
Interview: Albion Goodwin

Maine Legislator Tells The Lumber Tariff Story

On March 22, a 29% duty on imports of Canadian softwood into the United States was announced by the U.S. Department of Commerce. The lumber tariffs supplant preliminary U.S. duties of some 32% imposed on Canadian softwood in 2001 (which never fully took effect), against which Canada has launched appeals to the World Trade Organization (WTO) and the North American Free Trade Agreement (NAFTA). The International Trade Commission—which found grounds for the U.S. steel tariff—is to issue a final ruling by mid-May on whether U.S. lumber producers are being harmed by low-priced Canadian imports.

Whatever the outcome of all this skirmishing, the March steel and lumber tariff announcements constitute a break away from free trade, toward a potential consideration of national interest.

At present, chaos is worsening daily in the wood, pulp, and paper industries nationally and globally, in the absence of overall “anti-Depression” measures that would dry out the speculative bubble and foster the real, physical economy. There is contraction and uncertainty throughout all of the 25 types of industry (defined by Commerce Department codes) in wood, pulp, and paper. In particular, U.S. sawmills and planing mills—the largest sector in the solid wood products line—have seen a continuous loss of workforce, from over 118,000 jobs in 1992, to well under 116,000 today.

However, this declining trend is nothing compared to the consequences pending when the famed U.S. housing bubble pops. In recent years, single-family housing construction and remodeling has been the main consumer of softwood lumber—accounting for over 80% of use. The moment the housing bubble vaporizes, which is a near-term contingency, there will be instant market-collapse for mills, unless there are economy-reviving programs.

U.S. Industry and Trade Outlook 2000, the Commerce Department and McGraw Hill national industrial review, described in glowing terms the heyday of housing-led lumber



usage. In a section called, “Industry Performance in 1999,” they wrote, “Buoyed by financial gains from the U.S. stock market and high consumer confidence, homeowners are spending an increasing amount of money for new housing.” In their estimate, the average 1990s single-family unit “uses 14,000 board-feet of framing lumber. Multiplied by the number of single-family housing starts, this figure shows the importance of construction activity for the softwood lumber industry.” But, the higher it rises based on a financial bubble, the farther it falls when the bubble bursts.

It was during the late-1990s housing-boom that lumber imports rose, under the globalization regime of NAFTA (1994) and the WTO (1995). As of 1998, fully 36% of U.S. softwood lumber used for housing was imported, almost all of it from Canada. Based on weight, imports in 1990 were 22% of lumber consumption; and in 1999, 28%.

In the pulp industry, even more long-distance outsourcing has occurred; mills left North America, and set up shop in Chile, Indonesia, Brazil, and other low-cost sites.

One of the leaders of the battle for lumber import tariffs, and for an end to globalized cartel commodity control, is Rep. Albion Goodwin (D) of Maine. He is Secretary of the state’s Rural Caucus, and a longtime activist for economic development. Maine has been traditionally a lumber and wood-processing center for the nation. Goodwin was interviewed on March 30 by Marcia Merry Baker.

Goodwin: The NAFTA situation has started to decimate the paper mills, stud mills, plywood plants, and OSB (oriented strand board), or waferboard plants, in Maine, and I would say, all border states. There are about 17 border states that have been affected by NAFTA.

EIR: You personally were involved, over recent months, to get a tariff placed as an immediate reaction to this problem of deflation of forest product prices, and international “sourcing.”

Goodwin: Right. I started it several years ago. Maine has lost 500 jobs at a minimum. With this 29% tariff—the Canadians call it “obscene.” I don’t call it obscene; the multinational effects of this are that the companies, all of them, are operating in the United States and Canada. For two years, I’ve asked, at the border-crossing facilities, for the total number of two-by-fours coming across. The answer from the folks at the border crossings—these are our immigration people—is that it’s not their business to count two-by-fours. The trucks are still entering.

They have a special lane coming across these bridges. They just drive up around the back door of the immigration building. The truck driver then just jumps out of his truck, goes in the back door, and puts his paperwork in a broker’s bin. And this paperwork is picked up several times a day by brokers. They then just jump right back into their trucks and roll out.

Now we're in recession—of course, for a year, they refused to admit the recession was there—they're talking "recovery" while the recession's still ongoing. We haven't seen bottom. We're losing, probably, 2-300 jobs a day in Maine. They refuse to put that in the headlines; they want other things in the headlines instead.

EIR: So you are describing what's called "free" trade—really "rigged" trade—first hand, because of your border location, and the flow of product.

Goodwin: That's right. And I've been fighting this prior to 9/11. 9/11 has changed nothing. After 9/11 the personnel at the border crossings have increased by 500%. We have 50 to 60 people at the border crossing at Calais, Maine. And this is a major crossing from Canada on U.S. Route 1. They only harass automobile traffic and pickup trucks. The big 18-wheelers drive up—they don't get to the area where the immigration folks are standing with their hand up, saying, "We're going to check you out." They drive up around the building, jump right out, and take all their paperwork in.

EIR: I understand that over the recent 12-18 months, Rep. John Baldacci, also from Maine, and others, circulated a Congressional letter; they wanted action on these imports. Is that true?

Goodwin: Yes, they did. That's being pushed by the people down here at the border, who threatened to dump two-by-fours on the bridge and declare war on Canada.

EIR: This is clear in the way of forest products; you also have deflation of other prices by cartels, like the pulp and paper cartels, who are making a bundle while the producers are not; potatoes and other food products have very low prices in the last few years.

Goodwin: Well, with the Canadian dollar at 50 or 55¢, they're still trucking potatoes in, as well as two-by-fours. These two hundred 18-wheelers a day are crossing the bridge in Calais, and nobody knows what's in those trucks. By the time the paperwork gets into Portland—I called Portland and ask them for the total number of two-by-fours coming across every day. And they said, "In your official capacity as a legislator, send us a letter, and we will reply to the letter."

EIR: A question for you on transportation: You're the very northern most state of our country, except for Alaska; there is an effort not to let Amtrak collapse, but to build a new national rail passenger system, with a high-speed connection up to Portland, Maine. Are you at all involved in that, and

what do you see of that from your position?

Goodwin: They've included what they call the Northeast Run of Amtrak, that's coming into Portland now. They started the service about a month and a half ago, and really touted the thing, and they're trying to fill up the rail.

They shut down rail service in Maine; in 1962-63, the last passenger cars came into Maine. The railroad companies determined that there was no money in hauling people; they had to have Pullman and conductors, and that type of people, in the coaches, and it was non-essential; and all they wanted to do, was haul freight. So, for about 30 years, they hauled nothing but freight. Then they found out they wouldn't make any money at freight; so they shut down the entire system in eastern Maine. You still have cars coming in from Canada to the pulp mill, to haul pulp from the United States into Canada . . . to Europe.

What we've done, is we've started a rail system in Maine, which is going to be subsidized by the state, and also the Feds are subsidizing Amtrak; they've already notified Amtrak that there's a certain time period when they're going to shut down all the Federal subsidies. At that point, I would suggest that they're probably going to have a big auction, and sell off all these very expensive engines they produce. . . .

All they want to do now—they subsidize private industry now. The Federal government sent \$56 million into the State of Maine, and they spent that money putting ballast in on the railroad, and went to 100-pound rail on the Portland-to-Boston system; they spent \$56 million on a private corporation.

And I asked, "Who was going to sell tickets?" They're building two railway stations with state and Federal money. "The railroad company is going to sell the tickets. The State of Maine is not in the railroad business." Then what are we in it for?

All they want to do is operate three months a year, and bring tourists from Boston up into Old Orchard Beach, all subsidized. . . .

EIR: Representative Goodwin, over the last few years, as things got as bad as you're saying with the lumber, potatoes—in other regions of the country it's steel—you've had a chance to look at Mr. LaRouche's idea: Do something about the debt,

don't pay off speculators; but work on the infrastructure-building approach. From your point of view in New England, near the Maritime Provinces of Canada, do you have anything to say about that as the solution?

Goodwin: I think we've got to stop spending our grandchildren's money. Now we're in recession—of course, for a year, they refused to admit the recession was there—they're talking "recovery" while the recession's still ongoing. We haven't seen bottom. We're losing, probably, 2-300 jobs a day in Maine. They refuse to put that in the headlines; they want other things in the headlines instead.

EIR: You've seen some of these losses in those companies, like Andover Wood, or Kaiser Building, or Irving Forest Products?

Goodwin: Pulp and paper's lost 1,000 jobs in the last 14 months. Not only that, but with the layoffs, what they're doing, is shutting the paper mills down for two-week intervals.

Now, the Great Northern paper machines—they have four—they shut two of them down two weeks ago. They were down for two weeks, and decided, on Friday [March 29], that they're going to stay down again. So, this coming week will make three weeks; and if the markets don't improve, I suspect that those 200-odd people will get another notice that they are out of another week. It started with Domtar here in the East, which was a Georgia Pacific mill. When I say multinationals: Domtar was a Canadian corporation, which bought the Georgia Pacific [U.S.] plant here in eastern Maine. We've had turnovers, in the State of Maine, of 19 papermills. If you went back 10 or 12 years, you would see a complete change of ownership statewide. Every mill in Maine, ten years ago, had a different owner.

These transfers that they've made are stock transfers. They don't pay any taxes on any of the transfers of hundreds of millions of dollars. The sale of Georgia Pacific to Domtar was \$1.2 billion, all done on stock transfers. Nobody got any benefit out of that, other than the boards of directors.

EIR: You see the equivalent thing in steel.

Goodwin: Oh, strictly the same thing.

EIR: What about a famous specialty of Maine, the potatoes, the seed potatoes?

Goodwin: We've got to grow the product—the seed potatoes that we produce—and get it out of Maine into areas of need, and we need a transportation network to do that. We're working on a new bridge, with new immigration officers and the works, in the Calais area; but that's down the road five or six more years. From St. Stevens into Calais, Maine. That would alleviate a lot of the traffic problems, because it's, I believe, the fourth-busiest crossing point in the United States.

The other thing that the Federal government is doing, is

working on a process where they can seal these trucks, 50, 100, 200 miles away from the border; they can be loaded and sealed by brokers, or whatever; then they're going to make a fast express run right straight through Customs, and just wave at Customs. My problem with that is, how did these international people get into the United States—thousands of them—maybe they're coming as truck drivers, or passengers in trucks. Who knows what's in the trucks?

EIR: So, you have no sovereignty at your borders?

Goodwin: Oh, absolutely not.

Now let me go back to the tariff. This 29% tariff on Canadian softwood lumber, is not going to affect the Maritime Provinces—New Brunswick, Nova Scotia, and Prince Edward Island—they've exempted them from the 29%. So, all of these trucks coming across from St. Stevens, into Maine, because they're coming from New Brunswick, they're exempt from the tariff.

Let me tell you what's happening: You get 200 trucks a day, travelling across from St. Stevens into Maine. Fully three-quarters of them—150 of those trucks—have Ontario and Quebec plates. They're loading lumber in Quebec and Ontario; all they do is get on the trans-Canadian four-lane highway, go up over the top of Maine and down to St. Stevens, and cross over.

Irving Lumber and Irving Oil—Irving owns half of Canada. So Irving Forest Products is involved in the process, and they own all of the oil companies; they produce oil and gas and diesel; and I suspect that they are subsidizing all the trucks in that run, which would be about 250 miles. But it's paying off, because they don't pay any tariff.

I told my Congresspeople to get the total number of two-by-fours crossing. It's my estimate that there is a half a million coming every day in those 200 trucks. The Maritimes can't produce that number of two-by-fours. So if they get this number, we can nail them down, and say, "I'm sorry, but you are not exempt, you're going to have to pay."

EIR: You're saying that, while the 29% tariff could, on the surface, indicate an effort to protect the national lumber-milling sector, in practice, your first-hand account from Maine shows how it isn't doing this?

Goodwin: It's an absolute joke. And the Congressional people fell into the trap. They're trying to include Quebec and Ontario in the exemption, and make legal what they're doing!

EIR: Who in Congress?

Goodwin: It's all of them. [Senators Olympia] Snowe and [Susan] Collins, and Baldacci, and—I haven't heard from [Rep. Thomas] Allen; he's from Portland, he doesn't know anything but rail. He's down there where the choo-choo comes in. We haven't seen a choo-choo in eastern Maine in 40 years.