

# Canada's elite ponders implications of "Fortress America"

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Washington's demand that Canada bring its policies in line with the US "war on terrorism" has provoked a major crisis in Canada's economic and political elite.

It is not that any section of the ruling class opposes the assault on Afghanistan or the Liberal government's pledge of Canadian military support for all stages of the war, irrespective of what other states become Washington's target. To the contrary, the corporate media roundly applauded when Foreign Minister John Manley said that Canada must shoulder the burdens of war if it is to maintain influence in the G-7 and other imperialist counsels.

Similarly, the elite has rallied round the Liberal's "anti-terrorism" bill. Now before parliament, this legislation would give the state unprecedented powers, including the right to detain people on suspicion, compel testimony, and withhold from accused the evidence against them. Moreover, it provides a catch-all definition of terrorism that could be used against those who strike in defiance of anti-union laws or mount civil disobedience.

No, the source of the anxiety and apprehension in the Canadian elite is that the events of September 11 graphically demonstrated its utter dependence on unfettered access to the US market and thus its extreme vulnerability to US pressure.

Concern over Canada's ever-increasing economic integration with the US certainly pre-dates September 11. With the US absorbing more than 85 percent of Canada's exports and US trade accounting for 40 percent of Canada's total GNP, bourgeois commentators have frequently warned that Canada has placed "all its eggs in one basket." The emergence of the Euro, the erosion of the value of the Canadian dollar, and the adoption of US-dollar accounting by leading Canadian firms has caused economists, editorialists and politicians to question whether Canada can continue to maintain its own currency.

Nonetheless, it came as a mighty jolt to Canada's corporate boardrooms to see cross-border trade paralyzed in the wake of the September 11 terrorist attacks. Formally, the Canada-US border was only closed for a few hours, but for days there were miles-long line-ups at key border crossings, such as Detroit and Port Huron, Michigan, and Niagara Falls, New York. Even now, eight weeks on, trucks often wait hours to cross into the US. With more than a billion dollars worth of two-way traffic each day and many companies, especially in the auto industry, working on just-in-time delivery, losses already mount into the tens and possibly hundreds of millions of dollars.

Greatly magnifying corporate Canada's concerns is that the Bush administration has shown it has no qualms about using the border as leverage in pressing Ottawa to do its bidding. US government spokesmen have made it clear that unless Canada harmonizes its border controls—travel, immigration, and refugee policies—with Washington's, traffic in people and goods will be impeded. US Ambassador Paul Cellucci has been particularly blunt in pressing for Canadian cooperation in establishing a North American "security perimeter." At the same time, he has "advised" Canada to increase its military spending and pressed for a "continental energy policy" embracing Canada, the US and Mexico.

The most powerful sections of Canadian big business have fallen quickly into line with the US demands. Thomas D'Aquino, president of the Business Council on National Issues, which represents Canada's 150 largest corporations, has called on Ottawa to bring its immigration and security laws in line with those in the US and for increased spending on the military and police. "We had better do it because if we don't, the Americans are going to shut us down."

The US threat is real. But sections of big business and the political right also see closer political-security ties

with the US as opening the door for them to mount a new push to “harmonize” tax and social policy between the two countries. It has long been a complaint of the Business Council on National Issues and the Canadian Alliance, the Official Opposition in Parliament, that the well-to-do in the US pay lower taxes and that Canadian social programs and public services are overly generous, especially as compared with those in the US.

The Liberal government’s response has been more ambivalent. Foreign Minister Manley, the head of a new special “anti-terrorism” cabinet committee, has pledged that Canada will do its part to police a Fortress America. Says Manley, “We will have to make every effort to satisfy the United States as to the level of our border security. We have simply too much at stake economically in our ability to access the United States market—over \$1.3-billion US dollars per day in trade—we can’t have them build a wall around the United States and us be on the outside of it.”

Nonetheless, Manley and Prime Minister Jean Chretien have shied away from using the term “North American Security Perimeter” and insisted that Canada will retain full sovereignty over its territory and power to make its own laws. “We have to have a proper balance,” Chretien told a news conference last month. “We have to have security, but not at the expense of the country.” On another occasion, he sounded a more defiant note, proclaiming “[T]he laws of Canada will be passed by the Parliament of Canada”.

These statements reflect the reservations and fears of the Canadian ruling class over its ever-more explicit subordination to the US as a junior partner and the accompanying erosion of its power to assert its own mercenary interests on the world stage.

Since the 1940 Ogdensburg Agreement, Canada has been bound to the US in a military alliance. US capital played a pivotal role in fuelling Canada’s post-World War II expansion. Nevertheless, the Canadian ruling class jealously guarded its own interests and sought through the British Commonwealth and later Trudeau’s “Third Option” to find some way of countering Canada’s ever-increasing integration into a US-led continental economy.

The Canadian nationalists notwithstanding, it was the most powerful sections of Canadian capital, not Wall Street, that spearheaded the 1988 Canada-US Free Trade Agreement. Canada’s largest companies feared the rise of global protectionism and were anxious to gain privileged access to the US market. Even more importantly, without such access they lacked the economies of scale to justify

the technological innovation needed to defend even their current tariff-protected position in the home market.

The FTA and subsequently NAFTA have led to a fundamental reorientation of the Canadian economy. Trade with the US was the principal engine of Canadian economic growth in the 1990s. But the tightening north-south economic bonds have increased the centrifugal tendencies within the Canadian nation-state. Not accidentally, the advocates of Quebec’s secession are among the keenest supporters of Canada adopting the US dollar. And sections of Canadian business have become increasingly concerned that Canadian capital is being marginalized in the worldwide business consolidation, with US companies using the high-valued US dollar to buy up their Canadian competitors.

Complained the *Globe and Mail*’s economic affairs columnist Eric Reguly, “Linking Canada’s economic prosperity to the United States, the world’s biggest market, seemed to be working wonders. Now, it looks less than brilliant. Canada is now almost entirely dependent on a single economy, one that was in trouble well before the World Trade Center disaster and has been in free-fall since. ... To top it off, the Americans can now use Canada’s trade dependency as leverage for anything else it wants.”

The events of September 11 have only accelerated a crisis long in the making. At the same time, the response of the Canadian government and big business to September 11 exemplifies how the Canadian ruling class will respond to its increasing marginalization. On the one hand, it will vie for position in the global economic and military struggle for profits and geo-political influence; on the other, it will lash out against the working class, slashing public services and attacking democratic rights.

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