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Open markets, free trade keys to reducing poverty for millions

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What has happened to the Democrats over the past few decades is best captured by the phrase (coined by Kevin Phillips) "reactionary liberalism." Spent of new ideas, their only remaining idea is to hang on to the status quo at all costs.

This is true across the board. On Social Security, which is facing an impending demographic and fiscal crisis, they have put absolutely nothing on the table. On presidential appointments -- first, judges; and now ambassador to the United Nations -- they resort to the classic weapon of Southern obstructionism: the filibuster. And on foreign policy, they have nothing to say on the war on terror, the war in Iraq or the burgeoning Arab Spring (except the refrain: "Guantanamo").

A quarter-century ago, Daniel Patrick Moynihan noted how it was the Republicans who had become a party of ideas, while the Democrats' philosophical foundation was "deeply eroded." But even Moynihan would be surprised by the bankruptcy in the Democrats' current intellectual account.

Take trade and Central America. The status quo there is widespread poverty. The Bush administration has proposed doing something about it: a free trade agreement encompassing five Central American countries plus the Dominican Republic.

It's a no-brainer. If we have learned anything from the last 25 years in China, India, Chile and other centers of amazing economic growth, it is that open markets and free trade are the keys to pulling millions, indeed hundreds of millions of people, out of poverty. The Central American Free Trade Agreement is a chance to do the same for desperately poor near-neighbors.

You would think this treaty would be a natural for the Democrats, who have always portrayed themselves as the party with real sympathy for the poor -- in contradistinction to the Republicans who have hearts of stone, if they have any at all. The Democratic Party has always seen itself as the tribune of the oppressed of the Third World and deeply distressed by the fact that "the United States by far is the stingiest nation in the world for development assistance or foreign aid," to quote Jimmy Carter, former Democratic president, current Democratic saint.

You would think, therefore, that Democrats would be for CAFTA. Not so. CAFTA is in great jeopardy because Democrats have turned against it. Whereas a decade ago under President Clinton, 102 House Democrats supported NAFTA (the North American Free Trade Agreement), that number for CAFTA is down to 10 or less. In a closed-door meeting this month, reports Jonathan Weisman of The Washington Post, House Minority Leader Nancy Pelosi put heavy-handed pressure on all congressional Democrats to observe party discipline in killing the treaty.

Political expediency

Arguing free trade is particularly tiresome because it is the only proposition in politics that is mathematically provable. It was proved by British economist David Ricardo in 1817 that even if one country is more efficient in producing two items, trade between two countries based on the *relative* efficiency of production is always beneficial to both countries.

Mathematics does not change, but calculations of political expediency do. After all, it was the Democrats who, when Central America was aflame in the 1980s, argued strenuously against Ronald Reagan's muscular approach of supporting the government of El Salvador and the anti-communist revolutionaries in Nicaragua. Democrats voted time and again against Reagan's policy because, they claimed, it ignored the

root causes of the widespread discontent in Central America, namely poverty and hunger.

Their alternative? Economic help, not guns. In 1983, when Reagan made a speech asking for support for El Salvador's embattled government, Sen. Chris Dodd made a nationally televised response on behalf of the Democratic Party in which he called Reagan's policy a failure and demanded instead that we deal with the underlying economic and social conditions: ``We must restore America as a source of hope and a force for progress in Central America. . . . We must hear the cry for bread, schools, work and opportunity that comes from *campesinos* everywhere in this hemisphere."

There is no better way to bring work and opportunity to the *campesinos* of Central America than with markets and free trade. To his credit, Dodd supports CAFTA, which represents precisely the kind of deployment of soft power that he was advocating on behalf of his party 22 years ago. Today, however, his party has overwhelmingly abandoned his -- and its own professed -- ideals.

Eighty percent of goods from these countries are already entering the United States duty-free, so CAFTA would have a minimal impact on the United States. It would, however, have a dramatic impact on these six neighbor countries -- countries that Democrats used to care about. Or so they said.

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