

IN HONOR OF ROLAND G.
DOWNING, PH.D.

HON. MICHAEL N. CASTLE

OF DELAWARE

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 28, 2005

Mr. CASTLE. Mr. Speaker, it is with great pleasure that I rise today to pay tribute to the newly elected President General of the National Society of the Sons of the American Revolution (SAR), Roland G. Downing, Ph.D. Following in the footsteps of Howard F. Horne, Dr. Downing is the second Delawarean to lead the SAR in the past 5 years.

While growing up in Nashville, Tennessee, Roland was active inside and outside of the classroom, attaining the rank of Eagle Scout, playing for his high school football team, and serving as the President of the student body. This commitment to excellence would continue at Vanderbilt University, where Roland earned a degree in organic chemistry.

After graduation, Roland would embark on a successful career with the Delaware-based DuPont Company, culminating in a 38-year tenure as Research Manager, Product Manager and Market Development Manager. During this time, Roland would take a brief hiatus to further his education, earning a PhD in organic chemistry. In addition to being a successful scientist, Dr. Downing served in the United States Naval Reserve for over 20 years, including a 3-year deployment at sea during the Korean War.

Prior to his election as President General, Dr. Downing held numerous other positions within the SAR, including: Secretary General, Treasurer General, Historian General, Regional Vice-President, and membership on the Executive Committee. Joining him in celebrating this new position are his lovely wife Norma, a son, two daughters, and eight grandchildren.

Mr. Speaker, in closing, I congratulate the SAR on their exceptional choice of Dr. Roland G. Downing as President General. He is an exemplary citizen, devoted family man, and most of all, a proud American.

STATEMENT OF HARLEY SHAIKEN
BEFORE THE HOUSE COMMITTEE
ON WAYS AND MEANS ON THE
DOMINICAN REPUBLIC—CENTRAL
AMERICA FREE TRADE AGREEMENT
(EXCERPTED)

HON. SANDER M. LEVIN

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 28, 2005

Mr. LEVIN. Mr. Speaker, I submit into the RECORD the following statement of Professor Harley Shaiken, excerpted from the statement submitted in connection with the House Committee on Ways and Means hearing of April 21, 2005 on the Dominican Republic—Central America Free Trade Agreement.

THE DOMINICAN REPUBLIC—CENTRAL AMERICA
FREE TRADE AGREEMENT

(By Harley Shaiken)

STATEMENT FOR THE HOUSE COMMITTEE ON
WAYS AND MEANS, APRIL 2005

The standard by which to judge this agreement is straightforward: does the Dominican

Republic—Central America Free Trade Agreement (DR-CAFTA) promote development and democracy, or does it create a small circle of wealthy winners and a far larger group of impoverished losers? Expanded trade has the potential to propel the former, but this agreement delivers the later. The result threatens rather than benefits U.S. workers. It's not that the train is moving too slowly, it's that DR-CAFTA is running in the wrong direction.

Plaguing the agreement is an unnecessary tradeoff: DR-CAFTA opens trade while locking in the labor status quo or worse. For citizens of Central America and the Dominican Republic, the tradeoff represents a squandered opportunity; for U.S. workers and their communities, it means an assault on wages and working conditions; for firms it may mean easier access to markets tomorrow but diminished markets in the coming years. DR-CAFTA provides strong language and tough penalties in all areas related to investment—at times riding roughshod over the six countries—but abandons labor rights largely to rhetoric and good intentions.

In some areas tough provisions favor special interests at the expense of the Central American countries and the Dominican Republic. Consider agriculture. The rural population ranges from 34 percent in the Dominican Republic to 60 percent in Guatemala. See Ferranti, D., G. Perry, W. Foster, D. Lederman, A. Valdez, "Beyond the City: The Rural Contribution to Development," (Washington D.C.: World Bank, 2005). How are small farmers supposed to compete with heavily subsidized U.S. exports? Due to subsidies for rice production, the U.S. exported paddy rice to Central America at a price that was 18–20 percent lower than its cost of production. See Oxfarm International, "A raw deal for rice under DR-CAFTA," November 2003, (5), http://www.oxfam.org.uk/what_we_do/issues/trade/downloads/bp68_Price.pdf. In pharmaceuticals, Professor Angelina Godoy has found that "the intellectual-property provisions in CAFTA actually extend the length of time during which the major pharmaceutical companies' products are guaranteed sole access to markets" which, in her view as well as that of many other observers such as Amnesty International, "just may be a death sentence for many in the Dominican Republic and Central America." See Angelina Godoy, "What makes free trade free?" Seattle Times, April 14, 2005, http://seattletimes.nwsour.com/html/opinion/2002240604_nocafta14.html; and Amnesty International, "Guatemala, Memorandum to the Government of Guatemala: Amnesty International's concerns regarding the current human rights situation," (Washington D.C.: Amnesty International, April 20, 2005) <http://web.amnesty.org/library/Index/ENGAMR340142005>. Many Latin Americans are likely to view provisions such as these as indicating that the U.S. is more serious about strong-arming weaker neighbors than sustainable economic integration.

Let's be clear from the start. This is not a debate about "free trade" versus "protectionism." Instead, the challenge is defining free trade for the twenty-first century. The right trade agreement could both encourage growth and move towards a more broadly shared prosperity, defining what one might call "smart trade." To do this, comparative advantage must be defined by innovation rather than repression. Labor standards are vital for protecting workers, but they also can help expand purchasing power, build healthier markets, and lay the basis for more robust trade.

What then is wrong with the labor provisions in DR-CAFTA? They send a clear message to the governments involved: the cur-

rent situation on labor rights is acceptable and even fewer rights for workers will do. The agreement lays out lofty labor rights goals and then backs them up with weak, convoluted language and meager resources. Moreover, these inadequate provisions replace language that has had a modest positive impact. Consequently, firms willing to travel the low road will define competitiveness, cutting off those who want to do the right thing.

In this testimony, I plan to explore three themes: labor laws and their enforcement, the promotion of reform, and finally "smart trade."

LABOR LAWS AND THEIR ENFORCEMENT

For millions throughout Central America and the Dominican Republic, the issue of labor rights is not an abstraction but an urgent need. Although labor laws differ among these six countries, there is little serious debate among scholars as to the situation on the ground. The issue is not simply selective abuses but a systematic denial of the right to freely join a union or the right to bargain collectively. Numerous reports from the ILO, Human Rights Watch, the United Nations, and the United States Department of State confirm the seriousness of the problems. See U.S. State Department Bureau of Democracy, Human Rights, and Labor, "Country Reports on Human Rights Practices 2004," for Costa Rica, Dominican Republic, El Salvador, Guatemala and Nicaragua, February 29, 2005, <http://www.state.gov/g/drl/rls/hrrpt/2004/c14138.htm>; Human Rights Watch, "Deliberate Indifference: El Salvador's Failure to Protect Workers' Rights," vol. 15, no. 5, December 2003, <http://www.hrw.org/reports/2003/elsalvador1203/>; Human Rights Watch, "CAFTA's Weak Labor Rights Protections: Why the Present Accord Should be Opposed," March 2004, <http://hrw.org/english/docs/2004/03/09/cafta90days.pdf>; ILO, "Fundamental Principles and Rights at Work: A Labour Law Study," (Geneva, International Labour Office, 2003), <http://www.ilo.org/public/english/dialogue/download/cafta.pdf>.

When it comes to making the choice on whether or not to join a union, workers currently risk dismissal, blacklist, violence, and even death. The results are readily apparent in the low union density. In Guatemala less than 3 percent of the workforce belongs to a union. See U.S. State Department, Bureau of Democracy, Human Rights, and Labor, "Guatemala Country Report on Human Rights Practices 2004," February 29, 2005, <http://www.state.gov/g/drl/rls/hrrpt/2004/41762.htm>. In El Salvador, no independent trade unions have been formed in the last four years.

The low trade union density is only the tip of the iceberg. The unions that do exist tend to be fragmented, weak, and isolated. Effective collective bargaining has become a rarity rather than the norm. The percentage of workers covered by collective bargaining agreements in three of the six DR-CAFTA countries based on 2003 data ranges from a low end of 1.4 and 1.5 percent in Honduras and Nicaragua, respectively, to 4.3 percent in El Salvador—not exactly a critical mass for effective collective bargaining. See International Labour Organization Decent Work Indicators Database <http://www.oit.or.cr/estad/td/indexe.php>

A trade agreement should stimulate positive change, not ratify the status quo or worse. What type of labor standards might be rigorous enough to improve the conditions of work yet flexible enough to recognize different levels of development? One model is the five core labor standards developed by the International Labor Organization (ILO). See International Labor Organization, "Fundamental ILO Conventions,"