The Seattle Times
Guest columnists

Central American trade pact, a perpetual race to the bottom

By Allan Paulson and Dave Tatro
Special to The Seattle Times
Thursday, June 03, 2004, 12:00 a.m. Pacific

Amidst a striking lack of public discourse, the trade ministers of the United States, Nicaragua, El Salvador, Honduras, Guatemala and Costa Rica gathered in Washington, D.C., last week to sign the Central American Free Trade Agreement (CAFTA), a pact we oppose in its current form.

Since trade agreements are international treaties, it will now be up to Congress to decide if this agreement, negotiated in private by appointed trade representatives, is beneficial and fair for the U.S. and our regional partners.

When CAFTA is heard by Congress later this year, the rules of fast-track deliberation will apply — only a few hours of debate, followed by a single vote to accept or reject the entire agreement with no amendments allowed.

As global citizens, we must now ask ourselves the same question Congress will soon be faced with — is CAFTA a beneficial and balanced trade agreement for our community and for our neighbors to the south? — and let our congressional members know if we want them to support or reject it.

One needs to look no further than the results from the past decade under the North American Free Trade Agreement (NAFTA), on which CAFTA is modeled.

CAFTA's promoters promise workers, businesses and governments, particularly those in underdeveloped Central America, widespread benefits: new jobs to move workers out of poverty; access to new markets and increased competitiveness to lower the cost of goods for business; and increased tax revenues for government, generated by solid economic growth, enabling officials to improve education, health care and transportation.

The truth for workers is that they are much more likely to lose their jobs under CAFTA than find better ones, especially if they work in North American manufacturing or Central American agriculture, small business or government.

Under NAFTA, we have seen living-wage manufacturing jobs flow south: Washington state alone suffered a net loss of 13,645 jobs as a result of NAFTA in the past 10 years, according to an Economic Policy Institute report. Moreover, most of the jobs CAFTA will create in Central America will be sweatshop jobs in so-called free-trade zones where workers' rights, environmental regulations and tax laws are suspended.

As we learned from NAFTA, these are not sustainable jobs that move people out of poverty; these sweatshops are designed to be dismantled in 48 hours and shipped where labor is cheaper and the tax breaks most attractive in a never-ending race to the bottom.

Under CAFTA, the outsourcing of U.S. jobs to other countries will continue to grow. CAFTA prohibits, for example, governments from putting restraints on outsourcing in their procurement policies.

Gov. Gary Locke, without any public consultation, pledged to the U.S. trade representative that Washington state government procurement policies would conform to CAFTA rules even before the rules where released.

Under the terms of CAFTA, businesses have little incentive to set down roots in Central America and make the kinds of investments in creating sustainable jobs that produce real economic growth. Their profits will come from exploiting cheap labor, outrageous tax breaks and flooding the market with cheap, subsidized agriculture commodities.

Rather than building a new middle class that will create a long-term consumer market, they win only by stealing the markets of small producers and business people. In the end, even as multinational corporations report better profits and countries boast higher exports, nations are less secure and millions of people are left poorer than before.

The promise for governments is also empty. Because multinational corporations do not pay their share of taxes or invest in the nations' infrastructure, the governments of these developing countries are left with little to improve education, health and transportation systems that will lead to real economic development.

CAFTA, as it stands now, should be rejected because it is an irresponsible recipe for short-term corporate profiteering benefiting the few. It should be renegotiated to assure sustainable job creation and economic development for *all* citizens of the Americas and promote balanced economic relationships in our increasingly interdependent world.

Allan Paulson is a board member of Community Alliance for Global Justice, a Seattle-based nonprofit on trade and globalization issues (www.seattleglobaljustice.org). Dave Tatro is director of the Seattle Committee in Solidarity with the People of El Salvador.