



**GREATER BANGOR AREA
CENTRAL LABOR COUNCIL, AFL-CIO**

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Office Professional Employees
Intl. Union (OPEIU) Local 277

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Chemical Energy Wkrs.(PACE)
- Local 1-0403, 261 and Local
1188

Roofers & Waterproofers Local
33

United Association of Plumbers
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United Food & Commercial
Workers (UFCW) - Local 1445

Union of Needle Trades and
Industrial Textile Employees
(UNITE) - Local 486

To: Members of the Maine Citizen's Trade Policy Commission

From: Jack McKay, President of the GBA-CLC

Re: Labor Rights vs. Commercial Rights in CAFTA

Date: February 3, 2005

How often do we hear that it is just the way of the market that the jobs are what the jobs are? If the market said that there should be jobs that pay more in Maine then there would be more jobs that paid more in Maine. But since the market doesn't say so, then there aren't. Often this "market" is talked about like the laws of nature- immutable, unchangeable. Our role is to only try to understand and adapt accordingly.

Fortunately for those who want to make the lives of working families better, the truth is that this "market" largely results from laws and negotiated trade deals that **set the terms under which the market exists.**

These terms are set by trade deals like CAFTA (the Central American Free Trade Agreement), that President Bush nearly ready to introduce into Congress for ratification. CAFTA expands the North American Free Trade Agreement (NAFTA) to include all of Central America and the Caribbean Nation of the Dominican Republic.

How will CAFTA set the terms for the "market"? A clear example of this is the weight of Labor Rights versus Commercial Rights in CAFTA. In business there are actions we call "unfair business". For instance if one business stole an idea from another business, then that's unfair. If one business dumped goods below cost on the market with the purpose of destroying other businesses- that's unfair too. If one company misleads the public about the benefits of its products- unfair again. All the above things are illegal in the proposed CAFTA agreement. And not just illegal, CAFTA gives powerful mechanisms called trade sanctions, which can inflict real economic pain on a country.

There are also violations of labor rights that create “unfair business”. These include violating basic worker rights like child labor, right to organize, and freedom from discrimination. CAFTA, however, does a very poor job of enforcing these rights.

From the chart to the right, you can see that commercial rights get much more power under CAFTA than do labor rights.

CAFTA provisions	Commercial Rights	Labor Rights
Type of Penalties	Trade Sanctions that have an effect equal to the violation	Fines that take many factors into consideration
Limit of fines	Trade Sanctions which have unlimited potential for monetary damage. For instance, the WTO gave Europe the right to levy \$4 billion in sanctions	These are capped at \$15 million
Payment	The trade sanction is collected by the injured country	The violator pays itself the fine. Supposedly, this fine will be used to help that country enforce its labor laws, but there is neither oversight nor penalty to see that a country doesn't just shift money from one budget to another to pay the fine.
Higher standards than simply local laws	CAFTA creates all sorts of standards higher than what a particular country currently has	Simply defers to local county's laws, no matter how ineffectual they may be

As we can see from the chart differences between the rights of business and the rights of labor rights are enormous. When injuries happen to commercial or business interests, countries are severely punished through trade sanctions that are equal to the original injury. These can be enormous. For example, Europe is currently in the position of levying \$4 billion in trade sanctions against the U.S.

Fines for labor rights violations are miniscule in comparison, as they are capped at \$15 million. Worse yet, the violator gets to pay itself! Though this fine is supposed to be used to help the country correct the violation of labor rights, there is nothing in the agreement to prevent a country from paying itself a fine, then shifting money from one budget to another and so effectively side-stepping the intent of the fine.

Further, CAFTA establishes high standards for business interests that are above and beyond a countries current laws. For labor, however, CAFTA simply recognizes the country's current laws – however ineffectual that may be.

For example, even though over the past two decades Guatemala has had some of the worst labor rights violations in the world, the US is not requiring any labor law reforms in Guatemala as a condition of the CAFTA agreement. However, the U.S. has forced Guatemala to adopt measures, which will effectively limit distribution of generic drugs as a pre-condition to the CAFTA agreement.

Perhaps the worst part of CAFTA regarding labor rights is that it represents a substantial step back in labor rights protections. Currently, the U.S. has trade programs with Central America that allow for sanctions to punish countries that violate worker rights. These sanctions would be eliminated should CAFTA be adopted.

Why do business interests get so much more power than labor in CAFTA? Maybe because business interests had the greatest voice at the negotiations for CAFTA. Or perhaps because U.S. commercial interests have a vested stake in lower labor standards in Central America, **as they own the companies that export goods like apparel, pharmaceuticals, electronics and other goods from Central America** to the United States. Another reason could be that our politicians appear to only listen to commercial interests.

Whatever the reasons, the objective fact is that there is no such thing as a level playing field between commercial and labor rights. It is also an objective fact that the majority of people in the United States work for wages, and do not own businesses. The same is true in Central America.

Since the majority of people have a direct stake in the labor rights portion of CAFTA, how does the Bush Administration and corporations sell this deal to the American people? How do they sell it to the people of the Penobscot Valley, who have lost over 3,000 jobs due to trade in just the past 3 years?

They sell it by saying it's the "market", the immutable, unchangeable, all-powerful "market". And you better not fight it, just get used to it, and adapt.

Fortunately, we know laws contribute in large measure to what the market looks like. And more fortunately, as we have a democracy and it's our country, we have a voice in making our laws.

In Maine we have passed a historic Citizen's Commission to look at trade agreements (see article....). On February 3rd, the first public hearing in the history of the state of Maine was held looking at the impact of trade agreements like CAFTA on Maine's economy and its laws. We in Maine should be proud that we are taking the right steps, the forward looking steps to understand and fight for trade agreements that help all Americans, not just big business.

Since 2000, imports and outsourcing has caused 11,430 workers to be laid off at 163 manufacturing facilities across Maine

Note: All these layoffs have been certified by the Department of Labor through its Trade Adjustment Assistance (TAA) program as being caused by imports. Please note these layoffs only include manufacturing and not service jobs, despite the fact that *offshoring* of services has increased in Maine. Also, upstream and downstream suppliers and customers of manufacturing plants were not eligible for TAA until 2002 and many have not applied for TAA assistance. Other jobs that have been lost due to the impact of manufacturing jobs leaving our communities is not included.

Company Name	Town	Jobs	Date	Company Name	Town	Jobs	Date
Chick Orchards	Monmouth	25	4/5/2000	Steag-Hamatech	Saco	11	3/13/2001
Mead Paper	Rumford	51	4/14/2000	Falcon Shoe	Lewiston	44	3/15/2001
Ripley Industries	Lewiston	6	4/26/2000	C.B. Cummings	Norway	17	3/15/2001
Franklin Shoe	Farmington	225	5/30/2000	SCI Systems, Inc.	Augusta	210	3/26/2001
Ripley Industries	Lewiston	20	5/31/2000	Irving Tanning	Hartland	20	3/26/2001
Georgia-Pacific Corp.	Baileyville	52	6/13/2000	Sebago, Inc.	Bridgton	16	4/2/2001
Kezar Falls Woolen	Parsonsfeld	44	8/1/2000	Saunders	Winthrop	7	4/2/2001
Eastland Shoe	Lisbon Falls	22	8/1/2000	Waterville Machine	Waterville	8	5/2/2001
Tyco	Sanford	268	8/1/2000	Spinnaker Coating	Westbrook	91	5/15/2001
J.A. Thurston	Rumford	24	8/3/2000	Maine Shoe	Wilton	35	5/16/2001
Robinson Manufacturing	Parsonsfeld	44	8/28/2000	AMI	Winthrop	35	5/31/2001
Pioneer Plastics	Auburn	100	8/30/2000	Moss, Inc.	Belfast	19	6/4/2001
Eastland Shoe	Lisbon Falls	70	9/11/2000	Macdonald Footwear	Skowhegan	34	6/7/2001
Irving Tannery	Hartland	31	9/21/2000	Unico	Sanford	5	6/8/2001
West Point Stevens	Biddeford	42	11/2/2000	Vishay Sprague	Sanford	445	6/14/2001
Posies	Rockland	11	11/2/2000	Wood Tek	N. Anson	50	7/11/2001
Georgia Pacific Strand Board Plant	Baileyville	87	11/3/2000	Eastland Shoe	Freeport	150	7/19/2001
Dexter Shoe	Newport	66	11/16/2000	Kingfield Wood Products	Kingfield	13	7/27/2001
Eastern Fine Paper	Brewer	41	11/17/2000	Gilbert Wood	Greenwood	4	7/30/2001
Irving Forest Products	Ashland	100	12/13/2000	SCI Systems, Inc.	Augusta	16	8/14/2001
Solon Manufacturing	Solon/Skowhegan	39	1/5/2001	American Tissue	Augusta	76	8/23/2001
Dexter Shoe	Dexter	92	1/16/2001	Prime Tanning	Berwick	246	8/30/2001
Free Borders	Camden	12	1/18/2001	Tennford Weaving	Sanford	60	9/5/2001
Dexter Shoe	Skowhegan	91	1/19/2001	New England Casting	Hiram	8	9/6/2001
Eastland Shoe	Freeport	20	1/22/2001	Dexter Shoe	Dexter	475	9/18/2001
Bates of Maine	Lewiston	40	1/23/2001	Moss, Inc.	Belfast	25	10/3/2001
Bates of Maine	Lewiston	129	1/23/2001	C.B. Cummings	Norway	17	10/4/2001
Chinet Company	Waterville	15	1/26/2001	William Smith Enterprises	Coopers Mills	14	10/9/2001
J.A. Thurston	Rumford	30	1/26/2001	Robinson Manufacturing	Oxford	65	10/9/2001
J. Paul Levesque	Ashland	17	1/29/2001	Huhtamaki	Waterville	36	10/9/2001
Sebago Moccasin	Bridgton	7	1/29/2001	Gardiner Paperboard	Gardiner	43	10/18/2001
Biddeford Textile	Biddeford	350	2/1/2001	Jones & Vining	Lewiston	38	10/22/2001
IP Sawmills	Passadumkeag	131	2/7/2007	SCI Systems, Inc.	Augusta	19	10/24/2001
IP Sawmill	Costigan	132	2/7/2007	Guilford of Maine	Guilford	12	10/25/2001
Vishay Sprague	Sanford	320	2/23/2001	Cornwall Wood Products	So. Paris	64	10/31/2001
Nautel Maine, Inc.	Bangor	7	3/3/2001	Saucony, Inc.	Bangor	107	11/9/2001

