

## Trade Policy



### Rebuilding the Road to Opportunity

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# CWA Legislative Fact Sheet

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CWA members have a major stake in the trade policies of our country. Most people think of trade as exchanging one good for another; or as the exporting and importing of items. The truth is that the tentacles of trade agreements and trade policy extend much further than this most basic definition.

In the 110<sup>th</sup> Congress we will see a vigorous debate on extending Fast Track Authority for the president, an attempt to vote on flawed trade agreements and a continuation of the Doha round of trade negotiations in the World Trade Organization (WTO). CWA must exert influence to affect all of these policies. Otherwise workers face more lost jobs and downward pressure on wages.

#### Did You Know?

- We have the largest trade deficit in the history of our country and the largest trade deficit between two countries (China) in the history of the world
- We were supposed to increase our trade in services by entering into the North American Free Trade Agreement (NAFTA) and

that we had a surplus prior to signing and now we have a deficit

- That the current trade model being used is even worse for Americans than the NAFTA model
- 64% of voters believe restrictions are necessary compared to 29% who feel free trade must be allowed even if industries are hurt by foreign competition.

## **Fast Track is the Wrong Track**

The policy of granting fast track authority to the president is so unpopular that “free” traders changed the name to Trade Promotion Authority (TPA). Why is fast track so unpopular? In a nutshell, fast track removes Congress completely from trade negotiations and diminishes greatly the relevancy of its input. The most glaring example of this lack of power and oversight is evidenced by the fact that members of the Senate Finance Committee voted unanimously on June 28<sup>th</sup>, 2006 to outlaw the importation of products made with child, slave and forced labor during their mock markup of the Oman Free Trade Agreement. The Bush Administration didn’t include such a ban. The White House doesn’t have to do anything Congress says when they have fast track authority.

The only thing Congress can do is to vote for or against a trade bill. Trade implementing legislation is the only bill that Congress doesn’t have the power to stop from being introduced.

Fast track must be completely scrapped. Members of Congress must do their job and provide the oversight functions that are outlined in the Constitution.

CWA supports the following overhaul of fast track:

- Congress must take an active role from the beginning by establishing readiness criteria BEFORE we think about negotiating with a country. These criteria must include ensuring that the people of the country have the right to organize and that their government doesn’t infringe upon this right.
- Labor protections, human rights and environmental considerations are in parity with other criteria
- Benchmarks are set for the Administration and Congressional demands are adhered to during negotiations.
- The Administration doesn’t sign the proposed agreement until Congress reads it and votes in favor of it.
- Members of Congress receive a “trade impact statement” from a non-partisan organization to include an estimate on the number of jobs that may be lost.

These are all basic oversight functions that Congress has given up over the past 30 years. People voted for a change of direction in the 2006 elections and this change can be summarized in two words- **more oversight**. Whether it’s Iraq or trade, oversight is what the people demanded at the ballot box in 2006.

The obvious question is why doesn’t Congress do something about it? Why are they content to give away their constitutional right and duty?

### **What the Other Side Says and How to Rebut their Claims**

- **Them:** “The President must have fast track or else we can’t trade”  
**You:** President Clinton negotiated the Jordan FTA without fast track.

- **Them:** “We are exporting more products to countries with whom we have signed trade agreements”  
**You:** We are importing more than we export to these countries and our trade deficit sets a new record every year.
- **Them:** “Free trade helps the people of our trading partners”  
**You:** Wages for the people in these counties have been forced downward and there are more people living in extreme poverty according to World Bank Research Observer.
- **Them:** “If we don’t reauthorize fast track the world will blame us for the failure of the Doha round at the WTO”  
**You:** The Doha round has not met any of its original deadlines set in 2001. The Doha round has failed because the model is flawed not because of fast track. Most other countries don’t have a fast track mechanism anyway.

These are just a couple examples of what workers face in our fight to promote fair trade policies. Our message about reauthorizing fast track is clear- There is no reason to rush into reauthorization and Congress must reassert its Constitutional authority to regulate commerce with foreign nations under Article I Section 8 to help stem our massive job losses and reverse our dangerous trade deficit.

### **The WTO and You**

You’ve seen the protests around the world surrounding the World Trade Organization (WTO). The WTO is an international body where member nations come together to work on trade issues. Member nations are supposed to adhere to the rules set forth by the WTO and if suit is brought against a member nation for violating the rules then nations are subject to the punishment set forth by the WTO. Look at your paycheck. Federal and state taxes are taken out of every paycheck to fund transportation projects, schools, defense, trade adjustment assistance and other worthy causes. If the U.S. is found to be in violation of WTO rules that money can be used to pay off other nations or industries if they bring suit against us in the WTO.

The Antigua gambling case before the WTO is a great example of how taxpayers are left open to other countries seeking damages. The U.S. bans online gambling and betting with the exception of some horse racing and some lotteries. The second largest industry in Antigua, a country with a population of under 70,000, is the online gambling industry. Antigua challenged the U.S. ban on internet gambling at the WTO and won. The case is being appealed, however most experts expect Antigua to win. If Antigua doesn’t receive monetary compensation (our tax dollars) they have said that they will seek approval to copy movies on DVD and become a distributor of these pirated DVD’s costing us many jobs. As hard as it is to rationalize, Antigua isn’t the bad guy in this scenario; corporate written WTO trade policy is the culprit. The real crime is that our government has given up our sovereignty not only on trade issues but on social issues and laws that define our own beliefs and social policies.

Historically, trade agreements have dealt with lowering tariffs on goods. The United States and European nations relied heavily on tariffs to protect infant industries from

foreign competition. But trade agreements no longer just deal with trade in goods. A cornerstone of the expansion of the corporate globalization agenda also encompasses services. The liberalization of services involves allowing foreign investors the right to own and operate services within other WTO signatory countries' territories – including essential services like education, health care, electricity provision and water distribution – for profit. It also involves de-regulating service industries such as telecommunications, insurance, transportation – even banking, such as Argentina did before its IMF [International Monetary Fund]-induced economic collapse in 2001.<sup>1</sup>

What are the implications for CWA members? The possibilities are limitless. Hypothetically, if a business incorporated in a WTO member nation were to set up shop in the United States and CWA wanted to organize this subsidiary we may run into gigantic obstacles. Do these employees even have the right to organize and does this foreign corporation have to follow the rules of the National Labor Relations Board (NLRB)? If the Employee Free Choice Act becomes law, would a foreign owned corporation have to subscribe to card check recognition? The truth is, we really don't know. The decision would be entirely up to the WTO tribunal, which as we see from the Antigua gambling example, should be of great concern.

The tentacles of the WTO reach into the many sectors of CWA. Nurses and flight attendants are also at risk. Nurses must be licensed to do their job. The question here is can a foreign owned company set up a health care facility or hospital in the U.S. and use immigrant nurses within these institutions while not having to adhere to U.S. licensing requirements? The answer is blurry at best. The same ambiguous answer applies to flight attendants. Flight attendants are certified by the Federal Aviation Administration (FAA). Can a U.S. flagged carrier use foreign flight attendants to fly between destinations outside of the U.S.? If either of these scenarios becomes reality, can CWA do anything about it? Only a government may bring suit before the WTO, so CWA could not do anything before the WTO. We would have to petition our government to do something. This is the same government who put us into the very situation we are asking them to address.

There will not be another vote in Congress regarding our WTO membership until 2010. In the meantime CWA members can let their Member of Congress know that extending fast track authority to complete the Doha round of WTO negotiations is unnecessary and that we oppose such an extension. WTO rules infringe upon our sovereignty and cause job loss here at home and increased poverty among poorer nations. Beginning this dialogue now will increase our effectiveness in arguing against WTO membership in the future.

For more information, contact:  
David B Martin, AFA-CWA Government Affairs  
Phone (202) 434-1315  
dmartin@cwa-union.org  
www.cwa-governmentaffairs.org

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<sup>1</sup> Global Trade Watch Website <http://www.citizen.org/trade/wto/articles.cfm?ID=16046> by Lori Wallach