

# Canada Hasn't Learned Its Lessons on "Free Trade"



by Sujata Dey

**Barbed wire still protects the cracked pavement where an abandoned John Deere plant used to operate in Welland, Ontario. The building, still standing, is testimony to the Niagara region's former status as a manufacturing powerhouse.**

Recently, Council of Canadians chapter activist Fiona McMurrans organized a tour for Anne-Marie Mineur, a Dutch Member of the European Parliament, showing her abandoned manufacturing plants that are relics of the pre-NAFTA days. The ghosts of Welland are abundant: Union Carbide, Welland Industries, Energex Tubesite, Lakeside Steel, John Deere, Powerblades Industries, Welded Tube of Canada, Universal Resource Recovery, Atlas Steel, ASW Steel, Henniges and Automotive Sealing Systems Canada.

"Once known as the bustling industrial heartland of Niagara, where rails and water meet, Welland has now become the city that free trade left behind," McMurrans noted.

Photos of the abandoned plants are eerie, a testimony to an economy that was slowly crushed. While the North American Free Trade Agreement (NAFTA) is not solely to blame, Canada's manufacturing sector hollowed out since NAFTA's inception. Statistics Canada data show that 540,000 manufacturing jobs (as calculated by Unifor from Statcan's CANSIM site) have been lost since 2000, a fact that not even NAFTA proponents can deny. As well, many of the promises made about NAFTA – increased productivity, more jobs, more money in our pockets – have simply not come true.

This is ironic because free trade agreements are becoming more contentious around the world – with hundreds of thousands of Germans protesting against trans-Atlantic trade deals, with trade agreements playing a highly visible role in the U.S. presidential election, and with India and Eastern Europe trying to exit bilateral investment agreements. Canada, a country bound by a long-standing trade deal, has not even had a debate about the proposed Canada-European Union Comprehensive Economic and Trade Agreement (CETA) or the Trans-Pacific Partnership, despite their looming impacts.

And yet, we have faced the brunt of free trade. While our economy has grown, equality has not. Statistics Canada data show that workers' inflation-adjusted average wages have stagnated while CEOs' incomes have risen. The Canadian Centre for Policy Alternatives publishes an annual survey showing how long it takes the average CEO to make what the median worker makes in a year. This year, it took just 12 hours.

Although Canada has signed an unprecedented number of trade agreements, this doesn't guarantee more trade. In fact, export growth has been higher with countries not covered by such agreements. Jim Stanford, an economist and special advisor at Unifor, Canada's largest private sector union, demonstrates that Canada's export growth has been faster with countries not covered by trade agreements. Canada's exports to South Korea actually declined after a bilateral trade agreement came into force.

Whereas 5 per cent of Canada's exports are with countries outside NAFTA covered



Abandoned John Deere plant

by free trade agreements (FTAs), close to 30 per cent of bilateral trade occurs with non-FTA partners. Added to this, Canada's exports to non-FTA countries have grown faster than imports. In May 2016, Statistics Canada revealed that we had record trade deficits.

Under NAFTA, food sovereignty has been challenged and local production threatened, with many small farmers in all three NAFTA countries losing their livelihoods. While Canadian agriculture exports tripled from \$11 billion to \$33 billion between 1988 and 2007, net farm income fell by more than half during that period and Canadian farm debt doubled. Canada has lost many family farms – the number fell from 366,128 in 1970 to 204,730 in 2011. Now, most cattle, hogs and poultry are concentrated in large factory farms.

And while NAFTA's promises didn't add up, we got something that wasn't on our radar: investor attacks on our public interest policies through Investor State Dispute Settlement provisions in Chapter 11 of NAFTA. This was designed to protect investors from uneven application of the rule of law in Mexico, but instead of protecting Canadians, it allowed corporations to sue Canada. Seventy per cent of all lawsuits under these provisions have been against Canada, most of them attacking social or environmental regulations made in the public interest.

History teaches us that NAFTA was not a good deal for our country. Why haven't we learned our lesson when it comes to trade deals?

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