

# CAFTA a Losing Proposition for the Hemisphere

By Laura Carlsen | July 6, 2005

More than a year after signing, President Bush finally sent the Central American Free Trade Agreement (CAFTA) to the U.S. Congress for vote. On June 30, the Senate approved the agreement by a 54-45 vote.

The reason for the unusual wait time between signing CAFTA and the Congressional vote is simply explained—the president didn't have the votes to pass his pet trade project. Fearing a demoralizing setback, the unpopular treaty sat in the wings.

In fact, the administration's intensive special-interest lobbying still hasn't clinched CAFTA's passage in a House floor vote.

But waiting is likely to worsen prospects of approval. A groundswell of opposition is growing in the heartland. Congressional offices have been hearing from thousands of constituents over the past months asking them to reject the trade agreement.

Opposition to CAFTA comes from three main sources. Labor, a traditional foe of free trade agreements, has protested the net loss of U.S. jobs and erosion of labor rights and protections that has resulted from free trade agreements. They argue that FTAs create a downward pressure on workers' quality of life in all countries involved and that CAFTA has even fewer labor and environmental safeguards than the North American Free Trade Agreement-NAFTA.

Church and anti-poverty groups protest CAFTA's projected effect on the poor in Central American countries. Like NAFTA, CAFTA is expected to concentrate wealth in a region where poverty is widespread—leading to increased hunger, out-migration and instability.

A third area of concern is that CAFTA will deepen the U.S. deficit. The record deficit, largely trade-driven, already has the economic community trembling. Free trade has been a contributing cause by generally leading to a higher increase in imports than exports. A soaring deficit undermines the economy's strength and could mean that future generations will not know the comfort and security that we take for granted.

Part of CAFTA's problem is also the bad behavior of its older brother, NAFTA. After ten years, the North American Free Trade Agreement has failed in nearly every benchmark set for it during the buoyant years of free trade negotiating in the early nineties.

Its major success, not surprisingly, has been to increase trade between Canada, Mexico and the United States. But many people are wondering if international trade in itself is the panacea it's set out to be.

If certainly wasn't for Mexico. There, poverty has grown over the NAFTA decade and real wages fallen. The economy is held together with remittances from economic refugees, especially small farmers pushed off their land. In thousands of rural villages, children cry for their missing parents. A select group of international businessmen has benefited enormously since the agreement but the majority of the population has been left behind.

This experience is not lost on the people of the five Central American countries and the Dominican Republic united in CAFTA. Although their governments have ratified the agreement, there continue to be protests in the streets. In the case of Guatemala, farmer and worker-led protests triggered government repression that led to injuries and claimed a life last March.

The dividing line between CAFTA proponents and opponents in these countries is more economic than political—the rich like it, the poor protest. It's no wonder, since the main, across-the-board effect of the NAFTA-CAFTA trade agreements is to widen the disparity between rich and poor.

Protest in foreign countries is often viewed as irrelevant to U.S. policy debates. Historically, even labor opposition to the misnamed free trade agreements has seen foreign workers as the competition. But the CAFTA debate has shown that Northern and Southern societies share a common interest in defeating the agreement.

If the U.S. were to see itself more as a global "good neighbor"—to borrow from FDR's famous policy of the thirties—common sense would tell us that it serves U.S. interests to contribute to sustainable and equitable development in these historically tinderbox nations.

By hurting the most vulnerable—workers, small farmers, women—CAFTA rattles already shaky structures of governance. By stripping national governments of important decision-making powers in negotiating foreign debt, implementing national development policies and using



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generic medicines to treat health problems, it constitutes a setback for democratization.

How much money, how many lives have been lost in regional conflicts that had at their root basic inequities? CAFTA will merely deepen the inequities.

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