The Trans-Pacific Partnership (TPP) in the global 'trade' policy of the U.S.

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The so-called free trade agreements have been characterized by the secrecy with which they are negotiated, and the level of secrecy that surrounds them has increased with each new treaty: NAFTA was negotiated very "discreetly," CAFTA even more so, the US-Colombia FTA broke the previous record, and the Trans-Pacific Partnership (TPP), currently being negotiated, has maintained almost absolute secrecy with respect to the details of its content and the negotiations.

This should come as no surprise because each new agreement that is signed becomes more and more damaging to national economies, with more rules for everything, from the price of medicine to the quality of food, ever more restrictive limits that reduce the capacity of governments to implement public policies of social benefit, more rights conceded to multinational corporations to challenge policies on patents, and an ever expanding power that permits "investors" to take sovereign governments to "trial" for supposed violations of their rights. In all aspects the TPP appears to go even further than all the previous agreements, which is why it has been referred to as "NAFTA on steroids."

In addition, what we know for sure about the Trans-Pacific Partnership, the crown jewel of Barack Obama's trade policy, is that it is a project initiated by the United States in which eleven other countries are participating, namely: Canada, Mexico, Chile, Japan, Malaysia, Australia, New Zeeland, Singapore, Vietnam, Brunei and Indonesia. According to official information, Trans-Pacific could become the largest trading bloc in the world, encompassing a population of 700 million people, representing about 40% of the world's gross domestic product. We should mention here that China is not included in the agreement.

To gain a global perspective of the significance of this agreement, beyond the extreme level of neoliberalism it aims to achieve, it's important to review a bit of history and take note of other current developments.

In the early 1990s the U.S. government, while promoting NAFTA with Mexico and Canada, launched, under the first President Bush, the trade initiative that was intended to include the entire hemisphere: the FTAA. This project ran aground largely due to the opposition by Brazil and other South American countries that were seeking their own arrangements of economic integration. As a result, successive U.S. administrations decided to negotiate treaties with individual countries, if necessary. So once NAFTA was negotiated, Washington pursued a regional trade deal with Central America that became CAFTA, and then the FTAs with Colombia and Peru, which were delayed a few years because of the widespread, grass roots campaign against them, particularly in Colombia, The Peru FTA did not go into effect until 2009 and the Colombia FTA, not until 2012, finally implemented by the most neoliberal government in Colombia's history, that of President Juan Manuel Santos.

As these policies were being pursued with respect to Latin America, Washington also attempted to take advantage of the situation resulting from the fall of the Berlin wall, by forming a financial and commercial structure over which the United States and its economic monopolies could exercise hegemonic control: the World Trade Organization (WTO). After many ups and downs, including the debacle in Seattle in 1999, and subsequent “rounds,” the U.S. locomotive was losing a lot of steam, in this case due to the opposition by a number of countries opposed to the ideas of the Washington Consensus. Eventually these countries, Brazil, Russia, India, China and South Africa made up the so-called BRICS bloc, the role of which is very important in gaining an understanding of the current geo-economic and geopolitical moment.

These countries lie outside of the economic centers that are Europe and the United States. China has become the second economic power in the world and the generator of what little capitalist growth there has been over the last few years. Russia supplies oil and gas to Western Europe, which has become more and more dependent on Moscow. South Africa and Brazil have become countries that are attempting to control their own respective economic regions in Africa and South America, with their big business enterprises trading and investing capital in their respective continents. The economy of India also plays an important role, although it doesn’t compare to China in magnitude and rate of growth. Three of these countries --Russia, India and China-- are nuclear powers, and the other two have the technical capacity to easily join this club. The BRICS represent 40% of the world’s population and approximately 20-25% of the world’s GDP.

In the analyses of the significance of the TPP, commentators have emphasized several important aspects: for example, that the TPP is a U.S. response to China, which has been establishing strong economic ties throughout Asia; that the United States maintains military relationships of one kind or another with all or almost all of the countries taking part in the negotiations of the TPP: Australia, Japan, Malaysia, New Zeeland, etc.; and that in practice the Trans-Pacific Partnership will become a “NATO of the Pacific," designed to strategically encircle China. All of this is true: the TPP reflects the Washington strategy of "containing" China and economically dominating the Pacific Rim. But in order to "see the forest and not just the trees" we must consider another initiative announced recently by Obama. While the TPP was initiated back in 2005, Obama put a new agreement on the table just a year and a half ago, in January of 2013: the Transatlantic Trade and Investment Partnership (TTIP), which would unite the economies of the nations of the European Union and the United States. Together, the two agreements, the TPP and the TTIP, would cover more than 60% of the world's gross domestic product. The two agreements exclude Brazil, Russia, India, China and South Africa, the BRICS countries.

Just as the United States pursued bilateral trade agreements as a response to the defeat of the FTAA initiative, the simultaneity of the two agreements currently being negotiated, the TPP (Pacific) and the TTIP (Atlantic), can be seen as a solution to the difficulties the WTO has had in trying to impose liberalization, and as a new effort to establish a financial structure under WTO control, allowing Washington to continue at the head of a unipolar world, a strategy which serves as a counterweight to the challenge of the BRICS.

This analysis is more or less what a spokesperson for the Washington Consensus --the Harvard economist and ex official of the State Department, Richard Rosecrance-- has stated. He declares frankly in a recent book (*The Resurgence of the West: How a Transatlantic Union Can Prevent War and Restore the United States and Europe,* Yale University Press, New Haven, 2013) that "Unless these halves of the West can come together, forming an even greater research, development, consumption, and financial whole, they will both lose ground. Eastern nations, led by China and India, will surpass the West in growth, innovation, and income — and ultimately in the capacity to project military power."

Obama still has a lot of work left to do. There remain important obstacles to overcome in the TPP negotiations. Wikileaks documents reveal as many as 19 points of disagreement solely in the area of intellectual property. Japan does not look favorably on the idea of opening its markets to agricultural imports. With respect to the Transatlantic negotiations, disagreements over the regulation of financial activities have hindered the process. Snowden's revelations have shown that the positions of the EU negotiators were known by U.S. intelligence, something that doesn't inspire confidence in the Europeans. Even Merkel can't feel secure when she uses her cell phone in the women's restroom of her own office!

Another issue that doesn't inspire confidence in either Asia or in Europe is Obama's inability to obtain a vote in favor of "fast track" authority, without which the two agreements would suffer a premature death in the halls of the U.S. Congress. Unlike previous cases, to pass these agreements the president now has to overcome, from the start, strong opposition to "fast track" authority. This political change stems from the growing opposition to free trade agreements among voters, within both parties. Among Democrats an increasing number of voters, according to various opinion polls, have become increasingly convinced that these types of agreements, beginning with NAFTA, have resulted in the transfer of good U.S. jobs to other countries, where multinational corporations can impose onerous conditions and take advantage of existing poverty wage rates. In an economy that is having difficulty overcoming high unemployment, supporting policies that will result in more lost jobs is not seen as a winning formula by politicians. The economist Paul Krugman, one of the Democrats' favorite spokespersons and a died-in-the-wool defender of previous trade agreements such as NAFTA and CAFTA, has warned that the scope of the Trans-Pacific, if approved, will cause a serious negative impact on other political issues that are stressed during election season, such as the fight against unemployment, poverty and social inequality. We should keep in mind that Congressional elections are coming up in a few months. On the Republican side, the "extremist" Tea Party wing, whose influence has been decisive in recent Republican primary elections, is opposed to these agreements for several reasons: a confused xenophobia, the paranoid fear of giving "fast track" authority to a president they hate, or, in the case of small business owners, the fear that these agreements will negatively affect them. In short, the opposition is greater than before and of the kind that causes division within the parties and puts the politicians in a difficult spot.

In the conflict between the United States (and its allies) and the BRICS it is to be expected that with each advance by one side there will come a response from the other. So it's not surprising that the latest U.S. maneuver to create a financial structure that would fill the role that the WTO was unable to, the BRICS announced, at the end of a conference held in Brazil after the World Cup, the creation of a new BRICS Development Bank, which will contribute to financing sustainable infrastructure projects in developing countries and guarantee the financial stability of the emerging bloc. Joseph Stiglitz --the Nobel Prize-winning economist, professor at Columbia University and the World Bank's former chief economist-- has stated recently on *Democracy Now!*

that the new Development Bank is “very, very important, in many ways. [It] is adding to the flow of money that will go to finance infrastructure, adaptation to climate change—all the needs that are so evident in the poorest countries. Secondly, it reflects a fundamental change in global economic and political power, that one of the ideas behind this is that the BRICS countries today are richer than the advanced countries were when the World Bank and the IMF were founded. We’re in a different world. At the same time, the world hasn’t kept up. The old institutions have not kept up.”

The BRICS alliance represents, at the economic level, the response from the global South and East to the economic hegemony centered primarily in the North and the West. The New Development Bank (NBD), launched in Fortaleza, Brazil, is intended to eliminate the IMF monopoly on the distribution of funds based on structural adjustment programs in accordance with the Washington Consensus, and to develop a financial structure that is more in line with sovereign and sustainable growth and in which each State can intervene directly in matters of economic development and social justice. The Trans-Pacific and Transatlantic agreements represent the U.S. response not only to the failure of the WTO initiative but also to the challenge posed by the BRICS. In this way the United States is taking steps toward a financial organization that will allow it to maintain its hegemony on the basis of preserving the dollar as the global currency and market fundamentalism as the supreme arbiter of social conditions within each country and of relations among nations. In this confrontation, which will surely have many ups and downs, it will be decided how much longer the world will continue to be unipolar, and how soon we will be living in a multipolar world.