

TTIP & CETA GROWTH OVER WELFARE

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Ofentimes discussions about the Transatlantic Trade and Investment Partnership (TTIP) or the Comprehensive Economic and Trade Agreement (CETA) is very detailed. Therefore, it can be helpful to take a step back. CETA and/ or TTIP must not only be approached at the level of rates, growth rates, the chlorine chicken, and controversial ISDS. What is the purpose of these trade deals? And is that purpose justified?



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“We pray that peoples of all faiths, all races, all nations, may have their great human needs satisfied; that those now denied opportunity shall come to enjoy it to the full; that all who yearn for freedom may experience its spiritual blessings; that those who have freedom will understand, also, its heavy responsibilities; that all who are insensitive to the needs of others will learn charity; that the scourges of poverty, disease and ignorance will be made to disappear from the earth, and that, in the goodness of time, all peoples will come to live

together in a peace guaranteed by the binding force of mutual respect and love.”

These wonderful words were spoken by President Eisenhower during his farewell address¹. In the same speech, he expressed his concern about the growing influence of large international companies and in particular the Military Industrial Complex (MIC) in the United States (U.S.). The words of Eisenhower remain relevant today, for instance in light of the free trade agreement that is negotiated between the European Union (EU) and the U.S.

THE LIMITS OF GROWTH

What are the risks of a treaty that focuses on “growth” above all else? Economic growth, whether induced by TTIP or otherwise, also bears negative consequences. As the banking sector once again proves: unlimited and perpetual growth is impossible. It is a natural principle reflected in nature, people’s lives, and the economy. Growth requires energy. Our unrestrained pursuit of economic growth means that resources and energy are required in larger quantities than ever before. As of yet, our economies and demand for energy are not sustainable. Rather than striving for additional growth, perhaps we should learn to limit ourselves.

Considering the looming shortages of raw materials, climate change, terrorism, famine, and the refugee crisis, should we not set other priorities than economic growth alone? Under the current circumstances, the U.S. and EU should seek cooperation in a transition towards a sustainable economy. In this transition they can take the lead, and push for worldwide standards. Such an alternative to TTIP would suit an economy that promotes well-being and life, as included in the work programme of the European Christian Political Movement (ECPM):

“In essence, economy is about life. The purpose of all economic activity is to support life and advance the well-being of all. The economy is meant to provide sufficient means for all people in order that family life may be supported, to make people’s creative talents flourish, and to find solutions for the problems they face.”

THE PRICE OF CHEAP

The European Commission (EC) and the majority of European governments present TTIP to the general public as a beautiful future comprised of increased consumer choice at a lower price. For example, an import tariff of 8% is currently imposed on U.S. shoes. Should this rate be abolished, the price of U.S. shoes will go down in Europe. Do consumers experience a lack of choice? Are shoes unreasonably expensive? Professor Dr. Ewald Engelen,³ Financial Geographer at the University of Amsterdam, summarises this restrictive view of the citizen as follows: “Consumers receive a warm welcome, citizens are inconvenient.”

A decrease in prices would first and foremost result from lowered import tariffs.

It is expected, however, that price reductions will not stop there. Additional price competition could lead to a feared “race to the bottom.” Should this come to happen, “cheaper” can only be realised at the expense of suppliers of raw materials, labourers, animal welfare, and the environment. I will give an example of the risks posed to sustainable agriculture.

In the U.S., end products are assessed on the basis of quality and safety, whereas in Europe the entire supply chain is checked and verified, from beginning to end. One of the proposed goals of TTIP is that the EU and U.S. will recognize each other’s standards as being “equivalent and safe.”⁴ Yet the safety of an end product is a “limited” standard, since the entire process matters. European production standards for poultry meat result in a more expensive product when compared to equally safe U.S. chickens. Additional competition based on assumed equally secure, but less sustainable chicken provides no incentive for the sector. In a free market, sustainability is no coincidence. Sustainability needs protection.

GUARANTEES

Is this not the intention of TTIP? Does not the EC speak of human rights, respect for the environment, animal welfare, and fair trade? The position taken by European negotiators is clear: they think fair trade and sustainability to be important conditions. Yet the pursuit of growth at decreased costs and greater choice, or “increased consumption,” seems to be at odds with these conditions.

For example, the EC proposes that “EU climate legislation is not part of the TTIP

negotiations. On the contrary, TTIP will support our climate targets, for example by promoting trade and investment in green goods and services.”⁵ The question will be, however, how this statement would come to translate into practice. Such reticence is also expressed in the advisory report on TTIP by the Dutch Sociaal Economische Raad (SER; the Social and Economic Council of the Netherlands): *“Bilateral agreements provide an opportunity to address (...) sustainability. Yet more is needed than flowery speech alone.”*⁶ Due to a lack of transparency, the U.S. negotiation goals are unclear. The question remains if any guarantees can be given. Furthermore, differences of opinion prevail, even on sensitive issues. In the words of Dutch MP Eppo Bruins:⁷



MP Eppo Bruins

“In sections where the EU and U.S. still disagree, there is an evident clash between the texts proposed by both parties. In these texts, we see a harsh and grim reality: There is no

way the U.S. will agree to X, or it wants more of Y. Particularly in the areas of food and agriculture, major differences remain to be bridged between the EU and the U.S. This was to be expected, because it is precisely in those sectors where big ethical issues and visions for the future differ significantly.”

One does not have to believe in conspiracy theories to worry about the outcome of negotiations primarily driven by economic growth.

COMPLEX REALITY

There has been much criticism of TTIP’s secretive and undemocratic procedures so far. The EC paid close attention: since the start of the fourteenth TTIP negotiations round, it published most of the European proposal texts. Yet the provision of information remains a point of difficulty, and is obscured by the EC’s exclusive provision of positive information. In addition, the complexity of the subjects concerned undermines a balanced estimation of all risks ahead of the treaty’s implementation.

In the debate between proponents and opponents of TTIP, both sides attack each other based on conflicting figures. As there is no consensus about the expected impact of TTIP, there is equally little evidence to guide the discussion. Does the number of studies count? Or is that one critical paper by Jeronim Capaldo, in which economic growth created by TTIP is doubted, the most reliable source? The response of Minister Ploumen to parliamentary questions⁸ about the meaning of the report published by Jeronim Capaldo highlights the information struggle:

“Capaldo’s criticism of assumptions in existing analysis was to be expected. After all, every study, in order to model reality, must make assumptions about a reality that is more complex than its assumptions reflect. This holds true for Capaldo’s study too: his assumptions can be debated as well.”⁹

Those facts are, as Minister Ploumen rightly points out, “models of a more complex reality.” This applies to both affirmative and critical studies on the expected impact of TTIP. The EC and the majority of European governments want to proceed with TTIP, as can be drawn from the information that is provided. This is not so much “wrong,” but rather one sided. Too easily criticism is played down by a flat-out “no – only after the negotiations will we know,” and clichés like “these are the facts.”¹⁰ But fact is, that we are not there yet! In the case of such a large-scale treaty like TTIP, the ultimate effects are difficult to predict. Yet there are historical precedents. The benefits of the NAFTA trade agreement between Mexico, the United States, and Canada were less substantial than expected. Moreover, the agreement produced a number of unexpected losers. In its report, SER too warns against unreasonably high expectations: *“the most authoritative studies indicate that TTIP may bring additional economic growth to Europe and the Netherlands in the order of 0.5 per cent to 2 per cent, spread across a period of ten years. (...) It is therefore – and with the NAFTA lessons in mind – prudent to cautiously estimate growth effects.”* The question is whether the solution lies with an additional investigative report. A financial addendum about the uncertainty and risks in the communication about the expectations

surrounding TTIP would seem appropriate.

USEFULNESS, NECESSITY, AND ALTERNATIVES

However, the discussions based on figures only cloud the debate on the usefulness and necessity of TTIP. By no means are we bound to TTIP, and alternatives exist. In the fuss around TTIP we must continue to bear those alternatives in mind.

There are two that I would like to name in particular. Those who read the report¹¹ *Trade, time for a new vision* immediately identify principles that Christian politicians in general, and the ECPM in particular, can support. The report provides a large number of principles that should be included in a fair and honest trade agreement. Examples are:

- Human rights and environmental protection over business and personal interests;
- Democratic and transparent processes;
- Room for national governments to regulate and promote sustainability.

Additionally, SER published a report¹² laying out principles that should be met by TTIP and other (future) trade agreements. This EU “golden standard” consists of:

- A sustainable increase of social welfare, inclusive approach of emerging economies;
- The promotion of European values, the protection of human and labour rights, the environment, democracy, and the rule of law;
- The ability to maintain and increase a high level of protection;
- Political margin to adequately guarantee and improve the protection levels of hu-

man beings and the environment;

- Freedom to exclude services of public interest from treaties;
- Policies to repair negative effects;
- Securing public support and transparency;
- Timely communication of sustainability impacts.

PAST, PRESENT, AND...

Unfortunately, what President Eisenhower hoped and prayed for did not become reality. We continue to see a world and societies in which people's opportunities are denied. In this world, many yearn for freedom. We enjoy freedom ourselves, but do we really understand the responsibility we bear for the freedom of others? As Christian politicians, we are proponents of developmental work, deployment of armed forces for peacekeeping missions, and fair trade.

But do we really understand that everything we buy in our Western society, consume, and dispose of, affects the lives of people elsewhere? When it comes to the principles cited by President Eisenhower, the U.S., European countries in general, and the EU have chosen a different path: the path of neoliberalism and "consumables."

The European and American legacies are double-sided: we left the world much good, but also caused a lot of damage and mischief. Recently, a number of high-ranking European national government officials and politicians criticised the progress made during the TTIP negotiations. *"Although no one will really admit, the negotiations with the U.S. have in fact failed. The reason being that we Europeans do not want to give in to*

the demands of the Americans," said German Minister of Economic Affairs Gabriel in an interview with German broadcaster ZDF. French President Hollande even expressed his interest in cancelling the process altogether, clearly indicating the negotiations hit troubled waters. Although election rhetoric will play a role in both cases, here too "political" interests seem more important than the underlying why question. No matter what will come of TTIP, valuable lessons can be drawn from the process. Lessons that will be relevant for the survival of the EU and future transatlantic cooperation between Europe and the U.S.

FUTURE

In these times of increased threat, a world in turmoil, and shortages of (fossil) energy and other resources, the U.S. government and the European Commission decided to focus on (economic) growth, by means of augmented consumption and choice, and lowered prices. Not economic growth (which implies more debt) but the welfare of people and the world in which we live should be the basis for future policies and trade deals like TTIP.



Endnotes:

- 1 Eisenhower, D. (1961). Military Industrial Complex Speech. <http://mcadams.posc.mu.edu/ike.htm>, or: https://www.youtube.com/watch?v=OyBNmecVtdUhttps://www.google.nl/url?sa=t&rct=j&q=&esrc=s&source=web&cd=3&cad=rja&uact=8&ved=0ahUKEwj187euwv3O-AhXJHxoKHRucA8oQtwilljAC&url=https%3A%2F%2Fwww.youtube.com%2Fwatch%3Fv%3DCWIl-YW_fBfY&usq=AFQjCNH6d2eNKRszqFZ7SNy0R_aEdXuk1g
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- 5 European commission. (2015). Fact sheet on Trade and Sustainable Development (TSD) in TTIP (download).
- 6 Economic and Social Council. (2016). Opinion TTIP: Transatlantic Trade Investment Partnership. The Hague, 31.
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- 12 Economic and Social Council. (2016). Opinion TTIP: Transatlantic Trade Investment Partnership. The Hague, 32–33.

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