



February 09, 2010

Sample letter sent to premiers.

Dear Premier,

I'm writing on behalf of the Council of Canadians to urge the provinces/territories to walk away from the 'Buy American' deal announced last week by the Harper government, which requires that the provinces/territories sign on to the WTO's government procurement agreement (GPA). This is a major step for any province/territory to take, and while I trust that your government considered its implications carefully, residents also need a chance to discuss and possibly reject the bilateral agreement if it is not in the public interest. Allow me to explain just a few reasons why this is a bad deal for your province/territory.

First, as details of the deal emerge in the media, we're finding out that Canadian companies have secured very little new access to U.S. public infrastructure spending but at a large cost to public policy space for Canadian provinces, territories and cities. According to Jim Stanford, chief economist with the Canadian Auto Workers union, Canadian companies now have access to an estimated \$4 to \$5 billion worth of business, or one half of one per cent of the total \$800-billion Recovery Act budget. Access to future contracts is far from secure because there is no way to preclude new 'Buy American' conditions on future government spending.

These conditions are highly popular policy tools for state, municipal and federal governments, especially today when the U.S. economy is suffering through a devastating recession and high unemployment. Canadian exports to the U.S. have dropped over the past two years because of this recession, not because of 'Buy American' conditions. In fact, according to Stanford, industries in Canada that depend on public works spending (cement and concrete, ventilation, turbine and power machinery, for example) have done better in this time than those where government purchasing is irrelevant.

By most accounts, these 'Buy American' policies are working – they are creating jobs and boosting manufacturing, which will have positive benefits for the highly integrated Canadian economy. The Harper government should have taken a page from President Obama's stimulus book by contributing more infrastructure money to the provinces/territories and their cities and attaching 'Buy Canadian' conditions. Instead, he blindly committed to 'open markets' at a cost of reduced policy space for provincial and local governments.

Trade is undoubtedly important to the Canadian economy. But signing the provinces/territories on to the WTO procurement agreement is not about trade – it is about reducing the role of democratic governance in economic matters. The federal government's stimulus plan is to stimulate economies in Germany, France and the United States at the expense of local economies. It is the industrial and manufacturing equivalent of a 2,500-mile-diet at a time when governments around the world are seeing

the benefits of going local. Our alternative is not protectionism – it is smart economic policy that signing onto the WTO excludes as an option for Canadians.

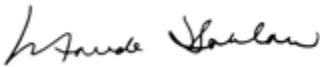
But it doesn't have to be this way. You can walk away from this bad deal, at least until the provincial/territorial government has had a chance to discuss and debate publicly and with public involvement the implications of signing the WTO procurement agreement. Without that public discussion, and considering how little Canada benefits from the proposed 'Buy American' solution, Canadians will rightly ask whether there were other motives for signing the deal.

For example, including the provinces/territories now in the WTO will certainly make expanding access for European companies in the ongoing free trade negotiations seem that much less controversial but no less damaging to local policy space. Subnational government spending represents up to \$200 billion in Canada. Much of that goes towards services delivered publicly by the provinces, territories and cities, such as water and electricity. Ceding control over how our governments spend public money makes it that much easier for companies to push privatization of public services. It also opens up new policy areas to potential NAFTA Chapter 11 investor-state disputes.

For these reasons and others, the Council of Canadians and I urge you to step back from the Harper government's procurement deal with the United States. Step back and hold public consultations with residents on the impacts of signing on to the GPA in the WTO. A decision as momentous as this one demands a more democratic process.

I look forward to your response.

Sincerely,

A handwritten signature in black ink, appearing to read "Maude Barlow". The signature is fluid and cursive, with the first name "Maude" being more prominent than the last name "Barlow".

Maude Barlow
National Chairperson
Council of Canadians