



Trade and the American Dream

NAFTA, the USMCA, and the Future of the Working Class

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Letter from UAW President Shawn Fain

In 1936, on the day before New Year's Eve, autoworkers in Flint, Michigan, sat down on the job. By the time they stood up 44 days later, they had a signed agreement with General Motors, the first of its kind at the world's biggest automaker. What they didn't know is that they had inaugurated a half-century that would be unique in its achievements for the working class. With the Flint Sit-Down Strike, the UAW inaugurated the era of the American Dream.

The American Dream wasn't just an ideal; it was a way of life for millions of American workers and their families. It was a system of laws and norms — from progressive taxation to union rights to fair trade deals — that allowed the working class to flourish. From the union contract to the social contract, workers had real rights that made a material difference. On a single income, a blue-collar family could afford not just subsistence, but a home, a car, a vacation, and a good future for their kids.

For Corporate America, the goal of the past 90 years has been to dismantle the American Dream. They've done it by privatization, by legislation, by union-busting, by monopoly. By the 1980s, union membership was on the decline, income inequality on the rise, and the American Dream was dying.

In this paper, the UAW makes the case that what finally killed the American Dream was what we call the free trade disaster. First in the form of NAFTA — the foundation for subsequent trade scams — “free trade” dismantled what remained of the American Dream and wreaked havoc not just on the working class, but on our society and government as a whole.

In real terms, NAFTA was one of the most dramatic anti-union laws since the notorious Taft-Hartley Act of 1947. It was one of the most effective drivers of blue-collar job loss in the 20th century. It pitted worker against worker across borders, and allowed corporations to dramatically accelerate a global race to the bottom. It drove up deaths of despair and working-class mortality. It gutted union leverage and bargaining power, and where it didn't eliminate jobs entirely, it slashed wages and benefits.

There is no way back to the American Dream without undoing the damage of NAFTA and its successor, the USMCA. There is no future for the U.S. working class that doesn't address the free trade disaster. Progressives and working-class allies need to understand that trade is at the heart of the rise of global authoritarianism, wealth inequality, and the political weakness of the working class.

The moral vision of a society where working-class people reclaim their dignity relies on reining in the rising billionaire dictatorship. NAFTA and the like are the social contract as written by multinational corporations. It's time we rip it up and start over and take back the American Dream.



Shawn Fain
UAW President

Executive Summary

Overview

We can negotiate a new North American trade deal that lifts up workers and strengthens the economies of the United States, Mexico, and Canada. The evidence is overwhelming that NAFTA and the USMCA have failed workers, undermined strategic U.S. industries, and compromised our supply chains. UAW members have lived through the devastation of these trade deals and know what's needed to fix them.

A new North American trade deal must include:

- **Build Here to Sell Here** provisions ensuring that companies create and keep good jobs in the United States if they want to sell in the U.S. market.
- **Real Labor Rights** that are enforceable and apply to workers in all three countries.
- **Strong Standards on Pay & Other Key Issues**, including a new Manufacturing Wage Floor for North America and strict health and environmental protections.

If these standards are not met, the United States should withdraw from the USMCA.

For decades, U.S. trade policy has been presented as a neutral application of economic laws — a technocratic exercise that leads unavoidably to good jobs going overseas. In reality, a small elite has rigged our trade agreements to discipline workers, weaken unions, and dismantle domestic manufacturing.

This report examines the evolution of U.S. trade policy and tariffs affecting autos and manufacturing, with a particular focus on the North American Free Trade Agreement (NAFTA) and its successor, the United States-Mexico-Canada Agreement (USMCA). **The report documents the high cost of corporate-driven trade deals and lays out a pro-worker trade agreement that can rebuild working-class communities and reclaim the American Dream.**

NAFTA and the Free Trade Disaster

The negotiations for NAFTA began during the administration of Republican George H.W. Bush. It was passed by a Republican majority in Congress and signed into law by Democratic President Bill Clinton in 1993. It was sold to the public as a bipartisan deal that would unleash economic potential, lift all boats, and create jobs across North America.

But reality proved just the opposite. The fact is NAFTA hollowed out U.S. manufacturing, driving a “race to the bottom” — making it easy to move production for the U.S. market to Mexico, where companies can suppress wages and violate workers’ rights with impunity. Corporations

didn't move to Mexico to grow its market. In industry after industry, they have ruthlessly used Mexico as a low-wage platform to flood the U.S. market:

- In 2025, Mexico exported 86 percent of the autos it made; 78 percent of those exports went to the U.S., another 11 percent to Canada — meaning Mexico's two USMCA partners absorbed 89 percent of its exported autos.¹
- Mexico exported 82 percent of the heavy trucks it produced in 2025, and 94 percent of those exported heavy trucks went to the U.S. alone.² The agricultural implement industry is even worse, with 97 percent of Mexico's ag-imp exports going to the United States.³

Since NAFTA's passage in 1993 and then China's 2001 entry into the World Trade Organization, American manufacturing, and manufacturing workers, have been hammered. Between 1993 and 2025, the U.S. trade deficit with Mexico ballooned from:

- **\$3.5 billion to \$79.2 billion** in autos⁴
- **\$600 million surplus to \$35.3 billion** deficit in auto parts⁵

Overall, the U.S. lost over **4.2 million manufacturing jobs**.⁶

Every plant closure is a bomb dropped on a blue-collar community. And NAFTA supplied the bombs. Study after study has shown that rates of alcohol and drug abuse, divorce, and suicide all increase after factories are shuttered.⁷ This all occurred while the needed community support structures were denied funding due to a devastated tax base.

Plant closures themselves weren't the only problem. NAFTA made the mere threat to close a factory that much more powerful. After NAFTA, union workers asked for less, non-union workers feared organizing, and the American Dream grew further and further out of reach.

NAFTA 2.0 – The Missed Opportunity of the USMCA

When Donald Trump first took office in 2017, he appointed a U.S. Trade Representative who had a history of working with labor. The administration sought input from unions when negotiating the USMCA, and Congressional Democrats fought to improve the agreement. As a result, some of labor's ideas made it into the final deal, which went into effect in 2020.⁸

On paper, the USMCA included significant improvements in workers' rights. Labor rights in the old NAFTA had been addressed in a toothless side agreement, but the USMCA had a labor chapter that required Mexico to strengthen its labor laws. The agreement also included a groundbreaking Rapid Response Mechanism that allows the U.S. government, unions, and the public to seek redress for labor rights violations at specific Mexican facilities.

Other improvements on paper were rules intended to tighten access to the North American market and reshore some work to U.S. and Canadian auto plants that paid decent wages. The USMCA created stricter regional content requirements to prevent cheap goods from outside North America getting duty-free treatment. There was also a new Labor Value Content (LVC) rule designed to steer some auto production to plants with decent pay. That LVC provision was expected to return some auto manufacturing back to the U.S. and Canada.

Unfortunately, the USMCA turned out to be a paper tiger. Here's how provisions that looked good on paper failed in practice:

- **Inadequate Protections for Mexican Workers** — Although Mexico did pass comprehensive new labor laws, enforcement has been sorely lacking. The Rapid Response Mechanism (RRM) has also come up short. The RRM has been able to win justice for some individual workers in Mexico, but it cannot confront the systemic abuse of workers across companies and industries.⁹ Corporations and corrupt protection unions remain free to keep suppressing wages and busting independent unions.
- **Overly Complex Rules & Meager Penalties Undermine Reshoring Efforts** — The new LVC rules were so complicated that complying with them was a nightmare. Since the penalty for non-compliance was so small — just a 2.5 percent tariff — corporations mostly ignored the LVC and paid the tariff. As a result, it's applied almost no pressure to return production to the United States or Canada.

The failed reforms of the USMCA turned it into NAFTA 2.0. Mexican wages and labor standards are still low, and the U.S. trade deficit with Mexico has risen nearly 98 percent since 2019 to \$197 billion in 2025.¹⁰ In auto

and auto parts, it jumped from \$78 billion in 2018 to \$115 billion in 2025.¹¹ The reality is corporations still have strong incentives to send U.S. jobs to Mexico.

A Pro-Worker Trade Agreement for North America

In 2026, all three countries in the USMCA must decide whether or not to renew the deal. The UAW believes we need a top-to-bottom revamp of the USMCA to protect workers and finally end the corporate race to the bottom.

A new North American trade deal must include three core objectives:

- 1. Build Here to Sell Here** provisions ensuring that companies create and keep good jobs in the United States if they want to sell in the U.S. market. A new trade deal should reward companies for investing in America while punishing firms with targeted tariffs and other measures if they offshore work. And it's essential to pair those measures with strategic industrial policies that bolster U.S. manufacturing.
- 2. Real Labor Rights** that are enforceable and apply to workers in all three countries. That means guaranteeing their right to form independent unions, and requiring companies to be neutral during a union election. Products that receive tariff relief must be built in plants that respect workers' rights and pay a living wage. There must be serious consequences, including targeted tariffs, for companies and countries that abuse workers.
- 3. Strong Standards on Pay & Other Key Issues,** including a new Manufacturing Wage Floor for North America. The new wage floor would provide a straightforward way to strengthen pay for manufacturing workers in all three countries. It would also allow the overly complex and readily ignored LVC rules to be scrapped. In addition to improving pay, we also must set strong, enforceable standards that protect the environment and workers' health and safety.

None of these ideas are radical. They are, in fact, the building blocks of the American Dream that workers enjoyed for decades. Trade is just one part of the dream, but it's a crucial one. If we can end the free trade disaster

once and for all, we'll be neutralizing a brutal union-busting weapon and raising living standards and bargaining power for workers everywhere.

We believe all three core objectives are achievable. But if these standards are not met, the United States should withdraw from the USMCA. ■

SECTION 1

Introduction: Undoing the Dream

From the 1930s through the 1970s, the labor movement helped build what we now recognize as the American Dream. Union workers won contracts with high wages, health care, and pensions, and they backed legislation that created Social Security, Medicare, and Medicaid. When unions were strong, a member of the working class could get a blue-collar job and support their family. With a union paycheck, you could own a home, send your kids to college, and go on vacation.

At the peak of the American Dream era, one out of every three U.S. workers was in a union.¹² Our tax code and regulations incentivized companies to pay their workers and reinvest in their products and facilities, not just maximize executive compensation. Stock buybacks and other financial manipulation were illegal.¹³ And most of the iconic products sold in America were made in America, by American workers, making decent wages with a solid standard of living.

Trade also worked differently in the postwar era. Because unions were strong, workers had a strong voice in trade policy. In the mid-1960s, the Canadian auto sector was struggling and U.S. automakers were paying substandard wages to workers at their Canadian plants. In response, the UAW helped craft a trade deal that compelled companies to maintain healthy production levels on both sides of the border.¹⁴ And because U.S. and Canadian workers had strong unions, they had the power to win contracts that brought Canadian wages up to the U.S. standard by 1967.¹⁵

During the postwar era, Mexico wasn't a low-wage haven for American firms. It pursued a protectionist trade strategy to successfully insulate and strengthen its domestic industries. The "Mexican miracle" ensued. From 1958 to 1970, GDP in Mexico grew at an average annual rate of 6.7 percent – much higher than the anemic 2.1 percent growth rate since NAFTA's passage in 1993.¹⁶ Postwar Mexico was far from perfect. The long-ruling Institutional Revolutionary Party was, at best, a semi-benevolent dictatorship, and money that should have been invested in domestic industries was sometimes wasted or lost to corruption. Nevertheless, growth in those years really was miraculous. The poorest 40 percent of people in Mexico saw their incomes rise an average of 5.8 percent a year.¹⁷ In all three countries, workers had a real path to prosperity.

Today, the working class in all three countries is in crisis. The corporate-driven integration of the North American economy has devastated workers across the continent. As U.S. agribusiness forced its goods into Mexico, millions of farmers there were forced from their land. And as manufacturers shifted production to Mexico, working-class communities in the U.S. and Canada were gutted.

Over the past half-century, the American Dream of a good job, an affordable home, and a secure retirement has become unattainable for the vast majority of workers. Wages have stagnated while corporate profits have skyrocketed. The social safety net is in tatters. The working class's share of our national income has declined to the

lowest level in recorded history.¹⁸ The billionaire class has reinvented the country in its own image, and for its own benefit.

Free Trade and the Death of the American Dream

If the American Dream is dead, free trade helped kill it. It was factory workers who first organized the unions that would win pensions, health care, living wages, and a work-life balance. And it was factory workers that corporate America came after in their attack on the American Dream. Free trade was an essential weapon in the assault on the working class.

This report examines the evolution of U.S. trade policy and how it was weaponized against American workers. It looks most closely at the North American Free Trade Agreement (NAFTA) and its successor, the United States-Mexico-Canada Agreement (USMCA).

It's important to remember that there has always been broad bipartisan skepticism of NAFTA. When Congress voted on it in 1993, a majority of Democrats and a sizeable minority of Republicans voted against it.¹⁹

Business lobbyists were relentless in beating back opposition. More than 2,700 companies and trade associations joined USA*NAFTA, corporate America's pro-NAFTA lobby. They flooded Capitol Hill with corporate representatives and had major employers fan out at the state level, with GM leading the charge for NAFTA in Michigan and Procter & Gamble in Ohio.²⁰

The Mexican government “unleashed the most expensive and elaborate foreign lobbying campaign ever undertaken” in the United States.²¹ Mexico spent an estimated \$35 million to hire its own army of American lobbyists to sway Congress.²² It purchased the services of former U.S. Trade Representative William E. Brock to act as Mexico's principal trade adviser and retained at least 33 more lobbyists who had worked in Congress or the executive branch.²³ In the end, lobbyists for U.S. corporations and the Mexican government lined up enough votes to force NAFTA through, and Democratic President Bill Clinton signed it into law.

NAFTA was sold to lawmakers and the public as a way to unleash economic potential, lift all boats, and create jobs across North America. In fact, NAFTA was a tool for deliberately hollowing out U.S. manufacturing capacity—making it easy to transfer production destined for the U.S. market to Mexico, where corporations could, and do, suppress wages and violate workers' rights with impunity.

When the USMCA replaced NAFTA in 2018, it did include some pro-worker provisions, but they weren't strong enough to stop the bleeding from the original agreement.

The Cost of Our Failed Trade Laws & How to Fix Them

UAW members work throughout the U.S. economy, and we have repeatedly seen America's trade laws weaponized against us. When we ask for more, our employers threaten to close up shop and take our work to Mexico or somewhere with even lower-wage labor. UAW members face those threats over and over—whether we work in auto and auto parts plants; in the heavy truck, agricultural implement, aerospace, and steel industries; or even in universities conducting cutting-edge research. After shedding over 4 million manufacturing jobs in the past 30 years, we know that corporations are willing to pull the trigger.²⁴

We have seen firsthand how rigged trade deals devastate our workplaces, families, and communities. When a major employer shuts down a manufacturing facility and moves the work overseas, it's like a bomb being dropped on the surrounding community—not only leaving physical scars but devastating the local economy and tax base for generations, haunting its infrastructure, schools, and civic life.²⁵

We know the terrible cost of today's corporate-driven trade deals. We also know that trade hasn't always worked this way, and that there's a better path forward. We have the opportunity right now to negotiate a new pro-worker trade deal for North America. By making sure that workers have a seat at the table, we can reach a deal that helps, rather than harms, the United States. We can forge an agreement that makes our supply chains more resilient, rebuilds working-class communities, and reclaims the American Dream. ■

SECTION 2

NAFTA & The Free Trade Disaster

When NAFTA passed in 1993, the United States had a modest trade surplus with Mexico. By 2025, that surplus had turned into a massive trade deficit of nearly \$200 billion.²⁶ This wasn't the future that NAFTA's proponents promised.

When President Bill Clinton signed the agreement, he vowed it would create 200,000 jobs in the United States by 1995 and “build prosperity for our own people.”²⁷ Instead, NAFTA and the free-trade deals that followed crushed America's blue-collar workers and brutalized Mexico's autoworkers:

- Nearly 700,000 U.S. jobs were lost between 1993 and 2010 due to our spiraling trade deficit with Mexico.²⁸
- In the United States, autoworkers' real wages fell roughly 30 percent between 1993 and 2023.²⁹
- In Mexico, inflation-adjusted wages for autoworkers have been cut in half since 1993.³⁰

UAW members in the auto and auto parts industries have been slammed by the free trade-driven deficit with Mexico. The chart titled “Out of Control” on page 10 shows the relentless rise of the U.S. trade deficit in auto and auto parts over the last three decades. Between 1993 and 2024, our trade deficit with Mexico exploded from \$3.5 billion to \$79.2 billion in autos and went from a \$600 million surplus to a \$35.3 billion deficit in auto parts.³¹

Maquiladoras: A Preview of NAFTA's Dystopian Future

Even while NAFTA was being negotiated, a preview of the looming free-trade disaster was already apparent along the U.S. border. Beginning in the 1960s, Mexico established a program that allowed some factories — known as maquilas or maquiladoras — to be 100 percent foreign-owned. The United States, in turn, allowed maquiladoras to ship products back into America with minimal tariffs.³²

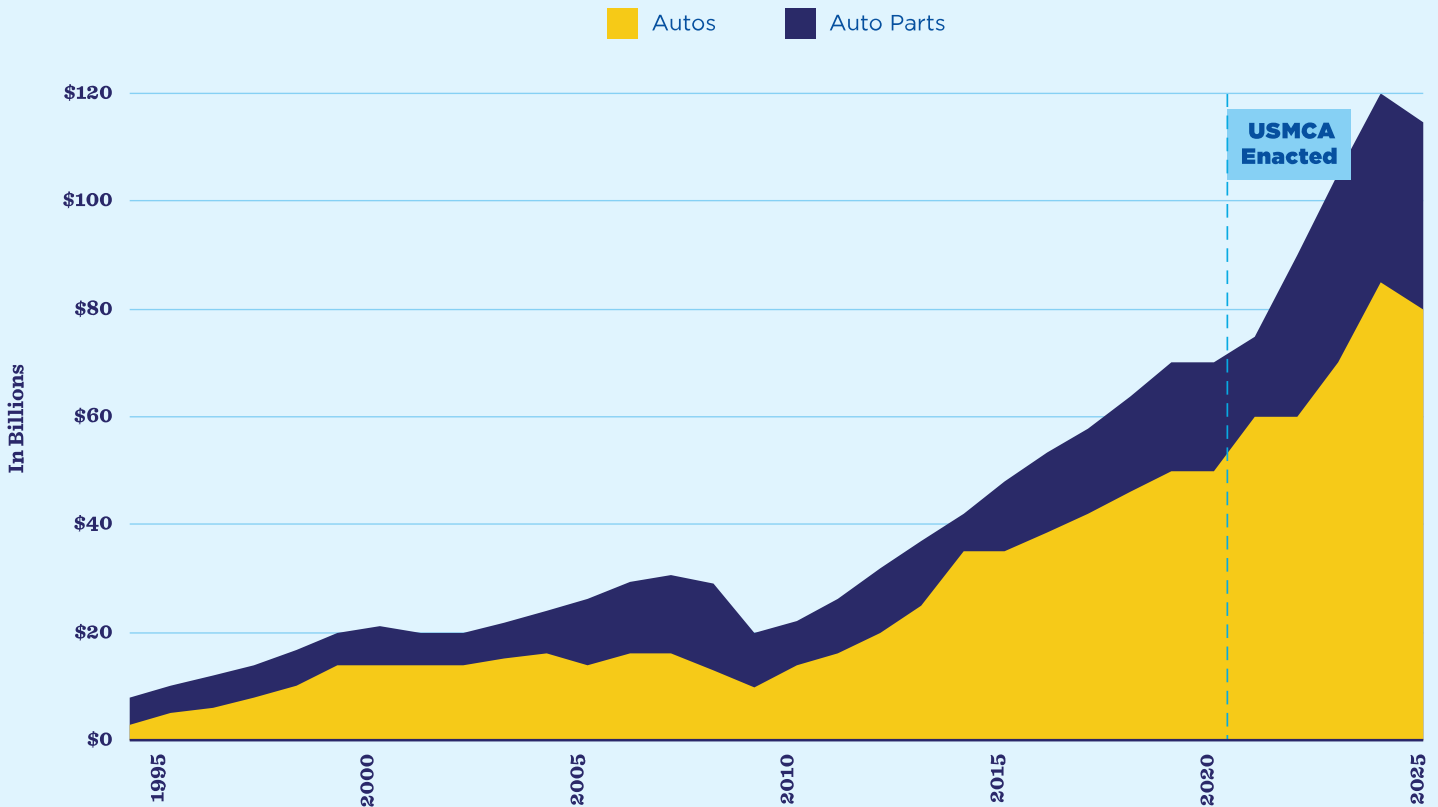
By the early 1990s, the Big Three and its suppliers owned dozens of maquiladoras in Mexico.³³ Virtually all of them relied on a low-wage, high-exploitation model of production. As the UAW's *Solidarity* magazine reported in 1991, “Many of the shiny new maquila plants are surrounded by shacks occupied by workers who try to survive on \$6 a day, often without running water and sanitary facilities.”³⁴

In 1991, when President George H.W. Bush began negotiating NAFTA, the UAW warned that the corporate-driven deal would do nothing to protect workers. Although side letters on labor and environmental standards were eventually added, they were largely toothless and didn't stop the brutalizing of Mexican labor or the undercutting of American workers.³⁵

CHART 1

Out of Control

U.S.-Mexico Trade Imbalance in Auto & Auto Parts (1993–2025)



Source: USITC Dataweb³⁶

Most Democrats and even many Republicans had serious reservations about NAFTA before it passed. When it was put before Congress in 1993, 59 percent of Democratic legislators voted against it. The problem was only 24 percent of Republicans voted no, and Bill Clinton was trying to steer his party in a more pro-business direction.³⁷ In the end, the Clinton administration and its business allies twisted enough arms to force the deal through.³⁸

Making the World Safe for Investors

NAFTA established a whole host of new powers for corporations and investors—powers that they used to subdue workers, their unions, and even governments that tried to rein in corporate overreach.

NAFTA specifically outlawed practices that had been used before to balance trade between countries. For example, the Canada-U.S. Auto Pact of 1965 achieved a healthy balance of trade by setting equitable production



Above: A 1991 photo from *Solidarity Magazine* showing workers' shacks near a maquiladora in Mexico.

levels and requiring a certain amount of domestic content. But NAFTA banned both practices, enabling companies to flood the U.S. market with cheap Mexican products.³⁹

NAFTA also created a new dispute resolution process—in effect, a special court—that could overturn local, state, and even national laws if they were deemed to violate investor rights. NAFTA gave corporations the right to sue a government for millions of dollars in damages if it passed policies or regulations that might lead to a loss of profits.⁴⁰ Corporations didn't win every case they filed, but knowing companies had that power made regulators and lawmakers think twice before taking on business.⁴¹

Perhaps the biggest problem with NAFTA is that it set the precedent for the free trade deals that followed. NAFTA was rightly described as “a bill of rights for multinational corporations.”⁴² In 1994, key elements of NAFTA's new corporate rights were enshrined in the Uruguay Round of the General Agreement on Tariffs and Trade (GATT), which set the terms of trade for countries around the world.⁴³ GATT, in turn, was the bedrock for the World Trade Organization (WTO), which replaced it in 1995. And when China was admitted to the WTO in 2001, that

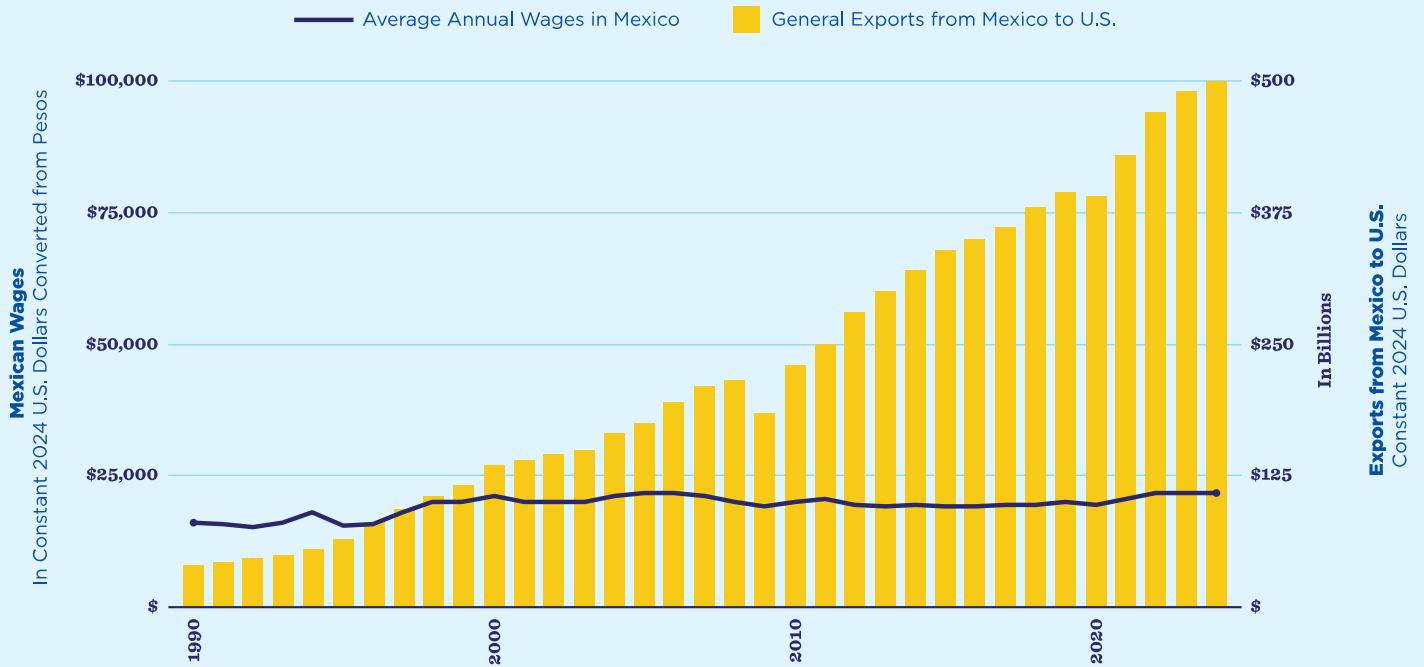
deal's NAFTA-style provisions prompted multinationals to offshore manufacturing to China at an even greater and more devastating pace.⁴⁴

Making the World Unsafe for Workers

While NAFTA and other free-trade agreements showered corporations and investors with special protections, those deals denied workers the leverage needed to win their fair share.⁴⁵ NAFTA's weak labor side agreement was only part of the problem. In the United States, NAFTA gave corporations substantial new powers, but there were no updates to the outmoded and increasingly unenforceable U.S. labor laws from the 1930s. Mexico allowed corrupt protection unions to crowd out independent unions in foreign-owned factories and stifle worker power.⁴⁶ Even though 30 percent of Canadian workers are in unions, triple the U.S. rate, they've also been unable to stop the flood of NAFTA-driven imports.⁴⁷

CHART 2

In Mexico, Wages Stagnate as Exports to U.S. Soar



Sources: OECD Average Annual Wages in PPP Constant 2024 U.S. Dollars, USITC Dataweb, FRED BLS Import Price Index⁴⁸

Workers in both the United States and Canada saw hundreds of thousands of their jobs lost to Mexico.⁴⁹ In the auto sector, light vehicle assembly plants are the beating heart of the industry. From 1994 to 2016, the United States lost 17 percent of its assembly plants. Canada lost 29 percent of its assembly plants; over the same period, the number of assembly plants in Mexico nearly doubled.⁵⁰

Trade Adjustment Assistance (TAA) was sometimes described as the NAFTA safety net, but it was eliminated in 2022 and was threadbare while it existed. TAA actually originated in the 1962 Trade Expansion Act, but was little used until its benefits were expanded in the Trade Act of 1974.⁵¹ Under NAFTA, it was never strong enough to meet the needs of the millions of American workers who needed it. Workers weren't automatically eligible for assistance, and it was often hard to know who qualified.

For instance, even if an automaker moved an entire plant to Mexico, only workers directly involved in production could qualify.⁵²

The Fallout from Free Trade

More than three decades after NAFTA's passage and 25 years after China was integrated into the global economy, the trends in American manufacturing have been brutal. Here's a snapshot of the decline in U.S. manufacturing:

- 4.2 million U.S. jobs lost in durable goods manufacturing since 1993.⁵³
- Union density in manufacturing cut by more than half, from 19.2 percent in 1993 to 7.4 percent in 2024.⁵⁴

- Since 2000, the Big Three have closed 65 U.S. auto plants; cutting production in America by 45 percent and increasing it in Mexico by 86 percent.⁵⁵

The pain in America hasn't led to improvements for Mexican workers. Despite the billions of dollars poured into new plants, overall wages in Mexico have flat-lined since 1993. (See the chart "In Mexico, Wages Stagnate as Exports to U.S. Soar.")

In the auto industry, life has been grim on both sides of the border since NAFTA passed. In Mexico, inflation-adjusted wages for autoworkers have plunged by half since 1993.⁵⁶ In the United States, autoworkers' real wages fell roughly 30 percent between 1993 and 2023. The UAW is proud that our 2023 Stand Up Strike helped reverse some of those losses in the United States. The "UAW bump" that followed our new contract with the Big Three raised wages across the U.S. auto industry for union and nonunion workers alike.⁵⁷ But no single contract can make up for decades of anti-worker policies. American autoworkers' real wages still lag 18 percent behind pre-NAFTA levels.⁵⁸

All the lost wages and disappearing plants have devastated working-class communities across America. Study after study has shown that the loss of good manufacturing

jobs translates into divorce, suicide, and deaths of despair.⁵⁹ One recent study – "Trading Goods for Lives" – shows that American communities with industries "more exposed to NAFTA experienced sustained increases in mortality."⁶⁰

Decades of corporate-friendly trade policies have hollowed out America's manufacturing capacity – weakening our supply chains and endangering our national security. The COVID-19 pandemic revealed just how fragile our economy has become.⁶¹ Hospitals ran out of protective gear, automakers ran out of microchips, and Americans struggled to find and afford essential supplies.

The pandemic also showed that a globalized market is not a "free" market. Corporations used the crisis for profiteering, monopolistic behavior, price-gouging, and a race to the bottom on steroids.⁶² During the pandemic, millions of Americans thrown out of work watched as Wall Street raked in record profits.⁶³

Our broken trade laws exacerbated all these problems. It's time to reject the free-trade fundamentalism that brought us NAFTA and negotiate a trade deal that strengthens America. ■

CASE STUDIES

Killing American Jobs, Exploiting Mexican Workers

Thousands of companies have used the USMCA and NAFTA to drive a race to the bottom across industries, but a few bad actors stand out. At Stellantis, John Deere, CNH, Caterpillar, and Mack Trucks, executives are pursuing offshoring and wage suppression strategies that have hammered working-class communities.

CASE STUDY:

Stellantis' Wealth Extraction Scheme

Pulling Massive Profits out of the U.S. While Pushing Production Across the Border

Few companies have taken as much taxpayer money to offshore as many jobs as Stellantis, formerly known as Chrysler. In 1979, Congress authorized up to \$1.5 billion in loan guarantees as the company foundered.⁶⁴ In 2009, Chrysler was bailed out again with \$12.5 billion, over \$1 billion of which was never paid back.⁶⁵



Despite all that taxpayer support, Chrysler, now Stellantis, has repaid the American worker with plant closures and layoffs. The company's U.S. workforce is around one third of what it was at the time of the 1979 bailout.⁶⁶ After NAFTA and under the USMCA, the company has continued siphoning jobs to Mexico. Since 2002, Stellantis and its predecessors have closed, sold, or idled 18 facilities across the United States while significantly expanding their footprint in Mexico.⁶⁷

Stellantis isn't alone among the Big Three in running away from the American worker, but it has been particularly aggressive. As Stellantis executive Carlos Zarlenga put it in 2024, "We have a growth plan which is based on three fundamental pillars.... [T]he third pillar is what we call globalization. That means to expand our industrial production into cost competitive countries, so that we can enjoy better total production cost."⁶⁸

Workers in Michigan and Illinois in particular have paid the price for this "growth plan." In 2022, Stellantis announced plans to "indefinitely idle" Belvidere Assembly in Illinois — a plant that employed 5,000 workers as recently as 2018 — and in 2023, it moved Belvidere's production to Toluca, Mexico.⁶⁹ The UAW did win an unprecedented commitment from the company to reopen Belvidere during the 2023 Stand Up Strike. And when Stellantis tried to backtrack on that promise, the union threatened a national strike and helped force the firing of the CEO. Still, as of early 2026, no new cars have rolled off the line at Belvidere.

In 2024, Stellantis pulled the Ram 1500 from Warren Truck Assembly, a Detroit-area plant that has supported 3,500 jobs. The plant is limping along with some work on other models, but it is operating well below capacity. This is how the company's so-called "growth plan" works. Cut U.S. jobs, exploit Mexican workers, and drive down wages across North America.

In 2021, Stellantis was making 64 percent of its North American vehicles in the United States and 22 percent in Mexico.⁷⁰ With the company's stated strategy of expanding production in "cost competitive countries," Stellantis is projected by 2027 to decrease its U.S. share of North American production to around half and increase its Mexican share to a third.⁷¹

It's not just about where the vehicles are built. It's about the conditions they're built under. Workers at Stellantis' Saltillo Truck plant in Mexico made as little as \$2.54 an hour in 2022,⁷² compared to UAW members' current starting rate of \$27.92.⁷³ The Saltillo workers build the

same product as American workers and U.S. consumers pay the same price, but the company pockets the massive difference in labor costs.

Meanwhile, workers in Illinois and Michigan are out of work and running out of time. The UAW contract provides strong pay and benefits for laid-off workers, but unemployment benefits can't match the security of a full-time job. ■

CASE STUDY:

A Stake through the Heartland

John Deere, CNH & Caterpillar Betray the Communities That Built Them

In 2021, John Deere workers led the first major strike of the pandemic-era. The 10,000 UAW strikers made T-shirts that read, "Deemed Essential in 2020. Prove It in 2021."⁷⁴ They held out for 34 days and won significant wage increases and an end to the two-tier pay system forced on them in 1997.⁷⁵

Their walkout inspired workers across the country to demand more for their sacrifice. On May 2, 2022, over 1,000 workers at CNH Industrial in Racine, Wis., and Burlington, Iowa, went on strike to win better pay and protect their health care. The UAW members with Local 180 and Local 807 would hold the line for 271 days before victory.⁷⁶

The defiant wins at Deere and CNH delivered major gains for thousands of workers in the agricultural implement sector. But it soon became clear that the companies, having lost the strikes, wanted to hit back. Our broken trade laws gave them the weapons to do it.

Since 2021, John Deere has cut over 2,000 jobs in Illinois and Iowa, while investing tens of millions of dollars in its Mexican facilities.⁷⁷

CNH took a hack saw to its workforce in Racine. In 2024, the company laid off roughly 200 of the 660 UAW members there.⁷⁸ In Burlington, CNH shuttered its nearly century-old plant this March, killing hundreds of good jobs, while sending much of the work overseas.



Julie Anderson works at CNH in Burlington, having transferred there from a closed facility in Minnesota. In a UAW video fighting the CNH closure, Anderson said many people “don’t really understand the trickle-down effect that a plant closure does to a community. It’s really hard to capture that if you haven’t been through it and you haven’t seen the devastation that’s left behind. And I really don’t want that to happen to Burlington.”⁷⁹

Caterpillar, historically rooted in Peoria, Illinois, built its first plant in Mexico back in 1962.⁸⁰ Today it operates three Mexican facilities that workers complain are rife with labor abuses.⁸¹ The USMCA’s Rapid Response Mechanism is supposed to empower America to safeguard the rights of workers in such offshored facilities, but Biden administration trade officials refused to use the mechanism at Caterpillar.⁸²

During his 2024 campaign, President Trump said he’d impose a 200 percent tariff on Deere for their offshoring to Mexico, but he hasn’t imposed it yet.⁸³ In the meantime, UAW members at Deere and CNH are pressing for the U.S. Commerce Department to investigate whether the companies’ recent moves to Mexico should be considered threats to U.S. national and economic security. Unfortunately, the wheels of justice grind slowly, if at all, under our current trade laws. ■

CASE STUDY:

Big Mack Attack on American Workers

After UAW Members Win Fair Wages, Mack Plans a Move to Mexico

Mack Trucks has called Pennsylvania’s Lehigh Valley its home for over a century. Tens of thousands of blue-collar families in Pennsylvania and Maryland have made a good living at the iconic truck company.

For years, Mack stood out for maintaining a primarily U.S.-based manufacturing footprint, while competitors like Daimler and International Motors (formerly Navistar) built and expanded poverty-wage facilities in Mexico.

Still, Mack wasn’t a perfect employer. By 2023, wages had been stagnating and benefits were being chipped away. So that October, on the heels of the Big Three Stand Up Strike, Mack workers walked out.

During negotiations, the company made representations that it would continue to invest in Pennsylvania, even scoping out land for a new facility to be built near its Lehigh Valley plant. The company also boosted its pay and benefit offer, so after 39 days the members ended their strike and went back to work with a strong new contract.

But in April of 2024, less than six months after the strike’s conclusion, the company changed course, announcing that the new facility wouldn’t be built in Pennsylvania, or even the United States. For the first time, Mack planned to break ground on a facility in Mexico, where comparable companies pay heavy truck workers a fraction of their wage in the Lehigh Valley. This decision wasn’t because Mack Trucks was struggling financially. Instead, Volvo Truck, Mack’s parent company, was massively profitable. The decision was made based on corporate greed and Wall Street’s demand for ever higher profits, no matter the expense to workers and communities.

“You’re collateral damage basically, to someone’s stroke of a pen,” said Mack Trucks worker Nicole DeFuso.⁸⁴



Mack workers lobbied the Trump administration to open an investigation into the heavy truck industry for rampant labor abuse, dual-sourcing, and driving a race to the bottom. Hundreds of members and community supporters signed petitions calling for tariffs on the heavy truck sector, and UAW Local 677 sent a delegation to Washington to talk to Congress and administration officials. In October of 2025, the White House announced a 25 percent tariff on heavy truck imports.⁸⁵

That tariff action may slow the bleeding in the heavy truck industry, but a full overhaul of the USMCA will be necessary to heal the wounds of the free trade disaster. ■



“The nation as a whole has been running away to Mexico for the more exploitable labor, and I fear that Mack made the decision to do the same thing.”
—Mike Shupp, UAW Local 677 President

SECTION 3

NAFTA 2.0 – The Missed Opportunity of the USMCA

When Donald Trump first took office in 2017, he appointed a U.S. Trade Representative who had a history of working with labor. His pick, Robert Lighthizer, had worked for years with both the Steelworkers and steel companies to reform global trade.⁸⁶ When Lighthizer negotiated the USMCA, he worked with unions and Congressional Democrats while crafting the agreement. Although the UAW never endorsed the deal, the AFL-CIO offered its support in 2019 and the USMCA went into effect in 2020.⁸⁷

The USMCA included a joint review process that allows all three countries to re-evaluate the deal six years into the agreement. That six-year review is upon us. Some free-trade proponents consider the review process nothing more than a formality, a glorified rubber stamp. But the UAW and the allies we're working with understand that it's an opportunity to make foundational change. And foundational change is needed.

A Good Deal on Paper, A Paper Tiger in Practice

On paper, the USMCA included a number of real improvements to workers' rights. Labor rights in the old NAFTA had been addressed in a toothless side agreement, but the USMCA had a labor chapter that required Mexico to strengthen its labor laws. The agreement also includes a groundbreaking Rapid Response Mechanism that allows the U.S. government, unions, and the public to seek redress for labor rights violations at specific Mexican facilities.

Other improvements on paper were changes to NAFTA's Rules of Origin meant to reshore work to U.S. and Canadian auto plants with decent pay. In a trade deal, Rules of Origin are used to determine whether a good actually comes from a trading partner. They are meant to stop companies from slipping in goods from countries that aren't partners in the deal. The USMCA revised NAFTA's Rules of Origin in several potentially positive ways. The USMCA included a stricter Regional Value Content (RVC) requirement to prevent cheap goods from outside North America getting duty-free treatment. There was also a new Labor Value Content (LVC) rule designed to steer some auto production to plants with decent pay. That LVC provision was expected to return some auto manufacturing back to U.S. and Canadian plants.

Unfortunately, the USMCA turned out to be a paper tiger. Mexican wages and labor standards are still low. And the U.S. trade deficit with Mexico has risen nearly 98 percent since 2019 to \$196 billion in 2025.⁸⁸ In auto and auto parts, it jumped from \$85 billion in 2019 to \$115 billion in 2025.⁸⁹ The reality is corporations still have strong incentives to send U.S. jobs to Mexico.

How the USMCA Became NAFTA 2.0

With all of these improvements on paper, how did the USMCA become NAFTA 2.0? **There are two key problems:**

Inadequate Protections for Mexican Workers — To its credit, the USMCA prompted Mexico to pass extensive new labor laws. The agreement also created the groundbreaking Rapid Response Mechanism that enabled Americans to intervene to help Mexican workers. But both initiatives have failed to provide the protections hoped for.

- As a result of the USMCA, Mexico created the Federal Center for Conciliation and Labor Registry, a new agency charged with overseeing union elections and certifying collective bargaining agreements. Mexico also entirely revamped its labor courts to replace a corrupt old system. However, the new Federal Center lacks the authority to impose penalties for corporate violations. And neither the Federal Center nor the new labor courts have dislodged the corrupt protection unions (or charro unions) that still work with companies to intimidate workers.
- The USMCA's labor chapter also incorporated the innovative Rapid Response Mechanism (RRM), which allows the U.S. government, unions, and the public to seek redress for labor rights violations at specific Mexican facilities. The creation of the RRM was a landmark development in trade and labor law. However, while the RRM has won justice for some individual workers, it cannot be used to confront the systemic abuse of workers across an industry or multiple facilities.⁹⁰ That severe limitation has allowed corporations and corrupt protection unions to keep suppressing wages and busting independent unions.

Ineffective Rules of Origin Aren't Reshoring Work — USMCA negotiators made a good-faith effort to improve NAFTA's Rules of Origin in the auto industry. But the Labor Value Content (LVC) rule meant to return work to U.S. and Canadian plants is so complicated that it's a nightmare to track compliance, both for the companies and the government. For a good to qualify for tariff-free access, a company must prove that it complies with both the cumbersome LVC requirements and the RVC rules. And since the penalty for non-compliance is so small — just a 2.5 percent tariff — companies often don't bother with the rules and pay the minimal tariff. As a result, Rules of Origin noncompliance rates are now far higher under the USMCA than NAFTA, and there has been little to no pressure to return production to the U.S. or Canada.⁹¹

Unbalanced and Unsustainable: The USMCA's Impact on the Auto Sector

The damage that the USMCA was supposed to undo has only grown worse. Nowhere is that more evident than in the North American auto industry. Earlier in this report, we looked at one measure of that damage: the enormous and still-expanding trade deficit in the auto sector between the United States and Mexico. A related measure is the shocking imbalance between the number of cars produced and sold in each country — what's known as the production-to-sales ratio.

The United States has the worst production-to-sales deficit of the world's top auto-making countries. We make only 61 cars for every 100 cars we buy.⁹² The second-worst deficit? Canada's, with just 65 cars made for every 100 they buy.⁹³ Mexico, the USMCA trading partner we share, has a massive surplus and accounts for a huge percentage of our deficits. (See Chart 3, "Out of Balance," on page 20.)

Mexico has one of the biggest production-to-sales surpluses in the world, making 249 cars for every 100 they buy.⁹⁴ But that surplus isn't benefiting Mexican autoworkers. Autoworker pay in Mexico currently averages \$5.70 an hour, just 16 percent of the \$35.30 that their U.S. counterparts make on average. Mexican autoworkers, simply put, are too poor to buy the cars they produce.⁹⁵

This unbalanced system may pump up automakers' profits for a while, but it can't be sustained forever. Under the USMCA, the U.S. production-to-sales deficit keeps getting worse. If it goes to 50-to-100 or 40-to-100 — a possibility if current trends hold — what will become of the U.S. auto industry? And what will become of the millions of American jobs and families that it supports?

Board Created by the USMCA Calls It "A Failure"

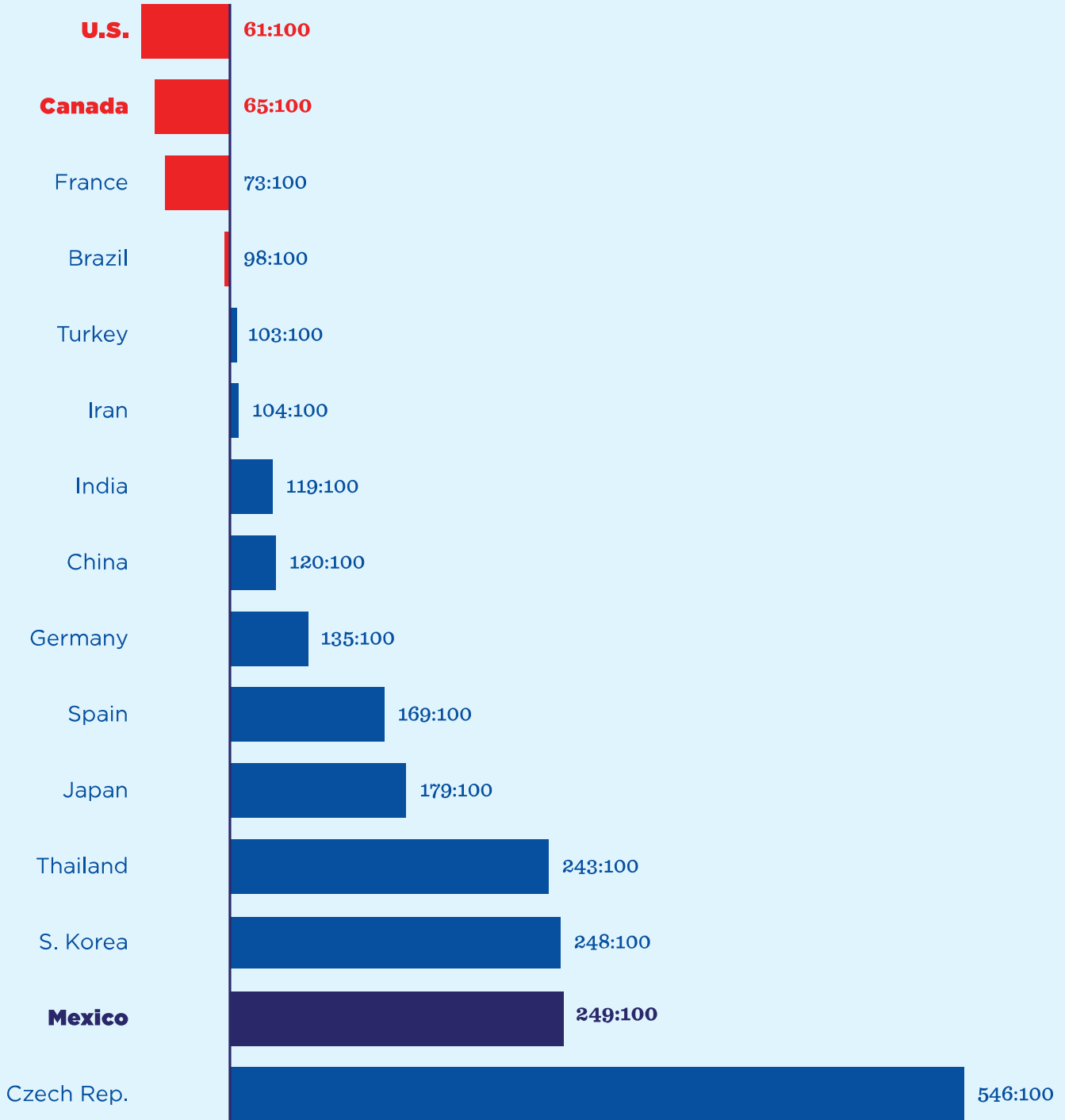
The USMCA created an Independent Mexico Labor Expert Board to offer unbiased assessments of the agreement. The Board's recent appraisal of the USMCA is sobering. According to the board, "If a measure of success is a reduction of the wage gap between Mexican workers and their North American counterparts, USMCA is a failure."⁹⁶

The Board reported that "Mexico is not in compliance with its labor obligations under USMCA."

CHART 3

Out of Balance

Production-to-Sales Ratios in Major Auto Producers (2025)



Source: S&P Mobility. Ratios are for light vehicle production and sales in the top 15 auto-producing nations.

“Creating a really fair-trade deal would require a truly transformative agreement,” the Board said. “A successful agreement would need to curb job loss in the U.S. and reduce the wage gap between U.S. and Mexican workers, which for decades has enabled hundreds of thousands of layoffs for U.S. workers and heavily suppressed wages for Mexican workers.”

The evidence is overwhelming. The USMCA has not fixed NAFTA’s many flaws. We need a comprehensive rewrite of the deal and a complete rethink of our broader trading regime. ■

SECTION 4

A Pro-Worker Trade Agreement for North America

NAFTA was a disaster for America's workers. The original USMCA, despite attempting some improvements, failed to fix it. That is why we need a new approach to trade. Instead of a corporate-dominated trading system that only protects investors, we need a managed, rules-based system that includes clear benefits for workers and our communities. Corporations must not be allowed to use the threat of plant closures to erode workers' rights or hold taxpayers at ransom for incentives and giveaways.

The UAW believes that a fully renegotiated USMCA can provide a better roadmap for all our trading relationships. NAFTA took U.S. trade policy down the wrong road. A revamped USMCA can get America back on track. We can discard the free-trade fundamentalism that has distorted and damaged the U.S. economy. Instead, we can forge a new pro-worker trade agreement, restore healthy trading relationships, and reclaim the American Dream.

Three Core Objectives of a New Agreement

What does the working class need to see in a new North American trade deal? It must include three core objectives:

1. **Build Here to Sell Here** provisions ensuring that companies create and keep good jobs in the United States if they want to sell in the U.S. market.
2. **Real Labor Rights** that are enforceable and apply to workers in all three countries.
3. **Strong Standards on Pay & Other Key Issues**, including a new Manufacturing Wage Floor for North America and strict health and environmental protections.

This section of the report explains in detail how each of these core objectives can be achieved in a renegotiated agreement. In some cases, we propose streamlining and strengthening old tools like quotas that made the Canada-U.S. Auto Pact so successful. In others, we offer new tools like a Manufacturing Wage Floor for North America, expanded labor rights in all three countries, and a tri-national commission to safeguard the future of manufacturing across the continent and boost economic growth.

None of these objectives are radical. All of them are achievable. Here is the framework and the path forward to negotiate a new pro-worker USMCA.

1) Build Here to Sell Here

Fair trade advocates have long called for laws saying companies must “Build Here to Sell Here.” This simple principle means that if multinational corporations want special access to a country’s market, especially a lucrative market like the United States, they should have an obligation to that country’s workers and communities to create good jobs.

Boosters of NAFTA and the USMCA insisted that the agreements would increase U.S. manufacturing output and employment. They did neither. Instead, both deals incentivized companies to pull up stakes in the U.S. and race across the border to Mexico. The pandemic proved just how vulnerable our deindustrialized America has become.

That’s why it’s so important that a new trade agreement strengthen America’s strategic industries, including but not limited to: autos, aerospace, agricultural, forestry, construction and mining equipment, appliances, stationary power generators, and semiconductors.

The UAW has expertise in autos, so here is an example of how a revamped USMCA could help strengthen the auto and auto parts industry. Variations of this model could apply to all strategic industries.

Reshoring Jobs through Balanced Quotas — As noted in Section 3 of this report, the United States makes far fewer cars than we buy, producing just 61 cars for every 100 sold here. That is a devastating production-to-sales deficit that has hammered the U.S. auto industry and ravaged blue-collar communities across the country. To combat that crisis, the new trade deal would establish a balanced auto quota system along the lines of the Canada-U.S. Auto Pact of 1965. The quotas in the Auto Pact helped restore Canada’s ailing auto industry and maintained a healthy balance of trade that benefited workers on both sides of the border.

- **How the Quotas Would Work** — To avoid tariffs, automakers would need to meet a 1-to-1 production-to-sales quota — the Build Here to Sell Here principle in action. The quota system would measure the domestic content of a car by three categories: finished vehicles; core components (engines, lithium-ion batteries, etc.); and overall components. Finished vehicles would have to be assembled in the U.S. to qualify as American-made. With core components and overall components, a certain percentage of the content would have to be manufactured

in the U.S. to qualify. All three categories would have to be American-made for a car to be compliant. If an automaker didn’t meet its Build Here to Sell Here quota, its non-compliant cars would be subject to 25 percent tariffs.

- **We Have the Capacity to Meet These Quotas and We Need to Use It** — If the production-to-sales ratio in the United States were 1-to-1, we would manufacture nearly 6 million more cars per year.⁹⁷ That would be a huge increase over the 10.1 million cars the U.S. manufactured in 2025. Nevertheless, U.S. automakers had enough unused capacity in their plants last year to build another 4.9 million cars. In fact, that’s far more unused capacity than is healthy. It’s nearly five times more than the industry had a decade ago, and if it’s not used soon, there’s a danger that all that capacity — and all those potential jobs — will be lost for good.⁹⁸
- **We Can Rebuild Working-Class Communities** — Building millions more cars in America would mean many more jobs in auto assembly plants — plants that supercharge a local economy. It’s estimated that every job in a final assembly plant supports 10 to 18 more jobs.⁹⁹ Instead of negotiating another job-killing trade deal, we can win a pro-worker agreement that jumpstarts the auto industry and rebuilds blue-collar communities across America.

The proposal above won’t only benefit American workers. The UAW supports the implementation of similar quota frameworks in Canada and Mexico. Especially in Mexico, balanced quotas could be transformational. See below how our Manufacturing Wage Floor proposal — along with supportive industrial policies and enhanced tri-national coordination — can help increase domestic consumption in Mexico and spur broad-based economic growth. Instead of keeping Mexican workers impoverished and shipping cars across the border, the country can expand its consumer market and buy what it builds.

To strengthen our strategic industries, we must impose targeted tariffs and other penalties on companies when they offshore work. When they abandon well-paid workers and exploit low-wage workers, it should be grounds for the immediate loss of tariff relief — full stop.

Expanding R&D to Strengthen Strategic Industries — Even as NAFTA battered the U.S. industrial base, free-trade purists insisted that America was doubling down on its leadership in research and development. Don’t

worry about the Rust Belt, we were told. Symbolic analysts in Silicon Valley would design the future and destitute workers in Mexico in China would do the grunt work. That's not how things turned out. In the past two decades, a recent study found that the United States has gone from leading China in 60 of 64 critical technologies to trailing in all but seven.¹⁰⁰ Over time “design here and build there” has slipped to “design there and build there,” destroying thousands of engineering and research jobs in the U.S.

More than 100,000 UAW members are academic workers, so many of us see firsthand how cutting-edge research has suffered in recent years and now threatens to fall off a cliff. This new trade agreement is an opportunity to rebuild R&D capacity in North America by:

- Establishing tri-national minimum budget requirements for higher education R&D in strategic industries.
- Expanding cross-border coordination and collaboration between colleges and universities, with adequate visas for students and researchers to study and work throughout the continent.
- Finally, require any technology developed on North American campuses to have a licensing agreement requiring the commercial development and manufacturing of that technology in North America.

2) Real Labor Rights

“Free trade” has meant that corporations are free to ignore workers’ rights because they face so few penalties for breaking the rules. A new trade deal must create labor rights that are enforceable and apply to workers in all three countries. That means guaranteeing the right to form independent unions everywhere in North America. There must be serious consequences—including targeted tariffs and criminal prosecution—for companies and countries that violate workers’ rights.

Here are our proposals for putting real teeth into the new trade deal’s labor provisions:

Improve and Enforce Mexico’s New Labor Laws —

As noted in Section 3 of this report, USMCA negotiators in 2018 made an honest effort to expand labor rights in the agreement. The USMCA required Mexico to significantly improve its labor laws. Unfortunately, many laws have proved to be paper tigers. A new deal must press for Mexico to go further:

- Corrupt protection unions (or charro unions) and their terrible contracts are still in place all across Mexico. A new trade deal must require union officers to run in independently monitored democratic elections. The UAW can attest that democratic elections make unions more responsive to their members.
- The Federal Center that Mexico created to oversee labor reform must investigate violence against workers, and it needs to be able to impose meaningful penalties for labor violations.
- Enact a 40-hour work week in 2026, and ban wage discrimination based on gender, race, ethnicity, religion, and sexual orientation.
- Adopt strong new health and safety standards and enforce those standards with appropriate sanctions for violators.

Of course, many of the labor law reforms we’re calling for in Mexico are sorely needed in the United States as well—a problem we address immediately below.

Build a System of True Tri-National Labor Rights —

Multinational corporations have a distinct advantage in the world of trade. Their firms operate across borders while labor unions usually work in just one country. To address this imbalance, the UAW proposes that a new trade deal:

- Creates a pathway for unions across North America to conduct sectorial bargaining with industries to establish a floor for non-economic issues like working hours, job overloading, union representation, and health and safety.
- Establishes the right of U.S. unions to provide technical support to Mexican workers and independent unions. Right now, the U.S. Department of Labor has just five labor attachés in Mexico to help combat labor abuse and unfair trade practices.¹⁰¹ Staff from U.S. unions could dramatically expand support for Mexican workers if tariff revenues were used to support their work. This should be a reciprocal arrangement across all three countries as labor abuse and exploitation is a major problem in America as well.
- Ensures that corporate executives at companies that significantly violate labor law can be criminally prosecuted.
- Bars the use of temporary workers to perform the core jobs of a business and gives “gig” workers the right to form unions and bargain.

Workers must be united across borders to win our fair share. That's why the UAW started our Mexico Solidarity Project in 2024, strengthening ties with independent Mexican unionists.¹⁰² With dedicated UAW staff in Mexico City and Washington, we're working in coordination with independent Mexican unions to win a trade deal that benefits all North American workers.

Reform the Rapid Response Mechanism to Protect Workers — The Rapid Response Mechanism (RRM) is another labor rights provision in the USMCA that, on paper, is a quantum leap forward from NAFTA. It allows the U.S. government, union, and the public to seek redress for labor rights violations at specific facilities in Mexico. While the RRM has been used to help individual workers at some plants, it has been unable to counter the systemic abuse that workers face across an industry or in multiple plants of an employer.

Here's what we need to do to reform the RRM and build on its promise:

- Make the RRM tri-national and remove the requirement that limits U.S. workers' ability to access it. Given the weakness of the U.S. National Labor Relations Act (NLRA), American workers should have two paths to relief, the NLRA and the USMCA.
- Expand the RRM's coverage so a case can be brought against multiple employers or facilities when they are committing the same or similar alleged violations.
- Increase RRM jurisdiction to include: bargaining in bad faith; blacklisting; violence against workers; and violations of non-economic sectoral bargaining agreements.
- Create an independent fact-finding authority that includes worker representatives and is funded by the three countries. All investigations would result in a public report identifying whether workers' rights have been violated.
- Establish whistleblower and anti-retaliation protections.
- Require that all RRM remediation plans include worker involvement. When allegations are brought by independent, democratic unions, or upon workers' request, the union should be formally involved in developing the remediation plan.
- Establish minimum budget requirements that will provide robust enforcement in all three countries.

3) Strong Standards on Pay & Other Key Issues

Autoworker pay in Mexico averages only \$5.70 an hour, or 16 percent of what American autoworkers make¹⁰³ That wage gap is the primary reason why companies run abroad. But corporations also take full advantage of lower standards in health and safety and environmental regulations. We cannot allow a new trade agreement to let corporations keep pitting workers and countries against one another. The only way to end the race to the bottom is to elevate standards throughout North America.

Here is how we can set strong new standards for pay, health and safety, and the environment:

A Manufacturing Wage Floor for North America — Under the USMCA, Mexican workers lack the leverage to win better jobs and better pay. Here is our proposal to raise wages in Mexico, end the downward pressure on U.S. and Canadian pay, and strengthen the whole North American economy:

- Scrap the old Labor Value Content (LVC) language, which is opaque and confusing, and convert it to a simple wage floor for each sector. To qualify for tariff-free treatment, goods would have to be made in a plant where workers are paid at or above the new LVC wage floor for that sector. Simply put, we would create a Manufacturing Wage Floor by sector in North America.
- This would not only disincentivize the offshoring of U.S. jobs to Mexico — it would also help spur dramatic growth in the Mexican economy. The fact is Mexican workers buy new cars at a far lower rate than other countries due to the obscene wage suppression encouraged by the government, companies, and corrupt protection unions. Of the top 10 vehicle-producing countries, Mexico ranks fifth in production but tenth in new car purchases per capita.¹⁰⁴
- UAW analysis shows that properly designed wage floors — especially if paired with supportive industrial policies — would rapidly create new consumer demand. With millions of Mexican production workers receiving life-changing wage increases, this policy would:
 - Generate tens of billions of dollars in new working-class purchasing power, which would create new demand in Mexico for U.S.-manufactured cars, trucks, appliances, and other durable goods.

How Workers Will Lead on Trade

NAFTA and the USMCA pushed workers to the sidelines, stripping them of the power to win fair trade and stop labor abuses. The policies we're proposing put workers at the heart of any new trade deal. Here are three key ways workers will lead on trade policy and enforcement:

Sectoral Bargaining on Non-Economic

Issues: Workers must have concrete tools to address the appalling health and safety conditions in many Mexican plants — and in too many U.S. workplaces as well. Sectoral bargaining in strategic industries like auto and steel will give workers the power to limit work hours, reduce line speeds, and set strong health and safety standards that must be followed in all three countries. Workers and their unions would have the power to win binding agreements over these and other issues.

Labor Rights Enforcement Across North

America: Under our proposals, the full range of worker rights will be protected across the continent, and the meager enforcement apparatus currently in place would be dramatically expanded. Workers and unions from all three countries would have the power to investigate and enforce labor laws throughout North America.

Strengthening Manufacturing with a

Tri-National Commission: Workers would drive the agenda for a tri-national commission on manufacturing that would coordinate industrial policy across North America, implement the revised agreement, and subject corporate investment decisions to public oversight. Instead of companies pitting one country against another, workers from all three countries would work with government to strengthen the industrial base across North America and generate good union jobs for current and future generations.

All these proposals are in addition to the Manufacturing Wage Floor that would stop the race to the bottom on pay. When workers have a voice in trade, we can start lifting standards again in all three countries. ■

- Reduce income inequality by significantly compressing the income distribution. This would also help eliminate an underlying reason for economic migration.
- Create a ripple effect throughout domestic sectors like retail and construction by boosting disposable income. Increased construction spending would again increase demand for U.S.-produced construction equipment.
- All wage floors would be tied to inflation and adjusted annually.
- Non-compliance with the wage floor would be subject to a beefed-up Rapid Response Mechanism (RRM) process.
- Additionally, wage floor postings would be required in each covered plant. Postings would also include information about the improved RRM. Mexican workers should be informed of their rights.

Health and Environmental Laws to Protect Workers and the Public

— The UAW has fought for over 90 years to establish the strongest possible health and safety standards in our plants. In our Big Three contracts, we have lengthy health and safety agreements that empower our workers to keep themselves safe. Mexican workers deserve no less.

To protect the well-being of all workers, a new deal must:

- Adopt strong new health and safety standards.
- Enforce those standards with strong penalties for non-compliance, including targeted tariffs and criminal prosecution when appropriate.

While the UAW has a long history of protecting workers on the factory floor, we also have deep and long-standing ties to the environmental movement. UAW President Walter Reuther made one of the first major donations to Earth Day, the 1970 teach-in that arguably kicked off the modern U.S. environmental movement.¹⁰⁵

To protect the public, the UAW firmly believes that a new USMCA must:

- Include strong environmental standards that stop goods produced in environmentally destructive ways from receiving any preferential tariff treatment.
- Mandate binding enforcement: A facility-specific enforcement mechanism, akin to the RRM, should be established to cover violations of the USMCA's environmental provisions.

- Ensure that trade rules prevent firms from exploiting weak air, water, and waste protections.
- Launch a formal tri-national dialogue on the use of border carbon adjustments to balance carbon-intensive trade in goods and services both within North American borders and with other nations.

A Tri-National Commission to Promote Manufacturing & Boost Economic Growth — With the comprehensive changes outlined in this paper, we would finally have a framework capable of lifting up workers and fueling broad-based growth across the continent. But to actually use a renegotiated USMCA to transform the North American economy, we'll need a massive, well-organized implementation effort with workers fully at the table. And we'll need to pair the ambitious new trade rules with equally ambitious industrial policies in all three countries.

We propose a new, tri-national commission on North American manufacturing that would provide a permanent forum for the three countries to coordinate on industrial policy and establish public oversight over investment decisions. It would bring together independent unions, governments, and academic experts from across the continent. The commission would monitor compliance with the agreement and investigate cases of offshoring. It could also work with industry on strategies to rationalize supply chains, ensure adequate levels of manufacturing investment and growth, and increase union density in all three countries, including through a jointly financed manufacturing fund.

A New Deal Done the Right Way or No Deal

The UAW understands that several of our proposals may violate other trade deals and international treaties — and that those agreements would have to be reworked or ended. In particular, we would have to update provisions of the General Agreements on Tariffs and Trade (GATT), which underpins the World Trade Organization (WTO). We think it's high time to do so.

GATT was first negotiated in 1947 and the world it was made for has come and gone. GATT had noble goals — “raising standards of living, ensuring full employment and a large and steadily growing volume of real income” — but GATT never had an enforcement mechanism, and those words have rung hollow for decades. The free trade deals it spawned have resulted in gross income disparities, disinvestment in working class communities, and environ-

mental degradation. Only a top-to-bottom revamp of our trade laws can fix the free trade disaster in the United States.

Because a thorough renegotiation of the USMCA would effectively result in a new trade deal, Congress should play a strong role throughout the process and vote on the final text. The UAW is prepared to work with all willing partners to get this agreement right.

But if there is no path forward for a new deal that addresses the concerns of workers and the public, then the United States must get out of NAFTA 2.0. ■

SECTION 5

Conclusion: Reclaiming the American Dream

The story of the American Dream is still being written. The working class has suffered countless indignities at the hands of the billionaire elites who seek to dominate our society. But the working class has also scored victories. From the Flint Sit-Downers of 1936–37, we learn that ordinary people can achieve extraordinary things. If the blue-collar worker is to rise again — and with us the American Dream — it will be because blue-collar workers once again unite in common cause.

To do that, we must stop the bleeding. The free trade disaster has wreaked enough havoc on the working class, our communities, and on nations around the world. Enough is enough. NAFTA failed America, and the original USMCA failed to fix it. Now we have the chance to make things right. Let's be clear, our fight isn't with any country. The problem isn't Canada or Mexico, it's international standards that are dragging down workers everywhere.

We must fix our free trade disaster. And then we must go further.

A New Trade Deal, and a Lifeline for the Working Class

Free trade isn't free. It comes at great cost to workers across borders, to their families, to their communities, and to democracies around the world. And that damage is ongoing, with plants closing and jobs being threatened

every day. We see it at places like Mack Trucks, Stellantis, John Deere, Ford, GM, Freightliner, International, Masterlock, Eaton, and almost every iconic manufacturer.

We need to rewrite the rules of North American trade to throw a lifeline to America's blue-collar workers. It starts with some basic but life-changing proposals: demand companies build here to sell here and create jobs in the consumer markets from which they benefit; reform our labor laws to allow workers to exercise their rights to raise standards, not lower them; implement worker-led industrial policy; and end the race to the bottom through a North American Manufacturing Wage Floor.

With those essential changes, we can begin to reverse the damage done by NAFTA and other trade deals. And then we can start envisioning the kind of future we want to build together: a future that works for the working class.

A Better Trade Deal Is Just the Beginning

To bring back the American Dream and rebuild the power of the global working class, we'll need to change more than just trade. We'll need a whole range of policies that don't just throw money at corporations and hope they do the right thing, but change how they operate and make decisions. We'll need to end the stranglehold that the ultra-wealthy and Wall Street have gained over what gets produced in our country and how, or who has a good job and who doesn't. Workers must have a real voice in how the industries of the future develop.

We'll need to tax the rich — and rebuild the working-class communities that have been sacrificed on the altar of corporate greed. And of course we'll need comprehensive labor law reform in the United States as well as Mexico. We need new federal policies that give workers and unions a fighting chance in this country, and guarantee all Americans a living wage, health care, a decent retirement, and enough time off the job to spend with our families and friends — so that workers no longer have to spend their lives fighting like hell for the basics.

It's worth remembering that none of these ideas are radical. They are, in fact, the building blocks of the American Dream that U.S. workers enjoyed for decades.

Trade is just one piece of the puzzle. But it's a crucial one, and a good place to start. Because if we can end the free trade disaster once and for all, we'll be giving basic job security and breathing room back to 13 million American manufacturing workers, and to millions more whose jobs depend on their production. And we'll be neutralizing one of the most brutal union-busting weapons the bosses have, raising living standards and increasing bargaining power for workers everywhere. With that foundation, we can build the power and solidarity to do so much more. ■

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