



by Sujata Dey

## The Trans-Pacific Partnership **Erodes Public Policy** to Benefit the World's Rich and Powerful

If you're running for election these days, it's all the rage to talk about income inequality – from Prime Minister Justin Trudeau's pledged tax hikes on the richest one per cent, to U.S. presidential hopefuls Bernie Sanders and Hillary Clinton wanting the rich to pay their fair share, to U.K. Labour Leader Jeremy Corbyn's admiration of Karl Marx.

It's not just politicians talking. The Organisation for Economic Cooperation and Development and the International Monetary Fund are saying it too. There have even been articles in *Italian Vogue* magazine about Thomas Piketty, economist and income inequality guru.

Oxfam notes that the world's richest 62 people, most living in the U.S., own as much wealth as half of the population.

In January, in his State of the Union address, U.S. President Barack Obama made a passionate plea for the 99 per cent, saying that, "After years now of record corporate profits, working families won't get more opportunity or bigger paychecks just by letting big banks or big oil or hedge funds make their own rules at everybody else's expense," adding that, "Food stamp recipients did not cause the financial crisis – recklessness on Wall Street did."

He also argued that globalization was eroding workers' rights and concentrating economic benefits at the top, and that it is now harder for people to pull themselves out of poverty.

And then, in the same breath, he flogged the Trans-Pacific Partnership (TPP), a trade deal between Canada, the United States, Mexico and nine

other countries – together representing more than 40 per cent of the global economy.

"Approve this agreement. Give us the tools to enforce it. It's the right thing to do," said President Obama.

Come again?

The very globalization that is hindering Obama's beloved Main Street while bolstering Wall Street is reinforced by trade agreements such as the TPP.

A study by Tufts University released in January 2016 showed that the TPP is not the economic panacea proclaimed by the free trade gospel movement. Yes, there will be economic growth in countries signing the TPP, but this growth will be negligible. In Canada it is projected to be 0.28 per cent over 10 years.

And the risks are significant. A loss of 58,000 jobs in Canada and greater inequality due to labour's reduced share of the gains achieved under the agreement will reinforce the very inequality that Obama wants to resolve.

This study is based on the United Nations economic model.

The World Bank, no shirker in backing free trade agreements, uses another model. But its premise, assuming that there is full employment, is wrong. Even with that context, however, the World Bank study still only projects growth of less than one per cent for Canada's economy by 2030.

But growth is good, right? We'll all have good jobs and be able to buy things. But growth doesn't necessarily mean the average Canadian is better off. Many economists are pointing to the phenomenon of economic growth with stagnant job growth. As Graeme Maxton wrote in *The Guardian*, "In the last 35 years, the world has experienced the fastest economic growth in human history. Yet, according to the Organisation for Economic Cooperation and Development, unemployment went up."

If we see the economy as a pie, with workers getting a certain portion and corporations another portion, in the four decades before NAFTA workers were getting more of the pie. Since NAFTA, workers have been getting a smaller portion, according to Bruce Campbell of the Canadian Centre for Policy Alternatives. In particular, people without college or university education are seeing income declines.

Joseph Stiglitz, the American economist and Nobel laureate, said in the *New York Times*, "The argument was always that the winners could compensate the losers. But the winners never do. And that becomes particularly relevant when we have a society with as much inequality as we have today."

There is also the myth that somehow trade deals will "open markets" – that signing a trade agreement means we'll soon be selling more car parts to Japan and wheat to Malaysia, for

example. David Hamilton, an economist in the office of Canadian Senator Céline Hervieux-Payette, crunched the numbers. Free trade agreements are numerous, but in some cases, they have exacerbated trade deficits.

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They have not created trade surpluses.

Jim Stanford, senior economist with Unifor, writes: "These free trade agreements (FTAs) will have zero immediate impact on key indicators like employment, investment and exports and their long-run impact, likely negative in my view, won't be dramatic in any event. But signing FTAs is a high-profile symbolic act, which makes the government seem competent and globally engaged, especially when cheered on by the breathless boosterism of most of the media."

People also believe that trade agreements lower tariffs. But the World Bank says tariffs amongst TPP countries are already low. The goal is to go after non-tariff barriers. These take many forms, but can affect areas such as government procurement, regulations, policies and other supportive measures that a country may institute.

Out of the 30 chapters in the TPP, only two truly focus on tariff elimination, while six deal with traditional trade issues. So, what trade agreements like the TPP are really doing is fixing the rules of international trade. Rules, in themselves, are not bad things, but the TPP is the new corporate rulebook, and if it is signed it will erode our public policy to benefit the world's powerful rich.

### **What can we do?**

Opposing the TPP can be a daunting task. Forty per cent of the world's economy is at stake, with some of the biggest economic players and lobbyists working on the deal.

But already, there is much opposition to it all over the world. In Auckland, New Zealand 1,000 people shut down the downtown core while politicians were signing the deal. In most of the TPP countries people are participating in mass rallies.

In the U.S., both Republicans and Democrats in the Congress and the Senate, including Republican House Speaker Paul Ryan, are against the TPP. Since both of the Democratic candidates, as well as one of the Republican candidates have come out against it, there is great hope that the deal will not make it through the U.S. Congress.

But there is so much to do in Canada. Trade Minister Chrystia Freeland said the Liberals will consult with Canadians about the TPP. So far this has amounted to accepting emailed comments and holding a handful of forums that have not been well advertised. This is not good enough. There needs to be a comprehensive consultation, one that would provide much-needed independent analysis of the deal from the Parliamentary Budget Officer, would engage First Nations, provinces, municipalities and civil society, and would take into account environmental, human rights and labour concerns.

Council of Canadians chapter activists are meeting with MPs to discuss concerns about the deal. The Council's Trade Justice Working Group is preparing presentations, activities and actions that will help raise awareness across the country. Many Council chapters will host whistleblower Dr. Shiv Chopra, who will talk about how the TPP will allow milk from cows that have been given bovine growth hormone into Canada. We are also working with labour, environmental and other allies in Canada and around the world to coordinate information and actions.

Awareness is growing about the TPP's wide-ranging impacts. We can – and will – stop the TPP.

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