

Preamble: Reading again my text written in November 2014, I find that I do not have to change essential parts of my analysis. To me, the latest political development in the US seems to increase the Atlantic divide relative to social-democratic Europe. However, the European scenery has changed too, due to a growing level of populism, nationalism and even hatred between a radical part of the societies and the still existing majority. To imagine a possible president Trump in the US and political leaders like Orban (Hungary) or Marine LePen (France) in power, would render a plan of a common cross-Atlantic market even more ridiculous.

Gerd Eisenbeiss, Bonn, March 4, 2016

Here now the fictive letter of November 8, 2014

Dear friend,

when we spoke again this week about Atlantic free trade, the TTIP negotiations, and the US elections, you rightly focused on two key questions:

- Is there a community of common values between Europe and the USA?
- Shall these two entities form a common market?

On the surface, the entities on both sides of the North Atlantic are democratic constitutional states. But, when analyzing the nature of both democracies, significant, indeed extreme, differences give rise to concern. The main difference is the absolute rule of millionaires in the United States: it has been found that practically only multi-millionaires sit in Congress - even those congressmen or senators who won only by the millionaire's donations to their election campaigns, quickly became millionaires themselves using their political position. By contrast, in Europe mainly the state party funding principle is used which provides simple and poorer citizens a way into parliament. Donations to parties are not so decisive in the financing of election campaigns; also the total amount of donations is often limited by law.

While in Europe regularly scandal cries erupt when industrial donations become known to parties in parliament of a few hundred thousand €, in the US companies are allowed to interfere with unlimited funds in election campaigns due to a Supreme court

decision on PACs which grants companies the status of political subjects with the same freedom of expression as individuals.

It is no surprise, then, that a scientific study of 150 political events showed that, in all these cases, Congress did not decide as was the majority opinion in polls but what was in the interest of companies and their managers. One must sadly realize that the US is a plutocracy in which power is not exercised by the people but by the millionaires.

Add to this the countless manipulations in voter districting for elections to the State or US House of Representatives. In the US, constituencies are repeatedly spatially configured so that the re-election of a powerful politician seems secure – to my knowledge unthinkable in Europe!

But it must also be said that a lot of real democracy is practiced below this high national level. On the State level, many popular initiatives and referenda show civic involvement and influence opportunities "from the bottom up".

So much for the similarities as democracies. Let's discuss now the community of values. Although Europe and USA are heirs to a common culture, which is very much linked to the development of Christianity, the current state of the respective civil societies is fundamentally different: While US polls show that religion is widely practiced as a life-determining belief system, similar to strict Islamic societies, Europe is becoming increasingly secular, even in previously homogeneous Catholic countries such as Spain, Italy and Poland. While evangelical intensive-Christianity has wide distribution and influence in the USA, Christian fundamentalists are small sects and of no consequence in Europe. Conversely, we in Europe believe, Christians and other denominations alike, that death penalty and private gun ownership are unethical while only a minority rejects this in the USA.

Also, relative to the balance between ecological and economic goals, the thinking on both continents is quite different with respect to the major issues of framing an economy in a social context, or of developing the country (and with it the planet) in a sustainable fashionway. While in Europe a green-Socialist mindset with relevant laws widely prevails, the vision in America clearly lies in the belief in unbridled markets. While Britain is closer to the USA on some economic issues, the fact should not be overlooked that the UK plays a leadership role in other fields such as climate protection. In the US, watching elections of recent days, denial of climate change seems an ingredient to win election contests.

However, large commonalities with the United States exist in Science: The United States and Europe cooperate and compete at the frontier of knowledge and research. Scientists from both regions are mostly united in their judgment and thereby toe more the European line of thinking. But, although the US is the leading nation in science, scientists have little influence on public opinion of the science-denying attitude of society there.

Admittedly, Europe also sports risk aversion impulses fed by a deep distrust of science. Nuclear energy, genetic engineering and fracking, for instance, are fear-generating technologies in Europe, a rejection which the United States do not understand.

If this analysis clearly shows how little of a community of common values exists between the US and Europe, should we then desire the formation of a free trade zone, as envisaged in the TTIP negotiations? I believe NOT!.

After what little we know about these negotiations, reciprocal approval of products and services is envisaged according to rules yet to be determined, i.e. TTIP merely defines the structures and rules of these negotiations but not their outcome. If this understanding is correct, although both sides remain free to refuse opening of their respective markets, the pressure to do so will be high.

However, while the EU-Commission negotiates on behalf of all Member States on the European side, the US negotiates as monolithic bloc. Hence the US, to their advantage, has the possibility to drive a wedge into the EU position because there will always be some EU countries (last not least the UK) who support the US position.

These negotiation controversies will be marked again and again by the non-existent community of common values in social and environmental areas, just think of the principle of precaution implemented in European Environmental Laws contrary to the US practice. The US laws give companies a lot of leeway but punishes them with partially draconian fines in case of having caused damage, i.e. à posteriori. But in the field of drug approval, the US seems to be no less stringent than the EU.

To expressly clarify, this very basic rejection of TTIP because of a lack of a community of common values has nothing to do with the silly "chlorine-chicken" debate and nothing with the inclusion of completely unnecessary investor protection through arbitration instead of ordinary courts. Rejection of TTIP also does not hinder both parties to adopt

certain common standards step by step, e.g. unifying software, electric plugs or car door mirrors, or to abolish existing duties or to grant mutual market access to insurance companies.

At the end, let me yet comment on a very annoying Pro-TTIP argument: the speculation about work-expansion. Any form of more free trade between US and Europe is primarily a rationalization measure. Whether the number of jobs are increased in spite of this rationalization, as happened often in the past, is highly questionable.

In the past, rationalizations have mostly released production potential for additional products which, in turn compensated job losses. It must be questioned whether this applies also to the crisis ridden countries of the EU with already high unemployment which, in turn already provide a huge production potential. In each case, additional jobs will be created only when investors, producers and consumers are simultaneously optimistic and risk to invest or to consume, investors because they expect more sales of goods produced, and consumers because they expect stable prices or even rising incomes.

What will happen now? In the US, the final TTIP version must be deliberated and agreed upon in Congress without the power to modify the agreement, after which the President can sign the Agreement. However, it is unclear whether the TTIP will pass a presently Republican Congress which, on the one side, may be in favor of TTIP but, on the other side, is not willing to grant a major success to a democratic President. In Europe, citizens in only a few Member States are so anti-TTIP as in Germany. The German Federal Government in its present coalition is, unfortunately in my view, in favor of such an agreement, albeit with modifications. So the agreement will be negotiated until a final version is reached, to be then ratified by the governments. It is yet an open issue whether the final agreement is to be approved by the European Parliament only, or also by all the national parliaments. From a European policy perspective, I think the sole consent of the European Parliament is the correct procedure. The exclusive authority of the EU bodies in questions of foreign trade is an important advance for the Union and therefore should not be questioned solely because of TTIP.

So, will TTIP come? Unfortunately, yes!

Gerd Eisenbeiß, November 8, 2014

(translated by Hansmartin Hertlein)