

Canada's ruling elite braces for reopening of NAFTA

By Roger Jordan and Keith Jones
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Canada's ruling elite has become increasingly concerned in recent days as cabinet appointees and other top aides of incoming US President Donald Trump repeatedly declare that reopening the North American Free Trade Agreement (NAFTA) is a top priority for the new administration.

The threat Trump's protectionist "America First" policy represents to America's closest neighbours was underscored by testimony Trump's prospective Commerce Secretary, Wilbur Ross, gave at his confirmation hearing Wednesday. The former asset stripper, who is notorious for imposing massive job and wage cuts on steelworkers, said, "NAFTA logically is the first thing for us to deal with."

Ross made clear that all parts of the 1994 trade agreement between the US, Canada, and Mexico are up for renegotiation and that the US could potentially altogether abandon what Trump has repeatedly denounced as the "worst trade deal ever," if changes are not made to Washington's satisfaction.

"All aspects of NAFTA will be put on the table," said Ross, later adding that "you don't have a deal until you have a deal on everything."

Ross also indicated that the Trump administration views the reorganization of the US-led North American trade bloc—or what Ross termed "our territory"—as only the first salvo in a broader agenda of international trade war. "We ought to solidify relationships in the best way we can in our territory," said Ross, "before we go off to other jurisdictions."

Trump speaks on behalf of the faction of the American ruling elite that believes the US should prioritize direct economic, and if need be military, confrontation with China in the Asia-Pacific, even if that requires seeking a temporary accommodation with Russia. The incoming president has vowed to impose heavy tariffs on imports of Chinese products unless Beijing provides greater market access to US companies and manufactured goods. He has even signalled that he is prepared to use explosive geopolitical bargaining chips like US repudiation of the "One China" policy to gain leverage.

Trump has also lashed out at the European Union, declaring he is in favour of its breakup and denouncing Germany for unfair trade practices.

Ross did not shy away from spelling out the aggressive implications of Trump's trade policy. He boasted about the recent collapse in the value of the Mexican peso and the further weakening of the Canadian dollar. "The president-elect," said

Ross, "has done a wonderful job of preconditioning other countries [with] whom we will be negotiating that change is coming. The peso didn't go down 35 percent by accident. Even the Canadian dollar has gotten somewhat weaker—also not an accident. He has done some of the work that we need to do in order to get better trade deals."

Washington's calling into question of NAFTA represents an especially grave threat to the Mexican ruling class. It has secured substantial investments from global automakers and other major corporations in recent years on the basis of the cheap-labour and sweatshop conditions over which it presides.

Ross and Trump's nominee for Treasury Secretary, the hedge fund manager Steven Mnuchin, are claiming that US protectionist measures will only target countries deemed to be engaging in unfair trade practices. Speaking Thursday at his confirmation hearing, Mnuchin said the Trump administration does not support a protectionist initiative backed by Republican House of Representatives Speaker Paul Ryan that would have the effect of imposing a 20 percent tariff on all imports. "I think we should provide access to our market to those countries that play fair and play by the rules and give everybody a fair chance to compete," said Mnuchin. "Those who do not should not get away with it. They should be punished and severely."

These and other remarks have been interpreted by the Canadian government and elite as indicating that they will be able to develop, if they play their cards right, a close working relationship with what will be the most right-wing US administration in history.

Aided by former Progressive Conservative Prime Minister Brian Mulroney, the Liberal government has held extensive talks over the past two months with top Trump aides, including his son-in-law, Jared Kushner, and his chief strategist, the ultra-right winger Steve Bannon.

Pivotal to Canada's courting of the Trump administration has been the offer of even greater military-security cooperation—that is support for US imperialism's wars and military-strategic offensives around the globe.

Prime Minister Justin Trudeau and his Liberals have also signalled to Washington that they are ready to throw Mexico to the wolves and forge a trade pact with Trump based on a reversion to the 1989 Canada-US Free Trade Agreement, which was the direct precursor to NAFTA.

Nevertheless, Canada's government and big business remain

apprehensive that Canada could get sideswiped in any NAFTA renegotiation. Canada and the US are already mired in a series of trade disputes, including over Canadian softwood lumber and US drywall exports, and Canada's oil giants are fearful the Trump administration will take measures to further boost US shale oil.

Even more fundamentally, Canadian big business fears it will be roiled in a Trump-provoked trade war between the US, China, Germany, and other great powers.

Canada's central bank held interest rates steady at 0.5 percent at Wednesday's regular policy meeting. But Bank of Canada Governor Stephen Poloz warned "prospective protectionist trade measures in the United States would have material consequences" for Canada's economy and consequently "a rate cut remains on the table." Poloz's comments sent the Canadian dollar plunging by more than a cent to US 75 cents.

Following last week's cabinet shuffle to place renewed focus on Canada-US relations, Trudeau named Wednesday a former top Canadian Armed Forces' general, Lieutenant-General Andrew Leslie, to the Cabinet Committee on Canada-US Relations. Leslie, who commanded Canada's military forces in Afghanistan, will also be parliamentary secretary to Foreign Minister Chrystia Freeland, who is charged with overseeing trade relations with the US.

From his time in the military, Leslie reportedly has close ties to Lieutenant-General Michael Flynn, Trump's nominee for national security adviser, and Marine Corps General James Mattis, his secretary of defense.

Bluntly summing up the reasons for Leslie's appointment, a Liberal government official told the *Globe and Mail*, "We have drawn the conclusion that the two kinds of people these guys (i.e., Trump and Vice-President Pence) rely on is billionaires and generals. We want to put [Leslie] in a position where he can have good relationships in an official capacity. He knows all these [military] guys."

Writing in the *National Post* Thursday, John Ivison indicated discussions are well advanced in the Trudeau government as to what changes will be necessary in Canada's military-security posture to "appease" Trump and secure Canada's privileged access to the US market. "Sources suggest," wrote Ivison, "additional defence spending may be required to satisfy Trump that Canada is doing its part as a NATO ally."

The emergence of the authoritarian billionaire Donald Trump as US president and his promotion, under the banner of "America First," of an economic nationalist agenda akin to that which in the 1930s provoked trade wars that were the direct precursor of the Second World War, underscore the historic crisis of capitalism and the urgency of the international working class imposing its own, socialist solution.

But the trade unions, which in Canada like in the US have for decades suppressed the class struggle, and in the name of ensuring corporate "competitiveness" have imposed round after round of concession and jobs cuts, are instead rallying round Trump's protectionist program.

The United Steelworkers (USW), which purports to represent workers in Canada and the US, is pushing for Trump to reach agreement with Trudeau on a common North American steel and

aluminum trade policy targeting Chinese and other overseas producers. The USW's Canadian-born president, Leo Gerard, has hailed Ross' selection as Trump's Commerce Secretary noting that the USW and Ross have a long working relationship—that is in restructuring the steel industry at workers' expense through brutal concessions and mill closures.

Unifor, which with over 300,000 members is Canada's largest industrial union, is also supporting Trump's reopening of NAFTA. Fresh from imposing sell-out contracts on the 23,000 production workers employed by the Detroit Three automakers in Canada, Unifor President Jerry Dias declared earlier this month, "We should be joining with the Trump administration on a common front and saying, 'here is how we're going to deal with the trade imbalance with Mexico'."

NAFTA is a reactionary trade bloc, which has facilitated the driving down of wages and working conditions across North America while boosting the profits of the global corporations.

But the renegotiation of NAFTA by Trump, Trudeau, and Mexican President Enrique Peña Nieto will only be used to further pit workers against each other within North America and, with the aid of the pro-capitalist unions, to harness the working class to the agenda of the imperialist ruling elites of Canada and the US to uphold North American global hegemony through trade and shooting wars.

North American workers must instead assert their common class interests by uniting in a joint struggle against the American, Canadian and Mexican ruling elites to secure decent-paying jobs, quality health care and education, and a safe retirement for *all*. The basis for such a struggle is a socialist and internationalist program which rejects the private ownership of the means of production and the profit motive upon which capitalism rests, and strives to establish workers governments committed to the reorganization of society along socialist lines.

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