

TrueNorth

MAI SPECIAL

SPRING 1998

THE VOICE OF CANADIAN INDEPENDENCE

'TELL US NO LIES...'

*Citizens Concerned About Free Trade
debunks the Liberal government's propaganda
on the Multilateral Agreement on Investment (MAI)*

The government document begins ...

"MULTILATERAL AGREEMENT ON INVESTMENT (MAI): THE FACTS"

"Over the past few months, some groups have criticized elements of the MAI negotiations. Following are factually accurate responses to these assertions."

CRITICS CHARGE: "The MAI would weaken Canada's ability to create jobs."

The government replies: "Foreign investment is good for Canada. It is responsible for hundreds of thousands of jobs in Canada. The MAI will make Canada more attractive for foreign investment. To Canadian investors abroad, the MAI will provide greater access and protection, making Canada's businesses more competitive."

CCAFT counters: Foreign ownership of the Canadian economy is the root cause of many of the problems Canada faces. Canada is the most foreign-owned of any of the industrialized countries in the world, and with foreign ownership comes foreign domination economically, politically and culturally. Under free trade some 6,000 Canadian companies have been taken over by foreign, mostly U.S. corporations. How much more of Canada can we sell and still have a country?

As for "foreign ownership [being] responsible for hundreds of thousands of jobs in Canada," most foreign ownership doesn't create new jobs, but rather takes over existing Canadian companies, usually cutting employment. In 1997, of the \$21.5 billion of new foreign investment in Canada, 97.5% was takeovers of existing Canadian businesses. Many of those involved layoffs of workers, not the creation of new jobs. Almost all new jobs are being created by small- to medium-sized Canadian businesses, not large foreign companies, most of which are downsizing.

A study in the 1980s by M.A. Gormley and T.L. Powrie of the University of Alberta in Edmonton, titled "The Contribution of Foreign Capital to Canadian Economic Growth," looked at 26 years of statistics and concluded that if Canada had had no foreign investment coming into

RECENTLY the Liberal government has been sending out to Canadians aggressive propaganda on the Multilateral Agreement on Investment (MAI). This propaganda, prepared by the Department of Foreign Affairs and International Trade, purports to refute the assertions made by MAI critics and opponents.

The following is a debunking of this propaganda by David Orchard and Marjaleena Repo of Citizens Concerned About Free Trade (CCAFT). (The complete text of government statements is presented in gray shading, including its description of the critics' position.)



DAVID ORCHARD is the chair of Citizens Concerned About Free Trade and the author of *The Fight for Canada: Four Centuries of Resistance to American Expansionism* (Stoddart, 1993). He farms in Borden, Saskatchewan.



MARJALEENA REPO is the national organizer of Citizens Concerned About Free Trade. She is a freelance writer on national and international justice issues.

the country at all throughout that period our standard of living would, at worst, be virtually identical to what it is today. The study did not even deal with the damaging aspects of foreign ownership, for example, that foreign-owned companies do very little research and development in Canada because it's done in the parent corporation, and that foreign subsidiaries often are prohibited from exporting because exports are handled from the parent corporation based in the U.S.

In addition, the vast majority of foreign ownership in Canada comes from the United States, and Washington has repeatedly attempted to impose its law extraterritorially on U.S. subsidiaries operating in Canada. For example, in the 1960s when Robin Hood sold flour to Cuba from Saskatchewan, the U.S. state department ordered it not to send the flour to Cuba. A company in Canada, dealing with grain grown here, was told by the U.S. government where it could and couldn't sell. There have been many other examples. Under foreign ownership the major decisions about our economy, our resources – and therefore our future – end up being made not in Canada's interest but outside the country.

As for "to Canadian investors abroad, the MAI will provide greater access and

protection, making Canadian businesses more competitive," this means encouraging Canadian businesses to exploit people in other countries in the same way we're letting foreign investment hurt Canadians! There is no evidence that encouraging Canadian businesses to move more assets outside Canada will benefit Canadians. We saw the Reichmanns, Robert Campeau and others taking Canadian-made money and going broke through their foreign adventures. And when the banks, for example, get into trouble in other countries, it's the Canadian taxpayers that pick up the cost of bailing them out.

CRITICS CHARGE: "The MAI would free corporations of any obligations to Canadians regarding labour, environmental and consumer protection."

The government replies: "All residents of Canada are subject to Canadian law. This applies to all corporations whether foreign or domestic."

CCAFT counters: Of course, all residents of Canada are subject to Canadian law, but under NAFTA for the first time in a multilateral trade agreement a section, repro-

duced in the MAI, gives foreign corporations the right to sue the Canadian government directly, for any law or regulation that causes them "loss or damage" and that they think breaches NAFTA or the MAI. Hence foreign corporations have received a whole set of rights and legal powers that supersede Canadian law. Historically, in trade disputes, if a foreign company wanted to take action against Canada, it would have to convince its own government to launch an action against the Canadian government, and the dispute would be dealt with government to government. But under Chapter 11 of NAFTA and the investor-state section of the proposed MAI, foreign corporations can sue Canada directly, in front of an appointed panel.

For example, the Ethyl Corp. of Virginia is proceeding with a lawsuit against the Canadian government under NAFTA. So, while it's true that Canadian law will apply to all corporations, foreign corporations now have access to a separate tribunal operating outside of Canadian law allowed to sue the Canadian government. In the Ethyl case, Ethyl appointed its representative, the Canadian government appointed its, and the two of them together couldn't agree on a third – so the World Bank stepped in and appointed the third. That panel of three, sitting behind closed doors, is going to rule on whether Canada can ban the gasoline additive MMT without paying compensation to Ethyl – all without any reference to Canadian law, with no accountability to the Canadian taxpayers or to the Canadian Parliament.

(Some MAI supporters argue with a straight face that there are court cases all the time between companies and corporations, so this is nothing new. Corporations can, of course, sue in the Canadian courts on the basis of Canadian law, but the difference under the MAI and NAFTA is that foreign corporations only, not domestic ones, can sue the Canadian government, not based on Canadian law, and not in

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Canadian courts, but in front of tribunals which make their rulings based on MAI and NAFTA law only. Thus foreign corporations now have greater rights in Canada than Canadian corporations or citizens.)

If Ethyl had been a Canadian company, it would not have had any basis in Canadian law for launching a lawsuit against the Canadian government for having environmental regulations imposed upon it. The Canadian Parliament is still supreme in that regard: it can make regulations affecting corporations operating in Canada, but the MAI and the NAFTA's chapter 11 allow foreign corporations to step outside of Canadian law altogether, in effect, to override Parliament.

CRITICS CHARGE: "The MAI would undermine Canada's culture."

The government replies: "As we did in the NAFTA, Canada will negotiate an exemption for cultural industries. Canada's culture is not on the table."

CCAFT counters: Both of those sentences are utterly false. "As we did in the NAFTA." We? The Liberals opposed NAFTA and the FTA, which they called, correctly, "the Sale of Canada Act." Now they apparently want to take credit for it! Moreover, there is no exemption in NAFTA for culture. NAFTA states that as between Canada and the U.S., culture shall exclusively be covered by the Canada/U.S. FTA. Article 2005.1 of the FTA states: "Cultural industries are exempt from the provisions of this Agreement, except as specifically provided in Article 401 (Tariff Elimination), paragraph 4 of Article 1607 (divestiture of an indirect acquisition) and Articles 2006 and 2007 of this Chapter."

However, the very next sentence, article 2005.2, nullifies this supposed exemption. It reads: "Notwithstanding any other provision of this Agreement, a party may take measures of equivalent commercial effect in response to actions that would have been inconsistent with this Agreement but for Paragraph 1."

This provision means that if a government in Canada takes any action to promote or protect cultural industries in a way that alters U.S. control of these industries in Canada, the Americans have the legal right to estimate their losses from the measure, and then take action of equal value against any other Canadian industry without even having to go through the dispute settlement panel. If, for example, Canada took steps to increase Canadian films' access to theatres, or to increase Canadian content on television, the United States would have the right to retaliate against any other Canadian industry it chose, be it lumber, steel, pork, fish or automobiles. This so-called exemption casts in stone the existing U.S. control of Canada's creative expression by granting the United States the specific right of retaliation should Canada ever move to reduce the overwhelming American domination of Canadian cultural life. It means U.S. interests have achieved a veto over future federal and provincial cultural programs.

So the claim that we got an "exemption" for culture in NAFTA is smoke and mirrors. We hear this statement over and over again from the government and free-trade promoters, but it's simply not true.

The government document has the nerve to state, "Canada's culture is not on the table." That's another ridiculous claim: "culture" is the sum product of everything that comes out of people's experiences, people's lives, our society. When a country's sovereignty and economy are on the table, culture is clearly involved. Free trade advocates refer to culture as if it were something separate and abstract that has nothing to do with the rest of the economy, or the fact the country's resources, manufacturing capability, railways, advertising agencies, hotels, agriculture and all the rest are being sold to foreign corporations.

CRITICS CHARGE: "The MAI would remove Canada's ability to place restrictions on foreign investment."

The government replies: "The vast majority of Canadian laws and regulations do not distinguish between foreign and domestic companies and therefore are consistent with the principles of the MAI."

CCAFT counters: Since the Free Trade Agreement and NAFTA, the vast majority of Canadian laws and regulations indeed no longer distinguish. In its 1988 free trade agreement implementing legislation, Canada changed 27 of its major laws and statutes to make them conform with what the Americans wanted. The U.S. implementing legislation, however, changed less than half as many acts as Canada, and these were mostly minor changes.

For example, under the Bank Act, the Trust Companies Act, the Insurance Companies Act, the Loan Companies Act and the Investment Canada Act, American citizens and American corporations now have the rights of Canadian citizenship! 29 more of Canada's federal statutes were changed to implement NAFTA. So, when the Liberals say the vast majority of laws and regulations "don't distinguish," that's because they were signed away under Brian Mulroney. Far from being something to brag about, the situation is one of extreme danger to our economy and our independence as a nation. Throwing away the remaining restrictions on foreign ownership as the MAI proposes to do, will escalate that danger.

The government argues further: "As in the NAFTA, Canada will retain its foreign ownership limits in sectors such as transportation, energy, broadcasting, telecommunications and financial services. Canada will retain the right to set foreign ownership limits when privatizing Crown Corporations."

CCAFT debunks some more: This statement is highly misleading. First of all, the Liberals are moving to getting rid of remaining foreign ownership restrictions in financial services and a whole number of other areas. The FTA Article 1703.1 states bluntly that "United States persons... shall not be subject to restrictions that limit the foreign ownership of Canadian-controlled financial institutions." American corporations can now come in and buy Canadian banks if they want. Only one condition remains — for both Canadians and Americans — no person or company can buy more than

10% per cent of a bank. The 10% rule and restrictions on foreign ownership of Canadian banks were originally introduced by Walter Gordon in the mid-1960s, when Citibank from New York wanted to buy the Toronto-Dominion. The prohibitions on American ownership of Canadian financial institutions were thrown away under the FTA and now the Liberals are talking of getting rid of the 10% rule as well, which would mean any single U.S. corporation or investor could buy Canada's banks.

In addition, a section in the MAI called "Rollback" states that Canada and every other country would have to list all of its "non-conforming" laws and regulations in an annex of the agreement, and then over time be committed to roll them back, i.e., to phase them out through "sunset clauses." So, the so-called exemptions the government is pointing at to protect Canada's social and economic policies, will be subject to being phased out over time if the MAI wording stands. This "rollback" section of the MAI is extremely significant and something government spokespersons and literature rarely, if ever, mention.

Regarding the right to set foreign ownership limits on crown corporations (in privatizing them), the Liberals recently sold CN, Canada's largest crown corporation, without setting any foreign ownership limits on its purchase at all. This railway linking Canada together, the longest in North America, built with billions of dollars of Canadian taxpayers' money, was sold for a fraction of its value; it is now 70% U.S.-owned. It went from being majority Canadian owned to majority U.S. owned in a matter of days after its sale.

CRITICS CHARGE: "The MAI would threaten our public health care setting the stage for a two-tiered system."

The government replies: "As under the NAFTA, Canada would preserve the integrity of its health care system. Nothing in the MAI will limit Canada's ability to adopt or maintain its own policies on the provision of social services such as education, health and child care."

CCAFT counters: This denial uses the same terminology that Mulroney used to defend his free trade agreement, vowing it wouldn't impact on health and social services. And the Liberals pointed out then that it was a lie, part of "the Sale of Canada Act." The NDP also pointed out, accurately, that the FTA would undermine all of our social programmes, which is exactly what has happened.

Under the FTA there has been a steady erosion of the Canada Health Act and Medicare. The FTA gave American health corporations, in a whole long list of areas, including management of hospitals, psychiatric institutions, doctors' offices and nursing care homes, the right to come to Canada — it's called "right of establishment" — and once here, the right to be treated as if they were Canadian firms, which is called "national treatment." As a result we're seeing the giant private American health companies moving into Canada, and at the same time the Medicare system is being cut down and cut back. We're told, ad nauseam, that "we don't have enough money any more, that Medicare is becoming too costly."

That, too, is a big lie. It's not because of lack of money that the Medicare system is being reduced. Medicare was introduced in dirt-poor Saskatchewan in 1961 — free health care for everyone — and a country as impoverished as Cuba, struggling under the U.S. embargo for 37 years, has free universal health care. So it's not a question of lack of money, but rather that in order to have an opening for the private companies, the public system must be destroyed or rendered inefficient, and that's what has been going on since the FTA was introduced. If the public system is working well, there's no market for the private system.

We're seeing governments shedding their responsibilities and handing them over to the private sector wherever they can and health care is one of the largest government expenses. Provincial governments, obsessed with deficits, are eager to cut back paying for health care. It looks like the last fighting defender of Medicare in the Liberal Party was probably Monique Bégin, who predicted in detail that free trade would destroy our health care system.

Furthermore, the reservation Canada has filed to exempt education, health and child care from the MAI is **only claimed for the federal government**. Yet most health and education services are supplied by the provinces, casting serious doubt on the exemption itself. In addition, how does the government explain the Ethyl case? The transportation and importation of Ethyl's product MMT was banned because it was a health hazard to human beings. And Ethyl has responded with a huge lawsuit claiming that the Canadian government's actions are "tantamount to expropriation" of its business. If Ethyl wins it means that governments can pass regulations in the field of health or any other field they want but they're going to have to pay the corporations in that field for the privilege of doing so. How does the government explain the Ethyl case and the chill it has produced if nothing in the MAI or NAFTA would limit Canada's ability to protect its health?

As for child care, the introduction of a comprehensive public child care system under (NA)FTA or the MAI would be virtually certain to trigger U.S. retaliation. In 1992, Bob Rae's government backed down on its promise to introduce public auto insurance after U.S.-based State Farm threatened a \$1.3 billion claim under the FTA.

The FTA/NAFTA are a straitjacket on independent Canadian policies and Canada must get out of them. Both NAFTA and the FTA contain a clause stating any country can withdraw by simply giving the others six months notice. The MAI, however, has a 20-year lock-in period.

CRITICS CHARGE: "The MAI would remove any regulations requiring foreign companies operating in Canada to hire Canadians."

The government replies: "All corporations, both domestic and foreign, are currently required to look first on the Canadian labour market when hiring employees. This requirement will not change."

CCAFT counters: What the MAI says is that Canada must grant entry to any investor seeking to invest "a substantial amount of capital" and that foreign companies can bring in their executives, managers and spe-

cialists from wherever they wish. Not only that, but Canada would be committed to allow entry to the spouses and children of those investors and their employees as well, and even beyond that, Canada will apparently grant authorization for the spouses to work here. That's what the MAI says right now. There's nothing in it about Canadians getting the first chance at the jobs.

The government argues further: "The MAI will allow Canada to set conditions such as job creation when granting incentives to domestic and foreign companies."

CCAFT counters some more: The MAI specifically states that no country shall, "in connection with the establishment, acquisition, expansion, management, operation or conduct" of any foreign company, "impose, enforce or maintain" any requirement on a foreign-owned corporation to purchase any domestic goods or services, to achieve any level of domestic content or ownership, to hire anyone locally or, indeed, to achieve any level of employment, investment, research or development in, or transfer any technology or knowledge to, the host country. Each country, however, "shall ensure" that all returns, capital, proceeds or profits may be freely transferred "in and out of any territory without delay ... in a freely convertible currency."

Historically, governments could insist that as a condition of coming to Canada foreign corporations create a certain number of jobs, or buy a certain level of services or goods domestically. What the government is now stating in its claim above is that in spite of this sweeping MAI prohibition on performance requirements (almost the same freedom from public conditions was granted to U.S. corporations in Canada under the FTA and NAFTA), Canada can still, in a case where we actually give a grant to a company, insist that in exchange for the grant the company create a certain number of jobs. In other words under (NAFTA and MAI, unless we purchase its compliance through a grant or other "incentive," no foreign corporation can any

longer be required by Canada to operate in the public (Canada's) interest. If the government is reduced to bragging about that shred of maneuverability under the MAI, it's reached the bottom of the barrel in its search for arguments to defend the MAI.

CRITICS CHARGE: "The MAI would, in effect, give corporations the right to pollute. They could sue if Canadian environmental laws hurt their business."

The government replies: "Allegations that the MAI would free companies of obligations to protect the environment are simply false."

CCAFT counters: Again, the Liberals are pretending that Chapter 11 of NAFTA and its equivalent in the MAI, the Ethyl case, and all the others that will follow it, don't exist. Another case proceeding under the NAFTA's Chapter 11 is the Metalclad case. Metalclad Corporation of California went into Mexico and bought up a toxic waste dump thinking it was going to make a large profit. The Mexican residents of the area protested and shut it down. Now Metalclad is suing the Mexican government under NAFTA for the right to reopen the dump even though the residents don't want it. That's another example, directly, of foreign companies using the NAFTA agreement to pollute. And the MAI reproduces those same rights. That's why the MAI has been dubbed a "pay the polluter" agreement.

The government further argues: "Under Canadian law, companies with a domestic or foreign owner may submit claims to Canadian courts if they believe they've been unfairly treated by the government."

CCAFT counters some more: That's right, but we're not talking about submitting claims to the domestic courts, we're talking about an international tribunal that will hear cases based on NAFTA and MAI law, not in front of Canadian courts at all. These claims will be adjudicated outside

of Canadian law, they have nothing to do with Canadian law. This is a whole new level of rights accorded foreign, and only foreign, corporations operating in Canada.

The government goes on: "The NAFTA provides for investor/state arbitration. As proposed in an eventual MAI, such a provision will ensure that foreign investors have recourse to fair, transparent arbitration, particularly in instances of expropriation or unfair treatment. This is already provided for under Canadian law but is especially important for the protection of Canadian investors abroad."

CCAFT counters: So, Canadian corporations want the right to sue other national governments to impose their policies in other countries? When the government promises to give foreign investors "fair, transparent arbitration," it is in reality giving foreign corporations the right to sue Canada, which Ethyl is doing. The Liberals can't wish the Ethyl case away (although they are certainly trying to) because it is a NAFTA right, now reproduced in the MAI. In this statement the government appears to be arguing Ethyl's case against themselves! Ethyl might not win, but somebody else certainly might and Ethyl's case has already placed a chill on the Canadian government's willingness and ability to regulate environmental damage.

CRITICS CHARGE: "The MAI would prevent countries from imposing economic sanctions like those used to end apartheid in South Africa."

The government replies: "Nothing in the MAI would prevent Canada from taking any action in support of its UN Charter obligations for the maintenance of international peace and security including participation in UN-imposed economic sanctions."

CCAFT counters: It does not help us very much to be able to undertake sanctions against other countries, if we cannot defend the environmental and living standards of our own. Moreover, the MAI would prevent any signing country from boycotting, restricting or sanctioning investment from another MAI country.

CRITICS CHARGE: "The MAI has been negotiated with virtually no public discussion or debate."

The government replies: "There is nothing secret about the negotiations. As in previous international trade and investment negotiations, the government is consulting extensively with the provinces and the private sector and other organizations. This consultative process is essential to ensure that an eventual MAI benefits Canada."

CCAFT counters: Good grief! The Canadian government has been negotiating the MAI since 1995 behind closed doors.

As late as the election in 1997, Liberal cabinet members and members of Parliament were denying that the MAI even existed. Some said, "There is no text yet; there is no such thing as an MAI," while others just stared blankly at the questioners as if they didn't know what they were talking about. At least one prominent Liberal politician, Hedy Fry of Vancouver, said during the election that there was no such thing as an MAI. Art Eggleton, Minister of International Trade at the time, claimed on a CBC open line show that there was no text yet (although by that time there were several draft texts already). The Liberals omitted each other with denials.

The MAI was kept secret from many MPs as well and it certainly has been kept secret from the Canadian public for two years. It is only through the efforts of citizens organizations in Canada, the U.S., and around the world that the MAI has surfaced as an issue of great public concern. ♣

Resources on the MAI and 'free trade'

The following resources are available from Citizens Concerned About Free Trade

MAI IN QUESTION: David Orchard debates the Chamber of Commerce's Doug Gregory at St. Lawrence Centre in Toronto, Nov. 18, '97. This dynamic 2-hour debate includes a question period. Excellent as an educational for students, unionists, church and service organizations, etc. Video: \$20 Audio: \$10.

MAI DISCUSSED: David Orchard on Saskatoon's CJWW. Two information-filled open-line shows with a thoughtful host, Christina Chernesky, six months apart, Sept. 16, '97 and Feb. 9, '98. One hour each. Very accessible information. Audio only: \$7 each.

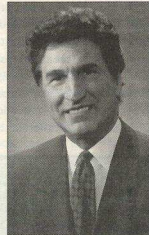
MAI EXPLAINED: David Orchard on the Dave Rutherford Show in Calgary. One hour, very lively programme in video and audio. A quick and "entertaining" introduction to the issues. Video: \$15. Audio: \$7.

MAI DEBATED: David Orchard debates University of Toronto professor Alan Rugman, a proud "architect" of the MAI. CBC Saskatchewan, May 22, '97. Reveals the mentality of those who make "free trade" into a religion. Orchard provides a fact-based rebuttal. Audio only: \$7.

THE DRAFT TEXT OF MAI, 176 pages. \$15.

THE FIGHT FOR CANADA: FOUR CENTURIES OF RESISTANCE TO AMERICAN EXPANSIONISM (Stoddart, 1993). David Orchard's well-researched, popularly written, best-selling book on Canadian-American relations over four centuries, up to and including the Canada-U.S. Free Trade Agreement and NAFTA, which Orchard deftly makes intelligible. Referred to by many readers as "a book that every Canadian ought to read," *The Fight for Canada*, now in its fourth printing, has garnered critical appreciation from reviewers in Canada and the U.S. Noted American historian Howard Zinn (author of *A People's History of the United States*) described Orchard's book as "devastatingly accurate ... a fine piece of research and written with the kind of clarity that makes it accessible to a large public, which it deserves." \$17.95

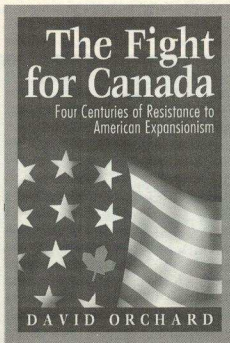
Also available: GUY BERTRAND and DAVID ORCHARD together on a video: "What Now? Canada



Guy Bertrand

After the Quebec Referendum." A timely discussion by two defenders of Canada at a standing-room-only public meeting in Vancouver, February '96. Bertrand, the Quebec City lawyer who has waged a long court battle to stop a unilateral declaration of independence by the Parti Québécois, tells his story, and Orchard draws the links between the constitutional issue and the Americanization of Canada. Video \$20 and audio \$10.

ORDER FROM: CCAFT National office, Box 8052, Saskatoon, S7K 4R7. Tel: (306) 244-5757. Fax: (306) 244-3790. Or pick up from our offices in Vancouver: #210, 207 West Hastings. Tel: (604) 683-3733 Fax: (604) 683-3749, in Toronto: #202, 9 Bloor St. E. (Yonge and Bloor). Tel: (416) 922-7867 Fax: (416) 922-7883. **NOTE:** When ordering please add \$3.50 for shipping for videos and draft text; \$2.00 for audio; 50 cents for each additional item. (E.g., draft text, video and audio cost \$4.50 to mail.)



'Free trade' – a decade of disaster

By David Orchard

It's been ten years since the October 1987 midnight signing of the Canada-U.S. Free Trade Agreement (FTA).

The loud promises of "jobs, jobs, jobs," of greater prosperity from increased trade, of better, richer social programmes, of unimpaird Canadian sovereignty, stand revealed as a fraud. Since entering the FTA Canada has experienced the longest period of sustained high unemployment and the worst social and economic conditions since the 1930s. 25% of Canada's manufacturing base was wiped out in the first three years of the FTA, triggering a recession and a decade of cutbacks, slashing of social programmes and deficit hysteria. The entire national infrastructure from medicare to broadcasting to railways is under siege.

As the Economic Policy Institute of Washington's recent review of the FTA concluded: "Canada has been mired in recession since shortly after entering into the U.S.-Canada Free Trade Agreement ... Canada is essentially being forced to dismantle its social safety net while increasing its unemployment rate. This lose-lose situation stems directly from Canada's decision to merge its economy with that of the United States and Mexico, which employ radically different social and economic systems."

Prior to the FTA Canada's unemployment rate was for years roughly equal to that of the U.S., sometimes lower; now it is twice the U.S. rate.

Even more critically, the very existence of the Canada-U.S. border grows more tenuous each day as we experience the increased Americanization of all aspects of Canadian life. The undermining of Canada's health care system is a direct result of FTA rights given to private U.S. health corporations. Conferences call on Canada to adopt the U.S. dollar as the common currency for the North American free trade zone, and the Wall Street Journal sternly lectures Mexico to do the same.

CN, the great railroad that linked the nation together and pioneered both public broadcasting (now the CBC) and the national airline (now Air Canada), was sold for half its value. It is now 70% U.S.-owned and busy selling off parts of the rail network, built at great public expense, to other U.S. companies – all the lines of northern Manitoba, including the port of Churchill, plus two Saskatchewan lines, have been given to Omnitrax of Denver for \$1. Chicago is replacing Montreal and Toronto as the national rail hub, cutting east-west links, turning them north-south.

A wave of U.S. takersover, from pulp and paper to advertising agencies, makes it increasingly impossible to buy Canadian in some sectors of the economy, depriving French and English speaking Canadians of

national pride and a sense of country.

At the same time raw resources are being stripped out of the country as if there were no tomorrow. Canada's oil and gas are being poured in record volumes across the border for a fraction of their value (the royalties on petroleum from the Alberta tar sands range from 0-1%, for example), while the West has only 6-10 years of drillable oil left in the ground and, according to National Energy Board figures, within 15 years Canada's entire known reserves of natural gas will be extinct at the current rate of extraction. Yet huge new pipeline proposals are under way, or being planned, which will dramatically increase the over 50% of Canada's natural gas already going south. (Under the FTA whatever proportion of "any good" the U.S. is taking before a shortage occurs, it will continue to receive regardless of Canadian needs.)

Instead of getting out of the agreement they themselves (correctly) called "the Sale of Canada Act," the Liberals kept the FTA, ratified Brian Mulroney's NAFTA and now are quietly negotiating to extend NAFTA's investment section into a large new agreement called the Multilateral Agreement on Investment (MAI). (See be-

low.) All without any mandate from the public, indeed a mandate – and a repeated pledge before and during the election – to renegotiate or cancel both the FTA and NAFTA and stop the Mulroney "sell-outs."

John A. Macdonald derailed a move towards free trade with the U.S. in 1891, calling it "sheer insanity" which would have "as its inevitable result, annexation to the United States." In 1911, Robert Borden defeated another Liberal/U.S. free trade proposal calling it "the most momentous question ever submitted to the Canadian electorate."

More recently, John Diefenbaker urged Canadians to "take a clear stand in opposition to economic continentalism" and the "baneful effects of foreign ownership." John Turner described the FTA as the "largest sell-out of our sovereignty since we became a nation." Pierre Trudeau condemned it as "a monstrous swindle."

It is Brian Mulroney and his political twin Jean Chretien (handing over the powers of the national government to the provinces, the economy to Washington), who are on the wrong side of Canadian history. Their actions can, and must, be reversed.

Instead of extending NAFTA, Canada

must withdraw from it, using the six-month cancellation clause. "Globalization" is far from inevitable. Norway has twice voted to stay out of the European Union (EU) and it now has the lowest unemployment rate in Europe – 3.5% – and no debt, no deficit, no downsizing, an excellent free health system which includes free dental care for all till age 19, and its retirement age has recently been lowered to 64. Stat Oil, government-owned (as Petro Canada was), is used to finance some of the richest social programmes in the world.

Switzerland has also stayed out of the EU; its unemployment rate is less than half of Canada's. Japan, by rejecting the free trade/foreign ownership model has, with a fraction of Canada's resources, built itself into a rival of the U.S. Foreign companies are not allowed to take over its key industries; its unemployment rate is roughly 3% (and considered high).

Free of NAFTA, Canada, too, can build a vibrant domestically controlled economy and fulfill its destiny as an independent northern power, such as George Cartier, John A. Macdonald, Thomas D'Arcy McGee and other founders of Canada urged us to do ♣.

MAI: the Son of NAFTA

Amid a deafening political silence, a successor agreement to NAFTA, the Multilateral Agreement on Investment (MAI), is being negotiated in Paris by the Organization for Economic Cooperation and Development (OECD).

The leaked 176-page draft states that, as under the FTA and NAFTA, each nation must treat foreign corporations at least as favourably as domestic companies (national treatment). No country "may impose, enforce or maintain" any requirement on a foreign-owned corporation to purchase any domestic goods or services, to achieve any level of domestic content or ownership, to hire anyone locally or to achieve any level of employment, investment, research or development in, or transfer any technology or knowledge to, the host country.

Each country, however, "shall ensure" that all returns, capital, proceeds or profits may be freely transferred "in and out of any territory without delay ... in a freely convertible currency."

Although citizens and their governments are prohibited from placing requirements on foreign corporations, taxpayers of each country are required to provide "full and constant protection and security" to foreign investors and their investments.

Also, as in NAFTA, Crown corporations, referred to as "government monopolies," must act "solely in accordance with commercial considerations."

A section called "Investor-State Procedures" gives foreign corporations the right to sue national governments for any breach of the MAI which "causes loss or damage to the investor or its investment." First contained in NAFTA, this right puts tremendous power over public policy in the hands of foreign corporations.

"Standstill" and "rollback" proposals would prohibit a country from passing any new laws which do not conform with the MAI, and require all existing "non-conforming" laws of each country to be listed in an annex. "Rollback" is described as "the liberalization process by which the reduction and eventual elimination of non-conforming measures to the MAI would take place. It is a dynamic element linked with standstill, which ... would produce a 'ratchet effect' where any new liberalization measures would be 'locked in' so they could not be rescinded or nullified over time." Possible ways to achieve rollback include a "phaseout" or "sunset clause" on all "non-conforming measures" and then "periodic examinations of non-conforming measures" leading to "removal or limitations of specific measures."

Regulations limiting foreign ownership of Canada's banks, media, farmland, airlines, the existence of medicare, public education, the Canadian Wheat Board and the CBC are all "non-conforming measures," subject to "phaseout."

This agreement, like NAFTA, grants foreign investors greater rights by law than Canadian citizens, because only foreign corporations are given the right to sue the Canadian government. (See "Tell us no lies...") It means elected governments in Canada agree in advance to place the interests of foreign investors first, regardless of the will of the population, as expressed in elections or any other way. The implications for democracy, the environment, employment, human dignity and national sovereignty, are profound.

Third World countries are already being threatened with trade action for refusing to go along with the agreement which, in the words of Bhagirath Lal Das, India's former negotiator to GATT, "will give foreign investors total rights without responsibilities."

Canada has already given most of these MAI rights to U.S. corporations under (NA)FTA, triggering a drastic increase in American control of all aspects of our economy and society. Now the MAI would extend, entrench and expand the investment sections of the FTA and NAFTA to give the same rights to corporations from all 29 OECD countries.

Under the FTA and NAFTA Canada can at any time give six months' notice and withdraw from the agreements without penalty. The terms of the proposed MAI, however, lock in for 20 years. ♣ — D.O.

Five things you can do about MAI and NAFTA

- 1 **INFORM YOURSELF** about these agreements fully. Get a copy from your MP or by calling 1-800-267-8376. (Don't take no for an answer!)
- 2 **SPREAD YOUR KNOWLEDGE AND RESOURCES** — don't keep them to yourself. Share them with friends and family, co-workers and neighbours. It is pleasantly surprising how many people become interested in the issue of Canada's survival if given the chance.
- 3 **TAKE YOUR PASSIONATE CONCERN TO YOUR MP** by calling, writing, asking for and attending town hall meetings organized by your MP. (Find out who your MP is by calling Reference Canada: 1-800-667-3355.)
- 4 **RATTLE THE MEDIA** with letters to the editor and calls complaining about the lack of real coverage. Take over the open line shows and talkback lines with your informed opinion. Call the apologists' and ideologues' bluff whenever you have a chance. (The CBC, for instance, is LOADED with them!)
- 5 **JOIN CITIZENS CONCERNED ABOUT FREE TRADE TODAY!** Our fighting organization is determined to stop the MAI and get rid of the FTA and NAFTA. Annual membership \$20.00. Students and those on fixed income: \$10.00.

TrueNorth

THE VOICE OF
CANADIAN INDEPENDENCE
Publication of
Citizens Concerned About Free Trade
Special issue on the MAI
(Multilateral Agreement on Investment)
Date of issue: March 1998

Published by True North Communications
P.O. Box 8052, Saskatoon, Sask. S7N 4R7
tel: (306) 244-5757 fax: (306) 244-3790

Toronto office:
#202-9 Bloor St. E., Toronto, Ont. M4W 1A0
tel: (416) 922-7867 fax: (416) 922-7883

Vancouver office:
#210-207 W. Hastings St., Vancouver BC M4W 1A9
tel: (604) 683-FREE fax: (604) 683-3749
e-mail: ccafter@sympatico.ca
website: http://web.idirect.com/~ccaft