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Latinos Debate Free Trade's Cost

CAFTA Alternately Seen as an Engine Of Progress, Poverty

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Thursday, May 26, 2005; E01

NEW YORK -- In the Dominican enclave of Upper Manhattan, where street life thrives on mom-and-pop stores and the sound of bachata, trade debates are scrutinized through the lens of daily survival in the city and on the island.

"You have to be in the global marketplace," said Jorge Defrank, a bodega clerk in Washington Heights, referring to the Dominican Republic's economy. "It could help increase exports."

"That's not what you said last time!" admonished Luis Lora from across the counter. "They won't be able to compete. They aren't in the condition to get into the global marketplace."

Lora worries about his real estate investments on the island. "The small businesses will disappear," he said. "I have to think about the consequences over there."



The battle over the proposed Central America Free Trade Agreement, which would sharply lower trade barriers between the United States and five Central American nations and the Dominican Republic, is the talk of Latinos in New York, where Hispanics are estimated to make up 28 percent of the population.

It's debated by sidewalk pundits and on Spanish-language radio shows. It dominates Spanish-language newspaper headlines and has energized evangelical networks in New York and cities from Boston to Washington and Houston to Los Angeles -- anywhere with large populations of Latinos connected by air bridges to Central America and the Dominican Republic.

For some Latinos with financial and familial connections in CAFTA countries, the trade agreement inspires optimism that open markets will create business opportunities and jobs, and reduce the need for immigration to the north.

But opponents see a far grimmer future. They fear that if promised well-paying jobs fail to materialize, more of their salaries will go to subsidize families abroad through money transfers known as remittances. They warn that the agreement will wreck micro-

businesses in Latin America and lead to a profusion of yet more low-wage jobs, which would in turn fuel more migration northward.

There is no debating the pivotal role that U.S. Latinos play in the economies of CAFTA countries. The small fortunes in weekly remittances sent to families in those countries total roughly \$10 billion annually, outstripping U.S. direct foreign investment and foreign aid, according to the Inter-American Development Bank, and making Latinos the greatest financial stakeholders in those countries.

Just last week, U.S. Commerce Secretary Carlos M. Gutierrez came to Washington Heights to lobby for the agreement. The week before, Dominican President Leonel Fernandez addressed largely the same Latino business leaders. But CAFTA opponents, including the city's largest union, Service Employees International Union Local 1199, greeted Fernandez with protests.

Gutierrez's visit, however, fell under the radar, and he ate lunch peacefully to the beat of merengue before warning business leaders that a CAFTA defeat would condemn partner nations to the turbulent and war-ridden era of the 1980s.

"We have to think of CAFTA in a comparison to the status quo," Gutierrez said in an interview afterward. "You have a lot of Hispanic American small businesses that understand the consumer, and they are able to make contacts in Central America."

Spanish-language newspapers in the city read like a sparring game. "*Si al libre comercio*" (Yes to free trade) read a front-page banner. "*Unidos Contra CAFTA*," (United Against CAFTA) slammed back another headline warning of manufacturing-job losses.

"To close the door to free trade is to invite the devil to dinner," wrote columnist Carlos Alberto Montaner in the newspaper Hoy.

"We will send more money there and lose jobs here," argues Luis Radhames Rodriguez, the host of television and radio public affairs shows. "CAFTA is a snake with many heads."

The Latino evangelical leadership recently adopted the free-trade mantra after trade supporters in Washington convinced them of its potential for economic liberation. The Rev. Miguel Rivera, New Jersey-based president of the National Coalition of Latino Clergy and Christian Leaders, preaches about the wonders of free trade on Spanish-language evangelical radio stations and dispatches e-mails to pastors across the country. Yesterday he carried the CAFTA message to 3,000 evangelical pastors at a religious summit in the Dominican Republic.

"It will create jobs, and most of our Latino members are factory workers in low- to middle-income jobs," Rivera said before traveling to the island. He said that if industries in Central America need raw materials, U.S. groups will provide them.

But Alan Tonelson, a fellow at the U.S. Business and Industry Council Educational Foundation, which represents small companies, said the Caribbean Basin Initiative, the precursor to CAFTA, failed to curtail the loss of U.S. textile jobs to Asia.

"The most prominent victims will be the U.S. workforce in the apparel industry, and that workforce is heavily Hispanic," Tonelson said, adding that Latinos make up 23.7 percent of the U.S textile and apparel workforce.

Luis Samayoa, a custodian on Long Island, predicts that under CAFTA people are going to want to leave or "you're going to tighten the money bag and send more." He says the remittance noose tightened after the Salvadoran government dollarized the currency and sent inflation soaring five years ago.

"I can't go buy a house because I have to send monthly payments," said Samayoa, who sends \$300 a month to his family. "It limits me from saving."

But Dominican-born Jose Fernandez, who climbed the American success ladder as a bodega owner, nurtures a free-trade dream. He and other bodega owners will soon launch the Mi Bodega food line, and Fernandez says a little boost from a new free-trade agreement can help them penetrate the Central American market.

"We are creating products that are typical to the customers," Fernandez, who is president of the Bodega Association of the United States, said from his office in Washington Heights . "Free trade would definitely give us an opportunity and freedom to invest money."

And for his part, Fernandez is leading the owners of 7,200 city bodegas in a spirited letter-writing and petition campaign in favor of the agreement, in part after hearing that CAFTA will eliminate the tariffs on imports of yucca and plantains stacked on store shelves.

In fact, the agreement would have very little effect on Fernandez's business because the United States levies few tariffs on imported foods from the Caribbean.

Across the river in the Bronx, Mirtha Colon and the other members of the Central American Black Organization sell plates of barbecue to raise money for the countries they left behind. Colon understands the economic trade winds that flow between the United States and her native Honduras, and the group drafted a proposal to help their Central American communities become competitive in a global market and lobbied Central American and U.S. officials.

But Colon says government leaders want the support of the immigrants who sustain the CAFTA countries with their wages but do not want their ideas.

"We are not against CAFTA because we are against development," Colon said. "What we want from CAFTA is to be included."