



Calum MacKenzie's View From The Shore:

An Orwellian Reversal

Author's Note: Just as Orwell introduced terms such as doublespeak and used reversals of fact to emphasize certain positions this treatment of NAFTA and its effects on the North American economy follows suit. As you trundle through its vagaries, try to make the substitutions US/American for Canada/ian and vice versa

There are defects in the North American Free Trade Agreement (NAFTA) but American critics of the deal which strongly favors Canadian business and governance interests are mad as heck and shouldn't have to take it any more. Along with their friends in Mexico, the Americans have just cause to revisit the NAFTA negotiations, review the terms, and propose corrections to make the deal more palatable to their own interests. Canada's unilateral changes to NAFTA when things are not in their favor, is just too much by far. The fiasco of Canadian tariffs imposed on US softwood lumber exports to Canada is a prime example.

Before delving into the nuts and bolts of just what's involved, it should be kept in mind that the main beef from an American point of view, is the severe loss of American autonomy over its traditional government functions to say nothing of the erosion of sovereignty. The FTA and NAFTA ceded to the Canadians major federal and state powers that those governments had exercised and built up over decades to give a distinctive culture. Some of those powers were often used to influence market forces detrimental to American interests.

What with the federal and state governments hogtied by NAFTA, laws, programs and policies have now been altered to serve Canadian interests. American independence is steadily being eroded and a war has already been fought over that. If this trend continues, NAFTA with the persistent urging of business, politicians, and the left wing media, will form a basis for even deeper integration with Canada. So much so that the US will be transformed into a feudal vassal-state whose Lord of the Manor rules from Ottawa.

Lest you feel that we are crying wolf or claiming that the sky is falling, consider some of the powers that FTAs have transferred from the US to Canada.....

- Control over American oil and gas.
- Control of American water resources.
- The right to obstruct exports with countervailing or anti-dumping duties.
- The power to force Americans to sell woodlands to Canadian interests.
- Abolish the American Wheat Board and socialize Medicare.
- The right to demand that our cultural policies in publishing, broadcasting, films and recordings be consistent with Canadian interests.

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- National treatment and proportional sharing terms that lock Americans into supplying Canada with most of US oil and gas resources.
- The right of Canadian corporations to directly sue the US government for non-compliance with these trade concessions or for laws or policies which threaten their profits in future.

However, even if Americans were to attempt to renegotiate the terms of NAFTA there are good reasons why revisiting that scene would fail to alleviate the problems that NAFTA is causing for the US and its citizens.

First of all, ask yourself what would be the object of that exercise? Repatriation of the powers that have been ceded to Canada would require major amendments to almost every chapter of the agreement. Canada would never willingly agree to those amendments because they would eliminate the one-sided benefits that the Canadians now enjoy. Would the US negotiators be willing to let Canada keep some or most of those powers? If so, we have an exercise in futility. If not, Canada would never agree to reopen the agreement.

Secondly, even if Canada was to agree to relinquish some of the rights and powers conferred on it by NAFTA, would it not demand some substitute concessions in exchange? Canada's negotiators would look for compromises on both sides so that the American negotiators might well be faced with Canadian counter-proposals that would give away equally damaging rights and powers to replace those yielded.

Thirdly, Canada has an economy 10 times as large as the US and so they can argue as they did last time, that NAFTA is not an agreement among equals. So the US, in seeking unrestricted access to the larger Canadian market, has more to gain and so concessions should be weighted in Canada's favor. This demand would be difficult to resist.

Fourth, any renegotiation of NAFTA would produce an amended treaty that would have to be approved by the Canadian Senate, the House of Commons, as well as the Prime Minister and his Cabinet. Any changes favorable to the US would be opposed by the powerful Canadian industrial lobby that now benefit so handsomely from NAFTA's pro-Canadian bias. There would also arise a tsunami of protectionist pressures making the likelihood of parliamentary approval remote. The Canadian Council of Chief Executives know which strings to pull.

Fifth, ask yourself what US negotiators could possibly offer Canada as an inducement to reopen NAFTA? Remove all barriers to the Canadian socialization of Medicare? Accelerate the sale of US woodlands to Canadian lumber companies? Socialize CBS and the other 4 main TV networks? Scrap the US wheat Board? If we add those few remaining scraps of our independence into the mix, the Canadians might come back to the table; but at what price? Would any US government making such unpopular concessions ever get re-elected?

The bottom line here is that there is no way the US could persuade Canada to surrender the powers it has gained from NAFTA. Any minor changes would be cosmetic at best and we have seen that brand of sham dressed up as a victory before. The alternative to renegotiation, which is obviously doomed to failure, is to activate the 6 month notice to

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abrogate the agreement without penalty. There is no point in upholding an agreement which is so flawed and such a burden on the American people. NAFTA would be replaced by much the same conditions that worked under GATT (General Agreement on Tariffs and Trade) now called the WTO, (World Trade Organization).

With the weight of NAFTA lifted, the US could once again breathe easier. It would be re-armed with all the rights and powers, the autonomy and independence it had ceded to Canada for decades.

Author's Note: This piece drew heavily on the writings of Mel Clark in the Jun 2006 Monitor publication of the Canadian Centre for Policy Alternatives. Mr. Clark's writings can be found at <http://www.policyalternatives.ca/index.cfm?act=main&call=DDC3F905>.

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