

John Calvert

# WHAT'S THE BIG DEAL?



Some straightforward  
questions and answers on  
**free trade.**



A group of concerned individuals and organizations have put together this booklet on the subject of the government's free trade agreement with the United States. It is in the form of a conversation between two Canadians, who are talking about the deal. We hope that conversations like this will be taking place between many Canadians during the crucial weeks ahead. We feel, the more discussion the better, because this is probably the most important decision our country will face in our lifetimes.

...SO, WHAT DO YOU  
THINK OF FREETRADE?



Where did this deal come from anyway?  
I thought Brian Mulroney said he was  
against free trade?

**Brian Mulroney, 1983:** “Don’t talk to me about free trade. Free trade is a threat to Canadian sovereignty. You won’t hear any more from me about free trade during this leadership campaign or anytime in the future.”

“All that would happen with free trade would be the boys cranking up their plants throughout the United States in bad times and shutting their entire branch plants in Canada. It’s bad enough as it is.”

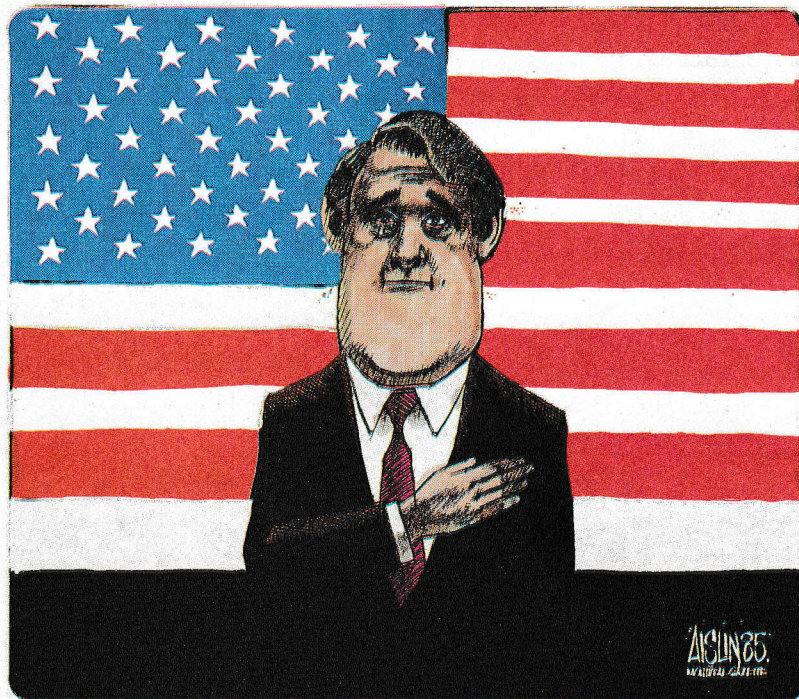
**Michael Wilson, 1983:** “Bilateral free trade with the United States is simplistic and naive. It would only serve to further diminish our capacity to compete internationally.”

*-Now they’re trying to sell us a free trade deal. What happened?*



## They say we have to do something to stop American Protectionism.

- They say the U.S. is putting up so many "trade barriers" to stop us from selling our goods down there, that our whole economy will go to hell.
- *So they made a free trade deal with the Americans?*
- Right. They made their deal.
- *So now we're safe from American protectionism?*
- Wrong. American protectionism is still there. The deal gets rid of tariffs - charges on products brought into a country from somewhere else. But there weren't many tariffs left between the countries anyway. The real problem is the U.S. keeps making new laws to protect their own producers by keeping other countries' goods out. They put special added charges on some Canadian products, or limit how much of those goods can enter the U.S., or block some other product to punish us.
- *What happened to those laws in the deal?*
- Nothing. They still apply to everything we do.
- *Then what's the point, if we didn't get the protection they said we need?*
- Makes you wonder, doesn't it?
- *Did we give up anything to get what we didn't get?*
- Enough to make you weep. Read on.





## What did we give up?

- We gave American corporations the right to come into Canada and behave exactly as if they're at home in the U.S. That means doing just about anything they want.
- Like what?
- They get the right to buy almost any Canadian company, and no Canadian government can set conditions on the sale - like making them use Canadian resources, or insisting that they keep the company in Canada so that it will continue to employ Canadians. They get rights to our resources, and we have to sell to them. They could get to make their own low environmental standards, or health standards, or food standards, apply here. And no Canadian government can ever take away those rights from them. For

American businesses, this deal is like a Declaration of Independence in Canada. For us, it means we become a part of the American economy. Canada gets to be one department in a big U.S. supermarket.

Ronald Reagan: [The U.S.-Canada free trade agreement is a new economic constitution for North America.](#)

- And we didn't even get protection from their trade laws?
- Not from one word. In fact they say they're going to watch our exports even more closely. And they can make new laws that hit us too. They may end up giving us a harder time than ever.





## Why don't we know more about this deal?

- I keep *hearing* about this deal, but I still feel like I don't *know* enough about it.
- You and most Canadians. People are in the dark because of what the government calls its 'communications strategy' for selling the deal. The plan was leaked from the Prime Minister's Office in September, 1985. It says, "Our strategy should rely less on educating the general public than on getting across the message that the trade initiative is a good idea. In other words a selling job."

So far they've spent about \$30 million of our money making sure we get sold instead of educated.



"NO, BRIAN, LET MARGARET ATWOOD AND MEL HURTIQ PRATTLE ON ALL THEY WANT ABOUT ECONOMIC AND CULTURAL SOYER-EIGHTY. LIP GLOSS WILL SELL FREE TRADE IN KAMLOOPS!"

- So when I feel like I don't know what's going on, it's not all my fault.
- You had a lot of help from Brian Mulroney and the gang.

## Isn't trade a good thing? We're supposed to be a trading nation.

- We do trade. About 30% of our economy is trade.
- Is that a lot?
- Japan trades 15% and that's a lot!
- But this way we get into the American market.
- Listen, around 80% of our trade is already with the U.S. That's more than anyone trades with anyone in the world! We put too much of our trade in one place already. That's why we're vulnerable when the Americans make threats. If we

were smart, we'd build up trade with other countries.

- Can't we do that too?
- This deal makes it hard. For instance, we aren't allowed to make any more 'Autopact' type arrangements with Asian or European car makers the way we have now with Ford, Chrysler and GM. Eric Kierans, who was once president of the Montreal Stock Exchange, says the deal locks us into a "North American sandbox."



## Take a Leap of Faith

- Don't the Tories say free trade with the U.S. will make our industries learn to be lean and mean and competitive, just like the Americans?
- They say that, but look at it this way. American businesses already have what amounts to free trade in their own huge country. There are no trade barriers inside the U.S. And yet their own companies can't compete against companies from other countries, like Japan and West Germany. Why should getting inside their market with them make our companies any more competitive than the Americans are?
- Then why do the people who want free trade think it will help us?
- Because they've got faith.
- Come on!
- That's what they say. These people are true believers. Donald Macdonald headed the Royal Commission that spent \$12 million of our money coming up with the idea. He calls free trade with the U.S. a "Leap of Faith". Back in 1949, when Newfoundlanders had to decide their future, John Crosbie and his family wanted them to join the U.S. instead of Canada. He kept the faith all these years, and now that he's our trade minister, he's trying to get his way through the free trade deal. These people don't give us arguments, they make promises and tell us to have faith.



"THE MERCHANT HAS NO COUNTRY." Thomas Jefferson.



"KATE" CARNEY...



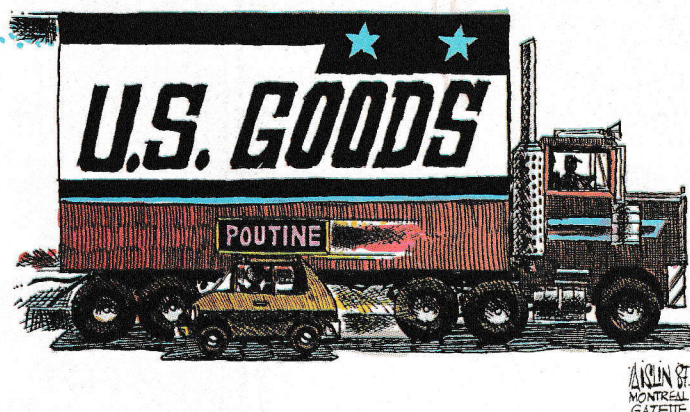
GOD  
BLESS  
AMERICA!!!

ALAN 86  
KINGSTON  
GAZETTE

## Won't things be cheaper?

- I heard Pat Carney say, when she was trade minister, that we'll be able to go down to the States and bring back anything we buy there.
- Well, she was wrong. There'll be the same spending limits as there are now every time you take a trip.
- But stuff we do bring back will be cheaper because there's no duty.
- Only if it's made in the U.S. If it's made somewhere else, like Japan, even if it's assembled or packaged in the U.S., you'll still pay duty. The Americans don't make many tv's or vcr's any more, so you won't save on them.
- What about American used cars?
- The price of a car bought in the States, and one bought in Canada is about the same, once you figure in the difference in our dollar, and Canadian sales tax.
- We'll still have to pay Canadian sales tax on American purchases?
- Maybe more than we pay now.
- Why?
- Because the government will lose more than \$2 billion dollars from the elimination of tariffs and duties, and it will have to raise taxes if it wants to keep up services like medicare and education. Their other choice is to start cutting things like medicare and pensions.
- You mean our cost of living might go up because of this deal?
- Drugs already cost more because the government caved in to U.S. drug companies just to get the deal. And energy prices could easily rise, because we can't give special rates to Canadians under the deal. The Consumers' Association of Canada says "prices will probably not drop at all". And the Quebec Consumers' Association says it's a very bad deal for consumers.





## What about jobs?

- You mean, Jobsjobsjobs?
- *Yah. I heard Mulroney say there would be 350,000 new jobs from the deal.*
- He stopped saying that. His numbers keep shrinking. Now the Economic Council says there might be 76,000 jobs created over a ten-year period.
- *That doesn't sound like so many.*
- Especially when you think that in a single year like 1987, about half a million new jobs were created in Canada. Besides, we're sure to lose a huge number of jobs because of the deal. As the Tories like to say, there will be winners and losers in the economy. Losers under the deal are areas like clothing and textiles, food processing, autos, and electrical goods, which happen to be the biggest manufacturing employers in the country.
- *But all the American investment that comes up here because of the deal - won't that create jobs?*
- Funny about that. Statistics show foreign companies in Canada shut down more jobs than they create. They replace people with machines, they close plants here and import stuff from their plants in the States instead. It's the Canadian companies that create all the jobs. Especially the small Canadian companies. And those are the ones that will be bought up by

the Americans under the deal - or forced to close because of competition from U.S. products.

- *This is getting depressing.*
- Well, look at it this way. After the deal, a lot of Canadian companies will move down to the States anyway.
- *Why?*
- They'll go to states that have no minimum wage, no health and safety laws, where unions are practically illegal. Some businessmen say they'll be forced to move, even if they don't want to, just to stay in business.
- *You think that'll happen?*
- Or else they'll demand the same conditions here as they can get in the States. Low wages, no unions, weak on-the-job protection, poor environmental standards. If we give them what they can get in the States, some of them might stay.

Laurent Thibault *president,*  
*Canadian Manufacturers' Association:*  
"As we ask our industries to compete toe to toe with Americans, we in Canada are obviously forced to create the same conditions that exist in the U.S."



## What happens to farming and food prices under the deal?

- It'll be very rough for most farmers. Fruit and vegetable growers will be pretty well wiped out by American goods coming across the border year-round. Grain farmers like the Saskatchewan Wheat Pool say it's bad for them too.
- *We'll still have marketing boards to protect them, won't we?*
- We'll have boards, but they won't have the power to protect our farmers against American goods. And we promised the U.S. we'd back their policies to abolish all farm regulation and subsidies internationally.
- *Is that bad?*
- It is, if you think it's important to be able to provide food for ourselves. Canada isn't the tropics, it's a northern country. We've proven we can farm with the best, but we have to do it our way. That means public help to farmers and their families.
- *But food will be cheaper after the deal, right? Because in the States, it's warmer and they can farm all year, so our food costs will go down.*
- Well, take poultry. It's true, Americans produce chickens more cheaply, but they have no government cleanliness standards, so their chickens get diseased, and to make up for that they use a lot of antibiotics on them. They also use dangerous growth hormones, to speed up growth. Those can have very harmful side effects, especially on kids.
- *Well, we can keep eating Canadian chickens.*
- Except that under the deal, product standards in both countries will be made the same.
- *Then American farmers can adopt our standards.*
- Dream on. The U.S. is ten times our size, and they always expect others to do things their way. And as for cheaper food, once Canadian farmers are driven out of business by lower prices, there's nothing to stop the Americans from raising prices again.



WILSON '86.



# What happens to our energy? It gets cold up here.

- We gave up control over all our energy - oil, gas, and electricity. From now on and for all time, we have to give the U.S. the same proportion of our energy as they've been getting. Right now for oil that's about 60%.
- *But not if there's another shortage, eh? We can look after our own needs first.*
- Wrong. We have to keep the U.S. supplied even if we run short ourselves.
- *That's ridiculous. This is Canada, it gets cold up here. We need our energy for an emergency. At least we better make the Americans pay a good price for what they got.*
- No way. According to the deal we have to give our energy to the Americans at the same price we pay for it ourselves.
- *You're kidding! What's the point of being a Canadian if you can't take advantage of one of the things our country has lots of?*
- We can't give cheaper energy prices to Canadian companies either. In the past we used hydropower from places like Niagara Falls or Kitimat, B.C., to help Canadian companies compete with U.S. companies that have warmer weather and use less energy.
- *I thought the whole point of this deal was to make Canadian companies more competitive. This makes them less competitive! But at least we got access to the U.S. for our resources.*

AGREED! CANADA WILL CORNER THE NORTH AMERICAN MARKET ON HAND-CARVED HAIDA CHESS PIECES AND BOARDS WHILE THE U.S. CONTROLS OIL...



- We already have access. You think Americans buy our resources to do us a favour? They buy them because they need them, and they will as long as anyone can see. Anyway, they can still stop our oil or gas at the border any time they want.
- *But we'll have free trade! They can't do that!*
- Sure they can. Like I said, it's in the deal. They get to keep all their trade protection laws.



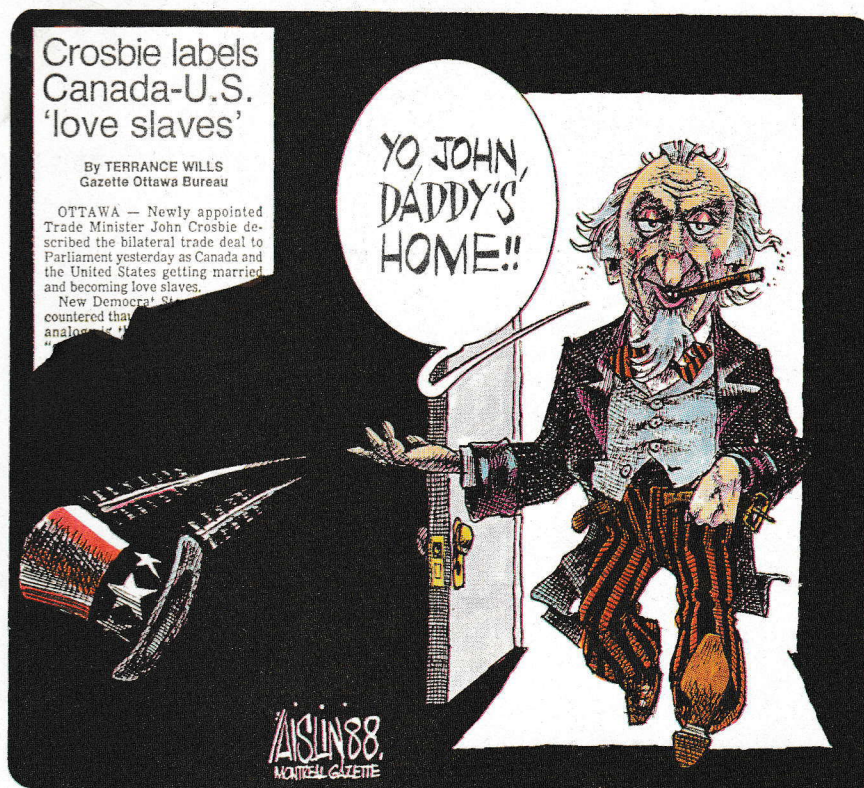
## Can the U.S. take our water?

- You can tell the Americans are practically dying for our water. They've used up and poisoned just about everything they've got. But the government keeps saying there's nothing about water in the deal.
- That's not good enough. Our side tried to get water excluded, and at the last minute the Americans made us leave that out.
- Uh-oh.
- And it's not true either. Water is in the deal. \* The government just says it isn't. The Americans get the same rights to our water as they do to our other resources. The government says they won't let our water be sold, but

that's not what the deal says, and the deal is what we signed. Nobody should be surprised though.

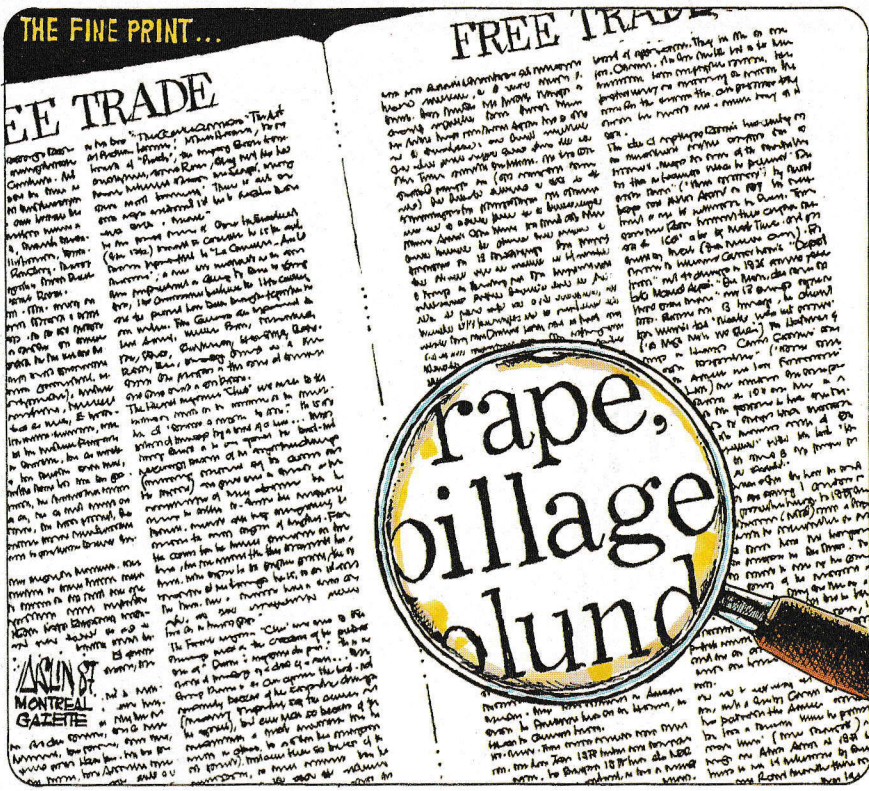
- Why not?
- Simon Reisman, Canada's chief negotiator for the deal, is one of the biggest backers of selling water to the U.S. He said three years ago that we should use our water to get a deal. And that's what he did.
- This guy was bargaining for our side?

Clayton Yeutter U.S. chief trade representative: **“The Canadians don't understand what they have signed. In twenty years they will be sucked into the U.S. economy.”**



\* Article 201.1, referring to GATT tariff item 22.01, defined by Revenue Canada as “ordinary natural water of all kinds”.





## Service industries are included.

- The Americans got what they wanted from us in the service industries too. Their companies can move into areas like banking, insurance, telecommunications, entertainment, health-care and social services. They can take over and operate up here just as if they're at home.
- Is that important?
- Services is the biggest, fastest growing part of our economy. 70% of Canadians work in the service sector. It produces about two thirds of our country's wealth. The Americans have been trying to pry their way into services for years.
- Why?
- Because it's one of the only areas where they can still compete with other countries. Canada is the first country that ever agreed to give them free trade in services.
- Will that hurt?
- Lemme tell you. Any data processing work, like travel reservations or keeping records, billing, things like that, can be channeled down to the States, or even to American branches in places like the Caribbean. They don't even have to locate their offices up here. The Canadian Independent Computer Services Association says we'll lose 360,000 jobs to the U.S. within five years in computer work alone. And most of those jobs will be lost by women.