

# As the Empire Grows

## Canada-US-Mexico Free Trade

*The Moment*  
Vol. 5, No. 1, Fall 1991

'Free' Trade isn't free. It costs a lot and working people pay. This is the bitter lesson that communities all over this country have learned since Canada signed a Free Trade deal with the US in 1989.

And 'Free' Trade isn't just about trade. It is about giving big businesses unlimited freedom to move their capital anywhere at anytime, without regard for the communities they ruin in the process.

'Free' Trade is about multinational corporations the world over (with the help of the politicians they prop up) stripping governments of their power to govern. Decisions that affect the economic, social and cultural lives of citizens are being made in the boardrooms of these corporations. Less and less can ordinary citizens look to government as the traditional way for us to exercise democratic control over our own lives.

Now Canada is gearing up to sign the North American Free Trade Agreement (NAFTA), a 3-way deal with the US and Mexico. In this paper we want to show that NAFTA won't benefit Canadian or American workers. And it will worsen the poverty of Mexico. Huge corporations will be the big winners. They hope that extracting cheap resources from Canada and exploiting cheap labour from Mexico will be their ticket to increased profits as they compete with trading blocs in Europe and Japan.

Mexico isn't the last stop for the US's dealing either. It is just another step in what the Bush regime calls 'Enterprise for the Americas' which would turn the entire hemisphere from Alaska to Argentina into a huge trading bloc, a corporate empire.

A team of people from labour, international solidarity and community education groups wrote this paper. In it we look at the impact of Free Trade so far, suggest where things are likely to go with NAFTA and the need to develop alternatives.

We call for solidarity with the poor, the working people and farmers of Latin America. They want debt relief, just prices for their products and human rights. We encourage Canadians and Latin Americans to work together, not compete for poor jobs we'd rather not have.

We write for people in Canada who know that Free Trade hurts. We believe that if we pull together we can find alternatives — ways to take back control in our communities.

There are alternatives. We need to protect community values and

economic development that places people's needs first. To regain control we need to be imaginative, to experiment, to be prepared to see some experiments fail.

We hope you will use this paper to stimulate collective experiments in developing alternatives that empower people — here in Canada as well as south of our border.

### INSIDE

Canadian, Mexican & US workers speak

2

Contact groups

4

Trading away our future

5

Building alternatives to Free Trade

9

User's guide

11

Resources

12

RCCI \_\_\_\_\_ ADS \_\_\_\_\_  
DGTNN \_\_\_\_\_  
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# Voices of working people in Canada, Mexico and USA

## CANADA

*In October 1990, Chief George Watts of the Nuu-Chah-Nulth Council of Vancouver Island, BC was in Mexico at an 'encuentro' (meeting) between Canadians and Mexicans concerned about Free Trade. He told Mexicans:*



*Many thousands of Canadian workers have lost their jobs to Free Trade. Some of these unemployed workers are students in an English upgrading class at the Metro Labour Education Centre in Toronto. If they could write a letter to Mexican workers telling them about their lives under Free Trade here is what they would say:*

To our sisters and brothers in Mexico:

In 1989 Canada signed a Free Trade Agreement with the United States. The government told us that Free Trade would be good for Canada. Brian Mulroney, the Prime Minister of Canada, said that Free Trade would encourage American companies to invest in Canada and there would be more jobs for us.

But, the opposite happened. Companies in Canada closed their doors, laid off Canadian workers and moved to the United States. Are these the 'good results' of Free Trade?

Free Trade is harmful to Canada because a lot of people are losing jobs and good benefits since Free Trade has come in.

Now job positions are gone forever. Jobs in the manufacturing sector are disappearing quickly. That means Union protection is going too. There are mostly service jobs available now. Now unemployed workers in Canada are struggling to get jobs in hotels and restaurants, which pay low wages and have poor working conditions. But there are not enough jobs for everyone.

Now we have to learn new skills so we can try to get jobs. For older workers it is very difficult to find a job and learn new skills. Most companies don't want to hire older people because after a couple of years they may retire and the company will have to look for more workers.

Free Trade has ruined our future.

If the Canada-US-Mexico Free Trade Agreement goes through, the political environment in all three countries will be worse. Canadian jobs have been lost, American jobs will be lost and Mexican workers are not guaranteed jobs. Corporations are going to use the Mexican workers as long as they can get cheap labour from them. Then, they will look for another country to produce their goods even more cheaply and they will close their doors on the Mexican workers too.

Free Trade is the worst thing that can happen to workers. We don't know what will happen to us in the future. We don't have guaranteed lives.

Don't let the government tell you Free Trade is good. PROTEST FREE TRADE!

I don't think our position in Canada is any different than any other people colonized by the Europeans. I believe it is appropriate to start to set the record straight because in 1992 a number of countries are going to celebrate that we were colonized. And I don't see those issues being any different than the Free Trade Agreement. It ultimately ends in the oppression of people.

Well, I come from a different culture. I don't care what I own. But I care very much about my grandchildren and where they are going to be. So you people in Mexico, don't think about your job tomorrow. Think about where your grandchildren are going to be. If you buy into the American economy, your children are guaranteed to be living in the sewers. Because the people who have wealth don't give a damn about your grandchildren. You are the only people that can do that.

I can tell you very much how we got here: it is the kind of thinking that is bringing about things like Free Trade Agreements. It's people's greed. It's people's desire to own everything.

I hope some day that the majority of the world will start to think that our wealth is not how much we own, but how much we can give.

## MEXICO

*Jose Luis Canchola is the Mexican Human Rights Commissioner for the state of Baja California Norte. He spoke to Canadians at the Canada-Mexico Encuentro:*

Free trade means open borders where they can bring in anything they want to, even toxins. They can bring production in without taxes and they can use cheap labour and then take the finished products back.

As long as they don't raise wages and don't integrate their operations with the Mexican economy, companies will take more and more money out as profits and do nothing for the good of the Mexican people.

I think that free trade is only a fancy word which means to sell our country, our resources, our cheap labour, and our sovereignty.

*Elba Hernandez is the Press Secretary of the National Union of Textile workers in Mexico. She told her story to a Canadian textile union worker:*

I'm from a small village called Teziutlan, Puebla. At the age of 19 I went to work in a factory for the first time. Soon I started to see a lot of problems. Most women were really scared to leave because they would finish at one o'clock in the morning. That was one of the problems that made me decide, along with a couple of other women, to start a union.

When the bosses saw we were really serious, they chased us out of the workplace. They tried to buy me out. When that didn't work, they tried death threats. That didn't work. Their third tactic was to fire me. But not only did they fire me - they put my picture on a poster and made sure that all the other factories got this poster so I wouldn't be hired.



Because of all the threats against me in my town I left my 1-year-old daughter there with my mother and I've been living in Mexico City every since.

We're very much against Free Trade because we feel that imports of the same kind of products we produce could eliminate our jobs. We're already being told by business owners that if we aren't happy with the wages and working conditions we get now, that they're simply going to close up shop - that for them it's a lot cheaper to import the product.

Sometimes we feel it's just not worth the fight any more. Next thing you know, we turn a corner, and the anger we feel gives us the impetus to keep going - especially when we see how working women in Mexico are exploited.

## UNITED STATES

*Shirley Reinhardt of Citizens Against Temporary Services gave this testimony to the US Trade Representative in Atlanta Georgia, in Aug. 91.*

Three years ago I was just a regular factory worker who got up in the morning and went to work, fed my family, cleaned my house, went to church and didn't look too much beyond what I had to do everyday to keep things going. When I went to the grocery store and saw people buying groceries with food stamps, I looked down on them.

I worked in a General Electric factory on a computerized assembly line, making electrical switch boxes. Then GE began lay-offs. Some workers from the production lines had to go for good, and I was one of them.

When I got fired my education really began. Now I know what it is like to be involuntarily unemployed. Now I know what it is like to try to avoid talking to people you run into in the grocery store.

It may sound like a long way from the unemployment line in Hamblen County, Tenn. to the Office of the U.S. Trade Representative. Really it's not. In fact, trade policy and unemployment are all tied up together.

In July, I went to Mexico on a trip sponsored by the Tennessee Industrial Renewal Network (TIRN). Many of our members work in factories or in industries that have shipped off many jobs to Mexico.

Nothing I had learned had gotten me ready to see the conditions under which workers in Mexico are forced to live. I can close my eyes and see them in my mind: 1-room houses overflowing with people, suffocating summer heat filling the tiny boxes where mothers fanned their sweating babies, stagnant pools of water with scum and garbage right next to where people were living, drainpipes carrying toxic industrial waste into ditches that ran through neighborhoods, bare feet, sick animals, horrible smells, open sores.

And yet it is a strange thing. These pictures in my mind don't last as long as other pictures: many of the people we met had a courage and dignity I will never forget. Against huge odds they were fighting to build a life. The multinational corporations bear much responsibility for what is happening. I blame the government too. Our government should be insisting on corporate accountability. Instead, it pushes a version of Free Trade that encourages low-wage competition.

We need decent jobs at decent wages for workers on both sides of the border. We need roads and sewers and garbage disposal and health care and retirement plans and parks and safe workplaces and playgrounds on both sides of the border.

Any trade deal we reach with Mexico should start with a commitment to a healthy development pattern for both countries, not a get-rich-er-quick scheme for the wealthy and powerful until they decide they have used up some more land or some more people and it's time to move on again. You can only keep using people up and throwing them away for so long

before your own wastefulness comes back to haunt you.

*Diana Petty is vice-president of Local 74 of the International Union of Electronic Salaried and Machine & Furniture Workers. Here is her Aug. 91 testimony to the US Trade Rep in Atlanta, Georgia.*

Our American companies are telling us that in order to keep our jobs we must compete with Mexico or the rest of our world which will be moved.

If we on the U.S. side keep losing our jobs and the companies keep paying such low wages on the Mexico side, who do you think is going to buy all these wonderful products that our American companies are making in Mexico?

So I urge you negotiators: first, remember who you represent. You should be negotiating for *all* the American people, not just for the powerful few. Second, your goal should be healthy, balanced development for both countries, geared toward the welfare of the majority. A trade strategy with a goal of maximizing short-term profits for multinationals will be bad for the environment and bad for workers on both sides of the border.

This is not the road to peace and prosperity for Mexico or for us. I fear that the NAFTA will turn most of Mexico into one big maquiladora zone, that joblessness will continue to increase in our own country, and that the jobs that remain will lack the wages, the benefits, and dignity. If things are allowed to continue as they are, what I have seen in Mexico may be my grandchildren's future right here in the United States.

We call on you to negotiate a free trade agreement with Mexico that turns these trends around, that puts people first, not profits.



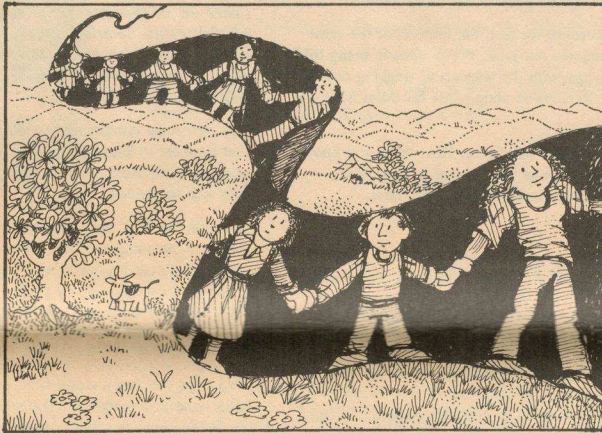
# We're stronger together

*Coalitions of labour and community groups in Canada, Mexico and the US are mobilizing against NAFTA. Here are some groups. They can tell you about their campaigns and offer other resources.*

## Canada

Common Frontiers Project  
11 Madison Avenue  
Toronto, ON M5R 2S2  
► Ken Traynor  
Phone (416) 961-7847  
FAX (416) 924-5356

Action Canada Network  
904 - 251 Laurier Avenue West  
Ottawa, ON K1P 5J6  
► Randy Robinson  
Phone (613) 233-1764  
FAX (613) 233-1458



## Newfoundland

Newfoundland Coalition for Equality  
c/o CUPE, 84 Elizabeth Ave, 3rd floor  
St. John's, NF A1A 1W7  
► Corinne Rudgell  
Phone (709) 753-0732  
FAX (709) 753-2313

## Prince Edward Island

PEI Pro-Canada Network  
P. O. Box 1689  
Charlottetown, PE C1A 7M4  
► Mary Boyd  
Phone (902) 892-1251  
FAX (902) 368-1644

## Nova Scotia

Halifax Coalition Against Free Trade  
2039 A Creighton St.  
Halifax, NS B3K 3R3  
► Paul Burgwin  
Phone (902) 422-2130  
FAX (902) 466-6935

Cape Breton Coalition for  
Economic Justice  
84 Union Street  
Sydney, NS B1P 4X5  
► Marion Mathieson  
Phone (902) 562-5233  
FAX (902) 564-3845

## Mexico

La Red Mexicana de Accion Frente  
al Libre Comercio  
Godard No 20 Col. Guadalupe  
Victoria, 07790 Mexico D.F.  
► Berta Lujan  
Phone (525) 556-0642  
FAX (525) 556-9316

Fronteras Comunes Sur  
101-A No. 417 Col. Heroes de  
Churubusco, 01090 Mexico D.F.  
Phone (525) 581-7934

## USA

Mobilization on Development, Trade,  
Labor & the Environment  
Box 74, 100 Maryland Ave NE  
Washington DC 20002, USA  
Phone (202) 544-7198  
FAX (202) 544-7213

Inst. for Agriculture & Trade Policy  
1313 Fifth Street SE, Ste 303  
Minneapolis, MN 55414-1546, USA  
Phone (612) 379-5980  
FAX (612) 379-5982

Fed. for Industrial Retention &  
Renewal  
3411 West Diversey Avenue, #10  
Chicago, IL 60647, USA  
► Jim Benn  
Phone (312) 252-7676

Coalition for Justice in the  
Maquiladoras  
ICCR, Room 566  
475 Riverside Drive  
New York, NY 10115, USA  
► Marcia Osgood  
Phone (212) 870-2984

AFL-CIO  
815 16th Street NW  
Washington DC 20006, USA  
► Ed Feigen  
Phone (202) 637-5187

## Quebec

Coalition Quebecoise sur les  
Negociations Trilaterales  
Canada/Etats-Unis/Mexique  
1601 rue de Lorimier  
Montreal, QC H2K 5M5  
► Peter Bakvis, CSN  
Phone (514) 768-3256  
FAX (514) 768-3256

## Ontario

Ontario Coalition for Social Justice  
15 Gervais Dr, Ste 407  
Don Mills, ON M3C 1Y8  
► Evelyn Napier  
Phone (416) 441-3663  
FAX (416) 445-8405

## Manitoba

Choices: A Coalition for Social Justice  
703 - 275 Broadway  
Winnipeg, MB R3C 4M6  
► Eugene Kostyra  
Phone (204) 942-0343  
FAX (204) 942-1802

Manitoba Federation of Labour  
101 - 275 Broadway  
Winnipeg, MB R3C 4M6  
► John Doyle  
Phone (204) 947-1400  
FAX (204) 943-4276

## Saskatchewan

Saskatchewan Coalition for  
Social Justice  
#102 - 2629 29th Avenue  
Regina, SK S4S 2N9  
► Dave Durning  
Phone (306) 586-6154  
FAX (306) 584-8714

## Alberta

Action Canada Network - Alberta  
350-10451 170 Street  
Edmonton, AB T5P 4T2  
► Lucien Royer  
Phone (403) 483-3021  
FAX (403) 484-5928

## British Columbia

Action Canada Network - BC  
#211 - 456 West Broadway  
Vancouver, BC V5Y 1R3  
► Jean Swanson  
Phone (604) 879-1209  
FAX (604) 520-5961

BC Federation of Labour  
4279 Canada Way  
Burnaby, BC V5G 1H1  
► Angela Schira  
Phone (604) 430-1421  
FAX (604) 430-5917

# Trading away our future

"The US-Canada Free Trade Agreement is a new economic constitution for North America. It will, I believe, inaugurate a similar continent-wide economic expansion."

- Ronald Reagan, October 13, 1987, after Canada-US Free Trade negotiations were completed.

*In the November 1988 elections, a majority of Canadians voted against Reagan and Mulroney's new "economic constitution", the Canada-US Free Trade Deal. Three years later, they still don't want it.*

*The government's own August 1991 poll reported that 60% of Canadians oppose signing a 3-way agreement with the United States and Mexico. And almost 50% of Canadians thought we should give the required 6 months notice and then cancel the Canada-US Free Trade Deal.*

*Canadians have learned some hard lessons during these first 3 years under Free Trade. But the Mulroney government continues to ignore the views of Canadians and is pushing ahead with the 3-way negotiations.*

*As we enter the next round of the Free Trade debate, it is important to remember what was said before the 1988 election. Below we tally what they said, what we said, and what happened. 'They' are the groups that want Free Trade - the Tories, the Reagan/Bush administration and big business. 'We' are coalitions of labour and community activists organized against Free Trades. 'FTA' refers to the 1989 Free Trade Agreement between Canada and the US. 'NAFTA' is short for the North America Free Trade Agreement that will bind Canada, the US and Mexico. By looking at what actually happened and whose predictions were accurate we can understand better what's at stake with this round of the Free Trade talks.*

## Remember the last round? Canada-US Free Trade Deal



THEY SAID

WE SAID



More jobs. Better jobs.  
Or "Jobs, Jobs, Jobs" to quote Brian Mulroney.

- ▶ Major job losses will occur.
- ▶ Working conditions will deteriorate as Canadian companies try to "compete" with US giants.

### WHAT HAPPENED

- ✓ Net loss of 315,000 jobs in manufacturing alone by December 1990.
- ✓ Declines in resource and construction sector jobs.
- ✓ Increased employer demands for unions to make concessions in their contracts due to "competition"
- ✓ Part-time work continues to increase in the service sector.
- ✓ Gap between low-paid and well-paid workers increases.
- ✓ Bankruptcies sky-rocket.
- ✓ Many Canadian firms and US branch-plants begin to move south.

Social programs are a "sacred trust". There is no threat to medicare, unemployment insurance or education funding.  
Retraining programs will be world-class.

THEY SAID

WE SAID

- ▶ Government will find ways to slowly strangle medicare and other social programs as business calls for spending cuts so they can "compete".
- ▶ The FTA makes it almost impossible to set up new programs such as public-controlled dental or auto insurance because US firms can claim financial compensation.
- ▶ Spending on training will drop.
- ▶ Federal funds to help Canadian firms "adjust" to FTA could be challenged by US corporations.
- ▶ Our government will try to cut back UIC so it is closer to the much poorer US system.

### WHAT HAPPENED

- ✓ Federal government introduces Bill C69 which phases out all federal money for medicare and education over the next 13 years. Then the 1991 budget speeds it up to a 5 year phase-out.
- ✓ Same government cuts back Canada Assistance Plan funds for welfare and social assistance to BC, Ontario and Alberta, which have half of Canada's poor.
- ✓ Next they introduce "clawbacks" on Old Age Pension and Family Allowance.
- ✓ Government breaks its promise arguing that no new adjustment programs are needed for workers or firms.
- ✓ \$100 million is cut from Canadian Jobs Strategy.
- ✓ Government makes big cuts in UI coverage just months after FTA signed.
- ✓ New law eliminates all federal contributions to UI funds.

THEY SAID

WE SAID



CANADA DON'T TRADE IT AWAY

Canadian control over natural resources will not be compromised. We have only agreed to share resources with the US.

- ▶ Guaranteed access to Canadian energy supplies is a primary US goal.
- ▶ Canada now has to supply US buyers with the same percentage of our natural resources as they purchased in the most recent 3 year period, even in times of shortages in Canada.
- ▶ Canada cannot charge Canadians a lower price than Americans.
- ▶ Canadians will be paying subsidies for expensive energy megaprojects which damage the environment in order to meet our "obligations" under the Deal.
- ▶ Water is not exempt which could lead to large water exports to the US without the right to turn off the tap.

- ✓ Foreign ownership 34% in 1987).
- ✓ Canada's National "voluntarily" stops FTA means they
- ✓ Hibernia will ship
- ✓ 87% of the huge
- ✓ Once these reserves exported, and this

There is no threat to Canadian culture. It is exempt from the Deal.

- ▶ The Deal says if US companies say that a Canadian cultural support program causes them to lose money-making opportunities in Canada, then the US can take action against *any* other Canadian export such as fish or steel.

- ✓ Government cut
- ✓ They cut financ
- ✓ National Film
- ✓ Tax breaks to production drop
- ✓ Commercials b
- ✓ Canada so prod

Consumers will pay less with FTA.

- ▶ Free Trade will be expensive.
- ▶ There is no guarantee that business will pass on reductions to the public.
- ▶ Drug costs will increase under new patent monopolies for US drug companies.

- ✓ With the many pri
- ✓ "Cross be money an difference
- ✓ Drug cos passed.

Environmental issues are not in the Deal. It will not affect environmental standards.

- ▶ Free Trade will undermine the principles of environmental protection and sustainable development.
- ▶ Pressures to "harmonize" US and Canadian environmental standards - at the lowest levels - will grow.
- ▶ The FTA commits us to "equivalent" standards and test methods for chemicals like pesticides and growth hormones.

- ✓ The first ruling f Canadian measur
- ✓ This ruling restri resources.
- ✓ The Canadian go use.
- ✓ Reforestation an squeeze on fores

Our farm products marketing boards are safe under Free Trade.

- ▶ The FTA removes tariffs on the import of many processed food products which puts pressure on Canadian food processors.
- ▶ The processors, in turn, pressure farmers and marketing boards to lower prices.
- ▶ The Canadian Wheat Marketing Board will be attacked by US companies as a subsidy.

- ✓ Canadian food cheaper price
- ✓ Farm bankrupt the US increa

WE SAID



WHAT HAPPENED

- ▶ Guaranteed access to Canadian energy supplies is a primary US goal.
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- ▶ Canada cannot charge Canadians a lower price than Americans.
- ▶ Canadians will be paying subsidies for expensive energy megaprojects which damage the environment in order to meet our 'obligations' under the Deal.
- ▶ Water is not exempt which could lead to large water exports to the US without the right to turn off the tap.

- ✓ Foreign ownership of our oil and gas industries rises to 43% by 1990 (from 34% in 1987).
- ✓ Canada's National Energy Board, which must approve energy exports, "voluntarily" stops putting Canadian needs first after US firms claim that the FTA means they must be treated the same as Canadian firms.
- ✓ Hibernia will ship oil directly to the US for refining.
- ✓ 87% of the huge Mackenzie natural gas reserves will go to the US.
- ✓ Once these reserves start to flow, 60% of Canadian natural gas will be exported, and this percentage of exports cannot be reduced.

The Deal says if US companies say that a Canadian cultural support program causes them to lose money-making opportunities in Canada, then the US can take action against any other Canadian export such as fish or steel.

- ✓ Government curtails Canadian content enforcement.
- ✓ They cut financial support for the CBC, Telefilm Canada, National Film Board, and arts funding.
- ✓ Tax breaks to make Canadian films are cut and Canadian film production drops due to lack of sponsors.
- ✓ Commercials broadcast in Canada no longer must be made in Canada so producers turn to New York.

- ▶ Free Trade will be expensive.
- ▶ There is no guarantee that business will pass on reductions to the public.
- ▶ Drug costs will increase under new patent monopolies for US drug companies.

- ✓ With the GST piggybacked on the move to Free Trade, many prices rise.
- ✓ "Cross border shopping" which represents a loss of money and jobs to our economy increases as price differences grow.
- ✓ Drug costs grow 16% each year since new patent law passed.

Free Trade will undermine the principles of environmental protection and sustainable development. Pressures to "harmonize" US and Canadian environmental standards - at the lowest levels - will grow. The FTA commits us to "equivalent" standards and test methods for chemicals like pesticides and growth hormones.

- ✓ The first ruling from a new dispute panel set up under the FTA said that Canadian measures to preserve fish stocks were a barrier to Free Trade.
- ✓ This ruling restricts our ability to control the rate of export of any of our natural resources.
- ✓ The Canadian government has used FTA to attack a proposed US ban on asbestos use.
- ✓ Reforestation and other forest management practices are undermined by the squeeze on forest industry profits.

- ▶ The FTA removes tariffs on the import of many processed food products which puts pressure on Canadian food processors.
- ▶ The processors, in turn, pressure farmers and marketing boards to lower prices.
- ▶ The Canadian Wheat Marketing Board will be attacked by US companies as a subsidy.

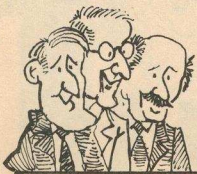
- ✓ Canadian food processors are hit hard by US competition and demand cheaper prices for farm products and an end to marketing boards.
- ✓ Farm bankruptcies grow as imports of poultry, eggs and fresh produce from the US increase.

The Free Trade Deal is a key part of the government's program but there is much, much more. They have:

- ✓ Reduced corporate taxation.
- ✓ Imposed a consumer tax, the GST.
- ✓ Shrank the UIC system.
- ✓ Gutted Canada's ability to regulate foreign investment.
- ✓ Privatised public enterprises.
- ✓ Done away with government regulation of industries.
- ✓ Allowed American Express (a big supporter of FTA) to set up as a bank in Canada.
- ✓ Changed our drug patent laws to favour the multinational drug companies.
- ✓ Increased the value of the Canadian dollar which hurts Canadian exports.
- ✓ Begun discussions of an "Open Skies" policy which would allow US airlines to carry passengers between Canadian cities.
- ✓ Signed an accord allowing cross-border toxic waste dumping.
- ✓ Taken away the ability of the National Energy Board to regulate energy exports.
- ✓ Cutback transfer payments to the provinces for social programs.
- ✓ Abandoned new legislation to promote the distribution of Canadian films.
- ✓ Remained uncritical of US military/foreign policy.

The list goes on...

## What about the next round? Canada-US-Mexico Free Trade



THEY SAY

Canada must be involved in these US talks with Mexico to protect the Canada-US FTA. This will make sure no deals are cut at Canada's expense. Chief negotiator John Weekes has been given a firm mandate to reject any changes in the existing FT agreement and Canadian culture is off limits.

WE SAY



The last Free Trade Deal was cut at Canada's expense. Why would the NAFTA be different? In this round the US wants to re-open the FTA to get:

- ✓ More concessions for US drug multinationals and demands on Canada to allow the patenting of life-forms like agricultural seeds.
- ✓ More US benefits under the Auto Pact and auto sections of the FTA.
- ✓ Restrictions on the role of Canadian farm marketing boards and the Canadian Wheat Board.
- ✓ Canada to allow more US ownership and control of Canadian cultural industries such as publishing, broadcasting and recording.
- ✓ Elimination of provincial "barriers" to Free Trade including provincial/municipal government preferences for local goods, services and labour.
- ✓ A definition of prohibited government subsidies.
- ✓ Elimination of remaining requirements for Canadian ownership and domestic content in cultural, banking and energy sectors.
- ✓ Wide-open access for American investors, including the elimination of the modest foreign investment screening that remains in Canada.

NAFTA will not bring development and prosperity for poor Mexicans who are the majority. The Mexican government has already moved to silent integration with the US economy in recent years. Under pressure from foreign creditors they have:

- ✓ Privatized state companies.
- ✓ Deregulated foreign corporations.
- ✓ Cut social services.
- ✓ Put a repressive hold on civil, human and union rights in order to do all this.

As a result:

- ✓ Official unemployment has more than doubled.
- ✓ Real wages fell 60%.
- ✓ Jobs are shifting north to the *maquiladora* zone along the US border, where living conditions and wages are terrible.
- ✓ Domestic Mexican firms which serve the local market are going bankrupt - the University of Mexico estimates 900,000 small to medium businesses will close with NAFTA under "competition" from US transnational corporations.
- ✓ Mexican farmers are being replaced by US agribusiness, swelling the ranks of unemployed.

Many Mexicans *hope* free trade will bring them something better. But NAFTA will mean more of the same for the majority of Mexicans with the gains shared by an elite few, and, of course, large North American corporations.

And the changes will be *permanent*.

Free Trade with Mexico is a good way to help that country improve its situation. It will help Mexico create more jobs and improve its standard of living.

They say:  
It's a win-win-win situation.

Remember all the broken promises. Whose predictions have come true? What do you think will happen next???



# Building alternatives to Free Trade

*Free trade is a recipe for increasing the profits available to private investors. The logic of Free Trade does not take into account the costs borne by workers, their communities and the natural environment. Higher unemployment, eroded social programs and a degraded environment don't figure in corporate balance sheets.*

*We have no blueprint for an alternative to Free Trade. But the seeds of an alternative, many alternatives, exist in local struggles in which workers and communities have taken action to give themselves more control over their livelihoods. When private investment decisions threaten the economic base of a community, people are forced to look for other means of providing for themselves and their families.*

*The aims of these initiatives - providing jobs, developing the local economy, recovering the natural environment - run counter to the short-term profit interests of powerful corporations. Taking on the Free Trade logic in this way, we develop the experience, the organizational tools, and the confidence that will build larger scale alternatives to Free Trade.*

*Below are descriptions of 2 local initiatives which illustrate some of the principles which need to be developed for alternatives to Free Trade to succeed. As well as suggesting some possibilities, these examples also point to some limitations of local economic development initiatives within an economy dominated by large corporations. It's important to discuss both the possibilities and limitations of these examples for building alternatives to Free Trade. After each example you will find questions to use as discussion starters.*

## **Kagiwiosa Manomin: A wild rice harvesting and processing co-operative**

On the northern lakes, as in the fields of southern Ontario, the harvest was early in 1991.

"It looks like a bumper crop this year, there's rice everywhere," said Joe Pichemese in August. He's the manager of Kagiwiosa Manomin, a wild rice harvesting and processing co-operative in northwestern Ontario.

Members of the Wabagoon Lake Ojibwa Nation, which is part of the Great Council Treaty 3 Nation, started the co-op in 1985. They gave it the Ojibwa names for the rice (Manomin) and the lake system on which they harvest it (Kagiwiosa).

Pichemese explained that Wabagoon band members have long harvested wild rice commercially, but decided to take control of both processing and harvesting the local rice after big companies moved in to try to dominate the growing industry.

COMMUNITY ECONOMIC DEVELOPMENT	
Market Economy Priorities	Community Economy Priorities
● responds to consumer demand	● emphasis on community needs
● highly competitive	● mutual help/co-operation
● maximize profits	● how to share profits/losses
● flexibility of location	● tied to community
● high economic growth	● balanced growth
● wealth creation	● quality of life
● maximize productivity	● community values important
● reduce labour requirements	● focus on employment creation
The Community Economy operates in tandem with the dominant Market Economy.	

*From **Community Economics**, Fall 1991, newsletter of  
The Ontario Alliance for Community Enrichment*

"Ten years ago we used to harvest green rice," selling to brokers for the American market. "All rice was channelled through the US."

As demand for wild rice grew in the late 1970s, particularly in the US and Europe, large processing companies competed to buy larger shares of the harvest. For a time prices for green rice were high, leading new harvesting operations to open up and larger operations to invest in mechanical harvesters. By the early 1980s, however, the industry had become more concentrated and the prices paid to harvesters fell to one-sixth their previous high.

"For us to keep harvesting green wasn't worthwhile," said Pichemese. "That's when we started processing - in 1985, when no one (except large mechanized operations) wanted to pick."

Members of Kagiwiosa Manomin now roast the rice, hull, clean, grade and package it, before shipping it out of the community. About 100 people are employed during harvesting season, usually late August and September, and another dozen work on the processing operations from early August through to November or December.

As well as creating processing jobs, Kagiwiosa Manomin pays higher prices to its harvesters. Pichemese expects that the co-op members, who pick from canoes and use a mechanical harvester, will receive \$1.00/lb, compared to the .62 cents paid to harvesters by larger operations in northern Ontario, Manitoba and Saskatchewan. Co-op members meet regularly to decide prices paid to pickers.

Kagiwiosa Manomin is able to sell at higher prices than its competitors because it produces better tasting rice, according to Pichemese. "Our selling

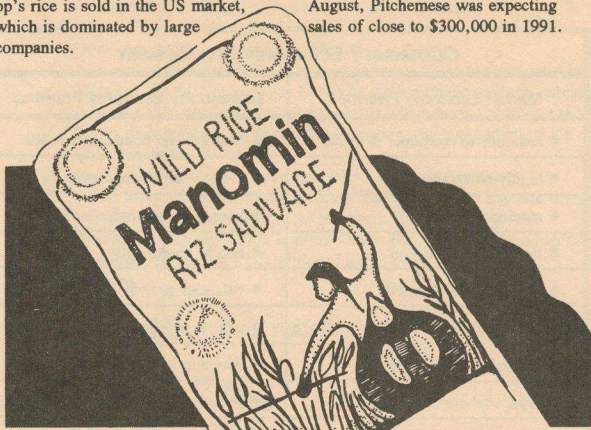
feature is better quality." However, its price has kept sales in Canada down. Only 10% of sales are in Canada, the remaining 90% are in Europe, through 2 alternative trading organizations, Bridgehead and OS-3. None of the cop's rice is sold in the US market, which is dominated by large companies.

Despite a competitive and unstable market, Kagiwiosa Manomin has grown. Sales grew from \$6,000 in 1985, its first year of operation, to \$250,000 in 1990. As harvesters were preparing to pick the early crop in mid-August, Pitechese was expecting sales of close to \$300,000 in 1991.

**Q.** Kagiwiosa Manomin has achieved its success by identifying markets that will sustain an operation independent of the large harvesters and processors. What similar niches exist in other industries that you are familiar with?

**Q.** Outside of aboriginal communities, wild rice is a luxury product and markets for it (like markets for beaver pelts in the 18th century) are subject to changing tastes and fashions. Does exporting processed rice provide a stable economic base for the community?

**Q.** All industries receive public investment for research and development. How could this kind of public investment help producers such as Kagiwiosa Manomin to develop their products and expand their markets? What would be the benefits in terms of local employment and economic development?



### City of Toronto Economic Development Corporation (TEDCO)

Like many smaller communities before it, the City of Toronto has created an economic development corporation to promote industry that generates jobs and other local benefits.

Such a move wasn't necessary when Toronto was the bustling centre of Canada's most industrialized region. The city remains a financial centre and jobs in service industries have grown. But the 1980s have seen a rapid movement of manufacturing businesses out of Toronto, to relocate elsewhere in the region or, increasingly, to move south of the border. As a result, Toronto's share of Canadian manufacturing jobs declined from 12% in 1951 to 2.2% in 1988.

To try to reverse this trend, and build a more stable local economy, the City of Toronto Economic Development Corporation (TEDCO) was created in 1986. TEDCO is owned entirely by the City, but is guided by a Board of Directors including representatives of business, labour and environmental organizations, as well as City and Metro Toronto councillors.

TEDCO's mandate is to "facilitate the expansion, retention and attraction of industries within the City of Toronto, which will result in the creation and retention of jobs." Its main lever for accomplishing this is its ability to develop industrial sites on public lands and on lands that private developers may not be interested in developing on their own.

In its first 4 years, TEDCO operated under the wing of another publicly-owned real estate developer, the Parking Authority of Toronto. During this period it created 2 'incubator' projects to develop new businesses. One project, jointly developed with the Province of Ontario and King Business Centre Inc., provides space for 20 to 58 small businesses as well as business advice and services for an additional 40. The other project, wholly owned by TEDCO, provides space and similar services for 10 start up fashion designers.

With TEDCO's success in these small-scale projects, labour and other City activists saw opportunities for TEDCO to play a larger role. Most significant was the issue of waste management.

The City is investing large amounts of public money to reduce pressure on landfill sites and to clean up contaminated industrial land. If this work was contracted out, private firms would capture valuable expertise and resources in a growing industry. CUPE, the union representing municipal workers, argued that Toronto and other municipal governments should make an opportunity out of a necessity and get into the waste management business themselves. Publicly run waste management would generate public sector jobs, increase City revenue, and have a greater potential to develop responsible long-term solutions for disposing solid wastes and treating contaminated lands.

This approach may become a reality with TEDCO's largest project. Now independent, TEDCO has started to redevelop a depopulated industrial section of the Toronto Harbour to attract 'green enterprise'. Plans for the Port Industrial Park anticipate redevelopment of the 100 acres in 10 years and creation of 23,500 jobs where there are now 1,500. Eventually the park will cover 231 acres now occupied by a variety of owners and tenants.

The catalyst for the development will be a Centre for Green Enterprise and Industry, which will conduct research and provide information and training to promote environmentally friendly and environment-related businesses. It will also include areas for recycling, waste management and telecommunications businesses.

**Q.** TEDCO aims to develop public resources and capacities in the area of waste management and to capture the benefits for the community. What other areas of public activity - at the municipal, provincial or federal levels - could be developed in this way?

**Q.** To some degree, the success of TEDCO still hinges on attracting private investment. How could the City of Toronto resist pressures to provide more traditional incentives (for instance, low municipal taxes) for prospective investors?

### Communities take economic control

*Kagiwiosa Manomin and TEDCO are examples of different ways in which local communities are claiming some control over their economic futures. Many other examples exist across Canada. By developing our experience, our organizational tools, and our confidence, these local initiatives are building the foundations for alternatives to Free Trade. Perhaps most important, they show that, despite the overwhelming power of large corporations, the way things are in the economy is not the way things have to be.*

# Some ways to use this paper

The North American Free Trade issue affects all Canadians from coast to coast to coast. In this section you will find ways to use this paper in your community or organization. Pick and adapt the activities to suit your local union, community organization or class.

## Re-reading past moments

Survey your own union or community and note how the first Free Trade Agreement affected you:

- How many jobs have been lost? What was the average wage? How many were unionized?
  - Are they permanent losses or jobs that will return when the economy picks up?
  - I what sectors have jobs been lost? What kind of jobs?
  - How many were women's jobs? How many were men's jobs?
  - Have jobs been created? How many? What is the average wage? How many are unionized?
  - What kind and in what sectors?
- From your survey, what individuals, groups and social classes profited from Free Trade - Round 1? Which ones suffered?



Look at the information in the chart. According to the newspapers you have read, who will benefit from NAFTA? Who will suffer? Do you agree?

Are the newspapers you surveyed giving balanced information about the advantages and disadvantages of NAFTA?

If you think that their coverage is slanted, how

would you describe their slant? Is one paper's coverage different from another's? How?

Who wrote the stories? Are all the newspapers you surveyed using the same sources for their information? Do any of them have foreign correspondents in Mexico? Are most of the articles surveyed reporting on similar issues (say business opportunities)? What does this tell us about whose voices are being heard through the Canadian media?

## Comparing the present moment

Compare the following statistics for Canada, US and Mexico:

- population
- percentage of workers who are unionized
- average wage
- average education level
- average life expectancy
- government spending on social programs per person
- main export
- main import

What do these statistics tell you about how much economic power the 3 countries have relative to each other?

Comparing the social spending of each country, what impact might the notion of a 'level playing field' have on social policy? on democracy?

## Reading the present moment

For a period of 2 or 3 weeks, keep an eye open for NAFTA coverage in 2 or 3 different newspapers. Clip all of the articles about this question, note the date, paper and section they were taken from, and set them aside.

## Critically reading the moment

Reread each of your clipped articles and make a chart under the following headings:

- Title of article
- Newspaper, date, section, source of article (eg. AP, Reuter, etc.)
- Name of group or individual supporting NAFTA
- Name of group or individual opposed to NAFTA
- Name of group or individual neutral to NAFTA
- Reasons given for supporting NAFTA
- Reasons given for opposing NAFTA
- Social classes helped by NAFTA
- Social classes hurt by NAFTA

What groups are portrayed as being neutral? Are they really? Based on what you know, situate the 'neutral' groups - in terms of their class interests - either in the opposed or supportive camp.

Have any groups switched sides in Round 2 of the Free Trade debate? In other words, were any of the groups now opposed to NAFTA once in favour of FTA? Or vice-versa? How can you account for this switch? Why is it that most groups of individuals who were opposed to Round 1 remain opposed in Round 2, while groups who favoured Round 1 remain in favour of Round 2? What does this tell us about class interests and Free Trade?

## Acting to seize the moment

As workers from the Metro Labour Education Centre did (on page 2), write an open letter to Mexican workers expressing your experience of life under a Free Trade Agreement and your feelings about about this new deal. Send your letter to The Moment Project and we will forward it on to a Mexican union or community organization. Our address is on the last page.

In this paper, we have presented economic alternatives to the Tory agenda. These alternatives emerge when groups or communities organize to retain or regain control over their working or living conditions in creative ways. Co-ops, coalitions and social movements are some such alternatives. Survey your community and write the story of one such alternative. Send your stories to The Moment Project.

Across the country, many exchange programs are being organized between workers, community organizers and leaders from Canada, the US and Mexico. Contact your local labour council or development organization (such as Development and Peace, Oxfam, CUSO) and find out when such a visit will be coming to your community. Organize to meet with the visitors and talk with them about the impact of this Agreement.

# To get the bigger picture

**Read:**

**Solidarity, Not Competition.** Proceedings from the conference on the North American Free Trade Deal organized by the Labour Council of Metro Toronto and York Region, May 2-5, 1991. Available from Common Frontiers, 11 Madison Ave, Toronto, Ont. M5R 2S2. \$10.

**Community Economics,** newsletter of the Ontario Alliance for Community Enrichment, 49 Wellington St. E., 4th floor, Toronto, Ont. M5E 1C9. Free/Donation.

**Fortress North America,** Action Canada Network dossier on NAFTA, #29. Available from ACN, 904 - 251 Laurier Avenue W, Ottawa K1P 5J6. \$3.

**Open for Business: Canada-Mexico-US Free Trade,** LAWG Letter #45. Available from Latin America Working Group, Box 2207, Station P, Toronto M5S 2T2. \$5.

**The New Gospel: North American Free Trade,** NACLA Report on the Americas Vol.24, #6. Available from NACLA, 475 Riverside Dr, #454, New York, NY 10115. US\$4.

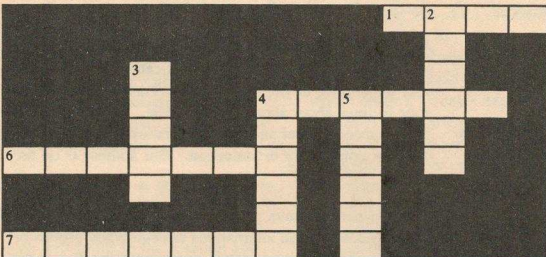
**The State of the World Atlas,** A Pluto Press Project. This atlas gives a good starting point for developing your analysis of the economic, political and social state of the US, Mexico and Canada. Available at most progressive bookstores.

**Watch:**

**Dirty Business,** a 15-minute video, produced by Migrant Media Productions. Traces the story of what happens when a Green Giant/Birdseye frozen food factory shuts in Watsonville, California and moves to the maquiladoras. Available from Common Frontiers, address above.

**Bottom Line,** a 12-minute bosses' promo video selling the advantages of opening up shop in the maquiladoras. Available from Common Frontiers, address above.

**We Can Say No,** a 28-minute video produced by Repeal the Deal Production in BC. An excellent documentary linking what happened as a result of the first Free Trade Deal to the issues of NAFTA. Available from Action Canada Network, address above.



**Just for fun**

**ACROSS CLUES**

1. As Reagan was to first round, so \_\_\_\_\_ is to second; second rate, as in \_\_\_\_\_ league.
4. Canadian Tory Minister responsible for this round of negotiations.
6. Art, music, etc. by which we tell ourselves about ourselves; fears that it will be traded away.
7. Name of Mexican president.

**DOWN CLUES**

2. Workers' organizations; they are opposed to Free Trade.
3. Acronym for proposed continental free trade pact.
4. Name of Canada's negotiator.
5. Basic math: Canadian resources + American capital + Mexican \_\_\_\_\_ = NAFTA

*The Moment* is published 3 times a year by The Jesuit Centre for Social Faith and Justice 947 Queen St. East, Toronto, ON M4M 2H3

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**ANSWERS:**  
Down:  
1. Bush  
2. Unions  
3. NAFTA  
4. Wilson  
5. Labour  
6. Culture  
7. Salinas

