

“RESTRUCTURING: THE FREE TRADE AGREEMENT (FTA) TO WOMEN: FREE TRADE AHEAD”

OTTAWA, 1986

Do not turn this page because you are sure you won't understand any article that discusses free trade. You will, I can assure you. Also, please do not turn the page because you are tired of seeing those two ubiquitous words every time you open your daily newspaper. Articles in the newspaper never discuss what free trade might really mean for women. This article does.

If you have heard about free trade, but only in the mainstream media, you are likely to be wondering what all the hubbub is about. After all, what would be wrong with having unrestricted access to American-made products which, no matter what they are, are often cheaper and come in more colours and varieties than do Canadian-made goods? And why should we not expand our markets for Canadian-made goods to the millions and millions of consumers who live down south of the border? What could we possibly lose in such a deal?

Nothing, claims Brian Mulroney. Lots, claims Marjorie Cohen (a feminist economist at York University and a vice president of the National Action Committee on the Status of Women). According to Cohen, if we are women, and work in a service sector or manufacturing industry, or rely on welfare payments to live, we could be hit hard by free trade. But wait a minute, you say, Brian Mulroney is a politician. If Cohen is right, why would Mulroney risk alienating thousands of voters by moving towards a policy which could have disastrous results? If you have a healthy dose of neuroticism bordering on paranoia, you may think Brian is part of the ultimate male plot, conspiring with his cronies to permanently impoverish and disempower women. If you are less prone to rashness, you may simply think Brian is not too bright, and misguided by his trusted and well-read business advisors.

In order to understand why Cohen's concerns should be weighted seriously, it is necessary to weave our way through the seeming confusion of today's Canadian economy. No easy task, although it was one which was attempted last winter by the Ottawa chapter of Organized Working Women. It was during a series of four lectures which this group held that I chanced

upon hearing Cohen speak about the clearly negative implications of free trade for women, and thus became a convert in the rally against it. I want to state that I am not an economist; however, none of us have to feel that we need a degree in economics to understand what free trade is, or why it is just not going to do us any good.

To begin with, let's look at the type of production Canada has relied upon throughout its existence to furnish economic prosperity. Without a doubt, harvesting natural resources has always been our ticket to maintaining and increasing the general standard of living in Canada. We have never had a very strong manufacturing sector, although in recent years the service sector (where, by the way, the majority of women in the work force are employed), has expanded at a great rate.

Canada is, and has always been, extremely dependent on trade to sustain economic growth. In fact, we are more dependent on trade than any other country in the western world. The catch is, our trade surplus is due to the export of natural resources, which employs only about 6 per cent of Canadian workers. When times are good in other countries, primarily the United States, and demand for our resources is high, we are able to spend lots of money to import most of the manufactured goods that are sold here. When times are bad, and nobody wants our wood, iron ore or oil, what happens to Canadian industry? Tied as we are to expecting revenues for these resources from other countries, primarily the United States, and lacking a strong manufacturing sector to provide us with goods to substitute for the ones we import, we suffer the same economic recession as the other countries upon which we depend.

This being the case, and with unemployment still hovering around the 10 per cent mark in Canada, what route might we logically take to reduce unemployment and increase everyone's level of prosperity? Economists such as Cohen, Mel Watkins of the University of Toronto, and Sam Gindin of the United Auto Workers all argue that we need to develop our own industries which could produce the goods we now import, and that we need to process our resources before shipping them out. This would result in jobs and a healthier Canadian economy. These strategies need to be accompanied, not by liberalized trade agreements, but if anything, by continued import restrictions in order to protect our fledgling industries.

Why then, you logically ask, are the Tories up on their high horse about negotiating a free trade agreement with the United States? What are they hoping to accomplish? If we can assume that they have used the Macdonald report on the economic prospects of Canada as their rationale, they would be expecting free trade to result in a “radical restructuring” of the Canadian economy, leading to huge economies of scale in our manufacturing sector, which would allow us to compete on an international scale as finished-goods producers. As Marjorie Cohen pointed out in her talk, theological expressions seem to constitute a good deal of the verbiage used by Macdonald and other free trade defendants when they are questioned about the value of the concept. “Faith” in the market system is one underlying precept; “belief” in the new era of prosperity that a more integrated world capitalist economy can bring is another.

But what, you may say, in practical terms might free trade bring? In the short term, even its staunchest defenders agree, free trade is likely to herald an era of plant closures in Canada for those which simply cannot compete with more efficient manufacturers south of the border. But in the long term, they argue, some of our industries will thrive on their access to new markets in the United States and will grow as job creators and revenue producers. We are told to believe that, perhaps ten or twenty years down the road, Canada will ultimately benefit from liberalized trade with the United States.

Aside from the spectre of immediate job loss for thousands of Canadians, there is a flip side to this scenario, which, for women, is likely to be nothing short of disastrous. First of all, women tend to work in the weakest sectors of our manufacturing industries and therefore are the most likely to lose their jobs in the short run due to still competition in the United States. A tracking study done in the mid-1970s by the government, during a period of unprecedented increase in imports, showed that women who lost their jobs at that time remained unemployed longer than men, and ultimately found worse-paying jobs than did the men who were laid off.

Macdonald, indicating some sensitivity to this situation, suggested that the government should provide some form of “adjustment assistance” to women to move into the new “high wage” industries that he has faith will flourish under free trade. However, he stressed, women must be “suitably adaptable” in the new era; that is, we must be willing to be retrained and relocated to

wherever these new industries will be found. Women with dependents, and possibly attached to higher-wage-earning spouses, will not find such a transition easy to make.

Secondly, let's look at women who work in the service sector of our economy (that is in occupations such as clerical, waitressing, or hospital workers). After all, it is a significant employer today, as noted earlier. According to Mulroney, the Canadian government does not want to include free trade in services in the trade talks with Washington. However, it is well known that the United States is extremely interested in developing free trade agreements in services with us, as well as with any other countries which might be willing partners. In fact, it has already negotiated such an agreement with Israel.

Free trade in services is extremely important to the United States these days because it has lost a significant number of manufacturing jobs to third world countries. About 70 per cent of the American labour force is currently employed in the service industries. Should free trade in services occur, it is likely that even more women in Canada will be forced to work in the traditionally low-paying, non-unionized, dead-end jobs that the service sector provides; only in this case, more and more of the employers will be American, and more and more, the employment standards will be in the United States, where "right to work" laws at no minimum wage exist in some of the southern states.

And what about the women who comprise the majority of workers in the public services? In the United States, privatization of such services is being actively encouraged. Non-unionized employers, with a tendency to hire part-time workers for less wages and benefits than full-time workers, could be given free licence to compete in the public sector if privatization were given free reign here. Clearly the strength of our public service unions, which have achieved impressive wage gains for women, would be severely threatened.

There is another, and perhaps more dire threat to women who work in the service sector, regardless of whether or not free trade in services is negotiated. That threat is embodied in the American wish to make everyone play on a level playing field (this is literally the language of Washington, as Mel Watkins points out). Are we talking about National Football League franchises or exchanging goods? Neither; we are talking about the need perceived in the United States for its free trading partners to reduce any unfair advantages industries may receive in the

other country (Canada, in this case) due to government policies, programs and subsidies. Such unfair advantages might be considered in Washington as government-sponsored maternity leave benefits which constitute two-thirds of women's salaries here, but only 50 per cent of women's salaries in the United States. Even Canadian medicare plans are seen in America as an unfair subsidy to our workers. While our welfare state is no doubt inadequate, do we really want to replace it with the American model, replete with its thousands of homeless citizens?

Last but not least, what about the potential effects of free trade on women who live either alone or as mothers on social assistance? There is no question that welfare and pension benefits in this country are outrageously inadequate, but they are certainly unlikely to improve if we align ourselves more closely with America, home of Reaganomics and social welfare budget-slashing. Higher social assistance payments in Canada than in the United States may well be perceived as yet another unfair government subsidy — for complex reasons only economists could fathom

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