

<https://internationalviewpoint.org/spip.php?article8930>



Canada

Trump's Trade War and Canadian Workers

- IV Online magazine - 2025 - IVP603 - April 2025 -

Publication date: Sunday 6 April 2025

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The 25% tariffs imposed on exports from Canada and Mexico by the US administration of Donald Trump effective March 4 (with an exception of 10% tariffs for Canadian oil and gas and potash) constitutes an aggressive attack on the livelihoods of Canadian working people and a threat to the survival of key industries in Canada. Trump postponed some of the auto and other tariffs in sectors covered by the US-Mexico-Canada (USMCA) trade treaty between the three countries (about 40% of Canadian exports to the US), with auto tariffs planned for April 2nd but has threatened to continue with others. Further tariffs on aluminum and steel (over the 25% level) were threatened to be as high as 50%, with Trump also threatening to “shut down” the Canadian auto industry.

Trump has gone back and forth raising tariff levels and expanding their scope, keeping Canadian workers off guard and sending Canadian governments running back and forth, trying to keep up.

The Canadian federal government responded by counter-tariffs of \$30-billion on imports from the US on the same day and promptly implemented a border plan to further police the US-Canada border, notably to limit the almost non-existent trade in fentanyl from Canada (especially when compared to the smuggling of drugs and guns into Canada from the US), and the similarly small volume of ‘illegal’ cross-border immigration to the US. The Trump Administration is coldly leveraging the tariff to gain other concessions from the Canadian state – access to rare earths in Canada, militarization of the Arctic and coastal waters in a further barricading of Fortress North America, increased Canadian military spending, and re-opening of long-standing cross-border water diversion projects.

Brutal Attack on Tens of Thousands of Workers

The tariffs are an unexpected and brutal attack on the tens of thousands of workers in sectors such as auto, steel, aluminum, and natural resources in Canada. The tariffs particularly hit skilled workers in some of the most advanced sectors of the economy but will also quickly strike at sections of the working class who are most insecure and vulnerable to economic downturns. Several estimates suggest Trump's ‘beggar-thy-neighbour’ tariff policies might affect millions of workers and their communities, as key manufacturing sectors are threatened with a loss of export markets in auto and steel in Ontario, aluminum workers in Quebec, and agriculture and resource exports in Western and Atlantic Canada.

The threat and impact of the tariff war from the US is immediate. It can easily escalate into punishing rounds of retaliation (with the political advantage overwhelmingly on the side of the dominant power), with workers on both sides of the border suffering the consequences of economic dislocations. The challenge is deeper and bigger for Canada and Canadian workers. It is rooted in the way Canadian capitalism and the state have evolved, with the strategic embrace (or ‘leap of faith’ as it once was termed) of deep integration with the US through the series of Free Trade Agreements (FTAs) starting in 1989 that promised ‘secure access’ to the US market and economic growth and prosperity freed from fears of American protectionism. The North American free trade agreements (FTAs, extended to include Mexico in 1994) delivered none of these.

The FTAs were coupled with the other neoliberal attacks on the rights of working people; privatization and deregulation of public provisions and institutions including education, healthcare, housing; changes to the state that facilitate profit and business competitiveness; and intensification of the working class's dependence on their

employers.

Canadian capitalists (unified but for a few dissidents) drove and sold free trade, in the face of a massive public outcry, from a broad coalition that was led by unions and social movement activists. Even though a majority of the voters voted in opposition to the idea of free trade with the US in the 1988 federal election, the structure of Canada's first past the post voting system gave a majority to the Brian Mulroney-led Conservatives, who negotiated the first US-Canada FTA.

Free trade is integral to the policy regime that we have been living with for four decades: export dependency, austerity, cuts to key social programs, attacks on unions and workers, the rights of investors and capital to move wherever it wishes, environmental regulation via markets, and other measures liberalizing capitalist markets to deepen Canadian integration into the world market under the leadership of the US Empire. While other capitalist centres are also woven into the matrix of the US empire, Canada is a capitalist country that undertakes its own imperialist agendas, notably in the extractive sectors where Canadian capital builds on the history of exploitation of First Nations, and in the international activities of the Canadian banks. What is unique about the integration of the Canadian state and capital is the level of integration and dependence on the US. Canada is more deeply integrated into American capitalist markets, supply chains, economic policy, and regulatory frameworks, and is the US empire's most faithful ally in military and foreign policy.

Workers' rights require democratic sovereignty

The struggles of Canadian working people – in English Canada, Quebec, and First Nations – to challenge austerity and fight for a socially just and environmentally responsible society requires the power to make political and economic decisions, which is now limited by the integration and dependence of Canadian capital on the US empire. The vulnerability of Canadian workers to the whims of Trump demonstrates this quite clearly. But it is not a matter of 'stages' of development leading to the creation of an independent national capitalist class. We have to fight to 'delink' from the US, in the sense of building the international and political autonomy needed to take alternate development and democratic decisions, all the while building working-class identity, understanding, and power to organize and fight.

The different components of the Canadian capitalist class have no desire to break with this dependence and integration, and less interest to challenge neoliberalism. On the contrary, most of the business class in this country long for some form of the "status quo ante," to break down the barriers to integration with the US that Trump has erected. This is little more than a doubling-down on the 'leap of faith' in securing access to US markets free of US protectionism and political and military demands on Canada. Other sections of the political and economic elite have proposed shifting to trade and export dependence on a wider group of countries, partly enabled for adopting deeper attacks on working-class incomes and social protections in the name of Canadian competitiveness.

Some progressive activists in Canada begin from a concern with nationalism, fearing that challenges to integration with the US empire will inevitably lead to or implies an alliance with and subservience to business interests. But working to build a movement to democratically challenge and remove key obstacles to making decisions about the Canadian economy and political system can hardly be called an alliance with capital. Indeed, any movement to directly challenge Canadian integration with the US is anathema to all sections of capital, whether in formal Canadian legal ownership or foreign controlled.

It is also problematic to see struggles to reform and (and ultimately transform) the state, to limit our integration and

dependency, as somehow restricting our abilities to fight for key working-class demands that also require reforms of the state. Rather than being opposed, these are fights to be waged on both fronts. Demanding the rights of Canadian workers and popular movements to shape decisions about Canada's political direction isn't an endorsement of our dependence on business, it is an initial anti-capitalist demand for economic democracy and controls over capital in workplaces and communities, as is winning reforms for the expansion and de-commodification of social provisioning to lessen dependence on the market.

A different vision, new possibilities

We have a different vision for development, democracy, and the role of the working classes than both US and Canadian capitalists and political elites. To pursue such an agenda in Canada, the current relationship with the US is a barrier that goes beyond the authoritarian bullying of the Trump administration. To overcome that barrier will require the widest restructuring of trade, development, and environmental priorities, addressing the needs of the working class and incorporating the views and ambitions of Quebec and First Nations.

This will require developing democratic planning and coordination capacities, the structural changes that will make it possible, and social struggles with the Canadian economic and political elites over the values and goals we are fighting for. The struggle to transform society and the role of the working class is also to fight to develop our collective capacity to make collective decisions. We call for the following measures:

- Canada must respond in kind to all tariff extortion from Trump and break the 'beggar-thy-neighbour' trade war the US has started, acknowledging that such a war carries enormous costs for Canadian, American, and Mexican workers and their communities.
- Investment is essential to protect workers and communities threatened and affected by the tariff war as is support for workers resisting tariffs and threats to their livelihoods and sectors. Unemployment insurance and other income support programs need to be expanded immediately to protect vulnerable workers.
- Workers in threatened industries have critical skills, and communities can ill afford to lose them. Workplaces and plants are key resources and need to be kept open, producing for environmentally responsible uses, shaped by workers and communities, and publicly owned.
- Disengagement from the US military efforts to expand into the Arctic is essential, as is withdrawal from any increased military spending commitments to NATO.
- Canada must move away from its dependence on exports, especially exports of natural resources, and move toward a more inward-oriented economy, compatible with the requirements of ecologically-responsible production. Natural resource development must address climate change reduction as well as respect and advance the rights and needs of the indigenous peoples of Canada.
- Efforts to rebuild the Canadian economy need to be anchored in a strategy based on public ownership, and place priority on meeting human needs, social development, quality employment, and greenhouse gas reductions.
- Canada must advocate, fight and organize for a working-class-based economy that calls for worker and union rights, housing, education, healthcare, and the democratic power to shape a different democracy and economy than we have now.
- Canada must reject the unequal and neo-colonial relationships with Mexico and the other countries in Latin America and the Caribbean and develop mutually beneficial trade and economic relations with the global south,

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recognizing Canada's responsibilities to aid them in addressing climate change and development.

As socialists, we look toward building an alternative to capitalist society that has the power to make political and economic decisions, in a democratic society, organized and run by working-class people. The current crisis provides an opening to raise these questions. Progressive Canadians; workers concerned about their jobs, the future of the economy, environment and their children and families, and others worried about their jobs; and communities in general need to engage in discussions about how to move forward at this dangerous time and recover our social ambitions for a peaceful, egalitarian, ecologically-responsible politics of potentials and possibilities.

Source [The Bullet](#) March 14 2025

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