

# **European Trade Policy, Commercial Internationalism and the Political Economy of Interest Mediation: the case of TTIP**

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## Introduction

Three years after the Transatlantic Trade and Investment Partnership (TTIP) negotiations were launched – a start which was hailed as game changing and growth boosting by liberal free trade apologists like Karel de Gucht and José Manuel Barroso, and subsequently criticised and attacked by all kind of civil society ‘single issue/interest’ organisations (CSSIOs) – academia seems to gradually take control over the issues at stake. Several more substantial, book-length studies have been published in the course of 2015 (see for instance De Ville and Siles-Brügge 2016, Morin c.s. 2015, Hamilton and Pelkmans 2015, and Khorana 2015), moving the debate beyond ideology, i.e. beyond neo-liberalism and anti-Americanism / hard euroscepticism, in Europe. An underlying, implicit assumption of this paper is that this (re)turn to academia is a very healthy and positive one and may very well turn out to be a blessing in terms of the eventual outcome of TTIP (and, indeed, the further progress of the European Union).

Much focus in recent studies is on technical issues, standardisations, the much-debated investor-state dispute settlement (ISDS), and on contested claims as to the main benefits of TTIP, i.e. job creation and prolonged Western hegemony. This paper will focus on one of the other themes of the conference, i.e., the politics of trade in the European Union (EU), with a particular focus on transparency, democratic accountability and participatory modes of governance. In the following, I will try to combine two different sets of literature.

First I will start with briefly discussing the literature on the democratic deficit. Until the start of the TTIP negotiations, the European Economic Foreign Policy (EEFP), in general, and the EU’s trade policy, in particular, have been effectively insulated from eurocrisis-induced debates about austerity, EU interference with domestic affairs at the member state level, or about government intervention and protectionism. Trade policy seemed by and large unaffected by euro-sceptic or populist counter-movements and hence one of the few ‘businesses as usual’ left. This paper will take position against the so-called ‘democratic deficit in the EU’ thesis, building on the following proposition: if we compare transatlantic free trade negotiations in the 1990s to the current negotiations in the context of TTIP, a substantial increase in civil society participation and society-wide debates and a subsequent decrease of the so-called democratic deficit (if relevant at all) can be discerned.

Secondly, the literature on reverse lobbying in the European Union will be discussed. Elsewhere, I have argued that the external performance of the EEFP can only be properly understood if linked to the internal social and political situation; that non-state actors constantly try to influence EU's trade policy but that the political influence of concrete economic powers is unequally distributed (to the benefit of big business in powerful member states and transnational big business in strategic sectors); that the two positions taken in the literature on the politics of Commercial Internationalism (CI) – to put it bluntly, effective business lobbying versus reverse-lobbying and/or insulation from domestic interests - can be neutralised by focusing on the disciplining nature of agenda setting capabilities at the European level.<sup>1</sup> If this analysis is right, research into the politics of TTIP negotiations should give evidence to the claim that interest groups other than those linked to the privileged public-private partnership between big business and Commission have only a marginal role to play. This would contribute to a discussion on the legitimacy of EEFP, trade agreements and the dominant CI tendency underpinning the latter. In the case of TTIP reference could be made to the impact of the so-called Civil Society Dialogue and whether this sharing of information really makes a difference or just pays lip service so-called 'stakeholders democracy'.

The next section will introduce the democratic deficit debate. It will be argued that the common sense understanding of the EU as a highly undemocratic ensemble of institutions is simple and misleading, that the so-called democratic gap is in the process of being closed, and that the real deficit is a social one. A next section will look into the role of interest groups, both at the national and European level, and conclude that the myth of transnational pluralism is indeed true but non-specific to European affairs. It will be argued that the asymmetrical political spill-over within the EU is partly to be explained as business as usual and partly the result of the 'counter-hegemonic' strategies of CSSIOs, whose failure to develop a more comprehensive narrative to counterbalance the dominant neoliberal discourse from within is probably the most important explanatory factor for its marginal role in, and impact on, the TTIP-negotiations – next to its failure to mobilise people in a more enduring way. The paper will be concluded with some suggestions for further research.

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<sup>1</sup> Otto Holman, 'Commercial Internationalism', in: Knud Erik Jorgensen c.s. (eds.), *The Sage Handbook of European Foreign Policy* (New York: Sage, 2015 – Volume II), pp. 516-29.

## **Democratic deficit or business as usual?<sup>2</sup>**

If we take a closer look at of the recent history of transatlantic relations, particularly in the wake of the completion of the European Single Market in the early 1990s, we can see a clear line from the 1990 Transatlantic Declaration, the 1995 New Transatlantic Agenda and the 1998 Transatlantic Economic Partnership (see for instance McGuire and Smith 2008: 56-7) to the 2013 TTIP: as soon as the free movement of goods, people, capital and services was realised in the EU, attempts were made to progressively remove tariff and, more importantly, non-tariff barriers to trade in the transatlantic arena. This ‘regional deregulation through transatlantic re-regulation’ was seen as the logical next step (in the EU) after the relatively successful ‘deregulation at the national level through re-regulation at the European level’. Yet, organised opposition to these attempts was virtually absent in the two decades prior to the start of the TTIP-negotiations. It is indeed not difficult to establish that there is a substantial increase in civil society participation at the European level only since TTIP was launched. This raises the question of why this opposition did not exist before. What is the reason for this more active involvement since 2013?

One obvious reason seems to be the extent of trade liberalisation through TTIP in comparison to previous attempts, and particularly its non-tariff component. Yet, opposition to the much more radical Single Market completion was absent in the 1980s and 1990s – at least at the European transnational level. Another reason seems to relate to the inclusion of the ISDS. Yet, previous trade arrangements – and notably the agreement between the EU and Canada – included similar settlements without any civil society uproar. It seems reasonable to assume that in the particular case of TTIP additional factors are at work, factors that can be summarised under the umbrella-explanation of the protection of national sovereignty. To put it differently, anti-Americanism and (hard) euroscepticism are among the sentiments underlying anti-TTIPism, though these distinct sentiments or ideologies are not necessarily in line with each other.

The democratic deficit debate can partly illustrate this point.<sup>3</sup> One of the most important arguments in favour of the ‘democratic deficit thesis’ is the assumed absence of a European

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<sup>2</sup> This section needs further elaboration and referencing.

demos (see chapter 4 in Zimmermann and Dür 2012). There is no ‘the people’ in Europe and for that reason democracy of and by the people is just an illusion. A number of arguments can be made against this reasoning. First, it can be questioned whether there is ‘the people’ in most of the member states of the EU at all. If the answer is no we have good reason to be a bit more modest in criticising the EU. Second, ‘no Europe’ needs no ‘people’. In other words, in all those fields of European integration where there is no qualified minority voting (or exclusive competences of the EU) it is national democracy that can do the job. Thirdly, if we unpack the notion of demos, or ‘the people’, we can easily establish the existence of an economic demos: the cultural hegemony of neoliberalism is unprecedented. Most of the youngsters between 18 and 25 have been educated (if not indoctrinated) in line with the benefits of free markets. As a result, and although most likely unemployed, they believe in free market solutions. The only limit to this almost metaphysical believe-system is their interpretation of the word ‘free’; questioning ‘markets’ and ‘trade’ is past history!

But even in economic terms, demos is a transnational phenomenon rather than a national (or European) one. In other words, pro market forces (implicitly or explicitly) unite at the transnational level while anti-market forces refuse to look beyond national borders. The real democratic deficit, one could argue then, is the dramatically low turnout at elections for the European Parliament. Finally, and in some instances, the EU is more transparent and open than most domestic systems of government (at the member state level); and existing undemocratic practices at the EU level (for instance the lack of transparency and democratic accountability with respect to the ECB) are quite often copies (or continuations) of previous national practices.

In general, and to the extent that the EU is little more than an intergovernmental organisation (unanimity voting), national executives are democratically controlled by national parliaments. To the extent that the EU moves into the direction of some kind of supranational integration, a correlation between qualified majority voting and increased (co-decision) powers of the European Parliament can be discerned. And here we can return to a central paradox in the world of European interest mediation: trade is a European, transnational affair, belonging to the competence of EU institutions, and for that reason transnational CSSIOs are encouraged – following the principles of political spill-over – to move their lobby-activities beyond the

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<sup>3</sup> For a discussion, see *inter alia* Moravscik 2002, and Follesdal and Hix 2005.

nation-state; yet, their lobby-activities basically aim at defending national practices of environmental standards, food protection and animal safety practices, etc.

This brings us back to a next central question. If we can indeed assume that civil society mobilisation at the transnational level has been much more prominent with respect to TTIP than ever before, it is pertinent to ask whether – and to what extent - this counter-lobby is or can be effective (and how we measure this effectiveness). And what does this mean for the outcome of the TTIP negotiations and the privileged partnership between the European Commission and big business? Before we can tentatively answer these questions (as part of a research agenda), we must first turn to the analysis of the ‘powers that be’ behind the EU as trading state. To this we turn in the next three sections.

### **EU as trading state and power: who are the principals and who are the agents?**

The term ‘trading state’ was first coined by Richard Rosecrance to denote the growing importance of ‘low’ politics in the course of the 20<sup>th</sup> century. Unlike territorial (or politico-military) states, trading states attempt ‘to improve national welfare (...) through internal development and trade’ (Rosecrance, 1986: 28). To achieve this objective, they need open trading and commercial routes. Military power is no longer used to conquer new lands but to protect these open spaces. Or to put it differently, in a world of declining economic sovereignty the sovereignty of commercial capital should be defended if necessary by military means. Although Rosecrance did not reflect on the European Common Market as would-be trading state in his 1986 book, it is still possible to draw some conclusions. In the absence of effective ‘high’ politics, he would have labelled the present EU as a trading state by default in very much the same way as he qualified post-World War II Japan and Germany (1986: 138).

This makes Rosecrance’s trading state a forerunner of a literature that came into existence in the late 1990s and which took up an old debate on Civilian Power Europe. In criticising idealistic or post-modern understandings of the global role of the EU (e.g. McCormick, 2007), Mario Telò and others attempted to cast the role of the EU as a new civilian power in an emerging post-hegemonic order in more realist terms (Telò, 2007 (2001) and 2009. On new regionalism, see also Hettne et al., 1999. For an overview of the debate on civilian power, see for instance Orbie, 2008). On the one hand, this attempt to synthesize competing IR/IPE

approaches is a welcome compensation for the normative – and to some extent overtly optimistic - accounts of the EU's global role (cf. Bretherton and Vogler, 2006). In taking the EU first and foremost as trading power, this liberal-realist synthesis comes close to the Hamiltonian foreign policy tradition as described by Mead. In very much the same way as 'Hamiltonians did not have to believe that the United States must either conquer or be conquered in its international relations' (Mead, 2001: 105), EU decision-makers can concentrate on securing open seas, open airs and open markets and on guaranteeing supplies of strategically essential raw materials and pay far less attention to military matters. A European trade policy based on 'national' economic interests is not entirely stripped from idealistic motives though. The 'feathered serpent – or the cold-blooded dove – of Hamiltonian calculation', as Mead succinctly summarised this American foreign policy tradition (Mead, 2001: 131), is also applicable to EEFP. One of the most important protagonists of the liberal turn in EU's trade policy from the mid-1980s onwards, Sir Leon Brittan, once positioned himself as a representative of 'hard-bitten political realism in the world of trade policy' whose main task it was to counteract any 'upsurge of protectionist rhetoric in Europe' (Brittan, 1995: 761). Yet in the same article and in many speeches he also emphasised the positive impact of free trade on global peace and democracy, on reducing poverty rates in the world, etc. (see the collection of his speeches in Brittan, 1998). It would be too simple to dismiss these expressions of political idealism as hollow phrases intended to push through free market interests only.

On the other hand, however, most of these more realist accounts of the EU's civilian power concentrate on the outward manifestation of commercial internationalism (CI) without taking full notice of its domestic sources and hence without fully addressing the question when and why (rather than how) CI has emerged in the EU. It is only in bypassing that the role of non-state actors in the liberal turn in EU's trade policy is referred to (see Telò, 2009: 44). An important exception to this general trend is the more focused literature on the role of lobby groups and/or 'domestic interests' in the unfolding of CI / European trade policy. As a starting point we can take the debate between Andreas Dür and Cornelia Woll in *Key Controversies in European Integration* (Zimmermann and Dür, 2012: 177ff) about the role of lobby or interest groups on the EU's foreign economic policies. Woll argues that lobby activities of organised economic interests follow a 'two-channel logic' whereby protectionist tendencies can be best defended at the member state level and liberal tendencies at the European level. This brings her to the conclusion that the European Commission can maintain a relatively autonomous

position vis-à-vis societal interests, because it is not the intensity but ‘the way it corresponds to Commission objectives’ which explains the success of lobby activities (Woll, 2012: 188-89 and Woll, 2009). In other words, firms may influence the EU’s trade policy but only to the extent that they comply with the basic free market parameters of the European Commission. It is more likely however that the EU’s trade policy inversely impacts upon the behaviour and indeed preferences and demands of business, for one thing because they often do not know what they want and second because the complexity of the EU decision-making structure allows the Commission to choose its allies among like-minded interest groups. The impact of the Commission on firms is what she refers to as ‘reverse lobbying’ (Woll, 2008). One big question pops up from this interesting argument. If business lobbies can only be effective to the extent that they converge with pre-existing preferences in the Commission, how must we explain then the post-1985 inclination among European decision-makers to progressively cast EU’s trade preferences in liberal terms? In other words, why was the neoliberal turn initiated at the level of government as reverse lobbying implicitly suggests? I will address this question below.

The so-called ‘autonomy thesis’ is casted in a principal-agent setting by Eugénia da Conceição-Heldt. She argues that a discretion-based negotiating mandate of the Commission turns into ‘agency slack’ if the collective principal (in the case of the EU the member states organised in the Council of Ministers) is strongly divided internally (Conceição-Heldt, 2010), or does not have a constant formal and informal control over (the actions of) the agent (Conceição-Heldt, 2013). In a major study comparing different countries and the EU, she claims that in the case of the agricultural agenda in the WTO Doha negotiations, the latter was the only actor less influenced by private economic interests due to the relative autonomy of its ‘principal’ negotiator (Conceição-Heldt, 2011a: 19ff + 225ff; see also 2011b). This argument is brought to its ultimate conclusion by authors like Sophie Meunier and Kalypso Nicolaïdis. In her much cited *Trading Voices*, Meunier claims that the ‘delegation of trade policy-making authority (...) facilitates the insulation of the process from domestic pressures and, as a result, promotes trade liberalization’ (Meunier, 2005: 8). This suggests that business lobbying of the protectionist variety first and foremost takes place at the member state level and that the EU trade policy is effectively shielded from these preferences through the mechanism of delegation. In fact, the double delegation – from member states to European Community and from Council to Commission – and the complicated mix of exclusive and mixed competences (at least until the Treaty of Lisbon) make the EU’s trade policy a matter of institutional

equilibriums between national governments and European institutions in which organised economic interests seem to play no role whatsoever (Meunier and Nicolaidis, 1999, 2006 and 2011). Meunier even suggests that in the European arena a level playing field for NGOs is emerging where ‘civic’ (consumer or environmentalist) interests have gained primacy over business interests, the latter being ‘relatively entrenched in domestic politics’ anyway (Meunier, 2005: 197). Effective insulation of national business interests apparently goes hand in hand with the supranational incorporation of transnational non-profit interests. This argument seems to run against evidence that most of these NGOs lack the resources – or in the case of trade unions unity of purpose - to effectively mobilise their lobbies at the European level (Dür and Bièvre, 2007; Bieler, 2013). In fact, this also applies to many sectoral business associations (Gerlach, 2006).

In addition, the formulation ‘as a result’ in the previous quote from *Trading Voices* is not as self-evident as it sounds and trade liberalization may very well be the outcome of socio-political contestation rather than delegation. In this sense, the EU’s trade policy is the result of lobbying by dominant business interest groups at different institutional levels (cf. Dür, 2012). Alternatively, domestic business interests still have an important say in EU’s trade policy, simply because member states still have (Ehrlich, 2009). The common ground is that the most powerful stakeholders have the biggest influence in EEPF. This argument gets a little bit obscured though by the fact that most of the authors do not elaborate on the precise mechanisms of this private-public influence structure. Andreas Dür at one point writes about business ‘support’ and at another about trade policies ‘reflecting’ business preferences. The difference is substantial and important but remains unexplained (Dür, 2008 and 2012; see also Dür and Elsig, 2011). And Woll is right in stating that this interest-group focused analysis tends to look at the influence structure as being uni-directional (Woll, 2012: 188). Finally, and this is perhaps the most important missing link, this literature does tell us about business interests and EU’s trade policy in general but does not explain the liberal turn in the late 1980s and 1990s. Furthermore, it does not link trade policy to, for instance, the completion of the Single Market and the rise to prominence of the competitiveness discourse in the same period of time.

In the next section I will develop a middle ground explanation, introducing a literature which both emphasises ‘reverse lobbying’ and top down Europeanization to insulate EU’s external economic relations from protectionist pressures and the privileged access of one particular

group of industrial companies, organised in the ERT. The difference between lobbying and agenda setting will be stressed as well as the emergence of a public-private partnership between the European Commission and the ERT on the basis of a political programme which aims at strengthening competitiveness and CI. This partnership which was of crucial importance in launching the neoliberal turn in Europe in the second half of the 1980s saw structural reform at home and economic expansion abroad as two sides of the same coin. It was the extended relaunch of European integration – i.e. the completion of the Single Market and the creation of EMU – that brought these goals close to reality.

### **Partnership between big business and European Commission: the rise of Commercial Internationalism explained**

Underlying this analysis of the rise of ‘neoliberal Europe’ or ‘Market Power Europe’ (Damro, 2012) is the assumption that a heterodox IPE (Ryner, 2012) perspective on CI should, first, take the intersection of politics and economics serious and from there try to search for (changing) power configurations between public and private forces that can explain for the rise of liberal CI in EEF. The initiating role of the ERT with respect to the extended relaunch is a case in point of its agenda setting and policy shaping importance during the quarter of a century between its foundation in 1983 and the start of the eurocrisis in 2008. ERT’s role and impact is fundamentally different from existing business lobbies like the European Confederation of National Employers’ Federations (UNICE). This latter association was founded in 1958 to canvass and influence EU (then EEC) institutions, a typical case of political spill-over. Its high degree of institutional fragmentation and the heterogeneous business interests it represented made UNICE (and its 2007 successor BusinessEurope) a rather impotent collective actor. For this reason it is perhaps more useful to focus on the ERT as *primus inter pares* in marshalling a limited but certain level of cohesion and consensus among leading European business and government strata, particularly in the field of external trade driven by internal competitiveness.

A particularly important feature of what could be referred to as new European governance structure is the phenomenon of public-private partnerships which emerged in the early 1980s and have been partially institutionalised in the course of the 1990s. By this I mean the informal and

formal structures (or networks) where Chief Executive Officers (CEOs) of European business, politicians and high representatives of the European cadres meet each other. It is particularly the agenda-setting and policy-planning capacity of these networks that is of importance here.

The partnership between the European Commission and the ERT is perhaps one of the most striking (and influential) examples in this respect. The European Commission is of particular importance in its policy planning capacity and in its role as the *Guardian of the Treaties*. As far as the former task is concerned, the Commission operates in close co-operation with organised business. The ERT is a privileged agenda setting and policy planning group, privileged in its access to European institutions and member state governments and in its capacity to influence the European agenda. The relationship between the two can best be described as a 'symmetrical interdependent' one: the Commission and the ERT need each other in the realisation of their respective goals. Already in the early years of its existence, a member of the Delors cabinet referred to the ERT in the following way: 'We see this group as a very useful bunch of people. These men are very powerful and very dynamic. They seed us with ideas. And when necessary, they can ring up their own prime ministers and make their case' (quoted in Merritt, 1986: 22) . In other words, the Commission could (and can) use the members of the ERT in its attempt to strengthen its position vis-à-vis the member states, both in its policy initiating and innovating capacity. On the other hand, the ERT needs the Commission because of its role as executive and co-legislature at the European level. The fact that the Commission has a quasi-monopoly of policy planning and innovation but also delegated power in trade policy makes it the very political addressee of numerous interest groups. And again, among these interest groups the ERT is *primus inter pares*<sup>4</sup>. Being a pressure group of around 50 CEOs representing transnational companies with a combined turnover of about 1,300 billion Euro, employing more than 6.8 million people world-wide, the ERT was – and still is - clearly a factor to reckon with at the European level. This can be illustrated by analysing the success of its pro-active suggestions for European regulation to force national economies (directly or indirectly) to increase competitiveness (a true case of Europeanisation).

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<sup>4</sup> It is now generally acknowledged that the ERT played an important role in the extended relaunch of European integration in the 1980s. See for example Cowles, 1994, and Van Apeldoorn, 2002.

The ERT was founded in 1983 as co-initiative of the erstwhile European Commissioner Etienne Davignon and the President of Volvo Pehr Gyllenhammar. The early ERT members were recruited from industrial sectors like electronics (Philips and Siemens), car manufacturing (Fiat, Renault, Volvo) and steel (Thyssen). Soon after its foundation, the ERT developed into a platform for the improvement of the dialogue between European industry and decision-makers at both the national and European levels. Its principal aim was twofold: to search for common solutions for the perceived loss in competitive power vis-à-vis U.S. and Japanese adversaries and to find support at the Community level (and especially within the European Commission) for the completion of the Single Market (see Cowles, 1994). The ERT formulated priorities in the field of European integration, particularly with respect to the overall objective of strengthening European industry's competitiveness, in the expectation that decision-makers at the European and national levels started to take concrete action. The striking synchronisation of ideas between the ERT and the European Commission headed by Jacques Delors can be *inter alia* exemplified by the successful implementation of the Europe '92 initiative and the subsequent move towards EMU. In both cases the ERT successfully played its agenda setting role: the most important priorities of trans-European business were realised or put high on the European agenda.

A recovery of European industry's competitiveness could be realised only through adjustments at the supply-side of the European economy. All other decisions within the EU would have to be tested against this all-pervasive goal. In this context, in 1993 and 1994 the ERT proposed the establishment of an European Competitiveness Advisory Group, which would 'act as a watchdog, by subjecting policy proposals and new regulations to the test of international competitiveness' (ERT, 1994: 3). In 1995, this Advisory Group was established to keep competitiveness high on the EU policy agenda.

This latter example confirms a more general pattern in the history of the ERT: at strategic moments - and preferably on the eve of an important meeting of the European Council - the ERT published reports or memoranda containing very concrete priorities and suggestions for EU policy. These reports were sent to the European and national decision-making centres. Simultaneously, these reports were discussed during regular meetings with the President and various members of the European Commission and contacts were established with ministers and the Prime Minister of the member state then holding the Presidency of the European Union. This latter event was part of a standing ritual within the ERT. At least twice a year, all the members of

the ERT came together for a plenary meeting, to be held right before a European Council meeting. During this plenary, the Prime Minister of the member state holding the Presidency was invited for ‘an informal exchange of ideas’.

### **Commercial Internationalism as a dominant foreign policy tradition in EEFPP**

It is certainly not my intention to establish a simple cause-effect relationship, implying that the liberal turn in EU’s trade policy and the rise of CI as dominant tendency in EEFPP is solely the result of the coming into existence of a public-private partnership between the Commission and the CEO’s of the ERT after the latter’s foundation in 1983. Bastiaan van Apeldoorn has convincingly argued that the rise of CI was certainly not uncontested, not even within the cupola of big business in Europe (Van Apeldoorn, 2002: 115ff). The ERT was characterised by a strong neo-mercantilist foreign trade orientation in the first years of its existence. It was only at the end of the 1980s that the internal balance within the ERT shifted in favour of global free trade, a shift *inter alia* caused by the entrance of a number of globally competitive firms. This calls for more specific attention to the shift from embedded liberalism and managed multilateralism to (disembedding) neoliberalism and ‘open bilateralism’, particularly after the end of the Cold War.<sup>5</sup> Here again, the relationship between internal competitiveness and external commercial expansion should be central to the analysis.

Further empirical research and more sophisticated theoretical accounts are needed to understand the exact interplay of all the different actors and factors involved in this historical transition, particularly where its impact on EU’s external economic relations is concerned. The rise to the agenda-setting occasion of big business is one thing, the concomitant shift from the post-war Keynesian-Smithian synthesis to the unhappy marriage of neo-conservatism and economic liberalism is a related but different one. And the new world order

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<sup>5</sup> Post-war embedded liberalism of course refers to John Ruggie’s famous characterisation of the post-war era characterised by free market integration abroad and Keynesian welfare steering at home; managed multilateralism ‘amounts to an extension of the post-war American system into a new era in which power is more evenly distributed’ (Sandholtz et al., 1992) and in which the Janus faced trade policy of the EU is *inter alia* reflected in the continuation of its Common Agricultural Policy (see Junne, 1999); ‘open bilateralism’ refers to a strategy of bilateral free trade agreements in the absence of a Doha agreement but intended to be ‘open’ enough to be eventually incorporated in a multilateral setting. According to some, this open bilateralism is only paying lip service to multilateralism (see Meunier/Nicolaïdis, 2011).

resulting from the collapse of real-existing socialism is yet another one. Let us take the relaunch of European integration as an example. Leon Brittan was right to state that the EU's external trade policy had 'converted the single European market into a vast negotiating lever to win global access for European exports and investment by challenging our partners to be as open as we are to them' (quoted in Meunier, 2005: 21). At the same time, the emphasis on the need to strengthen EU's external trade performance in a globalising world – 'there is no alternative' - had a disciplining effect on domestic forces. At the heart of this double movement stood competitiveness, both as concrete set of practices aimed at restructuring European capitalism and as hegemonic discourse. Meanwhile, the rise of a number of so-called emerging markets, together with the collapse of the Doha Development Round, inspired the EU to embark on a road of 'open' bilateralism. Andreas Dür has argued that a main reason for these bilateral trade agreements is to be found in what he calls a 'protection for exporters' strategy (Dür, 2010). If third countries start bilateral or intra-regional trade negotiations with other non-European states, European exporters fear exclusion and trade discrimination and will push for competing and/or alternative market access agreements initiated by the EU (see also Van Loon, 2013).

In short, the rise of CI as dominant tradition in EEFPP is due to at least three interrelated developments at the end of the 1980s: the start of the extended relaunch of European integration, the neoliberal turn in political and economic discourse at both the national and European level, and the end of the Cold War, the latter getting its full expression in the subsequent emergence of a post-hegemonic multipolar world. These three developments come together in the establishment of the so-called Transatlantic Business Dialogue (TABD) in 1995. This transatlantic network of representatives of the US government, European Commission and American and European business leaders (with a dominant role for the ERT at the European side) aimed at deregulating transatlantic trade within the context of the New Transatlantic Agenda. The important thing for us here is that the common belief that trade agreements are government to government business is falsified by the events leading up to the Transatlantic Mutual Recognition Agreement (MRA) of 1997. Seen from the European side, the Transatlantic quadruple public-private partnership effectively boiled down to a 'Europeanisation of business-government relations' (Cowles, 2001: 159; see also Peterson and Cowles, 1998; Cowles, 1996 and 1999). According to Cowles, this included the top-down Europeanization of transnational business interests impacting national business-government relations. Privileged access of large firms to the Commission transformed the traditional

government–industry association model of interest representation both at the national and European levels. ‘As large companies discredited the “national route” of EU policy-making in favour of direct negotiations with European institutions, domestic business-government relations were challenged’ (Cowles, 2001: 178).

Arguably, the TABD lost momentum in the course of the first decade of the new millennium. Only with the coming to power of Barack Obama in 2008, and fuelled by the announcement of his ‘pivot to Asia’ strategy, fears popped up about a split between the USA and the EU. Again, because the very foundation of the TABD in 1995 was inspired by a common concern among European business and government leaders about the US ‘drifting apart’ (Cowles, 2001: 168). This time, and seen from a European perspective, the start of TTIP negotiations may have served this ‘protection for exporters’ goal too.

The new transatlantic ‘game-changing’ trade pact between the EU and the US is not only about economic interests however. According to EU trade commissioner Karel de Gucht such a trade agreement would be ‘of foremost importance for our industries’ but much more than just about free trade. In fact, there is no ‘low-hanging fruit’ anymore, the game is now about non-tariff barriers and mutual recognition (De Gucht quoted in *The Financial Times*, 14 February 2013, p.1).<sup>6</sup> It is generally understood that if the TTIP negotiations are successfully completed it will set standards for the rest of the world, if only because such a partnership would cover approximately half of the world economy and one third of world trade. It is not difficult to see the geopolitical and geo-economic consequences of such a would-be ‘game-changer’.<sup>7</sup>

## **Conclusion**

An interesting avenue for future research is to look at the progress made in TTIP negotiations (or lack of it) from the perspective of business interest articulation. A couple of months before the start of TTIP, a merger between the TABD and the European-American Business Council

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<sup>6</sup> It is important to note that the TTIP, if successful, may include recognition of standards rather than just conformity assessments (for the difference, see Nicolaïdes and Schaffer, 2005: 273ff) as in the case of the 1995 MRA.

<sup>7</sup> I am aware that some believe that this ‘game changing’ ratio behind TTIP rests on shaky grounds (see De Ville and Brüggé 2016: chapter 2).

took place. The newly founded organization started on the 1<sup>st</sup> of January 2013 under the new name of Transatlantic Business Council (TABC) and consists of about 70 US and EU companies. In very much the same way as Maria Green Cowles meticulously researched the coming into existence and early workings of the TABD, research into the composition, activities and influence of the TABC could learn us more about the differences and similarities in the agenda-setting capacity of big business in different historical settings. Following the line of argument in this chapter, a more specific search for powerful networks linking big business with representatives from the European Commission would give us additional evidence of who decides EEFP in general and CI in particular, and how.<sup>8</sup>

Yet we cannot exclude the possibility of non-agreement or a TTIP that does take societal demands - ranging from the protection of labour standards to food safety - serious. As to the first, the conclusion of TTIP negotiations has been announced at several occasions in the last few years and should now be concluded before the end of the Obama-administration. Reaching agreement seems difficult enough. But if an agreement is reached, the content of this new partnership will probably touch upon issues that do not belong to the so-called exclusive competences of the European institutions alone. This implies that national parliaments will have a say and can vote against the partnership. The same goes for the European Parliament. The simple prospect of a no-vote in national parliaments or in the EP may have an impact on the final draft of TTIP, if any. This brings us to an important conclusion. Even if we applaud the growing involvement of CSSIOs at the European level and share their concerns about the possible consequences of a business-inspired TTIP, their impact on the final outcome will be indirect at best. A comparison with the anti-austerity movement comes to mind. Social protests in countries like Spain and Greece did not prevent governments from pursuing severe austerity policies, partly forced upon them by (among others) the European Commission. In a similar way, protests or lobby-activities from CSSIOs in isolation will have little impact on EU-negotiators. But changing attitudes and sentiments in parliament with respect to free trade in general and transatlantic free trade in particular can make a difference. That is, if and only if arguments against (certain aspects of a would-be) TTIP are well grounded, i.e., based on solid facts and good reasons.

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<sup>8</sup> According to the website of the TABC, the new interest group sees itself as the main business interlocutor to both the US government and the European Commission, uniquely placed to provide one voice in the TTIP (see <http://transatlanticbusiness.org/>).

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