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Is “free-tradism” agonising? Why is it increasingly difficult to enter into free trade agreements?

CETA, TAFTA, EPA, the list is long of free trade agreements that are on the front page of the press and that succeed in mobilising an increasing number of opponents. Is it surprising to observe this trend that seems to gain momentum with time?

The answer is no. Indeed, free trade agreements are essentially the application of an economic principle that rests on the [comparative advantage theory](#) developed by British economist David Ricardo (1772-1823) in the early 19th Century that stipulates that free trade allows protagonists to capture benefits of trade by specialising in the production and export of the goods for which they are relatively more efficient and by importing those for which they are less efficient. This is a purely economic principle that gives topmost priority to the objective of economic growth that fits well to an economy of scarcity and poverty as Great Britain's economy in the first years of the 19th Century.

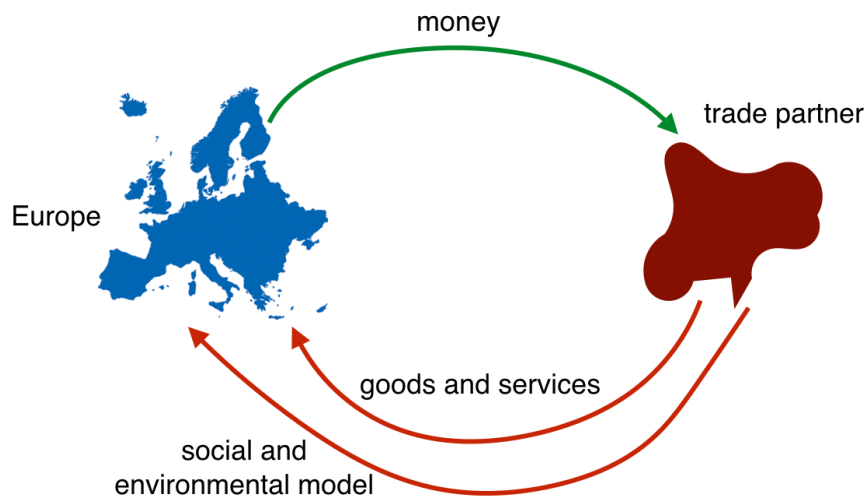
But now, in the 21st Century, the perspective has radically changed: since 1992 and the [Earth Summit](#) organised by the United Nations in Rio, Brazil, and the emergence of the concept of Sustainable Development, our societies have become conscious that economic growth *per se* was not a sustainable option and that development had to be considered with its social, environmental - and later political and cultural - dimensions, in addition to its economic dimension. The immediate consequence is that it is totally insufficient and misleading to evaluate economic policies - and in particular international trade policies - by considering only their impact of growth, whether growth of wealth or even growth of employment, particularly as the impact expected is usually evaluated in terms of net employment created, which overlooks the distressing problem of the redeployment of those who see their jobs disappear because of the specialisation that is a direct consequence of trade development

Indeed, it is increasingly clear that while exchanging goods, the actual exchange is not limited to goods and services but also involves exchanging technical, social, environmental and cultural norms as expressed by the diagramme below taken from our article on [The European social model - The story of a political mistake](#). For example, as is the case for CETA, it is probably that the increase of imports into the European Union of Canadian beef will also lead to the development within the Union, in order to compete with these imports locally, of a beef production process that will be more industrialised. This will mean a change in the technological mix used to produce European beef, and consequently a modification of the mix of beef qualities available on the European market.

Trade negotiations can therefore no longer be limited to economic conditions and must encompass other dimensions of the exchange. More importantly, even, one cannot limit communication to the public on the impact these agreements would have on economic growth. This is however what government authorities have been doing that have lost the trust of the people by touting *extravagant* resulting growth (of several tenths of a point of growth rate...), and sometimes employment generation (in thousands). Needless to say

that these explanations are quite insufficient to convince the average citizen who cannot see how these agreements will have a direct impact on her or him.

Trade is not limited to an exchange of goods and services for money



On the other hand, citizens are increasingly (and rightly so) sensitive to environmental issues (greenhouse gasses emissions whose importance is now well understood by almost everyone), health issues (norms, chemical residues left in food, GMOs, etc.), social policy issues (social protection), political issues (the question of private arbitration tribunals) and even philosophical issues (European-type *precautionary principle* that is embodied in the French Constitution or the *classical scientific principle* adopted in North America that implies that one has to rely only on what has been scientifically proven), the consequences of which on their everyday life is increasingly well understood by people. All these dimensions would, of course, be difficult to evaluate by using just one unique monetary indicator (e.g. how could you possibly measure in monetary terms public authorities handing over part of their responsibilities to private organisations?) - if it were even a good idea in the first place. To commit to a trade agreement and only consider its economic and financial aspects therefore amounts to selling out covertly all these other dimensions of the exchange that will take place and, in fact, a complete *lifestyle*, for dollars and cents that the great majority of the population will never feel. Therefore, one cannot be surprised that opposition to these agreements is gaining in vigour and this is probably the main reason why, along with forthcoming elections in key countries involved, negotiations on TAFTA/TTIP have been (probably at least temporarily) suspended.

In the case of Europe, the situation is made further complicated by a confusing governance where international trade is a Union competence (for evident historical reasons because of the Common External Tariff that lies at the basis of this customs union), while other dimensions involved are competences of lower levels, national or even regional... At this point in time, as the European Union experiences its worse crisis since it was created, no-one would dare open the discussion on competences (temporarily settled at the time of the Lisbon Treaty with the introduction of the concept of mixed competences), by fear to see the Union explode. However, a clarification appears indispensable if Europe is to make headway not only in its trade relations but also on other important issues (fiscal policy, immigration and border management, etc.).

So it does appear difficult to engage in new trade agreements while not considering explicitly all these aspects, without increasing the transparency of negotiations or measuring effectively the impact that they may have on each of the affected dimensions. Or else, the risk is, for the hope of a minimal economic gain, to see a stronger resistance against these agreements that could be exploited by extremist parties and be expressed in the most negative way: an aggravation, if still possible, of the most furious sovereigntisms and nationalisms.

Danger!

To know more:

- Dearden, N., [Think TTIP is a threat to democracy? There's another trade deal that's already signed](#), The Guardian, 2016
- McDonald, Lande and Matanda, [Why Economic Partnership Agreements undermine Africa's Regional Integration](#), Wilson Center & Manchester Trade, 2013
- J.M. Caballero, M. Maetz and M.G. Quieti, [International Trade: Some Basic Theories and Concepts](#) in "Multilateral trade negotiations on agriculture - A resource manual", FAO 2000

Earlier articles on hungerexplained.org related to the topic:

- [The dark side of chocolate: a comparative study of 'conventional', 'sustainable' and 'fair trade' cocoa value chains](#), 2016
- [The European social model - The story of a political mistake](#), 2015
- [International trade in agricultural commodities](#), 2014
- [Imposing the liberal economic model](#), 2013
- [Agriculture and environment: UNCTAD's wake up call](#), 2013.