

# TRADING UP

Trade deals  
threaten public services,  
undermine government and  
devalue workers.

We can do better.



## BACKGROUND

June, 2007

Fair for all.  
NOT free-for-all.





# Threaten Undermine Devalue

START WITH WTO/GATS, then add TILMA, SPP and Atlantica—trade deals make an alphabet soup of a serious set of issues.

The National Union, at both the National Office level and with our Components, has been active in the field of trade deals for several years and can modestly claim to occupy a leadership position on these issues.

We are, for example, the only Canadian union that has received NGO delegate status at the last several ministerial meetings of the World Trade Organization.

There are four trade deals on the immediate policy horizon,

and they are the focus in this document.

In addition, we must be ever vigilant about what Canadian government negotiators are doing regarding bilateral agreements (proposed trade deals with single countries). Korea, Singapore, and possibly India are currently on our government's wish list.

We should keep a watchful eye on these, and also on the multilateral agreements with smaller groups of countries, such as the Central American nations.

However, the four trade deals of greatest concern to us are:



- International: World Trade Organization/General Agreement on Trade in Services (GATS)
- Continental: Security and Prosperity Partnership (SPP)
- Interprovincial: the Trade Investment and Labour Mobility Agreement (TILMA)
- Atlantica

## An article of faith

MOST OF our government leaders support free trade deals as an article of faith, apparently without ever considering the important reasons for doubting the wisdom of this path. Many politicians believe that free trade is good; therefore more free trade must be even better.

These political leaders and negotiators are operating on an ideological autopilot, continuing to advocate for a position that has lost its credibility. The concerns and the hard research provided by a huge number of Canadians who oppose an extension of the current free trade agenda are consistently ignored. Our government is advocating quite openly on behalf of big businesses. The Harper regime is, if anything,

worse than the previous Liberals, taking even less account of the views of Canadian citizens.

Organizations across the country, and around the world, have repeatedly asked for empirical evidence to prove that freer trade has benefited our countries and citizens. The GATS agreement, a subset of the WTO, has a clause that calls explicitly for an empirical review. But that has never happened. What we have received in abundance are rhetorical statements about how great free trade is and will be.

There is compelling evidence that this is a blind alley for Canadians. Canada has lost well over 224,000 manufacturing jobs since the end of 2002 under the existing free trade regimes. Most of the new jobs created have been in precarious part-time positions. One definition of insanity is to keep doing the same thing but to expect a different result. If we have lost more than 224,000 good manufacturing jobs under free trade rules, how does it make sense to believe that even more free trade will somehow create good new jobs?

Some companies, of course, are doing quite well. We are constantly told that when they profit, we all do well because they reinvest in new plants and equipment. However, under free

trade regimes, controls on foreign ownership are a thing of the past. Companies are not required to reinvest in new plants or jobs in any host country. In the third quarter of 2006, for example, profitable companies in Canada spent a record \$90.3 billion on mergers and acquisitions. They were busily buying one another out rather than investing in new manufacturing jobs. This expenditure of \$90.3 billion didn't create new jobs or build new plants. In fact, these expenditures will lead to job losses as companies consolidate.

Inequality has sharply deepened since the world embarked on corporate-style free trade. The richest 2% of the population now owns more than half of the world's assets. Corporate leaders in Canada "earn" in just two days what their workers earn in an entire year.

Doubts about the benefits of free trade are not a secret. The World Bank is pro-free trade, but even it has issued an analysis that shows the benefits from freer trade are marginal at best. According to the study, most of the benefits go to developed countries, not to the poorer nations. The Bank's calculations indicate that benefits are economically insignificant even for developed nations.



The United Nations Food and Agriculture Organization has concluded that the last 40 years of international trade in agriculture has not benefited developing countries, particularly the least developed countries.

Recent research by Morgan Stanley shows that the winners in free trade are the owners of capital rather than workers. The analysis shows that real labour incomes in the U.S. have grown at roughly half the rate of labour productivity.

Under free trade regimes in the EU, the United Kingdom, the U.S., Canada and Japan, the share of national incomes flowing to corporate profits has grown steadily since the year 2000, up from 11% to about 16%.

At the same time, the percentage of income going to workers' wages has dropped—from nearly 15% to less than 13%. As manufacturers pursue an endless quest for lower costs, the results are more poverty, more hunger, less equality within and between countries, and jobs lost in Canada, the U.S. and Mexico.

The pattern is clear: trade rules deny governments the power to protect workers or the environment; governments are exposed

to claims for compensation from private companies that can reach into the billions of dollars; workers' rights are undermined and unions targeted; and government spending on social programs declines. Ironically, all of this does not necessarily result in the intended goal of freer trade because powerful countries simply flaunt the deals when their interests are threatened.

## Trade Deals A threat to public services

### **GATS**

One of the main priorities for the World Trade Organization's Doha Round is the General Agreement on Trade in Services (GATS). Its goal is to commit countries to irreversible service sector liberalization, leading to privatization and deregulation. GATS is designed, in practice, if not in theory, to allow private sector transnational companies to compete with public service organizations for the delivery of public services. The agreement also proposes to deregulate domestic service sectors, allowing foreign corporations to operate without restriction in

domestic markets. How many of our public services will be threatened?

Experiences with service liberalization in developing countries to date have been negative—in water, energy, health, education and the financial sector. Public access to privatized services, especially for the poor, is often diminished while the quality of service is compromised and local employment declines.

Negotiators claim that most public services are exempted from the GATS negotiations. Indeed, GATS Article I specifically exempts “services supplied in the exercise of governmental authority” from coverage by the agreement. These services are defined as “any service that is supplied neither on a commercial basis, nor in competition with one or more service suppliers.”

Yet these same negotiators are unable to answer a number of basic questions arising from these undefined concepts. If, for example, there is a privatization or commercialization of any part of a public service, such as introducing user fees in a single hospital, does that mean that the entire service loses its protection under that clause? The answer is not obvious. The danger is that the privatization of any compo-



ment of health care, social service, or anything else, could mean that the public service is no longer “supplied neither on a commercial basis, nor in competition with one or more service suppliers.” Most countries have already experienced some incursion on their public services by private, for-profit companies.

Many countries have refused, so far, to make any commitments on particular services, such as health, public education and social services and water but that doesn’t necessarily mean they’re not covered by the GATS.

Much in this realm is subject to interpretation. What, for example, is the difference between “public education” and other education systems? The Organization for Economic Cooperation and Development says it is impossible to make a clear distinction.

Many governments say that water is not up for grabs. Yet at the end of the Hong Kong WTO meeting, one trade minister was asked at a press conference if water is now covered by GATS. The minister said, “Yes, absolutely it is.” The EU is openly seeking commitments on water services in its GATS demands, meaning water would be a private commodity.

What is the definition of health care under the rules of international trade? Will that definition arise from ministers of health or a trade tribunal? We don't know what the boundaries will be. A small change in the negotiators' trade commitments, made behind closed doors in Geneva, could well erase all of the assurances provided to date.

## **TILMA**

### ***The BC / Alberta Trade, Investment and Labour Mobility Agreement***

In 2006, the governments of British Columbia and Alberta, with no advance public discussion or debate, signed an agreement called the Trade, Investment and Labour Mobility Agreement (TILMA). They scheduled the agreement to take effect on April 1, 2007.

TILMA provides for the imposition of a blanket prohibition on all government measures that "operate to restrict or impair" trade, investment or labour mobility.

The agreement defines the term "government" very broadly to include all aspects of provincial government, including its agencies and Crown Corporations; but the definition also includes municipalities, school

boards and other publicly funded academic, health and social service entities.

The ministers who signed the deal call it a bold approach. They proudly call it "Canada's most comprehensive internal trade agreement." Ominously, they say that "there is no comprehensive list of what is included under TILMA simply because the agreement applies to all measures by all governments and regulatory bodies."

This bears repeating. All measures. By all governments.

At this point the deal is for B.C. and Alberta only, but TILMA is designed to allow other provinces and territories, and even the federal government, to sign on.

"The hope is that TILMA spreads across the country," said Jason Clemens, a spokesman for the Fraser Institute, a Vancouver-based conservative think-tank. "We should be very optimistic that other provinces will join TILMA."

The federal government, in its budget document tabled on March 19, 2007, says it is "committing to work with interested provinces/territories to examine how the Alberta-British Columbia Trade, Investment and Labour Mobility Agreement could be applied more broadly. This will help build our econom-



ic union and promote the free flow of people and goods within Canada.”

The document goes on to say: “This (TILMA) agreement, the most comprehensive of its type in Canadian history, has created significant momentum. The federal government is committed to building on this momentum and will work with interested provinces and territories to examine how the TILMA provisions could be applied more broadly to reduce interprovincial barriers to trade and labour mobility across the country.”

The budget also says: “Artificial barriers to labour mobility can make it difficult for firms to find the skilled labour they need. Other impediments to internal trade can raise business costs and reduce competition. Reducing internal trade barriers will benefit us all through greater product and service choice, lower prices and higher economic growth.”

Not all politicians are pleased, however. Harry Van Mulligan, Saskatchewan’s Government Relations Minister, says that he’s worried the deal could force Saskatchewan’s Crown Corporations to compete with private firms from B.C. and Alberta.

Saskatchewan has its own public telephone company (SaskTel),

insurance company (Saskatchewan Government Insurance), natural gas company (SaskEnergy) and bus company (Saskatchewan Transportation Co.). These Crown Corporations employ thousands of people in good jobs and pay tens of millions of dollars into the provincial coffers every year.

Van Mulligan said, “The sections on Crowns are quite vague and that is something to be negotiated, but we are not entirely clear on what the end result of that might be.”

Van Mulligan also said Saskatchewan is concerned that the deal could make it harder for provincial and municipal governments to make laws protecting the environment or limiting development.

Gary Mar, Alberta’s Minister of International and Intergovernmental Relations, has said that TILMA is “everything Canadian business asked for.”

When the agreement comes into force, businesses and workers in B.C. and Alberta will be living in an inter-provincial free trade zone.

Todd Hirsch, from the right wing Canada West Foundation, says that, “within the TILMA are the seeds of a true economic union, an erasing of the provincial boundary for all purposes except

voting and the colour of the license plate.”

Maclean’s magazine says, approvingly, that the new deal will “effectively erase the border” between the two provinces.

TILMA provides exclusive privileges to the business sector at the expense of all others, and it undermines the authority and legitimacy of elected governments.

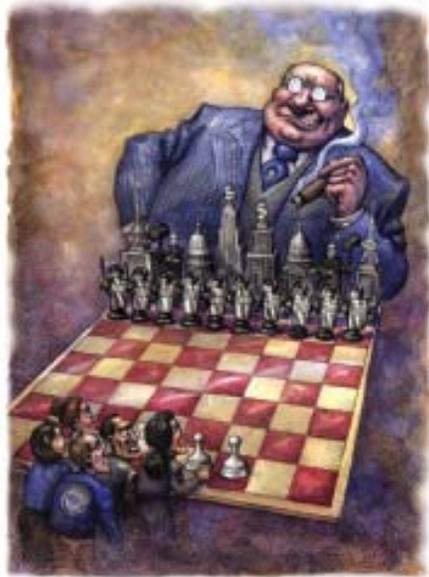
## **SPP**

### ***The Security and Prosperity Partnership***

U.S. President George W. Bush, then-Prime Minister Paul Martin and former Mexican President Vicente Fox met in Waco, Texas in 2005 and agreed to pursue a wide range of goals under the Security and Prosperity Partnership (SPP). They promoted it as being designed to streamline everything from food and drug safety standards to counter terrorism measures.

Prime Minister Harper met with the same two presidents in Mexico a year ago. They issued a statement celebrating the SPP as, “**a framework for us to advance collaboration in areas as diverse as security, transportation, the environment and public health.**” (Emphasis added)

The SPP website describes the partnership’s proposals as “am-



bitious security and prosperity programs to keep our borders closed to terrorism yet open to trade . . . The SPP builds upon, but is separate from, our long-standing trade and economic relationships.”

The so-called three amigos also announced the creation of the North American Competitiveness Council “to fully incorporate the private sector into the SPP process.”

In reality, the council represents big business from the three countries. The SPP website says: “Increasing private sector engagement in the SPP by adding high-level business input will assist governments in enhancing North America’s competitive position and engage the private sector as partners in finding solutions.”

This is a scarcely concealed blueprint for government of, by, and for big business. The Canadian Council of Chief Executives couldn’t ask for more.

The SPP website says that the council will:

- Consider issues that could be addressed trilaterally or bilaterally, as improvements in our bilateral relationships to enhance North American competitiveness.
- Address issues of immediate importance and provide strate-

gic medium and long-term advice.

- Provide input on the compatibility of our security and prosperity agendas, given the linkages between security and prosperity in a global marketplace.
- Offer ideas on the private sector's role in promoting North American competitiveness.

The three governments have also established SPP Prosperity Working Groups. They will “consult with stakeholders; set specific, measurable, and achievable goals and implementation dates; and identify concrete steps the governments can take to achieve these goals.”

The working groups established cover the following wide list of services:

- Movement of Goods
- Energy
- Environment
- E-Commerce & Information Communications Technologies
- Financial Services
- Food and Agriculture
- Transportation
- Health

The website continues: “We are interested in your recommendations and views on ways to cut red tape and eliminate unnecessary barriers to trade in the areas covered by the working groups.”

On February 7, 2007, the Ottawa Citizen reported that: “Canadian, U.S. and Mexican politicians discussed using ‘stealth’ to overcome public resistance to the integration of the three countries when they held a confidential meeting last year, say documents just released under U.S. Freedom of Information laws.”

This is a revealing comment regarding the true intentions behind the integration agenda.

In September 2006, there was a forum in Banff with an interesting mix of Defence Department and senior government officials, including ministers, and business leaders. Media were excluded from the forum, even though federal cabinet minister Stockwell Day gave a speech. He refused to reveal the contents of his talk. One assumes that he received his public salary on that day, but his thoughts were available only to big business leaders and Defence Department officials.

Former Finance Minister John Manley attended the meeting and he did not see any problem with public officials meeting privately. The Ottawa Citizen reported Manley as saying that the forum was “not part of a nefarious plan to yield sovereignty to the U.S. . . . It was just some in-



formed private citizens and government officials having a conversation.”

Lockheed Martin executive Ron Covais, who also attended the Banff forum, told Maclean's magazine that in the Security and Prosperity talks, “We've decided not to recommend any things that would require legislative changes, because we won't get anywhere.” The main avenue for changes, he said, would be through executive agencies, bureaucrats and regulations. “The guidance from the ministers was, ‘Tell us what we need to do and we'll make it happen.’”

The list of insiders attending this private meeting from Canada, the U.S. and Mexico is sobering. Canadian participants included:

Stockwell Day, Federal Minister of Public Safety

General Rick Hillier, Chief of the Defence Staff

Gordon O'Connor, Minister of Defence

Perrin Beatty, President, Canadian Manufacturers & Exporters

Thomas d'Aquino, Canadian Council of Chief Executives

Roger Gibbins, Canada West Foundation

Richard L. George, Suncor Energy, Inc.

Peter Harder, Deputy Minister, Foreign Affairs

Fred Green, Canadian Pacific Railway

James Kinnear, Pengrowth Corporation

Sharon Murphy, Chevron Canada

The American participants included:

Donald Rumsfeld, Former U.S. Defense Secretary

Rick Covais, President, Lockheed Martin

Admiral Tim Keating, U.S. Navy, Northern Command

James Schlesinger, Former Secretary of Energy and Defense

Dan Fisk, Senior Director, National Security

Maj. General Mark Volcheff, Director, Plans, Policy and Strategy, Norad

Clay Sell, Deputy Secretary of Energy.

Mexican participants:

Geronimo Gutierrez, Deputy Foreign Minister

Vinicio Suro, Pemex, Mexican National Oil Co.

Eduardo Medina Mora, Secretary of Public Security.

Exclusive and private meetings among this select group of stakeholders constitute a restricted definition of public consultation. The stakeholders appear to be limited to carefully chosen government officials and big businesses, meeting privately. Apparently they plan to speak for all citizens.

## Atlantica

The proposed Atlantica project, which is being promoted by the Atlantic Institute for Market Studies, a right wing think tank, would create an export corridor, a cross-border region spanning Atlantic Canada and northern New England.

The centrepiece of the proposal is to turn the port of Halifax into the gateway for a high-volume roadway along which truck trains would haul Asian goods to the U.S. Midwest.

Scott Sinclair, a senior researcher for the Canadian Centre for Policy Alternatives, says: "Atlantica is not about increasing trade within the region. It is about convincing Atlantic Canadians that the road to prosperity lies in becoming a conduit for Asian goods headed to the American 'heartland' and in accelerating energy exports to the U.S."

The agenda pays little attention to Atlantic Canada's future energy security, to the negative environmental effects of accelerated fossil fuel exploitation, or to whether the Canadian public is getting a fair share of revenues from these publicly-owned, non-renewable resources.

Atlantica appears at first to be focused on the transport corridor. Yet the Atlantic Institute for



Market Studies goes much farther in suggesting dramatic social and political change. Here is a lengthy quote from an Institute document:

*Much of the region's economic distress, on both sides of the border, is also caused by poor quality public policy. In other words, at least part of the region's decline is self-induced, not just by a failure to act coherently as a region, but also through a failure to modernize laws, policies and practices.*

The policy factors examined included:

- Size of government relative to the economy (a measure of the burden the public sector places on the private economy)
- Government employment as a percentage of total state/provincial employment (a measure of public sector efficiency)
- Total government revenue from own sources as a percentage of GDP (a measure of dependence)
- Minimum wage legislation (a measure of labour market flexibility)
- Union density (a measure of labour market flexibility)

With the honourable exception of New Hampshire, which was found to lag the continent's leaders on only two public policy measures, for every other AINER jurisdiction, all five of these measures qualified as "economic distress factors" for the region, where local practice has not matched

the policy mix of the continent's leading growth jurisdictions.

What the Atlantic Institute is likely suggesting here, in the guise of regional economic co-operation, is a fundamental reordering of society in the Atlantic Provinces, all in the interests of big business. This would constitute yet another campaign by stealth.

## Trade Deals A Move to Deregulation

Governments most often can implement changes in regulations without going through their legislatures. This is especially important to know when dealing with matters that are difficult to follow, such as trade deals and their implementation. Governments can introduce changes through stealth with little public scrutiny, and trade tribunals can force regulatory changes without drawing public attention to the issue.

### **GATS and Domestic Regulation**

Since the Hong Kong meetings, the GATS negotiations have included a focus on new rules

restricting “domestic regulation.” The proposed new rules could restrict laws and regulations at all levels of government. These restrictions would seriously curtail the ability of democratically elected governments to regulate with any degree of confidence, and it would weaken their ability to protect the public good.

The scope of these GATS restrictions — measures relating to qualification requirements and procedures, technical standards and licensing procedures — is extremely broad.

Many important governmental measures and much regulatory authority would be affected. For example, the term “licensing requirements” includes not only professional licensing, but also broadcast licenses, university accreditation, licensing of facilities for clinics, hospitals and laboratories, waste disposal permits, municipal zoning approvals, and many other matters. The term “technical standards” would include standards related to water quality, sustainable forest management, toxic waste disposal, educational quality, and many other vital regulatory matters.

WTO officials have played down the importance of these talks, arguing that the GATS recognizes the right of governments to regulate and to introduce new



regulations. But this right to regulate can be exercised only in accordance with the GATS obligations. Even if governments remain free to determine the *ends* of regulatory action, the *means* would be subject to GATS challenge and WTO oversight. For example, alcohol companies might agree publicly with the objective of curtailing under-age drinking. But they might well object to the means regulators have used to achieve this end, including strict standards on alcohol advertising.

Of particular concern are proposals to apply some form of “necessity test” to a wide range of so-called non-discriminatory domestic regulations. Necessity tests require governments to prove to the WTO that laws or regulations are necessary to achieve the stated policy objectives.

Under this approach, regulations aimed at public health, municipal planning, or consumer, labour and environmental protection could all be deemed by WTO dispute panels to be “more burdensome to trade than is necessary.” We must ask, according to whom? Perhaps the regulations will be burdensome to trade lawyers in Geneva, who will have the power to tell elected governments to undo their laws or suffer the consequences.

The Canadian government has remained either silent or non-committal on the issue of necessity tests. The government's website contains the following information:

*As such Canada will seek to ensure that any discipline that incorporates a test must give unquestionable recognition of a Member's right to regulate in order to meet all its national policy objectives and ensure that, should a dispute ever arise, a panel will only have the jurisdiction to assess the burdensome nature of a measure to meet a specific objective, but will not have jurisdiction to question the legitimacy of a policy objective.*

This information is less than clear and hardly helpful. We can attempt to decipher what they will "seek to ensure" but that term is not a strong statement of intent.

There is concern in many countries about these negotiations, particularly among state and local governments. Twenty-nine U.S. state Attorneys General recently wrote to the U.S. Trade Representative warning that: "any new GATS provisions that would confer on WTO panels the right to judge whether regulations made by elected representatives, within their constitutional man-

dates, are 'necessary' or 'proportionate' would unacceptably encroach upon our states' regulatory authority."

## **TILMA Deregulates Massively**

The TILMA agreement states: "Parties shall not establish new standards or regulations that operate to restrict or impair trade, investment or labour mobility."

In other words, if any level of government attempts to introduce a law or regulation that is in any way a restriction on the ability of companies to do whatever they want, which almost all relevant laws or regulations are, the government body can be overruled by a Disputes Panel.

Private individuals and corporations from either B.C. or Alberta can initiate complaints and the Disputes Panel can make binding rulings. Even if a regulation is accepted as being in place for a legitimate reason, it can still be overturned if the panel feels it is not the least restrictive way to achieve the objective.

Democratically elected governments will have to prove to an appointed panel of "experts" that their proposed law or regulation is legitimate, and that the measure is not more trade restrictive than is necessary to achieve the objective.



Much, if not most, of what governments do can arguably restrict trade in one way or another. Municipal development policies, land use restrictions, local purchasing provisions—all could be argued to be restrictions on trade.

TILMA recognizes only certain government objectives as legitimate. Among those not recognized as such are the preservation of agricultural land, the conservation of heritage sites, the maintenance of scenic views, or the promotion of small business, neighbourhood or rural development.

Environmental issues, appropriately, rank very highly on the public agenda these days. TILMA will hobble governments if their environmental laws and regulations affect trade—which they often must if they are to mean anything. The agreement allows governments to pass only measures “relating to the management and disposal of hazardous waste.” All other environmental issues will be covered by TILMA.

What about municipal bans on billboards, for example, or municipal development restrictions to maintain the quality of neighbourhoods? These are restrictions on the right of companies to do as they please, and may be argued to restrict trade.

TILMA seems designed to ensure that the two provinces seek the lowest common denominator in their regulatory base. Any regulation that is better than the norm will have little chance of survival, and the lower the aim of regulation, the more likely it will become the new standard. These provincial governments are implicitly agreeing that neither of them will aim for higher standards or better benchmarks.

Even occupational health rules may not be exempt. TILMA does exempt what is called social policy, including “labour standards and codes, minimum wages, employment insurance, social assistance benefits and workers compensation.” Interestingly, however, occupational health and safety is not listed as an exemption. Most occupational health and safety rules clearly have an impact on the right of companies to operate without restriction.

TILMA applies both to provincial governments and “their government entities”. It will include municipal governments, school boards, and health and social service agencies.

So, not only the provinces, but also all governing bodies within provincial boundaries will lose their right to respond to the po-

litical choice of their populations. These jurisdictions will be extremely limited in what they can do, even if citizens are demanding action.

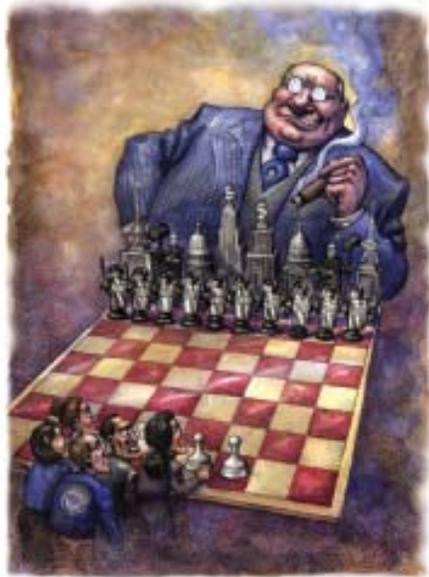
Democracy will be forced to take a back seat to business interests. The Dispute Panel can force governments to change their policies, no matter how popular and essential those policies may be.

TILMA will effectively handcuff a new government in either province, even if the political party in question campaigned for office on a program calling for a different approach.

The agreement states that: “parties shall not establish new standards or regulations that operate to restrict or impair trade, investment or labour mobility.”

Aside from some exceptions, B.C. and Alberta will have to “mutually recognize or otherwise reconcile their existing standards and regulations.” The governments will be barred, as well, from establishing “new standards or regulations that operate to restrict or impair trade, investment or labour mobility.” These binding obligations cheapen the value of a citizen’s vote in each province.

TILMA will allow all purchasing decisions by provincial



governments, local governments, Crown Corporations, school boards and universities to be challenged and overturned for purchases costing as little as \$10,000.

This agreement grants political rights to non-citizens. Provincial and local governments will be obligated, when they are doing anything that might be covered by TILMA, to provide the other Party (B.C. or Alberta) with an opportunity to comment on the measure, and take such comments into consideration.

## **The Security and Prosperity Partnership**

The Security and Prosperity Partnership seeks to harmonize untold aspects of our continental life. It is difficult to fully analyse the proposal because so much of it is being discussed only in private.

We do know that the Partnership is designed to streamline everything from food and drug safety standards to counter terrorism measures. Many of the accord's approximately 300 initiatives affect regulatory issues, such as visa screening rules that are under the control of bureaucrats rather than legislators.

A year ago Stephen Harper, George W. Bush and then-presi-

dent Vicente Fox met in Mexico to keep the trilateral conversation going. Their joint statement following the meeting celebrated the Partnership as “a framework for us to advance collaboration in areas as diverse as security transportation, the environment and public health.”

The official website says:

“We are interested in your recommendations and views on ways to **cut red tape and eliminate unnecessary barriers to trade** in the areas covered by the working groups.” (Emphasis added)

## Atlantica

A Canadian Centre for Policy Alternatives study on Atlantica states the following: “The common thread in the Atlantica agenda is a fierce commitment to deregulation, whether by relaxing road safety rules to allow truck trains or by advocating a hands-off approach to the energy sector.” As further evidence, co-author John Jacobs cites the attack by key Atlantica supporters on minimum wage legislation, public services and unions.

# Trade Deals Workers as a disposable commodity

Almost all OECD countries are encountering population aging and an older workforce, with a huge retirement wave looming. There will be fewer younger workers to replace the retirees.

The United Nations says that Europe will lose 100 million of its population over the next few decades, even after immigration is taken into account. Europe’s population has already fallen from 20% to 12% of the world’s total.

Global corporations, under the logic of free trade, see workers not as individuals but rather as disposable commodities. The retirement wave means that companies will be looking for workers, but the free trade agenda means that more often than not these will be “just in time” and disposable employees.

In Canada, by the end of 2007, there will be more people retiring than there are new workers to replace them. There is a predicted shortage, and already there is a seemingly insatiable demand for workers in the oil producing provinces.



The Globe and Mail carried this headline on February 23, 2007: “More Mexican labour needed in oil patch, executives say. North American CEO group recommends Canada import temporary workers.” The story went on to say: “Canada and Mexico should accelerate efforts to import temporary Mexican energy workers to alleviate the skills shortage in Alberta and other provinces as oil sands development ramps up, top North American CEOs will recommend today. The three countries have pledged to hammer out a framework for regulatory harmonization this year.”

Why is there such a rush to import temporary workers? It is as if the oil in Alberta will disappear if it isn’t mined immediately.

The emphasis by business interests is on temporary foreign workers and not on immigration. The federal government recently announced a major expansion of the Temporary Foreign Workers Program, expanding to 170 the number of industries that need not prove they are unable to find Canadian workers before being allowed to recruit temporary foreign workers.

Under programs such as these, foreign workers are subject to the whims of their bosses. Once a worker is no longer employed, he or she ceases to qualify under the program. There have been situations in Canada where workers were fired and sent home because they tried to sign union cards.

BCGEU recently had a disturbing experience. Park Place Seniors Living, Ltd., the owner of the Windsor Manor long-term care facility in Kelowna, fired about 70 long-serving care aides in September 2006 in an effort to reduce wages and increase profits. The workers were members of BCGEU. Subsequently, Park Place hired another company, Advocate Health Services, Ltd., to act as a labour contractor to provide care services for the facility's 149 residents. Advocate attempted to recruit staff by offering employment to the workers who were to be terminated. Understandably, few of them wanted to perform demanding work at drastically reduced wages and benefits. Faced with a deadline to provide caregivers, Advocate submitted a Foreign Worker Application and is in the process of recruiting health care workers from India, the Philippines, Colombia

and South Korea. Company executives have told BCGEU representatives that pay and benefits for foreign trained workers will be well below the levels paid to BCGEU members.

Arrangements of this kind serve neither Canadian workers nor those recruited from abroad. Recently, to cite another example, two Chinese temporary foreign workers were killed in the tar sands when the roof of a massive storage tank collapsed. There is a suspicion that these workers had poor safety training, in part because the instructions were in English and they spoke no English.

Too often temporary workers are seen by employers simply as another commodity to be exploited and later abandoned. The National Union finds this practice to be unacceptable.

## **GATS Mode IV**

Mode IV of the GATS deals with the movement of "Natural Persons". This odd phrasing is because in free trade deals there are also "Unnatural Persons", a status provided to corporations.

Mode IV incorporates all of the negative implications of temporary foreign workers programs. Under the terms of Mode IV as it is being negotiated, corporations would have the right, once they



got a contract in another country, to bring their workers with them. These employees would be in the host country but without any rights, and they would be totally dependent upon their employers. This would create an immediate downward pressure on wages for all workers, but especially a deterioration in the wages and quality of life for the temporary workers, who would be isolated and away from their families for long periods.

The International Conference of Free Trade Unions had this to say about the GATS Mode IV negotiations:

*Trade unions are concerned that the GATS Mode IV will result in a global guest worker programme which could deplete the scarce human resources so vital to the development of developing countries, while failing to ensure equality of treatment with nationals of host countries, in terms of wages, conditions of work and social protections. Typically, migrant workers in temporary contracts are not allowed the option of family reunification, training opportunities, immigration rights, incentives to integration and basic social rights. They are difficult to organise and are often hesitant to join trade unions for fear of their employers' threats not to guarantee their employment and residency status. Such conditions also result in*

the exclusion of migrants from society, and contribute to discrimination, racism and xenophobia.

Trade tribunals are not equipped to deal with the temporary cross-border movement of workers, as envisaged under the Mode IV negotiations, in a manner that protects migrant workers' rights. Consequently, the WTO should not be the place for decisions in this area.

The Final Trade Union Statement on the Agenda for the 6<sup>th</sup> Ministerial Conference of the World Trade Organization (WTO), in Hong Kong in December 2005, contained this reference to Mode IV:

With regard to "Mode IV" (i.e. temporary cross-border movement of natural persons), ... the far greater desirability of orderly arrangements for permanent migration where necessary, including full measure to guarantee migrant workers equal rights, encourage their full integration (including through acquired rights to permanent residence and citizenship), prevent exploitation by employers and protect them against all forms of discrimination. Temporary migration such as that contemplated under "Mode IV", by contrast, does not enable such rights to be defended effectively and leaves the men and women migrant workers concerned extremely vulnerable to exploitation. The competences and structure of the WTO do not enable

it to regulate migratory movements, including those on temporary basis such as under Mode IV, in a manner that protects migrant workers' rights ... observance of core labour standards, national labour law (incorporating and going beyond those standards) in the country where the service is delivered, and existing collective agreements in the host country by all parties, with regard to all workers concerned; full involvement of the ILO; protection of the workers concerned against all forms of discrimination and exploitation; and guarantees of the remittance of their contributions to social security and insurance schemes. In the absence of such conditions, GATS negotiations and commitments under Mode IV should not go forward.

The National Union supports immigration, but not temporary migration. We want all workers, migrant, immigrant or national, to have full rights to labour laws with legal protections and effective enforcement. We want all workers, including migrants, to have full rights to all social services—health care, education, and welfare. We encourage Canadian unions to work with migrant workers, to ensure their rights, and to organize them into unions wherever possible. We pledge to work with progressive NGOs that have a track record of authentic



representation of migrants. This is an issue for all trade unions; the National Union does not claim to own it.

We must also force the federal government to deal with the issue of ethical recruitment. It is immoral to strip developing countries of their people, to entice trained and skilled workers from countries that can't afford to lose them. We should instead have a quota saying that we will only accept a certain number of highly skilled workers. We have an obligation to train our workforce, which will be made up of existing Canadians and immigrants. At the same time, we should provide for effective skills accreditation when people do immigrate. On this score Canada has a terrible record. We have too many engineers, doctors and health care professionals driving cabs!

## **TILMA**

TILMA has also focused attention on labour mobility provisions. The 2007 federal budget said this regarding TILMA: "Artificial barriers to labour mobility can make it difficult for firms to find the skilled labour they need."

The TILMA appendix contains six pages outlining specific occupations that will be examined to prevent so-called barriers to the

movement of people from these occupations between Alberta and B.C.

But it is unclear whether there is any significant barrier to employee mobility between those provinces. The barriers that do exist are based on the qualifications and standards developed by professional and other bodies. It is not at all obvious that eliminating differences in provincial standards would be a good move.

Increased labour mobility, if needed, can easily be obtained by specific agreements that don't have the effect of emasculating the role of governments to the degree that this agreement does.

TILMA is not primarily a labour mobility agreement. It is an investment and corporate mobility agreement that highlights labour mobility to camouflage its true purpose.

## **The Security and Prosperity Partnership (SPP)**

Matt Engelhard, a U.S. Department of Commerce spokesman, says the SPP aims simply to “promote the safe and efficient movement of people and goods” among the three trading partners.

The department's website highlights the following accom-

plishment: “The United States and Canada signed an agreement, which is a milestone in pipeline regulatory cooperation, to allow increased compliance data sharing, staff exchanges and joint training. The sharing of best practices will lead to a more uniform regulatory approach for cross border pipelines.”

According to the website, the Prosperity Agenda of the Partnership includes:

*Investing in Our People—Work through the Partnership for Prosperity and the Canada-Mexico Partnership to strengthen our cooperation in the development of human capital in North America, including by expanding partnerships in higher education, science and technology.*

*Efficient Movement of People—Identify measures to facilitate further the movement of businesspersons within North America and discuss ways to reduce taxes and other charges residents face when returning from other North American countries.*

## **Atlantica**

The real agenda, as opposed to the stated intentions of the Atlantica proposal, remains both murky and suspect. It appears to be a poorly conceived daydream of a deregulated region that has



nothing to offer except fewer delays at the border.

It is difficult, however, to imagine this agenda without an element of increased labour mobility being central to it.

## Conclusion

The corporate free trade agenda is a dead end for Canadians and for other peoples of the world. The National Union is not, and never has been, against fair trade between nations. We are strongly opposed to an agenda that inevitably weakens national governments and gives international companies the right to do as they please, wherever they please, at whatever cost to workers, farmers, the environment and the public good.

The National Union will:

- Continue to closely monitor international, continental and interprovincial trade deals, assessing their impact on our economy, on workers' rights, on the ability of governments to govern, and we will continue to expose the negative impacts of such trade deals.

- Continue to work with allies in other progressive organizations in Canada, and internationally with Public Services International, to fight against the free trade agenda.

- Work with Components to provide information to activists and the public about the dangers to democracy inherent in the corporate trade agenda.

Corporate globalization seeks to turn the world into an enormous market for the consumers of goods produced by a lowly paid and disposable workforce. This is a world where governments have diminishing power and corporations control all of the key decisions.

This corporate utopia is not our world. It is not the choice of people around the globe who see this corporate vision of the future, increasingly, for the callous failure that it is.

Tommy Douglas once said, "Courage, my friends, it's not too late to make a better world."

We agree.