

# How free trade changed us

**Jobs are only one part of the trade equation. As the U.S. chips away at Canada's economic independence, we're slowly losing our sovereignty, says *David Orchard***

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The Canadian Labour Congress chief is rethinking his opposition to free trade with the U.S. and suggests we should be "thinking about industrial strategies in a North American rather than purely Canadian context."

Ken Georgetti says he was misquoted and that the free trade agreements cost Canada 300,000 well-paying manufacturing jobs only to see them replaced by lower-paying ones.

In fact, in the first three years of the 1989 Canada-U.S. Free Trade Agreement, Canada lost a quarter of its manufacturing base. Hundreds of industrial plants closed their doors or relocated to the U.S. By 1992, Canada's number of unemployed hit a historic high.

However, lost in this exchange is the fact that jobs are only one part of the free-trade equation. The central issue, as Sir John A. Macdonald put it during the free-trade election of 1991, is our sovereignty. How, he asked, could Canada keep its political independence after it had thrown away its economic independence?

Instead of the promised "secure access" to the U.S. market, we have had more trade harassment than before 1989: on steel, wheat, lumber, beef, hogs, fish, lobster, blueberries and more.

The much heralded recent NAFTA "victory" on softwood lumber — after the industry spent tens of millions of dollars on Washington lawyers — will (if accepted by the U.S., which is far from certain) only return us to the situation that existed before the free-trade agreement.

Before the FTA negotiations began in 1986, Canada, trading with the U.S. under the GATT framework, had free trade in softwood lumber. Nor had the Americans been able to challenge our national institutions, block our exports or put tariffs on our wheat.

However, the FTA gave the U.S. unlimited rights to use its trade laws against Canada. The result: an unending series of actions taken against not only our exports, but also the very way we govern ourselves.

Laws passed by Parliament are challenged and overturned by U.S. corporations. The U.S. openly declares it will see the Canadian Wheat Board dismantled and has mounted 10 actions against the board since 1989 with more on the way. One remaining protection for western farmers, the CWB is the world's largest marketer of wheat and barley and Canada's biggest net earner of foreign currency. Without it, Canada's grain industry would move overnight into the hands of the U.S. agriculture giants.

An Ontario NDP government promise of public auto insurance was abandoned in the face of U.S. industry threats of retaliation under the FTA.

After 15 years of "free trade" with the United States, fewer than a dozen major, widely held Canadian companies are left listed on the Toronto Stock Exchange. More than 10,000 Canadian companies have been taken over by U.S. owners. Even the Hudson's Bay Company, part of the country's very foundation in 1670, is apparently to be absorbed by a U.S. retail chain, while the Molson "I am Canadian" brewery is merging with an American conglomerate.

Free trade would be wonderful for the beef industry, the promise went in 1988. Instead, the border has been blocked to our exports of cattle, bison, sheep and other livestock for more than a year, while 90 per cent of the packing industry is now in U.S. hands and enjoying sky-high profits.

One energy company after another has gone to U.S. owners: B.C.'s Westcoast Transmission to Duke Energy, even Bob Blair's Nova is now based in Pittsburgh. Canadians' remaining shares in Petro-Canada are about to be dumped into the market in a short term (and shortsighted) cash grab by the government. Shoppers searching to buy Canadian hunt in vain, from farm machinery depots to stationery stores.

Evidence of the "ever-tightening economic ties" from a free-trade agreement that Sir John A. Macdonald warned of in 1891 is everywhere.

As America attacked Iraq last year, prominent Canadians urged that, even though such an invasion was clearly illegal, we should help bomb that little country, because our close trade ties made it important that we not irritate the U.S.

If Nova Scotia wishes to give drivers the cheap, effective public insurance coverage Saskatchewan enjoys, the FTA says no. If New Brunswick wants some offshore Canadian gas, too bad. A Canadian ship building industry? A Canadian automobile? A Canadian environmental policy? All run smack up against FTA provisions.

Without a vision, a nation and a people die. While shipping raw resources out of the country at a completely unsustainable and even accelerating rate, we assemble machines designed and manufactured elsewhere and dream other people's dreams.

Yet Canada has the potential to be a proud industrial power using its abundant natural resources to create all the industries of a modern nation, including a shipbuilding industry, a pollution-free automobile, a world class motion picture industry, a farm machinery industry (as recently as 1968, a Canadian company was the largest tractor maker in the world) and more.

Instead of learning to live within the straitjacket imposed by the free-trade agreements, we need to open the doors to a comprehensive examination of what we have signed and how it is impacting our economic, political and social well-being.

A full inquiry into the effects of the FTA and NAFTA, undertaken without ideological blinkers, would blow the dust off stale perceptions of what Canada could be and inject a sense of hope and optimism into a country now often lacking both.

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