

## Not-So-Free Trade

By Nicholas Taylor, J.D. Candidate 2020 | October 25, 2018

President Donald Trump successfully [negotiated](#) the United States-Mexico-Canada Agreement (“USMCA”) on October 1, 2018. For a large segment of American workers, the deal appears to be better than its predecessor, the North American Free Trade Agreement (“NAFTA”). But, we should be clear about what these treaties are. USMCA is not a “free trade agreement.” A free trade agreement [is](#) a treaty among nation states to eliminate tariffs, quotas, subsidies, and other prohibitions on goods and services crossing borders. USMCA is not that.

There are two reasons why USMCA is not a free trade agreement. First, the agreement is about more than trade. Trade is about goods and services crossing borders. But, USMCA contains [various side provisions](#) about labor policy, intellectual property regulation, and monetary policy. While labor policy, intellectual property regulation, and monetary policy can be relevant to trade, it is misleading to call a treaty full of additional regulations a “trade agreement.”

Second, USMCA is not an agreement to make trade free. Restrictions on trade are still in place, [including](#) tariffs on automobiles and materials. The agreement is admittedly better than NAFTA, as tariffs are reworked [in favor of](#) some American industries. Yet, we must not forget what “freedom” actually means in the context of trade: no government interference in the economic activities between citizens of different states. USMCA, on the other hand, imposes terms on what should be produced, where, for how much, and under what conditions.

The beginning of wisdom is to call things by their proper name. USMCA is not a free trade agreement because it is not about trade and it is not about freedom. President Trump, to his credit, does not pretend that this is a free trade agreement that will benefit everyone. He promised a better deal for American workers and delivered on that promise.

A treaty like USMCA might be the best thing we can ask for in the context of international economic gamesmanship. However, we should be under no illusion that USMCA (or TPP, or NAFTA) was ever about free trade. A free trade agreement would be an *absence* of government regulation — an agreement between governments *not* to impose tariffs or quotas. Anything short of that is a necessary compromise.

