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Freshman Congressman Mike Fitzpatrick Flip-Flops on Commitments to Oppose CAFTA, Providing Vote that Passed the NAFTA Expansion

Did Fitzpatrick Cast Deciding Vote for CAFTA to Gain Favor with GOP Leaders, Win Corporate Campaign Contributors or Get Pork Barrel Funds?

Public Citizen Launches CAFTA Damage Report to Track Results of Misguided CAFTA Votes

WASHINGTON, D.C. – Ignoring the will of his constituents and the devastating results that the North American Free Trade Agreement (NAFTA) has had on his state, Rep. Mike Fitzpatrick (R-Pa.) became a deciding “yes” vote for a six-nation NAFTA expansion called the Central America Free Trade Agreement (CAFTA), which eked through the House of Representatives 217 to 215. If Fitzpatrick had voted against CAFTA, a 216-216 tie would have resulted in CAFTA being rejected. Many of Fitzpatrick’s constituents were opposed to both trade agreements, as Pennsylvania has lost nearly a quarter of its manufacturing jobs since NAFTA.¹

“That a member of Congress who is supposed to represent one of the U.S. states hardest hit by NAFTA job loss, and whose constituents care deeply about poverty in Central America, would become a deciding vote to expand NAFTA to six more nations is unimaginable, given the damage the NAFTA model has proven to cause to U.S. working people and Mexico’s poor,” said Lori Wallach, director of Public Citizen’s Global Trade Watch.

Given Fitzpatrick’s espoused dedication to creating good U.S. jobs and protecting labor rights and the environment, his constituents are wondering why the new congressman would support the controversial agreement. Prior to the vote, Fitzpatrick had informed numerous people that he would vote “no” on CAFTA..

“What people in Washington are saying is that Fitzpatrick simply could not stand up to the pressure of the Republican leadership when they demanded that he vote with them, meaning that on such a vital vote for his district, he prioritized the Republican Party marching orders over the interests of his own constituents and his own principles,” said Wallach. “People in Pennsylvania’s 8th district have to worry that if Fitzpatrick caved in to GOP leadership pressure on CAFTA, what might he do on a whole host of other issues on which he has committed to his voters but which are not in line with the Republican leaders’ positions.”

Several news outlets reported that Fitzpatrick was putting party politics above his constituents’ interests. *Washington Trade Daily* reported that: “The White House came perilously close last week to seeing the defeat of its much-touted trade agreement with Central America [...] pulling out a one-vote win only after three Republicans opposing the trade pact were convinced at the last moment to vote ‘yes.’ Republican Leaders – and U.S. Trade Representative Rob Portman – managed to convince North Carolina Republican Robin Hayes – who had cast a ‘no’ vote against CAFTA soon after the roll call began – to switch to the ‘yes’ column. Seconds after Rep. Hayes made the switch, two of the remaining Republicans – Steve LaTourette (Ohio) and Mike Fitzpatrick (Pa) – also voted ‘yes,’ something they had earlier promised leaders they would do if necessary.” [italics added]²

The Wall Street Journal was also quick to highlight the lack of coherent principle or policy analysis surrounding Fitzpatrick's vote. In a July 29 article, Fitzpatrick's sudden "yes" vote despite being "worried about the impact of Cafta" is attributed to a last-minute phone call Fitzpatrick received from Stephen Hadley, the president's national security advisor. Fitzpatrick's capitulation is contrasted with the stalwartness of other Republican members of Congress who stood up to the constant pressuring from the White House and Republican leadership and refused to change their positions on CAFTA. Fitzpatrick, on the other hand, had a "harder time resisting" and became "one of the final Cafta supporters to step forward."³ *Inside U.S. Trade* reported that Fitzpatrick was counted as a "no" vote by those working on the trade agreement.⁴ He had informed various business interests and labor representatives that he opposed CAFTA.

To track the damage Fitzpatrick's misguided CAFTA vote will cause his constituents, Public Citizen has launched a new initiative, the *CAFTA Damage Report*, to monitor CAFTA's effect on working families, consumers and the environment in the United States and in the CAFTA target countries. The *CAFTA Damage Report* will be regularly updated and available at www.tradewatch.org.

Many of Fitzpatrick's Philadelphia-area voters have been long concerned about the grinding poverty and lack of basic human rights under which many in Central America suffer. CAFTA also was opposed by the Central American Council of Churches, numerous Central American Catholic bishops, the American Jewish World Service, the American Friends Service Committee (Quakers), Presbyterian Church (U.S.A), the United Methodist Church's General Board of Church and Society, the United Church of Christ's Justice and Witness Ministries, and Lutheran World Relief because it contained numerous provisions that would worsen the already hard lives of Central America's numerous poor. The groups labeled CAFTA an immoral attack on some of the hemisphere's poorest inhabitants.⁵

Among the issues the *CAFTA Damage Report* will track are:

- **CAFTA's effects on Pennsylvania jobs:** Pennsylvania has been one of the hardest hit states by NAFTA, the trade agreement that CAFTA expands to six additional nations. NAFTA contributed to the deep erosion of Pennsylvania's manufacturing sector: During the NAFTA decade from 1994 to 2004, the state lost 186,700 manufacturing jobs, or 21.3 percent of the state's total.⁶ Yet in contrast to his past expressions of concern about CAFTA's probable effects, when explaining his vote, Fitzpatrick maintained that "the agreement approved by the House is critical to America's economic future" because it will "draw more economic activity into the United States."⁷ But according to the U.S. International Trade Commission, the government's official, bipartisan source for trade projections, the U.S. trade deficit with the CAFTA target countries will *increase* by \$100 million once CAFTA is fully phased in.⁸ As a matter of accounting, anything that increases the U.S. trade deficit corresponds to a reduction in output (GDP) and therefore of employment. The non-partisan Economic Policy Institute estimates that the 538 percent growth in the U.S. trade deficit with NAFTA countries over 1993-2004 accounted for the net loss of more than 1 million U.S. jobs and 44,173 net jobs in Pennsylvania alone.⁹ So while some U.S. *companies* may export more to Central America under CAFTA, the United States as a whole is projected to lose jobs to Central America, just as the country and the state of Pennsylvania lost jobs under NAFTA. Moreover, it is hard to argue that any trade agreement with the CAFTA countries is "critical" to America's economic future, simply because the size of all of the CAFTA countries' economies combined is equivalent to the economy of Pittsburgh.¹⁰
- **The environmental damage CAFTA will cause:** During the debate over CAFTA, Fitzpatrick expressed concern about the trade agreement's implications for the environment in Central America, explaining that the United States is "negotiating with neighbors who don't have the same bargaining power we do or the same ability or interest in protecting their resources."¹¹ Fitzpatrick has long sought to portray himself as committed to environmental protection. Environmental protection was a central theme of his 2004 congressional campaign, and he voted against the Energy Policy Act of 2005 because he was concerned that the bill "would allow oil drilling in the Arctic National Wildlife Refuge, change MTBE liability restrictions, roll back environmental protections and fail to expand incentives for environmentally friendly alternative energy."¹² Yet by voting for CAFTA, Fitzpatrick severely undercut his environmental record

and reputation. CAFTA was vehemently opposed by leading environmental groups such as Friends of the Earth, Sierra Club, Defenders of Wildlife, the National Wildlife Federation and the League of Conservation voters. The case against CAFTA from an environmental standpoint is clear, leading to unanimous opposition by environmental groups and a scathing exposé in *The Washington Post* revealing how CAFTA's provisions can be used to attack vital existing environmental laws and practices.¹³ Like NAFTA, CAFTA allows foreign investors to challenge U.S. domestic environmental laws before UN and World Bank tribunals if they believe those laws, with which domestic companies must comply, negatively impact their business interests.¹⁴ Fitzpatrick explained that he was able to vote for CAFTA after receiving "assurances" that CAFTA would not weaken environmental protection in the region.¹⁵ Yet in fact, absolutely nothing in the CAFTA text was modified to remedy the concerns that Fitzpatrick had initially expressed. "Any so-called assurances made by the Bush administration are nothing more than hot air, and are just as legally binding, given that absolutely no changes were made to a CAFTA text that was opposed by every environmental expert on the basis of its obvious threats," said Wallach. "Because none of these explanations make any sense, people assume that Rep. Fitzpatrick sold out his convictions and constituents to vote for CAFTA because he simply could not stand up to the pressure being applied to him by the Republican leadership to toe the party line."

- **Whether Fitzpatrick accepted a meaningless promise from the Bush administration in exchange for his CAFTA vote:** When explaining his vote for CAFTA, Fitzpatrick claimed that the trade agreement would help Central American countries "elevate both their environmental standards and laws and their workers' protective rights as well."¹⁶ Yet the independent labor unions in the Dominican Republic and Central America – the organizations representing the workers in question – *opposed* CAFTA because the agreement would roll back stronger, *existing* labor standards now in effect under U.S. trade law with these countries. Currently, CAFTA nations must meet the core labor standards of the International Labor Organization (ILO), or be taking action to do so, in order to obtain the right to export products to the United States duty-free. However, under CAFTA, which takes effect on January 1, 2006, countries will no longer have to meet the ILO standards and can weaken or eliminate any other domestic labor standards they now have. The only labor standard in CAFTA is that countries cannot repeatedly fail to enforce whatever labor standards they might have. To try to provide cover for legislators who claim to be concerned about labor to support CAFTA, the Bush administration was expected to offer promises for major aid to the CAFTA countries for labor rights improvement. However, the administration promised only to provide \$40 million per year for labor and environmental capacity-building in the six affected nations. The funding behind this promise has not been appropriated in the Senate spending bills, which are being finalized now, nor does such a commitment appear in the CAFTA's implementing legislation, much less the CAFTA text itself. However, even if \$40 million per year were to appear, \$6 million per CAFTA country per year for labor *and* environmental capacity-building has been dismissed by development experts in the United States and Central America as insultingly inadequate. To understand how small an amount of money this really is, consider that Congress recently allocated \$6.25 million for a year's worth of *graffiti removal* only in the New York City metropolitan area.

"None of Congressman Fitzpatrick's statements about why he voted to support CAFTA make sense," Wallach said. "His constituents deserve a straight answer even if it is an admission that he does not have the backbone to stand up to what everyone knows was extreme pressure by the Republican leadership to do as they ordered rather than what Fitzpatrick believed or promised."

The *CAFTA Damage Report* is available at www.tradewatch.org.

Background: Public Citizen's Global Trade Watch has studied more than 90 deals accepted by members of Congress for trade votes during the period 1992-2004 and found that more than 80 percent of promises on such deals were not kept or were reversed by subsequent events. We divided these deals into pure pork barrel promises, of which 70 percent were broken; and ameliorative policy fix promises, of which 90 percent were broken. For our full report, "Trade Wars – Revenge of the Myth: Deals for Trade Votes Gone Bad," visit <http://www.citizen.org/documents/tradewars.pdf>.

¹ Bureau of Labor Statistics, Current Employment Statistics Survey, All Employees, Manufacturing Super Sector.

² "Politics and CAFTA," *Washington Trade Daily*, Aug. 1, 2005.

³ Greg Hitt, "Last-Minute Deals Put Cafta Over the Top," *Wall Street Journal*, July 29, 2005.

⁴ "One textile industry source said the leadership ended up swaying nine Republican members they had counted as no votes, including Aderholt, Hayes, Reps. Ginny Brown-Waite (R-FL), Elton Gallegly (R-CA), Mike Fitzpatrick (R-PA), Mark Foley (R-FL), Steven LaTourette (R-OH), Richard Pombo (R-CA), and Joe Wilson (R-SC)." See "Bush Officials Win Hayes, Aderholt Votes With Assurances On Textiles," *Inside U.S. Trade*, July 29, 2005.

⁵ "CAFTA Fails Standards of Justice," Sign-on letter circulated by Washington Office on Latin America; American Jewish World Service, "AJWS Announces Opposition to CAFTA," Press Release, June 23, 2005.

⁶ Bureau of Labor Statistics, Current Employment Statistics Survey, All Employees, Manufacturing Super Sector.

⁷ Rep. Michael Fitzpatrick (R-Pa.), "Congressman Fitzpatrick's Statement Upon the Passage of DR-CAFTA," Congressional Press Release, July 28, 2005.

⁸ U.S. International Trade Commission, "U.S.-Central America-Dominican Republic Free Trade Agreement: Potential Economywide and Selected Sectoral Effects," USITC Investigation No. TA-2104-13, Publication 3717, Aug. 2004, at xii and xxii.

⁹ Robert E. Scott and David Ratner, "NAFTA's Cautionary Tale: Recent history suggests CAFTA could lead to further U.S. job displacement," Economic Policy Institute Briefing Paper, July 2005.

¹⁰ International Monetary Fund, "World Economic Outlook," IMF Database, accessed Sept. 2, 2005; The United States Conference of Mayors, "The Role of Metro Areas in the US Economy," July 2003, Appendix.

¹¹ Jeff Miller, "Position of region's GOP lawmakers could be crucial to passage," *Morning Call* (Allentown, PA), July 16, 2005.

¹² Rep. Michael Fitzpatrick (R-Pa.), "Fitzpatrick Opposes House Energy Bill," Congressional Press Release, April 22, 2005.

¹³ Daphne Eviatar, "A Toxic Trade-off," *Washington Post*, Aug. 14, 2005.

¹⁴ "U.S. Groups Oppose the Central American Free Trade Agreement: The CAFTA signed today falls short on the environment," May 28, 2004. Found at: http://www.sierraclub.org/trade/cafta/cafta_factsheet.asp

¹⁵ Jeff Miller, "Pa. House members split along party lines on CAFTA," *Morning Call* (Allentown, PA), July 29, 2005.

¹⁶ Bridget Brier, "Fitzpatrick votes CAFTA," *Advance of Bucks County* (Pa.), Aug. 8, 2005.