

“Capitalist Internationalism” and the NAFTA Consensus

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The North American Free Trade Agreement (NAFTA) talks started on August 16 with very little of the fire and fury Donald Trump had promised during his campaign. His pledge to abolish the deal has largely been replaced with a plan to modernize it.

Some currents within the Trump administration would certainly like to get rid of NAFTA entirely. But, considering the strength of [corporate interests](#) both in and outside the government, this seems unlikely. Big business, NAFTA’s political-intellectual author, remains committed to the agreement and the neoliberal agenda more broadly. The capitalist class simply wields too much power to make abolition possible at this time.

The initial American proposals confirmed that the deal will remain in place, at least for now. Instead of dismantling NAFTA, the Trump administration has [imported elements](#) from the rejected [Trans-Pacific Partnership \(TPP\)](#) that seek to deepen and extend investment guarantees, to open up more of the public sector and more public resources to [private expropriation](#), and to extend coverage to [new sectors](#).

Given the balance of forces, we know that these talks will only do further harm to ordinary people in Canada, Mexico, and the United States. This shouldn’t surprise us. After all, NAFTA is just one front in capital’s forty-year war on workers.

A Declaration of War

Big business declared war in the 1970s on the existing class equilibrium, which had granted unions some power and extended better wages, benefits, and working conditions to important sections of the working class.

Key sectors of big business in Canada, Mexico, and the U.S. had become alarmed in the 1960s and 1970s about declining profits, worker militancy, and social unrest. In Canada and Mexico, corporations also had to contend with rising economic nationalism. Their leaders came together around a project of social transformation and worked to mobilize broad sectors of their class behind their project. The Canada-U.S. Free Trade Agreement ([CUFTA](#), 1989), [NAFTA](#) (1994), and other free trade agreements have been essential weapons, but the war itself started much earlier.

Over the past four decades, they have largely shaped the economic perspectives of their class and political elites. Their premises and policies have become business’s new “common

sense,” embraced by other capitalists, politicians, the media, and even some voters. They used TINA – the slogan that there is no alternative to neoliberal globalization – as a self-serving rationale to attack workers and the social safety net in the name of competition.

The core organizations of the new offensive by big business saw free trade agreements as central to their project. The Business Roundtable (BRT), launched in 1972, served as the model for the formation of the Business Council on National Issues (BCNI, now called the Business Council of Canada) in 1976. Together, they developed the foundations for CUFTA. In 1975, Mexican capitalists created the Business Coordinating Council (CCE), itself largely controlled by a smaller, even more elite organization, the Mexican Businessmen’s Council (CMHN), which started in 1962. The BRT and the CCE played crucial roles in writing NAFTA.

However, the assault on workers, unions, and the environment did not start with these agreements. Decades of attacks on worker and union rights, of state withdrawal and deregulation preceded them. Indeed, many aspects of the neoliberal offensive often attributed to the trade deals were already in the works before negotiations even began.

For example, American and Mexican businesses began relocating their plants to low-wage and non-union areas well before these deals were signed. The movement of American factories to the South and Southwest has a long history, as Jefferson Cowie describes in [Capital Moves: RCA’s Seventy-Year Quest for Cheap Labor](#), and this process has only sped up in the past four decades.

Similarly, companies from central Mexico followed the path of U.S. and Canadian companies in relocating production to Mexico’s northern border region to lower wages and escape unions and health and safety regulations. In northern Mexico, almost all factories, of whatever national ownership, have either no unions or phantom unions, involving corrupt intermediaries that sign pro-business contracts and preclude genuine collective bargaining.

However, while the capitalist classes were deepening their solidarity and changing the framework of class relations, organized labour responded as if the old rules of the game still applied. Unions fought neoliberalism with feeble sectionalist, economic, and defensive battles, while the capitalist class, supported by each nation’s major political parties, rebuilt the whole structure.

The BCNI, BRT, CCE, and CMHN, alongside a panoply of capitalist-funded think tanks, whose numbers mushroomed in the 1970s and 1980s, transformed popular consciousness. Their propaganda presented globalization as a faceless and inexorable agent of change and threatened workers with unemployment unless they adapted to this new competitive world by conceding wages, benefits, and rights to their bosses.

But globalization and the degraded labour market it created [was not](#) a natural or inevitable process: the capitalist class deliberately and consciously enacted these reforms. Today, the same groups are fighting to expand these reforms and their power.

Capitalist Internationalism

As distasteful as they may find it, the capitalist class in the U.S. has no choice but to enact its agenda through a rhetorically populist and racist president.

The fragile Trump bloc, at the top, consists of a fluid and conflicted alliance of capitalists,

ideologically diverse on many issues but united by a shared vision of deepening the war against workers and society. Their neoliberal vision is shared by the socially progressive capitalists in the Democratic Party and that party's leadership.

Wide swaths of the corporate media, political elites, and the capitalist class truly dislike Trump's protectionist rhetoric, his racism, xenophobia, sexism, and vulgarity. He promised his mass base an economic revival alongside the restoration of American values, which, with not particularly subtle coding, connoted a return to white supremacy. Many of his supporters believe their economic prospects have declined thanks to mass non-white immigration and black assertiveness.

While playing on racist, anti-immigrant, and populist sentiment, however, Trump's biography and his announced policies on taxes, health care, and social spending show his strong commitment to accelerate the radical upward shift of income and wealth. His cabinet's class composition – billionaires and generals – reassures capitalists: the Trump administration will carry out reforms that favor the 1 per cent.



Donald Trump signs a memo withdrawing the US from Trans-Pacific Partnership negotiations on January 23. (Source: White House Photo)

This project finds support across the capitalist class's political spectrum, from the right-wing Koch brothers and their many front organizations to the ideologically diverse BRT. The latter's current head, Jamie Dimon (CEO of JPMorgan Chase), is a social liberal who denounces inequality while nevertheless fighting for policies that create more of it. Despite genuine disputes within the capitalist class, bosses and politicians alike agree on the broad contours of the USA's neoliberal direction – one shared by capitalists and politicians across the NAFTA countries.

Business and political leaders in Canada, Mexico, and the U.S. see free trade agreements as a way of making neoliberal reform irreversible. As Jaime Zabludovsky, Mexico's deputy chief negotiator in the NAFTA talks, [said](#):

"By consolidating the opening of its economy in an international treaty with its

powerful neighbor, Mexico made economic reforms permanent and, thus, extended the planning horizons for domestic and foreign investors.”

It's important to remember that, although the U.S. has far more power than its treaty partners, American capitalists and politicians did not impose CUFTA and NAFTA on Canada and Mexico. The business leaders and governments of all three nations shared a vision for neoliberal transformation and worked together to prevent popular challenges to this new regime. And these three capitalist classes were already significantly intertwined, with extensive involvements in each other's economies. As some critics have said, CUFTA and NAFTA were economic constitutions by treaty.

The American capitalist class enthusiastically promoted these deals because they provided great opportunities for U.S. business, especially by expanding access to Canada and Mexico's natural resources as well as Mexico's low-wage workers and anti-union industrial relations regime.

But Canadian and Mexican capitalists had quite a bit to gain as well. CUFTA and NAFTA guarded against American protectionism and enhanced their opportunities to become “world class” companies in the U.S. economy and beyond.

These treaties were less about opening trade than about extending corporate rights and power. In fact, most North American trade takes place intra-company or within specific companies' supply chains. Most industrial production, especially in auto manufacturing, has become a continentally integrated process.

As the *Wilson Quarterly* [recently pointed out](#), around 50 per cent of trade between the U.S. and Mexico consists of parts and materials. These components pass back and forth across the border repeatedly as they are transformed or incorporated into other components and finished products.

A [2004 study](#) showed that goods exported to the U.S. from Mexico contained 40 per cent American value-added components, as parts are utilized at different stages in the same production process, often by the same company or its chain of parts producers. The top four categories of Mexico's exports to the U.S. are identical to the top four categories of Mexico's imports: machinery, vehicles, electrical machinery, and mineral fuels. This data further demonstrates the degree of economic integration across North America.

Fighting NAFTA Means Fighting Capitalist Power

CUFTA faced massive resistance in Canada but little in the USA: American workers did not see their Canadian counterparts as threatening U.S. jobs and wages. Conversely, many saw Mexico's extremely low pay as a threat to their jobs and wages, and congressional Democrats, the labour movement, and environmentalists strongly opposed NAFTA.

Resistance grew so strong that it appeared the treaty might not be approved. It took intense effort from the BRT, CCE, the Mexican government, the Republican Party, and President Bill Clinton to bully congressional Democrats into voting for the agreement.

But Trump's bombastic attacks on free trade, NAFTA, and immigrants have nothing to do with slowing down the offensive of capital against labour. Rather, he and his political allies want to ride the wave of popular discontent created by these neoliberal policies and cultural

fears among sectors of the white working class to intensify the offensive.

Trump's hateful rhetoric helps sustain corporate power by fragmenting [working-class solidarity](#). Racist and anti-immigrant rhetoric intensifies conflict within the working class along ethnic, racial, and national lines, playing immigrant off non-immigrant, American worker off Mexican worker. Canada, seen as a fellow "white" nation, is not subject to this xenophobic antagonism, although [specific trade disputes](#) exist.

The corporate offensive will continue with or without Trump, with or without NAFTA, as long as capitalist power remains intact and popular forces remain fragmented and under the political leadership of neoliberal Democrats. We must challenge both Trumpism and the ideological, economic, and political power of big business in ways that don't reproduce the political and ideological domination Democrats now enjoy over the nation's progressive elements.

Supporting the Democratic Party as the lesser evil has [disarmed](#) the working class by contributing to the party's hegemony over workers, unions, and oppressed groups. [Neoliberal Democrats](#) have allied with big business and the Republican Party to enact the corporate agenda – an agenda that created the conditions for Trump support among sections of the white working class. They also joined forces with Republicans to carry out policies of criminalization, welfare reform, and financial deregulation. Their agenda has been inimical to [immigrant rights](#) and has disproportionately affected black and Latino communities.

Their newfound progressive rhetoric should not disguise their past and present support for the corporate offensive or their close ties to the socially liberal wing of the capitalist class. The Left should ally with neoliberal Democrats only insofar as it helps us win specific battles against the many evils of Trumpism, but we should still expose and oppose their support for neoliberal policies.

We must build a working-class movement independent of the mainstream Democratic Party, a movement that embraces and incorporates racialized groups, immigrants, and other specially oppressed communities. The overwhelming majority of these groups already belong to the working class, but their oppression extends beyond their class position. Solidarity demands that the Left treat the distinct needs and demands of these groups as fundamentally important.

Further, we must extend the struggle beyond this or that treaty, this or that new assault, to a struggle against the system of capitalist power. If we remain at the level of defensive struggles, our victories are likely to remain ephemeral as long as capitalist power remains intact. We must fight these defensive battles in ways that deepen and widen working-class consciousness across ethnic, racial, regional, and [national](#) divides.

The capitalist classes in the U.S., Canada, and Mexico developed class solidarity and carried out a transformational project against the North American working class. Workers must now develop our own class solidarity and transformative project to take back our economies, societies, and states from big business's destructive grip.

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