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CAFTA's Profit Motive

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Spreading democracy is one thing. But do we really want America to be known for spreading the pricing practices of our drug companies?

In Guatemala, the United States has become the sales rep for the pharmaceutical industry. Citing urgent public health concerns, the Guatemalan legislature enacted a law last year that permitted the marketing of generic drugs alongside their brand-name equivalents. Citing the Central America Free Trade Agreement (CAFTA), whose ratification congressional committees will begin to consider next week, the U.S. trade representative then told the Guatemalans that any such drug legislation would stop CAFTA dead in its tracks. If the five Central American nations (plus the Dominican Republic) that had signed CAFTA wanted it ratified, Guatemala would have to repeal the new law. Reluctantly, Guatemala obliged.

Though the rules laid down by the World Trade Organization permit generic competition, CAFTA imposes a five -to-10 year waiting period on generic competitors, unless they conduct their own time-and-money-consuming clinical trials for the very same drugs that have already passed such trials. CAFTA thus effectively ensures the drug companies an extension of their monopoly on high-priced medications. It also ensures that thousands of Central Americans in need of such medications will have to go without.

This is just one of a number of cautionary tales illustrating the fundamental reality of most of our trade accords: They are designed to maximize corporate profits no matter the cost to the peoples of the signatory nations. Consider our experience with NAFTA, after which CAFTA is modeled. In the 12 years since NAFTA was ratified, the yearly U.S. trade deficit with Mexico and Canada has grown from \$9.1 billion to \$110.8 billion. Yet, while close to a million jobs have been lost in the United States, it's not as if that money is flowing into Mexicans' pockets. Since NAFTA was enacted, real wages for Mexicans have declined, the nation's poverty rate has increased, and illegal immigration to the United States has soared. For both Mexican and American workers, NAFTA has been a lose-lose proposition. For the U.S. corporations that have outsourced their work to Mexico, though, NAFTA has been a clear profit center.

Now comes CAFTA, which promises Central American workers the same kind of raw deal. CAFTA would actually weaken the not very formidable labor standards that currently exist in the Central American nations. Under the current Generalized System of Preferences, those nations are required to take steps "to afford internationally recognized worker rights." Should CAFTA pass, the nations will be required only to enforce their own worker-protection laws, which they'd be perfectly free to repeal. That's the primary

reason why the major union federations in Central America have joined the AFL-CIO in opposing CAFTA's ratification.

Labor is not alone in its opposition to CAFTA. For years, the issue of trade has divided the Democratic Party. But the experience with NAFTA and now the concentration of global manufacturing in China seem to have awakened virtually every Democrat in the House to the perils of a new economic order based on the protection and promotion of cheap labor. In 2002, 21 House Democrats supported the administration's fast-track legislation. This year the estimate of the number of Democratic congressmen who will back CAFTA is no higher than 10. That's partly because Republicans have defeated such Democratic free trade champions as Charles Stenholm, who lost his seat in Tom DeLay's great Texas Demo-cidal district redrawing. But it's also because Democrats have finally realized the futility of supporting labor and environmental protections domestically, only to see them threatened, and American jobs eliminated, by trade accords that eviscerate such standards internationally.

That means that Republicans will have to be unified in order to pass CAFTA, and by all indications, they're anything but. As was not the case with previous trade accords, agricultural interests are lining up against CAFTA, a change that Republicans from rural districts have duly noted.

Trade debates, finally, are concerned with the emerging global order; our trade policies are as clear an expression of our global vision as our foreign policy. For those who see America's mission as enforcing the drug companies' profit margins, CAFTA is the treaty for you.