

The Doubtful Deals Driving CAFTA

What's the connection between a \$2.5 billion plan to construct a series of dams and locks along the Mississippi River and a trade agreement between the U.S. and six Central American countries? Answer: It's the price the Bush Administration paid for the vote of Senator Christopher Bond (R-Mo.) in favor of the Central American Free Trade Agreement.

In the end, CAFTA passed the Senate 54-45 on June 30 after Bond told the White House he'd be "more comfortable" voting for the trade deal holding a chit for his dams and locks. It headed to the House for what's likely to be a closer -- and more expensive -- vote. With the outcome still in doubt, the capital has become eBay on the Potomac as even some historically pro-trade House Republicans are acting suddenly coy. For legislators, the opportunity is a solid two-fer. "They can go back to their districts and say, 'Look what I got for you,' at the same time they can demonstrate to voters that the President is not a lame duck and Congress isn't paralyzed," says Norman Ornstein, a congressional analyst at the American Enterprise Institute.

Signed, Sealed, Undelivered

But if CAFTA becomes law, what will happen to the long list of promised projects that helped to secure its passage? If history is any guide, legislators shouldn't count on collecting. Over the past decade, Administrations of both parties often failed to deliver. Former President Bill Clinton promised lawmakers in 1993 that he would protect Florida tomato farmers and Washington asparagus growers from a feared flood of Mexican imports under NAFTA but did little more than study the situation. And President Bush won support for fast-track negotiating authority in 2002 by pledging to expand trade-related unemployment benefits to include service workers but didn't follow through. Overall, Public Citizen, an advocacy group and CAFTA opponent, says Administrations reneged on 80% of the 90 deals made during the past 12 years to secure votes for trade legislation.

That hasn't stopped lawmakers from lining up to collect IOUs from the White House. "Obviously we're working very hard to address their concerns," says Assistant Trade Representative Matt Niemeyer. But an examination of the deals by *BusinessWeek* shows they aren't exactly being etched in stone. Take an elaborate bargain offered by the Administration to win the votes of Senators Norm Coleman (R-Minn.) and Senate Agricultural Committee Chairman Saxby Chambliss (R-Ga.). Because CAFTA would relax the import quota on sugar, it's unpopular with America's sugar beet and cane farmers. So Agriculture Secretary Mike Johanns offered up a smorgasbord of sweeteners: The government would either buy up the offending sugar coming from Central America and turn it into ethanol, pay sugar cane farmers in CAFTA countries not to ship their product to America, or ship surplus U.S. crops to Central America free of charge if producers there would refrain from exporting additional sugar to the U.S.

Trouble is, the Administration may not be able to keep those promises. According to the nonpartisan Congressional Research Service, it's unlikely the Administration has the authority for those gambits. Not only that, the American Sugar Alliance, a farmer's group which likens Johann's deal to "putting a Band-Aid on a gunshot wound," estimates that the U.S. government would lose \$1.51 for each gallon of ethanol produced from sugar. Coleman, disappointed the deal won no praise from Minnesota sugar beet growers, laments, "We came away from the table thinking that we got just what we asked for."

Another source of CAFTA resistance: textile-state Republicans worried that the deal will hurt America's 600,000 remaining clothing workers. To lure a handful of holdouts from the Southern textile belt, U.S. Trade Representative Rob Portman offered to require Central American clothing makers to buy linings and pockets from the U.S. in order to receive a full tariff reduction. That didn't cheer every North Carolina clothing worker, but Senator Elizabeth Dole announced that it was good enough to win her vote. One hitch: The pockets-and-linings promise must be approved by all CAFTA countries, including the three that have already ratified the treaty.

If that won't win over wavering lawmakers, the Administration is pledging to hire an additional 72 customs agents to monitor textile and apparel imports from China. Those same inspectors were promised -- though they were never hired -- when Congress voted to give the President authority to negotiate CAFTA in 2002. But twice-made deals can still be persuasive.

By Paul Magnusson