Negative Brief: European Union Free Trade Agreement

By “Coach Vance” Trefethen

Plan modifies existing negotiations of the US/EU Trade & Technology Council (TTC) into negotiation of a US/EU Free Trade Agreement (FTA). This was already tried and failed 3 times, including under the auspices of the Transatlantic Trade & Investment Partnership (TTIP), which failed to reach agreement and was terminated several years ago. AFF still cannot fiat that the EU agrees to an FTA, they can only fiat that the US offers to negotiate one, which we already did and couldn't reach any agreement. Any evidence that the EU doesn't want it dooms the plan. Evidence about the failure of TTIP applies to the AFF plan because the plan essentially resurrects TTIP.  
 There's a lot of evidence about China because one version of this plan has harms and advantages that link US/EU FTA to opposing China and gaining advantages over China. Look carefully and ask "so what?" to the AFF's China arguments. Example: "So what, if China dominates trade? Who gets hurt?"

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Negative: European Union Free Trade Agreement

INHERENCY

1. TTC. Status Quo is doing the most possible through TTC (the Trade & Technology Council)

EU/US FTA is impossible right now, but the TTC is doing all that is currently possible in Status Quo

Dr. Cecilia Malmlstrom 2022 (PhD in political science from the department of political science of the University of Gothenburg; former member of the European Commission and the European Parliament ) 4 Jan 2022 "The EU should use its trade power strategically" (accessed 12 Nov 2022)https://www.piie.com/blogs/realtime-economic-issues-watch/eu-should-use-its-trade-power-strategically

A free trade agreement between the United States and the European Union is not realistic for the time being, despite the billions in goods and services that flow across the Atlantic every minute. But incremental progress is possible, in areas such as standards, artificial intelligence, and semiconductors, as outlined in the [new Trade and Technology Council](https://www.piie.com/blogs/trade-and-investment-policy-watch/what-us-eu-trade-and-technology-council-five-things-you-need), which held its first meeting in 2021.

TTC can solve for much of what FTA would be expected to do

Congressional Research Service 2022 (non-partisan research agency of Congress) U.S.-EU Trade Relations last updated 3 June 2022 (accessed 12 Nov 2022) https://crsreports.congress.gov/product/pdf/R/R47095

In addition to or in the absence of U.S.-EU FTA negotiations, Congress may seek to intensify regulatory cooperation, such as through the TTC. Past efforts suggest that intensive regulator-toregulator cooperation has the potential to remove many of the regulatory barriers to expanding U.S.-EU trade and investment.

2. WTO. The World Trade Organization

The European Union is a member of the WTO

European Parliament 2022. The European Union and the World Trade Organization (accessed 12 Nov 2022) https://www.europarl.europa.eu/factsheets/en/sheet/161/the-european-union-and-the-world-trade-organization

The EU’s common commercial policy is one of the areas in which the Union as such has full and exclusive competency. In other words, the EU operates as a single actor at the WTO and is represented by the Commission rather than by the Member States. The Commission negotiates trade agreements and defends the EU’s interests before the WTO Dispute Settlement Body on behalf of all 27 Member States.

WTO means very low tariffs / low trade barriers anyway in Status Quo. [FTA wouldn't change much]

Dr. Jagdish Bhagwati, Dr. Pravin Krishna and Dr. Arvind Panagariya 2014 (Bhagwati – PhD; prof. of economics at Columbia Univ. Krishna – PhD; Professor of International Economics and Business, Johns Hopkins Univ. Panagariya – PhD; prof. of economics at Columbia Univ.) 3 May 2014 “The World Trade System: Trends and Challenges” <https://www.sais-jhu.edu/sites/default/files/JB-PK-AP-SIPA-SAIS%20Draft.pdf> (accessed 26 June 2022)

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3. A/T "China dominating trade rules"

Minor Repair: WTO can solve. China follows WTO rules, all we need to do is update them

Dr. Inu Manak 2021. (PhD in government at Georgetown Univ.; research fellow at the Cato Institute) "On China’s Trade Practices, the United States Is Ramping Up Efforts with Allies" 1 Dec 2021 (accessed 13 Nov 2022)https://www.cato.org/blog/chinas-trade-practices-united-states-ramping-efforts-allies

As my colleagues have [catalogued](https://www.cato.org/policy-analysis/disciplining-chinas-trade-practices-wto-how-wto-complaints-can-help-make-china-more), China’s track record at meeting its existing obligations at the WTO has been as good as any other country, and when brought into litigation, China has generally responded by changing its behavior. Updating WTO rules so that trade practices that currently sit outside of them can be effectively challenged will go a long way to addressing China’s subsidies regime, and also move us towards a more competitive international market.

SIGNIFICANCE

1. A/T "China economic threat"

China's population trends create a "long term time bomb" that will likely reverse China's rapid growth

Scott Lincicome 2021 (director of general economics and [Cato’s Herbert A. Stiefel Center for Trade Policy Studies](https://www.cato.org/herbert-stiefel-center-trade-policy-studies); BA in political science from the Univ of Virginia and a JD from the university’s School of Law) 2 June 2021 "The China Threat Meets the China Reality" (accessed 13 Nov 2022) https://www.cato.org/commentary/china-threat-meets-china-reality

Finally, China faces broader, systemic challenges that call into question whether it will stay on the same economic trajectory for decades to come (a [classic mistake](https://apnews.com/article/f94e684add552594e534c5fbf6213b62) in economic forecasting). For starters, China has major demographic headwinds that will only accelerate in the coming years. Despite relaxing its repressive and decades‐​long family planning policy, China’s birth rate continues to fall, and its [population last year rose](https://www.wsj.com/articles/china-says-its-population-rose-slightly-in-2020-11620698964?mod=djemalertNEWS) only to 1.41 billion from 1.40 billion in 2019, with individuals older than 60 now accounting for almost one‐​fifth of the population. An aging China [creates pressures](https://www.prb.org/aging-and-health-in-china-what-can-we-learn-from-the-worlds-largest-population-of-older-people) on domestic consumption, [labor force participation](https://twitter.com/scottlincicome/status/1399819454498971651?s=20), pension and health care systems, and overall economic growth. As one demography expert put it to the [New York Times](https://www.nytimes.com/2021/05/10/china-census-births-fall.html?action=click&module=RelatedLinks&pgtype=Article), “This is a long‐​term time bomb.”

30 years ago it was the "Japan threat", now it's the "China threat" to our economy. We should ignore it and just do whatever policy is best on its own merits without worrying about China

Scott Lincicome 2021 (director of general economics and [Cato’s Herbert A. Stiefel Center for Trade Policy Studies](https://www.cato.org/herbert-stiefel-center-trade-policy-studies); BA in political science from the University of Virginia and a JD from the university’s School of Law) 2 June 2021 "The China Threat Meets the China Reality" (accessed 13 Nov 2022) https://www.cato.org/commentary/china-threat-meets-china-reality

Surely, there are differences between Japan then and China now, but there are also many similarities—especially in Washington. Indeed, many of the same folks preaching American decline today did so 30 years ago too. [**END QUOTE**] It’s more disappointing, however, to see such talk from Republicans who—so they say—believe in American exceptionalism and our free market system. And, sure, it’s possible that China can overcome the above economic headwinds and several others ([for example](https://www.cato.org/policy-analysis/china-rise-or-demise#increasing-illiberalism), environmental degradation, overseas project failures, restive populations, alienation of foreign firms, and increasing illiberalism)—it’s undeniably a large economy with a huge and increasingly educated population. **[HE GOES ON LATER IN THE CONTEXT QUOTE:]** But China’s economic challenges, caused in no small part by its relatively recent embrace of illiberalism and interventionism, are quite real, and they argue strongly against radical changes to U.S. economic policy as a last‐​ditch effort to counter an inevitable global hegemon. Those changes should be considered on the merits, not out of an overwrought fear of the “China Threat.”

2. A/T "US economy benefits from trade"

Foreign trade doesn’t have a significant impact on wages nor the total number of jobs in the US economy

Dick K. Nanto 2011 (Coordinator, Specialist in Industry and Trade, Congressional Research Service) 4 Jan 2011 “Economics and National Security: Issues and Implications for U.S. Policy” <https://books.google.fr/books?id=SJv6wqVPyOEC&pg=PA55&lpg=PA55&dq=%22foreign+trade%22+%22total+number+of+jobs%22&source=bl&ots=IXgue2QYJc&sig=J8UuPgFkRA4zSQrazSb8aRetqF4&hl=en&sa=X&ved=0CB8Q6AEwADgKahUKEwiKntzk07fIAhXDfRoKHfR_AxI#v=onepage&q=%22foreign%20trade%22%20%22total%20number%20of%20jobs%22&f=false> (accessed 22 June 2022)

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Trade influences where the jobs are, not the total number of jobs

[Lael Brainard](http://www.brookings.edu/experts/brainardl) and Robert E. Litan 2004 (Brainard - Vice President and Director, [Global Economy and Development](http://www.brookings.edu/about/programs/global), Brookings Institution. Litan - Senior Fellow, [Economic Studies](http://www.brookings.edu/about/programs/economics), Brookings Institution) Apr 2004 "Offshoring" Service Jobs: Bane or Boon and What to Do? <http://www.brookings.edu/research/papers/2004/04/macroeconomics-brainard> (accessed 22 June 2022)

Historically, the number of jobs has closely followed the growth of the labor force, despite major increases in foreign trade and the advent of a host of new job-displacing technologies, such as voicemail, word processors, and optical scanners. Indeed, despite a surge in openness, the U.S. economy since 1985 has added 30 million workers to its payrolls, even taking into account the recent recession and the unusually low job creation during the recovery. At the same time, median family income has jumped 20 percent. Structural changes, including trade and technology, influence where the jobs are, not the total number of jobs.

Trade effect on labor markets is exaggerated: Other factors (immigration, capital flows, technology) have far more impact

Prof. Richard B. Freeman 2003. (prof. of economics, Harvard Univ.;  Senior Research Fellow in Labour Markets at the London School of Economics' [Centre for Economic Performance](http://cep.lse.ac.uk/) ) Trade Wars: The Exaggerated Impact of Trade in Economic Debate, World Economy Annual Lecture, 26 June 2003, revisions Sept 2003 <https://papers.ssrn.com/sol3/papers.cfm?abstract_id=450881> (accessed 22 June 2022)

While complete autarky or imposition of advanced country standards on LDCs would have huge effects on economies around the world, the actual policies around which debate has focused and observed changes in trade patterns have not come close to having their ballyhooed or feared effects on labor markets or on economies writ large. Both the proponents and opponents of globalization WC [Washington Consensus] style have exaggerated the importance of trade. Instead of dominating economic outcomes, changes in trade policy and trade have had modest impacts on labour market and economic outcomes beyond trade flows. Other aspects of globalization – immigration, capital flows, and technology transfer – have greater impacts on the labour market, with volatile capital flows creating great risk for the well-being of workers.

SOLVENCY

1. Already tried (3 times) & failed

Failed in 2018: Trump tried to do a trade agreement with EU but it failed in 2018

Shayerah I. Akhtar 2021 ( Specialist in International Trade and Finance with Congressional Research Service) U.S.-EU Trade and Economic Relations 21 Dec 2021 (accessed 11 Nov 2022) https://crsreports.congress.gov/product/pdf/IF/IF10931

The Trump Administration led the most recent efforts, formally notifying Congress in October 2018 of its intent to negotiate a trade agreement with the EU under the 2015 Trade Promotion Authority (TPA, now expired). The talks—which many saw as an attempt to defuse escalating trade tensions—stalled over differing U.S. and EU views on scope, particularly the exclusion of agriculture.

Failed in 2016: U.S. already proposed an FTA with EU but it failed in 2016. They couldn't agree on a single thing!

Mark Antonio Wright 2016 (journalist) 30 Aug 2016 "Are the Negotiations for a Trans-Atlantic Free-Trade Agreement Dead?" (ellipses in original) (accessed 11 Nov 2022) https://www.nationalreview.com/corner/us-eu-free-trade-agreement-negotiations-have-failed/

Over the weekend according to the [Associated Press](http://bigstory.ap.org/article/611ff828b5ed44d5ad56ab46e0781e52/german-economy-minister-says-eu-us-trade-talks-have-failed), German vice chancellor and economic minister Sigmar Gabriel said he believes that free-trade talks between the United States and the European Union have “de facto failed.” Both Washington and Brussels have pushed for a deal by the end of the year, despite strong misgivings among some EU member states over the Trans-Atlantic Trade and Investment Partnership, or TTIP. . . .  “In my opinion, the negotiations with the United States have de facto failed, even though nobody is really admitting it,” Gabriel said during a question-and-answer session with citizens in Berlin. He noted that in 14 rounds of talks, the two sides haven’t agreed on a single common item out of 27 chapters being discussed.

Failed in 1995: US and EU tried and abandoned an FTA in 1995

New York Times 1995. (journalist Tom Buerkle) 31 Oct 1995 "U.S. and EU Scale Back Goals : Free-Trade Talks Fail" (accessed 11 Nov 2022) https://www.nytimes.com/1995/10/31/business/worldbusiness/IHT-us-and-eu-scale-back-goals-freetrade-talks-fail.html

The European Union and the United States have effectively abandoned the possibility of creating a trans-Atlantic free-trade area because of a lack of political support in Paris and Washington, officials said Monday. EU foreign ministers instead debated a proposal here Monday to conduct a joint study of ways to remove tariff and nontariff barriers between the 15-nation Union and the United States.

2. No link between free trade and economic growth

No evidence that countries that trade freely grow faster

Dr. Nicole Hassoun 2011 (PhD philosophy; Assistant Professor, Dept of Philosophy, Carnegie Mellon University) Free Trade, Poverty, and Inequality (brackets added) <https://global-health-impact.org/nhassoun/Disclaimer_FreeTradePovertyInequality.php> (accessed 26 June 2022)

Next, consider the [World] Bank’s argument for the conclusion that free trade is reducing poverty because it has increased growth rates without increasing inequality in recent decades. [**END QUOTE]** Or, as they put it, “the combination of rapid growth with no systematic change in inequality has dramatically reduced absolute poverty in the globalizing countries”. [**SHE GOES ON LATER IN THE CONTEXT QUOTE**:] The first problem with this argument is that it does little to show that countries that trade freely grow more than those that do not. Consider the Bank’s evidence for a link between free trade and growth. The Bank only establishes a correlation between population weighted trade to GDP ratios and real GDP per capita in developing countries but, even setting aside the distinction between liberalization and free trade, this is not enough to show that free trade increases growth**.**

Trade liberalization follows growth, it isn’t the cause. Examples: China and India grew first, then opened their markets later

Dr. Nicole Hassoun 2011 (PhD philosopy; Assistant Professor, Department of Philosophy, Carnegie Mellon University) Free Trade, Poverty, and Inequality (brackets added) <https://global-health-impact.org/nhassoun/Disclaimer_FreeTradePovertyInequality.php> (accessed 26 June 2022)

Including countries like China and India, which have low trade/GDP ratios, in the group of globalized countries virtually “guarantees that the globalizers, weighted by population, show better performance than the nonglobalizers.” It is not clear why the IFIs [International Financial Institutions] would consider trade to GDP [Gross Domestic Product] ratios a good measure of free trade. [**END QUOTE**] They are probably just confusing free trade with liberalization although some have accused the Bank of trying to confuse others. This is worrisome because the kinds of policies pursued by countries like China in achieving growth were a-liberal. **[SHE CONTINUES LATER IN THE SAME CONTEXT QUOTE:]** China and India began to open up their markets only after their growth rates increased. The World Bank may have the causality backwards.

3. EU won't support the plan

EU policymakers don't believe free trade guarantees economic growth, and France has multiple objections

Philip Blenkinsop 2022 (journalist for Reuters) 8 Feb 2022 "With elections looming, France reins in open EU trade policy" (accessed 12 Nov 2022) https://www.reuters.com/world/europe/with-elections-looming-france-reins-open-eu-trade-policy-2022-02-08/

By contrast, France is enthusiastic on more protective trade measures. It wants agreement by early March on legislation designed to limit foreign bidders for EU public procurement contracts if their own countries do not reciprocate. It is also keeping a keen eye on a review of conditions for striking a free trade agreement with Europe. The latter centres on environmental and labour standards that the bloc insists its free trade partner must uphold. France though has raised eyebrows with its talk of a need for "mirror clauses". Riester says such clauses already exist in bans on growth hormones in meat or plans to limit trade in products linked to deforestation. Other EU members are concerned they could go much further, deterring would-be partners that would need to mirror EU working practices with no EU commitment to mirror theirs. Bernd Lange, the influential head of the European Parliament's trade committee, said the EU was learning, along with other economies, that trade policy needed to take workers and the environment more into account. "The old-fashioned theory of trade based on Ricardo and Smith, that you just withdraw trade restrictions and growth will come, benefiting everybody, is quite wrong," he said.

As of Nov. 2022: No political support in the EU for restarting free trade negotiations with the US. TTC is the only thing they will support (cross-apply under Inherency)

Barbara Moens 2022 (journalist) 8 Nov 2022 "Brussels tells Scholz not to revive ghost of TTIP" (accessed 12 Nov 2022) <https://www.politico.eu/article/european-union-debate-how-to-avoid-transatlantic-trade-war/> (TTIP was the Transatlantic Trade & Investment Partnership, a free-trade negotiation program between US/EU that failed several years ago)

The idea of restarting politically explosive TTIP negotiations would bring back bad memories of massive anti-trade campaigns across Europe. While Lindner and others in Berlin might stress the new trade talks can be done in a different way, they still risk opening a Pandora’s box.  Those fears are exactly why Brussels and Washington chose a different, more flexible format — the Trade and Technology Council — when they tried to repair the transatlantic economic relationship after the tumultuous Trump years.

Every single EU country must agree unanimously for anything to happen

Jacopo Barigazzi & Jakob Hanke Vela 2022 (**Jacopo Barigazzi** is Senior EU Reporter at POLITICO, covering mainly migration, foreign policy and Italian politics. **Jakob Hanke Vela** is Brussels Playbook Writer for POLITICO.) 20 Sep 2022 “EU’s unanimity rules are here for now, despite chatter” <https://www.politico.eu/article/eu-unanimity-rules-are-here-for-now-despite-chatter/>  (accessed 13 Nov 2022)

At the center of the conversation is the EU’s unanimity rule, which means every country must agree before the bloc can make a decision on issues such as foreign policy to tax rules. While the structure helps the EU present a united front, it has also slowed or stalled movement on any number of major issues, from Russia sanctions to corporate tax rates.

4. Can't expand TTC to do more

TTC expansion to a broader agreement is blocked by disagreements on major issues

Congressional Research Service 2022 (non-partisan research agency of Congress) U.S.-EU Trade Relations last updated 3 June 2022 (accessed 12 Nov 2022) https://crsreports.congress.gov/product/pdf/R/R47095

Some analysts express hope the TTC results in cooperation on common standards and guidelines to ensure shared foundations and complementary approaches, even if EU and U.S. regulatory or legal systems vary—cooperation that may lead to the better establishment of international norms.[**END QUOTE]** Creating a bilateral consensus could strengthen a joint U.S.-EU position to counter China in forums such as international standards bodies or the WTO, and promote economic development by making it easier for firms in developing countries to export to both markets. [**BUT THEY CONCLUDE LATER IN THE CONTEXT QUOTE**:] Yet, internal differences in the United States (e.g., on national data privacy legislation) or the EU (e.g., on online content rules) may continue to create challenges for broader agreement.

5. Can't solve for "China dominates international trade rules" #1: EU doesn't agree to oppose China

The EU doesn't agree with US trade policies, and doesn't want to endanger its business with China by opposing them

Prof. Herman Mark Schwartz 2022 (Department of Politics, Univ. of Virginia) POLITICS & GOVERNANCE, published in May 2022 (accessed 13 Nov 2022) The European Union, the United States, and Trade: Metaphorical Climate Change, Not Bad Weather https://www.cogitatiopress.com/politicsandgovernance/article/view/4903;

Third, domestic and global politics threaten Atlantic amity. The EU’s €400 billion annual current account sur‐ pluses have already provoked a trade backlash from the US that has outlived the Trump administration (and extends beyond Europe). Suppressed domestic demand in the EU also may have a limited political shelf life. The US and EU lack the security conflicts characterizing the US–China relationship, but economic relations are increasingly hostage to diverging security policy preferences over Russian natural gas and Chinese telecommunications equipment. Core organized interests in the EU—read German manufacturers—are reluctant to endanger continued sales to China by supporting US security initiatives against China.

6. Can't solve for "China dominates international trade rules" #2: Alternate cause of the problem

China will dominate if we don't get some judges on the WTO appeals panel. And that is the fault of the U.S.

**[The WTO sets the rules currently, and if a country violates the rules, another country can file a complaint at the WTO. If they win, trade sanctions can be applied to the violating country. HOWEVER: The violator has the right to appeal to the dispute settlement appeals panel before the sanctions are imposed. BUT: That panel is now vacant, there are no judges sitting on it, because the U.S. has blocked the appointment of new judges for years now. So, countries can simply ignore the WTO rules and get away with it because no sanctions will ever be applied.]**

Prof. James Bacchus 2021 (Professor of Global Affairs and director of the Center for Global Economic and Environmental Opportunity at Univ of Central Florida. He was a founding judge and was twice the chairman—the chief judge—of the Appellate Body of the World Trade Organization in Geneva) "Appeals to the Abyss Are Letting China Off the Hook on Trade Violations" 15 June 2021 (accessed 13 Nov 2022) https://www.cato.org/commentary/appeals-abyss-are-letting-china-hook-trade-violations

If the G7 countries do not act together in the WTO to reconstitute the appellate body, and if nothing changes, China and other large trading countries will simply employ the heft of their economic leverage to do as they wish in their trade dealings with other countries — and especially those that are smaller and less powerful. We will be back to where we were before we created the WTO, which was designed to end trade lawlessness by upholding the international rule of law through the enforcement of binding rules for trade. Of course, this dire situation in WTO dispute settlement is not the fault of either China or Australia. It is almost entirely [the fault](https://www.cigionline.org/publications/might-unmakes-right-american-assault-rule-law-world-trade/) of the United States of America. Little is accomplished nowadays in the United States on a bipartisan basis. Yet a bipartisan effort — one that began in the second Bush administration, intensified throughout the Obama and Trump administrations, and persists, at least for now, under President [Joe Biden](https://thehill.com/people/joe-biden) — has gradually succeeded in undermining what has been until now the most successful international system for settling disputes in the history of the world.

DISADVANTAGES

1. Unsustainability

Free trade leads to short-term behaviors that are not sustainable, and reduce long-term living standards

Ian Fletcher 2010 (adjunct fellow at the U.S. Business and Industry Council; formerly an economist in private practice serving mainly hedge funds and private equity firms) 10 myths about free trade <http://dailycaller.com/2010/04/14/10-myths-about-free-trade/> (accessed 26 June 2022)

Free trade has roughly ten very serious problems. The first problem is the assumption that trade is sustainable. But a nation exporting non-renewable resources may discover that its best move (in the short run) is to export until it runs out. The flip side of this problem is overconsumption, in which a nation (like the present-day U.S., maybe?) borrows from abroad in order to finance a short-term binge of imports that lowers its long-term living standard due to the accumulation of foreign debt and the sale of assets to foreigners.

2. Increased inequality

Link: Free trade increases inequality by raising the value of capital over labor

Ian Fletcher 2010 (adjunct fellow at the U.S. Business and Industry Council; formerly an economist in private practice serving mainly hedge funds and private equity firms) 14 Apr 2010 10 myths about free trade <http://dailycaller.com/2010/04/14/10-myths-about-free-trade/> (accessed 26 June 2022)

The second problem is that free trade increases inequality even if it makes the economy grow overall (which is itself questionable). Because free trade tends to raise returns to the abundant input to production (in America, capital) and lower returns to the scarce input (in America, labor), it tends to benefit capital at labor’s expense.

Impact: Inequality fuels credit bubbles that crash the economy

Frederick E. Allen 2012. (journalist) Oct 2012 FORBES magazine “How Income Inequality Is Damaging the U.S.“https://www.forbes.com/sites/frederickallen/2012/10/02/how-income-inequality-is-damaging-the-u-s/ (ellipses in original; brackets added)

The Congressional Budget Office recently reported that between 1979 and 2007 the top 1% of households doubled their share of pretax income while the share of the bottom 80% fell. Then came the great recession. Economists including David Moss of the Harvard Business School noticed that “the last time inequality rose to its current heights was in the late 1920s, just before a financial meltdown. . . . In 2010, Moss plotted inequality and bank failures since 1864 on the same graph; he found an eerily close fit.” But does that imply a cause-and-effect relationship? It looks that way, [journalist Jonathan] Rauch writes. Economists have been tracing the following chain of causality. Those who make the least consume the most of their income; those who make the most tend to save a great deal, and for that reason, according to the economist Christopher Brown, at Arkansas State, “income inequality can exert a significant drag on effective demand.” Rauch writes that  
*In a democracy, politicians and the public are unlikely to accept depressed spending power if they can help it. They can try to compensate by easing credit standards, effectively encouraging the non-rich to sustain purchasing power by borrowing. They might, for example, create policies allowing banks to write flimsy home mortgages and encouraging consumers to seek them. Call this the “let them eat credit” strategy.*Then “the economy, propped up on shaky credit, becomes more vulnerable to shocks. When a recession comes, the economy takes a double hit as banks fail and credit-fueled consumer spending collapses.”

3. Enables mercantilism

Link: What is mercantilism? Government intervention to help its domestic industries and damage foreign competitors

Stephen Ezell 2013. (Senior Analyst, Information Technology and Innovation Foundation) 24 July 2013 China’s Economic Mercantilism <http://www.industryweek.com/public-policy/chinas-economic-mercantilism> (brackets added) (accessed 26 June 2022)

But by 2006, that began to change, as China made the strategic decision to shift away from attracting the commodity-based production facilities of foreign MNCs [multi-national corporations] toward a “China Inc.” development model focused on helping Chinese firms, often at the expense of foreign firms. The path to prosperity and autonomy now became “indigenous innovation” (in Chinese, zizhu chuagnxin), with a focus on helping Chinese firms move up the value-chain to higher-value-added production activities. To get there, China has embraced economic mercantilism on an unprecedented scale, using a wide array of policies to assist Chinese firms while discriminating against foreign establishments attempting to compete in China.

Link: Free trade enables other countries to practice mercantilist policies against us

Ian Fletcher 2010 (adjunct fellow at the U.S. Business and Industry Council; formerly an economist in private practice serving mainly hedge funds and private equity firms) Six Reasons for U.S. to Abandon Free-Trade Myth 26 Oct 2010 <http://www.bloomberg.com/news/articles/2010-10-26/six-reasons-for-u-s-to-drop-free-trade-myth-commentary-by-ian-fletcher> (accessed 26 June 2022)

The fifth dubious assumption is that free trade won’t turn benign trading partners into dangerous trading rivals. But free trade often does do this, as we see today in China, whose growth is massively dependent upon exports. This is especially likely when trading partners practice mercantilism, the 400-year-old strategy of deliberately gaming the world trading system by methods like currency manipulation and hidden tariffs.

Impact: US economic and political decline and rise of Chinese totalitarianism

Dr. Howard Richman, Prof. Raymond Richman & Prof. Jesse Richman 2010. (Howard Richman - PhD from Univ of Pittsburgh. Raymond Richman- professor emeritus of public and international affairs at Univ of Pittsburgh. Jesse Richman – PhD; associate professor of political science at Old Dominion Univ) 10 Dec 2010 Bernanke to China: Stop Hurting Us or You'll Hurt Us (accessed 26 June 2022) <http://www.americanthinker.com/articles/2010/12/bernanke_to_china_stop_hurting.html>

If we don't act against mercantilism, the future is predictable: America will decline as an economic and political power.  Eventually, China will replace the United States as the dominant power on the world stage, and totalitarianism will likely replace democracy as the world's dominant political philosophy.  All because our leaders wouldn't balance budgets and trade.

Impact: Mercantilism will kill US jobs and economic growth

Dr Robert D Atkinson 2012. (president of the [Information Technology and Innovation Foundation](https://en.wikipedia.org/wiki/Information_Technology_and_Innovation_Foundation), a public policy [think tank](https://en.wikipedia.org/wiki/Think_tank); formerly vice president of the [Progressive Policy Institute](https://en.wikipedia.org/wiki/Progressive_Policy_Institute); PhD in City and Regional Planning) February 2012 Enough is Enough: Confronting Chinese Innovation Mercantilism <http://www2.itif.org/2012-enough-enough-chinese-mercantilism.pdf> (accessed 26 June 2022)

Further integration of global supply chains that link the United States and China could be good for both nations but not if Chinese policies continue to be based on absolute advantage and mercantilism. In this case, the results will be more of the same: the loss of U.S. industrial and high-tech output, and the jobs and GDP growth that go with it.

4. Negative economic side effects of trade agreements

Lower wages: Trade agreements put downward pressure on workers' wages in order to boost corporate profits

Prof. Joseph Stiglitz 2019 (professor of economics at Columbia Univ., chief economist at the Roosevelt Institute. Formerly chief economist at the World Bank and was chairman of the Council of Economic Advisers under President Bill Clinton. He won the Nobel Prize in Economics in 2001) Joseph Stiglitz: US trade deals were designed to serve corporations at the expense of workers 21 Apr 2019 (accessed 16 Sept 2022) https://www.cnbc.com/2019/04/22/joseph-stiglitz-us-trade-deals-helped-corporations-and-hurt-workers.html

It’s true that American workers have been disadvantaged — low-skilled workers in particular have seen their wages reduced, in part because of globalization. But that is partly because American negotiators got what they asked for: the problem was with how we managed globalization and with what we wanted — trade agreements simply advanced corporate interests at the expense of workers in both developed and developing countries. We as a country didn’t do what we should have to help workers whom globalization was hurting. We could have ensured that globalization benefited all, but corporate greed was just too great. The winners didn’t want to share their gains with the losers. Indeed, they liked it that wages were pressured down as American workers had to compete with workers from developing countries. It increased corporate profits all the more.

Lost jobs: If you believe AFF's claim that exports create jobs, then in total, a balanced trade agreement destroys jobs

Prof. Paul Stiglitz 2017 (professor of economics at Columbia Univ., chief economist at the Roosevelt Institute. Formerly chief economist at the World Bank and was chairman of the Council of Economic Advisers under President Clinton. He won the Nobel Prize in Economics in 2001) Lecture, delivered at the meetings of the National Association of Business Economists, Washington D.C., March 6, 2017 "The Overselling of Globalization" https://policydialogue.org/files/publications/Volcker\_Award\_Speech\_Paper\_1.pdf

The standard theory recognized that the opening up of trade to cheap imports would result in the loss of jobs in the import-competing sectors. But it also assumed that new jobs would be created in the export sectors—and that those new jobs would pay far better than those that were lost. Contrary to what our politicians assert(including the US Trade Representative, or USTR, which is in charge of trade policy), trade agreements are not about creating jobs. Maintaining the economy at full employment is the responsibility of monetary policy (the Federal Reserve in the US, the Bank of England in the UK, and the European Central Bank in the eurozone) and fiscal policy (the setting of taxes and expenditure). It is not the purview of trade policy. Even the narrow argument put forward by the USTR that trade agreements create jobs is unpersuasive—indeed, almost certainly fallacious. If, as the USTR claims, exports create jobs, then imports destroy jobs; and if trade is roughly balanced, what advanced countries export uses less labor than what they import. Hence, net, for advanced countries like the US, any balanced trade agreement by itself destroys jobs.

Voting Impact: We shouldn't adopt any new trade agreements without a plan in place to offset the adverse effects on those negatively affected

**[And AFF cannot propose such a plan because it wouldn’t be a foreign trade policy, but rather a set of domestic economic or social welfare policies happening separately from foreign import/export trade.]**

Prof. Paul Stiglitz 2017 (professor of economics at Columbia Univ., chief economist at the Roosevelt Institute. Formerly chief economist at the World Bank and was chairman of the Council of Economic Advisers under President Clinton. He won the Nobel Prize in Economics in 2001) Lecture, delivered at the meetings of the National Association of Business Economists, Washington D.C., March 6, 2017 "The Overselling of Globalization" https://policydialogue.org/files/publications/Volcker\_Award\_Speech\_Paper\_1.pdf

There is a simple lesson in all of this: economists as public servants have, of course, a responsibility to tell those that they advise of the consequences of alternative policies. But their responsibility goes further: they have to understand and explain the limits of their models and the limits of our knowledge; to articulate what we know and what we don’t. Economists might, in the end, decide that globalization’s distributive effects are outweighed by or outweigh the aggregative effects. But it was wrong not to explain its potentially large distributive effects, the large adverse effects on employment in certain locales, the consequences of imperfect risk markets and imperfections in competition, and the implications for dynamic comparative advantage. It was wrong not to accompany any globalization proposals—any new trade agreements—with a set of measures that would have ensured that large segments of the population were not worse-off as a result.