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## **After Freshman Congressman Tim Murphy Provides Vote That Passed CAFTA, Constituents Ask: Did Murphy 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 impact that the North American Free Trade Agreement (NAFTA) has had on his state, Rep. Tim Murphy (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. Had Murphy voted against CAFTA, a 216-216 tie would have resulted and CAFTA would have been rejected. Many of Murphy’s constituents were opposed to both trade agreements because Pennsylvania has lost nearly a quarter of its manufacturing jobs since NAFTA.<sup>1</sup>

“That a member of Congress who is supposed to represent one of the states hardest hit by NAFTA job loss would become a deciding vote to expand NAFTA is unimaginable, given the damage the NAFTA model caused to working people in his district,” said Lori Wallach, director of Public Citizen’s Global Trade Watch.

Given Murphy’s espoused dedication to creating good U.S. jobs and to ensuring affordable health care, Murphy’s constituents are wondering why the new congressman would support the controversial agreement, which includes new protections for pharmaceutical companies to raise drug prices and which is projected by government studies to increase the job-killing U.S. trade deficit.

“What people in Washington are saying is that Murphy 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 18<sup>th</sup> district have to worry that if Murphy caved in to GOP leadership pressure on a trade deal that threatens his own voters’ jobs, what might he do on a whole host of other issues for which his voters’ interests may not line up with the Republican leaders’ positions.”

To track the damage Murphy’s vote will cause his constituents, Public Citizen is launching the *CAFTA Damage Report* to monitor CAFTA’s effect on working families, consumers and the environment in the United States and CAFTA countries. Among the issues the *CAFTA Damage Report* will track are:

- **CAFTA’s impact on Pennsylvania jobs:** Pennsylvania has been one of the states hit hardest by NAFTA. NAFTA contributed to the deep erosion of Pennsylvania’s manufacturing sector; during

the NAFTA decade from 1994-2004, the state lost 186,700 manufacturing jobs, or 21.3 percent of the state's total.<sup>2</sup> When explaining his vote for CAFTA, Murphy maintained that "this trade agreement will only increase the ability for our region's businesses to grow and our workers to secure jobs."<sup>3</sup> But according to the U.S. International Trade Commission, the official and bipartisan source for trade projections of the U.S. government, the U.S. trade deficit with the CAFTA target countries would *increase* by \$100 million once CAFTA is fully phased in.<sup>4</sup> 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.<sup>5</sup> 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 the region, just as the country and the state of Pennsylvania lost jobs under NAFTA.

- **CAFTA's impact on Chinese imports:** Murphy also tried to justify his CAFTA vote by claiming that the agreement is of little consequence when compared to our country's trade problems with China, which represent a "greater concern." He claimed that "unfair Chinese policies are hurting all American businesses, not just a few, and impact all workers across the nation. Only a strong American commitment to hold China accountable will bring about the changes necessary to put our products and our industries on a level playing field."<sup>6</sup> What Murphy seems to be ignoring, however, is that CAFTA includes new rules of origin that allow for additional duty-free imports into the United States of goods containing Chinese inputs – Chinese imports that would not receive such preferential treatment under the existing Caribbean Basin Initiative trade policy that CAFTA will replace. In addition, CAFTA's foreign investor rules will allow Chinese subsidiaries in CAFTA countries to use United Nations and World Bank tribunals to attack U.S. domestic policies and demand taxpayer compensation.
- **CAFTA's impact on health in Central America:** It is striking that Murphy, who has a long-standing commitment to lowering the cost and improving the quality of health care in the United States, and who sends out a weekly "Health Care FYI" to other members of Congress and the medical community about how to make U.S. health care more affordable and effective, would vote for CAFTA. CAFTA contains intellectual property rules that will cut off access in Central America and the Dominican Republic to cheaper generic drugs. According to Doctors Without Borders, OXFAM, and ACT-UP, this will make it much harder for impoverished Central Americans and Dominicans to obtain life-saving medicines, dooming many, including the hundreds of thousands living with HIV-AIDS in the region, to avoidable deaths.
- **Whether Murphy ignored his principles and sold out his constituents for a campaign appearance by Vice President Dick Cheney:** With his vote for CAFTA, Murphy has helped amplify the effects of NAFTA in his home state of Pennsylvania, while exacerbating our country's trade problems with China and introducing new health concerns in Central America. Given all of these negative consequences of his vote, one is forced to wonder if Murphy had some ulterior motive behind his vote for CAFTA. In particular, it is curious that on July 25, just days before the CAFTA vote, Cheney spoke at a luncheon in honor of Murphy, whom he referred to as an "outstanding congressman."<sup>7</sup> This luncheon was designed to bolster Murphy's re-election prospects.

“In Pennsylvania and in Washington, D.C., no one can understand Representative Murphy’s vote for CAFTA unless it was a traded for pork barrel goodies or campaign support from the Republican Party,” Wallach said. “Yet it is hard to understand how Murphy winning new friends in the Republican Party leadership will help him win re-election if the price he paid was voting to expand NAFTA, which has done Pennsylvania workers more damage than in almost any other state in the union.”

The *CAFTA Damage Report* will be regularly updated and available at [www.tradewatch.org](http://www.tradewatch.org).

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**Background:**

*Public Citizen’s Global Trade Watch has studied over 90 deals taken 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,” please visit <http://www.citizen.org/documents/tradewars.pdf>*

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<sup>1</sup> Bureau of Labor Statistics, Current Employment Statistics Survey, All Employees, Manufacturing Super Sector.

<sup>2</sup> Bureau of Labor Statistics, Current Employment Statistics Survey, All Employees, Manufacturing Super Sector.

<sup>3</sup> Rep. Tim Murphy (R-Pa.), “Rep. Murphy Issues Statement Following Passage of DR-CAFTA,” Congressional Press Release, July 28, 2005.

<sup>4</sup> 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.

<sup>5</sup> 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.

<sup>6</sup> Rep. Tim Murphy (R-Pa.), “Rep. Murphy Issues Statement Following Passage of DR-CAFTA,” Congressional Press Release, July 28, 2005.

<sup>7</sup> Vice President Richard B. Cheney, “Vice President’s Remarks at a Luncheon for Congressman Tim Murphy,” Office of the Vice President News Release, July 25, 2005.