

On free trade, Harper needs to show some true grit

This government has been very aggressive about announcing free trade deals—not so much about closing them

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Listen to his critics and you'd think a blinding "neo-conservative ideology" is what motivates Prime Minister Stephen Harper these days. Yet in sifting through his six years in power it's much easier to find evidence of opportunistic pragmatism than any specific ideology.

Regardless of this week's budget, the Harper government has already proven itself to be the biggest spending government in Canadian history. And while it talks a lot about taxes, Ottawa is actually creating a more complicated and less efficient tax system through its creation of myriad tax credits aimed at tiny slices of the population for such things as children's dance lessons, team sports, work tools or public transit.

The federal government has also been quick to remove the right to strike from unionized workers—the widespread animosity of the current Air Canada labour dispute is directly attributable to this instinct for control over letting negotiations take their course. It has, as well, interposed itself into deals between interested buyers and sellers, such as with the Potash Corp. decision. None of this is the stuff of standard economics textbooks.

There is really only one area of economic policy in which Harper appears to have retained his much ballyhooed enthusiasm for unfettered markets. And that's free trade. But does he have the courage to follow this enthusiasm with real progress?

The Prime Minister has been unveiling free trade deals at a rapid pace. During his trip to Asia last week he stopped in three countries and announced two new rounds of trade talks—one each in Thailand and Japan. At the same time, International Trade Minister Ed Fast was making an announcement on a potential deal with Brazil, Argentina, Uruguay and Paraguay.

Late last year Canada also asked for a seat at the Trans-Pacific Partnership (TPP), a group of nine countries comprising the United States, Australia, New Zealand, Singapore, Peru, Vietnam, Malaysia, Brunei and Chile, that promises to revolutionize Asian trade relations. And Canada is deep into free trade talks with the European Union, currently the largest trading bloc in the world.

The possibility of having Canada's signature on the world's three largest regional trade deals—the TPP and EU plus the pre-existing North America Free Trade Agreement—presents the prospect that Canada could soon define itself as a trading nation *sine pari*. For a country with ample natural resources and unlimited capacity for growth, but a relatively small domestic market, trade remains the surest route to our economic success. Yet there's more to becoming a free trader than simply issuing press releases.

“This government has been very aggressive about announcing free trade deals,” observes trade expert Michael Hart of the Norman Patterson School of International Affairs at Carleton University in Ottawa. “But they haven't been quite so aggressive in finishing trade deals.” If he intends to close any of these recently announced deals, Harper must soon confront the elephant in the corner of the trade agreement room—or rather, the cow.

Hart points out that many previously announced free trade deals remain in suspended animation due to major objections at home that are not going to go away easily. A free trade deal with South Korea, for example, is hung up over complaints from the auto sector. And Canada's participation in the much larger and more significant TPP may be conditional on unwinding domestic agricultural quotas in dairy and poultry, something Harper has previously said he will not do.

Clearly Harper needs to start making some difficult choices. Those disadvantaged by free trade obviously deserve fair consideration and ample time to plan, but they cannot be allowed to hold up progress for the rest of the economy. If the Prime Minister is serious about putting his free trade convictions into practice, he is going find himself in direct conflict with politically savvy, status quo-loving

opponents such as auto workers and farmers. This will require that he abandon his current preference for low-key pragmatic populism in favour of a bigger helping of conservative grit and confrontation.

Harper is quite right when he declares that Canada is a trading nation. Now we need to see how serious he is about making that trade freer.