

# Amid impeachment, Trump signs North American trade deal passed with Democratic support

**Tom Hall****30 January 2020**

President Trump signed the United States-Mexico-Canada Agreement (USMCA) trade deal into law Wednesday, in a ceremony held on the White House lawn. The deal will replace the existing North American Free Trade Agreement (NAFTA), originally enacted in 1994.

The deal, which is touted as the “signature” legislation of Trump’s presidency, passed with near-universal bipartisan support from Democrats in both houses of Congress, 89–10 in the Senate and 385–41 in the House, where Democratic supporters of the deal actually outnumbered Republican supporters by one vote.

The vote in favor of the deal was only one episode in the Democrats’ extraordinary collaboration with Trump even as they are seeking to remove him from office. The vote in the House came just one day after it had passed two articles of impeachment, and the Senate vote came hours before it began the impeachment trial on January 16. Last month, Democrats voted overwhelmingly to pass a \$738 billion military budget, one of the largest in American history, and Pelosi has formally invited Trump to deliver the annual State of the Union address to both houses of Congress next week.

This demonstrates not only the pathetic character of the Democrats’ “mutiny on their knees,” strengthening the hand of the Trump administration even as they denounce him as a danger to America. It also shows that, for all of the vitriol on both sides, both Trump and his Democratic opponents agree on the need to shore up and expand the domination of American imperialism. The impeachment trial itself is driven by Democrats’ demands for a more consistent policy of aggression against Russia, as well as their attempts to cultivate a base of support among senior military and intelligence officers who balk at what they see as Trump’s inconsistent and transactional approach to US imperialism’s longstanding geopolitical objectives.

Above all, the Democrats fully agree with the overall purpose of USMCA. This has nothing to do with creating “American” jobs—the International Trade Commission

estimates that the deal will add only 50,000 US jobs and contribute a 0.35 percent growth in the US economy after 6 years. Rather, its chief aim is to transform the North American economy into an even more overt US-led trading bloc as a base of operations against America’s economic competitors, especially China.

One of the most important passages in the more than 1,700 page agreement is Article 32.10, which effectively prohibits Canada and Mexico from entering into free trade agreements with China, by allowing for the rapid termination of USMCA should one of the signatories enter into such an agreement with a “non-market economy,” a legal euphemism for China.

Steve Bannon, former editor of the right-wing Breitbart News and Trump’s 2016 campaign manager, spelled out the basic geostrategic aim of USMCA in a recent interview with CNBC. “China have gamed the system to use Mexico to gain materials … This is about the realignment of the global supply chain.” He added, “What you are seeing in the signing today with China and with the USMCA is the beginning of the end of the managed decline of the United States.”

Bernie Sanders, along with seven other Democratic senators including several ex-candidates for the 2020 presidential nomination, voted against the USMCA bill in the Senate. In a statement, Sanders attacked Trump using Trump’s own language, arguing that the bill did not go far enough to “rewrite our disastrous trade agreements and create and protect good-paying American jobs.”

Since shortly after the 2016 election, Sanders has signaled his willingness to work with Trump on his nationalist economic agenda. Sanders is also a longstanding supporter of trade war with China—his first piece of sponsored legislation in Congress was a bill which he co-sponsored with Nancy Pelosi opposing the development of trade relations with China. His targeting of a key strategic rival is in keeping with Sanders’ support for American imperialism.

The Vermont Senator has voted for numerous wars and defense budgets throughout his career.

A related aim of the pact is to offset the longstanding decline of the American auto industry to foreign-based rivals. It requires that 75 percent of the value of a vehicle be produced in North America for it to be exempted from tariffs, up from NAFTA's 62.5 percent.

The Trump administration has pointed repeatedly to the auto industry as an issue of "national security," and has threatened punitive tariffs not only against Chinese but also European auto imports.

The growth of the Chinese auto market, virtually nonexistent three decades ago, into the world's largest is one of the most striking aspects of the growing maturity of Chinese industry. The threats of trade war by Trump, understood by analysts as not limited to his presidency but an indication of a growing rift between the world's largest national economies, was a major factor behind the sharp decline in Chinese vehicle sales last year, the first decline in two decades. Approximately 225,000 Chinese autoworkers lost their jobs in 2019.

No doubt, references to "national security" also refer to the importance of heavy industry for war preparations against near-peer competitors such as Russia and China. During the Second World War, much of the US auto-industry was rolled into military production, with the support of the unions who enforced a wartime "no strike" pledge.

Analysts are forecasting USMCA will contribute to a rapid decline in the Canadian and Mexican auto industries. According to the Center for Automotive Research, jobs with the Detroit-based automakers—Ford, General Motors and Fiat Chrysler—will fall by 27 percent in Canada and 11 percent in Mexico, while there will be a modest rise in employment in the US. This is due to the combination of a massive and continuing decline in the real wages of US Detroit Three auto workers, immense pressure for the companies to "onshore" production back to the United States, and the global jobs massacre underway in the auto industry.

Another provision requires that at least 40 to 45 percent of the value of auto production in North America be produced by workers earning at least \$16 per hour. This measure is clearly aimed at shifting production from Mexico, where autoworkers make around \$2 per hour, to the United States, where \$16 condemns workers to poverty. The United Auto Workers, however, is one of the few US trade unions to officially oppose the USMCA, on the grounds that it does not go far enough to shift production from Mexico.

Far from a boon to US workers, this is part of a strategy to boost US industry by driving down wages to levels which are competitive with developing countries. In 2007, the starting wage for most US autoworkers was \$28 per hour,

which was slashed in half by the Obama administration during its restructuring in 2009. As a result of the auto contracts the UAW rammed through last fall, thousands of younger workers will now be brought into the plants as temps earning slightly above \$16 per hour, with substandard pensions and no job security.

A particularly significant USMCA provision, passed at the insistence of the Democrats, requires labor reforms in Mexico, where the unions are widely despised for their close integration into the state and role as enforcers for management. New legislation passed by Andrés Manuel López Obrador's ostensibly "left" government requires the unions to implement certain reforms, such as secret ballots to win and remain state certified.

The aim of these measures is to give the unions a facelift under conditions where mass rebellions in Matamoros, Silao and elsewhere have threatened a break by the working class from these pro-company organizations. The direct appeals made by Mexican workers to American workers for a joint struggle has shown the potential for a united struggle of workers across the continent if workers organize independently from the unions, which have always kept workers divided along national lines and responded to NAFTA and increased North American economic integration by promoting toxic nationalism.

The AFL-CIO and the other US unions have systematically suppressed the class struggle for decades, working alongside management to increase the "competitiveness" of American business by imposing massive job and wage cuts. Their promotion of "independent" unions in Mexico does not represent a break from this heritage of nationalism and corporatism, but is rather a continuation of their role as agents of American imperialist foreign policy in Latin America. Throughout the Cold War, the American trade unions collaborated with the CIA through fronts such as the American Institute for Free Labor Development to build anti-communist "democratic" unions as bulwarks against the popular movements in the region which threatened the position of major US corporations.



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