

**BRUCE GREY OWEN SOUND**



## **Renegotiating NAFTA**

Bruce-Grey-Owen Sound NDP submission to Global Affairs Canada

July 18, 2017

Authored by David McLaren  
40 Sydney Bay Rd  
Neyaashiinigmiing, ON  
N0H 2T0  
519-534-4107  
[david.mclaren@utoronto.ca](mailto:david.mclaren@utoronto.ca)

**The Bruce-Grey-Owen Sound Electoral District Association** of the New Democratic Party is responsible for nominating candidates for federal and Ontario elections and generally conducting the business of the Association in the riding. Currently, our principle concern is the poor state of the region's economy, particularly the precarious work that constituents must accept now that manufacturing jobs have left the area. We have studied the impact of precarious work on constituents and note that it has significant adverse consequences for people's health and their ability to participate in the economic and social life of their communities. This is a problem common to many rural communities in Canada. We have hopes that 'retooling' for an innovative economy will alleviate this situation; but we fear that renegotiating NAFTA without extensive changes will put that goal out of reach.

# Renegotiating NAFTA

## *Bruce-Grey-Owen Sound NDP submission to Global Affairs Canada*

You will see plenty of papers that make the case for renegotiating NAFTA. They will include (as does this one) a catalogue of NAFTA's sins. However, few, if any, will go deeper – into the real origins of NAFTA and other free trade agreements – into the values and political history that, in hindsight, made them inevitable and ultimately, destructive.

### ***A very short history of neoliberalism***

If, as Margaret Thatcher famously declared, there is no such thing as society, only individuals and families, then the purpose of government fades into the background and other means of organizing individuals come to the fore: corporations, unions, the church, and the military. “Government,” said Ronald Reagan, “is the problem,” and it should just get out of the way.

Except it didn't. Not in England where [Ms Thatcher's operating manual](#) was Friedrich Hayek's *The Constitution of Liberty* and she began harrying the unions. And not in the US where Mr Reagan bought into Milton Friedman's Chicago School of Economics and began his assault on unions by breaking the air traffic controller strike in 1981. Unlike his economics, firing and blacklisting over 11,000 workers [had a trickle down effect as the private sector](#) started getting tough on unions in their own shops. For neoliberal economists (Milton Friedman cheered the action), the role of government in the economy was to bust unions and deregulate business.

With unions on the run, the field was open to corporations and the military. The church, who might have opposed the agendas of both, either passed into irrelevancy (in England) or preached a kind of individual Christianity that cast out government and its services, insisting that it was up to you, and you alone, to find salvation (and success) in this world.

The military, like the poor, will always be with us. In fact, the military depends upon the poor to fill its ranks – something that Martin Luther King, in his final years, did not let go unnoticed. Certainly, on any given Sunday, you can find more young people in boot camps than in church pews.

In both England and the US (but especially in the US), the corporation and the military have, as President Eisenhower famously warned, merged into the very powerful Military-Industrial Complex which now includes Silicon Valley. But the power of the corporations and their CEOs didn't grow by that route alone.

As Jerry Rubin was organizing Youth International Party protests of the 1972 Presidential conventions, Lewis Powell, a corporate lawyer, looked around and saw tough times for business. Following Richard Nixon's advice about when things get tough, [he wrote a memo](#). It was essentially a wake-up call to the US Chamber of Commerce to fight back with money: set up think tanks and foundations, influence government policy and the political process. Six months later President Nixon nominated Mr Powell to the Supreme Court and the fix was in: corporations became 'persons'. And, in January 2010, with SCOTUS's decision in *Citizens United*, corporations and their CEOs became potent political operatives.

As for [Jerry Rubin](#), he prefigured the betrayal of the Woodstock generation's own values of peace and equality by moving from Main Street protests to Wall Street success. For he had a new revelation: "the individual who signs the check has the ultimate power." But then Jerry was always ahead of his time. He even died prematurely.

How intriguing it is now to see the remnants of that generation (Jeremy Corbyn in the UK and Bernie Sanders in the US) leading surging millennial voters with those same values of peace and equality. As the Who sang back in 1966 at the beginning of that earlier revolution, 'The kids are alright'. But will they stay that way?

Meanwhile, in Canada we were somewhat insulated from the politics that roiled in other countries by our civility and our passion for peace, order and good government. By 'good government' we mean the regulation of national life in a way that provides individuals with important services like universal health care and protection from both individuals and corporations who would do egregious harm to society (yes, Ms Thatcher, there is such a thing).

Nevertheless, according to George Grant in his 1965 *Lament for a Nation*, we weren't entirely immune to the corporate siren song. It was Lester Pearson who promoted a kind of North American corporatism. After all, says the prescient Mr Grant, "Liberalism is the perfect ideology for capitalism ... even the finest talk about internationalism opens markets for the powerful."

Pierre Trudeau yoked foreign affairs with international trade. Free trade and our foreign policy are now so closely linked that the new Trudeau's department has been renamed simply, 'Global Affairs'.

Canadians – always about five to ten years behind the political waves in the rest of the West, didn't buy into the neoliberal agenda of Thatcher and Reagan until the free trade debates of the 1980s and even then, the free trade election of 1988 was a barn-burner. Brian Mulroney won a healthy majority with 43% of the vote and passed the Free Trade Agreement with the US into law. The NAFTA, signed by Bill Clinton, replaced the FTA and brought in Mexico. It came into effect January 1, 1994.

John Turner lost "the fight of his life" in the 1988 election and never again have the Liberals opposed free trade. In fact, Jean Chretien doubled down by signing free trade

agreements with any country with a pulse. Many of those agreements are with southern countries with economies dependent on resource extraction. The terms of free trade agreements, especially sections on National Treatment and Investor State Dispute Settlement (ISDS) give the advantage to multi-nationals (like Canada's mining companies) in those countries. Stephen Harper's government followed the same, by now, well-worn path and the [number of agreements](#) we are party to or in negotiations on is just shy of 90.

All of which is to say that the Free Trade Agreement and its offspring, the North American Free Trade Agreement, didn't spring fully formed from the heads of Messers Mulroney and Reagan and Clinton. Rather, the liberalization of trade and the concomitant deregulation of society have their roots in an ideology that came out of 1930's anxiety about the rise of communism in Russia and its growing influence in developing nations.

It was called then (and now) neoliberalism. Although it has gone through several iterations, its modern adherents lobby for ...

- Fiscal austerity in government (ostensibly to reduce public debt, but also to remove government from competing with the private sector in the provision of services and to reduce government's ability to regulate how the private sector operates)
- Lower taxation, especially for business (Canada now has the lowest corporate tax rate in the G7)
- Privatization of public services (Hydro in Ontario, Long Term Care facilities in Grey County, and Canada's new Infrastructure Bank which will put profits from user fees and tolls into private hands)
- Deregulation of industry (economic 'freedom' *ie*, the operation of a free market is equated with political freedom – hence the double-edged meaning of 'liberty' in the US and the belief of some that inequality is a natural and desirable consequence)
- Weakening of environmental protection that might constrain the liberty of corporations (as the Conservative government did with legislation like the *Fisheries Act* and the *Navigable Waters Protection Act*)
- Free trade

This is by no means a comprehensive history or analysis of neoliberalism. However, historical context never hurts a conversation. In that spirit, it's useful to look at the articles of faith that lurk behind the above agenda ...

- The individual is more important than the collective (recall that Margaret Thatcher denied there is such a thing as society and remember corporations are 'persons').
- Making money is a signal of one's worth and the more you (and your corporation) make, the more worthy you are – a belief strongly embedded in the West's Protestant ethic as Max Weber made crystal clear back in 1905).
- On the other hand, owing money is a sign of worthlessness, of some flaw in one's moral character.
- Government must get out of the way of what business does (again there's no distinction between a human and a corporation).
- 'Liberty' is taken to be unfettered, free of restraints (such as regulations).

- Greed is good, for money will trickle down to the hoi polloi so individuals and families will be 'free' to pay for things like education, health care, day care, and tolls for roads and airports.
- So-called social licence can be purchased with donations to charitable causes (more necessary than ever now that government as been beggared).

Both this Ayn Randian ideology and its corollary, trickle down economics, have been discredited. (After 40 years of low corporate tax rates where are all the good jobs and why is inequality getting worse?)

And yet these neoliberal values remain at the heart of all free trade agreements, starting with the FTA between the US and Canada, continuing with the NAFTA and now the CETA, the TPP, and even the China FTA the Trudeau government is chasing.<sup>1</sup> Although, in China's case (as with all totalitarian governments) it is 'the state' that is the 'individual' and its foreign policy informs its corporate objectives, and vice versa. Ironically, the purest expression of Ayn Randian economics is not to be found in Western European or North American nations but in present day or latter day communist countries.

### ***A few economic realities***

If the proponents of trade liberalization are counting on a boost in GDP to persuade Canadians of the merits of free trade, they must be disappointed, for [GDP has stagnated](#) in the years since the FTA was signed and has not increased since the NAFTA replaced it.<sup>2</sup> In fact, by any measure of performance (investment in fixed assets, unemployment rate, private sector employment, GDP per capita), Canada has declined in the quarter century after the FTA took effect.

Intriguingly, this decline in performance coincides with a dramatic increase in mergers and acquisitions (M&As) in Canada which rose sharply after the FTA and NAFTA came into effect.<sup>3</sup> In the NAFTA era many Canadian companies have been swallowed up by multi-national corporations. Free trade agreements facilitate the liberation of capital from borders. If a US corporation acquires a Canadian company, there is little we can do to stop it from moving its operations to another country with cheaper labour, stranding its Canadian workers.

M&As tend to concentrate ownership and the buyer 'restructures' (read 'downsizes') what it has acquired. That means job losses and, in Canada's case, the loss of investments in labour and in assets (including government grants for research and development). But the pay packets of senior executives go in the other direction. It may not be surprising to discover the shape of M&As – with a high point in the late 1920s and another in the early 2000s – is similar to the shape of the growth of inequality in Canada and the US.<sup>4</sup>

Canada has lost over 400,000 manufacturing jobs since 2006<sup>5</sup> – the kind of jobs that raised families into the middle class. Any job gains in recent years have come in the form of low

paying, precarious work in the service sector. Those sorts have jobs [have risen some 94%](#)<sup>6</sup> in the past two decades.

Obviously, some of our sluggish economy is a result of the Recession – but not all. The slide started before the Recession. During the time the FTA was in effect, between 1988 and 1993, Canada lost over 300,000 manufacturing jobs. Any job increases in the period between then and the Recession were mostly in part time work.<sup>7</sup>

Supporters of free trade and cheap labour like to say that people working ‘flexible’ hours do so because they like it. Well they should ask workers in the GTA, [over half of whom are in precarious jobs](#)<sup>8</sup> mostly in the service industry (primarily fast food and big box stores). Ontario’s temp agencies income [increased their corporate income 72%](#) between 2002 and 2012. To add injury to the insult of poor pay, [most \(72%\) temp agencies are violating the Province’s labour laws](#).<sup>9</sup> Compared to the number of permanent employees workers in Toronto, the number of temp workers has increased three-fold.

The situation is worse in Bruce Grey<sup>10</sup> ...

- Significantly higher than average alcohol consumption in Grey-Bruce compared to Ontario and Canada. (A sign of self-medication, this corresponds to recent findings on the increasing rates of morbidity and [mortality among white workers in the US](#)).<sup>11</sup>
- Significantly higher than average number of visits to the ER for unintentional injury (Grey Bruce residents have twice the Ontario incidence rate – another sign of stress).
- Significantly higher than average number of people who are overweight, higher than average numbers who are obese (low income diets lead to poor health).
- A significantly higher proportion of our population is without a high school diploma.
- Unemployment (number receiving EI benefits) rose by about 50% in the year 2007-8. Participation rates in the labour force are now skewed by a number of factors: the increase in part time and sporadic work, those who given up looking and no longer qualify for benefits, and the rise in the numbers of ‘self-employed’.
- The cost of a nutritious food basket is rising about 4% a year (over the past two years, 4.5% over last year), but wages have not kept pace. Families scarce on money are scarce on nutrition as meagre finances go to cheap, filling food.
- 41% of lone-parent families (in Owen Sound-Georgian Bluffs) make a median income of only \$15,590—*half* what the United Way of Bruce Grey says is needed to live on (\$31,463) and *half* of Stats Can’s Low-Income Cut-Off for a family of four.<sup>12</sup>
- The number of visits to [food banks in Grey Bruce](#) has jumped 92% in 2013-2016. Some food banks are seeing a 220% increase in customers.

These are all symptoms of scarcity – primarily of money. As the authors of [Scarcity: Why have too little means so much](#) point out, not having what you need significantly reduces your ‘bandwidth’ for dealing with all the other things that press in on people: illness, a car accident, death of a wage earner, loss of a loved one.<sup>13</sup>

The neoliberal value of individual choice is easy to exercise if you have the money to increase the range of your choices. It's awfully hard to 'take responsibility' for bad decisions when your options are limited to figuring out the best bad decision.

Those options are even narrower when governments cut back public services in the name of austerity, as the Chretien government did in the 1990s – by some 40%. And then they cut corporate taxes in the vain hope that jobs would trickle down. They didn't and working Canadians were caught between austere governments and stingy corporations (who, by the way are hoarding some \$700 billion of what Mark Carney called 'dead money').<sup>14</sup>

The Harris government exacerbated the damage in Ontario by downloading to municipalities responsibilities for services they couldn't afford and then hamstringing them by outlawing municipal deficits. Cutting services and taxes and overloading lower tiers with the responsibility for services (like affordable housing) are sure-fire ways to reduce the role of government in public life. They are also key policies of a neoliberal agenda.

### ***Now, add to economic inequality the impact of free trade ...***

#### **On Canada**

But before we do that, let us confess that not all of our modern woes can be laid at the feet of the free traders. Much of what Canada is seeing today – the decline in good jobs, the rise of precarious work, the hollowing out of the middle class, and the increase in inequality is a consequence of the Great Recession of 2008.

But that Recession was sparked by people in the financial industry acting out of the values we laid down earlier. These same values have worked to bring us free trade agreements. It can be argued that multi-national corporations used the disaster of the financial meltdown to accelerate mergers and acquisitions and to broaden their search for cheap labour by relocating even more manufacturing offshore, thereby driving ever more domestic jobs into the precarious service sector. That would help explain the dramatic rise in part time, low wage work and the equally dramatic fall of well paid, full time jobs after NAFTA came into effect and again, after the Great Recession.

Perhaps the best bell-weather of whether the NAFTA is working for Canadians is in the performance of the auto sector. By its measure, the NAFTA is a disaster.

Supporters of free trade will point to our positive balance of trade with the US as proof NAFTA works for us. But strip away commodities (like oil and gas exports) and we are running a deficit. That deficit is particularly harsh in the auto sector.

Before NAFTA came into effect (and China entered the WTO), we had a trade surplus in the auto sector of over \$14 billion a year. Now, owing to the loss of jobs to Mexico and of

business to the Great Recession, we have a [deficit of \\$10 billion](#). We are [no longer the Americans' favourite trading partner](#) — China is, and Mexico is second. NAFTA was a pretty good deal for multinationals and a posse of trade lawyers, not so much for American and Canadian auto workers.

The reason is pretty simple: manufacturers, shocked by the Recession and enabled by NAFTA, moved their operations south to right-to-work-poor states in the US (eg, [Caterpillar](#)) or all the way to \$3/hr Mexico.

Canada's own Magna International, once the toast of politicians, [did exactly that](#). The company moved its first plant down to Mexico in 1991 – after the FTA took effect, so the exodus of manufacturing began well before the Great Recession. Magna now has 30 plants and over 24,000 employees in Mexico.

Since then, thousands of manufacturing (not just auto) jobs have left Canada – especially from Ontario. The bleeding continues with GM's decisions to move production of the GMC Terrain to Mexico and (contrary to earlier promises) to cut back on building the Equinox in Ingersoll.

It's no mystery why Ontario's [manufacturing section has not rebounded](#) even as our loonie slips against the US dollar. Companies set up shop in Canada in the late 1980s when the loonie was low. Then the oil boom hit and the rise in our dollar against the US dollar cut into their profits.

There may be some benefits to an oil economy, but this not one of them. When the rising dollar cut into their profits, companies moved to right-to-work-poor states in the US or to Mexico where they will stay. [Canada's share in the auto sector is expected to fall to 12%](#) in 2018. Meanwhile Mexico's will increase to 25%.

It's very hard to see how the NAFTA has benefitted Canadian workers ... or farmers.

If Mr Trump is as good (or bad) as his word, then we won't be able to step away from the renegotiation table without throwing dairy farmers under the bus. Dairy quotas don't drive up consumer prices – retailers do. Managing supply means stability for dairy farms – many of which are run by families, not as factories. It also delivers a commodity that's not subject to the boom and bust cycles that plague most commodities (remember oil). That, in turn, means more stable rural communities.

The Harper government, in defending its negotiations on CETA (the Comprehensive Economic and Trade Agreement with the EU) admitted that supply management would have to go and that European dairy products, especially cheese, would find their way into Canada. More would be imported if the Trudeau government manages to resurrect the TPP. Each trade agreement chips away a little bit more of how Canadians like to do business.

To help sell the TPP, the Tories (and now the Liberals) pledged \$350 billion a year over a decade or more in transition funding to dairy farmers. But the real loss of supply-managed dairy to the Canadian economy is [\\$719 million a year, and to local economies it's 2900 jobs](#). Let's hope the current government is figuring that into their renegotiations of NAFTA 2.0.

With or without NAFTA, Canadians will have to rely on the private sector stepping up. The most promising kind of business, now that manufacturing has gone south, must be innovative. That means government must create the proper ecosystem for encouraging start-ups and keeping them in Canada. And business must be prepared to take risks and put more money into research and development than they do now.

How are they doing now? Not well, says the Conference Board of Canada. They give us a 'C' on innovation<sup>15</sup>. And a Deloitte poll of 1200 companies across Canada reveals that [just 11% are "truly courageous."](#) Deloitte concludes. "This lack of courage has serious implications for these organizations and for the Canadian economy overall." Turning ideas into industry is the hinge on which future economies will swing into gear.

How unfortunate the Trudeau government has allowed two innovative Canadian companies ([ITF Technologies and Norsat International](#)) to slip through our fingers and into the hands of the Chinese. And this was done not subject to a free trade deal with China but just in pursuit of one.

**If sovereignty** is the ability of a nation to pass laws for the benefit of its citizens, then it is difficult to see how NAFTA has benefited Canadians, for there are chapters of the NAFTA that erode our government's ability to exercise sovereignty. Here are some examples ...

In 1997 the Liberal government of Jean Chretien passed a law to restrict the import of MMT – a gasoline additive that contained the toxic heavy metal, manganese. The US manufacturer, Ethyl corporation (the same company that put lead in gas in 1923) sued Canada under the Investor State Dispute Settlement (ISDS) section (Chapter 11) of NAFTA. The 'trial', like most ISDS adjudications, was secret and run by trade lawyers whose focus is on the letter of the NAFTA, not on the spirit of Canadian legislation.

Canada was found to be in violation of Chapter 11 and forced to pay Ethyl \$19.5 million – more than our entire 1998 budget for environmental enforcement and compliance. Canada was also obliged to issue a statement to the effect that MMT was a risk neither to health nor to the environment, despite evidence to the contrary.<sup>16</sup>

If NAFTA had not been in place, Ethyl would have had to sue Canada for revenue losses in open Canadian court or persuade its own government to pursue Canada through diplomatic channels. In the 1993 election, the Liberals promised to refuse to implement NAFTA if the deal's side agreements on labour and the environment did not adequately protect Canadians. The side agreements don't but the Liberals didn't renegotiate.

Since then, multi-nationals have used the ISDS provisions of NAFTA and other trade agreements to threaten or sue 'sovereign' nations if they (or any other order of government) dared to pass regulations or legislation that might cut into their profits.

The resulting regulatory chill, and the neoliberal deregulation fervor of successive governments, have put Canadians in danger. So far, of the Three Amigos, Canada has been beat up the most by investor disputes.

Looking ahead, Mr Trudeau might find it difficult to strike down Mr Harper's changes to our environmental protection laws. Will he, for example, be able to return waterways excised by the Conservatives from *Navigable Waters Act*, or restore the strength of the *Fisheries Act* without prompting an investor suit under NAFTA?

**First Nations in Canada** relied on our previously strong environmental laws to help them protect their rights and claims to traditional territories from unsound development. Now they have the added tool of section 35 of the Constitution and the Supreme Court's instructions to government to consult and accommodate. However, even that is sometimes not enough, which is one reason for their push to get the federal government to adopt the UN Declaration on the Rights of Indigenous Peoples (UNDRIP), particularly the section that demands their "prior informed consent."

The Liberals had promised to implement the UNDRIP before the 2015 election, but they have clearly backed away. Perhaps the reason the Justice Minister, [Jody Wilson-Raybould](#), [has called it "unworkable"](#) is because it would spark any number of investor disputes.

This is not as fanciful as it may seem when you remember that, in its preparations for negotiating NAFTA, [Mexico cancelled Article 27](#) of its constitution. One of the products of the Zapata revolution of 1910-19, Article 27 protected Indigenous land from sale or privatization. Apparently, this was seen as a barrier to trade and incompatible with NAFTA. The cancellation sparked an insurgency by the Zapatistas (EZLN) starting the day the NAFTA took effect, January 1, 1994.

**National treatment** (Chapter 11, Article 1102) demands nations accord multi-national corporations the same treatment they give to domestic companies. In other words, none of the signatory nations can discriminate between domestically and foreign produced goods or services by taxation or by regulation. This section was adopted from various World Trade Organization agreements, namely the General Agreement on Trade in Services, the agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), and the General Agreement on Tariffs and Trade.

Ontario, by its *Green Energy Act* of 2009, had tried to jump-start a manufacturing industry by insisting most of the equipment for wind turbines and solar panels be manufactured in Ontario. A [trade challenge through the WTO](#) nixed that and, in 2013, the Province was forced to drop all its domestic content requirements.

In 2000, the WTO found Canada to be in violation of the patent rules in TRIPS. Our patent legislation allowed generics to produce and stockpile patented pharmaceuticals six months before the patent on them expired. It was a modest attempt to cut health care costs by making sure a supply of relatively cheap drugs was on hand before a patent expired. The WTO decision obliged Canada to change its law.<sup>17</sup>

This sort of thing will be more common if CETA (Comprehensive Economic and Trade Agreement between Canada and the EU) and the TPP (Trans Pacific Partnership) are signed.

National treatment in NAFTA extends to public sector procurement as well (Chapter 10), although there are a number of exemptions (*eg*, for small businesses, for research and development, for health, safety and environmental protection).<sup>18</sup>

Another kind of national treatment affects control over our own oil reserves (including gas and nuclear materials such as uranium). Chapter 6 of NAFTA prevents the Three Amigos from restricting energy exports if the percentage of exports to total supply should fall.

Other 'national treatment' clauses also restrict our ability to regulate our oil and gas industry. We cannot, for example, legislate anything like the 1980s National Energy Program.<sup>19</sup>

[A survey of Chapter 11 claims to 2015](#) shows Canada has been sued by corporations 35 times and lost 6 times, paying out more than \$200 million in penalties and legal fees. Mexico's record is 22 fights and 5 losses.<sup>20</sup> The US is 11 and 0. The list makes interesting reading: most of the claims were for what corporations considered violations to national treatment and expropriation of their profits. Most were challenges to environmental protections such as Ontario's moratorium on lake-based wind farms, Nova Scotia's blocking of a huge quarry, and Québec's moratorium on natural gas fracking.

Clearly ISDS provisions (such as chapter 11 in NAFTA) and national treatment guarantees have already been used to influence how we conduct our internal business. Indeed, NAFTA has little to say about the deregulation of industry and environmental protections; but it can have a great deal to say when a nation decides to regulate. Disputes, when they arise, are settled outside the jurisdiction of a nation and hidden from the public, even though the public might be most affected by the decision.

This one-sided feature of trade agreements is what citizens find the most obnoxious. It offends the spirit and the practice of democratic governance and it is the thing that is fueling citizen opposition to trade agreements in Canada, the US, and Europe.

### **And on the US**

Inequality is rising faster and more dramatically in the US. It had a much greater impact on the outcome of the 2016 election than whomever was hacking away at the Democrats. As

in Canada, free trade is a major driver in the loss of good jobs. Rising inequality was a major factor in the recent French and British elections as well; and it will be in the 2019 Canadian election.

NAFTA took some of America's jobs to Mexico and then, when China joined the WTO in 2001, more jobs went east. As in Europe, much of the current objection to free trade agreements centres on Investor State Settlement Dispute mechanisms. In September 2016, over 200 lawyers and economists wrote to Congress expressing their dismay that the text of the Trans-Pacific Partnership (TPP) included ISDS clauses. Their objection centred on their fear for a weakening of American sovereignty by granting special privilege to foreign corporations and investors.<sup>21</sup>

That's but one reason most Americans are opposing trade agreements. A 2012 poll pegged the opposition to NAFTA at 52% of the population. The animosity cuts across income levels, reports Public Citizen.<sup>22</sup>

The Public Citizen's 2014 report, 'NAFTA at 20' claims NAFTA has ...

- cost the US economy 1 million jobs from 1994 to 2004 (the Recession hit in 2008) “from the decisions of U.S. firms to embrace NAFTA's new foreign investor privileges and relocate production to Mexico to take advantage of its lower wages and weaker environmental standards.”
- “contributed to downward pressure on U.S. wages and growing income inequality. According to the U.S. Bureau of Labor Statistics, two out of every three displaced manufacturing workers who were rehired in 2012 experienced a wage reduction, most of them taking a pay cut of greater than 20 percent.”
- has reduced prices for consumer goods, but those “have not been sufficient to offset the losses to wages under NAFTA. U.S. workers without college degrees (63 percent of the workforce) have likely lost an amount equal to 12.2 percent of their wages under NAFTA-style trade even after accounting for the benefits of cheaper goods.”
- has turned the US balance of trade (including agriculture) with Canada and Mexico into a \$181 billion deficit.
- has increased the volume of food imports and the price of food in the US – the opposite of what NAFTA promoters predicted.

Americans are wondering if free trade means freely trading well-paid jobs for poor-paying jobs. As citizens and government take another look at the impact of these agreements, the US International Trade Commission came out with a report in 2016 that calculates the benefit of the Trans-Pacific Partnership trade deal to be of only minimal benefit to the US. Sixteen out of 22 sectors (including agriculture, manufacturing and service) would experience lower balances of trade and the overall global US trade deficit would increase by \$21.7 billion.<sup>23</sup>

## And on Mexico

At least, say the neoliberal architects of the global economy, free trade lifts all boats, by which they mean everyone will become a little better off. That would mean, for example, that the standard of living for Mexican workers would rise in the wake of NAFTA. It has, to a degree. They are now able to [earn one-tenth \(or \\$3/hr\)](#) of what a North American auto worker makes for doing the same job.

Perhaps some Mexican workers are making more than they would have without NAFTA, but here's the thing. They know that they are being paid a fraction of what they would be able to make in North America. President Trump may wonder why Mexicans, Central Americans and South Americans insist on migrating north. But we know why industry is migrating south, and why Canadian and American workers' paycheques have [not even kept pace with inflation](#).

When one of the 'partners' to the agreement does not have the legal and social framework (eg, strong unions or legislation to protect workers) to deal with a rapid surge in corporate investment drawn by cheap labour and lax environmental regulation, the growth of inequality accelerates. Such is the case with Mexico, a country receiving a huge economic benefit from NAFTA without societal development.

There are other impacts. Again, from the Public Citizen Report (2014) ...

- The export of subsidized U.S. corn increased under NAFTA, flooding the Mexican market in 1995. That destroyed the livelihoods of more than one million Mexican *campesino* farmers and about 1.4 million additional Mexican workers whose livelihoods depended on agriculture.
- The price paid to Mexican farmers for corn plummeted after NAFTA, but the deregulated retail price of tortillas – Mexico's staple food – shot up 279% in the trade deal's first 10 years.
- The desperate migration into urban centres of those displaced from Mexico's rural economy pushed down wages in Mexico's border maquiladora factory zone and contributed to a doubling of Mexican immigration to the United States following NAFTA's implementation.
- Real wages in Mexico have fallen significantly below pre-NAFTA levels as price increases for basic consumer goods have exceeded wage increases. A minimum wage earner in Mexico today can buy 38 percent fewer consumer goods as on the day that NAFTA took effect. Despite promises that NAFTA would benefit Mexican consumers by granting access to cheaper imported products, the cost of basic consumer goods in Mexico has risen to seven times the pre-NAFTA level, while the minimum wage stands at only four times the pre-NAFTA level.
- Facing displacement, rising prices and stagnant wages, over half of the Mexican population, and over 60 percent of the rural population, still fall below the poverty line, despite the promises made by NAFTA's proponents.

Chrisantos San Martin works for a company that relocated from Canada. He might be better off than some of his compatriots, but his wife has to work to make ends meet and they worry about affording a better education for their kids – just as families all over

Canada do. When asked by the CBC's Amanda Lang what he should be making, he said, "The truth is I don't exactly know what the Canadians get paid there. If they asked me, I would ask to be paid the same amount as Canadians."<sup>24</sup>

Ms Lang also talked to Dwight Hoffman, a Canadian auto worker whose job at a Daimler truck plant left for Mexico. He and his wife are struggling too and have seen their savings plummet. When asked what he would say to the Mexican worker now doing his job, he said, "You say, 'fight for your rights – they're taking advantage of you.' Yes, we were in a union and the union did that [for us], but they need to get together and say, 'Why are you doing this to us? What's different from us to them' because there is no difference."

### ***Free Trade & the True Cost of Inequality***

There is enough evidence (some of it above) to conclude that free trade in general, and NAFTA in particular, has facilitated the rise of inequality – not just in citizens' incomes but in their ability to participate in the social and economic life of their communities.

We also know that income inequality brings with it higher social costs (*eg*, the need for more affordable housing, mass transportation, welfare, employment insurance, old age security payments). It increases the costs of health care (*eg*, for addictions, heart disease, diabetes). We have already seen how trade agreements *on their own* can increase the cost of pharmaceuticals by lengthening the life of a patent ([as the TPP would do](#)) or preventing nations from passing laws that encourage the manufacture of generics (as the WTO did to Canada). These are all costs that governments, with shrinking revenues, are increasingly hard pressed to pay for.<sup>25</sup>

It's not the accumulated wealth of a nation (as measured by the GDP) that measures the health of a nation, it's the *relative* wealth of its citizens – as measured by the Gini coefficient. This is a calculation that "measures the extent to which the distribution of income among individuals within a country deviates from an exactly equal distribution."<sup>26</sup>

The Conference Board of Canada is quite right [in saying](#) "Large income gaps can diminish economic growth if these gaps mean the country or region is not fully using the skills and capabilities of all its citizens or if these gaps undermine social cohesion, leading to increased social tension and political and economic instability." Income equality, according to President Barak Obama, and the 750 experts [surveyed by the World Economic Forum](#) (2017) is "the defining challenge of our time."

How is Canada doing relative to other countries? Middling according to the Conference Board which compared the Ginis of 16 peer nations. We come 13th. We are doing worse when it comes to [working age poverty](#) (18-65): we score third from last, better than only the USA and Japan.

“Social injustice is killing people on a grand scale,” says the World Health Organization’s Commission on Social Determinants of Health.<sup>27</sup>

We know from the research done, or quoted by the authors referenced in this paper that inequality contributes to economic and social stresses in a country and that contributes to ill health among its citizens. In Canada:

- Men in the wealthiest 20% of neighbourhoods in Canada live on average more than four years longer than men in the poorest 20% of neighbourhoods. For women the difference was two years.
- Suicide rates in the lowest income neighbourhoods were found to be almost twice those seen in the wealthiest neighbourhoods.
- A host of studies show that adult-onset diabetes and heart attacks are far more common among low income Canadians.
- A report by the Organization for Economic Co-operation and Development (OECD) showed that Canada was one of only two countries in which income inequality and poverty were rising more quickly than in 30 peer nations.
- The income of the bottom 60% of Canadian families has declined while the income of the top 20% has increased significantly.<sup>28</sup>

It is important to note that all these studies examined data from the late 1980s to mid 2000s. That is, they look at the period of time *before* the beginning of free trade with the US to 2005 or 2006 – *before* the great Recession struck.

Studies of countries with relatively low levels of inequality show us strong and resilient governments can do things to soften the blow the neoliberal agenda has delivered to its citizens.

One major public policy to foster, not fetter, is worker organization. When capital was king in the 1950s and 60s, unions were much stronger and had more members than currently. A 2011 study by Harvard researchers estimates that some 33% of inequality for men and 20% for women is a [consequence of the drop in union membership](#) in the US. An OECD study of its member countries in 2006 found that the higher the degree of unionization, the lower the child poverty rate.<sup>29</sup>

Other measures used by healthy nations include progressive tax systems that target at risk populations and enable strong government support for education, health care and affordable housing. They develop policies and legislation to allow labour to organize in the work place, to include women in the work force and in the board room, to foster innovation (including the development of cooperatives), and to foster a culture in which individuals and corporations do not try to evade taxes they owe.

But these are not the policies instituted in Canada or the US or encouraged by the FTA or NAFTA. Instead we see ...

- the redistribution of global wealth into the hands of multi-national corporations ([8 men now as much wealth as the poorest half of the world’s population](#)),

- growing income inequality – within Canada as jobs move offshore and between workers in different countries where workers are being paid less for doing the same work,
- erosion of union membership and workers covered by collective bargaining, especially in the private sector,
- downward pressure in wages (*eg*, Caterpillar moved out of London ON after locking out workers when they refused to take a 50% wage cut),
- loss of innovative Canadian companies (*eg*, the sale of Norsat & ITC, above),
- loss of revenue from corporate income as multinationals swallow up domestic companies in mergers and acquisitions,
- loss of revenue as corporations and wealthy individuals evade income taxes by moving income off-shore,
- chill in government regulation (from the threat of ISDS suits),
- erosion of sovereign control over economy (*eg*, US corn dumped into Mexico),
- erosion of sovereign control over the environment (*eg*, see examples from Ontario, Nova Scotia and Québec, above),

After NAFTA came into effect, both liberal and conservative governments, either intimidated by growing corporate power or anxious to be ‘open for business’ in the global marketplace enacted policies that were not in the best interests of Canadians or Americans:

- Legislated restrictions on labour organizing (fettors such as allowing replacement workers and requiring two votes to certify a union are still on the books in Ontario).
- Devolvement of regulatory oversight to industry has harmed Canadians (*eg*, self-regulation of the transportation industry in Canada enabled the Lac Megantic disaster).
- Deregulation of the financial sector by President Clinton enabled risky behaviour in the financial industry that led to the financial meltdown of 2008.
- Deep cuts to social programs such as health care, employment insurance and affordable housing in the 1990s weakened Canada’s ability to ameliorate the poverty producing effects of inequality. Concomitant cuts to corporate taxes helped ensure government could not re-introduce those programs in any meaningful way.
- Cuts to corporate taxes by both liberal and conservative governments were supposed to produce well-paying jobs and a prosperous middle class. Two decades later, the only thing that has trickled down is income inequality.

This is how our current neoliberal regime has been constructed. Adding free trade to neoliberal policies is like pumping oxygen into a brush fire. Eventually it grows so large that it creates its own climate and engulfs the whole forest.

### **And the Cost to Human Rights**

What happens when capital can move but labour cannot?

History tells us it's exploitation. Ever since Britain's navy grew large enough and its merchant class wealthy enough, capital has moved east, west and south, The colonial powers combined military might and trade (in goods and slaves) to establish routes that amassed great wealth for those involved in the business of Empire – which was nearly everyone if you include those on the short end of a very dirty stick.

Global trade no longer sails aboard the Royal Navy (as the East India and Hudson Bay companies did). Now it sails aboard free trade agreements. It's not a long journey from Cecil Rhodes' diamond mines in Africa to [Nike's shoe shops in Indonesia](#) or [Apple's iPhone assembly plants in China](#).

Free trade might lift all boats, but some peoples' boats are rising faster and further than others and, as we've seen, it's not the total wealth of a people that counts but how that wealth is distributed.

Capital can always find cheap labour if it looks far enough away. But what do corporations do when they can't move production off-shore? The fast food industry has to flip its burgers and serve its customers at home. Same with big box stores and agricultural businesses.

We often hear from businesses that they can't find workers in Canada or, if they can, the workers leave shortly after being trained. That might have something to do with being paid a minimum wage that's a poverty wage or working conditions or the unreasonable demands of the employer.

Canada's Temporary Foreign Workers Program (TFW) was only supposed to fill gaps in the labour pool by bringing in workers with expertise that Canadians didn't have. It has morphed into a source of cheap imported labour [with very poor oversight](#).

The films of Min Sook Lee<sup>30</sup> document the hardship and heartache of temporary foreign workers (many from Mexico) in agriculture and there are reports of exploitation [in other industries as well](#). Businesses are relying on recruiters to find labourers, knowing that the recruiters will exact their fee from the workers, not from them.

If you are in debt to a recruiter some six or seven thousand dollars and getting paid minimum wage (or less) and paying either the business or the recruiter for food and lodgings, and if you are not free to leave your employer and are afraid to seek help from Canadian authorities, then you are indentured, or as good as.

From the 17<sup>th</sup> Century indentured servitude was a means to colonize North America. Conditions in the ships were bad and frequently worse on the farms or businesses for which people worked. But at least they got to stay. Workers in Canada's Temporary Foreign Workers program are shipped back to their country after their term of employment ends, frequently with nothing in their pockets to show for their brush with Canada.

‘Would you like fries with that?’ It appears side agreements (such as NAFTA’s North American Agreement on Labor Cooperation) are more for show than for nutrition. That’s certainly the view of groups friendly to free trade who charge that both the labour and environmental agreements were drafted to placate opponents of NAFTA.<sup>31</sup> It’s also the view of those not so friendly to free trade agreements.<sup>32</sup>

But there is another human rights problem. Bluntly put, bilateral agreements, complete with favoured nation and ISDS provisions, are facilitating the removal of indigenous peoples to make room for Canadian mining operations. The conflicts that erupt between security forces hired by mining companies or between Indigenous peoples and government are resulting in charges of rape, assault and murder.<sup>33</sup>

Canadian mining companies are using NAFTA-inspired investment clauses to fight governments’ attempts to withhold permits for their operations on environmental grounds. For example, Pacific Rim, a Canadian company, could not bring an ISDS suit against El Salvador for its mining regulations because we had no FTA with El Salvador. So Pacific Rim moved its subsidiary from the Cayman Islands (a known tax haven, by the way) to Reno Nevada [so it could sue](#) through the US-Central American FTA.

The US-based Centre for International Environmental Law has followed the [tortuous \(and torturous\)](#) Pacific Rim case closely. Finally fed up, El Salvador’s [legislators voted to ban all metal mining](#) outright in April 2017.

Colombia and Romania are both refusing to issue permits to Canadian mining companies because cyanide used in the gold mining will likely poison the drinking water for millions of their people. The two Canadian companies involved are launching ISDS suits against Colombia and Romania and they are both [funding their suits through a Wall Street hedge fund](#), Tenor Capital Management.

The financial industry in New York and London can raise funds for ISDS suits that overwhelm the budgets that small countries have to defend themselves. Legal fees per ISDS case average \$8 million – and that’s if the country wins. The entire budget of the Attorney General’s office of Bolivia (which is being sued by another mining company) is \$12 million. Meanwhile the funds that back the corporations boast a return on ‘investment’ of 70%.

I guess if you believe making money is a measure of your worth, you can monetize just about anything.

[But back to Colombia](#): In 2011 PM Stephen Harper was in Colombia to celebrate the ratified Canada-Colombia Free Trade Agreement with President Manuel Santos. Mr Harper said, in response to a question about human rights, “We can’t block the progress of a country like this for protectionist reasons, and you are trying to use human rights as a front for doing that.”

A few days later, one of the leaders of opposition to Canadian mining in Colombia, Father José Reynal-Restrepo, was shot and killed. The next year, in 2012, the Conservative government lifted restrictions on the [sale of assault weapons to Colombia](#). If the peace agreement between rebel FARC and Colombia holds, it will be no thanks to Canada.

### **Renegotiating NAFTA ... or not**

Leaving NAFTA would be disruptive for a while, but not catastrophic. WTO trade rules would kick back in (actually, they never left and as we've seen, their rules on national treatment that have not served us well either). We could expect tariffs to rise in some sectors, but those are not likely to rise [more than 2%](#) of the value of Canadian exports to the US.<sup>34</sup>

We could, if business were up for it, use our first negotiating meeting to announce our withdrawal from NAFTA. It would mean both business and government would have to create the proper ecology for what [Richard Florida](#) calls 'the creative economy'. It would mean focusing on growing many smaller *Canadian* businesses rather than bribing multinationals in a vain attempt to get them to stay.

Unfortunately, Canadian businesses may not be up to the task. The evidence quoted above suggests, even though they are flush with cash, they are remarkably risk adverse.

Don't be surprised if the things we had fought hard to keep off the FTA and NAFTA tables find their way back in during renegotiations: namely [bulk water exports](#)<sup>35</sup> and [culture](#). In fact, the CRTC has opened the door with its recent decision to roll back broadcasters' minimum contributions to [Canadian programming by 44%](#).<sup>36</sup> Allowing culture back on the table would be a severe blow to Canadian content and, just as important, to an industry that is one of the [biggest and most efficient creator of jobs](#) in the country.<sup>37</sup>

If we don't have the courage to get out of NAFTA and develop our own, home-grown economy, then Canada should insist on the following provisions *sine qua non* – without which, no deal ...

- NAFTA levels the playing field for corporations; it should for workers too by embedding in NAFTA (not as a side agreement) provisions to protect workers by:
  - guaranteeing them the freedom to organize for their own protection,
  - guaranteeing equal pay for equal work – *eg*, what a unionized auto worker gets paid in Canada and the US is what he or she gets in Mexico,
  - providing health care, pension, paid time off, and insurance against unemployment,
  - adopting clear rules for the fair treatment of imported labour (*eg*, equal pay for equal work and allowing foreign workers to apply for citizenship).
- Embed protection for the environment into NAFTA by (for example):

- harmonizing trade rules to accord with the environmental laws of the nation with the most stringent protection (eg, Canadian rules for navigable waterways, *if* the government first returns them to the pre-Harper amendments),
- instituting a permanent ban on bulk water exports or water diversions of any kind,
- guaranteeing that nations that pass environmental protection laws have the benefit of the doubt – in other words, corporations must prove new laws and regulations are being implemented solely to target their profits.
- Delete Chapter 11 (on ISDS) and move investor-state disputes into national courts.
- Excise all sections giving favoured national treatment to corporations, including those dealing with government procurement.
- Make explicit that water is not considered a ‘tradeable good’ in any form, and enshrine in NAFTA the UN’s 2010 Resolution declaring ‘[The Human Right to water and sanitation](#).’
- Make explicit that culture and cultural products are excluded from NAFTA.
- Embed UNDRIP (the UN Declaration on the Rights of Indigenous Peoples) into the Agreement proper so that both governments and corporations are responsible for getting prior and informed consent by means of the standards for consultation and accommodation laid down by the Supreme Court of Canada in *Haida-Taku* (2004) and more recent decisions.
- Level the playing field for governments by:
  - implementing a corporate income taxation schedule in accordance with the highest rate among the three amigos or the median taxation rate of G7 countries (whichever is higher),
  - developing a regime for investigating and controlling the ability of multi-national corporations operating in the NAFTA zone to hide income in off-shore tax havens.

## ***Wrapping Up***

We can’t blame NAFTA for all our current economic woe. And we haven’t even touched on the huge debt-load Canadian families are carrying – at its current \$1.67 for every dollar earned, it’s the largest in the G7.

However, we do argue that that the neoliberal values that lie behind the chapters in free trade agreements are the same ones that brought us union busting and trickle down economics and the deregulation that led us straight into the financial meltdown in 2008.

As we’ve seen, the loss of middle class jobs in Canada and our slow slide into wealth inequality began well before the Great Recession and was fuelled chiefly by the FTA and

the NAFTA. Since the Recession, the NAFTA (and all current free trade agreements) tilt the playing field unmercifully in favour of corporations.

Canada, with its several free trade agreements has turned down the neoliberal road – a road that is not very compatible with our values of peace, order and good government and our own, peculiar notions of sovereignty as we exercised them prior to 1988.

It's bad enough the auto sector is so badly diminished. Now we are selling our high-tech firms to a country that is demanding 'full access' to our economy including importing its own labour. Are we so desperate (or so incompetent) that we so willingly go from a branch plant economy to a vassal government?

The real issue of the day, as Canada prepares to renegotiate NAFTA, is not how do we get the Americans to give us a better deal, or how we tweak the current bad deal so it's not worse. The question of the day, as millions of citizens in North America and Europe are beginning to ask, is how do we unwind the neoliberal regime we have constructed?

And that question begs another: what kind of society do we want? If it's a society that is equitable; where everyone gets paid at least a living wage in return for their labour; where the disadvantaged among us are treated with respect and a friendly hand up; where First Nations can at last rest easy that we will not ruin whatever lands they have left; where everyone contributes willingly to the common wealth ... well we won't find that sort of society in the pages of a free trade agreement, at least not as they have been negotiated to date.

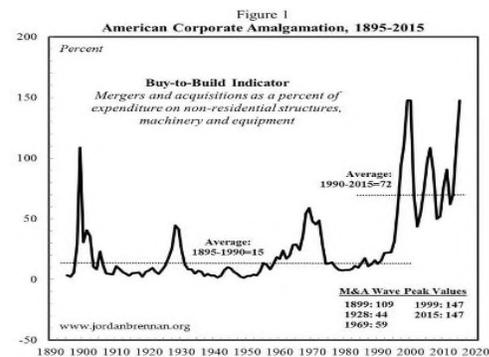
**NOTES: In order to keep the footnotes under control, simple references to media reports are embedded as live links in the text.**

<sup>1</sup> FTA: Free Trade Agreement (between US and CA). NAFTA: North American Free Trade Agreement (among CA, US and MX). CETA: Comprehensive Economic & Trade Agreement (between Canada and the EU). TPP: Trans Pacific Partnership (with 22 countries until President Trump pulled the US out of negotiations).

<sup>2</sup> Jordan Brennan, Ascent of Giants: NAFTA, Corporate Power and the Growing Income Gap, CCPA, Feb 2015, Figure 4  
[https://www.policyalternatives.ca/sites/default/files/uploads/publications/National%20Office/2015/02/Ascent\\_of\\_Giants.pdf](https://www.policyalternatives.ca/sites/default/files/uploads/publications/National%20Office/2015/02/Ascent_of_Giants.pdf)

<sup>3</sup> Ibid, Figure 6

4



Jordan Brennan @JordanPWBrennan · 16h  
@LHSummers For every \$1 US biz spent on industrial expansion in 2015, \$1.47 went into M&A. #secularstagnation



SOURCE: McMASTER UNIVERSITY DEPARTMENT OF ECONOMICS  
JONATHAN RIVAIT / NATIONAL POST

<sup>5</sup> CANSIM table 282-0088

<sup>6</sup> 'Ontario's low-wage work force has skyrocketed by 94 percent over the past two decades, compared with just 30 percent growth in total employment, according to a new report by CCPA, 'Toronto Star June 15, 2017  
<https://www.thestar.com/news/gta/2015/06/15/ontarios-eye-popping-shift-to-low-wage-work.html>

<sup>7</sup> Canadian Centre for Policy Analysis, "Lessons from NAFTA"  
[http://www.policyalternatives.ca/sites/default/files/uploads/publications/National Office Pubs/lessons from nafta.pdf](http://www.policyalternatives.ca/sites/default/files/uploads/publications/National%20Office%20Pubs/lessons_from_nafta.pdf)

<sup>8</sup> Half of jobs in GTA and Hamilton are precarious (Feb 2015):  
[https://www.thestar.com/news/gta/2013/02/23/half\\_of\\_gta\\_and\\_hamilton\\_workers\\_in\\_precarious\\_jobs.html](https://www.thestar.com/news/gta/2013/02/23/half_of_gta_and_hamilton_workers_in_precarious_jobs.html)

PEPSO Report (McMaster U and United Way) on work: <https://pepso.ca/2012/12/05/publications/>  
Precarious employment still rising in Toronto and Hamilton: <http://www.theglobeandmail.com/report-on-business/economy/jobs/precariou-employment-still-rising-in-toronto-and-hamilton/article24531959/>

<sup>9</sup> Toronto Star, "Ontario employers cashing in on temporary workers"  
<https://www.thestar.com/news/gta/2015/05/10/ontario-employers-cashing-in-on-temporary-workers.html>

<sup>10</sup> Local stats from Grey Bruce Public Health Unit: <https://www.publichealthgreybruce.on.ca/> and United Way Bruce & Grey: <http://unitedwayofbrucegrey.com/>

<sup>11</sup> PNAS, Rising morbidity and mortality in midlife among white non-Hispanic Americans in the 21st century, Dec 8, 2015, <http://www.pnas.org/content/112/49/15078.full.pdf>

<sup>12</sup> Statistics Canada, Census Metropolitan Areas and the Census Agglomerations: Table 111-0015 - Family characteristics, 24 July 2014.

<sup>13</sup> *Scarcity* is a book well worth the money (if you have it), for it frames poverty as a lack – a narrowing of the bandwidth we all need to navigate life. The narrower our bandwidth, the fewer options are available to us, and the more we lack options (unable to afford a car, for example) the less we are able to cope. The authors

---

reframe being poor in terms of life lived with economically limited options rather than a life of morally bad decisions.

<sup>14</sup> In the first quarter of 2014 it was \$630 billion and growing at a rate of \$9 billion a quarter:

[https://www.pressprogress.ca/corporate/canada\\_s\\_cash\\_hoard\\_grew\\_by\\_9\\_billion\\_in\\_just\\_3\\_months](https://www.pressprogress.ca/corporate/canada_s_cash_hoard_grew_by_9_billion_in_just_3_months).

<sup>15</sup> The Conference Board of Canada rates Canada on a number of measures of performance. Innovation overview is at <http://www.conferenceboard.ca/hcp/provincial/innovation.aspx>. While public sector R&D rates a 'B', business enterprise R&D gets a 'D'.

<sup>16</sup> Canadian Environmental Law Association, *Intervor 23 #3*, 'NAFTA and the erosion of federal environmental protection'

<sup>17</sup> Canada – Patent Protection of Pharmaceutical Products, WTO, March 2000, suit brought by the EU.

Document at [http://www.worldtradelaw.net/reports/wtopanelsfull/canada-pharmaceuticals\(panel\)\(full\).pdf.download#page=1](http://www.worldtradelaw.net/reports/wtopanelsfull/canada-pharmaceuticals(panel)(full).pdf.download#page=1).

<sup>18</sup> Government Procurement Law and Policy: Canada, Library of Congress

<https://www.loc.gov/law/help/govt-procurement-law/canada.php>.

<sup>19</sup> Michael Holden, Canadian Oil Exports to the United States Under NAFTA, Nov 16, 2006

<https://lop.parl.ca/content/lop/researchpublications/prb0633-e.htm>

<sup>20</sup> Scott Sinclair, "NAFTA Chapter 11 Investor-State Disputes to January 1, 2015", Canadian Centre for Policy Alternatives

[https://www.policyalternatives.ca/sites/default/files/uploads/publications/National%20Office/2015/01/NAFTA\\_Chapter11\\_Investor\\_State\\_Disputes\\_2015.pdf](https://www.policyalternatives.ca/sites/default/files/uploads/publications/National%20Office/2015/01/NAFTA_Chapter11_Investor_State_Disputes_2015.pdf).

<sup>21</sup> 220+ Law and Economics Professors Urge Congress to Reject the TPP and Other Prospective Deals that Include Investor-State Dispute Settlement (ISDS), September 7 2016 <http://www.citizen.org/documents/isds-law-economics-professors-letter-Sept-2016.pdf>.

<sup>22</sup> Public Citizen, 'NAFTA at 20', January 2014 <https://www.citizen.org/our-work/globalization-and-trade>.

Report at <http://www.citizen.org/documents/NAFTA-at-20.pdf>.

<sup>23</sup> The report: US International Trade Commission, 'Trans-Pacific Partnership Agreement: Likely Impact on the U.S. Economy and on Specific Industry Sectors' May 2016

<https://www.usitc.gov/publications/332/pub4607.pdf>.

<sup>24</sup> Interview is part of a number of articles looking at the advantages Mexico has over Canada in attracting the auto industry. Wages are one, shorter shipping to South America, and bigger government grants are others.

<http://www.cbc.ca/news/business/carmakers-say-adios-to-canada-as-mexico-shifts-into-higher-gear-1.3108148>.

<sup>25</sup> The problem of inequality, and the malaise it brings to a society are well documented by Wilkinson, R., & Pickett, K. (2009). *The Spirit Level: Why More Equal Societies Almost Always Do Better*. London: Allen Lane. And by Dennis Raphael in Canada, *The Social Determinants of Health*, Canadian Scholars' Press, 2016. Abridged *The Canadian Facts* at [http://www.thecanadianfacts.org/the\\_canadian\\_facts.pdf](http://www.thecanadianfacts.org/the_canadian_facts.pdf). And, more pertinent to Ontario and Bruce Grey Counties, David McLaren, Report on Precarious Work, Feb 2015 <http://tiffanyweb.bmts.com/~gbpeace/FinalReportPrecWrkGrP&J-Append.pdf>, which makes the economic case for paying people a living wage and puts some numbers on the cost of precarious work.

<sup>26</sup> Conference Board of Canada, How Canada Performs,

<http://www.conferenceboard.ca/hcp/provincial/society/income-inequality.aspx>

<sup>27</sup> WHO, in Mikkonen & Raphael, *The Canadian Facts*

[http://www.thecanadianfacts.org/the\\_canadian\\_facts.pdf](http://www.thecanadianfacts.org/the_canadian_facts.pdf).

<sup>28</sup> Quoted in Ibid.

<sup>29</sup> In Raphael, *The Canadian Facts* at [http://www.thecanadianfacts.org/the\\_canadian\\_facts.pdf](http://www.thecanadianfacts.org/the_canadian_facts.pdf), p56.

<sup>30</sup> 'Migrant Dreams' (2016) <http://tvo.org/video/documentaries/migrant-dreams>; 'El Contrato' (2003)

[https://www.nfb.ca/film/el\\_contrato/](https://www.nfb.ca/film/el_contrato/).

<sup>31</sup> The Heritage Foundation in the US, for example, which points out that the side agreements for NAFTA amount to little more than clearing houses for complaints and have the power only to recommend. 'Assessing the NAFTA Side Agreements', Sept 1993 <http://www.heritage.org/trade/report/assessing-the-nafta-side-agreements>.

<sup>32</sup> Human Rights Watch, for example, in a critique of the side agreement on labour, 'Trading Away Rights: the Unfulfilled Promise of NAFTA's Labor Side Agreement' <https://www.hrw.org/news/2001/04/15/nafta-labor-accord-ineffective> (summary), <https://www.hrw.org/reports/2001/nafta/index.htm#TopOfPage> (report).

<sup>33</sup> For a summary, with a focus on Colombia <https://jdavidmclaren.wordpress.com/2013/12/17/lament-for-a-nation-canadas-slide-into-colonialism/>. For a comprehensive report submitted to the UN see

---

[https://www.earthrights.org/sites/default/files/documents/eri\\_hrc\\_mwc\\_cedaw\\_committee\\_report\\_october\\_3\\_2016.pdf](https://www.earthrights.org/sites/default/files/documents/eri_hrc_mwc_cedaw_committee_report_october_3_2016.pdf). For the allegations of rape and murder brought by Guatemalan campesinos against HudBay in a Canadian court and a history of Canadian mining in that country <http://www.chocversushudbay.com/>. For HuBay's response <http://www.hudbayminerals.com/English/Responsibility/CSR-Issues/The-facts-Hudbays-former-operations-in-Guatemala/default.aspx>. For an analysis on how the investment provisions of the Canada-Columbia FTA trump human rights (and parallels to NAFTA) see [https://www.policyalternatives.ca/sites/default/files/uploads/publications/National\\_Office\\_Pubs/2009/Columbia\\_FTA\\_Brief.pdf](https://www.policyalternatives.ca/sites/default/files/uploads/publications/National_Office_Pubs/2009/Columbia_FTA_Brief.pdf). For Canada's failure to report on the human rights impacts of the Canada-Columbia FTA see <http://www.amnesty.ca/news/news-item/canada-colombia-trade-deal-empty-human-rights-impact-report-yet-another-failure-by-go>.

<sup>34</sup> CCPA, What is the NAFTA advantage? June 2017. Report at [https://www.policyalternatives.ca/sites/default/files/uploads/publications/National%20Office/2017/06/What\\_is\\_NAFTA\\_Advantage.pdf](https://www.policyalternatives.ca/sites/default/files/uploads/publications/National%20Office/2017/06/What_is_NAFTA_Advantage.pdf).

<sup>35</sup> The bulk transfer of water is the subject of [some trade disputes](#). And, as noted above Canadian mining companies are suing at least 3 countries that are trying to protect their water sources. Report at <https://canadians.org/sites/default/files/publications/waterforsale.pdf>.

<sup>36</sup> Digital effects artists from Hollywood and their particular complaints about subsidies to Canadian companies won't be enough, but we might see US negotiators go after the way we fund Canadian content. The CRTC has also refused to apply CanCon rules to streaming broadcasters like Netflix Canada. The Writers Guild of Canada has done a god job of determining the cultural impact of the CRTC's recent decisions, at <http://www.wgc.ca/>. The CRTC decision is at <http://crtc.gc.ca/eng/archive/2017/2017-148.htm>.

<sup>37</sup> See also 'Valuing Culture: Measuring and Understanding Canada's Creative Economy', The Conference July 29, 2008 <http://www.conferenceboard.ca/e-library/abstract.aspx?did=2671>.