destroy, jobs. Second, if the Democratic Party wants to regain the White House and control of Congress, it has to take pro-growth, pro-jobs positions on key issues, including trade agreements.

Cafta follows the same template as the United States' free trade agreements with Australia, Singapore, Jordan, Chile, Morocco, Canada and Israel -- agreements which garnered substantial Democratic support. Cafta would also open markets to U.S. goods and services, lower tariffs, create transparent government procurement processes and adopt trade facilitation measures. In fact, exporters from Central America can already sell products in the United States at zero or low tariffs. Cafta lowers tariffs on U.S. products exported to Central America.

The implications of Cafta extend into regional geopolitics. The agreement would solidify the United States as the leading supplier of goods and services to Central America and the Dominican Republic at a time when China is making serious inroads as an investor and exporter in the Western Hemisphere. Late last year, for example, China's president announced with great fanfare plans to invest \$20 billion in Latin America. The United States needs to maintain its leadership position in Central and Latin America -- and this agreement would help American exporters retain a competitive edge.

Critics of Cafta are correct that the agreement's provisions on labor and the environment do not have as strong an enforcement mechanism as similar provisions in the U.S-Jordan Free Trade Agreement and might have been improved if negotiated by a Democratic administration. These provisions, however, can help raise environmental and labor standards, which, too, will rise with the increased standard of living that Cafta will provide. Democrats can also use the legislative process to negotiate with the Bush administration for improvements in labor and environmental enforcement in Central America. But to maximize their negotiating leverage, Democrats will have to maximize the number of votes they can deliver in favor of Cafta.

The free trade agreement would also strengthen and solidify democracy and civil society in Central America and the Dominican Republic, an objective Democrats have supported for decades. Wars raged in the same region less than two decades ago and Democratic leaders, including former House Speaker Jim Wright and Sen. Chris Dodd, have long worked to foster a democratic culture in the region. Now, the elected leaders in Central America and the Dominican Republic are looking to cement ties with the United States. The United States should embrace them, helping to strengthen relations in a region that feels ignored by the Bush administration.

Democratic support for Cafta is also important to a core Democratic constituency -- the many U.S. citizens whose fathers and mothers immigrated to the United States from Central America.

Today, millions of hard-working Americans trace their origins to Cafta countries. Indeed, remittance payments from Hispanic Americans remain a large part of the Central American economies. In 2001, they were 24% of the Nicaraguan Gross Domestic Product and 14% of the Salvadoran GDP. These payments reflect the strong ties between Americans who emigrated from Central America and their families in the region. Democrats should not forget that President Bush did everything possible to gain ground among Hispanic Americans in the 2004 election -- Democratic votes against Cafta would give Republicans yet another issue by which to continue making political inroads into this important group of voters.

Perhaps most importantly, a vote for Cafta would help Democrats regain their position as the party of growth and the party promoting international trade. In doing so, Democrats will be better positioned to win back the presidency and regain majorities in Congress. In fact, the most prolific periods of international trade liberalization have come under Democrats: FDR launched the formal international trading system; JFK initiated the Kennedy Round of multilateral trade negotiations; Jimmy Carter concluded the Tokyo Round; and Bill Clinton closed and secured passage for the Uruguay Round Agreement and Nafta. Democratic opposition to Cafta swims against the current of free trade that runs through much of the party's history.

The Cafta vote will be an early litmus test of whether Democrats can chart a pro-growth path toward electoral success. We hope they will take this path, and not elect to walk through a swamp instead.

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