

Trudeau beats nationalist drum as Canada imposes retaliatory tariffs against US

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The Trudeau government imposed tariffs totaling CAD \$16.6 billion (US \$12.6 billion) on a wide range of American products Sunday, in the latest volley in the escalating trade war between Ottawa and Washington.

The tariffs are in retaliation for the Trump administration's 25 percent tariff on steel imports and 10 percent tariff on aluminum imports. These and Trump's threats to impose a 25 percent auto tariff and scuttle the North American Free Trade Agreement (NAFTA) have rattled Canada's ruling elite and thrown Canada-US relations into their deepest crisis in decades.

Canadian Prime Minister Justin Trudeau and his Liberal government timed the introduction of their anti-US tariffs to coincide with the annual July 1 Canada Day holiday. For its part, the *Globe and Mail*, the mouthpiece of Canada's financial elite, marked Canada Day with a reactionary diatribe, titled "Canada Day: Why 1867 beats 1776," that summed up the reactionary and anti-democratic traditions of the Canadian bourgeoisie. The editorial denounced the American and French Revolutions, the two great bourgeois democratic revolutions inspired by Enlightenment principles, claiming the sordid British-backed, business deal that created Canada's federal state to be far superior.

In his Canada Day speech Trudeau portrayed his government's retaliatory tariffs as aimed at protecting Canadian workers and an example of Canadians pulling together to help each other. "From Ontario steel to Quebec aluminum, from agriculture and the energy sector in the Prairies and the North, to forestry in British Columbia and fisheries in the Atlantic, Canadians," declared Trudeau, "get the job done—and build our communities along the way."

This is all hogwash. Ottawa is waging trade war not to defend workers and their livelihoods, but to protect the markets and profits of Canadian big business.

The Trudeau government has already announced billions of dollars in assistance for Canadian steel and aluminum producers, which will be paid for through an intensification of the class war assault on Canadian workers. Working people will also have to bear the burden of the price increases that the tariffs will produce.

Canada's retaliatory tariffs are, in monetary terms, by far the largest any state or in the case of the European Union inter-state

grouping has taken in answer to the US steel and aluminum tariffs. This reflects the fact that Canada is the biggest exporter of both products to the US and therefore has been hit the hardest by the US trade action, which Washington introduced under a seldom used "national security" clause. According to Export Development Canada's deputy chief economist, Stephen Tapp, 3.1 percent of Canada's merchandise exports have been affected by the steel and aluminum tariffs, compared to 0.4 percent of EU exports, and 0.1 percent of China's.

In a Fox News interview on Sunday, Trump, who lambasted Trudeau and threatened further trade action against Canada at the conclusion of last month's G-7 summit, reiterated his threat to impose a 25 percent tariff on auto imports from Canada. "I'm going to tax their cars coming into America and that's the big one," said the US president. "We can talk steel, we can talk everything: The big thing is the cars."

Trump also said he will not approve any revised NAFTA deal at least until after the November US midterm elections. Among other changes Trump is demanding a five-year "sunset" or termination clause, which both Canada and Mexico reject as it would provide a mechanism for the US, which dwarfs the other two, to continually press for changes to its liking.

The prospect of US auto tariffs has sent shockwaves through Canadian ruling circles, with Flavio Volpe, the head of the Canadian Auto Parts Association, describing it as "carmageddon." The TD bank says that if such tariffs were to be imposed 160,000 jobs would be at risk in Canada's auto assembly and auto parts sectors.

Workers in Canada must reject the reactionary nationalist appeals—appeals that the trade unions and social-democratic NDP are echoing and amplifying—that they support the Liberal government and Canadian big business in trade war, whether it targets the US, China or any other country, or group of countries.

Rather, they should join with workers in the US, Mexico and around the world in asserting their own class interests through a joint struggle in defence of the jobs, wages and social rights of all workers, against all forms of economic protectionism and militarism, and for the socialist transformation of society.

The eruption of bitter trade conflicts between the US and what until recently were its closest North American and

European allies is a product and manifestation of the deepest crisis of world capitalism since the Great Depression of the 1930s. And like then, the rival nationally-based bourgeois cliques have responded to this crisis by intensifying their drive to squeeze profit from the working class and by aggressively asserting their predatory interests on the world stage through protectionism, great-power politics, rearmament, and war.

The European imperialist powers, led by Germany, are rearming and striving to assert their imperialist ambitions independently of, and increasingly in open opposition to, Washington.

Since World War II, the Canadian bourgeoisie has relied on its unique economic and military-strategic partnership with Washington to advance its own imperialist interests and ambitions around the world, and it remains committed to that partnership even under the most rightwing US administration in history. But it is being roiled by Trump's "America First" policies—that is by Washington's attempt to reverse the dramatic decline in the world position of US imperialism by aggressively reordering world trade and geo-politics.

With the overwhelming support of Canada's ruling elite, Trudeau has assiduously pursued an accommodation with Trump ever since he secured the presidency in November 2016. But with the US resorting to trade war measures, powerful voices within the Canadian ruling class are calling for a more assertive policy against Washington.

"We have one customer who buys 75 per cent of what we sell," said Canadian Chamber of Commerce President and former Harper government cabinet minister Perrin Beatty last week. "That customer, who has been our best friend and ally, is now looking how to inflict damage on the Canadian economy. We need to take that very seriously."

As significant as the trade issues are, they are only one aspect in the growing rift between Ottawa and Washington. Last month, Trump admonished Trudeau in a formal letter for Canada's failure to adhere to its NATO commitment to spend the equivalent of 2 percent of GDP on the military. Trump said that while Washington is grateful for Canada's involvement in its geostrategic offensives around the world, the entire US political establishment, not just his administration, is adamant Canada meet its NATO military-spending pledge.

Canada, meanwhile, is angered by Washington's unilateralist foreign policy and its downgrading if not open repudiation of the "Trans-Atlantic partnership" between the North American and European imperialist powers. Not only has this partnership provided the Canadian ruling class with increased leverage in Europe and on the global stage; it has served as a means for Ottawa to balance the asymmetrical bilateral relationship with the US.

With increasing stridency, the Canadian ruling class is demanding the Trudeau government respond to the eruption of trade war and the crisis in Canada-US relations by taking urgent action to bolster the "competitiveness" of Canadian

capitalism, i.e. by intensifying the assault on the working class. Big business is particularly anxious for Trudeau to match and exceed Trump's massive corporate tax cuts, accelerate deregulation, and push through oil pipelines and other resource extraction projects.

That Trudeau and his fellow cabinet ministers can claim to be leading a "united" Canada and pose as allies of steel, aluminum and other workers is above all due to the foul role being played by the trade unions and the NDP. The union bureaucracy has not only welcomed Trudeau's tariffs. It played a leading role in campaigning for and designing them. In April, the United Steelworkers and Unifor were incorporated into a government-led corporatist committee aimed at curbing cheap steel imports to Canada, a euphemism for clamping down on Chinese imports.

More broadly, union leaders like Unifor President Jerry Dias have promoted the turn to protectionism, including Trump's reopening of NAFTA, on the calculation it could be used to bolster the Canadian auto industry at the expense of Mexican workers.

Steelworkers President Leo Gerard has hailed Trump's steel and aluminum tariffs with his only caveat that Canada should be granted an exemption, so that Canada and the US can jointly wage trade war against China and other countries. Like Trudeau, Gerard has stressed that far from Canada being a "national security" threat to the US, Ottawa is Washington's staunchest ally, including by supplying steel and aluminum for US warplanes and tanks.

Commenting on last week's parliamentary committee hearing on Trudeau's anti-US trade war measures, *National Post* columnist John Iveson wrote, "What was striking was the unanimity in the room between employers and unions, between Liberals, New Democrats and Conservatives in support of retaliatory measures ... There is a sense the Canadian way of life is under assault from an exogenous threat."



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