Abject Futures: The (re)Negotiation of NAFTA, Chrystia Freeland, and the Canadian Power Elite

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Introduction: On Making Faustian Deals

If Toronto is a Faustian city, then Foreign Affairs Minister Chrystia Freeland is Faust. I mean this bit of instructive reasoning not as a moral qualm with Freeland herself, but as a window into the social forces and class geographies which are expressed in her negotiation of global trade deals at the beginning of the 21st century, an era of ever-increasing inequality and global instability, that shape the frontiers of capital and inequality in spaces like Toronto. For better or worse, Freeland is a starring player in global events and her dreams will shape the future. This paper, then, is an examination of the Canadian political economy, Chrystia Freeland, and their interaction in the context of the renegotiation of the North American Free Trade Agreement.

In Faust, the European folk tale crystallized by Johann Wolfgang von Goethe, the protagonist is a wearied and sullen intellectual who attempts suicide (Berman 1982). Surviving the endeavor, Faust approaches Mephistopheles—the Devil's servant—and is granted access to special powers and pieces of knowledge that he uses to confront and transform the world around him. However, in exchange for these self-fashioning experiences which will irrevocably alter Faust, he must surrender his soul to the Devil after several years living on earth. While the Faustian byline exists in the narratives of all moderns, there is a particular resonance with Freeland.

Freeland was elected the Member of Parliament for University-Rosedale in October 2015 as part of Justin Trudeau's Liberal Government. As a riding, University-Rosedale connects the city's posh district around the University of Toronto to Rosedale—Toronto's most wealthy and influential neighborhood. Shortly after her election, Freeland became the Minister of International Trade. She concluded a free trade agreement between the European Union and Canada in October 2016. The EU deal—Comprehensive Economic and Trade Agreement or CETA—was the second largest trade deal ever inked by Canada, representing over 21 Trillion USD in Gross Domestic Product as of 2017. However, CETA is slightly eclipsed by the North American Free Trade Agreement which has a combined GDP of 22 Trillion USD as of 2017. Shortly after the ratification of CETA at the end of 2016, Freeland became the Minister of Foreign Affairs and began renegotiation of NAFTA. Within months, Freeland became integral to the negotiation and eventual ratification of two of the largest trade deals in global history.

However, Freeland did not begin her journey to the pinnacle of international trade as a political darling but rather as a dominant force in both the intellectual and journalistic worlds. After completing her bachelor's at Harvard and master's at Oxford as a Rhode's Scholar, she became the editor of Canada's largest daily newspaper The Globe and Mail before becoming the editor of Thompson Reuter's Digital and then The Financial Times. In 2000 she published her first book Sale of the Century which documented the fall of communism in Russia and the subsequent rise of oligarchic capitalism in that country. Her next bestselling book Plutocrats: The Rise of the New Global Super-Rich and the Fall of Everyone Else was published in 2012.

The story of Faust has been used by several intellectuals to understand a paradox at the heart of modernity. The
best rendering of this comes in Marshall Berman’s *All that is Solid Melts into Air*, where Berman uses the story of Faust to interrogate the way in which the self-fashioning of moderns both produces revolutionary transformation in the lived and built world and is produced by revolutionary transformation in the lived and built world—and the way in which our dreams for the future mediate these two things (1982). In the story, Berman finds three sequential archetypes—the dreamer, the lover, and the developer. He writes, “[Faust] starts in an intellectual’s lonely room, in an abstracted and isolated realm of thought; it ends in the midst of a far-reaching realm of production and exchange, ruled by giant corporate bodies and complex organizations, which Faust’s thought is helping to create, and which are enabling him to create more (1982, 39).” He continues, Faust is both “the subject and object of transformation,” he is “not merely the hero, but the whole world (1982, 39).” For Berman, “Goethe’s Faust expresses and dramatizes the process by which, at the end of the eighteenth century and the start of the nineteenth, a distinctively modern world-system comes into being (1982, 39).” He continues, “in all versions, too, the tragedy or comedy comes when Faust “loses control” of the energies of his mind, which then proceed to take on a dynamic and highly explosive life of their own (1982, 38).” Faust is a metaphor for the transformations of moderns and of the world by moderns, as both the subject and object of transformation, ignited by their dreams for the future.

For Berman, the figure of Faust has much to teach moderns about themselves—about the way social forces shape them outside of themselves, but also about how their dreams, aspirations, and desires come to shape the world around them (2010). It is this paradox—that actors are both affected by and affect the social world—that sits at the heart of global trade deals in the 21st century. Do Faustian figures like Freeland express the class interests of a global power-elite—so-called corrupt ‘plutocrats’—or are they actors bringing the “modern world-system into being” only to find that their mental energies “take on a dynamic and highly explosive life of their own”?

Freeland is no stranger to powerful forces, her emotional displays—public tears at the pinnacle of the ratification of CETA for example—launched an international media spectacle about the role of women in power negotiations. This display also, arguably, secured a more favorable receipt of the agreement by European holdouts to the deal. Nor is she a stranger to powerful elites and their built worlds, representing University-Rosedale, the heart and soul of class-power in Canada. However, Freeland is also not unfamiliar with social forces or dreams for the future which once unleashed become ungovernable, having written extensively on perestroika, the disastrous fall of communism in Russia. Still, we have yet to understand the role of these forces in changing the present global hegemony, concentrating wealth and transforming the world-system. It may be that Freeland’s self-professed dream for liberalism which challenges the concentration of wealth may produce the death of freedom she fears.

Here we have three competing stakes to Freeland’s heart which correspond to Berman’s Faustian transformation. First, we have Freeland the dreamer, with her intellectual foresight and warning about a future governed by plutocrats who destroy freedom, quoting Marx and extolling the virtues of free trade. Berman says the dreamer attempts to answer the question ‘where are we supposed to be going?’ and for Faust, the answer is not whom we will become but the process of becoming that which we will be. For Freeland in her public writings the same can be said, she concentrates on the process of becoming free rather than on the product of freedom. However, as in Faust, the dreamer transforms into a lover.

For Berman, the lover is enmeshed in fantasy and in a particular lust for the destruction of the insular and brutal bonds of community to unleash the possibility of freedom. Berman writes, “[Goethe’s] portrait should etch in our minds forever the cruelty and brutality of so many of the forms of life that modernization has wiped out (1982 60).” For Freeland the lover furthers the liberal ideology through her belief in a ‘good’ of freedom, extolling innovation and inclusion at the expense of tradition. For example, in her book *Plutocrats*, Freeland makes the argument that the Venetian City state was doomed by the rise of plutocrats who concentrated wealth and turned their back on traders, destroying their connection to the city and the good that their free movement had brought through their desire to safeguard their power and their wealth. However, the lover must eventually transform into the developer, whose fantasy must encounter the friction of the real world as the ideal descends into the sticky materiality of everyday life (Tsing 2005).

In this article, we present Freeland the developer, whose brilliance and mental energies as Foreign Affairs Minister comes to service the ‘good’ of liberal inclusion rather than extractive plutocracy through the negotiation of free-trade agreements. However, in Faust, the thirst for development comes to destroy the very things he dreamt and loved. For Chrystia Freeland, who actualizes her desire for a liberal order in a world hostile to such a dream—a world of tyrants and plutocrats—her mental energies, I argue, are implicated in the creation of the very abject future against which she fights. While she rallies against the closure of the world order, she acts to further the concentration
of wealth amongst an elite that she must nonetheless serve—a Canadian power-elite—the mephistophelian figure of this whole sordid tale.

This article proceeds through three sections—which parallel the three phases of Faust outlined by Berman—the dreamer, the lover, and the developer. The first considers the context which produced someone like Freeland. This is accomplished through a review of the political and economic tradition in Canada and a look at Freeland’s district University-Rosedale. The second considers the renegotiation of NAFTA, Freeland’s tactics and impression management, how she wields emotions as a useful tool to manipulate media attention and gain leverage in negotiation of significant trade deals. The final section considers Freeland the developer, having her mental energies engineer an abject future rather than the ideal Liberal outcome she desires.

### The Political Economy of the Power Elite in Canada

To understand NAFTA, both in the past and in the present, it is necessary to examine the different trajectories of the political economy of Canada. As someone born and raised in what is termed a hinterland my life has been interspersed with the reality of resource extraction and its impact on class dynamics in Canada. Hinterlands are the remote site of resource extraction. A large part of my story is connecting the competing temporalities of my youth with those of my adulthood.

My parents were both working class. I grew up in the north where my father worked as a miner for Barrick Gold. Illiterate and Native, he regularly tried to convince his friends to unionize and to vote for the Canadian New Democratic Party—our version of the Labour Party. My mother was a baker and worked for Westfair Foods for fifteen years, the largest grocery chain in Canada. It was this start in life that would make me aware of the differences in class which pervade Canada.

These differences were intensified when I moved to Toronto and began working at a Diner in the neighborhood of Rosedale, in the heart of Toronto’s downtown. The neighborhood was particular for its mix of wealth and poverty. In 2006 the average income in the neighborhood was $165,827 and the median income of $55,906. This average income is five times the Canadian average and one of the highest incomes of all Toronto districts (StatCan 2006). It is also the district represented by Chrystia Freeland.

As my days at the dinner began to grow, I started checking out the names of clients, googling them during weekend brunches. I realized that the clientele was a mix of hedge-fund managers, or those who worked in their wake (lawyers, brokers, bankers) celebrities (the lead singer of Rush), and nervous social climbers trying to impress new clients or new friends. One Saturday during brunch, 12 of the 17 credit cards I ran belonged to those who worked in the financial industry. Like its access to the best transportation and most coveted services, the neighborhood was the historical nexus of the Toronto elite.1 It was through my work here that I began to realize that the wealthiest people, those most at ease with money, were connected to the financial industry, a zone called Bay Street, but living in and moving through Rosedale.

### Baystreet and the Canadian Power Elite

Akin to Wallstreet, Bay Street is where Canada’s five largest banks have their headquarters and it is the location of the Toronto Stock Exchange. In some ways, the story that I wish to tell is how this fraction connected to Bay Street became so powerful—the power elite of Canada (for background see Carroll 1982).

According to C. Wright Mills, a power elite is the expression of a particular order—it is not a cabal based on association or origin, but a fraternity based on collective action and common psychology. He writes, “The power elite is not an aristocracy, which is to say that it is not a political ruling group based upon a nobility of hereditary origin.” He continues, “It has no compact basis in a small circle of great families whose members can and do consistently occupy the top positions in the several higher circles which overlap as the power elite.” It is a group of people who share a common practical knowledge or as Mills writes a network that “has essentially to do with only the psychology of its members.” Bourdieu called this a **habitus** or a way of understanding the world acquired from a multiplicity of spaces that become common only in the fruition of an action or set of actions. These are the interests that determine
Canada’s stake in the renegotiation of NAFTA, and it owes to their partial hegemony in Canada (see Cox 1992)—their disguised relations of power—that these interests were never front and center in the negotiation but always distant, in its background. They are the Mephistopheles to Freeland’s Faust.

**Canadian Political Economy**

While they may remain in the background of the public consciousness, their praxis is well-known to academics in the field of political economy (Chorny, Clement, Panitch, and Philips 1977; Carroll 1982; Coleman 1986; Clement & Williams 1989; Cox 1992). The discipline of political economy in Canada is distinct from iterations found in either England (Strange 1986) or the United States (Keohane and Nye 1977). While in England and America, political economy is associated with the field of policy or economics, particularly in the international context, political economy in Canada refers to a more eclectic mixture of ideas from Marxism, political theory, and history that are used to explain the development of the Canadian economy as distinct from that of other industrial economies like the US (Watkins 1989).

One of the defining features of the Canadian School of Political Economy is its focus on the agency of small groups, political actors, or classes and its emphasis on historicism—context and culture—as critical criteria. As Clement and Williams write “the best of political economy has avoided economism, which attributes all explanations to the laws of motion of capitalism, instead of impregnating materialism with ‘human agency,’ whereby the decisions and actions of people are integral to explaining the course of history (1989, 7).” While in the United States, economists and international relations theorists explain action and motivation through the laws of the market or a desire for economic prosperity (Keohane and Nye 1977), bracketing out culture, power, and conflict, in Canadian political economy, economic interests and culture are the key to explaining the motivations of political actors. This approach bears a similarity to Mills’ The Power Elite and his writing on how groups act in the course of history to shape the whole structure of society (1956). This is why I have taken particular interest in what I term the Canadian Power Elite or the power, opinions, and attitudes of the Bay Street set.

In Canada, political and economic analysis, infected with Marxist ideas, has thrived. Owing to this flat structure of our University system, alternate systems of ideas have a chance to compete as explanations for understanding the relationship between Canada and America (O’Brien 1995, Behiels and Stuart 2010). The educational system in Canada funded the study the relationship of Canada to America and it is common for policy practitioners and those in government in Canada to be very familiar with the Canadian Political Economy and the critical schools of theory that drives it. This is the case even in places like Queens, the University of Toronto, McGill, as well as McMaster University and Carleton University. While there is still a reverence for Marxist ideas in places like sociology in America, Marxism was one of the driving forces of this very successful school in Canada.

**Staples Development in Canada**

Two of the defining theses of this school are what are termed the ‘staples thesis’ and the ‘Clement-Naylor thesis’ (Clement and Williams 1989, Watkins 1989). The staples thesis was pioneered by Harold Innis and explains Canada’s combined and uneven geographic development as owing to subsequent waves of extraction of staple goods which as they unfolded produced both hinterlands and heartlands (Drache 1991, Innis 1999, McBride 2001). The early political economy of Canada was tied to England and France with extracted furs from Eastern Canada traded with First Peoples and shipped through the Maritimes back to England. As British North America expanded westward and French North America became a dominion of the British, grains in the prairies became the next ‘staple’ to be extracted. This involved the intensification of shipping networks along the Great Lakes and the St. Lawrence Seaway, as well as the violent forced expulsion of many First Nations Peoples for replacement with white settlers. As development moved further westward and railways were constructed the extracted staples became more valuable and the areas of Toronto and Montreal became heartlands for the emerging Canadian economy. These heartlands depended upon the extraction of staples like oil, lumber, and other commodities from the provinces furthest West like Alberta, Saskatchewan, Manitoba, and British Columbia, or what Innis termed hinterlands. These were then sold
on international exchanges headquartered in Montreal and Toronto.

The linkages between the hinterland and heartlands sustained economic growth with very little nascent manufacturing emerging (Bradford and Williams 1989). Even in places labeled heartlands—like Toronto and Montreal—the primary function was the export of resources to metropoles first in Europe and then eventually in the United States.

Clement and Naylor build on this pioneering thesis to explain the commercial rather than the industrial basis of the Canadian economy and the commercial basis rather than the industrial basis of Canada’s capitalist class (Panitch 1981, Clement 1989). Their central question was how could Canada become highly prosperous economically without developing the mode of industrialization witnessed in the United States? While other countries desired modernization through policies of import-export substitution which sought domestic industrial production, often by erecting tariff walls that protected local manufacturers (Prebisch 1959, Gunder Frank 1966), Canada modernized rapidly through the expansion of resource extraction and the commercial sector which financed and sold goods. According to Jack Layton (1996), this owed in part to the financial linkages with England and import of their mercantilist economic system which used banking as a means to extract resources from peripheries. This same economic class, owing mainly to family linkages, came to dominate the early Canadian political economy. The commercial and banking sectors in Canada remain the most protected and insulated sectors of the economy—much more than industry. The dominant fraction of the capitalist class of Canada are a commercial fraction, according to the thesis extolled by Canadian Political Economy—bankers and resource barons—those with a pithy disdain for industrialism. These are the interests we should look for in the renegotiation of NAFTA.

Policy mutations throughout the interwar period worked to maintain the dominance of this class while protecting the commercial basis of class power in Canada (Clement 1989). As Canada became more connected to the United States and less connected to Europe resource extraction and the commercial export of unprocessed resources remained central to the economy, providing the raw material for America’s postwar boom (Laxer 1986; Williams 1988). While Keynesianism functioned in other parts of the world to stimulate growth where local supply did not exist by creating demand through government expenditure, in Canada, the image was quite different.

The Canadian government stepped in to stimulate the production of domestic staples—grains, dairy, fossil fuels, minerals—setting up powerful boards, quotas and management systems where the Canadian government purchased large amounts of ‘staples’ at guaranteed prices and held them for sale on markets—foreign or domestic (Watkins 1989). Mel Watkins writes “it was that Keynesianism, the greatest innovation in economic theory and practice in this century, fraught with apparent potential to lead to greater emphasis on the domestic market as the prime source of growth, actually led to no alteration in the staples bias of Canadian economic policy (1989, 20).” With the Canadian government guaranteeing the price of staples in the post-WWII era and protected their exports, foreign global capital, mostly from the United States, flowed into the country, increasing the demand and extraction of these resources but seldom leading to an intensification of industries surrounding the resource base.

Transformation of staple resources into manufactured goods domestically is even less likely when the extraction is practiced by foreign corporations who use the staple in the manufacture of goods in networks of global production. As Canada became linked to the United States more and more of its staples became owned by foreign entities. However, owing to a well-educated and cheap labour force and proximity to cheap staple resources like steel and aluminum, US manufacturers in the 1960s and 70s began to set-up branch plant factories in Canada, producing goods for US corporations to sell on international markets—avoiding US tariffs on staple goods like steel (Laxer 1986). It is here that we see the beginning of continental integration and the origin of branching networks of production that would eventually facilitate the offshoring to Asia of so much of American industrial capacity (Maswood 2008).

At the same time, there have been domestic producers and they have sought the creation of tariffs to protect domestic manufacturing. However, domestic industrial producers have been consistently thwarted in their ability to achieve tariffs to protect nascent or developing industries (Layton 1976). These domestic industrial capitalists in Canada have remained in a weakened position opposite those who depend upon foreign sources of capital in their production or extraction. Moreover, they are also much weaker than the commercial basis of Canada’s capitalist class, whose ties reach back to England and who depend upon sale and finance of the extraction of staples, having them sold on international markets, and feeding upon the return of international—but mostly American—capital for renewal of their life cycle.

Therefore, the Bourgeoisie in Canada, if we are to describe it in that sense, is composed of three groups. The first and most powerful of these groups are the financier capitalists, offspring of the mercantilist bourgeoisie in England,

What is interesting is the complete lack of foreign control in Canada. Less than 12% of the banking sector is controlled by foreign banks (Department of Finance 2016). Provisions for these protections were central to the negotiation of the original NAFTA and the Canadian United States Free Trade agreement before that. Moreover, while these banks are considered retail banks, in that they offer financial services to Canadians, most of their profits are driven by investment, corporate banking, and brokerage (Department of Finance 2016). The big five function more as a cartel than an industry, cooperating to stymy competition and consumer protection and using access to political forces to safeguard the Canadian market from foreign competition and entry.

The second group, both in terms of power and as part of this list, I describe as the extractive capitalists. This fraction of bourgeoise owes their success to the extraction of staples and their sale both domestically and internationally (Pineault 2018). The heart of this fraction is the extractive core of Alberta, where bitumen is removed from the ground and shipped globally as cheap fossil fuel—but mostly to the United States (Kellogg 2015). However, it also includes the extraction of other raw materials like forestry and minerals. This sect of the bourgeoise is dependent not only upon the sale of resources to foreign markets but also upon the flow of capital either from domestic sources or into Canada to finance costly extraction processes (Carter 2018). The capital costs for setting up a resource extraction operation, either in the tar sands or elsewhere, are quite intensive and Canadian Banks have in recent years made a significant investment in these extractive operations (Lee 2018). Like the banking sector which has sought control of foreign markets, these capitalists have also exported their brand of extractive capitalism to other areas.

The third group, far weaker than the previous two, but still relevant, are the industrialist capitalists. This fraction of the bourgeoise owes their power and success to domestic industrial manufacturing often through construction, infrastructure, transportation, communication technologies, or the aeronautics industries (Panitch 1981). They are primarily territorialized in Quebec, the second largest Canadian province. This has made the fate of this group a powerful political symbol and resource for parties seeking a substantial election victory through the many seats the Francophone province has to offer on Election night. Unlike the banking and extractive sectors which have become deterritorialized, practicing a type of soft imperialism in foreign countries backed by the government, the industrialists have remained domestic and have often sought tariffs and rents to protect their industry from international competition. An example of this sector is found in Bombardier—a Quebec based airspace, defense, and railway manufacturer with $25 Billion in assets.

### Three Sects Determine Interests

These three sects of the capitalist bourgeoise—the commercial, extractive, and industrial—in Canada have been mainly aligned with a given political party (Layton 1976). For example, before the 2000s, the industrialists were represented by the Progressive Conservative Party, the commercial class by the Liberal Party, and the extractivists by the Canadian Alliance and Reform Party—Alberta based political parties. However, the distinction between all three classes and their linkage to the party have collapsed in recent times.

While the Liberal Party still appears to act in the interest of the commercial class, it has also acted to protect the extractivists. For example, in 2017 the government purchased an oil pipeline that served the interests of the Alberta oil sands for $7 billion—two billion over market value. This was not done on political grounds as the Liberals have never done well as a party in Western Canada and especially unwell in Alberta. Instead, some of the largest stakeholders in the pipeline operations in Canada were Canadian banks. The possibility that it would stop operation or not be expanded would mean a windfall loss for the banking sector (Uechi 2017). Therefore, then Finance Minister Bill Morneau—part of the Rosedale set and the former owner of the largest human resources services firm in Canada specializing in pensions and liabilities—stepped in to protect members of his own class when the
pipeline’s future was endangered by the opposition in BC amongst Indigenous groups.

In acting to protect the extractivists, Morneau and the Liberals are acting to protect the commercial class which forms the base of their power. Owing to the investment by Canadian Banks into the oil sector, a sort of symbiotic relationship has grown up between the extractive and financial fractions.

The Liberal Party has a similar relationship of necessity with domestic industrialists, or what remains of them. For example, the Liberals protected Bombardier in 2017 with a billion-dollar bailout of its aeronautics division (Levitz 2017). This behavior can best be explained in terms of political calculus, the Liberals depend upon seats in Quebec to form a government, therefore protecting the industrialist interests in that province serve to ensure the liberals stay in power. A similar scandal involving the Liberals supporting industrialists surfaced in early 2019 when it was revealed that the Liberals had been pressuring their Attorney General to forego federal prosecution of SNC-Lavalin, a Quebec based engineering and infrastructure firm, so they could continue to compete for Government contracts. According to testimony from the former Liberal Attorney General Jody Wilson-Raybould—an Indigenous Woman from British Columbia—this was done to ensure the Party’s fate in Quebec (Meyers and Syed 2019).

Therefore, our analysis of political forces must be open to an alternative interpretation, both in terms of economic and political interests. This openness to multiple motivations is a cornerstone of the Canadian School of Political Economy. As Clement and Williams write “relations within political economy are not static forces. To the contrary, political economy seeks to discover tensions within society as it produces struggle and resistance (1989, 11).” They continue, “to know how societies are, and can be, transformed is the primary goal of political economy. Frequently this means challenging conventional wisdoms and ideological structures in the popular, academic, and political domains (1989, 11).”

The picture I have tried to show of Canadian Political Economy is of multiple and competing forces, all striving for hegemony, but none ever quite achieving it. This has created overlapping but differentiated machines driving economic and class power with variable inputs and outputs strewn across the many regions of Canada. These competing relations are crystallized in agreements like NAFTA and they, in some way, seal the destiny of the future. Today’s trade agreement is tomorrow’s (in)equity or (in)ability to respond to environmental degradation.

### A Renegotiation in Appearance Only

On May 11th, 2017 the United States Senate confirmed Robert Lighthizer as the US Trade Representative. Support for Lighthizer crossed partisan lines with an 82-14 vote. Lighthizer was a veteran of the Reagan administration (Panetta 2017). This administration had negotiated the original Canadian-US Free Trade Agreement in the late 1980s, a precursor to the continental agreement ratified in 1993. His bipartisan confirmation signaled the broad support he and the renegotiation had from a multitude of interests within the United States. Two months later Lighthizer’s office announced their priorities for negotiation to Congress (Needham 2017). Under the Trade Promotion Authority, the Executive Branch has broad power to negotiate trade agreements but must consult with Congress through the announcement of objectives (Congressional Research Service 2019). Many of the objectives had appeared under the Obama administration during the negotiation of the now defunct Trans-Pacific Partnership, which the Trump administration had axed only days after taking office.

Unlike the United States, Canadian officials have no requirement to reveal trade priorities before or during the negotiation of international agreements. However, with the implosion of TPP and the election of the Trump administration, the governing Liberals quickly reset their agenda for the negotiation and their understanding of US-Canada relations in the Trump era. On January 10th, 2017 Trudeau made Chrystia Freeland the Minister of Foreign Affairs—largely equivalent to the Secretary of State role in the US (McSheffrey 2017). Freeland is the Member of Parliament for University-Rosedale, the neighborhood discussed earlier and a center of the commercial class power in Canada. I snuck into her victory party with a group of my fellow NDPers the night she and the Trudeau were elected, sharing drinks with many of my Liberal friends. Freeland was wearing a sleek red dress, when I approached her she spoke genially, however the moment I asked “will you receive the Foreign Affairs position in cabinet?” she summoned her body person with a slight hand gesture, before being flung to the next congregation of adulants. Two years after her election she would be in the Foreign Affairs post, facing-off against a new Republican Administration.

Freeland was a specialist in international trade agreements having recently concluded the emotional negotiation of the trade agreement with the European Union. This process had involved public tears from Freeland which
sparked international discussion of women in politics (Smith 2016). However, Freeland's tears were quickly followed by the signing and enactment of the European agreement. Freeland proved that she was adept at manipulating the media and bringing attention to key areas of the agreement through emotional displays and appearance management while minimizing others. This is no surprise given her pedigree. She was educated at Harvard and Oxford. However, her success came as a late-night regular and as an international journalist, editor of the Global and Mail—a sizeable Canadian daily—and the managing director of the Canadian-based International media firm Thomson-Reuters. Therefore, the strategic expectation going into the negotiation with Freeland at the helm was one of theatricality and managed appearances.

While Trudeau launched a charm offensive enlisting the president's daughter Ivanka to smooth their eventual meeting, he also convened a group of specialists to discuss trade in the era of Trump with his cabinet at a retreat on January 20th, 2017, days after Trump's inauguration (The Canadian Press 2017). While the Liberals had deep connections to the Democrats and some Republicans in Congress and Governor's mansions across America, they lacked any significant ties to Trump. His victory came as a surprise to them, as it did to many. The names on the attendance list for the retreat are especially telling of the interests of the Trudeau government sought to protect, perhaps more than any declared objective appearing on paper. They included Stephen Schwarzman the Chairman and CEO of the Blackstone Group a large private equity firm with holdings globally and a personal friend of Donald Trump (Derwizor 2017).

The Blackstone Group has deep ties to Canada's power elite. Former Progressive Conservative Canadian Prime Minister Brian Mulroney, a Quebecker, is a member of the board of directors of Blackstone (Blackstone N.D.) and his daughter—Ontario Attorney General Caroline Mulroney—is married to the Chairman of Blackstone's Canadian subsidiary. Unsurprisingly, both Mulronneys are friends of the Trudeau's. Brian Mulroney had crossed partisan lines to endorse Trudeau over his conservative predecessor Stephen Harper in the last parliamentary election. Mulroney was also a regular at Trump's Florida resort Maralago and was known to the Trumps before their ascent to the presidency. On April 5th, former PM Mulroney agreed to advise the governing Liberals on the trade negotiation. One week later, interim leader of the Conservative Party of Canada, Rona Ambrose, sent a letter to the Liberals saying that she would suspend partisan bickering for the fate of the trade deal.

During his time as Prime Minister, Brian Mulroney proved especially adept at balancing the competing class interests of Canada. His predecessor Pierre Trudeau, Justin's father, had often vied for a nationalist economic policy through the maintenance of Canadian ownership of resources and the development of domestic industry (Laxer and Laxer 1977, Pratt 1982). Mulroney, on the other hand, took a different tact, tearing down much of the protectionism of the Trudeau era, opening the taps for foreign investment in resource extraction while protecting the banking industry from foreign competition (Watkins 1988). It was this combination of forces that were eventually crystallized in NAFTA. Even though the pot was sweet for the commercial sector, the Liberals campaigned against the agreement before the 1993 election based on labor reforms (Cairns 1994). They backtracked after the election and the agreement was ratified. The involvement of Blackstone during the retreat may have been an early signal of a similar gambit at play in the late 2010s renegotiation, that parts of Canada's staples economy that had been protected would remain untouched.

With all of the major actors in place the negotiation began. There were constraints from the outset. Enrique Peña Nieto would leave the Mexican presidency on December 1st, 2018, any agreement would have to be in place by September 31st, 2018 so that it could face review before his departure. The Quebec election, where the Liberal's provincial counterparts were in for a close fight, was scheduled to take place on October 1st, 2018. The United States midterm elections would follow shortly after.

The negotiation dragged out through the summer of 2018. Canadian media attention focused on back and forth barbs over steel tariffs which the Trump administration had imposed on a national security basis and duties on forestry products (Panetta 2017). These were hardly sacred cows to the Liberals, though attempts were made to soften the blow through investments by the Federal Government in these sectors, a policy move similar to post-WWII Keynesianism in Canada, protecting staple exporting industries in times of uncertainty.

The Americans never pursued opening the financial sector in Canada. Instead what followed were a spate of back and fourths about the country of origin requirements for automobile manufacturers, wages for Mexican autoworkers, Canada's supply management system for dairy, and the third-party dispute resolution mechanism in the original NAFTA (Freeland 2018). The supply management system, for both dairy and grain, was another Keynesian
innovation from the post-WWII days that the Canadian government used to prop up staples production during times of difficulty. However, the dairy industry was particularly important in Quebec, and Quebec farmers had already felt cheated after the European Union trade agreement inked a year earlier (McGregor 2017). A blow to the coveted supply management system could have cost the Trudeau government a Liberal-ally at the provincial level in Quebec with the election looming on October 1st.

At the end of August 2018, Trump announced a US-Mexico trade deal that excluded Canada (Blanchfield 2019). Showing no sign of weakening in their position, Freeland praised the deal even without Canada’s involvement (Blanchfield 2018). Two weeks later, in September, she appeared on a panel titled ‘Taking on the Tyrant’ where panelists were invited to discuss tyrants like Trump, Vladimir Putin and Bashir al Asad (McCarten 2018). Later that month she was pictured at Reagan airport in a T-Shirt that said on the back ‘Keep Calm and Negotiate NAFTA’ on the front and ‘Mama is not chopped liver’ on the back (McCarten 2018). By the end of September, it was unclear if an agreement between all three countries would be reached by the deadline of September 31st created by Penä Nieto’s departure. In the days before the final text was agreed to by all parties, Trump announced on September 27th that “we’re very unhappy with the negotiations and the negotiating style of Canada. We don’t like their representative very much (McCarten 2018).”

This is a particularly vexing moment in the negotiation. The deal was going to be inked only four days later and the details had largely been worked out. Insulting Freeland served no purpose for Trump, yet, it did serve a purpose to Freeland and the Liberals. She had staged an emotional outburst only days before the European Union agreement a year earlier, using the moment to appear as if the agreement was in danger. The outburst worked. It forced her European counterparts into last-minute negotiations and put pressure on hold-outs within the European government to ink the deal. A battle at this juncture in the negotiation between her and Trump would provide valuable cover, indicating that Canada had driven a hard negotiation and landed on the right side of the bargain and the wrong side of Trump without appearing too close to the administration. Therefore, her appearance at the ‘Taking on the Tyrant’ panel weeks earlier and her comments about Trump may have been meant to draw the ire of the President and provide an opportunity for her to sweep in at the last minute and seal the deal. Moreover, pushing the deal until the last minute and delaying the release of the text would soften the blow of opening Canada’s dairy market to US and Mexican producers for the Quebec Electorate who voted to throw-out the Quebec Liberals on October 1st by an impressive margin.

The final deal included changes to the supply management system for dairy, reductions in the country of origin standards for automobiles, and provisions designed to allow Federal and State governments to add buy-American provisions in infrastructure bills (Freeland 2018). Months after the deal was approved several auto plants in Ontario closed down. However, it left the banking sector and the third-party dispute management system intact. It is possible that protecting established interests in the interim may harm future areas of economic growth.

On August 31st, Financial Post Reporter Kevin Carmichael—given to bouts of tremendous reflexivity about the class basis of political power in Canada—reacted to President Trump’s desire for NAFTA to be renamed and ‘free trade’ to be dropped (2018). It was eventually styled The United States-Canada-Mexico Agreement. He writes “NAFTA might have felt like a free-trade agreement because it eliminated duties on things that we see, smell, taste, and touch. However, many less tangible sources of wealth — and political influence — remained mostly protected.” He continues, “Financial services is a good example. The original NAFTA contained more than 2,000 articles, and not one of them required Canada to adjust the ownership rules that effectively shield the Bay Street banking oligopoly from international competition.” Carmichael’s critique was incisive particularly for its appearance in Canadian media. However, in the guise of traditional economic orthodoxy he calls for ‘freer’ trade.

While Canada lost very few of its sacred cows and maintained the protection of its Bay Street banking cartel, Freeland’s constituency in University-Rosedale, the US silently reaped substantial concessions on battlefields of the future. Canadian personal data, under the new deal, can be stored remotely, and no-longer must rest in Canada, limiting access of the Canadian Government to Canadian data or Canadian communication technology firms competing for access to house data. This strengthened the position of Alphabet Inc., Amazon, and Facebook, already giant machines of economic growth, while potentially impacting Canada’s vibrant financial technology sector (McGregor 2018). The intellectual property chapters weakened the ability of Canadian drug manufacturers to produce generic drugs on expired patents which had benefited consumers globally and looks particularly vexing with a microbiological revolution spurred by the development and production of monoclonal antibodies. Carmichael ends his piece on a more prescient note. He writes, “Trudeau’s choices will show the extent to which he favors
established industries over next-generation ones.”

In the final analysis, most of what was essential to Canada had been decided long ago and was never a declared objective of the Trump administration—protection for the banking and financial services sector. What was impressive was the ability of Freeland to manage appearances and use emotional intensity to provoke the President and to appear as if the negotiation was much more fraught and tense than it perhaps was. However, while the final agreement protects the commercial basis of the Liberal Party in the financial services sector as well as the banking industry, it comes at a potential cost to the future.

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In the conclusion to her book, Freeland contrasts two types of plutocrats using the example of the Venetian Le Serratta—which means the closure (2012). During the height of Venetian power in Europe, in the 14th century, the city state’s open boundaries and financial system fostered trade and allowed for social mobility. However, as Venice became more powerful, its elite sought to safeguard their power. Freeland writes, “we think of social mobility as an entirely good thing, but if you are already on top, mobility can also mean competition from outsider entrepreneurs (2012, 466).” She continues, “Even though this cycle of creative destruction had created the Venetian upper class, in 1315, when their city was at the height of its economic powers, they acted to lock in their privilege (2012 466).” She concludes, “One reason La Serrata is such a useful example is that the Venetian oligarchs who closed off their society were the products of a robust, open economy…they didn’t start out as oligarchs—they’d made themselves into oligarchs (2012, 467).” Freeland’s observation is bright and spry and speaks to her liberal intellectual heritage and her capacity for original historical writing. Moreover, her use of La Serreta as an example four years before the election of Trump speaks to a vision of the future which now seems uniquely prescient.

Later in the same chapter, she distinguishes ‘good’ and ‘bad’ plutocrats (2012). The first set is affined to preserving an open society and through their works spur innovation and inclusion for which they are rewarded. The second set, the set she argues Marx warned us about, are the ‘robber-barons’ who collect rent from the poor and seek to safeguard their own power and privilege by closing off their societies as in La Serreta. (2012) She writes, “Dividing the plutocrats into the rent-seekers and the value creators is a good way to judge whether your economy is inclusive or extractive…and creating more opportunities for productive enterprise, and fewer for rent-seeking, is how you create an inclusive economic system (2012, 473).” Artfully she argues that such a distinction is hard to imagine and even enforce as innovators give way to oligarchs defending their fortune. Here she uses the example of Bill Gates and his antitrust case in Europe and the United States.

Earlier in the book, she argues that the way privilege was transmitted during La Serreta was through ‘The Golden Book’ or specialized pieces of knowledge that allowed for the children of oligarchs to learn the practices to generate wealth in their Venetian City State ecosystem. The same, she argues, happens now through elite educational institutions, channeling Bourdieu and Passeron nearly 45 years after the release of Cultural Reproduction (1971). She continues, stating deftly something which has become a talking point of Elizabeth Warren and Bernie Sanders “another reason the twentieth century was the century of inclusion was that the business elite, particularly the Americans, who were its unchallenged world leaders, understood that they could prosper only if the middle class prospered, too.” However, there is much left to be resolved between the transformation from Freeland the dreamer and the lover to Freeland the developer who must transform her visions into regulation—a significant number of paradoxes yet remain.

Her stance in the renegotiation of NAFTA protected the mercantilist impulses of the Canadian economy, its commercial basis in the banking sector. Though the Canadian power-elite may be turned psychologically toward inclusion and openness on all things—refugees, international trade—they remain tethered to protecting the source of their power in the financial sector and it seems they would act as a ‘bad’ plutocrat to protect themselves as they may have done in the negotiation—sacrificing the future for their power. They may indeed be the ‘bad’ plutocrats or robber-barons that Freeland herself warned us about only years before she became Foreign Affairs Minister.

This paradox that appears between Freeland’s actions and her dreams seems particularly salient when we consider the possibility of the future. Will the new trade agreements she inventively used spectacle to negotiate and serve inequality or freedom? The answer may lie in the scale at which this question is considered. In the short or interim free-trade may indeed benefit Canada and even Canada’s poorest. However, when this question is considered
in a broader temporal, spatial or ecological scale the answer becomes less noticeable. Spatially, such trade deals may serve global inequality by further deterritorializing elites from domestic populations and shifting the boundaries of production to increasingly precarious groups. All the while it may limit the ability of workers to organize collectively. Moreover, it may also lead to a growing standard of living at the expense of the biosphere from which all standards are derived without redistributing that standard equitably across populations. This speaks to a tendency in liberal analysis, to parse each realm into individual pieces without considering their effect upon the whole or the emergent properties of the pieces assembled together. In this sense, it may render the future abject—neither subject nor object, but beyond that which is imaginable. This answer itself may rest on whether Faust is beamed to Heaven for his optimism as in Goethe’s story, or discarded to hell for his pragmatism as in the German folk-tale upon which Goethe’s story is based.

## Endnotes

1. For a historical description of urbanization in Toronto see Spencer 1975.

## References


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