GAME CHANGERS
Economic Policies for a Working America

POLICY BRIEF

Democratizing North American Trade

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The Problem: Corporate-dominated trade deals

Corporate-driven free trade agreements have distorted global trade and investment relationships over the past 40 years – including in North America. The power and freedom they grant business has produced deindustrialization, job loss, and inequality for workers in the U.S., Canada, and Mexico. Donald Trump weaponized this hardship, but his erratic tariffs and other actions are only making things worse for workers in America.

Past Failures to Solve the Problem: NAFTA hurt workers in all three countries; Trump's policies are making it worse

Starting in the 1980s, global business interests, backed by leaders of both main parties, pushed hard for an ambitious new approach to international trade policy. Instead of straightforward and mutual tariff reduction to promote two-way trade, they pioneered a new generation of trade agreements (bilateral, regional, and global through the World Trade Organization) that entrenched corporate rights, undermined national policy autonomy, and pitted workers in different countries against each other in a race to the bottom. This model was imposed in North America through a Canada-U.S. deal in 1989, followed by the North American Free Trade Agreement (NAFTA, including Mexico) in 1994. NAFTA was negotiated by a Republican president, but passed under a Democrat, and it cemented corporate power across the continent, providing a template for future deals. Some changes were made to NAFTA (renamed the USMCA) in Donald Trump's first term. But they didn't fix the core threats facing workers in the U.S. Now Trump's unilateral, erratic, and destructive tariffs and unhinged attacks on our trading partners are causing chaos and uncertainty. U.S. manufacturing employment is falling, while U.S. companies (including the tech oligarchs) continue to profit from preferential rules that protect their profits, but undermine labor, environmental, and democratic standards

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Game Changer: Democratizing North American trade

Donald Trump claims his tariffs and other threats against trading partners (including challenging their very sovereignty) will help American workers. But the costs, supply bottlenecks and uncertainties he has imposed are damaging the efficiency and competitiveness of key North American industries (like auto manufacturing). U.S. industry and employment are doing worse, not better. Instead of trying to conquer our neighbours through economic or even military force, American workers would do better through a cooperative continent-wide strategy to build a stronger, fairer, more sustainable, and more democratic North American economy.

A new plan for North American economic cooperation, development, and trade would focus on six key themes:

1. **Labor rights**: Strengthen protections for workers in all three countries, including access to fair and independent union representation, strong minimum wages, and rapid-response enforcement to compel employers in all three countries to comply. U.S. workers would get better access to union protection and minimum labor standards when basic labor standards are embedded in a continental framework.
2. **Migration and human rights**: Trump's inhumane scapegoating of migrants for political gain undermines the rights and safety of all in the U.S., and sets the stage for broader repression. It has also hurt the U.S. economy: damaging critical industries and disrupting normal international exchange. Of course, sovereign countries must retain control over their borders and immigration, and this will continue to be the case within a cooperative North American framework. But stable and well-resourced border infrastructure, and immigration rules that respect international law and human rights, will facilitate sensible travel and migration while ensuring the integrity of national immigration policies.
3. **Environmental standards**: Trade agreements must not undercut national efforts to regulate pollution, tax polluters, and encourage sustainable industries and technologies. A cooperative continental strategy would raise finance for investments in climate-resilient infrastructure and make a joint commitment to emissions reductions targets consistent with the Paris Agreement. Rapid-response enforcement mechanisms would ensure companies respect environmental rules in each country.
4. **Continental industrial strategies**: As Trump tries to intimidate automakers and other industrial giants into relocating from Canada and Mexico to the U.S., the overall competitiveness of North American industry falls further behind global leaders in Asia and Europe. A continental strategy to strengthen the overall capability of key North American industries (including auto, aerospace, food, renewable energy equipment, and technology), making the most of continental linkages rather than disrupting them, offers far more hope to U.S. workers than fighting over the scraps of a shrinking continental industrial base.
5. **Limiting corporate and investor 'rights'**: New trade rules would eliminate quasi-judicial kangaroo courts (in which foreign businesses have unique rights to curtail national policy-making). Disputes over trade practices should be managed through traditional mediation and arbitration processes involving national states (not private businesses). The powers of investors and business must be subordinated to democratic processes reflecting the public interest.

6. **Regulating digital trade and tech**: International commerce is being profoundly impacted by the rise of enormous global high-technology corporations that dominate processors, digital trade, AI, and social media. A few tech giants, all based in the U.S. and owned by mega-billionaires, dominate new technologies, financial markets, and even politics and culture. Residents of all three countries will benefit from regulations to protect data privacy, ensure national digital sovereignty (including the right and capacity to safely store data domestically), limit oligopolistic power in internet and digital markets, and protect domestic media from the cannibalism of the online giants.

In addition to these six priorities, a strategy to democratize North American trade would address other concerns, including the energy transition, sustainable water management, and agriculture and food security. The three countries would also commit to complementary efforts to promote full employment and strong macroeconomic conditions throughout the continental economy. When all economies are growing strongly, each has more opportunity to benefit from expanded trade and mutual specialization. Above all, a vision of North American trade that protects and uplifts the ability of citizens and communities to make their own decisions over matters of economic, social, and environmental well-being, is a continental economy that will be democratic as well as prosperous.

Economic Rationale and Feasibility: Planned, managed, cooperative trade and development works better

Conventional market-oriented economic theories claim that free trade always benefits both sides. But those models are based on utopian assumptions (perfect competition, balanced trade, full employment, income distribution that automatically reflects productivity, no pricing power for large companies, and others) that have no relationship to reality. That's why trade imbalances, capital flight, and unemployment – all things the neoclassical models rule out by assumption – are the normal state of affairs in modern trade.

In the real world, stronger international economic linkages can be mutually beneficial – but only if managed through sensible rules, macroeconomic planning, and economic democracy. A managed, mutual approach to boosting investment, job-creation, and living standards throughout the continent will benefit U.S. workers far more than Trump's imperial attacks on other countries. And a joint commitment to improving labor, environmental, and democratic practices across the continent will especially benefit U.S. workers, who continue to suffer from labor laws that are the weakest of any industrial country.

*For more information on this topic, including the **Background Paper**, please visit our policy page.*

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