Another Americas is Possible

The Impact of NAFTA on the U.S. Latino Community and Lessons for Future Trade Agreements

A Joint Report by
Labor Council for Latin American Advancement and
Public Citizen's Global Trade Watch

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The Labor Council for Latin American Advancement (LCLAA) works with Latino union members to advocate for the rights of all Latino workers and their families at all levels of the American trade union movement and the political process. LCLAA strives to achieve social and economic equality for each and every Latino worker by developing programs that reach out and educate Latino workers about the importance of participating in the political process in order to ensure a strong voice for Latino working families.

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How Trade Liberalization Impacts U.S. Latinos

The Labor Council for Latin American Advancement (LCLAA) and Public Citizen celebrate the promise of increased interaction and cross-border cooperation among different nationalities on pressing global concerns. This is why we are concerned about the current model of corporate globalization being fostered by "free trade" agreements such as the North American Free Trade Agreement (NAFTA). Negotiated behind closed doors by unelected and largely unaccountable bureaucrats who represent mainly business interests, these trade agreements invariably fail to promote equitable regional integration and cooperation. Instead, this model of corporate globalization explicitly benefits large multinational corporations at the expense of workers, farmers, immigrants, women, people of color, the environment and democratic governance.

As the fastest-growing sector of the U.S. population, Latinos are and will continue to be among the groups most affected by this model of corporate globalization. Whether newcomers from El Salvador or fifth-generation Mexican-Americans, U.S. Latinos are seeing adverse effects on their job security, health and environment. Many are immigrants who left their homelands due to the economic and social devastation caused by the current globalization model. In both the United States and in their countries of origin, Latinos have seen their environment and their livelihoods harmed by the *status quo* globalization package of free trade, investment and finance liberalization, new protections for foreign investors and intellectual property, and new powers that enable multinational corporations to attack state, local and federal public interest laws.

In this report, we examine the impact of NAFTA on Latino communities throughout the United States. Implemented in 1994, NAFTA is the most fully realized version of the corporate globalization model. It is currently being used as the blueprint for other trade and investment agreements that the Bush Administration is pushing in the hemisphere, such as the Central American Free Trade Agreement (CAFTA), the Free Trade Area of the Americas (FTAA) and an array of bilateral free trade agreements with the Andean countries (Bolivia, Colombia, Ecuador and Peru) and Panama. Although we support trade, we feel that NAFTA is not the model to follow and should not be copied in these agreements.

IMPACT OF NAFTA

Immigration

Free movement of people and legalization of immigrants is a key domestic concern to the U.S. Latino community. In the United States, 40 percent of the Latino population is foreign-born and another 28.5 percent has at least one foreign-born parent.[1] Many U.S. Latinos have intimate knowledge of the economic crises that push people to leave their homelands and settle in the United States. Many value the right to a decent standard of living in their home countries that would allow them to remain close to their families – a right trampled upon by corporate globalization policies that exacerbate the need to migrate.

> "While the initial immigration from Central America during the 1980s was largely political, the current economic crises have created a steady flow of migration to the United States … If a free trade agreement like NAFTA is implemented in Central America, we can expect more Central Americans to be forced by economic pressures to leave their homelands."
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> - *Salvadoran-American National Network*
> "Statement on a Free Trade Agreement Between the United States and Central America"
> May 28, 2004

Mexico suffered many negative economic effects as a result of NAFTA. Sharp cuts in farm subsidy programs combined with the near-elimination of import restrictions on corn and other commodities resulted in dumped U.S. corn flooding the Mexican market, forcing over 1.3 million *campesinos* or peasant farmers whose livelihoods were based on small-scale farming off their land. Many U.S. agribusiness multinationals also used NAFTA investment and service sector rules to buy corn-processing and tortilla-making factories in Mexico. Yet instead of falling (as "free" trade theory predicts), retail prices for food products increased sharply. The cost of tortillas rose by 50 percent in Mexico City and more in the countryside,[2] even as prices paid to Mexican farmers for corn plummeted. At the same time, the purchasing power of the average Mexican worker has also dropped. Since NAFTA, a combination of factors – including the migration of so many *campesinos* to the cities – has caused Mexican industrial wages to decline by approximately 10 percent.[3] The economic fallout from NAFTA has also been shown to have had particularly harsh consequences for Mexican women; a recent study found that the poverty rate for female-headed households in Mexico has increased by 50 percent since NAFTA went into effect.[4]

The proportion of Mexican workers eking out a living in the informal economy has climbed steadily as many displaced *campesinos* have been unable to find work in the shrinking Mexican manufacturing sector. An estimated 28,000 small-to-medium-sized Mexican businesses were

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[1] Roberto R. Ramirez and G. Patricia de la Cruz, "The Hispanic Population in the United States: March 2002," Current Population Reports, U.S. Census Bureau, June 2, 2004.
[2] "Rise in Tortilla Prices," *National Public Radio – Morning Edition*, Jan. 20, 2000.
[3] Carlos Salas, "Highlights of Current Labor Market Conditions in Mexico," Global Policy Network Country Brief, April 2003.
[4] Women's Edge Coalition, "NAFTA and the FTAA: A Gender Analysis of Employment and Poverty Impacts in Agriculture," report, November 2003.

also destroyed[5] as NAFTA's services sector rules guaranteed access for the Wal-Marts and other mega-retailers that have undercut local small shoe, candy and toy manufacturers and small retailers with their cut-price goods imported from China.

Despite promises by NAFTA proponents that the agreement would stabilize Mexico's economy and therefore lower immigration levels, unauthorized immigration from Mexico to the United States is estimated to have increased sharply – more than doubling between 1990 and 2000, with the majority of the growth seen after NAFTA's implementation.[6] Over 1,600 Mexican migrants have died trying to reach the United States since 1998.[7]

While capital flows freely across the Mexico-U.S. border, Congress has increased the size of the Border Patrol and strengthened other immigration controls since 1996.[8] Heightened militarization along the border has further "criminalized" immigrants and increased their vulnerability to the expensive and risky crossings offered by unscrupulous *coyotes.* While the adverse impacts of NAFTA on the Mexican economy have increased migratory traffic at the border, this militarization reflects the agreement's failure to secure the same rights for people as for corporations to move freely between countries.

An example of this militarization is the Border Patrol's Operation Gatekeeper program, launched in San Diego in 1994 and since extended into Yuma County, Arizona. Far from securing the border, this program has only forced undocumented migrants into increasingly remote and dangerous areas, producing a steady increase in the death rate on attempted crossings. While there were an estimated 61 migrant deaths in 1995, in recent years more than 300 people have perished annually trying to cross the border.[9]

For those who do make it to the United States, their precarious status makes them especially vulnerable to exploitation and intimidation by their employers. In fact, surviving the perilous journey north is no guarantee of surviving life as an immigrant worker: an Associated Press investigation found that at least one Mexican worker dies daily in the United States. Death rates are highest in southern and western states, with Mexican workers four times more likely to die than the average U.S.-born worker in these areas. These accidental deaths are often horrific, with workers, some as young as 15 years old, being impaled, shredded in machinery or buried alive.[10]

Tens of thousands of the migrants who survive the perilous border crossing end up as seasonal crop workers in the United States. The U.S. Department of Labor estimated that 77 percent of all hired crop workers in 2000 were Mexican-born and a disproportionate number of those had

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[5] Jose María Imaz, "NAFTA Damages Small Businesses," *El Barzón* (Mexico City), January 1997.
[6] Audley et al., "NAFTA's Promise and Reality," p. 40.
[7] Jeff Faux, "How NAFTA Failed Mexico: Immigration is Not a Development Policy," *American Prospect*, July/August 2003, p. 35.
[8] K. Larry Storrs, "Mexico-U.S. Relations: Issues for the 106th Congress," Congressional Research Service report IB10047, April 24, 2000.
[9] Public Policy Institute of California, "Has Increased Border Enforcement Reduced Unauthorized Immigration?" Research Brief, Issue 61, July 2002.
[10] Justin Pritchard, "A Mexican Worker Dies Each Day, AP Finds" *Newsday*, March 14, 2004,

immigrated within the previous two years.[11] At the same time, while NAFTA has helped boost U.S. agribusiness profits,[12] most U.S. farmers have not benefited. More than 38,000 U.S. small farms have gone out of business as a result of NAFTA and overall U.S. farm income has continued to decline.[13] The struggle of most U.S. farmers to survive, combined with the availability of Mexican labor, has perpetuated the exploitation of these workers who often toil in brutal conditions for pay well below the legal minimum wage. Worse still, NAFTA's race to the bottom has pitted Latino farmworkers in the United States against their Mexican counterparts. Shortly after NAFTA took effect on January 1, 1994, Bluestone Farming Co. in California fired 1,000 United Farm Workers (UFW) grape pickers, claiming that they were no longer competitive with non-union Mexican growers.[14]

Job Security and Wages for Latino Workers

Both Mexican and U.S. workers have suffered economic losses because of NAFTA. During the ten years of the trade agreement, the U.S. manufacturing sector has lost almost 2.5 million jobs – one in six.[15] What has not been recognized widely is that U.S. Latino workers are some of the hardest hit by the U.S. job losses to date. In 1999, an astounding 47 percent of the total number of workers who received federal assistance under a program for workers certified as having lost jobs as a direct result of NAFTA were Latino.[16]

This disproportionate impact can in part be attributed to the fact that Latino workers are concentrated in industries – such as electronics, textiles and apparel – that have been hardest hit by factory relocation and import floods under NAFTA.[17] Latinos accounted for 12.6 percent of the U.S. workforce in 2003[18] but represented 26.2 percent of the workforce in the textile, apparel and leather industries.[19] NAFTA provisions largely eliminated quotas and tariffs in the textile and apparel industry. These measures resulted in the flooding of the U.S. market by cheap imports, forcing scores of U.S.-based factories out of business or into production abroad (often to Mexico), to compete with the factories that proceeded them to take advantage of cheaper labor.

[11] U.S. Department of Labor, "Findings from the National Agricultural Workers Survey (NAWS) 1997-1998: A Demographic Profile of U.S. Farmworkers," Research Report No. 8, March 2000, p. 5.
[12] Cargill's net earnings more than doubled between 1999 and 2003 – from $581 million to $1.29 billion. ConAgra's net income increased from $437 million in 2000 to $774 million in 2003. ADM posted strong net earnings of $511.1 million in 2003. Figures from public financial statements, Form 10-K filings with the U.S. Securities and Exchange Commission. Copies on file with Public Citizen.
[13] USDA National Agricultural Statistics Service, "Farms and Lands in Farms 2002," February 2003, p. 191.
[14] David Bacon, "A Knife in the Heart," Farmworkers Stories, 1995, http://dbacon.igc.org/FarmWork/03knife.html.
[15] U.S. Bureau of Labor Statistics, "Current Employment Statistics," series ID CEU3000000001, extracted May 31, 2004, http://data.bls.gov/labjava/outside.jsp?survey=ce.
[16] U.S. General Accounting Office, "Trade Adjustment Assistance: Trends, Outcomes and Management Issues in Dislocated Worker Programs," report GAO-01-59, Oct. 2000, Appendix 1.
[17] M. Angeles Villarreal, "Industry Trade Effects Related to NAFTA," Congressional Research Service report RL31386, updated Feb. 3, 2003.
[18] U.S. Bureau of Labor Statistics, "Employed Persons by Detailed Occupation, Sex, Race, and Hispanic or Latino Ethnicity," *Current Population Survey* 2003, http://www.bls.gov/cps/home.htm.
[19] Bureau of Labor Statistics, "Employed Persons by Detailed Industry, Sex, Race, and Hispanic or Latino Ethnicity," *Current Population Survey* 2003, http://www.bls.gov/cps/cpsaat18.pdf.

Between 1994 and 2004, total employment in U.S. textile mills and apparel manufacturing fell by almost 60 percent, with the loss of over 780,000 jobs.[20]

The economic fallout in the United States has been concentrated in the western and border regions of the United States, areas where the concentrations of Latino workers in affected industries have been far above the national average. The California garment industry, which was hard hit by NAFTA, has an estimated 80 percent Latino workforce[21] and U.S. Census Bureau figures indicate that the textile, apparel and leather industry workforce in Texas is more than 60 percent Latino.[22] In Cameron County, Texas, thousands of laid-off Latino manufacturing workers have faced a difficult post-NAFTA future in communities characterized by double-digit unemployment and 33 percent poverty rates.[23] The union wages and benefits of the production jobs that have been lost in these and many other Latino communities provided an invaluable means of upward mobility for many new immigrants, enabling these workers to buy homes and send their children to college. These workers and their communities now face a considerably bleaker future: new jobs that are eventually created in the U.S. economy are likely to pay only a fraction of their previous wages or require considerably more education.[24]

Because the NAFTA model provides large multinational corporations with new rights and privileges but fails to protect even the most basic labor rights, it undermines job security and wages in all signatory countries. Guaranteed duty-free access for Mexican-produced goods to the U.S. market has made U.S. companies more likely to threaten relocation as a means of defeating union organizing drives or otherwise restraining or cutting wages or benefits for U.S. workers. In a study of more than 400 union certification campaigns, Professor Kate Bronfenbrenner of Cornell University found that threats to close plants were made in 68 percent of campaigns in mobile industries (such as manufacturing, communications and wholesale/distribution). Where threats to close were made, 18 percent of the employers directly threatened to move to another country – typically Mexico – if the union succeeded. Bronfenbrenner also found an increase in the number of such threats of relocation after NAFTA came into effect, and that unions had a lower success rate in campaigns where threats to close were used (38 percent) than in campaigns where no such threats were made (51 percent).[25]

Many of the same interests that benefit from this race-to-the-bottom are now eager to continue the process started with NAFTA. They seek the establishment of CAFTA, a NAFTA expansion to countries with low wages and close proximity to the U.S. market. While reliable data for how

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[20] Bureau of Labor Statistics, "Current Employment Statistics," series ID CEU3231300001 (textile mills) and CEU3231500001 (apparel), extracted May 31, 2004, http://data.bls.gov/labjava/outside.jsp?survey=ce.
[21] Carol Amoruso, "NAFTA – A Bill of Goods?" Hispanic-American Village, IMDiversity.com, July 21, 2003. Copy on file with Public Citizen.
[22] Estimate calculated by Public Citizen based on occupational figures reported in U.S. Census Bureau "Census 2000: Special Equal Employment Opportunity Tabulation," http://www.census.gov/hhes/www/eeoindex.html.
[23] Katherine Boo, "The Churn: Creative Destruction in a Border Town," *The New Yorker*, Mar. 29, 2004.
[24] See General Accounting Office, "Trade Adjustment Assistance in Case Study Communities," GAO-01-838, August 2001.
[25] Kate Bronfenbrenner, "Uneasy Terrain: The Impact of Capital Mobility on Workers, Wages and Union Organizing," paper submitted to the U.S. Trade Deficit Review Commission. Cornell University School of Industrial and Labor Relations, September 2000.

much workers are actually paid in these six countries[26] are scarce, official minimum wage levels range from 30 cents per hour for workers in the Dominican Republic's Free Trade Zone area to 73 cents per hour for commercial sector workers in Guatemala.[27] It should be noted, however, that a 2001 survey by the Guatemalan government found that only 60 percent of workers received the minimum wage or more.[28] Even the reported 90 cents per hour received by factory workers in Honduras[29] provides a stark contrast with average hourly earnings of $16.01 for U.S. production workers in 2004.[30] Furthermore, high unemployment in many of the Central American nations (in El Salvador, for example, an estimated 42 percent of the workforce is unemployed[31]) suggests sufficient slack in the labor market to keep wages low for the foreseeable future. Enforcement of labor laws throughout the region has generally been found to be lacking, and abuses – including forced unpaid overtime – to be common.[32]

Despite fierce opposition to CAFTA by labor organizations, church groups and millions of workers and farmers, Central American governments have ignored civil society concerns and are seeking to push the CAFTA agreement through their parliaments at all costs. If the U.S. Congress approves CAFTA, U.S. corporations searching for cheaper labor will continue to move south and workers in all countries will be pressured to accept lower wages and reduced benefits.

Environment and Public Health

When NAFTA was negotiated, environmental leaders on both sides of the border insisted that the agreement include binding environmental standards and cleanup funds to prevent a further deterioration in already-precarious environmental and health conditions. Within a few years of NAFTA's implementation, it was clear that border industries were growing too rapidly, environmental standards were not being enforced and that most of the promised cleanup efforts had not been delivered. The fact that NAFTA has only worsened environmental and health conditions for communities along the Mexico-U.S. border[33] is a testament to the corporate irresponsibility permitted under this corporate globalization model. By 2001, there were nearly 3,800 *maquiladoras* in Mexico, with 2,700 of these manufacturing plants clustered in the border region.[34] Yet, because NAFTA contained no environmental rules or standards that had to be met

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[26] The countries that negotiated the CAFTA with the United States are; Costa Rica, Dominican Republic, El Salvador, Guatemala, Honduras and Nicaragua. While the agreement has been signed by trade negotiators it has yet to become law in any of these nations.
[27] As reported by the U.S. State Department, "Country Reports on Human Rights Practices," various reports, Bureau of Democracy, Human Rights, and Labor, 2004.
[28] Cited by the U.S. State Department, "Country Reports on Human Rights Practices: Guatemala," Released by the Bureau of Democracy, Human Rights, and Labor, Feb. 25, 2004.
[29] Cited in Edward Alden, "Workers Bar Way to Free Trade in Central America," *Financial Times*, Dec. 4, 2003.
[30] U.S. Bureau of Labor Statistics, "National Employment, Hours and Earnings," series ID CES3000000006, extracted June 21, 2004, http://stats.bls.gov/ces/home.htm.
[31] Elizabeth Becker, "Amid a Trade Deal, A Debate over Labor," *New York Times*, April 6, 2003.
[32] Human Rights Watch, "Deliberate Indifference: El Salvador's Failure to Protect Workers' Rights," report, December 2003.
[33] The border area in Mexico was already relatively industrialized prior to NAFTA as a result of the "Free Trade Zones" that had been created there by the Mexican government in the 1960s.
[34] U.S. Environmental Protection Agency, "Background," *Border 2012* program Website, May 31, 2004, http://www.epa.gov/usmexicoborder/intro.htm#background.

as a condition for access to the agreement's trade benefits, these new factories were permitted to spew toxic waste, contaminated water and fumes with reckless abandon.

The overwhelmingly Latino populations in communities close to factories on both sides of the border have suffered from massive and widespread illegal dumping of waste and hazardous materials. Border residents continue to suffer from environmental health problems related to air pollution, inadequate water and sewage treatment, pesticides and hazardous waste. On the U.S side of the border, these communities are overwhelmingly Latino; according to U.S. Census figures the population of Imperial County, California, is 72 percent Latino; the border county of Santa Cruz, Arizona, is 80.8 percent Latino; and Webb County in Texas is 94.3 percent Latino. These communities suffer serious health impacts from the increased carcinogenic diesel fumes produced by the rise in cross-border trucking. The rates of hepatitis and other environmentally linked diseases are higher on both sides of the border than in the general populations of each country.[35] U.S. Latinos still have the highest rate (32.4 percent) of uninsured persons of any ethnic or racial group – which makes them more than three times more likely than non-Hispanic whites to be uninsured.[36] This means that a large part of the healthcare-related costs of the widespread and illegal dumping of waste and toxic material that NAFTA has facilitated is borne by U.S. taxpayers through programs such as Medicaid.

NAFTA's environmental side agreement – which was supposed to require countries to enforce their environmental laws – has proven useless in countering the growing pollution or in providing funds to cover the massive cleanup costs. One example is the San Diego-Tijuana Environmental Health Coalition's (EHC) landmark case concerning the Mexican government's refusal to clean up toxic waste left by an abandoned factory, *Metales y Derivados,* in Tijuana. EHC filed a claim on behalf of *Colonia Chilpancingo* at the North American Commission for Environmental Cooperation (NACEC), the body established by NAFTA's environmental side agreement. The case was accepted and progressed smoothly through NAFTA's environmental review system.

However, under NAFTA's rules, all that the commission is empowered to do is prepare a factual record of the problem. In contrast to the multimillion-dollar cash awards that corporations have secured from NAFTA governments under the agreement's so-called investor "protections", the only outcome of EHC's claim was a report from the commission acknowledging that there had been a violation, with no other result or penalty.[37] Thus, despite a report in favor of the plaintiffs, the NAFTA side agreement commission had absolutely no authority or power to compel the cleanup of the more than 7,000 tons of toxic waste, which still lie exposed to the elements just a mile from the U.S. border. After almost a decade of non-stop protests and agitation, the *Colonia* and EHC finally extracted an agreement from the Mexican government to clean up the site when continuing hunger strikes and a sit-in began to make the issue a public scandal.

[35] U.S.-Mexican Border Health Commission, "Demographic Profile of the U.S.-Mexico Border," May 31, 2004, http://www.nmsu.edu/~bhcom/bhcomm-demog.html.
[36] Robert J. Mills and Shailesh Bhandari, "Health Insurance Coverage in the United States: 2002," Current Population Reports, U.S. Census Bureau, September 2003.
[37] North American Commission for Environmental Cooperation, "Metales y Derivados Final Factual Record (SEM 98-007)," November 2002.

The institutions created to fund environmental cleanup efforts and public health infrastructure development – the Border Environment Cooperation Commission (BECC) and the North American Development Bank (NADBank) – have been ineffective at best, hamstrung by cumbersome procedures and unreasonable criteria (such as requiring impoverished communities to come up with matching funds in order to gain a loan for assistance). During the NAFTA debate in 1993, NADBank was promoted to a skeptical Congress and public as offering an expected lending capacity of $2 billion.[38] However, by March 2004, it had still only disbursed $186 million in financing for U.S. and Mexico projects combined.[39] To put this in perspective, the cost of the U.S.-Mexico border environmental cleanup was estimated by the Sierra Club in 1993 to be $20.7 billion.[40] Since then, the problems have only worsened – the Mexican government estimated the cost of NAFTA-related environmental damage at $47 billion in 1999 alone.[41]

Worse still, when communities fight back against toxic waste dumps or polluting factories, corporations are empowered to use NAFTA's so-called "Chapter 11" investor protections to counterattack any actions that the community takes to mitigate these problems. Under these extreme rules, which are also included in CAFTA, foreign investors are empowered to demand compensation in closed tribunals for their expected "future lost profits" resulting from government policies or actions "tantamount to expropriation." The policies vulnerable to attack under these rules represent the most basic functions of our local, state and federal governments in the areas of health and environmental protection. For example, under NAFTA, the Mexican government was forced to pay the Metalclad Corporation, a U.S. toxic waste company, $16 million because the company was denied a municipal building permit by the town of Guadalacazar in the Mexican state of San Luís Potosí for construction of a toxic waste dump on land that had been declared an ecological reserve.[42] The U.S. government is also vulnerable to massive claims under these foreign investor rules. A study by Taxpayers for Common Sense estimates that expanding these privileges and rights for foreign investors to attack domestic policies through trade agreements modeled on NAFTA could cost U.S. taxpayers up to $32 billion annually.[43]

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[38] Testimony of Jefferey Schafer, Assistant Secretary of the Treasury for International Affairs to the U.S. Senate Committee on Foreign Relations, Oct. 27, 1993. Copy on file with Public Citizen.
[39] Border Environment Cooperation Commission and the North American Development Bank, "Joint Status Report," Mar. 31, 2004.
[40] Sierra Club, "Funding Environmental Needs Associated with the North American Free Trade Agreement," July 21, 1993.
[41] Kevin Gallagher, "Economic Progress, Environmental Setback: Are the Benefits of Free Trade Worth the Cost?" Interhemispheric Resource Center, 2002.
[42] See Public Citizen's report, "NAFTA Chapter 11 Investor-to-State Cases: Bankrupting Democracy," November 2001.
[43] Kevin P. Gallagher and Frank Ackerman, "The Fiscal Impacts of Investment Provisions in United States Trade Agreements," Taxpayers for Common Sense, May 14, 2002.

Lessons for Future Trade Agreements

The expansion of the NAFTA model of corporate globalization to the rest of the Western Hemisphere through the CAFTA and the planned 34-nation FTAA threatens the well-being of the U.S. Latino community. Disappearing jobs, a toxic environment, and increased criminalization and exploitation of immigrants are the results of these so-called “free” trade policies. This no-win situation is neither inevitable nor acceptable. The NAFTA model is merely one version of how to connect economies and societies. We have a more optimistic vision for the future of U.S. and Central American people based on universal values of justice, democracy, development, equitable distribution and the common good.

Any agreement about increasing economic integration, trade, and investment should benefit the entire society. Corporations seeking supremacy in regional and global markets should not be permitted to increase their competitiveness at the expense of workers' individual and collective rights or the environment. On the contrary, economic development and the intensification of trade in the region should contribute to raising the living standards of all people, and should strengthen respect for fundamental human and environmental rights through a better distribution of income between the developed and the developing countries and within each national society, thereby making the process of integration an instrument for the promotion of social development and the strengthening of democracy. To this end, future trade agreements must include, among others, the following provisions:

Binding labor and environmental standards: Labor and environmental standards that companies seeking to use an agreement’s market access provisions must meet have to be included in the core provisions of trade pacts. Such standards should be based on international standards, such as those of the International Labor Organization (see Table 1), and must also be enforced on parity with ‘commercial’ provisions, meaning violations of a music or software CD’s copyright do not receive stronger penalties and enforcement than violations of a human being’s fundamental labor rights. These labor rights have already been publicly and repeatedly recognized in the hemisphere in such agreements as the Social Integration Treaty for Central America and the Guatemala Protocol[44] that promote non-discrimination, fair pay, promotion of employment, mobility of labor, professional training and social insurance.

Table 1**:** The International Labor Organization’s Core Labor Standards
Freedom of Association and Effective Recognition of the Right to Collective Bargaining
Freedom from Forced Labor
Abolition of Child Labor
Nondiscrimination in Employment

[44] Similar provisions can also be found in the statements of the Central American Presidents within the framework of the SICA; the Declaration of San Salvador II Cerro Verde; and the Declaration of Central American Presidents regarding Social Security.

No Special Foreign Corporate Rights: Trade agreements must contain provisions explicitly excluding from trade challenge all domestic health, safety, environmental, labor and other public interest laws that treat domestic and foreign companies and products the same – i.e. non-discriminatory domestic policies that regulate products, service and firms. If a trade pact is to contain investment terms, they must provide “no greater rights” to foreign investors than those of the U.S. Constitution as interpreted by the Supreme Court; explicitly hold harmless non-discriminatory domestic environmental, health and other regulatory standards; allow only challenges of actual property takings, not so-called regulatory takings; be enforced only in state-to-state proceedings (meaning private investors cannot directly sue governments in trade tribunals) and allow short term currency controls during crisis.

Safeguarding Essential Services: The CAFTA text includes extensive rules promoting the privatization and/or deregulation of services upon which we all rely. As noted earlier, for example, U.S. Latinos have highest rate of uninsured persons of any racial or ethnic group, which means that they would be disproportionately hurt by any reduction in the provision of public health care services. Privatization or limits on regulation of essential services, such as healthcare, education, electricity, water and others – or incentives to privatize or deregulate such services – do not belong in trade pacts.

Food Security: The export-oriented food trade model implemented by NAFTA is failing many farmers in all three countries. During the NAFTA era, food dumping has increased, greatly resulting in crisis-low prices and bankruptcy and ruin for farmers in the U.S. and in Mexico where some 1.3 million *campesinos* have lost their livelihoods. Changes in U.S. domestic agricultural policy and agriculture trade policy must go hand-in-hand with a focus on ensuring a fair return to farmers and food security for subsistence farmers and consumers.

Taxpayer Control of Taxpayer Dollars: As Latino workers lost manufacturing jobs, they were told - as were all U.S. manufacturing job losers - that they would find new employment in the service and government sectors. Yet, trade agreements such as NAFTA and now the CAFTA contain provisions that forbid governments from using government spending as a local job creation tool. Trade pacts must not contain limits on the ability of taxpayers to ensure that their tax dollars are spent in accord with their interests and preferences, whether that means using tax revenues to create jobs, provisions setting environmental or other criteria (recycled content, renewable energy) for goods and services to be purchased, or qualifications on suppliers that consider companies’ labor, environmental, tax-fraud or human rights records.