
OPPOSITION TO CONTINENTAL INTEGRATION: SWEDEN AND CANADA

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While the shape of continental integration in Europe and North America differs in a number of important respects, they share a number of interesting characteristics which are explored in this paper. One is their foundation in a new free trade ideology, favouring corporate mobility rights and restrictions on democratic sovereignty. Another is the response of the citizens of two countries, Sweden and Canada, who in large numbers opposed entry into the European union and the U.S.-Canada Free Trade Agreement, respectively. The author analyzes those forces opposing and those favouring continental integration in Sweden and Canada, finding similarities and points of contact in the debates which raged in each country. As continental integration continues apace, the author concludes that the forces marshalled in their domestic debates likely will continue to play an important role in future debates about free trade ideology.

Bien que les modalités d'intégration continentale diffèrent à de nombreux égards en Europe et en Amérique du Nord, elles partagent plusieurs caractéristiques intéressantes qui font l'objet du présent article. L'une d'elles est leur fondement sur une nouvelle idéologie de libre-échange favorisant la liberté de circulation et d'établissement des entrepreneurs et limitant la souveraineté démocratique. Une autre est la réaction des citoyens de deux pays, la Suède et le Canada, qui se sont opposés nombreux à l'entrée dans l'Union européenne et à l'Accord de libre-échange nord-américain, respectivement. L'auteur analyse les forces opposées et favorables à l'intégration continentale dans les deux pays, et relève des similarités et des points de contact dans les débats passionnés soulevés par la question. Tandis que l'intégration continentale se poursuit, conclut l'auteur, ces forces continueront probablement à jouer un rôle important dans les discussions relatives à l'idéologie de libre-échange.

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If Europe were a country, it would not be allowed into the European Community because it is not democratic.

oft-repeated quote of opponents to the European Union in Sweden, 1993¹

I happen to believe you have sold us out ... Once a country yields its economic levers, once a country yields its investment, once a country yields its energy ... then the political ability of this country to sustain the influence of the United States, to remain as an independent nation — that has gone forever.

Liberal leader John Turner during the 1988 'free trade' federal election²

How quickly conventional wisdom shifts about the direction of the inevitable march of history. Not long ago, big business and the political right were identified as predominantly protectionist, nationalistic and, in some cases, flirting with xenophobia or racism. The right was thought to be fighting a rear guard and, in the long-run, a futile battle against expanding (or creeping) socialism, the extension of citizenship, welfare rights and the growing size of the public sector.³ History was on the side of the socialists, with their calls for international solidarity, equality, and non-market values.

The 1980s saw a sharp reversal in conventional wisdom about the inevitable direction of history. Several trends shifted the balance towards belief in the utility of the unrestricted capitalist marketplace and away from the efficacy of democratic politics and positive state action. The right seized the initiative and grabbed the internationalist mantle from the left. Transnational corporations used the information revolution to coordinate output increasingly on a global level and to transmit capital instantaneously across borders. They sought to diminish national social-economic barriers between the component parts of their companies located in different countries.⁴

¹ Interview with Rudolf Meidner (15 June 1993).

² G. Fraser, *Playing for Keeps: The Making of a Prime Minister, 1988* (Toronto: McClelland and Stewart, 1989) at 290.

³ Examples of numerous writers in the 1950s and 1960s from the right and the left could be given. See, for example, the optimism that capitalism had been transformed in C.A.R. Crosland, *The Future of Socialism* (New York: Schocken Books, 1956).

⁴ P. Marchak, *The Integrated Circus: The New Right and the Restructuring of Global Markets* (Montreal: McGill-Queen's University Press, 1991).

The 'Thatcherite' revolution⁵ of deregulation, privatization, downsizing the welfare state and weakening unions, aided the transnationals' cause of removing political barriers to markets. Monetarism returned business and government thinking to the traditional economic emphasis of reliance on market forces, currency stability and anti-inflation that had reigned before Keynesianism. Highly productive Asian capitalism penetrated and challenged the older versions in Europe and North America.⁶ After these trends were under way for a decade or so, the Berlin Wall fell and communism was routed in Eastern Europe.

These changes altered the political landscape in Western countries and provided the impetus for forging formal economic integration agreements in North America and for deepening and broadening pre-existing integration agreements in Western Europe. Amongst all the other changes taking place, debates began on the northern periphery of each continent that questioned long-held independent policies that had resisted continental integration. It is these debates that I address in this paper.

Sweden and Canada share many characteristics and yet differ in many ways. North America is more liberal and less social democratic than Europe. But in relation to their respective continents, they are the most social democratic with greater welfare entitlements, taxation rates and the size of their public sectors. Both have been high-wage economies with recent currency devaluations and high government deficits. Unions in Sweden and Canada are much stronger than in the rest of Europe and North America, respectively. Both have experienced high unemployment and recent massive flights of capital to southern neighbours, where welfare levels and wages are lower. After resisting the trends of neo-liberalism and deregulation in the early 1980s, Canada and Sweden increasingly faced pressures to harmonize their

⁵ There are many excellent studies on Thatcherism. See D. King, *The New Right* (London: Macmillan, 1987) and C. Leys, *Politics in Britain* (Toronto: University of Toronto Press, 1983).

⁶ J. Morris, ed., *Japan and the Global Economy: Issues and Trends in the 1990's* (London: Routledge, 1991).

social and economic policies with those of the major powers on their respective continents.⁷

Continental integration poses major challenges. Some would say it threatens these societies and has sparked passionate debates about their future directions. Some of the issues and concerns in Canada and Sweden are very similar, some are very different. But each country is largely unaware of the other's debates because neither is a major power and little attention is given to them by the international media.

This paper is written in the belief that both countries can learn from a comparison of the similarities and differences in their contexts and debates. Much more can be written about these complicated issues than is possible in one short paper. I will concentrate on the political-economic contexts and the politics of opposition in each country.

New and Old Concepts of Free Trade

The term 'free trade' is confusing because its meaning recently has been turned on its head. Before the 1980s, free trade meant the unrestricted movement of goods⁸ across international borders. The doctrine of free trade can be traced back to the writings of Adam Smith, David Ricardo, and John Stuart Mill and is based on the concept of 'comparative advantage.' It is assumed that each country is more efficient than others in producing some particular set of goods and services and that it is in these areas that it should specialise. According to the doctrine, each country should export goods and services where it is most efficient and import everything else that is needed. It is argued that, because of increased efficiencies, all trading partners benefit from free trade.

⁷ Regarding Sweden, see G. Ahrne and W. Clement, "A New Regime? Class Representation within the Swedish State" (1992) 13 *Economic and Industrial Democracy* 455. For Canada, see S. Clarkson, *Canada and the Reagan Challenge*, rev. ed. (Toronto: Lorimer, 1985); S. McBride and J. Shields, *Dismantling a Nation: Canada and the New World Order* (Halifax: Fernwood Books, 1993).

⁸ Free trade also meant the unrestricted movement of services, but the latter was less important than the movement of goods before the information, communications and banking revolutions of the 1980s and 1990s.

The traditional concept of free trade had an egalitarian promise. The removal of tariffs and increased competition would benefit consumers and workers in each trading partner by lowering prices and increasing wages, the latter through productivity gains. On the other hand, large national businesses which thrived in the hothouse environment of state regulations, such as tariffs and quotas, would lose their monopoly protection. Ordinary citizens would gain and monopoly capitalists would lose.

The radical content of the early free traders is evident in the speeches of Richard Cobden, its most famous early champion and leader of the Anti-Corn Law League in England in the 1840s. He carried on a vigorous campaign for free trade in food and against state-created monopolies:⁹

We advocate the abolition of the Corn-Law [tariffs on grain imports] because we believe it to be the foster-parent of all other monopolies ... the first and greatest count in my indictment against the Corn-Law is, that it is an injustice to the labourers of this and every other country.

This is a far cry from the pro-monopoly business perspectives of the main advocates of "free trade" in the 1990s.

When Britain, Ireland and Denmark broke away from the European Free Trade Area (EFTA) and joined the European Community (EC) in 1973, the remaining EFTA countries signed individual 'free trade' agreements with the EC. The trade pacts followed the traditional concept of free trade, where phased-in reductions led to the free movement of most industrial goods amongst EFTA and EC countries by 1984.¹⁰ The EFTA countries which concluded free trade agreements with the EC (and the European Steel and Coal Community) in 1973 to 1974 were Sweden, Norway, Finland, Austria, Switzerland and Iceland.¹¹

⁹ "Free Trade VII, Manchester, October 19, 1843" in J. Bright and J.E. Thorold Rogers, eds., *Speeches by Richard Cobden M.P.* (London: Macmillan, 1870) at 12.

¹⁰ There were also agreements about rules of origin and restrictive business practices. See R.C. Hine, *The Political Economy of European Trade* (Sussex: Wheatsheaf, 1985) at 121; Commission of the European Communities, *The European Economic Area* (Luxembourg: Official Publications of the European Communities, 1992).

¹¹ From information sheet supplied by the European Commission Library/Information Office in Ottawa.

While using much of the older rhetoric about greater competition, comparative advantage and cheaper consumer prices, the new concept of 'free trade' is more about corporate investment and control than it is about trade in the traditional sense. Greater profits can flow from corporate ownership and control than from exports. In 1990, U.S.-based corporations earned about \$10 billion from the \$96 billion of exports to the E.C., but they earned \$32 billion in the same year from dividends, interest, royalties and fees on direct investments in Europe.¹² As Sylvia Ostry notes:¹³

the present phase of accelerating world integration is dominated less by increasing trade linkages than by rapidly growing investment and technology flows ... The chief agents of interdependence in this phase are the global enterprises.

The new free trade agreements are centrally about providing giant transnational corporations with mobility rights and even monopoly conditions, some of them state-created. Richard Cobden would not have approved.

The new concept of free trade involves what are called the 'four freedoms': the free movement of capital, labour, goods, and services. Concentration on developing new rules on trade in services rather than on goods is tied to corporate investment and control. Since most services cannot be easily exported, their entry into a foreign market usually requires the corporate presence of the provider of the service. This means that to achieve more trade in services such as in banking, investment, and the hospitality industry, foreign ownership must be facilitated.

Under the terms 'national treatment' and 'right of establishment,' the new 'trade' agreements give transnational corporations citizen-like rights¹⁴ to bring in all the paraphernalia of corporate power. These include corporate culture, know-how, trademarks, patents, research and development, and marketing techniques. Under the new 'trade' rules, the transnationals are exempt from 1) performance requirements, such as domestic sourcing of

¹² G.C. Hufbauer in C. Day and J. Kline, *EC 92 and Changing Global Investment Patterns* (Washington: The Center for Strategic and International Studies, 1992) at vii.

¹³ S. Ostry, *Governments and Corporations in a Shrinking World* (New York: Council on Foreign Relations Press, 1990) at 1.

¹⁴ This argument is elaborated in G. Laxer, "Social Solidarity, Democracy and Global Capitalism" (1995) 32 *Canadian Rev. of Sociology and Anthropology* (forthcoming).

goods and services; 2) the transference of shares of their proprietary technologies to host countries; and 3) domestic ownership and control requirements. The provision of citizen-like rights for global corporations thus requires reduced economic policy roles for host governments.

The recent extension of patent protection for transnational pharmaceutical companies operating in Canada illustrates the contrast between the old concept of free trade and the new one. In 1969, Canada broadened the 'compulsory licencing' of imported drugs which allowed generic companies, the largest of which were Canadian-owned, to copy drugs on payment of royalties to the patent holders, almost invariably transnational drug companies.¹⁵ It was a way of reducing the cost of patented drugs for Canadian consumers, saving them \$211 million in 1983¹⁶ and greater amounts by the late 1980s.¹⁷ In the U.S. for instance, a small amount of Valium cost \$345.93, while its generic equivalent in Canada, Diazepam, cost a mere \$2.31.¹⁸ Once established, it was a popular program with Canadians, not to be tampered with lightly by politicians. While this system reduced the profits of the major pharmaceutical companies in Canada to levels below that which they earned in the U.S., from 1968 to 1982 their profits in Canada were still higher than for most industries.¹⁹

In the 1980s and 1990s, pharmaceutical transnationals were amongst the most active supporters of new international rules on services and intellectual property rights. The major American-based companies belong to a business lobby, the Intellectual Property Committee, which also includes the major companies in the information and computer industries. This lobby pushed hard

¹⁵ L. McQuaig, *The Quick and the Dead: Brian Mulroney, Big Business and The Seduction of Canada* (Toronto: Viking, 1991) at 129-142; L. Diebel, "How Trade Deals Work for U.S. Corporations: The Case of Patents and Pharmaceutical Drugs" in D. Cameron and M. Watkins, eds., *Canada Under Free Trade* (Toronto: Lorimer, 1993) at 95.

¹⁶ Canada, *Report of The Commission of Inquiry on the Pharmaceutical Industry* (Ottawa: Supply and Services, 1985) at xviii.

¹⁷ Canadian Centre for Policy Alternatives, *Which Way for the Americas: Analysis of NAFTA Proposals and The Impact of Canada* (Ottawa: Canadian Centre for Policy Alternatives, 1992) at 41.

¹⁸ McQuaig, *supra* note 15 at 131.

¹⁹ *Supra* note 16 at xviii.

for inclusion of intellectual property rights in the new trade agreements. On February 26, 1992, the Intellectual Property Committee sent a letter to Carla Hills, the U.S. Trade Representative, and "insisted" that the North American Free Trade Agreement (NAFTA) extend pharmaceutical patents in Canada from December 20, 1991 onward.²⁰

The pharmaceutical giants got their way in the free trade negotiations. But they were only able to do so in two stages, in what amounted to side agreements to, rather than in the texts of, the trade treaties. Extending drug patents in Canada was part of the original negotiations leading to the Canada-U.S. Free Trade Agreement (FTA). However, the U.S. negotiators, who championed the interests of the pharmaceutical transnationals, could not get the Canadian negotiators to grant as great an extension of patent monopoly as they wanted. Rather than get half a loaf, the U.S. withdrew the drug patent clause from the official agreement and settled for an unofficial side deal which extended the length of monopoly drug-patent protection in Canada to ten years. The wording of the side deal showed up in the U.S. version of the preliminary FTA on October 4, 1987, but not in the Canadian summary, issued the same day.²¹ The clause was dropped from the final FTA text.

This, however, did not end the matter. At the same time that the Conservative government was ensuring the passage of the FTA, they also passed Bill C-22 which extended drug patent rights. Bill C-22 followed the guidelines laid out in the preliminary U.S. version of the FTA, indicating to some observers a "sleight of hand."²² Bill Merkin, U.S. Deputy Chief Negotiator in the talks with Canada, explained that:²³

Ottawa didn't want it [intellectual property] to be in the free trade negotiations. They didn't want to appear to be negotiating that away as part of the free trade agreement. Whatever changes they were going to make, they wanted them to be viewed as, quote, "in Canada's interest."

The effect on consumers was immediate. Total spending on patented drugs in

²⁰ Diebel, *supra* note 15 at 94.

²¹ G.B. Doern and B.W. Tomlin, *Faith and Fear: The Free Trade Story* (Toronto: Stoddart, 1991) at 188-9.

²² *Ibid.*

²³ McQuaig, *supra* note 15 at 136.

Canada increased 90 per cent between 1988 and 1991.²⁴

Still, the U.S.-based pharmaceutical industry was dissatisfied with the Canadian legislation and received another opportunity to realize their full ambition with the NAFTA negotiations. The Mulroney government followed their precedent of using a side agreement and passed Bill C-91, in December 1992, extending monopoly drug-patent protection for a full twenty years. Again, it probably was not a coincidence that the Bill provided retroactive coverage to the exact date, December 20 1991, that the Intellectual Property Committee had specified in its letter the previous winter to Carla Hills regarding NAFTA.²⁵ Canada had gone further than other countries to satisfy the wishes of the pharmaceutical companies.²⁶ Although the 20-year Canadian monopoly protection is not part of the NAFTA text, Article 1709:10 of NAFTA protects the rights of patent holders and appears to hinder or prevent future Canadian governments from reversing the provisions of the 1992 drug bill.²⁷

Instead of free trade leading to the dismantling of state-created monopolies — the aim of the early crusaders for free trade — the transnational drug companies benefited from and consumers paid for state-created 'free trade' monopolies. In important respects, the older concept of anti-monopoly free trade has been turned on its head.

What then does 'free trade' mean? In the new concept, free trade increasingly comprises the transfer of goods and services that are internal to a transnational corporation but that cross international borders. Three-quarters of Canada's exports and over 70 per cent of Canadian imports are produced by transnational companies for sale to other parts of the same companies located in other countries.²⁸ Over one-third of exports and imports between

²⁴ "Drug Patents Go Too Far" *Edmonton Journal* (25 January 1993) A8.

²⁵ Diebel, *supra* note 15 at 95.

²⁶ In the U.S., patent protection is for 17 years. McQuaig, *supra* note 15 at 131.

²⁷ *North American Free Trade Agreement*, Dec. 17, 1992, U.S.-Can.-Mex., 32 I.L.M. 289 (1993) (entered into force Jan. 1, 1994) at 17-9, 17-10.

²⁸ These export figures are cited in J. Anderson, *Trade, Technology and Unions: The Theory and Practice of Free Trade and its Implications for Unions* (Toronto: OFL Technology Adjustment Research Programme, June 1993) at 12. Regarding Canadian imports see J. Dunning, *Multinational Enterprises and the Global Economy*

Mexico and the United States are between branches of U.S. transnationals. John Dunning provides no comprehensive data on the extent to which intracorporate transfers comprise 'trade' amongst European Union members, but indicates that it has increased markedly.²⁹

Intracorporate transfers violate the older concept of international free trade because they fail to meet the fundamentals of a free market. Free markets require two conditions: buyers and sellers must be independent of each other so that prices are set by supply and demand and not determined by powerful individual suppliers. As well, there must be sufficient numbers of buyers and sellers so that powerful monopolies cannot determine prices. In 'trade' across international borders between affiliates of the same company, neither condition applies. Prices are set arbitrarily in a process called 'transfer pricing.'

The new concept of free trade caters not to free markets but to global corporate interests. Furthermore, it undermines the ability of citizens to democratically direct their polities. In the new free trade agreements, many long-standing social arrangements worked out democratically and idiosyncratically in each country are considered 'trade barriers' because they may hinder internal corporate transfers. Eliminating these democratic arrangements is called 'harmonization.'

There are other instances where new trade agreements are protectionist in the older sense of free trade. The majority of Swedish farmers expressed support for entry into the European Union because they want to join in its agricultural protection. They feared that the Social Democratic and Liberal Parties, who, when combined, are supported by a majority of Swedish voters, would remove state supports for agriculture if Sweden remained outside the European Union.³⁰ The FTA allowed each country to use its definitions of countervail and anti-dumping to keep out the free movement of goods, such as Canadian pork, steel and lumber from the other country.³¹ As regional

(Wokingham England: Addison-Wesley, 1993) at 387.

²⁹ Dunning, *ibid.* at 386-7.

³⁰ Interview with Birgitta Hambræus (15 June 1993):

³¹ See A. Wilson, *Canada-U.S. Negotiations on a Free Trade Area* (Washington: Congressional Research Service, 1987). Regarding the preliminary agreement on the FTA, the author states that "each country's antidumping and countervailing duty laws

trading blocs, the European Union and NAFTA allow and even encourage trade protectionism against third parties, resulting in 'trade diversion.'³²

In fact, the European policies on regional equalization depend on building walls against Third World imports and against Third World migrants. Protection against 'social dumping' also depends on those walls. Social dumping has been described as a 'race to the bottom' in which industry moves to areas in Europe where such things as wages, social benefits, unionization, and environmental protection are lowest.

The FTA and NAFTA embodied the new, rather than the old, concept of free trade. Thanks to successive rounds of the General Agreement on Tariffs and Trade (GATT), tariff barriers were already low between Canada and the U.S. Prior to the FTA in 1989, eighty per cent of Canadian goods entered the U.S. tariff-free and two-thirds of U.S. goods entered Canada without tariffs. Most observers agreed that the removal of tariffs was a minor part of the Agreement.³³

The European Economic Space (EES) Agreement (sometimes called the European Economic Area Agreement) between EFTA countries and the European Community was implemented in January 1994. It embodied the new concept of free trade, as did the recent initiative that culminated in the European Union (EU). Norway, Sweden, Finland, and Austria, but not Switzerland,³⁴ were party to the EES. It covered much the same economic ground as did that of the European Union, upholding the four freedoms.

and procedures would be unchanged, an important negotiating goal of the United States."

³² Regarding how regional economic integration can lead to "trade diversion," rather than trade creation, see J. Viner, "The Economics of Customs Union" in *The Customs Union Issue* (New York: Carnegie Endowment for International Peace, 1950) at 41-55.

³³ For example, in April 1985, Simon Reisman, soon to become Canada's chief trade negotiator, argued that after successive GATT rounds, Canada faced the worst of both worlds. "Our tariffs are too low to protect the home market" and "our access to the US and world markets remains precarious." See "Trade Policy Options in Perspective" in *Canadian Trade at a Crossroads: Options for New International Agreements* (Toronto: Ontario Economic Council, 1985) at 389.

³⁴ Swiss voters rejected the EES in a referendum in December 1992.

Before joining the EES, states had to remove most policies that promoted domestic ownership and control of industry and government procurement of domestic supplies.³⁵

Nevertheless, belonging to the EES is not equivalent to joining the European Union. In the EES there are no common customs regarding third countries, nor are EFTA countries subject to the EC's highly protectionist common agricultural policy. Of course, the EES does not make EFTA countries part of the political integration and European identity that are central to the European Union.

NAFTA and the European Union

The world is said to be moving towards a global economy and at the same time towards regional economic integration. The evidence points both ways. In Western Europe, North America, and Southeast Asia, trade is increasing more rapidly between neighbouring countries than it is between more distant countries. Even in Eastern Europe there are moves toward economic reintegration after the initial fracturing of ties with the collapse of communism. On the other hand, corporate expansion is occurring more globally than regionally. Japanese corporations have more direct (ownership) investment in the United States and Europe than they do in Asia Pacific. American corporations have much greater commitments in Europe than in Canada and Mexico.³⁶

Much of the intra-regional trade is within American and Japanese corporations. For example, in 1982, 69 per cent of EC-based exports to other EC countries by U.S. manufacturing affiliates were to their own affiliates. In 1978, Japanese subsidiaries operating in five Asian countries sent 79 per cent

³⁵ OECD, *International Direct Investment Policies and Trends in the 1990s* (Paris: OECD, 1992) at 30-1; P. Poret, "Liberalising Capital Movements" (1992) 176 *The OECD Observer*.

³⁶ N. Vanston, "What Price Regional Integration" (1993) 181 *The OECD Observer* 4.

of their exports to and received 84 per cent of their imports from other branches of the same corporation.³⁷

Some observers see regional economic blocs as leading to greater trade and corporate-location liberalization while others see them moving towards regional fortresses that hinder economic intercourse on a global level. These contrasting positions figure prominently in the debates on continental economic-integration pacts, with supporters usually arguing the liberalisation case and opponents stressing the continental fortress features.

The European Union and NAFTA are the two most prominent regional blocs but others are in various stages of formation or transformation.³⁸ Regional blocs, however, are not all alike. NAFTA and the European Union have endorsed the new corporate concept of free trade. But they differ profoundly in other ways, not least in their origins and in their scope beyond economic integration.

The idea of European unity is as old as that of Christendom. But events often demonstrated more European disunity and conflict than unity, culminating in the two World Wars of the twentieth century. The recent impetus to West European union dates back to the Second World War and comes from several sources. Prominent activists in the resistance movements in France and political opponents to fascism in Italy and Germany, independently concluded that the solution to the war tragedy was an end to exclusivist nationalisms and to the nation-state system in Europe.³⁹ After the War, Jean Monnet, Altiero Spinelli and Willy Brandt became the chief architects of European unity.

³⁷ Dunning, *supra* note 28 at 409.

³⁸ ASEAN, the Association of Southeast Asian Nations was founded in 1967 for security reasons as a bulwark against communism, but in 1992 agreed to establish an ASEAN Free Trade Area (AFTA) by the year 2000. See OECD, *Regional Integration and Developing Countries* (Paris: OECD, 1993) at 61-66. In Latin America there are already the Andean and Mercosur pacts and there was agreement in June 1994, amongst 19 countries to create a continent-wide free-trade zone. See "Latin American Nations To Pursue Free-Trade Zone" *Globe and Mail* (18 June 1994) B16.

³⁹ Much of the following argument is derived from J. Laxer, *Inventing Europe: The Rise of a New World Power* (Toronto: Lester Pub., 1991) at c.2.

The Second World War concluded with the division of Europe into communist and capitalist camps. The Americans were anxious to quickly rehabilitate West Germany in order that it become the main bulwark against communism, but Germany's neighbours did not look forward to revived German military and economic strength. France, Belgium, the Netherlands, and Luxembourg wanted Germany rehabilitated, not as a powerful independent state, but only in the context of federation and incorporation into West European institutions.⁴⁰ For their part, the defeated Germans and Italians needed a way to play an international role without arousing the fears of their neighbours. There was a confluence of interest in West European unity found in the American regime, in many of the victims of fascist aggression and in the new governments of the defeated Axis powers, centred around anti-communism and support for liberal democracy and capitalism.

West European unity first began as economic pacts in coal and steel and then broadened in the 1957 Treaty of Rome, establishing the European Economic Community with the aim of general economic integration. The idea was based on the optimistic notion that economic union would make war between member states impossible. While focussing on economic integration, the hope was that this would lead to political union, including military union. Political unification meant that citizens of one member country would have mobility and citizenship rights in other member countries.

The traditional concept of free trade animated the first phase of European economic integration.⁴¹ Tariffs between member countries were removed in fewer than ten years. Labour mobility across borders was enhanced as well, but the goal was not only economic. For European federalists like Monnet, the freer movement of workers and goods were steps leading to the ultimate goal of European citizenship. National capital controls and trade in services remained mostly untouched in this phase. The 1970s and early 1980s saw little further economic integration but membership rose from the original six EEC countries to twelve.⁴²

⁴⁰ S.E. Ambrose, *Rise to Globalism: American Foreign Policy Since 1938*, 5th rev. ed. (New York: Penguin Books, 1988) at 98-9.

⁴¹ Hine, *supra* note 10 at 4-6.

⁴² L. Schuknecht, *Trade Protection in the European Community* (Chur Switzerland: Harwood Academic Publishers, 1992) at 33.

The pace of integration quickened again from the mid-1980s with the Single European Act (1986) and then the Maastricht Treaty, implemented on January 1, 1993. Unlike the 1960s, a time of integration in which many reluctant corporations were dragged along, this time the hand of big business and neo-liberalism was apparent in the 'new issues:' financial deregulation, greater labour mobility, removal of non-tariff barriers, enhancement of corporate cross-border networking strategies and corporate mobility rights in services.⁴³ Having reached the limits of national mergers and consolidations, large corporations set their sights on European-scale integration. The European Business Roundtable was pivotal in shaping the 1985 White Paper which led to the Single European Act.⁴⁴

Despite the influence of transnational corporations in defining the new issues and in tying them to European integration, the European Union is not wholly neo-liberal in its conception. The social charter, a recognized role for unions, the broadening of citizenship beyond exclusivist, ethnic-based nations, the Catholic Church's concept of subsidiarity, and the military alliance all ensure the strength of non-liberal elements in the overall design.

Monetary union and a single European currency were to be the crowning achievements of economic integration. The ECU was to replace all national currencies by 1999. That dream faded somewhat after currency crises struck in September 1992⁴⁵ and August 1993, when high German interest rates and massive speculation forced several countries to abandon the Exchange Rate Mechanism (ERM), which was meant to be transitional towards a single currency.⁴⁶ Britain and Denmark, the Eurosceptics, won exemptions from

⁴³ J.H. Dunning and P. Robson, "Multinational Corporate Integration and Regional Economic Integration" in J.H. Dunning and P. Robson, eds., *Multinationals and the European Community* (Oxford: Basil Blackwell, 1988).

⁴⁴ A. Bressand, "The 1992 Breakthrough and the Global Economic Integration Agenda" in J. Story, ed., *The New Europe* (Oxford: Blackwell, 1993) at 315.

⁴⁵ This crisis struck just before the French referendum on the Maastricht Treaty. Britain and Italy withdrew from the ERM. See C. Toulouse, "Europe After Maastricht: Into the Twilight Zone" (1993) 24 *New Political Science* 183.

⁴⁶ "Why The Foot-Dragging by Europe's Banks?" *The International Herald Tribune* (18 August 1993) 6. The narrow band in which national currencies were supposed to float was widened from 2.5 per cent to 15 per cent. Many observers agreed that the relaxing of the grid of fixed parities meant the abandonment of the goal of a

joining the monetary union and were allowed to keep their own currencies. It is uncertain how many other members will be eligible to move to full economic and monetary union by 1999 because ten of the twelve EU members currently have government debts and deficits that are too high, or are forecast to become too high, to meet the convergence criteria⁴⁷ for joining the monetary union.

Bureaucratic, legal and political integration have proceeded apace. Since 1979 there have been popular elections of European Parliaments, but power has remained stubbornly in the hands of bureaucrats in Brussels, in the European Commission, and in those of the national member governments who together make up the European Council. Judges too have made their mark in the Court of Justice, in which European law takes precedence over national law. If Europe is in transition to becoming a country, it is being moved forward by elites and not by popular demand or popular revolution.

People perceive a lack of democratic control. Turnout in the 1994 European elections was the lowest yet and the election results were based generally on national rather than European issues. The idea of Europe becoming a country has not yet caught the public's imagination. A poll conducted in May 1994, by MORI for the newspaper, *The European*, showed that only 32 per cent of respondents favoured a federal Europe, with 49 per cent against.⁴⁸ Public disenchantment with the European Union dreams of the Eurocrats, the corporations and the politicians, was shown in France's razor-thin endorsement of the Maastricht Treaty in 1992, and in Denmark's rejection of the Treaty in the first of two referenda on the question.⁴⁹

single currency, at least for the short-run.

⁴⁷ To join the European Monetary Union, the ratio of public debt to GDP must be 60 per cent or less and current deficits 3 per cent or less of GDP. In September 1994, the European Commission found that only Ireland and Luxembourg met these requirements. See *The European* (23-29 September 1994) 1.

⁴⁸ From *The Economist*, excerpted in "It's Time to Ask: What is Europe For?" *Globe and Mail* (23 May 1994) A17.

⁴⁹ After Danes turned down the Maastricht Treaty in June 1992, the government held a second referendum in May 1993, on a watered down version, allowing Denmark to opt out of the EU's common currency, defence and foreign policy.

Starting in 1991, four EFTA countries, Sweden, Norway, Austria and Finland, held talks on joining the European Union. With a population of about 25 million compared to the EU's 360 million, these countries had little negotiating leverage. It was largely a question of joining the EU on their terms or staying out. In referenda held between June and November 1994, Austrians, Finns and Swedes voted to join by margins of 66 per cent, 57 per cent and 52 per cent, respectively.⁵⁰ These countries will join the EU on January 1, 1995. Fifty two per cent of Norwegians⁵¹ rejected entry. This was the second Norwegian "No" — the first was in 1972. The sequencing of the referenda was deliberate by the "Yes" forces, which ruled in all countries. Amongst the Nordics, it was hoped that victory in the more favourable country would lead to victory in the next, in a domino-like fashion. The strategy may have tipped the balance in Sweden's close result, but did not work on the Norwegians who, as the last to vote, were under the most pressure.

NAFTA evolved in a very different way from the European Union. Historical roots go back to two sources: the independence of European settler states in the Western Hemisphere from Europe and the goal of North American unity under American hegemony. The key events were the American and Mexican wars for independence, the Monroe Doctrine of 1823 and the animus toward 'Manifest Destiny,' first enunciated at the start of the U.S.-Mexican War in which Mexico lost much of its territory. Canada was the only major country in the Western Hemisphere to not make a revolutionary break from Europe, but it gained gradual political independence from Britain and at the same time fell under American influence.

"America is the country of the future," declared Ralph Waldo Emerson, "she should speak for the human race."⁵² The idea that the extension of American influence represents the extension of freedom in the world dates

⁵⁰ For Austria, "Parliament Vote: In Europe Shows Rightward Trend" *New York Times* (13 June 1994) A1. For Sweden, S. Svensson, "Swedes Vote Yes to Membership in the EU" (1994) 408 *Current Sweden* 1. For Finland, "Welfare Tops Finnish Agenda" *The European* (2-8 December 1994) 11.

⁵¹ "Europe Split Over Norwegian Rejection" *Globe & Mail* (30 November 1994) A8.

⁵² Excerpts of Emerson's "The Young American" in N.A. Graebner, ed., *Manifest Destiny* (Indianapolis: Bobbs-Merrill Company, 1968) at 8.

back to the American Revolution. The dream of an American-dominated continent emanates from that Revolution.⁵³ The Monroe Doctrine (1823) affirmed the United States as the dominant power in the Western Hemisphere. Although largely animated at the time by opposition to the Spanish and Portuguese recolonization of Latin America, the doctrine gradually came to be interpreted by later generations of American Presidents as the U.S. right to interfere in the internal affairs of other countries in the Western Hemisphere. Theodore Roosevelt went farthest in this regard when he added a corollary to the Monroe Doctrine by asserting the U.S. right to intervene forcibly in the affairs of Latin American nations whenever they engage in "chronic wrongdoing."⁵⁴ John L. O'Sullivan, the originator of the concept of American Manifest Destiny, suggested the prospect of U.S. expansionism to Canada when he declared that:⁵⁵

We are the nation of human progress ... It is the right of our manifest destiny to overspread and to possess the whole of the continent which Providence has given us for the ... great experiment of liberty.

When the United States assumed the role of super power in the Second World War, it seemed that the Americans had gone on to grander visions than that of continental union. But after defeat in Vietnam and in the face of declining world influence in the mid-1970s, the spirit of nineteenth century American continentalism was revived through Ronald Reagan. Reagan began toying with the idea of a "North American Accord" and used the phrase in his opening campaign speech for the 1980 presidential election. As Lawrence Martin, who interviewed some of Reagan's key advisors, stated:⁵⁶

In [Reagan's] view, Providence had prescribed a singular role for the United States: It was the world's beacon of hope and freedom ... By virtue of its geographical placement, Canada, as Reagan saw it, was also blessed by Providence.

⁵³ W.A. Williams, *The Roots of the Modern American Empire: A Study of The Growth and Shaping of Social Consciousness in A Marketplace Society* (New York: Random House, 1969).

⁵⁴ H.C. Vaughan, *The Monroe Doctrine, 1823* (New York: Franklin Watts, 1973) at 60. Teddy Roosevelt's corollary was repudiated in the late 1920s.

⁵⁵ A. Schlesinger Jr., *The Age of Jackson* (Boston: Little Brown, 1945) at 427.

⁵⁶ L. Martin, *Pledge of Allegiance: The Americanization of Canada in the Mulroney Years* (Toronto: McClelland and Stewart, 1993) at 7.

Reagan never waivered from the view that Canada was "part of the family."⁵⁷

In 1980, the governments of Canada and Mexico would not embrace Reagan's North American Accord. As the only countries in the western hemisphere to resist the American-led embargo of Cuba, Canada and Mexico had long traditions of curbing the influence of their dominant U.S. neighbour. Canada's National Policy and British ties were early attempts at keeping the American influence at bay. In the 1970s and early 1980s, economic and cultural nationalist policies were embodied in the Foreign Investment Review Agency (FIRA), the National Energy Program, and varieties of Canadian media content and ownership legislation.⁵⁸

Lacking a powerful European ally to offset the pull of the United States, Mexico had put in place much stronger policies to ensure its economic and cultural independence. The Mexican Revolution of 1910 to 1917 was a peasant revolution with strong anti-American overtones. Lazaro Cardenas (1934-1940) took Mexico on a nationalist-populist path that he described as neither socialist nor capitalist,⁵⁹ with similarities to the 'middle road' that Sweden was said to be traversing at the same time. Cardenas nationalised the oil industry in 1938 and subsequent Presidents continued along his path with strict regulation of the U.S. automobile industry in the 1950s and 1960s, restrictions on foreign investment in 1973 (the same year as Canada's FIRA), and the nationalisation of the banking system in 1982.⁶⁰

It did not seem that the other members of Reagan's "family" wanted such a close continental embrace. Nor did Reagan's advisors, who were aware of the national sensitivities of their neighbouring countries, see much future in continental integration. But within a few years, economic and political elites in Canada and Mexico were embarked on a program of full scale neo-liberalism, the dismantling of long-standing policies aimed at economic and

⁵⁷ *Ibid.* at 10.

⁵⁸ *Supra* note 7.

⁵⁹ J. Cypher, *State and Capital in Mexico: Development Policy Since 1940* (Boulder: Westview Press, 1990) at 17.

⁶⁰ D.E. Davis, "Mexico's New Politics: Changing Perspectives on Free Trade" (1992) 9 *World Policy J.* 655.

cultural independence, and 'trade' negotiations with the U.S.

Whereas earlier U.S. expansionism in the name of freedom resonated deeply with American popular culture, the recent initiatives to continental economic union did not have a popular base. Indeed, ordinary Americans opined that the Canada-U.S. Free Trade Agreement was the second most boring news story of 1988.

The initiative for the FTA, and then for NAFTA, came from several sources in all three countries. In the United States, the service sector of the transnationals, led by American Express and later also by the Intellectual Property Committee, wanted to put their issues on the world agenda. These included: 1) removing countries' investment restrictions that, among other things, curbed trade in services, and 2) getting recognition for extended patent monopolies on intellectual property that had nothing to do with trade, but could be piggy-backed onto trade talks. These concerns complemented those of United States officials, who were faced with record balance of payments problems by the mid-1980s. U.S. industries had become uncompetitive and the U.S. suffered large trade imbalances in goods traded with Japan and the Pacific Rim.⁶¹ These officials became convinced that the American forte lay in services. As well, U.S. direct investments abroad helped substantially to reduce U.S. trade deficits by producing favourable balances in the 'invisibles' account.

The U.S. wanted the General Agreement on Tariffs and Trade (GATT) to open up the world to the American services and corporate investment advantages. But the GATT covered only trade in goods, not in services, and too many countries resisted removing curbs on foreign corporations. U.S. negotiators made little headway in the multilateral talks, but they realized they had much more clout bilaterally with countries that were dependent on them. Bilateral agreements would demonstrate the kinds of changes the U.S. wanted at the main show — the multilateral talks. If the U.S. could not get a global deal, they would, as U.S. Trade Representative William Brock put it, "get an agreement here and an agreement there, and pretty soon you're going to free up the whole world."⁶²

⁶¹ *Supra* note 13 at 9.

⁶² McQuaig, *supra* note 15 at 128.

While they were playing the bilateral card, there was one regional issue that stood out for the Americans. That issue was a secure supply of oil, one of the driving forces behind U.S. foreign policy. Canada and Mexico were net exporters of energy and the U.S. had long wanted a continental energy deal where they had ready access, even in times of shortages, to their neighbours' supplies. Bilateral deals were a good opportunity to overcome Canadian and Mexican strong nationalist feelings about maintaining control over their own resources.

When the U.S. wanted a bilateral deal with Canada, Canada was ready to negotiate, even though the issues each country wished to discuss did not overlap at all. Canada's priorities were freer trade in the older sense — secure and enhanced access to the American market. American priorities focussed on corporate rights and energy security. Americans wanted to ensure that economic sovereigntist policies, such as those embodied in Canada's Foreign Investment Review Agency and the National Energy Program, would not occur again.⁶³

The U.S. had a great advantage when it came to influencing Canada. Canada's National Policy, while curbing manufactured imports from the U.S., had not kept out their transnationals and these had become a powerful internal force in Canada.⁶⁴ The main Canadian initiative for the FTA came from the Business Council on National Issues (BCNI), representing 160 of the largest corporations in Canada, thirty per cent of which were foreign-controlled firms.⁶⁵ Since the majority of trade between Canada and the U.S. was intracorporate transfers, the border was a nuisance to American and Canadian transnationals. The BCNI had little difficulty persuading the new Conservative government of Brian Mulroney (1984-1993) of the benefits of a 'trade' deal with the U.S. The Conservatives had traditionally been the anti-free trade party, favouring Canadian independence vis-a-vis the United States, but had been transformed by the 1980s into a neo-liberal party along the lines of Thatcher's Tories in Britain. With a background as the manager of a U.S.

⁶³ *Supra* note 21 at 283-4.

⁶⁴ G. Grant, *Lament for a Nation* (Toronto: McClelland and Stewart, 1965) at 40-41; G. Laxer, *Open for Business: The Roots of Foreign Ownership in Canada* (Toronto: Oxford University Press, 1989).

⁶⁵ M. Hurtig, *The Betrayal of Canada*, rev. ed. (Toronto: Stoddart, 1992) at 198.

owned mining company in Canada, Mulroney turned out to be the most pro-American prime minister in Canadian history.⁶⁶ His government was ready to give up much Canadian sovereignty in the name of economic gain.

Mexico's transformation was even more startling. The long governing PRI had been a nationalist-populist party, keeping the Americans at bay, rejecting membership in the GATT as recently as 1980, and nationalizing the banks in 1982. The party alliance incorporated labour, peasants, 'popular middle classes' and smaller, domestic-market industrialists, with labour the most influential element. The compromise between national business, labour, and the state was labour peace in return for progressive social and wage policies, underwritten by state subsidies to, and protection for, national businesses.⁶⁷

Mexico was not as closed to U.S. corporations as nationalist rhetoric would suggest. The Maquiladora program was established in 1965 as a form of export processing zone for U.S. firms in which machinery, vehicles and parts were imported to Mexico duty free for assembly and returned to the U.S. duty free. Mexico taxed only the 'value added,' the low Mexican wages.⁶⁸

Mexico's rapid reversal of its economic nationalist policies was related to the crash in oil prices, the 1982 debt crisis and the weakening of labour within the governing PRI alliance. The traditional understanding between smaller Mexican industrialists (CANACINTRA) and labour was underwritten by state protectionism, subsidies and parastatal companies. The strategy began to unravel in the early 1970's when Mexican uncompetitiveness and foreign borrowing threatened devaluation and an International Monetary Fund stabilization program. Mexico escaped this fate temporarily as a result of the late 1970s oil boom, which facilitated even more foreign borrowing. The oil price crash which began in 1981 led to the suspension of debt repayments in 1982, peso devaluations, inflation and a 39 per cent reduction in real wages by 1983.⁶⁹ Wages fell as a proportion of total national income from 39.4 per

⁶⁶ *Supra* note 56 at 11-19.

⁶⁷ *Supra* note 60 at 667.

⁶⁸ K. Kopinak, "The Maquiladorization of the Mexican Economy" in R. Grinspun and M.A. Cameron, eds., *The Political Economy of North American Free Trade* (London: MacMillan Press, 1993) at 141.

⁶⁹ *Supra* note 60 at 658-663.

cent in 1980 to an astonishingly low 27.8 per cent in 1989 — compared to labour's 75 per cent share of total income in Canada.⁷⁰

Rapidly deteriorating economic conditions hurt the ability of the government-linked union central, the CTM, to call strikes or guarantee wage increases. The CTM was under attack in any case by independent unions for its 'bossism.' The internecine wars between unions weakened labour altogether. By the late 1980s, the government routinely repudiated labour's strike actions and failed to negotiate with labour leadership when there were strikes.⁷¹ Although labour opposed neo-liberalism and NAFTA, it was no longer central to the governing party alliance. Large business replaced small Mexican business as the dominant business voice in the PRI and the state bureaucracy became more independent of the party. The internal conditions were set for a 180 degree policy change that sent Mexico towards neo-liberalism, continental economic integration and American domination.

Unlike the European Union, NAFTA explicitly is only about continental economic integration. Political and social integration are not part of the Agreement. This makes it more like the European Economic Space Agreement to which Sweden was a party before deciding on European membership.⁷² However, there are crucial differences with NAFTA. Unlike the EES, NAFTA allows each partner, in practice mainly the United States, to use its full range of non-tariff barriers to block the free importation of goods from the other partners. As well, NAFTA confirms that the U.S. has full access to Canada's energy supplies, even in event of shortages. Although NAFTA is not explicitly about political integration, it has major political and national identity implications for its two junior partners.

⁷⁰ A. Alvarez and G. Mendoza, "Mexico: Neo-Liberal Disaster Zone" in J. Sinclair, ed., *Crossing the Line: Canada and Free Trade with Mexico* (Vancouver: New Star Books, 1992) at 26-7.

⁷¹ *Supra* note 60 at 661.

⁷² I would like to thank Lennart Erixon for pointing out the similarities between the EES and NAFTA.

Swedish and Canadian Debates

The "Swedish Model"⁷³ of an advanced welfare state, strong unions and corporatist arrangements was built on the purest class politics in Western experience. Left and right define most issues and class position is a good predictor of left or right orientation. In Sweden, unlike other countries, there have been few non-class poles around which public opinion divides.⁷⁴ Canada is at the opposite end in this regard. Class cleavages are usually less salient than divisions around Québec/Rest-of-Canada issues, ethnicity, religion, region and urban/rural splits.⁷⁵ These generalizations about Swedish and Canadian political traditions, however, are reversed on the issue of continental integration. For Swedes, joining the European Union was not a clear left or right issue, whereas for Canadians continental integration was.

Swedish entry into the European Union appears, at first glance, to be more complicated than the FTA and NAFTA. For Sweden, the European Union represents not just further economic integration, but also, more centrally, peace and security questions. As well, the European Union has political and social dimensions that Social Democratic enthusiasts of the EU point to as countervailing forces to the neo-liberal aspects of economic integration that favour business and transnational corporations. These issues — peace and a political and social Europe — ensure that Swedish entry into the European Union is not a straight right or left question.⁷⁶

⁷³ There is a broad literature on what constitutes the 'Swedish Model.' For a start see H. Milner, *Sweden: Social Democracy in Practice* (Oxford: Oxford University Press, 1990) and L. Mjset, "The Nordic Model Never Existed, But Does it Have a Future?" (1992) 64 *Scandinavian Studies* 652. Non-Swedes are more likely to believe that such a model exists than are Swedes.

⁷⁴ H. Bergström, "Sweden's Politics and Party System at the Crossroads" (1991) 14 *West European Politics* 8.

⁷⁵ A. Kornberg *et al*, "Determinants of provincial Voting Behaviour" in P.W. Fox and G. White, eds., *Politics: Canada* 6th ed. (Toronto: McGraw-Hill Ryerson, 1987) at 436-7. For a perspective that emphasizes the importance of class, see R. Brym, M. Gillespie and R. Lenton "Class Power, Class Mobilization, and Class Voting: The Canadian Case" (1989) 14 *Can. J. of Sociology* 25.

⁷⁶ See for example the draft statement of the Swedish Social Democrats "Preparing the EC membership negotiations: Standing Up for What Sweden Can Bring to the New Europe" *Stockholm* (21 August 1992).

On the other hand, in the Canadian debates about the FTA and about NAFTA, divisions clearly were on right or left lines. In the U.S., opposition to NAFTA came from both the left and the right. There has never been a Canadian federal election where voters were divided so strongly on a class and gender basis as in the 1988 "free-trade election."⁷⁷

Since the main issues regarding 'free trade' centre on the diminution of governmental powers and the creation of citizen-like rights for transnational corporations, it is not surprising that issues concerning class and gender inequalities came to the fore. Continental political union and security questions did not figure in the debates at all. No one proposed political union in North America because the overwhelming power and influence of the United States precludes a federal or confederal union of counterbalancing nations and cultures in North America. Political union would mean an enlarged United States absorbing its smaller neighbours (on a population basis) into its ethos, not a genuine United States of North America. For Canada, political union implies the eventual disappearance of the distinctive features of its largest entity, that of English-speaking Canada.⁷⁸

While the trade agreements do not foresee formal political union, they do have political implications. They remove much of the sovereignty of federal and provincial governments in Canada.⁷⁹ The political right in Canada supports the loss of Canadian sovereignty since it wants to reduce the interventionist role of government. The left abhors the loss of sovereignty precisely for this reason. Security or neutrality is not in question either. Canada is a junior military partner of the United States, with little possibility of being anything else. The chances of war between the two countries are remote.

Continental integration is more unidimensionally economic in Canada than in Sweden. But economic integration is a much broader issue in Canada than it first appears to be because it suggests, to many Canadians, the

⁷⁷ G. Laxer, "Constitutional Crises and Continentalism: Twin Threats to Canada's Continued Existence" (1992) 17 *Can. J. of Sociology* 199.

⁷⁸ *Ibid.*

⁷⁹ B. Ages *et al.*, *Which Way for the Americas* (Ottawa: Canadian Centre for Policy Alternatives, 1992) at 130.

disappearance of their country. In contrast, even the fiercest Swedish opponents of European Union did not argue that Sweden would disappear as a national and cultural entity if it joined the European Union.

Opposition to Swedish Entry

For a country known for its phlegmatic, undemonstrative character, the Swedish debate on entry into the European Union has been surprisingly passionate. Sweden's amazing economic success, record low unemployment, and very generous provision of social services seem to be things of the past. So too, it appears, are Sweden's famed consensus and cooperation between ideological adversaries. Signs of elite accommodation are still evident, not least around the European Union question, but strong divisions have been opening up in Swedish society since the 1980s as it faces a parting of the ways in a time of economic crisis.⁸⁰

Regarding entry into the European Union, the elites were almost unanimously in favour, but were able to persuade only 52 per cent of voters in the November 13, 1994 referendum on the question. After a massive media campaign for the "Yes" side, threats of disinvestment and pleas of "trust us, we are your leaders," why did almost half the people vote against entry into the European Union?

A serious rift has opened in the governing Social Democratic Party and in the unions, between most of the leaders who were on the "Yes" side and many of their supporters who were on the "No" side. The question arises as to who best represents the soul of Sweden's proud Social Democratic tradition. There is division also in the Centre, formerly Farmer, Party. It will be interesting to observe whether elite accommodation can continue to hold or whether the loose opposition alliance that emerged around "No to European Union" will lead to a new political alignment, as occurred in Denmark and Norway in the 1970's.

I observed the Swedish referendum debates as an accredited foreign journalist and conducted a total of twenty-five interviews mainly in the

⁸⁰ W. Clement, "Exploring the Limits of Social Democracy: Regime Change in Sweden" (1994) 44 *Studies in Political Economy* 95.

Stockholm area in June 1993, and after the referendum in November 1994.⁸¹ As an outsider, the most surprising thing I found was the similarity of arguments used by each side. Supporters of Swedish entry argued that for reasons of internationalism, cooperation, peace, democracy, the good of the economy and the environment, Sweden should join the European Union. Opponents used similar arguments to arrive at the opposite conclusion. The values of equality, thorough-going democracy and employment for all, were still thought to be dominant in Sweden and so each side claimed their solution as the best way to achieve these goals.

The impetus for Sweden to join the European Union came from Swedish big business and the main right-wing parties on the one hand and from the Social Democrats and most union leaders on the other.

Because the political right has been divided between three, and recently five, parties, the powerful employers' association, the SAF, has increasingly articulated a right-wing alternative to the unions and to the Social Democrats. They have been especially active in influencing the education system.⁸² Since the 1970s, the SAF has favoured Swedish entry into the European Community.

The political influence of the SAF and big corporations acting individually, has been obscured, especially for foreign observers, by the outpouring of literature on the 'Swedish Model' and by the optimism of 'labour movement theory' (or alternatively the 'balance of power theory'). The latter focusses on how the power of the left has modified the Swedish political economy and has transformative potential to move towards socialism and economic democracy.⁸³ This literature has much to commend it, but its one-sided focus on the influence of unions and the left can give the false impression of weakness on the part of Swedish capitalists.

⁸¹ For a complete list of interviewees see the Appendix.

⁸² Interview with Christian Bratt (1993).

⁸³ W. Korpi, *The Democratic Class Struggle* (London: Routledge and Kegan Paul, 1983); G. Esping-Andersen, *Politics Against Markets: The Social Democratic Road to Power* (Princeton: Princeton University Press, 1985).

Sweden has, on a per capita basis, the most transnational corporations in the world. Most of the major ones are linked by four main ownership groups: the Wallenberg empire, Volvo, Skanska and the Industrivarden-Svenska Handelsbanken groups.⁸⁴ Although it combines small and large businesses under the same umbrella, the SAF represents and is controlled by Sweden's large transnational corporations.⁸⁵

The radicalization of Sweden's trade unions in the 1970s, centred around codetermination at work and wage-earner funds that would incrementally socialize capital, led to a counter offensive by the SAF that is still continuing.⁸⁶ From the 1920s to the 1970s, there had been divisions between home-market based businesses and export-oriented ones in their strategies of dealing with Social Democratic governments and the unions. Home-based businesses tended to work with the left in the Swedish version of the great compromise while export-oriented businesses tended to be more truculent.⁸⁷ These divisions have disappeared as Swedish corporations moved their investments outside of Sweden, initiating numerous mergers and cross-ownerships, giving Sweden one of the most concentrated capitalist classes in the world. By 1986, the seventeen largest Swedish firms with foreign subsidiaries maintained over half their total employment and almost half of their assets abroad.⁸⁸ Direct foreign investment by Swedish transnationals since 1986 has been massive, strengthening this trend.

Inside Sweden, the SAF ended the long-standing tradition of centralized bargaining with the LO, the largest (mainly blue collar) union federation (1990) and withdrew nominations to state decision-making bodies, thus ending all corporatist arrangements (1991).⁸⁹ Externally the strategy has been to

⁸⁴ G. Olsen, "Labour Mobilization and The Strength of Capital: The Rise and Stall of Economic Democracy in Sweden" in W. Clement and R. Mahon, eds., *Swedish Social Democracy* (Toronto: Canadian Scholars' Press, 1994) at 202.

⁸⁵ J. Fulcher, *Labour Movements, Employers and the State* (Oxford: Clarendon Press, 1991) at 285-6.

⁸⁶ *Supra* note 80 at 104-8.

⁸⁷ G. Olsen, *The Struggle for Economic Democracy in Sweden* (Aldershot: Avebury, 1992) at 53-5; J. Pontusson, *The Limits of Social Democracy* (Ithaca: Cornell University Press, 1992) at 38-9.

⁸⁸ *Supra* note 84 at 202-5.

⁸⁹ *Supra* note 80 at 104.

escape the power of Swedish unions and Social Democratic governments altogether by leaving Sweden or to use the threat of leaving to bring electorates and governments to heel.⁹⁰ The major Swedish corporations were escaping Sweden for business reasons anyways, but the increased leverage that economic blackmail could bring helped to push the Social Democrats towards neo-liberal policies. By 1991, after nine years of Social Democratic rule, Sweden had the lowest corporate tax rate of all OECD countries.⁹¹

In the SAF's external strategy to move towards neo-liberalism, integration into the European Union is central. The new concept of free trade as corporate mobility, that animated the European Community from the mid-1980s, helped Swedish corporations escape the power of Sweden's unions and left-oriented voters. To fulfil conditions for entry into the European Economic Space Agreement, in 1989 the Swedish Social Democratic government completed the financial deregulations begun in 1974 and accelerated in 1985, sweeping away some of the world's toughest anti-foreign ownership regulations and restrictions on the outflow of capital.⁹² The 1989 financial deregulation took place in the context of major Swedish tax reform and an overheated economy. The result was that Sweden's small coterie of major transnationals abandoned Sweden. With only 8.5 million people, Sweden became the largest foreign investor in the EC in 1990, the following year.⁹³ As stated by Christian Bratt of the SAF, "big companies don't want to be restricted to nation states any more."⁹⁴

For different reasons, the Social Democratic and union leadership

⁹⁰ Just before the 1994 Swedish general elections, four core corporations warned the imminently victorious Social Democrats that they would not go ahead with plans for 50 billion kronor in investments in Sweden in the next five years if income taxes were raised. The four were Volvo, L.M. Ericsson, Stora Kopparberg and ABB Brown Boveri. See "Swedish CEO's Threaten to Pull Out Investment" *Globe and Mail* (13 September 1994) B8. General threats of pulling out of Sweden were alluded to in television debates and by managers in factories before the November 13, 1994 referendum on EU membership.

⁹¹ *Supra* note 80 at 122.

⁹² *Supra* note 87 at 68-9.

⁹³ Stena, Svenska Cellulosa, Stora Kopparberg and Nobel Industries all made major purchases of British and German corporations. Olsen, *supra* note 84 at 217.

⁹⁴ *Supra* note 82.

abandoned a Swedish-centred solution. Their social bases of support and unity weakened as divisions opened up between private and public sector workers, between blue and white collar workers, and as a result of 'wage drift' following the decentralization of wage negotiations.⁹⁵ The Social Democrats had already lost the policy initiative to the right on wage-earner funds in the early 1980s and on neo-liberal issues in the late 1980s. Currency controls were abandoned, taxes were no longer used to redistribute income and inflation was declared a greater economic problem than unemployment. The Social Democrats had lost their way and plummeted in the polls.⁹⁶

Amidst these Social Democratic travails, communism collapsed in Eastern Europe, removing the Social Democrats' major objection to European entry. With the end of the Cold War, Swedish neutrality became less relevant and the prospects of joining the European Community with its common defence policy, less alarming.⁹⁷

By the late 1980s Europe was economically dynamic again, having overcome a decade of 'Euroclerosis.' With the flight of Swedish capital during this period, Social Democratic and union leaders concluded that economic integration with Europe was inevitable and that continental corporate power could be countered only by the development of a European-wide civil society, to which they felt they could contribute. Democratic control could be re-established, in their view, only in conjunction with other social and political movements in Europe.⁹⁸ Prospects for this seemed good as Social Democrats such as Jacques Delors and Francois Mitterand appeared to be leading the EC towards a 'social' Europe.

The combination of big business, Sweden's powerful trade unions, the major right parties and the dominant, and once again governing party, the Social Democrats, was formidable. Against such powerful arguments and

⁹⁵ *Supra* note 85 at 295; Ahrne and Clement, *supra* note 7 at 471.

⁹⁶ K. Åmark, "Afterword: Swedish Social Democracy on a Historical Threshold" in K. Misgeld *et al.*, eds., *Creating Social Democracy* (University Park: Pennsylvania State University Press, 1992) at 429-432.

⁹⁷ A.W. Johansson and T. Norman, "Sweden's Security and World Peace: Social Democracy and Foreign Policy" in K. Misgeld *et al.*, *ibid.* at 371-2.

⁹⁸ D. Apter, *The Politics of European Integration in the Twentieth Century* (Dartmouth: Cambridge University Press, 1993) at 224.

forces, how could European membership be opposed? In fact, opposition was broadly based and the arguments against Swedish entry were compelling.

In contrast to Canada, where the debate has been between left and right, the debate in Sweden has been mainly within the left. Led by the Moderate (Conservative) and Liberal Parties, most of the Swedish right solidly favoured Swedish entry.⁹⁹ These parties were able to mobilize over 80 per cent of their supporters for the "Yes" side.¹⁰⁰ The leadership of the small, socially conservative Christian Democratic Party favoured EU entry but their supporters were evenly split in the referendum. The Centre, formerly the Farmers' Party, was divided, although like the Social Democrats, the party formally supported entry. Only the small Left, formerly the Communist Party and the still smaller Greens, were officially opposed. Both parties made significant gains in the 1994 election by making opposition to joining the EU their major planks.¹⁰¹

1993 to 1994 were not good years for the "Yes" side in Sweden. The surprising confluence of positive events, which led to consensus regarding Swedish entry into the EU in 1989 and 1990, turned sour. The end of the Cold War led to European instability and wars, not to peace. Europe was also in economic doldrums with unemployment levels in the double digits. There has never been a popular demonstration in favour of shifting power to Brussels or to the European Parliament and popular reaction against the European Union is widespread within member countries. For many Swedes, the European Union looked again like an unattractive option.

The strongest arguments against Swedish entry revolved around the loss of democratic control and Swedish sovereignty, a reversal in equality gains for

⁹⁹ One Moderate member of the Riksdag who opposed EU membership was dropped from the Party list for the 1994 general election.

¹⁰⁰ A widely cited voters' exit poll published in *Dagens Nyheter* (14 November 1994) A7 exaggerated support for the "Yes" side by 5 per centage points compared to the referendum results. Its figures must be treated with caution, but at least they indicate which groups favoured and opposed EU membership and they provide orders of magnitude.

¹⁰¹ The Left Party went from 16 to 22 seats while the Greens re-entered the Riksdag after a three year absence, with 18 seats. See *Swedish News*, Swedish Information Service (19 September 1994).

women, and a reduction in economic sovereignty to pursue fuller employment policies. There also were suspicions about the creation of a European superpower with unenlightened policies towards the Third World and Eastern Europe. Because of Sweden's long history as an independent power, not having been conquered for over four and a half centuries, the Swedes simply assume national independence. But the "No" side gained much support by stressing the loss of Sweden's sovereignty to make its own policies once inside the EU.

Swedes are confident of their national identity so that fears of national extinction, of the sort expressed in English-speaking Canada, are not strongly echoed. But they are not entirely absent either and manifest themselves within the discourse about democracy and bureaucratic Brussels. They also emerged around a number of concrete issues such as concerns that Europeans living in crowded countries will buy up Sweden's modestly-priced recreation properties and will abuse the ancient tradition of *allemensrätten*, in which the public has access to private lands.¹⁰² There also were concerns that Sweden's advanced regulations on food quality, the environment, preventing cruelty to animals, and liquor policies to inhibit alcoholism would be lowered.

More importantly, there are suspicions that the dominant Catholic population of the EU will impose innumerable rules, which for the Catholics merely are goals that can be ignored and for which they will receive priestly absolution, but that the Protestant Swedes will oppose and hate, yet will follow to the letter.¹⁰³ The Danish government, for example, has opposed European regulations more often than other nations, but ordinary Danes follow the rules more strictly than any other people as it is part of the Nordic culture to follow the rules. Expressed by all sides, these fears are an indication of national identity jitters. Finally, the annual cost of belonging to Europe is not insignificant and provides another reason to oppose Swedish entry.

If the European Union with its undemocratic constitution were a country, it would not be allowed to become a member of the EU. This statement is

¹⁰² The Danes negotiated harder on these issues and won protections in contrast to the terms Ulf Dinkelspiel of the Moderate Party, agreed to for Sweden.

¹⁰³ Several interviewees referred to this argument which first appeared in *Dagens Nyheter*.

repeated by opponents of Swedish entry. The case that the EU is not democratic and will not become democratic is strong. The economic phrase 'democratic deficit' does not begin to capture the depths of the problem.

The elected European Parliament is not very powerful and will not become powerful except at the expense of the Council of Ministers, representing the sovereign governments of each member state. Democracy at the European-wide level thus can come only through the full creation of a federated United States of Europe to which individual nations cede their sovereignty. (The 'fast speed' countries of Germany, France and Benelux are the strongest supporters of a fully federated Europe). Thus, national sovereignty and a democratic European political system are incompatible. Few supporters of the European Union in Sweden support federation of this sort. The SAF opposes it. They want democracy to be restricted to local matters while the economy, and with it questions of equality and inequality, is disengaged from democratic political control. The economy should be conducted at a European-wide level, while democratic politics remains at the local and national levels, according to an SAF spokesman.¹⁰⁴ Enough right-wing governments can always use their veto at the Council of Ministers to block the movement to genuine democracy at the European level.

Let us consider what would happen if democratic forms somehow triumphed within European Union institutions. Could a European civil society congeal to the point where real democracy made itself felt, regulated corporations, and provided for people's needs not met by the market? This is the hope of Social Democratic supporters of Swedish entry. To an English-speaking Canadian who has long observed popular movements, trade unions, and the New Democratic Party experience major difficulties crossing into Québec, it seems a wildly optimistic scenario. Swedish trade unions, which represent almost 90 per cent of all wage earners, do not have counterparts in France, which has a 12 per cent union membership level.¹⁰⁵ Who are their French counterparts with which to build a coordinated union strategy?¹⁰⁶

¹⁰⁴ *Supra* note 82.

¹⁰⁵ United Nations, *Human Development Report 1993* (New York: Oxford University Press, 1993). The unionization level was for 1989-90.

¹⁰⁶ Interview with Rudolf Meidner (1993).

Swedish feminists are likely to part company over the abortion issue with feminist nuns in Italy or Ireland.

Democratic traditions and movements are national and local. Labour is largely immobile, not least in Europe, and for the most part does not want to be mobile. Most people want to live in their home communities and home has a definite place. The left's strength depends upon support from immobile wage earners and from locally-rooted people's movements. The right can more easily unite cross-nationally around the common goal of profit making, for which cultural differences matter little.

Because of differences in language, culture, and deeply imbedded historical traditions, there is no common public debate in Europe. There is not a common media to act as watchdogs over the politicians.¹⁰⁷ Can a democratic European politics develop without these fundamental elements? There are grounds for scepticism. More likely, the European Union will remain undemocratic. Sovereign, democratic countries will have given up control over basic economic policies and so also over much of the social policy sector so that, amongst other things, transnational corporations can operate on a European level with few impediments from ornery citizens and democratic institutions.

Sweden's constitution stated that Swedish decision-making could only in a very limited sense be given to international organizations for peaceful purposes. But to enter the EU, Sweden had to change its constitution and state that European law supersedes Swedish law.¹⁰⁸ According to Per Gahrton, a Green member of the *Riksdag*, 80,000 pages of Swedish laws and regulation had to be changed.¹⁰⁹

Democratic traditions are different in Sweden than in the EU. Power is more local, from the bottom up, less bureaucratic and less based on judicial interpretation. Many Swedes worry that these traditions will be erased. Swedish membership in the EU would mean not only the removal of power to a much larger and more distant centre but also the diminution of a

¹⁰⁷ Interview with Per Gahrton (1993).

¹⁰⁸ Interview with Kennet Kvist.

¹⁰⁹ *Supra* note 107.

Parliamentary role. The European Council of Ministers represent governments, not Parliaments, and except for the Danish delegation, does not include opposition members. For opponents to Swedish entry into the European Union, the European Economic Space Agreement was an alternative to membership in the European Union. The EES allowed Sweden to gain the economic benefits of closer ties with Europe while avoiding the loss of democracy and sovereignty.

Swedish women have made equality gains far in excess of their sisters in the European Union and many feared that these would be reversed. Sweden's large public sector was crucial to the emancipation of women in two ways. Its expansion provided paid employment for women who make up over three quarters of its workforce and generous public services supported the raising of their children. A leading feminist commented that Swedish women are now more dependent on the state than on men,¹¹⁰ but that this might change with the European Union. The EU envisages a common European currency in which the dominant German Bundesbank's tough anti-inflation policies would require a scaling back of the public sector. Many Swedish women feared that entry into the EU would contribute to a reversion to the housewife role that 80 per cent of their German counterparts currently occupy. Margareta Winberg, one of the two female Social Democratic cabinet ministers on the "No" side, summed up the feminist opposition in a leaflet entitled "For Women's rights, work and economic independence, vote No."¹¹¹

The idea that Swedish membership would add to the movement toward European peace and security is dismissed by opponents. The European Union, they point out, may be important to help the French and the Germans avoid the wars of the past, but the Swedes have not been involved in these European conflicts for almost two hundred years. Even supporters of Swedish entry concede that the Swedish addition to the EU will not contribute significantly to European peace. But people like Gudmund Larsson, who chairs the LO's EEC committee, argue that post Cold-War Europe is more dangerous for

¹¹⁰ Lena Ag of the Social Democratic women's organization as quoted in *Edmonton Journal* (23 April 1993) D3.

¹¹¹ Published by *Socialdemokratisk Europainformation* (4 November 1994).

Swedes than it was during the Cold War. For its own security then, Sweden needs to belong to a wider security system.¹¹²

Birgitta Hambraeus, Centre Party member of the *Riksdag*, and a spokesperson for "Network: Centre Party No to the EU" contends that Scandinavian history demonstrates that disunion, not union, leads to peace. Finnish-Swedish and Norwegian-Swedish relations improved greatly once Finland and Norway gained freedom from Swedish domination.¹¹³

As long as you are of different strengths ... countries, cultures, language groups ... then it's very dangerous to make a union, because the people who are in the minority would feel suppressed.

The "No" side are concerned that the European Union will develop into a superpower and begin to imagine "enemies." Per Gahrton (Greens) sees the EU as a West European project that will exclude Eastern Europe for decades and perhaps trigger, at least in part, rival blocs of Turkish-speaking peoples and a Muslim bloc. Hambraeus is worried that a European super bloc will start to conceive of "interests" it has to defend.¹¹⁴

Just as I don't think at all that the United States has a right to have interests with Arab oil. I mean this is pure colonialism, isn't it? Why should Europe have interests?

Because it was not a member of NATO and did not have to follow the American Cold War line, Sweden, under Olof Palme, was able to develop an independent foreign policy that was internationalist and pro-Third World. The trade unions were strong exponents of this policy. The "No" side pointed out that Swedish membership in the EU includes accepting Europe's common defence and foreign policies and discourages an independent position vis-à-vis the Third World. Furthermore, Sweden has to contribute 1.3 per cent or more¹¹⁵ of its GNP (on a gross basis) for EU membership, largely as a contribution to the Mediterranean countries and to antiquated farming in Spain

¹¹² Interview with Gudmund Larsson (1993).

¹¹³ Interview with Birgitta Hambraeus (1993).

¹¹⁴ *Ibid.*

¹¹⁵ Opponents argued that in addition to the annual 20 million kronor contribution, Sweden would have to forego up to 30 million kronor in taxes now collected, as part of the harmonization process. Televised referendum debate Nov. 11, 1994.

and Portugal. The annual EU membership payment comes in the context of a major revenue crisis in Sweden and discourages it from giving an equivalent amount to poor Third World countries such as Somalia.

A major reason for opposing Swedish entry was weakened when prospects for a European Monetary System diminished. Amongst leading opponents, though perhaps not amongst ordinary citizens, the European Monetary System (EMS) and the eventual adoption of a single currency were powerful reasons to oppose European entry. After the EU referendum, "No" side leaders were calling for a second referendum on Sweden's inclusion into the EMS. The five inner countries of Europe assume that monetary union must precede or accompany political union. For Rudolf Meidner, who supports the EU on grounds of its promotion of peace, the European Monetary System was his strongest reason for opposition to Swedish entry:¹¹⁶

What are the criteria for entry into the monetary union? Budget deficits, governmental debt, price stability, interest rates and stability of currencies. Not a word about unemployment ... All hopes that Sweden can regain full employment as a consequence of EC membership are totally futile.

Now plans for a unified currency are in difficulty.

After applying for membership in the European Community in 1990, fewer than 20 per cent of Swedes were opposed. But in the next two years, massive educational campaigns by the "No" side turned the majority against entry into the Union. The opposition was led by the Left Party and the Greens, along with feminists and dissident leaders amongst the Social Democratic Party, the Centre Party and Christian-Democrats. They persuaded the young, especially first time voters, women and rural voters.

In the referendum, the Social Democratic and union leaders were opposed by core supporters. By a two to one margin, blue collar workers voted "No," as did a majority of women (58 per cent) and voters who identified themselves as left-wing (over 57 per cent).¹¹⁷ After the referendum, many

¹¹⁶ *Supra* note 106.

¹¹⁷ The first two figures were cited in *Swedish Press Review* (14 November 1994) early edition at 2. The last figure comes from the exit poll cited above and underestimates the extent of "No" support.

on the left were bitter. “[Prime Minister] Carlsson’s victory was over the workers in his own Party, like that of Ramsay Macdonald,” remarked Nordal Åkerman, a noted author and historian. Several called the Social Democrats a “Stalinist Party” because there has always been a cult of the leader. Dissent is not respected and the careers of dissenters are blocked, they said. Yet Carlsson brought two feminist “No” leaders into cabinet, allowed them to campaign for “No” and retained them in cabinet after the referendum.

Some left Social Democrats are currently attracted to the Left Party that played such a central role in the “No” coalition. Three days after their referendum defeat, the Left Party headquarters seemed anything but defeated. For the first time since the Cold War, a much broader public was listening to them. Activists on the “No” coalition from the Left, Greens, Social Democrats and Centre Party have worked with, and now trust, each other. There is a potential for a political realignment and the emergence of an anti-European Union Party, as has developed in Denmark.

On the other hand, the Social Democratic and union leaders are very adept at cooptation. Immediately after the referendum, Agneta Stark, a “No” leader, was brought on as an advisor to Sweden’s EU delegation on equality issues. The Social Democrats, 14 seats short of a majority, have relied on support from the Left Party rather than from the centre-right Liberal Party. Carlsson may continue to tie the Left Party into a working coalition to prevent disillusioned left Social Democrats from drifting into a Left Party-led oppositionist movement.¹¹⁸

Overall, the arguments against Swedish entry were persuasive for almost half the population. They attracted the same kind of support as did the “No’s” in Norway but ended up several points below the 50 per cent mark rather than several points above it. The Norwegian “No” movement had several advantages over their Swedish counterparts. They had a major party, the Centre Party, onside. As well, they had buoyant oil revenues and a more rural population, who in both countries were strongly “No.”¹¹⁹

¹¹⁸ Interview with Åsa Moberg (1994).

¹¹⁹ “Norway Rejects Joining EU” *Globe and Mail* (29 November 1994) A1.

The Norwegian “No” may be reversed in yet another referendum. On the other hand, if Norway prospers while outside the EU, it will act as a model for Swedes of what life could be like on the outside. The debate about Swedish membership in the EU will not have ended once and for all. After a 20 year membership in the EC, Danish opposition was strong enough in 1992 to reject the Maastricht Treaty on the first of two referenda. The struggle for genuine democracy continues in Sweden.

Canadian Opposition to the FTA and NAFTA

For Canadians, the FTA (1989), not NAFTA (1994), was the decisive turning point regarding continental economic integration and economic liberalism. NAFTA was seen by most Canadians to be about the addition of Mexico to the existing agreement, a minor matter to Canada since economic and cultural relations between the two countries have never been important. While Canada and Mexico do compete in a wide range of exports to their major market — the U.S. — their direct relationship with each other will remain relatively unimportant even if trade and investment doubles or triples.¹²⁰ Nevertheless, the majority of Canadians opposed NAFTA, as they did the FTA.

NAFTA primarily is a bilateral economic integration agreement between the United States and Mexico, ending the latter’s eighty-year old economic nationalist and anti-American tradition. Canada reluctantly was allowed into the two-way talks after it pleaded for inclusion to protect the “gains” of the pre-existing Canada-U.S. FTA. For Canada, NAFTA is a renegotiated and deepened FTA with the U.S.A.

Like the Swedes, English-speaking Canadians are a reserved lot — no hand over the heart patriotism for them. Canadian attitudes toward nationalism are a combination of an inferiority-superiority complex vis-à-vis the United States, dislike of traditional, ethnically exclusive nationalism, and quiet pride

¹²⁰ In 1992 Canadian exports to Mexico accounted for 0.5 per cent of total shipments abroad, while imports from Mexico were 1.9 per cent of the total. See B. Wilkinson, “The NAFTA, Manifest Destiny and All That” (Paper prepared for the Annual Conference for Canadian Studies, London England, 19 November 1993) at 3 [unpublished].

in the liveability and civility of Canadian society. Québécois have a distinct national identity not discussed here¹²¹ and their long and central relationship with English-speaking Canada has helped shape the (English-Canadian) national identity. If not for the presence of Québec, bilingualism and multiculturalism would not be part of the English-Canadian fabric.¹²² But another element of English-Canadian character evolved in relation to the dominant presence of the United States. I am referring to an activist, nation-building role for the state.¹²³

Continental integration threatens many of the distinctive features of Canadian (referring to English Canadian) national identity. Unlike the nationalisms of most European states, Canadian nationalism is not based on an exclusivist or even particularly distinct ethnic make-up, religion, or language. Statist traditions of positive government action have been crucial to the development of a distinct political culture in Canada. Canadians have been less suspicious of governments than have their neighbours to the south. The building of a national railway and the establishment of the Canadian Broadcasting Corporation could only have been done under public auspices because they were not profitable on a pure private market basis. The alternatives to distinct, publicly supported Canadian transportation and communications systems were private American ones. Without an activist state role of nation building in a country of great ethnic diversity and even greater geography, Canada would have been swallowed up into the United States long ago.

While statist and nation-building traditions had been animated largely by a traditional conservative and British ethos before the 1960s, these dropped by the wayside as the political right in Canada moved towards an American-style 'neo-conservatism.' But Canadian statist traditions were continued from the 1960s to the early 1980s led by the political centre and the left who developed policies to Canadianize an economy dominated by U.S.

¹²¹ I have discussed Québec nationalism elsewhere. *Supra* note 77 at 209-211.

¹²² K. McRoberts, *English Canada and Québec: Avoiding the Issue* (North York: York University, 1991).

¹²³ H. Aitken, "Defensive Expansionism: The State and Economic Growth in Canada" in W.T. Easterbrook and M.H. Watkins, eds., *Approaches to Canadian Economic History* (Toronto: McClelland and Stewart, 1967).

corporations and erected social services that increasingly were distinct from those in the U.S. The Foreign Investment Review Agency and the National Energy Program were statist attempts to regain Canadian control of the economy and to diversify activity beyond resource exporting. Medicare, a public health system of which most Canadians were immensely proud, came to symbolize a national identity distinct from that of the U.S. Canadians were thought to be building a more 'caring-sharing' society than the Americans with their competitive, 'survival-of-the-fittest' ethos. The philosophy underlying a positive government role in sustaining a Canadian national identity had moved from traditional conservative to mildly social democratic.

The FTA was aimed at the heart of much of Canadian national identity, because it diminished the role of governments in Canadian life, throwing its society wide open to private and continentally-oriented Canadian and American business. The continental corporate integration pact that Ronald Reagan described as an "economic constitution for North America," enshrined the American, neo-liberal philosophy in Canadian society. As Mel Clark, Deputy Canadian Trade Negotiator to the GATT Tokyo round talks put it:¹²⁴

The definitive characteristic of the FTA and NAFTA is they cede vital government powers to the U.S. and the private sector that were used to build an independent Canada, and, to that end, to moderate, curb or redirect market forces.

No longer could Canada pursue distinct statist paths. The political right in Canada and the U.S. had imposed a neo-liberal treaty from which it would be very hard for Canada to withdraw.

The 1989 Canada-U.S. FTA sparked one of the most passionate debates in Canadian history. Canadians responded most strongly to nationalist claims about the threat to Canada's distinctive way of life. John Turner, the Liberal leader, touched a nerve when in a television debate he said that Conservative Prime Minister Brian Mulroney had "sold out the country."¹²⁵ NAFTA never generated a similar reaction because there was a widespread feeling of

¹²⁴ M. Clark, *Restoring the Balance: Why Canada Should Reject The North American Free Trade Agreement, Terminate The FTA and Return To GATT* (Ottawa: Canadian Centre for Policy Alternatives, 1993) at 1.

¹²⁵ R. Johnston *et al.*, *Letting the People Decide: Dynamics of A Canadian Election* (Montreal: McGill-Queen's University Press, 1992) at 27.

resignation that the FTA could not be reversed and that Mexico was unimportant. But NAFTA as well as the FTA touched fundamental economic, social, and national identity questions.

The 1988 federal election involved a broad range of issues, but as the campaign unfolded, it came close to being a referendum on the FTA. At the beginning of the campaign there were sizeable numbers of pro and anti-FTA voters who favoured the "wrong" political party on the question of the trade deal. But by the campaign's end, the Conservatives, the only major party supporting the Agreement, were capturing 88 per cent of voters on the 'pro' side, while the Liberals and the New Democrats, who both opposed the Deal, between them were taking 90 per cent of the anti-FTA vote.¹²⁶

The FTA was opposed by a slim majority of Canadians in the 1988 election and opposition continued to grow after it was implemented.¹²⁷ The Agreement was passed, despite opposition by a majority of Canadians, because a general election, not a Swedish style referendum, decided the issue. In Canada's first-past-the-post election system, the Conservatives received 43 per cent of the vote but a majority of the seats, while the Liberals at 32 per cent and the New Democrats at 20 per cent split the opposition vote. English-speaking Canadians voted decisively for parties which opposed the Agreement (55 per cent to 42 per cent), while a slight majority of Québécois favoured the pro-FTA Conservatives.¹²⁸

As we have seen, the concept of free trade has changed radically from the free market and small business competition emphasis before the 1980s to the current concept of monopoly rights for transnational corporations. Despite the metamorphosis of the concept, 'free trade' has continued to provoke strong reactions in Canadians because it has meant closer integration with the U.S.

¹²⁶ R. Johnston *et al.*, "Free Trade and the Dynamics of the 1988 Canadian Election" in J. Wearing, ed., *The Ballot and Its Message* (Toronto: Copp Clark Pitman, 1991) at 321, Table 5A and E.

¹²⁷ In 1992, Donna Dasko, vice-president of Environics Research Group said that "support for the Canada-US Free Trade Agreement has never been lower. Canadians today absolutely loathe the idea of trilateral free trade," cited in Sinclair, *supra* note 70 at 182.

¹²⁸ Chief Electoral Officer of Canada, *Thirty-Fourth General Election 1988 Appendices* (Ottawa: Supply and Services, 1989) at Tables 1, 5.

This has been viewed as more significant than the calculus of economic gains and losses. The distinctive Canadian way of life is seen to be threatened, perhaps even the very existence of Canada itself. The dramatic elections of 1891 and 1911 in which Canadians rejected reciprocity (free trade), involved these larger identity issues, just as in 1988.

Canadian nationality is more fragile than that of most European nations. The dominant language, English, does not distinguish Canada from its giant neighbour. And while countries such as Belgium, Switzerland and Austria share languages with neighbouring countries, in Europe there is no dominant country. Germany is the largest country and is ascendant in the European Union in financial markets and interest rate policy. Yet Germany accounts for about 25 per cent of the population and about 30 per cent of the GDP of the European Union.¹²⁹ In contrast, the United States contributes 87 per cent of the GDP of the NAFTA countries and 69 per cent of its population.¹³⁰ Furthermore, American culture is the dominant culture in the world and English the dominant language.

We saw that the impetus for the FTA and NAFTA came from the American and Canadian corporate elites and the regimes in each country. Support in Canada came also from regional forces that have historically resisted the economic domination of Southern Ontario and the political domination of the federal government. Québec nationalists endorsed the FTA as a way of reducing economic ties with English Canada and thereby weakening threats of economic retaliation if Québec separated. Bolstered by their distinct language and culture, Francophone Québécois did not feel their nationality was threatened by closer economic integration with the U.S. With its regional grievances and as the home to the largely foreign-owned oil and gas industry, the majority of Albertans supported the FTA, as did the Reform Party.

¹²⁹ B. Wilkinson, "Regional Trading Blocs: Fortress Europe versus Fortress North America" in D. Drache and M.S. Gertler, eds., *The New Era of Global Competition* (Montreal: McGill-Queen's University Press, 1991) at 53. Wilkinson's figures are for West Germany only. I have modified them to account for the addition of East Germany.

¹³⁰ "Report on NAFTA" *Globe and Mail* (24 September 1992) C10.

As in Sweden, the range of elite support for continental economic integration and liberalization was formidable. In Canada, only the New Democratic Party was strongly against the trade agreement. As the centre party, the Liberals prevaricated, caught between their right, pro-business wing and their left, social wing. The latter tended to support social services and economic nationalism. In 1988, after a surge of opposition to the trade deal became apparent, the Liberal Party took a clear position against the FTA. When it came to NAFTA and abrogating the FTA, the Liberals returned to their prevaricating role. Although the Americans renegotiated the FTA twice, first with the NAFTA agreement and then in Clinton's side deals with Mexico on labour and the environment, the new Liberal Government of Jean Chretien, elected in October 1993, backed down. They ran on a platform of renegotiating NAFTA, threatening that they would not proclaim the Agreement. When the Americans would not reopen the NAFTA text guaranteeing the U.S. the same proportion of Canadian energy exports even during an energy crisis, the Liberal Government made a unilateral declaration to protect Canadian energy security. It was little more than a face saving device.¹³¹

Voters parted company with their political leaders and a majority opposed the FTA and NAFTA. There had never been such a political division by class in Canada, a political community not known for class politics. According to an Environics poll conducted during the election campaign, more than half the supporters of the Free Trade Agreement earned over \$60,000 annually, while over half the opponents earned under \$20,000.¹³² The Conservatives won the seven seats with the highest average incomes in Canada, while the Liberals and New Democrats took the seven seats with the lowest average incomes. It is likely that fear of blue-collar job losses and erosion of Canada's social safety net drove working-class voters, especially males, into the opposition camp,¹³³ while upper-income voters followed the lead of the business elites

¹³¹ "Canada Will Implement NAFTA on Jan. 1, Chretien says" *Edmonton Journal* (3 Dec. 1993) A1.

¹³² "3 Leaders Swap Free-Trade Blows During Final Days" *Globe and Mail* (19 November 1988) A1.

¹³³ Liberals and New Democrats received 51 per cent of the votes of males earning \$29,000 or under and only 38 per cent amongst those earning over \$50,000. See J.H. Pammett, "The 1988 Vote" in A. Frizzell *et al.*, eds., *The Canadian General Election of 1988* (Ottawa: Carleton University Press, 1989) at 127.

towards a neo-liberal state.

Like their counterparts in Sweden, Norway and Finland,¹³⁴ Canadian women were more opposed to continental integration and neo-liberalism than Canadian men. The National Action Committee on the Status of Women (NAC), the umbrella group for most women's groups, carried on a vigorous campaign as part of the broader coalition in opposition to the FTA. They argued that women in the manufacturing and service sectors would disproportionately lose their jobs compared to men and that Canada's more enlightened child care, equal pay policies, and health care would be driven down to American levels.¹³⁵ Women were less persuaded by pro-business arguments than men. In the end women voted against the Agreement by a five to four margin, while for men it was the reverse.¹³⁶

Swedes could not claim ill effects from their 1972, old-style free trade agreement with the European Community. The record low unemployment rate until 1991 would belie any such argument. However when Sweden began to prepare for new-style free trade and deregulated its financial sector to meet the conditions for entry into the EES, there was a massive flight of Swedish capital and jobs. Canadians experienced disastrous economic reversals after the new-style free trade as well. Canada lost 383,000 manufacturing jobs between January 1989, the start of the FTA, and March 1992, the low point in manufacturing employment.¹³⁷ Three in five manufacturing jobs lost were permanent layoffs caused by plant shutdowns.

Many economists dispute the argument that the FTA was a major cause of Canada's recent losses, citing the early 1990s recession and global restructuring as the causes of Canadian economic woes. These undoubtedly were major causes — all advanced countries experienced economic downturns. But although the United States faced similar cyclical and restructuring

¹³⁴ Polls in September 1994, showed support for joining the EU at one-quarter to one-third less amongst women than amongst men in the Nordic countries. *The European* (30 September-6 October 1994) 4.

¹³⁵ S. Bashevkin, *True Patriot Love: The Politics of Canadian Nationalism* (Toronto: Oxford University Press, 1991) at 142.

¹³⁶ *Supra* note 133.

¹³⁷ Statistics Canada, *Historical Labour Force Statistics* (Ottawa: Statistics Canada, 1993) at 177 using seasonally adjusted figures.

changes, it lost only 10.2 per cent of its manufacturing jobs between June 1989 and early 1992, while Canada lost 23 per cent of all manufacturing jobs over the same period.¹³⁸ It is difficult to determine the exact contribution of the FTA to Canadian job losses. High Canadian interest rates and an overvalued dollar had devastating effects.¹³⁹ But there is little doubt that a substantial number of American branch plants shut down their operations once the protectionist reason for their location in Canada was removed. Many Canadian-owned businesses acted according to the spirit and improved mobility rights of the FTA and moved to American locations where wages and standards were lower.

By giving up its right to pursue traditional state activist policies, did Canada achieve its main aim in the negotiations — secure access to the U.S. market? The answer is No. Mel Clark, a former senior trade negotiator for the Canadian government studied the results of the first four years of the FTA. Canada fared much better in trade disputes with the U.S. when it went through GATT than when it used FTA dispute-settlement panels.¹⁴⁰ After a series of U.S. protectionist moves against Canadian imports in 1992, even Simon Reisman, Canada's chief negotiator for the FTA, seemed to have second thoughts about how much secure access Canada had won in the Agreement. "If the Americans say the hell with you and we'll do what we want, clearly the free-trade deal is over."¹⁴¹

The significance of NAFTA for Canada is that it extends and deepens the transfer of power from governments to corporations and to a Commission which will enforce the rights of corporations. A permanent Free Trade Commission and Secretariat will be established to implement and enforce the agreement. This is like the Brussels bureaucracy and European Court combined, but without the democratic voices of the European Council representing governments or the European Parliament, representing elected officials.

¹³⁸ *Supra* note 117 at 7. Wilkinson uses seasonally unadjusted figures. There was a recovery in manufacturing jobs in Canada of 110,000 or 5 per cent from the low point of March 1992 to December 1993. See *ibid.* at 177, unadjusted series.

¹³⁹ L. McQuaig, *Shooting the Hippo* (Toronto: Viking, 1995).

¹⁴⁰ *Supra* note 124 at 11-12.

¹⁴¹ A. McClellan, "American 'Bastards' says Reisman" in Sinclair, *supra* note 70 at 181.

The NAFTA Commission will ensure that the United States is fully consulted before Canadian federal and provincial laws are altered. Failure to comply with a Commission ruling will result in fines or retaliatory trade measures by other governments acting on behalf of corporations.

Provincial governments were exempt from the FTA, but although they were not party to the NAFTA, they will be subject to it. The federal government will have to ensure that a province conforms to the findings of a NAFTA dispute panel. If it does not conform, the federal government will be required to pay compensation costs to avoid trade retaliation.¹⁴²

Crown corporations have been a fixture of Canadian life for decades. Many, like the CBC and Petro-Canada, were established to fulfil mandates that were not strictly commercial in nature; to promote Canadian culture, economic diversification or equalization. Such mandates cannot be fulfilled under NAFTA. The agreements provide that, "[A]ny government monopoly must act solely in accordance with commercial considerations."¹⁴³

NAFTA is an economic liberal document with little pretence at preventing 'social dumping,' as the Europeans call it. In the NAFTA agreement itself there are no minimum standards on human rights, social programs, working conditions, wages, and the environment. The side agreements on labour and the environment, which the Clinton administration forced upon the Mexicans in order to shore up support in the U.S. Congress, are weak. They have to do with ensuring, or having the appearance of ensuring, that the Mexicans enforce their own laws in these areas.¹⁴⁴ It is open to question how effective the side deals will be regarding Mexico, but they don't address the more important question for Canadians of social dumping vis-à-vis the United States, with its low level of unionization, 'right to work' laws, lower social service and taxation regimes. Transnational corporations have been given mobility and citizen-like rights but have no location obligations to communities, workers or democratic polities.

¹⁴² *Supra* note 79 at 130.

¹⁴³ *Ibid.* at 13.

¹⁴⁴ M. Watkins, "Afterword: The NAFTA Side Deals" in Cameron and Watkins, *supra* note 15 at 283.

The opposition sees the major issue as the loss of sovereignty and democracy. For Maude Barlow, Chairperson of The Council of Canadians, the free trade agreements are about "removing the right of Canadians to control our own future."¹⁴⁵

Conclusion

What can be learned by comparing Canadian and Swedish opposition to the new economic and political integration agreements? In the old free trade debates, protected manufacturers and home-market farmers tended to oppose free trade. Consumers, often led by the organized working class, exporting farmers and importing retailers were proponents of free trade. To the extent that this was a left or right issue, the left tended to favour free trade of the older sort and the right to oppose it. The near reversal of the political line-up over what is now called 'free trade' or economic liberalization, tells us that the issues and the context have changed. The interests served and hurt by the new version of free trade are different.

Corporations have undergone a metamorphosis. When they were largely confined to home markets, they often sought state protectionism for their domestic monopolies against imports from competitors. But once corporations transcended home markets and integrated production across continents, they sought state and supranational guarantees for the removal of national barriers between different parts of their operations located in different countries. Where once they supported their version of national sovereignty to protect their nationally-bound, monopolistic interests, they now attack sovereignty and nationalism as enemies, this time to protect their transnational interests.

The new concept of free trade is no longer about the removal of monopolies. The business world has become more monopolistic than ever with three-hundred transnationals controlling about one-quarter of the GDP of the market economies of the world and the three quarters of the trade.¹⁴⁶ Free trade has come to mean intracorporate transfers between branches of the same corporation located in different countries. Trade in services like banking usually requires a physical presence in the "export" market, thus encouraging

¹⁴⁵ *Edmonton Journal* (23 December 1992) A17.

¹⁴⁶ Dunning, *supra* note 29 at 15.

foreign ownership and the transnationalization of service corporations. Like the old national protectionism, the new versions of free trade enhance and protect corporate monopolies, but now at the supranational level.

To articulate their newly dispersed corporate empires, transnationals and their ideological supporters adopted the language of their opponents. The motifs of internationalism, free trade, and the slogans of the anti-war and civil rights movements have been adapted and turned on their heads to justify the concentrated power of economic elites. Opponents of transnational capitalism are now branded as xenophobic, protectionists, opponents of international understanding and of the basic rights of foreign corporations.

The strongest initiatives for corporate supranationalism have come not at the global level but at continental or regional levels. Why is this? It has been easier to construct the elements of an emerging supranational state or international regulation that will protect and enhance the rights of transnational corporations in North America and Western Europe, bastions of advanced capitalism,¹⁴⁷ than it has been globally where the benefits of capitalism in the Third World are less evident and the potential for opposition greater. It is questionable whether these continental pacts will lead to global supranationalism. Walls are put up around these economic integration blocs, keeping out Third World imports and providing monopoly protection, for example, for pharmaceutical companies.

In Canada and Sweden, continental integration pacts were a means to circumvent both domestic union strength and national political cultures that were critical of corporate domination and of the commodification of human labour and human values. In Canada, it was called the 'cold shower' theory by economists who worked for or were close to the Royal Macdonald Commission.¹⁴⁸ Canadians, these advocates of neo-liberalism and corporate rights contended, were coddled and too anti-market. They needed a cold shower of bracing market intensity to shock them out of their lethargy. The problem was that, unlike voters in Reagan's America or Thatcher's Britain,

¹⁴⁷ Japanese corporate strategy has not relied on regional integration pacts, although one may emerge in east Asia.

¹⁴⁸ *Royal Commission on the Economic Union and Development Prospects for Canada* (Ottawa: Supply and Services: 1985).

Canadians showed no inclination to take the recommended treatment. The breaching of Canadian sovereignty through the Canada-U.S. FTA would turn on the shower for Canadians. The Swedish SAF strategy of removing economic decision-making from Sweden and moving it to bureaucratic Brussels was conceived along similar lines.

The initiative for continental integration agreements comes from business and the political right, although in Europe there is a strong internationalist-peace and social component from the left. Giving unlimited rights to corporations and removing their obligations to political communities reduces the power of governments. This leads to loss of sovereignty and democracy.

How could such undemocratic and elitist politics be made popular? To succeed, corporate proponents of continental integration had to both consolidate the political right and to divide the potential opposition by winning over part of the left and the centre. The means at hand were different in the two countries. In Sweden, the Social Democratic and union leadership were the crucial allies, without whom a victory for corporate neoliberalism was not possible. In Canada, two regional versions of 'nationalism' that were traditionally opposed to centralist, pan-Canadian nationalism, were the key allies in Brian Mulroney's Conservative FTA victory. These were Québec nationalism, associated since the Quiet Revolution of the 1960s with the centre-left, and Alberta's (right) peripheral regionalism.¹⁴⁹

It is not surprising that the left is opposed to corporate rights and is a defender of bottom-up democracy. These agreements are not popular anywhere. They are led by the elites, sometimes with the support of leaders of the left, but many of the people are opposed because they are concerned with secure jobs, social services, citizen rights, sovereignty, democracy, and popular national traditions. The traditional working class, women, and peripheral regions were opposed in both countries and through grass roots organizing, managed to rally about half the voters to their sides, despite the overwhelming unity, money, power and influence of the elites favouring continental integration.

¹⁴⁹ The pro-FTA Conservatives won 88 out of 101 seats in Québec and Alberta and only 81 out of 194 seats in the rest of the country.

There were some differences in emphasis between the debates in Sweden and Canada. Democracy was a stronger focus in Sweden than sovereignty while independence and national identity prevailed as themes in English-speaking Canada. But these are differences in discourse around essentially similar themes.

Proponents of continental economic integration agreements may not prevail in the long-run. The 'inevitable' direction of history may shift again. The long historical struggle for popular democracy continues.

APPENDIX

PEOPLE INTERVIEWED IN STOCKHOLM IN JUNE 1993

Rolf Andersson, Research Director, Municipal Workers' Union.

Christian Bratt, Director European Affairs, at the Swedish Employers' Confederation (SAF).

Mats Carlsson, Foreign Policy Advisor to the Swedish Social Democratic Parliamentary Group.

Per Gahrton, then Central Board member for the Green Party, currently Member of the Riksdag for the Green Party (and earlier for the Liberal Party).

Birgitta Hambraeus, member of the Riksdag for the Centre Party (green wing of the Party).

Carl Hamilton, former Chairman of the Program Committee on European Affairs for the Liberal Party and current member of the Riksdag for the Liberal Party.

Sten Johansson, Chairman of Social Democrats against membership in the European Union.

Wuokko Knocke, Sociologist and an authority on women immigrants in Sweden. Researcher at the Arbetslivscentrum (now the Intitutet för Arbetslivsforskning).

Kennet Kvist, former General Secretary of the Left Party and in 1994 a member of the Riksdag. In 1993, he was political secretary of the Parliamentary group, working on the Swedish Constitution and the EU.

Gudmund Larsson, Chair of the Swedish Labour Confederation's (LO) European Union Committee.

Rudolf Meidner, Economist, Editor of *Economic and Industrial Democracy* and author of the original "Meidner Plan" for wage-earner funds.

Eva Moberg, playwright, freelance journalist, peace activist, environmentalist.

Kristina Persson, Founding member of "Network for Europe," a pro-EU organisation and representative of TCO, Confederation of White-Collar Employees, currently Member of the Riksdag for the Social Democrats.

PEOPLE INTERVIEWED IN NOVEMBER 1994
AFTER EU REFERENDUM

Göran Ahne, Professor of Sociology, University of Stockholm.

Nordal Åkerman, author and political journalist, Lund.

Christian Bratt (see above).

Per Gahrton, (see above) and Green Party representative in the European Parliament. A controversial leader of the No side.

Lena Gonas, Research Professor at Institutet för Arbetslivsforskning, served on Government Commission on Equality.

Yvonne Hirdman is a Swedish feminist historian and Research Professor at the Institutet for Arbetslivsforskning, Stockholm.

Wuokko Knocke (see above).

Rudolf Meidner (see above).

Åsa Moberg, media journalist, author and a leader of the anti-nuclear power movement in Sweden in the 1970's and early 1980's, near Lima Sweden.

Lars Ohly, Secretary of the Left Party, Stockholm.

Göran Rosenberg, Editor-in-chief *Moderna Tider* and author, Stockholm.

Birger Viklund, Researcher, Institutet for Arbetslivsforskning, Stockholm.

PRESS CONFERENCES ATTENDED NOVEMBER 11-14 1994

Ingvar Carlsson, Social Democratic Prime Minister and Mona Sahlin, Deputy Prime Minister.

Ulf Dinkelspiel, Former Trade Minister in the Bildt government. Responsible for negotiating the terms of Swedish entry to the EU.

Professor Olof Ruin, Department of Political Science, University of Stockholm analysing the referendum results. Ruin is a Social Democrat and strong supporter of the Yes side.

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(TRANSLATED INTO ENGLISH)

Friday, November 11, 1994 — TV 2

Yes Side	No Side
Ingvar Carlsson (Prime Minister)	Agneta Stark — economist
Carl Bildt (former Conservative PM)	Kenth Pettersson — union leader, Retail workers
Marit Paulsen — farm spokesperson Chair, Network for Europe	Eva Hellstrand, farmer

Saturday November 12 1994 — TV 4

No Side	Yes Side
Kenth Pettersson	Mona Sahlin Dep. Prime Min.
Marita Ulvskog (Minister of Public Administration)	Percy Barnevik, President Asea Brown Boveri
Hans Lindqvist — leader of Nej till EU	Kristina Persson Social Democrat member of Riksdag