

THE OPPENHEIMER REPORT

Democrats should be grilled on trade policy

The Miami Herald
Sep. 06, 2007

This is the first question I would ask the top Democratic presidential hopefuls at Sunday's first-ever Spanish-language television presidential debate in Coral Gables: How can you claim to be pro-Hispanic and at the same time oppose free-trade deals with Latin America that would benefit both U.S. Hispanics and their native countries?

To be fair, top Republican presidential hopefuls have turned their backs on U.S. Hispanics even more than the Democrats by embracing anti-immigration stands championed by their party's most extremist -- and xenophobic -- wing.

The immigration stands of Republican hopefuls Rudy Giuliani and Mitt Romney have put them at such odds with the Hispanic community that they declined the Univisión network's invitation to participate at a Republican candidates debate. It had to be canceled after only one candidate -- Sen. John McCain -- agreed to participate.

(Republican candidates are not getting anywhere near Hispanic audiences these days: Republican hopefuls also failed to show up at the July 21 annual conference of the National Council of La Raza in Miami, and none of the leading candidates attended the June 30 annual conference of the National Association of Latino Elected Officials in Orlando.)

But, as far as Hispanic voters are concerned, the Republicans' pandering to anti-immigration groups should not automatically translate into support for Democratic candidates. The Democrats' stands on free trade and submission to the AFL-CIO union leaders may be as dangerous to Hispanics as the Republicans' positions on immigration.

Sens. Hillary Clinton and Barack Obama and former Sen. John Edwards -- who is the most isolationist of them all -- have all opposed the 2005 U.S. free-trade deal with Central America and the Dominican Republic (CAFTA).

And now, they are balking at crucial free-trade deals with Peru, Panama and Colombia, which are crucial for these countries.

Without mentioning that free-trade deals often create more jobs than they displace, Edwards claims that free-trade agreements "have devastated towns and communities across this country."

DISINGENUOUS

The top Democratic contenders say that CAFTA, and the pending agreements with Peru, Panama and Colombia, need more provisions to protect U.S. workers and the environment, arguing that an avalanche of low-cost imports from developing nations is causing U.S. factory closings and massive layoffs of U.S. workers.

In fact, the Democrats' claims are disingenuous. First, U.S. exports are at an all-time high -- partly thanks to the cheap dollar -- and U.S. unemployment is at a historically low 4.6 percent.

And while U.S. manufacturing exports rose by nearly 11 percent during the first six months of this year, U.S. imports rose by only 3.8 percent over the same period, U.S. Department of Commerce figures show.

Second, while it is also true that U.S. imports are at a record high, 55 percent of imports are materials used by U.S. factories, which help them be more competitive in world markets, according to a recent study by the pro-free trade Cato Institute. Imports are also allowing U.S. consumers -- especially working class people, including most Hispanics -- to buy cheaper products.

Third, by strengthening Latin American economies, free-trade deals help increase U.S. exports.

Finally, at a time when Venezuela's narcissist-Leninist President Hugo Chávez is buying influence throughout the region with his petrodollars, a U.S. rejection of critical allies such as Colombia, Peru and Panama is a recipe for an even greater U.S. isolation in the region, and more political uncertainty south of the border.

Democratic candidates "operate under the myth that there is a correlation between imports and U.S. job losses," says Daniel J. Ikenson, a trade expert with the Cato Institute. "That's not true. There has been a reduction in the number of workers in manufacturing, but it's because of productivity gains. We don't need 10 people on the production line to make widgets anymore."

THE ANSWER

My opinion: There is no question that free trade, just as it creates new U.S. jobs, has eliminated others.

But the answer should not be protectionist measures that will reduce U.S. exports and hurt U.S. consumers. It should be reasonable U.S. government help to re-train displaced U.S. workers.

If the Democrats really want to help Hispanics, they should say loud and clear that the best way for the United States to slow down immigration, increase exports and secure its energy supplies is by increasing commercial ties with its southern neighbors. And free trade with Peru, Colombia and Panama would do exactly that.

