

## The Sandbox War

### Vicki Gunn

Executive Director, CHP Canada

The news this past week has been full of the G6+1 Summit...formerly the G7. One thing we know is that we need a bigger sandbox for some of our world leaders to play in.

What started off as an annual meeting of the seven largest economies has become a trade war with acrimonious relations between the US and multiple trade partners. In the past, one of the goals of the G7 was reducing debt for heavily indebted developing world economies; this year our Prime Minister, the host, set as goals "Working together on climate change, oceans and clean energy."

We all love clean oceans and we all want clean energy. Who could argue with decreasing the amount of plastic waste being dumped into the oceans? But we don't all agree on the definition or causes of "climate change." The theory that carbon is responsible for all climate change is just that...a theory.

But, I digress! What was resolved at our \$605 million<sup>1</sup> G6+1? Really, it just made a great photo op for some world leaders who made it look like they were in agreement while the truth is that they only agreed...to pretend that they were in agreement.

We hear that Donald Trump has initiated trade wars because of trade deficits. We hear about tariffs and taxes. The sandbox used to be big enough for the G7 to play in but, today, needs a referee to help deal with the playground spats.

The problem is that six socialist governments faced off against a capitalist...a man who has built huge businesses but also seen them bankrupted...a man who intimately knows the business world...a man who understands that trade deficits are a problem and his country must start to manufacture goods to reduce and eliminate their trade deficit. He wanted to talk trade and business, but they wanted him to agree on what the policies of each sovereign nation should be.

Donald Trump does not want to be the President of the world's second "post national state"... our Prime Minister has already told the world that we are "the world's first post national state." Trump is, and wants to remain, the president of a sovereign country.

What does it mean to be a sovereign country and not a "post national state"? It means that your job is to look after the economy of your country. It is not to play footsies with your allies "for the common good." Rather, it is to ensure that your country thrives and your citizens thrive!

Consider his frustration over NAFTA, the North American Free Trade Agreement. When it was signed, the US was the biggest of the three economies, followed by Canada, and finally Mexico. We just need to apply a little clear thinking and we see why President Trump is not amused.

We all have neighbours...some of our neighbours we really connect with — we may even share house keys. Other neighbours are nice enough but "high fences make good neighbours" with them.

We cannot treat each equally. All countries are different and thus must be treated differently, but in all cases honestly.

The US had high environmental standards, safety standards, and compensation standards for businesses, as did Canada. Mexico, an impoverished country, did not. Companies operating in the United States and Canada had a high cost of operation, high safety standards, high wages, high environmental standards. Across the border, Mexico had cheap labour, little concern for safety standards and low environmental standards.

How many companies made a “wise” business decision and moved production to Mexico, costing Americans their jobs? Goods move back and forth across the border with Mexico; raw materials go in and finished products come out, “The result for consumers: finished goods at a lower price.”<sup>2</sup> But, what about the effect of manufacturing job losses? What Canadians and Americans can pay for Canadian and American-made merchandise after losing their manufacturing jobs? Of necessity, people purchase the lower priced articles, forcing local businesses that did not move manufacturing to Mexico to close their doors.

What about the workers in Mexico? Search “conditions in the maquiladoras”<sup>3</sup>...poor, rundown, unsanitary facilities, poorly ventilated, unsafe conditions, long hours, no breaks, no benefits. Which Mexicans really benefited from NAFTA? You can read this Stanford University article (PDF)<sup>4</sup> to understand some of the problems faced.

In other words, in order to produce low cost goods for wealthy countries, other people live in squalor. The rich countries are bringing in goods at low prices that, with our expectations of safe factories, government set minimum wages, etc, we cannot afford to produce. People living in the maquiladoras use outdated or malfunctioning equipment, with injury and the loss of limbs a real danger. And should they be injured, who is there to compensate them? ...certainly not our first class Workplace Safety Insurance Boards.

So, our Canadian trade deficit, \$20.87 billion, is built on the backs of the poor. While we have fewer manufactured goods to trade, we have created dangerous poorly paid jobs in countries that already had poor human rights records.

NAFTA has provided Mexico with a growing economy and a subclass of destitute people living in the squalor of maquiladoras. It has provided Canada and the US with huge trade deficits, which we will sooner or later have to deal with, and a need for manufacturing jobs to process our own resources.

Canadians have been sold the idea that minimum wages must be increased but we resist the price increases that this must create. A Canadian factory paying minimum wage, with benefits, safety measures, etc, would be a glorious working environment for those we’ve sentenced to living in the squalor of maquiladoras. But these exploited workers will not see the opportunity to delight in this wealth.

The G7 ended in acrimony because of Donald Trump’s insistence that the only Free Trade Agreements that he will support must be to the benefit of the US citizens...which is his job. He objected to our Prime Minister trying to force his hand, which is expected because our Prime Minister should be looking out for Canada’s best interests.

The problem is that all countries need to deal with the trade deficits created by free trade agreements and our Prime Minister, as the leader of the “first post national state,” is expecting that Mr. Trump should bow to other country’s financial interests at the expense of his own country. But, Mr. Trump has only one concern... “America First.”

I wish we had a leader devoted to “Canada First.”

The bottom line is that agreements must be negotiated on the realities of each country and each industry. This is not a “one size fits all” proposition.

Allowing other countries to dictate trade practices is not what sovereign countries do. They look out for their own best interests and determine how this is best negotiated in the international market. If we’re going to play in the same sandbox our goals must be clear and we can’t pretend to agree when we don’t.

For a sovereign Canada, join CHP<sup>5</sup>, build CHP, and vote CHP.

## **Footnotes**

<sup>1</sup> [globalnews.ca/news/4052182/g7-summit-canada-cost-605-million/](http://globalnews.ca/news/4052182/g7-summit-canada-cost-605-million/)

<sup>2</sup> [www.washingtonpost.com/business/economy/with-nafta-in-trumps-crosshairs-mexicos-border-factories-brace-for-the-unknown/2017/02/21/f91a3960-ee49-11e6-b4ff-ac2cf509efe5\\_story.html](http://www.washingtonpost.com/business/economy/with-nafta-in-trumps-crosshairs-mexicos-border-factories-brace-for-the-unknown/2017/02/21/f91a3960-ee49-11e6-b4ff-ac2cf509efe5_story.html)

<sup>3</sup> [maquiladoras-educateyourself.weebly.com/working-conditions.html](http://maquiladoras-educateyourself.weebly.com/working-conditions.html)

<sup>4</sup> [schoolhealtheval.stanford.edu/files/StephanieNavarro\\_HumBio122MFinal.pdf](http://schoolhealtheval.stanford.edu/files/StephanieNavarro_HumBio122MFinal.pdf)

<sup>5</sup> [www.chp.ca/get-involved/](http://www.chp.ca/get-involved/)