

Editorial

## **We Need Neither “Free Trade” nor Protectionism, but a Self-Reliant Economy**

The refusal of the U.S. government to recognize the decision of the NAFTA Extraordinary Challenge Committee (ECC) on the issue of Canadian softwood lumber exports to the U.S. reveals the true nature of the North America Free Trade Agreement (NAFTA). This agreement has never been about free trade and eliminating protectionism. Rather, it is a mechanism to assist the most powerful monopoly capitalist corporations and groups to eliminate their competitors by removing any legislative protection that those competitors may have had. It is a reflection of the very fierce inter-monopoly and inter-imperialist competition which has gripped North America and the entire world since the economic crisis of 1981-82.

The refusal by the Americans to abide by the

trade rules which they signed has elicited cries of foul play from the Canadian architects of NAFTA, such as Simon Reisman. Once again, these people are promoting the myth that “free trade” is the antidote to American protectionism and essential to Canadian prosperity. According to them, the problem is with a particular U.S. administration and not the entire relationship between Canada and the U.S., nor with the manner in which the Canadian economy is organized. However, almost 20 years of experience with free trade agreements has demonstrated to Canadians that both free trade and protectionism are considered by the monopoly capitalists on both sides of the border to be legitimate weapons in their trade wars.

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Commentary

## **The New Governor General and the Issue of Sovereignty**

Shortly after Prime Minister Paul Martin designated Haitian-born Michaëlle Jean as the next Governor General of Canada, a political scandal broke out over her alleged support for Quebec sovereignty. The attack on Jean, led by the Conservative Party, centres on the claim that she and her husband, French film-maker Jean-Daniel Lafond, had attended sovereigntist functions in the past and that he had produced a documentary on the FLQ. The Conservatives have demanded that Jean reveal how she and her husband voted on the 1995 Quebec referendum and have suggested that her association with the sovereignty movement in

Quebec makes her unfit for the job of Governor General. In response, Jean issued a statement that she and her husband are staunch supporters of Canada. This entire spectacle has had the effect of lowering the level of politics in Canada, not only trampling on the principle of the right to conscience, but also confusing issues of sovereignty, nationalism and what it means to be a “good Canadian”.

It is somewhat ironic that the Conservative Party would question the loyalty of anyone to this country. The Conservative Party, along with the most influential section of the Liberal Party, are the greatest

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There are others who are wrapping themselves in the Canadian flag and demanding that the federal government take stronger measures to protect “Canadian” businesses from the protectionist trade practices of American corporations, including retaliatory trade measures. Among these are various politicians and trade union leaders. However, the fact is that the Canadian softwood lumber industry is dominated by giant American corporations, such as Weyerhaeuser. So, these individuals are actually demanding that Canadians line up behind one section of U.S. monopoly capital in its fight with another section of U.S. monopoly capital. Of course, they do so under the guise of the purest of motives, such as “protecting Canadian jobs” and “keeping the economic levers in Canadian hands”. There is even a section of the environmentalist movement which advocates siding with the U.S. government in this dispute, allegedly to eliminate the huge subsidies that the Canadian federal and provincial governments hand out to the lumber companies.

It is ludicrous to suggest that handing over billions of dollars to a handful of giant monopoly corporations, whether they are owned by Canadian or American citizens, will save the jobs of Canadian forestry workers. The lumber and pulp and paper industries have been major recipients of government handouts for decades. Almost always these handouts have been given in the name of “job creation” or “job protection”, but this government money has invariably been used to modernize technology and eliminate jobs. The motive of production for the forest monopolies, as with any monopoly capitalists, is not the creation of jobs, but the realization of maximum capitalist profits. During the current trade war over softwood lumber, the “Canadian” lumber monopolies have taken full advantage of the crisis to rationalize their operations and shift the burden onto the backs of their workers. It is clearly ridiculous to suggest that various monopoly corporations will protect the interests of Canada and Canadians. There is no such thing as a patriotic corporation; they are patriots of their own economic interests and irrespective of their nationality or citizenship they forge their alliances accordingly. Furthermore, to talk about keeping the economic levers in Canada’s

hands when those levers have long since passed into the hands of foreigners, primarily Americans, raises serious questions about the sincerity of those who suggest such things. The “mad cow” crisis, another example of the predatory nature of trade practices of monopoly capital, illustrates this point. While many cattle producers have recognized the need for the development of an independent and self-reliant meat packing industry in Canada, not a single “Canadian” meat packing monopoly would agree to invest in the expansion of facilities in Canada and producers were forced to open their own facilities.

The issue of prosperity is an important issue for Canadians, but prosperity will not be achieved through manipulating tariffs, through pursuing free trade or protectionism or through escalating a trade war with the U.S. It can only be achieved through the continuous expansion of the economy in a planned way, specifically geared to serving the rising material and cultural needs of the people. It requires building a self-reliant economy which flourishes, not through the import and export of capital or by seeking to capture foreign markets for goods, nor by exploiting others in any way, but primarily by meeting domestic needs and engaging in equal trade for mutual benefit. The issue of sovereignty does arise in this equation, however, it is not the sovereignty of “Canadian” corporations, but the sovereignty of the peoples of Canada which must be established.

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proponents of “deep integration” with the United States. This policy would extend the provisions of the North American Free Trade Agreement (NAFTA) to bring virtually all of Canada’s laws and social policies into alignment with those of the U.S. The Canadian government would lose control over its immigration and refugee policies, lose control over its social programs and lose control over Canada’s natural resources, energy and water. This wholesale sellout of Canadian sovereignty is considered by the Conservatives to constitute the epitome of “loyalty” to Canada, a position which they, in fact, share with Paul Martin’s Liberal Party.

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For Your Information

## **The Softwood Lumber Dispute Continues Despite NAFTA Ruling**

On August 10, the NAFTA Extraordinary Challenge Committee (ECC) ruled that the U.S. had no basis to challenge previous NAFTA panel rulings, which found that Canada is not dumping softwood lumber into the United States. International Trade Minister Jim Peterson welcomed the committee's ruling, telling reporters: "This is a binding decision that clearly eliminates the basis for U.S.-imposed duties on Canadian softwood lumber. We fully expect the United States to abide by this ruling, stop collecting duties and refund the duties collected over the past three years."

The Americans imposed a 27 per cent duty on annual softwood lumber exports from Canada in 2002, although the duty was reduced to 21 per cent in 2004 following negotiations between the two countries. Canada exports \$10 billion in softwood lumber to the U.S. each year. Since 2002, the Americans have collected over \$8 billion in duties from Canadian exporters, and tens of thousands of Canadian workers have lost their livelihoods – 15,000 in British Columbia alone.

Following the ECC ruling, the United States Trade

Representative Rob Portman announced that the ruling would not impact the duties being collected, as the Committee was examining the rulings by the NAFTA panel on the first softwood lumber challenge, launched by the U.S. in 2002. A second trade challenge, launched by the U.S. lumber industry in 2004, is the basis for current U.S. actions against softwood lumber, he argued, despite the fact that the arguments being made by the U.S. in both challenges are fundamentally the same. Portman said the U.S. would resume negotiations with the Canadian government on the issue. Within hours of the American reaction, though, Canadian Trade Minister Peterson announced that Canada would not participate in any negotiations with the Americans until they agreed to abide by the ECC ruling.

The Extraordinary Challenge Committee was set up as part of the 1988 Free Trade Agreement (FTA) between Canada and the United States. It was a compromise hailed by the Canadian negotiating team as a major victory, because the Americans had steadfastly refused to include a binding resolution mechanism in the agreement, arguing such a mechanism would subvert American sovereignty. In the end, they agreed to the concept of binding resolution only with the creation of the ECC, which could overturn any decision by previous bi-national panels. The same system was adopted under NAFTA.

In the days since Portman made his comments, there has been a flurry of interviews with senior Canadian trade officials, including those who negotiated both the Free Trade and the North American Free Trade agreements. B.C. Senator Pat Carney, who served as International Trade Minister in the Mulroney government, told *The Globe and Mail*: "I always said they were jackboot negotiators", adding "We will have to see now whether it unravels totally after this." Similar comments have been made by the chief Canadian FTA negotiator Simon Reisman and his deputy chief negotiator, Gordon Ritchie.

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In its attack on the qualifications of Michaëlle Jean, the Conservative Party has adopted the Liberal strategy of equating support for Quebec sovereignty with opposition to the continuation of Canada as a country. However, this position is incorrect. The continuation of Canada as a country is dependent on its recognition of the sovereignty of the people of Quebec and the Aboriginal peoples. Only on this basis can a new relationship be forged between the various nations and peoples that constitute the present country of Canada, a relationship based on equality and fraternity. If Michaëlle Jean is indeed a supporter of Quebec sovereignty, then it can be

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# Evacuating Gaza to Solidify Occupation of West Bank

Israel Defence Force soldiers have completed the removal of settlers from all but a few of the settlements slated for evacuation in the Gaza Strip and have now turned their attention to the evacuation of three small settlements within the West Bank. IDF bulldozers are in the process of destroying any existing infrastructure in the Gaza settlements to ensure they cannot be of use to the Palestinian people.

Massive media coverage has created the impression the Gaza withdrawal is a defeat for the settler movement and a huge concession on the part of Israeli Prime Minister Ariel Sharon, considered by many the father of the settler movement.

Maintaining the occupation in Gaza has always been extremely expensive for Israel, while the settlements have been of little strategic value – they

are not situated on or close to prime agricultural land, as is the case with many of the West Bank settlements, for example, and they are cut off from access to the Jordan Sea. Withdrawing from Gaza is a strategic move for Israel – allowing Sharon to focus his attention on consolidating the West Bank settlements, of which there are dozens, with hundreds of thousands of inhabitants.

While world attention has been focused on Gaza, construction on the separation wall around and beyond existing Jewish settlements in the West Bank and East Jerusalem continues. Indeed, the Sharon government is paying settlers removed from Gaza hundreds of thousands of dollars to relocate in key West Bank settlements, using the promise of the separation wall as an enticement to a more “permanent” home.

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argued that, being so, she is defending the future integrity of Canada far more than her detractors.

The issue of whether Jean is qualified for the job of Governor General is a more complicated issue. The position of Governor General is diametrically opposed to either Quebec sovereignty, Aboriginal sovereignty or the sovereignty of the Canadian people. It is a holdover from Canada’s colonial past. The Governor General supposedly represents the sovereignty of the British monarch over the dominion of Canada. However, this no longer corresponds to modern day realities. First, the British monarch is not even sovereign in Britain, where Parliament is legally sovereign. Second, neither the British monarch nor the British parliament have any remaining vestige of sovereignty over Canada. In reality, sovereignty in Canada is currently exercised by the Federal Cabinet and the provincial First Ministers on behalf of the monopoly capitalists.

The position of Governor General is used to block any serious discussion about who exercises sovereignty and whether or not they are the ones who should be sovereign. If such a discussion did take place, the Canadian people would insist that it should be the people, rather than the politicians and

corporations, who should be sovereign, as they did during the debate on the Charlottetown Accord. The demand that the people should be sovereign also arose in Australia when the issue of abolishing the monarchy was taken up and similar demands in France and Holland led to the recent referendum defeat of the proposed European Union constitution which sought to vest sovereignty in the monopoly capitalist corporations.

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