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Costa Rica Votes on 'Free Trade' Agreement (CAFTA) Threats, dirty tricks, fake polls

No country has ever had a national referendum on a "free trade" agreement before - which is not surprising since most of these agreements wouldn't be approved by the citizenry. Bill Clinton couldn't even get a majority of his own party in Congress to vote for NAFTA in 1993, and it's been downhill for these types of agreements ever since. So Costa Rica - the region's richest and most democratic country — will be setting a precedent on this Sunday (7 Oct 2007) with its referendum on CAFTA, the Central America Free Trade Agreement, which was negotiated in 2004, writes **Mark Weisbrot**.

Costa Ricans might want to watch out for a repeat of presidential elections last year, where current President Oscar Arias squeezed out a narrow (1.1%) victory over progressive candidate Ottón Solís, who criticized CAFTA in his campaign. In that campaign, erroneous polls reported by the media showed Arias with a large lead of 11-19 percentage points. This led to a record low turnout at the polls. Costa Rica could very well have a different president, and a different trade policy, if not for the impact of this false polling.

The latest polls in Costa Rica give an advantage to the "yes" vote, but things have been moving rapidly towards "No" since an embarrassing high-level government memo was leaked a few weeks ago. The memo, as the *Los Angeles Times* described it, "outlined a campaign of dirty tricks intended to sway voters." This included telling mayors that their cities would "not get a penny from the government for the next three years" if they did not deliver a majority of voters for CAFTA. In the words of the memo, the government also needed to "stimulate fear" among the voters, including "fear of the loss of jobs."

The Bush Administration joined the campaign to "stimulate fear," with the U.S. Ambassador threatening that Costa Rica could lose some of its existing access to US markets if the voters reject CAFTA. This led US Congresswoman Linda Sánchez to remind the Ambassador's boss, Secretary of State Condoleezza Rice, that such interference in Costa Rica's electoral politics violates US, Costa Rican, and international law. Senate Majority leader Harry Reid and House Majority leader Nancy Pelosi also weighed in with a letter stating clearly that Costa Rica's access to U.S. markets under the Caribbean Basin Initiative are not conditioned on acceptance of any trade agreement.

In fact, the threats from the US government, and repeated by the Costa Rican proponents of CAFTA, are empty. There is only a small portion of Costa Rica's trade preferences that Congress would have to renew next year. It is politically inconceivable that the Democratic majority in Congress - which voted against CAFTA when it was approved here - would move to punish Costa Rica for its voters having rejected the same agreement.

Despite the intimidation, Costa Ricans brought a record 100,000 people (equivalent to seven million in the US) into the streets last weekend for a “No” vote. They have good reasons to reject CAFTA: they do not want their farmers wiped out by subsidized grains and other agricultural products from the U.S. They also have a

strong environmental movement that vehemently objects to provisions in CAFTA - like NAFTA - that would give corporations new legal rights to challenge environmental laws. And Mexico’s post-NAFTA economic performance - about a third of its pre-1980 growth - is less than inspiring.

ITUC supports “No” vote

The ITUC’s affiliates in Costa Rica, the CMTIC (Central del Movimiento de Trabajadores Costarricenses) and the CTRN (Confederación de Trabajadores Rerum Navarum) have been deeply involved in the campaign for a “No” vote. On Sunday 30 Sep, the last official day of the campaign, a huge demonstration calling upon the people of Costa Rica to vote “No” took place in San José, with massive trade union mobilisation. The International Trade Union Confederation (ITUC) supports the position of the Costa-Rican unions, also backed by the AFL-CIO in the United States.

“The proposed agreement fails to take account of the impact CAFTA stands to have on workers’ rights and other decent work issues,” said ITUC General Secretary Guy Ryder. “It is extremely likely that an acceleration of trade flows between both regions will further erode respect for core labour standards. It is, in fact already extremely difficult for workers in Central America (and the Dominican Republic) to organise into trade unions, as would-be members face intimidation, threats, dismissal, and blacklisting.” In the case of maquiladoras (also known as Export Processing Zones or EPZs), employers place great obstacles to trade union organising and collective bargaining. Abuses of workers’ rights abound both in Costa Rica and in the other countries covered by CAFTA. Furthermore CAFTA contains no protection for women against discrimination and other groups that have historically faced abuse in the workplace.

Despite the overwhelming evidence of workers’ rights being routinely abused, CAFTA offers no solution. Its single enforceable workers’ rights provision requires only that countries enforce their own labour laws, laws that the International Labour Organisation has documented as failing to meet international standards. CAFTA contains no enforceable provision preventing countries from weakening or even eliminating some of their labour laws. In this sense CAFTA can be seen as a step backwards since under existing commercial laws the US can withdraw trade benefits from Central American and Caribbean countries not only if they do not enforce their labour laws but also if those laws do not protect workers’ rights.

CAFTA does not just fail to address workers’ issues. Its impact on the development prospects of the Latin American sub region is debatable. Indeed if the trade deal goes into effect, 80% of US industrial goods will enter Central America and the Dominican Republic duty-free, with the remaining tariffs to be eliminated entirely after 10 years. This will largely prevent the Latin American countries from protecting their own industries from external competition and may therefore jeopardise further industrial development plans. - CAFTA also opens the door for introducing competition into Costa Rica’s telecommunications and insurance markets, both of which are publicly run today. A liberalisation of such markets would entail the privatisation of these services, with particularly damaging consequences for employment.

In the agricultural area, CAFTA does not dramatically increase access to the US market for the Dominican Republic and Central America, but it does eliminate those countries’ tariffs on basic grains such as rice, beans and corn. This may have a detrimental effect on Central America’s agricultural sector because relatively small-scale farmers will not be able to compete with subsidised agricultural imports from the US. A negative impact on the livelihoods of the rural poor - the majority of the population in many of the countries - can be expected.

Of course “free trade” is a marketing slogan rather than a description of the actual policy that is up for a vote. These agreements - including CAFTA — increase some of the most costly barriers to international trade (such as in pharmaceuticals) while lowering others (e.g. for subsidized US agricultural exports).

A “No” vote in Costa Rica would deal another blow to the Bush Administration’s foreign commercial policy, which has already suffered numerous defeats: including the collapse of their proposed “Free Trade Area of the Americas”; the stalled talks at the World Trade Organization (WTO); and the administration’s loss of “fast track” authority to negotiate new agreements with minimal congressional input.

Costa Rica is one of the richest countries in Latin America, and has a well-developed democracy. That democracy will be put to a new test with this referendum.

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