



Good News for the Alliance System:

TPP completed; on to TTIP?

The importance of the trade pacts for the evolving Atlantic-Pacific system

Ira Straus

The Alliance System is being supplemented by major new trade agreements: the Trans-Pacific Partnership (TPP) and the Transatlantic Trade and Investment Partnership (TTIP).

The Trans-Pacific Partnership (TPP) negotiation has been completed. The ratification battle begins now, and will soon end -- hopefully in success, since the public strongly supports trade, but there are no guarantees since powerful special interest groups oppose it.

Western negotiators want the Transatlantic Trade and Investment Partnership (TTIP) to be completed next, and ratified by the end of 2016.

If the two agreements both come into force, the Western Alliance will have grown into a more comprehensive economic and security community than in the past. It will have risen to a level in-between the Unity level it had hitherto achieved by the combination of NATO plus OECD, and the Union level achieved inside its European subspace by the combination of the EU plus NATO.

These deals go far toward creating a sense of a common economic space -- a space that is somehow ours jointly, a common turf for mutual interaction, where the terms of interaction are pretty much the same throughout the space. This is of great importance for business planning and expansion. It is also of great importance to the maintenance and upgrading of the "we-feeling" that is essential for the alliance system.

Ratification of TPP, followed by completion and ratification of TTIP, are the most important and hopeful tasks facing the alliance system today.

The systemic gains need more attention, on top of the economic gains

TPP and TTIP need to be seen not only in terms of their considerable economic benefits, but also of their still larger benefits in other spheres.



International agreements have to make practical sense in themselves, if they are to work. But they also generally serve a wider purpose in drawing countries together. This is very much the case with TPP and TTIP.

During ratification of TPP, the debates will focus on its specific provisions and effects -- the economic and regulatory pluses and minuses. The actual stakes are much higher than that, however. The existence and cohesion of the shared, structured Atlantic-Pacific space is in itself a major plus for America and for all the countries involved with it. The pact reinforces this space.

This unified space is a whole that is greater than the sum of its parts. It is a whole that consists not only of its parts, but of systemic interrelations among them that add to them each, and that create an entity on the system level that has value of its own.

In the more immediate economic and regulatory sphere, where the ratification debates will take place, the actual balance of the agreement will be highly positive, but the feeling about it will probably come out only far less positive than the reality. Pains and fears are generally felt more strongly than pleasures. Economic pains are felt sharply; and economic pleasures, or marginal gains, are decidedly humdrum, the opposite of orgasmic. That is why trade-offs are often called “painful trade-offs”, yet recommended as overall gains at the same time. Pains take on an exaggerated size in the mind compared to ordinary pleasures, and an exaggerated weight in what Freud called the “economics of the libido”. This has a distorting effect on the judgment. To correct for the effect and arrive at sound judgment, one needs to recognize that one has an interest in the whole and its overall gains, not just in the parts which must necessarily make trade-offs.

Three tremendous non-economic advantages of the pact

The TPP has specific advantages in realms beyond the economy; so does TTIP. Here are some of TPP’s advantages for democracy, reform, peace, and stability:

1. TPP strengthens democracy in the Pacific region. It gives the American role in Asia a foundation that is more organic, legitimate, effective, and sustainable than in the past. It protects small countries from the pull of Chinese economic domination, a pull that has already been exercised in harsh coercive ways; it instead pulls China, steadily and naturally, toward liberalization.

It would be hard to overstate the importance for Americans of having the Pacific Rim as a unified space oriented toward democracy, and linked at the hip with the modern democratic



West. This is the very reason why Hillary Clinton made TPP a centerpiece of her main policy initiative as Secretary of State, the “pivot to the Pacific”. It seems fair to credit her with really meaning what she said back then; she was a responsible Administration official, and wasn’t yet competing for the votes of her party’s ideological base, or trying to position herself to the left of Obama.

2. TPP promotes positive domestic reforms in the Asia-Pacific area. Countries in the Pacific Rim are counting upon it to motivate domestic reforms that they know they need.

Japan is a major case. Its difficulty in making changes through its political system is notorious. It has become sclerotic, stagnating for twenty years. It had a hard time even deciding to join the TPP negotiations. It is counting on the treaty to provide incentives and build up interests in favor of making the necessary changes.

Conversely: rejecting the treaty would do damage not only to the prospects of domestic reform, but to America’s strategic friends who are trying to make the reforms.

Now that Japan has joined TPP, and paid the political price for making real commitments and compromises in the negotiations, it would feel betrayed if the U.S. abandoned the deal. America’s supporters in Japan would pay heavily for it. We would face a less friendly Japan, one with which our alliance would be much more strained.

The same would be true in every one of the other countries. To reject the treaty would be to abandon our friends in each of them. They went on a limb for us to make this treaty. If the U.S. failed to ratify now, the pro-American political forces throughout the Pacific would be left in the lurch. It would have much in common with the way thousands of Iraqis and Syrians, who collaborated with America and trusted it to prevail, have been left hanging out to dry, and -- many of them -- getting killed off by those whom we have ineffectually opposed, Assad and the Islamic State. Fortunately in most cases in Asia, unlike the Mideast, it would be only a political death our friends would risk, but the harm to American interests would be no less for that fact.

(For the U.S. too, incidentally, TPP and TTIP are useful for motivating domestic economic adaptation and vitality. This may be something that no American politician would dare to say, in contrast to Japanese politicians who talk openly about how the treaty can help motivate them to do what they need to do domestically. Nevertheless, it is real, and the pacts will help us on it. Every member state within the United States needs free trade with the 49 others, in order to maintain vitality and competitiveness and avoid sinking into unsustainable habits. Establishing Union-wide free trade was the largest single motivation for the Constitution, which empowered



the structures of the Union to override the protectionist pressures coming from local structures and special interests. This created a balanced combination, two centuries ago, of our full-scale union for trade within our extended Federal “self”, and our looser trade arrangements internationally. Today our need for competitive adaptation remains very real on the international level; in a globalized world, we would get into real trouble if we degenerated into protecting too many old habits. The safest way to ensure adaptation is by a balanced combination of careful global trade agreements and more far-reaching unions for trade with countries that are close to being on our own economic level.)

It is a troublesome problem, but a limited one, when some followers abandon the leader. It is an unlimited problem when the leader abandons the followers. The leader ends up alone, too. Things fall apart when the center fails to hold. America cannot afford to bring upon itself such a loss throughout the Asia-Pacific region. It needs to ratify TPP.

3. TPP strengthens peace and cooperation internationally. Trade is the most important single form of cooperation that exists among countries. It ties their peoples together into a larger whole. It enables them to cooperate sincerely, in freedom not out of coercion. It enables them to learn of their own choice to work with one another on a daily basis and reap mutual benefits. Stable trading arrangements make for peace and prosperity.

This was a verity well known to America’s Founding Fathers. They counted on free trade to cement the Union, and they made sure that the Constitution of the Union would cement the freedom of internal trade.

These are no small gains. Even if the economic benefits were marginal, the gains in these wider spheres would make this a pact of tremendous positive value.

Strong Support for Trade from the American Public

Fortunately, the general public is strongly supportive of free trade pacts in general, and has been for the present two pacts in particular. A false impression of popular opposition to trade has been created by special interest groups, among which one would have to count a large part of the chattering classes in the country. Surveys show that public support for trade is actually impressively solid.

The public supports past free trade agreements by a supermajority: [58 to 33 per cent](#). For the two pending agreements, the supermajority is still larger: Americans support the Trans-Pacific TPP by 63% to 31%, and support TTIP with Europe by 62% to 29%. Even “globalization” is



overwhelmingly endorsed as mostly a good thing ([65% vs. 34% bad thing](#)), despite the massive demonization the word has been subjected to by writers and politicians.

These stunning results, given by surveys taken in 2014 and 2015 by the best polling agencies, show how completely wrong one could get it, were one to assume that the verbal balance in the mass media reflects the general public balance. It shows that it is also a mistake to assume that ideologically-motivated organizations really do speak for the consumers and the public that they present themselves as championing. For real consumers, in contrast to “consumer groups”, market exchange has always been welcomed for its balancing of quality and cost. For actual economists looking out for the public interest, as distinct from “public interest groups”, the open market has always been a public interest that has to be upheld against the pressures of special interests.

Even with this backdrop of public support, ratification will not be easy. Negativity always has an advantage in making noise in the public space. Special business interests are strong in every congressional district, settled groups of workers are tied to each of them, there will always be some of them that will see trade as bringing pain for their own interest, and the ones that see pain ahead will lobby more actively than the ones that see gain. But ratification is feasible, since the gains outweigh the pains in the big economic picture, and since some people are able to see the still larger picture beyond the economic sphere.

Where did this Atlantic-Pacific space, or “extended we”, come from? Where do TPP and TTIP fit into its evolution as a larger “we”?

“We feeling” is crucial for the functioning of the Atlantic alliance and its Pacific extension. Yet most people, even most policy wonks and international civil servants, are unaware of the history of the development of the combined extended Atlantic world.

This history is important. It is the sort of thing that is nowadays called a “narrative”, used for “construction” of an identity; a language that shows how important it is. Even if one is not attached to contemporary constructivist identity-theory, awareness of the history of the “we” -- and that means the history on the we-system level as well as the level of the separate histories of its parts -- is plainly essential for sustaining “we-feeling”.

It is well worth familiarizing ourselves with the history of the extended “we” that is the Atlantic-Pacific world, even if we must necessarily be brief here.



We may start with an old verity from NATO circles: that, unless the Alliance is deepened in the spheres of economic, political, and diplomatic collaboration, its cohesion will be at risk. Already in the early 1950s, it was said by NATO leaders that a merely military Alliance would be vulnerable to every Soviet peace offensive. And in point of fact NATO is called “obsolete” every time there is relative diplomatic calm. It is overly dependent on military activism to show its relevance. Too many people have heard of it only as a reactive necessity and lack any concept of its intrinsic virtues. The Western intelligentsia has never understood NATO’s actual origins.

NATO’s gestation was rooted not primarily in the problems of 1948-9, but in the experience of the two world wars, and the lessons drawn by the wise men of the foreign ministries and economic elites from the disaster of the interwar years. From 1919 to 1939, the Atlantic alliance was in abeyance; still around implicitly, but in a latent and invisible form, one that proved inadequate to keep the world economy and world security system afloat. The world economy descended into a depression, deepened and prolonged by trade and currency wars, Germany turned Nazi in the chaos, Europe slid back toward world war. That was when Western elites drew the logical conclusions about the need to give the Alliance a strong, visible, permanent structure. In drawing these conclusions, they built on the prior, mostly positive experience of the Atlantic alliance of World War I, which in turn built on the ideas on the Atlantic role in European and global evolution that dated to the Anglo-American rapprochement of the late 1800s. In implementing these conclusions, they had to keep trying until historical conditions made it possible. The opportunity to implement those conclusions came in 1947. They responded with the Marshall Plan and NATO.

The goal of deepening the Alliance economically and diplomatically was included in the North Atlantic Treaty of 1949, in its Articles 2-4 and the preamble, while Article 9 deliberately kept it unobstructed by any procedural rigidity or legal veto authority. The complementary goal of widening the membership appeared in Article 10. The NAT clauses for widening and deepening were general and permissive, not as strong or committing as the similar clauses in the EC-EU treaties, but nevertheless present as a guideline for the future.

Deepening in fact materialized in stages after 1949: the first NATO review of 1954-6, with the NATO Council adopting the report of the Three Wise Men on economic and political cooperation; the Atlantic Union Committee, which spurred parliamentarians to convene the NATO Parliamentarians Conference, which in turn spurred the convening of the Atlantic Congress of 1959 and Atlantic Convention of 1961, which in turn called for building a “true Atlantic Community”, and specifically an Economic Atlantic and an Atlantic Parliamentary Assembly; the implementation of these recommendations by establishment of the OECD in



1961 and the North Atlantic Assembly (today's NPA) in 1966; the initiation of the G5-6-7 in 1974-5.

Widening of NATO meanwhile proceeded in 1952, 1955, and 1982, and again after 1989.

OECD carried out an additional widening, one that reached into the Pacific-basin. This occurred in several stages: 1964, 1971, 1973, 1994, 1996, and 2010. The Atlantic-West had been gradually growing a Pacific extension wing for a long time prior to 1964; OECD's expansion codified the inclusion of the Pacific wing in the Atlantic system, making for an "extended Atlantic system" or "Atlantic-Pacific system" (the latter being the name given it by [James Huntley](#), founder of the Atlantic Institute.)

Deepening has proceeded in OECD, too, but slowly up to now. A number of plurilateral conventions have deepened OECD willy-nilly. The G7 was a major deepening; so would have been its macroeconomic coordination efforts in the 1980s, but they were not continued.

The new TPP and TTIP agreements are the greatest deepening OECD has ever seen. True, they deepen it in two halves, one Atlantic, one Pacific; this is because some of the socio-cultural issues are different, and it enables the inclusion of several non-OECD allies from the diverse Pacific region, laying grounds for a further OECD widening when some of these countries become socioeconomically ripe. The two agreements could nevertheless be fruitfully linked later on.

Renewing the vitality of the Atlantic-Pacific world

It is being widely reported that TPP has 40 per cent of the world's economy. This may exaggerate slightly -- 36 per cent may be more accurate -- but either way, it is a lot to have in a single common trading space. It's an encouraging fact to have this larger "we", at a time when many people believe we are declining and China is overtaking us.

Even more important is the fact that the core Atlantic area, which would belong to the TTIP agreement, has even more -- a bit over 40 per cent of the world economy. This is a highly cohesive "we", one that China will find it hard ever to overtake.

Most important of all is the fact that, combined, the TPP plus TTIP spaces have 60 per cent of the world economy. This is a space that would literally be impossible for China ever to catch up with, barring its devastation in war, since its population exceeds that of China.



Almost all of this 60 per cent in the TPP-TTIP space lies within a socioeconomically and politically cohesive subspace, defined by the classic OECD countries. There are a few OECD countries that are not included as yet in either TPP or TTIP but will be inherently connected with the group, and there are a few non-OECD countries in TPP that are more loosely connected, but their economies are small and balance out; the 60% total is unaffected by them.

This space is best understood as the modernized, deeply westernized sector of the world as it has evolved in the course of history, encompassing the West's extension across the Atlantic since 1492 and across the Pacific in more recent times. It is a highly cohesive part of the world, a lot more cohesive than most other groupings of countries. It is variously called the "industrialized democracies", the "Atlantic-Pacific" space, the "extended West", and the "extended Atlantic". And it comprises 60 per cent of the world economy.

These numbers mean a lot. They tell us that the West still dominates the world economy by a large margin. It has a robust majority share of the world economy. It is several times larger economically than the next largest cohesive country or group of countries in the world. And it keeps growing, horizontally in membership as well as vertically in its domestic economies. This is the secret to why China will never be able to catch up with it.

It also means that "hegemonic stability" is real. It answers the fear, or assumption, that a crisis of hegemony and a conflict of transition is inevitable. That is good news for global peace and stability.

It provides a practical middle course between the Scylla of ceding the international leadership to other powers on an assumption of inevitable national decline, and the Charybdis of leaping prematurely to primary reliance on global institutions. The Atlantic community with its Pacific extension exists in-between the American nation and the world; America plays its global leadership role mostly from within this community rather than facing the world all alone. It is the actual hegemonic force of the last century, and, in incipient form, for four centuries before that. It is a sturdier reality than all but a few people have recognized.

There have been repeated statements, on the surface fully authoritative statements from authoritative public thinkers and figures, of the obsolescence of the joint Western structures -- G7, OECD, and NATO; statements that these structures are no longer relevant as the structures of joint global leadership, on the ground that there is a decisive shift in global economic power away from the West. The economic totals mentioned above show that these statements are fundamentally mistaken.



Making those totals visible, by more visibly uniting the Atlantic and Pacific areas economically, would do much to dispel the false impression.

Why have the reports of Western obsolescence been taken so often as objective fact, when they look, in light of the numbers, like a figment of the imagination? In some cases, no doubt, there really has been an ideologically-motivated imagination at work; Jim O'Neill said he was looking for a non-West to believe in, when he came up with BRIC and started projecting it as the core of the future world. In other cases it is just a product of an optical illusion, a misunderstanding of what the West is.

It is this corrective of perspective that is the most profound benefit of uniting the Western space and making new collaborative agreements such as TTIP and TPP, above and beyond the direct economic gains, above even beyond the wider gains for democracy, domestic reforms, international security, and peace. It is the software-soul of the institutional hardware of the collective West, the linchpin of the systemic element that makes the whole greater than the sum of its parts.

The future as well as the present looks much more hopeful for the West, when we look at the actual West and the actual numbers. The West continues to extend its geographical span and membership, gradually but organically. Thanks to this, its share of the global economy has not shrunk cumulatively, not even when some other large countries begin catching up rapidly in their domestic economic conditions -- and there are always some hitherto backward countries that are moving into this fast catch-up phase. Rather, it has been stable over the long term, after correcting for temporary ups and downs.

It is important to understand that "temporary" in this context often means one or several decades, not just a few years. This is the interval that often elapses between the major expansions in Western membership, and also the interval often spanned by national growth spurts elsewhere. Such long intervals can lead people to forget that the West's expansion is still going on under the surface, as countries continue westernizing everywhere. There will always be some writers who think of the surface trends as permanent reality. Superficiality always somehow speaks in a tone of profundity, as if to be speaking for history itself -- until reality brings its predictions crashing down. The decline of the West has been predicted and massively believed in during every decade since Spengler coined the phrase in 1919, and was predicted by romanticist cultural elites in Germany and Russia for a century before him. It has proved false every time. It has led the countries that have put their faith in it, from Imperial Germany to Communist Russia to Nazi Germany to Communist China to Islamist Iran, to a spurt of enthusiasm in the triumph of their spiritual will, followed by self-mutilation and isolation. The



decline they suffer is real, not just pictured in the mind; their crash is fatal, not something that can be wished away in another triumph of the will.

Avoiding the mistakes of the Western-decline perspective is, in fact, needed as much by non-Western countries as by the West itself. The perspective of the Western Whole carries the promise of saving us from mistakes great and small. It can spare the world manic-depressive cycles. It can stabilize the world order; as in fact to a large extent it did, cumulatively, in the half-century after 1945.

While we have seen that the West does not decline, when smoothed out over the decades and viewed over the centuries, nevertheless, a long-term decline of the West can still be made to appear real, even seemingly proved, on paper, and even over a period of centuries. This can be done if one counts the West as if it were as an eternally fixed space that exists outside of history, not the concrete historical society that is the actual West, with its changing spatial span in the course of the same centuries. It is done, e.g., by counting North America as western in 1400, or Germany as western in 1940, or by failing to count Japan as western today, or by supposing that no more countries will ever join the West in the future. All of these sleights of hand have in fact been performed in the most important presentations in the last decade on the decline of the West -- the ones that have become the consensus presentations in the media of the West itself, the ones that have come from major journalists and scholars and politicians, and even from Goldman Sachs and from official CIA prognosticators. They are all counting and comparing the wrong things. They all end up with a miscount of reality.

The actual, geographically-growing West has not shrunk economically, relative to the (geographically shrinking) "the rest". There is no reason to presuppose it ever will decline. As "the rest" grow domestically, the West can be expected to continue absorbing those "rest" countries that grow to within its socioeconomic range.

This hopeful prediction may be made with some confidence, but it comes with one proviso: it will work out this way as long as the West remains relatively united, and as long as it retains a tolerable measure of self-confidence.

This proviso tells us where the West's real points of historical vulnerability lie. They lie, not in domestic economic decline, but in the international structures of its unity: in their abilities, and in its conception and perception of them. The West-West international structures are as yet fragile. They fall far short of the solidity of their member nation-states in patriotic attachment, and far short also in their practical competences.



The weaknesses in the joint institutions explain the deficit of Western confidence in its own unity, or even awareness of it, and of understanding its importance for where the world is heading. These subjective deficits in turn constitute one of several objective deficits in the entire system of unity.

The deficit of confidence and spirit is partly, to be sure, a product of anti-Western ideological trends. If one wished to undermine the West at its weakest link, the preferred link to undermine would be the joint West-West international institutions. There have in fact been efforts to undermine the West at this link, such as the violent demonstrations that have regularly occurred outside the G7 demanding its dissolution. On the level of high culture, there has been the narrative on the decline of the West before BRIC and the need to phase out its global leadership structures, which has at times had effects symbiotic with the riots on the street level.

However, as we have indicated, the deficit in confidence is also partly a function of the objective gaps in the West's unified structures, coupled with their low visibility, the inadequate history they give of themselves, and their dull bureaucratic tone. These are the factors that make them vulnerable to undermining by mobs and ideologists.

An obvious solution is to look for ways to fill in some of the practical gaps of the West-West institutions. This adds both to their objective strength and to their subjective visibility. It renews their élan.

And this is a purpose that the TPP and TTIP agreements are well suited to achieve.

A footnote to this. Personally, I think it is in the capacity for joint diplomatic and strategic action, not in its economic cohesion, where the West is in greatest objective need of reinforcement. Nevertheless, perception is also a reality. It is in the economic sphere that the predominance of the West has been brought into doubt in public discourse; it is there that the strengthening of the common space and renewal of its visibility will accomplish the most at this time. By making manifest the error in the predictions of the decline of the West, economic union renews the perspective for diplomatic and security collaboration, restores a propensity to bandwagon with the West, and reduces the propensity to jump ship and look for other patrons.

That is a great service that TPP and TTIP can perform. It is a service far above and beyond the specific economic gains they can be expected to bring.



Ratification issues

I do not wish to neglect here the ratification issues of detail. While the larger contexts and gains are in reality more important than the details themselves, at the same time the details have to add up to a positive balance, in order to make the agreements viable for their larger purposes. So herewith, an overview of the details that will be the most widely discussed.

a. Economic winners and losers.

The agreements will be advocated mostly on the basis of the specific economic gains they will bring, and attacked on the basis of specific economic interests that will suffer.

A trade-off of winners and losers always occurs when trade patterns expand and shift. It is always painful to make this kind of trade-off; life would be so much easier if it were a matter of win-win for every single interest.

With trade expansion, the winners are greater than the losers. This is particularly true when the trade expansion occurs within a fairly cohesive socioeconomic space; and the TPP space is indeed fairly cohesive socioeconomically, TTIP even more so. But the greater quantity of wins and winners does not mean they will be heard about more loudly than the losses and losers. There is, as we saw at the start, a distorting effect: from the psyche, from the propensity of intense interests to complain, from the media interest in negative and conflictual news, and from ideological interests in opposing the agreement.

This distorting effect makes it important to see the individual gains and losses in a fair, mutual comparative context, if that is possible. Since it is never completely possible, it makes it important to see gains and losses also in the context of the grouping as a whole, not just its parts. We have discussed this in terms of the non-economic benefits of the agreement. It is true also within the limited sphere of economic gains.

In the debates on ratification, the wins and losses in the agreements will be presented often in terms of an “us” and a “them”, with the “them” sometimes winning while the “us” loses. However, it would be more accurate, or at least less inaccurate and misleading, to see it in terms of an “us” and an “extended us”. When the other party makes a gain “against” us, our loss to an extended us with whom we grow as a group, not to a “them” in whose growth we have no interest.

Seen this way, one can accept, just as one does in domestic trade, that there will always be winners and losers. One can understand that we all win by binding together the society and



enabling it to grow more. Not all groups, to be sure, are such cohesive collectivities as to be safely seen as an extended us, one whose growth can be counted on to serve to advance our overall interests and not serve as a base for danger to us. The Atlantic group, and its Atlantic-Pacific outgrowth, really is such an extended us. It contains within itself a large part of our destiny. Its growth is, in an important sense, our own growth.

b. Regulatory issues

The greatest noise is likely to be made in this sphere, if only because it is harder for people to comprehend and easy to raise fears about. The TPP and TTIP agreements are innovative in the regulatory sphere: they work to unite the regulatory regimes of their countries and regions. In a classic example, a car has to be crash-tested and evaluated twice, in Europe and America, to meet their differently-evaluated regulatory standards; yet both standards and methods of evaluation come to essentially the same conclusions. TTIP has been working on ways to get past this sort of situation, whether by mutual recognition of standards, or harmonization of standards, or early trans-Atlantic communication “upstream” on emerging future standards. This enhances both the efficiency of regulations, and the efficiency of doing business: it makes it more truly a common space, for which the same products can be produced for the whole space, and business done without going through a maze of changing conditions at each internal frontier. It reduces waste. It makes regulations more enforceable and more effective. In some cases, inevitably, it involves trade-offs; and in these cases, there tends to be complaining, not to say fear-mongering, from both ends of the spectrum. The Left complains when it is able to portray one side’s regulations as being softened in the deal, even if in reality the portrayal is rarely accurate; the Right complains when it is able to portray one side’s regulations as being increased, even if here too the portrayal is rarely accurate. If there is any give and take on any regulation between two national parties to the negotiation, there will be space for both Left and Right to complain. Overall, the Left will complain loudest and be heard most, but the Right may have somewhat less bad ground for its complaints this time; the Administration that has done the negotiating has strong regulatory propensities, and made additional concessions to the Left in the closing days of negotiations. Nevertheless the Right too is mistaken in its complaint. Both wings ignore two fundamental facts:

i. Both the Left goal of effectiveness of regulation and the Right goal of reducing the onerous burden of regulation are positively served -- upgraded -- by harmonizing regulations. It reduces the patchwork maze that separate regional and national regulations create. Regulation is made more efficient; this makes it easier to have a trade-off in which there is both effective



regulation and efficiency of production. This also yields an inherent upgrading of environmental benefit, because reducing inefficiency and waste in production.

ii. The trade-offs don't just balance out; the very making of trade-offs is itself, as a general rule, a positive-sum activity, a good thing to do. It is clearly good when one is finding ways to expand the space for mutually agreed, mutually beneficial exchanges. It upgrades the average separate interest, adding to the simple whole that is the sum of its parts. And it upgrades, even more, the common interest -- the interest of the complex whole that is a common entity, and that is more than the sum of its parts.

Perspectives for the day after: Ratification and the TPP-TTIP sequence

To get on to TTIP, it is important to ratify TPP. TTIP is less controversial, to be sure, than TPP: the ideological left is against both, and has in fact been against all trade agreements for some decades, but the labor left does not mind TTIP, which expands trade only with comparably rich Europeans and cannot be feared as threatening American wage levels. What labor does oppose, vehemently, is TPP; it fears the competition with the populations of the several poor countries within TPP.

In reality this fear is greatly overdrawn. The poor populations in TPP are not so large, and most of them are already included in free trade agreements with the U.S. TPP is basically an OECD-deepening deal, augmented to include a next rung of Pacific-basin countries on the edges of OECD, crucially bringing Japan into the space of free trade, and tying together the trading arrangements into a regional system. Labor's fears, derived from more understandable fears about global trade and competition with an impoverished global labor force that is several times the size of that of the West, are basically misplaced when it comes to TPP. Nevertheless, it is clear that labor is far more comfortable with TTIP than with TPP, against which it has campaigned in a language of political total war.

If TTIP had been completed and put up for ratification first, it would have been better; it would not be tied to TPP, but might pave the way for TPP. Instead TPP comes first. If TPP is rejected by Congress, it will be a strongly negative signal for the trans-Atlantic TTIP, it would poison the atmosphere for a future TTIP ratification debate, and the negotiations might well lose momentum and die out even before getting to a deal. It is a paradox that defeat of a more controversial TPP could spell defeat also for a less-controversial TTIP, but it is the reality. As we wish success to the core trans-Atlantic TTIP, so we need to help get TPP through at this time.



Following ratification of both, it might become possible to link them into an overarching Atlantic-Pacific economic space. That would be a fairly natural development; and OECD would no doubt like to coordinate such an overarching arrangement. It is a hopeful outlook to carry a person through, as we enter into the battle for ratification.

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