



## ■ A CENTURY OF BORDER SKIRMISHES

***The Softwood Lumber War—Politics, Economics, and the Long U.S.–Canadian Trade Dispute:*** Daowei Zhang. Hardcover: \$85.00. Paper: \$38.95. Washington, DC: RFF Press. 2007. ISBN: 978-1-933115-55-9 (hardcover), 978-1-933115-56-6 (paper).

Despite increasing globalization and international trade, the softwood lumber dispute between Canada and the United States endures—an object of constancy and obdurance in an era otherwise characterized by rapid change and “free trade.” In “The Softwood Lumber War: Politics, Economics, and the Long U.S.–Canadian Trade Dispute” (Resources for the Future, 2007) Daowei Zhang explains more than 100 years of litigation, negotiation, international arbitration, and political posturing that continues to limit the movement of wood fiber between Canada and the United States.

Zhang is an excellent storyteller who relies on history, economics, and political science to focus on the trade dispute from the early 1980s until its most recent incarnation, the 2006 Softwood Lumber Agreement. That the U.S. and Canada are already engaged in requests for consultation only six months from the agreement’s signing is telling. The underlying issues are still unresolved and for good reason.

American interests insist that, to resolve the dispute, Canadian provinces must sell their timber in a truly open and competitive market. But the vast majority of forestland in Canada is Crown land managed in trust for the public by the provinces. The provinces manage their forests by granting long-term licenses and sub-licenses to forest-products companies that are responsible for sustainably harvesting and regenerating the forest and operating processing plants that employ thousands of rural workers. Price-setting mechanisms vary from province to province but generally do not follow the bidding process used on federal and many state lands in the U.S.

Zhang argues that well-organized U.S. lumber interests have been able to successfully mount the equivalent of a full-court public-policy press by (1) appealing to their elected federal representatives who in turn exerted enough power to influence the President, thereby (2) capturing the trade regulation bureaucracy, while (3) simultaneously accessing the federal courts. This is a classic example of interest-group politics, in which a small group with concentrated interests, financial resources, and experienced leadership is able to out compete a much larger group with diffuse interests (U.S. lumber consumers).

Although equally skilled at interest-group politics, the Canadian lumber manufacturers are less effective as a result of several institutional factors. For example, international trade is within the purview of the federal government, whereas most forest policy decisions reside with the provinces. Depending upon the election cycles, lumber-producing provinces are often led by parties other than those in the federal majority. Nor were provincial interests well aligned. Most of the softwood lumber in dispute is being produced in British Columbia, but significant portions come from Ontario, Quebec, and the Maritimes, which often favor different proposed solutions.

Ultimately, because Canada is so dependent upon trade with the U.S., it cannot afford to risk a broader trade war over lumber. One result of this dependency is the long series of managed trade agreements, export taxes, and quotas on forest products. Zhang characterizes these as Lumber I, Lumber II, Lumber III, and Lumber IV. He also includes a comparative analysis of why trade in newsprint has taken a different course.

Zhang’s “Softwood Lumber War” will become the standard by which other books on forest trade policy are judged. It is comprehensive, detailed, and lucid and will continue to be worth reading long after the current agreement expires.

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