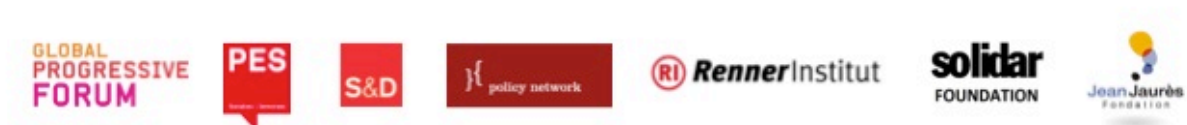


THE FUTURE OF EU-US RELATIONS:

POLITICAL AND ECONOMIC REFLECTIONS ON THE TRANSATLANTIC TRADE AND INVESTMENT PARTNERSHIP (TTIP) AGREEMENT



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Dubito ergo cogito, Cogito ergo sum: **Can the creation of quality employment for all become the main focus of TTIP?**

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There is perhaps no other global political issue at hand that would mobilize so many contradictory opinions as the ongoing negotiations on Transatlantic Trade and Investment Partnership Agreement (TTIP). Since the beginning, brave ambitions to create a new framework for transatlantic relations has been met with much of distrust.

On one hand that is due to the overall disbelief in politics, which populations on both sides of the Atlantic learnt to cautiously apply especially after years and years of debating how unavoidable the impacts of globalization and the financial global crisis are. In this context, it is indeed hard to buy into an idea that there could be a pure, idealistic attempt dictated by a simple sense of mission to search for new paths for growth and prosperity – without suspecting that it is just a façade of an action undertaken rather in the name of so called *big business*. On the other hand, there is still a vivid memory of an incomplete round of Doha trade negotiations, of the threat that Global Agreement on Trade and Services (GATS) carried along, as also of the more recently publically rejected ideas such as regulation on Anti-Counterfeiting Trade Agreement (ACTA). Looking at this context, it is not surprising that neither over 20 years old Transatlantic Free Trade Area (TAFTA) proposal, nor the younger TTIP aggravate enthusiasm among citizens.

The distrust manifested by the European public is essentially an interesting aspect, also because it shows a clear cleavage between the political elites of Europe (represented here by the European Commission (EC)) and the European citizenry. In fact, the European Council mandate to the EC set the expectation for TTIP to become the *beacon of hope*, a long-awaited constructive proposal that enables to move out of the crisis and post-crisis times; seeing it as a possible new engine for growth and hence jobs. In that sense, TTIP was supposed to be finally a piece of good news from the EU side, after the era of the Union being associated with policies that put in place the painful measures of austerity. It is somewhat ironic that the reception of the 'TTIP-idea' is therefore quite the opposite.

This relatively hostile environment makes the majority of politicians from so called 'traditional' political parties feel at best uneasy to take on the TTIP debate. Especially as the number of myths around the negotiations and claims concerning possible outcomes, even if actual text regarding many areas still hasn't been drafted, has been growing considerably. In the context of the European Union, these made the headlines during the European Parliament's elections campaign – as also were the most frequently observed on non-partisan placards accompanying respective electoral rallies across the continent. Although the European People's Party (EPP), PES (Party of European Socialists), Alliance of Liberals and Democrats (ALDE) and European Greens all were trying to frame the debate, so far none of these political families got to be the one to set the actual tone. There are numerous explanations, among them the fact that all claimed TTIP to be an extremely *sensitive* issue -



referring only to respective aspects of negotiations, and not to the larger picture offering a political story of what TTIP actually could mean and should become.

To that extent, the European social democrats seem to find themselves in the most precarious position (out of the four mentioned partisan families at least). While they tend to believe in the numerous studies that TTIP, if successful, can be a 'game-changer'¹ for the 21st century, at the same time they have various concerns regarding its contents and possible provisions. Offering such a "critical, but yes", they risk becoming easily sandwiched between more radical opponents of TTIP (Greens) and more active proponents (EPP).

Furthermore, for social democrats, proving to have a distinctive position may further become a difficult task, taking into account that within the Commission the trade negotiations will be predominantly in the hands of the European Commission's President-elect Jean Claude Junker and the Commissioner Designate Cecilia Malmström. They both originate from conservative background and both using similar phrasing regarding the content, have confirmed that TTIP is one of their (and hence Commissions) 10 top priorities². Their respective interventions have not showed inclination for seeking further debate or compromises, but rather aiming at finalizing the deal (eventually dropping out the most eminent obstacles). In order to counter balance the EPP-dominated herewith approach, the social democrats need a smart, effective political strategy – which emancipates them from the confinement of the statements that "TTIP is very sensitive", and will make them focus on the vocal point that remains their core competence and can show them as the strong political player.

In this context, the essay below makes a case calling for a new strategy of the European progressives on TTIP. It takes therefore three angles.

To begin with, it argues that **TTIP runs a great risk of becoming one of the typical, pan-European, bureaucratic issues**. On the margin of which remark, it is important to say, that in the US it is not appearing differently, as also there many negotiators on the US side tend to be technocrats – often being seen as 'bunch of corporatist lawyers'³. Social democrats need to reiterate the political nature of TTIP, showing themselves as a coherent political family able to unite in the intergovernmental (Council, national parliaments) and communal (European Parliament, European Commission) pillars of the EU. Being themselves no longer a majoritarian political force, they need to think this strategy through in a context of a broader alliance with actors externally to the limited political scene, whose cooperation they need in order to set a new power base for change.

Secondly, the debate have proven so far to be difficult – as there has been a certain cherry-picking of issues on one hand, while on the other no holistic story stands at this point a real chance to work. Not in the above-described climate, which accompanies the debates on the side of both organized civil society and the broader public. Trying to change it by providing eloquent arguments is hard, as the public benefits of TTIP are most illusionary, evidence of casual effects of trade agreements is difficult to produce, and any gains are to be seen only in a long-term perspective and this in itself causes further anxieties. Having that in mind, in order to be successful in setting a new tone and focusing the conversation on the ground

¹ D. Novy, *TTIP has the potential to be a forum which sets 21st century trade rules, but needs more attention and support from the highest levels of government.*, LSE, blogs.lse.ac.uk, <http://bit.ly/1zXCntN>

² Opening remarks by Ignacio Garcia-Bercero – EU TTIP Chief Negotiator, Washington DC 3rd October 2014, www.ustr.gov

³ D. Novy, *TTIP has the potential to be a forum which sets 21st century trade rules, but needs more attention and support from the highest levels of government.*, LSE, blogs.lse.ac.uk, <http://bit.ly/1zXCntN>



that has been the social democratic stronghold, the **European progressives should make it their mission to make the TTIP evaluation criteria predominantly about the creation of quality employment for all**. It does not mean disregard of all the relevant issues (such as transparency of the negotiations, or the particular issues such as Investment State Dispute Settlement (ISDS)), but it means finding a common denominator from which all these other discussion threads can be approached⁴.

Thirdly, the social democratic approach has to be about making TTIP live up to the most genuinely noble expectations that it could become a certain blueprint for both the set up of the transatlantic relations and also for the future global deal. In that sense, in their attitude European progressives have to make TTIP evaluated from the angle in how far it settles the policies regarding the new, “21st century” issues. This means that there is a need to look beyond the defensive lines of today's, which are anyhow in the need of reviewing - taking into account that so many aspirations and standards of i.e. European Social Model have been compressed and lowered in the midst of the recent crisis. In that sense, TTIP should be more forward looking, helping to preserve the precious legacy of the 20th century social deals between labour and capital, while setting rules for the new, fairer and more socially just one. This is why, if it is to be a progressive project – which it is not now, **TTIP must look into questions of arising digital economy, new meaning of the ‘knowledge based economy’ and the processes that technological development induces into the labour market on the two sides of the Atlantic**. It can't remain apart from the societal evolution that is taking place and that is setting the tone for the social reality of the years to come.

Making TTIP political, making strategy constructive

Although the TTIP made it into the headlines and street rallies' placards, nevertheless the actual debates on it have remained relatively confined. Certain, ‘cherry picked’ issues were elevated to the level of symbols, which provoked emotional reactions, frequently angry ones. Because of the obvious fragmentation of the picture, not always their outbursts were either strategic or aimed at the right addressees⁵. To make things worse, it has rather been believed that not much can be done to change the course of the affairs – which fatalistic approach have inspired many to stand on the rejectionists' position. That is especially that though endless amounts of protocols, summaries of public consultations etc. can be read on the European Commission's website, at the same time there is an anxiety that most of the vital arrangements are concluded behind the ‘second’, closed door – where neither politics nor so called *vox populi* are hearable.

This is one of the few points, where both the European political elites (among them members of the European Parliament) and the European citizenry agree. The queries remain why, then, it is so difficult to find the connection and politicize the issue – conquering the grounds with one or another political narrative.

The first possible explanation is that ‘Brussels’ (as the EU is being nick-named frequently) generally appear as an apolitical monstrous creature, which negative picture has only slightly been altered by the recent campaign. Even though there were 4 (5) competing top candidates, still in the end of the day rather that differences in between them – judging from the results, the citizens noticed the cleavage between them altogether and the alternative, radical, extremist and anti-European forces. The appeal of the second group was enhanced

⁴ In that sense following also the PES Presidency Declaratio: *Fair Transatlantic Trade for Jobs and Growth*, 14th June 2013.

⁵ D. Novy, *TTIP has the potential to be a forum which sets 21st century trade rules, but needs more attention and support from the highest levels of government.*, LSE, blogs.lse.ac.uk, <http://bit.ly/1zXCntN>



by the fact that 'Brussels' has become associated in the post-2008 times with the negative policies, which people felt imposed on them and resulting with the loss of jobs and welfare. Since austerity was applied by the governments composed of traditional parties both from the left and right, it is currently more than difficult for any of them to definitely cut oneself from this legacy – regardless if on European or on the national level. Without setting the record straight and moving away from those measures, it will be more than hard if not impossible for social democrats to regain credibility needed to set new tone of the debate on other issues, TTIP included.

The post-crisis austerity and decline of especially social standards is a reason why the overall EU pledges to negotiate the TTIP in a way that would ensure that subsequent laws would reflect “legitimate public choices” is doubted at. Broadly contested ISDS is one of the reasons, as it seems only to confirm earlier exposed incapacity of the singular state to self-determine (in the spirit of “smart” sovereignty⁶) and to seek protection of its own citizens (in the area of i.e. environment). This is, among other reasons, why the trade unions demand that TTIP does not include ISDS (as the provision limiting national and local choices)^{7 8}, while at the same time calling for a clear settlement of the role of state nowadays. This is not just a semantic debate, but a profound question – that social democracy as the fundamentally *etatist* movement itself does not yet have an answer for. This cannot be ‘fixed’ from one day to another, cannot be about sentimental defensive talks.

The other, connected with the redefining of state mission, is the question of the contemporary understanding of what such a “legitimate public choice” would at this point be. That is especially looking at the results of the recent elections across the Union, but also at the number of people abstaining and refraining from participating in the political system.

The public mobilized globally at least twice. In the mid-1990s to oppose the idea that globalization driven by neo-liberal logic was unavoidable. Then many connected in so called “alter-globalist” movements, protesting, but above all deliberating on the alternative scenario. Then, in the mists of the crisis, there was a strong opposition of the public expressed against the existing order and against the discourse according to which for example austerity would be unavoidable. They (Occupy Movements, Indignados, 1% Movement) claimed that another set of policies could ensure a more equitable division of resources and hence allow getting back to balance⁹. Sadly, the policies they were standing up against seem to have outlasted their protests. The cuts became reality, the social standards dropped, the inequalities grew. That led to the situation described by the Eurobarometer as the one in which anxiety of the population is so great that more than a half of the Europeans does not believe that they themselves hold the powers to determine their own lives for longer than over a period of one month. They neither have confidence that the politicians would have it instead. Hence the entire claim regarding the “legitimate public choice” is becoming sadly most ambiguous as a mandate.

The second explanation as to why the fatalistic approach regarding TTIP and the strong disbelief that this is unlikely to be an agreement in the name of the people comes from the fact that TTIP *‘is supposed to be a living agreement – which would create and ensure a*

⁶ See: I. Kaul in “Framing a New Progressive Narrative”, FEPS Next Left vol. 8, FEPS Brussels 2014.

⁷ ETUC – AFL-CIO position on TTIP, adopted at the ITUC Congress on 19th – 23rd May 2014.

⁸ D. Novy, *TTIP has the potential to be a forum which sets 21st century trade rules, but needs more attention and support from the highest levels of government.*, LSE, blogs.lse.ac.uk, <http://bit.ly/1zXCntN>

⁹ See an excellent book by M. Blyth, *Austerity – history of terrible idea*.



*permanent dialogue, whenever new regulations are to be discussed and implemented*¹⁰. This is a noble claim again, which come into a great contrast with the assessments made by the organized civil society and trade unions that generally the actual detailed information regarding proceedings and drafted provisions is missing already now.

In that context the feelings around TTIP are rather the sentiments resembling awaiting a verdict that is likely to be unfair, than seeing in the negotiations a potential opening. Surprisingly it is shared by the political class as well, which (judging from i.e. the statements made in the EP) feels most excluded from the proceedings. On that note, they find themselves lacking possibilities to even translate the political changes following the elections, adjusting accordingly to the citizens' votes on both sides of Atlantic¹¹.

Furthermore, since the current phase is a consultation-based exchange rather than a dialogue, there is no reason to believe that it would alter in the future. There is no perspectives laid out accordingly to which the negotiations would be more open, the pieces of information more accessible and the process more structured in at least resembling a tripartite logic one. That, following the tradition of the EU member states, is not only quite undemocratic, but also makes both civil society and trade unions unable to fulfill their mission and obligations versus their own constituencies. That is so, since it makes it quite impossible for them to be able to assess the progress, to work of concrete recommendations and have a say in terms of solutions that will determine both closer and further future¹². That incapacity for these actors to take their place and act, leads them to strongly oppose TTIP also from this angle – making an eventual connection between them (still considered by progressive as 'natural allies') and the progressive political family at least challenged.

From this two hypothetical explanations as why such a resistance towards TTIP, one learns that the solution does not remain at the EU level only. To the contrary, success of setting new tone and stepping a foot in the negotiation door would require progressives in Europe to develop a coherent strategy – which would mobilize all its forces on the EU, state and local levels. And alongside these avenues, it should try to link up with the civil society, trade unions and citizens¹³.

It is true that the mandate was assigned to the Commission by the European Council and the European Parliament, but it is also the case that the composition of the later two has profoundly changed since the time the decision to open the negotiations was taken. The EPP group in the EP decreased in the numbers, the representation of the anti-Europeans in the EP grew and the division of the portfolios among the political families changed. In that context social democrats, though they are not majoritarian force, they are neither a small friction. They lead 12 European governments and are part of over 20, they represent large number of seats in the European Parliament and they claimed the position of the EP's President for the first term – hence there is no longer a space for them to allow continuing with the 'Brussels-blame and shame' game.

Having still in mind how strongly TTIP was present during the EP campaign, the essential conclusion is that its success or failure (evaluated accordingly to the respective specific

¹⁰ D. Novy, *TTIP has the potential to be a forum which sets 21st century trade rules, but needs more attention and support from the highest levels of government.*, LSE, blogs.lse.ac.uk, <http://bit.ly/1zXCntN>

¹¹ D. Novy, *TTIP has the potential to be a forum which sets 21st century trade rules, but needs more attention and support from the highest levels of government.*, LSE, blogs.lse.ac.uk, <http://bit.ly/1zXCntN>

¹² N. Brunn (Hanken School of Economics and Helsinki University of Stockholm), *The Transatlantic Trade and Investment Partnership (TTIP) Agreement and the International Labour Organisation (ILO)*, May 2014

¹³ E. Fabry, G. Garbasso, R. Pardo, *The TTIP Negotiations: A Pirandello Play*, Notre Europe, January 2014, p. 7



criteria), may be seen as an ultimate test on if 'Brussels' can actually deliver on its promises that social democrats themselves pronounced during the months before 25th May. And in that spirit, much depend also in how far the national governments led by the progressives, who declare themselves as sworn pro-Europeans, can back the EU up. Their role is to launch a real, new quality debate on TTIP and elaborate both within their societies and commonly on the EU level a new progressive mandate for the negotiations¹⁴. This multifaceted approach may be in fact the effective path to balance the EPP domination over the trade-related portfolios.

On the EU level, it is therefore a question of the commitment to the three issues. The first is the question of realizing to the full potential Lisbon Treaty¹⁵, which ensured that the Foreign Direct Investment and Trade Services are nowadays under exclusive competence of EU Commercial Policy. This enables the EU to not only dream, but actually aim at speaking with one voice, while negotiating more comprehensive partnerships¹⁶. If applied to TTIP, it could make it "fill out the currently incomplete network of bilateral investment treaties (BITs) secured between the US and certain EU member states".

But these, in many ways revolutionary, provisions will remain on the paper only, as long as the Union is dominated by the logic of the "Europe of Nations" (as remaining the legacy of the last years of the Chancellor Merkel's led EU). This is the first and most profound challenge ahead of the progressives, who experienced now with 'dry years' of harsh opposition times are themselves quite reluctant to make more commitment to Europe, while back in government. The division across the Union, between the North and South, East and West, euro-zone and non-euro zone etc., the lack of solidarity and stigmatization within and among the societies are not the circumstances in which it is easy to reach beyond the national borders, to come to the meetings with the overall European rather than particular national interest in one's head. Nevertheless, the hope is still there that the progressives can be the force that can dare to be the protagonists of united, together stronger philosophy of Europe – and only then in fact the TTIP (or any other pan-EU activity) can start being welcome by at least larger groups of the citizens.

The second issue is the one on the EU standards. The Lisbon Treaty obliges EU to "promote and include social dimension in the form of labour provisions"¹⁷, but in reality these provisions are quite static, only completed by the respective member states legislation and their commitment to the International Labour Organisation (ILO) conventions. It is worth mentioning that the EU itself is not a member of the ILO, and hence also its power to impose ratification of the fundamental conventions in the course of the negotiations with the US remains quite limited. From this perspective, the legitimate query is therefore which social and labour standards the EU is to refer further to as to its stronghold.

As more attention will be given to these questions in the subsequent section, at this point it would seem sufficient to conclude that unless there is a feeling that TTIP is an attempt to aspire to a higher level – there will always be a discontent and a feeling of loss, regardless in how far its provision reflect the current blueprints. That is because the labour market is as

¹⁴ D. Novy, *TTIP has the potential to be a forum which sets 21st century trade rules, but needs more attention and support from the highest levels of government.*, LSE, blogs.lse.ac.uk, <http://bit.ly/1zXCntN>

¹⁵ Sh. I. Akhtar, V.C. Jones, *Proposed Transatlantic Trade and Investment Partnership (T-TTIP): In Brief*, Congressional Research Service, www.crs.gov, June 11, 2014.

¹⁶ V.S. Seshadri, *Transatlantic Trade and Investment Partnership*, RIS (Research and Information System for Developing Countries), Discussion Paper No 185, November 2013

¹⁷ N. Brunn (Hanken School of Economics and Helsinki and University of Stockholm), *The Transatlantic Trade and Investment Partnership (TTIP) Agreement and the International Labour Organisation (ILO)*, May 2014



dynamic, as the society and its changing production and consumption patterns. In that sense, it is a time for the European progressives to set a new, comprehensive agenda for growth and quality jobs in Europe. Neither a scheduled revision of the conservative-inspired Agenda 2020, nor however noble, but still fragmented initiatives (such as Youth Guarantee) will do the trick. Instead, the European Progressives must come up with a new, comprehensive vision for Europe, showing how it can once again be a vehicle of change – and make sure that TTIP is not a threat, but a component of realizing this new ambition.

Making the TTIP benefit all

The reason offered to the Europeans as for why they should invest their hopes to the TTIP, is that it carries a potential to become a vehicle for more growth and jobs. For the EU and its members recovering very slowly, still unsettled in terms of unprecedented unemployment rates (especially among young people) and still struggling with an idea that a new predicament may be just behind the next corner – it is by all means an attractive prospect. That is especially, when one hears the numbers – since the available estimations are pointing out that there may be as many as over two million new jobs created on both the sides of Atlantic¹⁸.

Stepping for the moment from the issue of general distrust in politics and particular disbelief in the EU (which both have already been analyzed in details above), still one can't help wondering if the solution is indeed that simple. And indeed, it isn't.

Though the optimistic estimates encourage, there is an equal (if not larger) amount of the studies available – which prove that it is either hard to fully predict the relation between output and input¹⁹, or that there is no benefit without costs and that there are losses in terms of jobs that need to be taken into consideration, before applauding the TTIP roadmap. Studies focused on the 'negative' effects suggest that there would be about 1.3 million European workers losing their jobs as a result of labor displacement, leaving in the end result 1 million people longer unemployed on both the sides of the Atlantic²⁰. In the midst of the same debate, there seem also to be many concerns regarding the scope of growth that TTIP would bring. While the proponents of TTIP see it as an agreement that can help boosting transatlantic economic growth by eliminating or reducing costly tariff and non-tariff barriers, the trade skeptics believe that trade liberalization can lead to an inequitable distribution of costs and benefits, including import competition for specific US economic sectors and adverse employment effects.²¹

Drifting herewith in between optimism and pessimism, it is essential to remember that the models offering basis for those predictions are based on different variables. Some of them look at the predictions and promise of potential growth, some try to be more specific in terms of trying to embrace the diversification of the labour markets within the respective sectors, regions, member states. Regardless of which is seen as the closest to the reality, still the challenge remains the same – to set in a comprehensive, complex agenda to steer the process into desirable direction, answering in parallel the 'new' phenomena (such as labour

¹⁸ V.S. Seshadri, *Transatlantic Trade and Investment Partnership*, RIS (Research and Information System for Developing Countries), Discussion Paper No 185, November 2013

¹⁹ *Transatlantic trade and investment partnership: sectoral and macroeconomic perspectives for Germany, the EU and the US*, Springer Link, International Economics and Economic Policy, September 2014, Volume 11, Issue 3, pp. 293-328.

²⁰ TTIP: No public benefits, but major costs, Joint publication of Unite, Unison, GMB, UCU, NUT, PCS, CWU, War on Want et al. – commenting on the CEPS (Center for Economic Policy Research) report commissioned by the European Commission.

²¹ Sh. I. Akhtar, V.C. Jones, *Proposed Transatlantic Trade and Investment Partnership (T-TTIP): In Brief*, Congressional Research Service, www.crs.gov, June 11, 2014.



market polarization, fragmentation or the challenge of jobless growth). Without such a strategy, the risk is that social democrats (alongside with the others) will be drifting and drowning in estimates, rather than taking the lead. That means that they are likely, as the others, to be appearing in the TTIP debate as yet another group of issues-‘cherries-pickers’, instead of making this project a way to realize the promise that Europeans seem to care the most for: their somewhat traditional plea of more and better jobs for all.

The new social democratic agenda has to therefore draw from the tradition of a Social Europe, making it however modern by addressing the new issues. That means first and foremost, setting the criteria for the new social deal between the labour and capital – broadening that from the traditional welfare-national state level to the global one.

Practically, in the context of TTIP, this should translate into a number of blueprints. While the both sides pledge their commitment to high levels of protection for workers and the environment in their ‘domestic economies’²² and claim that the trade agreements should prevent a race to the bottom regarding the labour protection, still the opening of the market will be the way to facilitate further movement of capital. As Joseph Stiglitz, but also Colin Crouch²³ note, as long as the capital is mobile and the labour is located, the competition will be focused on finding the best conditions for capital to thrive rather than on the laws protecting labour force and its well-being. And to that the somewhat more simplistic answers such as “working on improving the movement of people facilitating for example the issue of visa”²⁴ seem by far mismatching.

The way the negotiators tried to respond to those worries, which have been raised vehemently by political actors (such as S&D Group in the EP²⁵) and trade unions (see: ETUC²⁶), was to point out the commitment of both the sides to recognize and respect the fundamental labour rights²⁷. Though most appreciated as a statement, it is still seen as relatively vague – taking into account already mentioned diverse states of ratification of the respective ILO conventions by the EU member states and by the US. This is obviously not sufficient and should become an inspiration for the progressives to stand stronger on the argument that if TTIP indeed is to become the first step for the new global deal, if it is to live up to its expectations of growth and quality jobs for all – the negotiations cannot omit setting in what way it will reinforce and allow surveillance mechanisms of the existing and future ILO conventions²⁸. Only then also the hopes expressed by the labour groups on the US side of the Atlantic can be hoped to be fulfilled, as far as the potential US-EU trade pact to elevate certain US labour standards to the level of EU (and ILO) standards.²⁹

This will require restoring solidarity among states and within the world of labour in order to take jointly a decisive standpoint – and in this aspect the revitalization of this value as a

²² Sh. I. Akhtar, V.C. Jones, *Proposed Transatlantic Trade and Investment Partnership (T-TTIP): In Brief*, Congressional Research Service, www.crs.gov, June 11, 2014.

²³ In respective bookd “Price of inequality” and “Strange non-death of neoliberalism”.

²⁴ AmCham EU’s position on the Transatlantic Trade and Investment Partnership, *Building the framework for strengthening the transatlantic partnership*, 14th March 2014, Position Paper, www.amcham.eu

²⁵ EU – US Negotiations for a Transatlantic Trade and Investment Partnership Agreement – TTIP position paper of the S&D Group in the EP, 17th April 2014

²⁶ ETUC Position on the Transatlantic Trade and Investment Partnership, Brussels 25/04/2013, www.etuc.org

²⁷ *US Objectives, US Benefits in The Transatlantic Trade and Investment Partnership: a Detailed Overview*, Office of the United States Trade Representative, www.ustr.gov, March 2014

²⁸ See: EESC (European Economic and Social Committee), *Opinion, Transatlantic trade relations and the EESC’s views on an enhanced cooperation and eventual EU-USA FTA*, REX 390, EESC-2013-05469-00-00-AC-TRA (EN) 1/17, www.eesc.europa.eu

²⁹ J. Schott, C. Cimino, *Crafting a Transatlantic Trade and Investment Partnership: What can be done?*, Peterson Institute for International Economics, Policy Brief, Number PB13-8, March 2013, after: *Unions See US-EU Deal as Opportunity to Raise US Labour Standards*, (in) *Inside US Trade*, January 4, 2013, www.insidetradet.com

backbone of the progressive agenda is most essential. It will be needed to bridge between outsiders and insiders, precarious and well off, low and high skilled, old and new allies in fight – in order to reorganize and re-mobilize. In that sense there is also an obvious time pressure to achieve that – as although more comprehensive studies providing quantitative and qualitative analysis regarding the “TTIP and quality jobs” agenda seems not to exist yet, different impact assessments suggest that TTIP will have very different impacts on respectively diverse branches of industries.

In that sense studies such as *the Carrière, Grujovic and Nicoud Model*³⁰ are coming in very handy. They use the panel trade data and estimated sector specific market frictions to evaluate employment and welfare effects, helps assessing the real potential of TTIP on US and EU employment. To give an example how, this model predicts that trade liberalization may lead to an increase in unemployment if it results in labour reallocation into sectors with higher-than-average labour market frictions.³¹ The authors expect that the EU countries with a revealed comparative advantage in high-friction sectors are more likely to experience a reduction in employment levels following trade liberalization. Clearly then, the sectors that - are “well organized” are more likely to benefit, of which proud example seems to be a car industry in Germany and in the US, or chemical and pharmaceutical industry in the UK etc.

To that extent, it is assessed that though the (sectors-related) job losses are unavoidable, still the transition can be smoothened if the numbers are taken realistically and the adequate safety nets are put in place. Following the estimations, the EU and the national government will need to be prepared to support a significant number of people who need to move between sectors. The number goes as high as 7 workers in every 1000 would end up moving to another sector by 2027 due to TTIP. The initial suggestions are that the Member States would need to use the existing provisions of lifelong learning, retraining and other labour market flexibility programmes, while if needed they could also resort themselves to the EU’s Globalisation Adjustment Fund³².

However this may sound encouraging, it rather still looks like a patchwork of fixes than a well-thought through, designed strategy. It would be irresponsible to resort on that, keeping in mind the existing unemployment figures and the lack of solutions to the existing problems such as generation NEED (“Not in Education, Employment or Training”). That is especially that at the same time the commitment of those remaining employed is decreasing, as they see their input not translating into any improvements for the impoverished and unemployed, while feeling by far too overburdened. Both the sides seem most in despair for more sustainable, longer lasting answers – which again reinforces earlier made point. If the European social democrats want to make TTIP work to the benefit of all, it needs to become a part of a new, more complex quality employment agenda. Its designing require progressives to use the framework of the EU institutions, the national governments and to involve

civil society, and especially the social services providers, who are the main actors on the field of social cohesion and active inclusion³³. While common on the EU level, it must equally translate into tailored National Action Plans (NAPs), which should be more operational and

³⁰ C. Carrère, A.Grujovic, F.R. Nicoud, *Trade and long-term unemployment: A quantitative assessment*, May 30, 2014, Université de Genève

³¹ C. Carrère, A.Grujovic, F.R. Nicoud, *Trade and long-term unemployment: A quantitative assessment*, May 30, 2014, Université de Genève

³² European Commission, *Transatlantic Trade and Investment Partnership. The Economic Analysis Explained.*, September 2013

³³ M. Claassens, E.-M. Schneider, *Transatlantic Trade and Investment Partnership (TTIP): Our “crown jewels” for sale?*, SOLIDAR, Social Europe Briefing 66, p. 20.



much more commitment inducing that the NAPs initially designed by the social democrats in the context of the Lisbon Strategy at the beginning of the Millennium.

Although the focus of the new European progressive project should be, as underlined, the agenda of quality employment and this should be a reference point for the re-framing the public deliberations on TTIP, it is clear that it cannot happen in the laboratory, exclusively labour market focused conditions. It must as well, reopen the question regarding the transversal links between the successful jobs strategy and the modernization of the welfare provisions. The later one must be readapted and redesigned, so that they can serve as the safety nets and guarantees of equal opportunities for social progress for all. This is also why the focus on safeguarding and improving quality of public services must be at the heart of the TTIP negotiations – with understanding that depending on the set up, it can also mean a necessity to exempt them entirely from within the Partnership's scope.

As in case of unclear prospects for the evolution of the labour market, there are also many anxieties regarding the future of the welfare provisions in the context of the TTIP negotiations. Although the High Level Working Group on Jobs and Growth (HLWG co-chaired by Karel De Gucht and Ron Kik since 2011), indicated that the content of a 'comprehensive' agreement should aim at 3 avenues: a) Market access in Goods, Services, Investment and Government Procurement; b) Regulatory Issues and Non-Tariff barriers; c) Rules in IPR, Environment, Labour, Customs, Trade Facilitation, Competition Policy, SOEs – as only in such a comprehensive way the TTIP *can effectively address shared global challenges and opportunities*³⁴. Many fear that this encouraging speech is just a tranquilizing method, covering up for the fact that the final agreements may lead to further liberalization of rules and hence new pressures for the public services and goods providers (on the top of the burden they already experience in the difficult post-crisis times).

Following the earlier call for progressives to design a new comprehensive agenda for quality jobs in Europe, there would seem to be two points to be made in this regards. They correlate with the ongoing deliberation on the transition and essential changes that need to be implemented in order to make the vision of the welfare societies applicable in the reality of the new century.

First of all, it is fairly obvious that the return to the debate on balancing in a new way a growing need for provision and in parallel shrinking supply of public goods and services debate. The notion of revisiting this avenue comes to the European progressives with a certain sensation of a political hangover, as within the last decade it was the point where they themselves found it impossible to act accordingly to the societal demands. The first time was in 2005, when the EU was deliberating on the infamous "Bolkenstein Directive" – and while workers were rallying outside of the Strasbourg seat of the European Parliament, inside it was also the votes of the socialist who enabled the new regulations on the services of general interest to pass. Of course, one can try to explain that they had more faith then in supervision and judgments of the other EU institutions (European Court of Justice to give an example), but the reality proved these hopes in vain. The door was opened to further liberalization of both goods and services. Retracing it nowadays shows to be most difficult, of which for example the UK campaign on the question of access to energy shows most vividly. In that sense, when it is being announced that thanks to TTIP there would be 0,5% of workers' wages (both skilled and less skilled ones)³⁵, it is no wonder that they hearing the

³⁴ V.S. Seshadri, *Transatlantic Trade and Investment Partnership*, RIS (Research and Information System for Developing Countries), Discussion Paper No 185, November 2013

³⁵ European Commission, *Transatlantic Trade and Investment Partnership. The Economic Analysis Explained.*, September 2013



words such as 'liberalisation of trade and services' fear that it will not even distantly cover the price for the until now public and universally available services that they will have to pay for from that point onwards.

The second time, when the public goods and services debate has become a certain political fiasco, was in years 2008 – until now, when social democrats found it hard if not impossible to counteract the conservative and neoliberal rhetoric. According to it the welfare state spending is not only unsustainable but also debt-inducing. The propaganda of 'cuts to safeguard resources for the new generations' became dominant, even though the policies promoted through it were precisely what made the 'new generations' find it hard to enter and remain on the labour market. The safety nets and the activation mechanisms shrunk, and so did also support for the social services providers – whose activities, though sympathized with, became seen as financially untenable. And though, as in 2005, this caused much of popular contestation (looking at for example 1% Movement), still the progressives (as before) were unable to come as a credible ally for those protesters. Their slightly nostalgic and sometimes melodramatic arguments on the need to safeguard European Social Model (ESM) became seen as rather a defensive argumentation, in the name of something that no longer is synonymous to the ambitions and dreams of the contemporary generations³⁶ (since it simply does not longer sufficiently deliver). This is not to argue for giving up on ESM, to the contrary – to say that in order to really save and secure its legacy, the progressive need to start thinking 'big' and more in the category of a European dream.

Otherwise, for example, the often proclaimed pride of 'healthcare and education' as the most valued public services³⁷ can just be a melancholic notion. With the ageing societies, which can no longer benefit from the full access to the progress in medicine and with many branches of healthcare being either privatized or run accordingly to the interest of pharmaceutical corporations, universal healthcare becomes an undeliverable. Furthermore, looking at young people trying to enter the labour market with solid degrees, or at the workers trying to re-qualify and not finding ways out of the long term unemployment, it is hard to be surprised that neither they nor they families consider education as a guarantee to ensure for themselves a better future and opportunities for social mobility. These hits at the very core of values and priorities on which all the recent progressives agenda were built, including especially the project of the 'knowledge based economy'. Further pressure on them would indeed be having disastrous and deteriorating effects, which is also why trade unions demand that the TTIP negotiations should not include public services³⁸. Though the European Commission pledges to focus in that area on exclusively three pillars (monopolies, 'national treatment and market access', 'regulation and subsidiarity'), the unanswered query is then how with the TTIP opened labour market in between the signatories the principles of social justice can be observed in terms of having built in mechanisms for facilitating inner and out-in movement of workers. The Commission promises that "TTIP should be seen as a tool of facilitating better links between business and education", but this is precisely makes one worry. If that was to embody a scenario, which would seem plausible now, a grey area – it may resemble a European disaster that the Generation P (Praktikum)³⁹ is struggling with.

³⁶ A. Skrzypek, *A Way forward for European Welfare Society*, FEPS Next Left vol. 9, forthcoming.

³⁷ European Commission, Directorate-General for Trade, *Protecting public services in TTIP and other EU trade agreements*, Brussels 4th July 2014

³⁸ ETUC Position on the Transatlantic Trade and Investment Partnership, Brussels 25/04/2013, www.etuc.org

³⁹ Because internships are being seen as a part of educational services, they are exempted from the EU legislation. In practice they constitute nowadays rather forms of employment, where employees, because it is a grey zone, do not benefit from the same workers rights – and often after the number of temporary internship contracts, still remain only on the fringes of the labour market without perspectives for the actual quality employment (regarding herewith obtained qualifications). See for example: <http://plattformgenerationpraktikum.wordpress.com/>



Looking at these two observations, it would seem logic and politically indispensable that if progressives want to become credible on the question of TTIP, if they want to focus the negotiations on the challenge to provide quality employment for all and build an strong alliance around this – they will need to promote a new European more and better jobs agenda in the context of plan for the future of the welfare society⁴⁰.

Making TTIP deliver on the New Issues

The previous two sections laid out the arguments on why the progressives need a new strategic approach to the issue of TTIP, and also why this would be essential to put at the core the question of “TTIP as a vehicle of quality employment for all”. But what still requires attention is on how TTIP, according to these lines, could become a visionary, better-future-promising project. The answer here is: when it provides guidelines for how to deal with the challenges and so called “21st century issues”.

Following the political enunciations, the US and the EU aim to “break new ground” in areas digital trade. There the inclination would be to strike “an appropriate balance between the free flow of information and the right of governments to regulate data flows, and between protecting personal data and permitting access to that data for law enforcement purposes”⁴¹. This of course the tip of the iceberg, as following this ambition – a vast field of new areas opens up, where TTIP would have to touch questions of patents, copy rights, industrial design, trademarks⁴² – and herewith go beyond already mentioned, infamously rejected proposals of ACTA.

For the progressives that in itself presents a great challenge. Though the internet expansion and the cyber revolution is not a new feature, still there is not much of ideological print over these technological issues and here the positions, such as the PES one⁴³, require further thought. These technological developments in their scale are no smaller or of a smaller impact than the industrial revolution, which gave the beginning of impetuous societal changes on the wave of which the socialist movement was born. If it is to ‘keep in the past’, overcome the predicament threatening all the traditional parties and move forward – it itself needs to think beyond the known, embrace these new issues and see in the TTIP a reason to open this somehow ‘futuristic’ debates already now. Even if today they may seem ‘science fiction’, the argument to encourage would be that similarly in the end of the 19th century the social and labour legislation may have appear as not more real than the “Great Expectations”.

Only then, when a new, forward looking courageous agenda is built that shows how to build prosperous, just societies in these new, technologically changes circumstances – the progressives will be able to make a claim that they are able to shape the new century and that the TTIP negotiations are an opening, and for the EU and its individual EU member countries to have a major impact on setting high-standard global trade rules⁴⁴. In that sense

⁴⁰ For further reading, please see FEPS Next Left debate especially in the context of the “For a New Social Deal” and “The future of welfare societies” www.feps-europe.eu

⁴¹ Sh. I. Akhtar, V.C. Jones, *Proposed Transatlantic Trade and Investment Partnership (T-TTIP): In Brief*, Congressional Research Service, www.crs.gov, June 11, 2014.

⁴² V.S. Seshadri, *Transatlantic Trade and Investment Partnership*, RIS (Research and Information System for Developing Countries), Discussion Paper No 185, November 2013

⁴³ PES, *Fair Transatlantic Trade for Jobs and Growth*, PES Presidency Declaration 14th June 2013.

⁴⁴ D. Novy, *TTIP has the potential to be a forum which sets 21st century trade rules, but needs more attention and support from the highest levels of government.*, LSE, blogs.lse.ac.uk, <http://bit.ly/1zXCntN>



TTIP should become a part of their coherent strategy for quality employment for all starting from local to the global levels. Only then the predictions of such optimistic studies, such as for example the *Peterson Institute for International Economics*, which argue that TTIP could generate new US-EU initiatives to break the deadlock over the Doha Round negotiations in the World Trade Organisation (WTO) can become fulfilled. Only then the efforts can be seen as successful and long lasting, resolving effectively the disagreements across the Atlantic and in that sense becoming a template for the stalled global trade⁴⁵ and a new Social Global Deal.

⁴⁵ J.J. Schott, C. Cimino, *Crafting a Transatlantic Trade and Investment Partnership: What can be done?*, Peterson Institute for International Economics, Policy Brief, Number PB13-8, March 2013