



Alternatives to Free Trade: Thinking Outside the Box

We've been boxed into thinking of Free Trade Agreements as positive. Opening up our economies and resources to foreign investment is part of global competition, right? After all, "free" is good - better than "restricted". Trade is important - we don't want a closed economy. And surely "agreements" in this conflict-ridden world are something to be happy about. Our government, through the mass media, has put a 'spin' on free trade. No wonder Canadians stopped resisting "free" trade and now see it as inevitable, even good for us. How has this happened?

Spin #1: *We need to level the playing field*

Free Trade Agreements (FTAs) came on to the scene in the mid-1980s when Brian Mulroney negotiated and then signed the Canada-US Free Trade Agreement (CUSFTA) in 1989 with the full blessing of big business. The spin on that one was the "level playing field". They told us that the agreement would provide rules to protect Canada's portion of the US market for our products. We now know that there is no such thing as a "level playing field" with the big bullies from south of the border. The softwood lumber debacle showed us that when the trading partners are not equal, the weaker party loses out.



Spin #2: *Jobs, jobs, jobs*

When Mexico joined the North American club in 1994 to create the North American Free Trade Agreement (NAFTA), the spin was "jobs, jobs, jobs". But why pay a Canadian or someone from the US to produce auto parts at \$16 or \$18 an hour when you can get a Mexican to produce them, just as well and as close to where you want to send them, for \$5 a day?

As the global economy opened wider, the "race to the bottom" of the employment heap left many Mexicans unemployed as jobs went instead to even lower-waged Guatemala, Honduras and later to China. So here we are in free-trade Canada, with a gutted manufacturing sector and ever fewer decent jobs. Canada, the US and Mexico all report grotesque and growing rich-poor disparities with large numbers living below the poverty-line.

Afta NAFTA came the FTAA

In 1991, US government and business leaders started to promote what would be the world's largest trading bloc of 34 countries in the Americas (all but Cuba.) It would be called the Free Trade Area of the Americas (FTAA) and it would cover from Alaska to Tierra del Fuego. Soon the bankruptcy of the 'free trade' concept was evident. In Latin America, it was seen as part of the neo-liberal package of privatization and deregulation. FTAs were part of the 'structural adjustment' recipe forced on nations by the IMF and the World Bank causing chronic economic instability and growing rich-poor disparities.

The US worked for a decade to impose the FTAA. Social movement protests, like the one in Quebec City in 2001, rallied popular support against the deal. At the 2005 Summit of the Americas in Argentina, most heads-of-state in attendance refused to endorse the deal. Canada and Mexico along with a handful of others clung faithfully to the US agenda – and to a lost cause.

Dead but not buried

With the FTAA on life support, the US has begun a series of bilateral negotiations to tie individual countries in Latin America into Free Trade Agreements. Chile and several Central American countries have signed on. Colombia and Peru are in negotiations.



'Free Trade' at a Crossroads

Today, governments and civil society movements in Latin America are experimenting with new approaches to economic sovereignty and trade. Resources like oil and gas have become tools to promote job creation and tackle poverty, both at home and in other parts of the hemisphere.

They are debating strategies for a European Union-like structure linking Latin American states, but with the fight for better living and working conditions shaping the political agenda.

A growing number of Latin American countries have begun to step outside the 'free trade' box, insisting that wide-open economies and deregulation have not created jobs or reduced poverty. *Here are some ideas we can learn from.....*

Economic sovereignty, oil and poverty: The Case of Venezuela

The Venezuela government rejected the free trade logic that reduced the role of government to business facilitation. They began to take control of key resources and strategic sectors of the economy, especially oil. Redistribution of Venezuelan oil wealth to health, literacy and other programmes in poor and marginalized communities happily coincided with world oil prices shooting through the roof.

Stepping further outside the free trade box, the Venezuelan government began to strategize with other Latin American leaders about ending the old pattern of Latin America's wealth fuelling the economies of Europe and North America while Latin America remained underdeveloped. While there are certainly environmental questions about a gas pipeline linking Venezuela, Brazil and Argentina, the political logic makes sense. Indeed the time is long overdue for Canadian government leaders to ask why most of Alberta's oil goes to the United States while Quebec and Atlantic provinces have to import 90% of their oil from other countries.

Alternative Trade Agreements

Bolivia has proposed a *'People's Trade Agreement'* that recognizes trade and investment as a means of development, rather than ends in themselves. The objective is to strengthen the weaker partner through the agreement.

Venezuela has developed the *Bolivarian Alternative for the Americas* (ALBA for its Spanish acronym). It links trade with guarantees to uphold human rights, calling for recognition of people's rights to healthcare, food and education.

What does alternative trade and regional solidarity look like?

- Venezuela has traded oil for health care and literacy workers from Cuba who are working with local leaders in poor neighbourhoods to set up community-run clinics, schools and day-care centres. Now Cubans and Venezuelans are teaming up to carry out similar initiatives with Bolivians, all fueled by oil revenues!
- Bolivia has traded expertise in negotiating respectfully with indigenous peoples in exchange for discounted oil from Venezuela.
- Argentina has traded know-how in cattle-raising for discounted oil from Venezuela.
- Ecuador, Bolivia, Argentina and Venezuela are undertaking the creation of a Banco del Sur, a regionally controlled development bank prepared to invest in development projects that harness local resources and create employment.

Canada: Doing business as usual

Meanwhile, Canadian government and business leaders are content to re-position themselves within the US orbit post 9/11. They are not challenging US-dominated regional integration strategies. They are not looking at European experiences which include policies to address rich-poor disparities along with structures to guarantee input by both parliaments and civil society. Their newest venture, a Security and Prosperity Partnership (SPP) is being negotiated far from the watchful eye of either parliament or the public.

THE SPP or

The '*Security and Prosperity Partnership*' of North America

- Was launched by Bush, Fox and Martin at a summit in Waco, Texas in March 2005.
- Includes the 3 countries in NAFTA: Canada, the US and Mexico.
- Is not a signed treaty debated in parliaments but a process driven by executive levels of government in close collusion with business leaders.
- Works towards harmonizing regulations (to the lowest common denominator) in areas such as immigration, food and agriculture, or e-commerce.
- Created the "North American Competitiveness Council" (NACC) made up of CEOs from large companies in the 3 countries at the March 2006 meeting in Cancun. In 2007, the NACC recommended "guest workers" be shipped from Mexico to the Tar Sands in Alberta.
- Deliberates behind closed-doors, systematically by-passing the legislatures in the three countries as well as civil society representatives like unions, churches, students and environmental groups.



Common Frontiers is a network of Canadian organizations from different sectors working with others in the Americas to resist 'free trade' and build new trade alternatives.

www.commonfrontiers.ca

What You Can Do

- Pay attention to what our government and business leaders are up to and elect leaders who will fight for Canadian sovereignty
- Pressure our governments at all levels to use their purchasing power to create and maintain local jobs and strengthen domestic markets
- Mobilize for the '3 amigos' SPP meeting in Canada August 21-22 bringing Bush and Calderon to meet with the Prime Minister at Montebello, Quebec.
- Support worker-run factories in the Americas. <http://market.the-workingworld.org/>
- Learn more. Some websites to check out for more information: www.policyalternatives.ca; www.kairoscanada.org; www.canadians.org; www.asc-hsa.org (click on English).