

Dementia Perhaps, but the State is not Dead: TTIP, CETA, and the Arctic

*Mary Durfee*¹

Abstract

Edward Luttwak wrote about the transition from geopolitics to geoeconomics at the end of the Cold War. He argued that the state would give way to corporations, because the pressure for states to place priority on military security was soon to be attenuated. In its place states would work at “geoeconomics.” A rather happy outcome of more peace and more jobs was the likely outcome. The analysis did not anticipate the widespread dissatisfaction by many people in the EU, US, and Canada with the results of globalization that has weakened support for deeper changes in free trade and contributes to instability in these core countries. This paper evaluates Luttwak’s claims through a review of the EU’s own impact studies on the specific issues and opportunities of trade agreements for the Arctic.

Keywords: Arctic, international trade, environment, geoeconomics

Introduction

Edward Luttwak wrote about the transition from geopolitics to geoeconomics at the end of the Cold War. He argued that the state would give way to corporations, because the pressure for states to place priority on military security was soon to be attenuated. In its place states would work at “geoeconomics.” Corporations would increasingly slide over borders—and states might help them do it. A recent issue of *Foreign Policy* (March 2016)

¹ Department of Social Sciences, Michigan Technological University, Houghton, MI 49931 USA, mhdurfee@mtu.edu. Dr. Durfee’s research interests are in international relations theory, the environment, and the Arctic. She teaches public international law, US foreign policy, and International Environmental Policy. She has published in a number of journals, including *International Studies Perspectives* and *Publius* and is co-author with the late James N. Rosenau of *Thinking Theory Thoroughly*, 2nd, Westview Press, 2000. She is co-authoring with Dr. Rachael Lorna Johnstone, University of Akureyri and the University of Greenland a book on *The Arctic in 21st Century International Relations* for Rowman and Littlefield. She thanks the Asser Institute for International and European Law in The Hague, Netherlands and the Centre for European Studies at the University of Ghent for their kind hospitality in spring 2015. A version of this paper was presented at the Interdisciplinary Approaches to Security in the Changing World, Kraków, Poland, June 18-20, 2015 Kraków, Poland June 2015.

has two stories that seem to demonstrate the power of Luttwak's argument. One discusses the EU's anti-trust tsarina, EU Commissioner for Competition Margrethe Vestager, who wants to use strategic economic/legal power against US firms, against the frequent extraterritorial use of American anti-trust rules, and, as may be assumed, against individual member states of the EU (Hansen, 2016). The other is on super-corporations that operate wherever they like, however they like (Khanna and Francis, 2016).

One way to evaluate Luttwak's claims is to find a "simple" case that is shaped both by geopolitics and by geoeconomics. In this paper, the Arctic is the case and the new trade agreements between the EU, Canada and the US provide the "geo" frame. The EU has long had sole competence in trade and is state-like in nature. The very recent decision by the EU Commission, taken as this article was near going to press, to submit the EU-Canada trade agreement to approval by national parliaments, suggests there might be a rebalancing of power towards traditional forms of state power in order to preserve domestic national and European order. Nevertheless, the approach here will give the EU a state-like status in trade—that the United Kingdom after BREXIT has only 20 trade negotiators, while the EU has hundreds illustrates how effective the EU's control over trade was, and may still be.

The Arctic is no contested space like the Mediterranean or the South China Sea, but it has been a site of both national and corporate aspirations. Definitions of the Arctic vary, depending on what measure one uses. Here we will greatly simplify things by saying "very near to or above the Arctic Circle." The countries that border the Arctic Ocean are Canada, Denmark (via a mostly self-governing Greenland), Norway, Russia, and the US. Iceland, Sweden, and Finland are also included as Permanent Members of the Arctic Council. The EU has, via Denmark, a direct connection to the region (though it is yet to become a permanent observer on the Arctic Council), bolstered by Finland and Sweden's membership. Iceland and Norway are associated with the EU through the European Free Trade Association. Thus, whatever the US, Canada, and EU do on trade will have effects on the Arctic.

There are four million people scattered across the vast realm of the Arctic, most of them in Russia. It has many indigenous peoples who discovered Arctic lands and made them home millennia ago. These peoples have significant rights in domestic and international law. The inhabitants of the Arctic are surprisingly urbanized, even if distances between small towns and larger cities are great. The economy of the region is largely based on resource exploitation by very large firms and on subsistence hunting and

gathering. Government jobs play a large role, as well. Even so, the Arctic produces wealth far beyond its per capita “weight,” even as it is peripheral to the global economy. One critical problem for any natural resource-based economy is the problem of booms and busts (Nordic Council of Ministers, 2015).

With that as a brief background on the Arctic, let us return to Luttwak’s analysis. He thought the post Cold War world would give way to strategic cooperation where the use of force at least against some of the economic powers would be unthinkable and where states would no longer think in zero sum terms. Not only would it be cooperation over conflict, but it would make life better for people. Luttwak wrote, “...the goal of geo-economics (aggrandizement of the state aside) could only be to provide the best possible employment for the largest proportion of the population.” (Luttwak, 1998, 127). He also thought that demands on firms would be mostly just to pay their taxes. Large firms might get assistance from states through free trade rules and special exceptions in tax codes if states thought promoting them would promote other state-desired goals.

As it turned out, too many Americans, Canadians, and some Europeans ended up with poorer compensation or with no job at all. Apple and other tech firms, who have moved many jobs abroad where labor is less expensive, are also keeping their cash abroad due to high taxes at home. If they repatriated the money, the returned money would be taxed at the 40% level and “that wouldn’t make sense,” said one CEO (Gillespie, 2016). In sum, Luttwak underestimated the extent to which corporate interests would drive and avoid government policy.

Due to the spread of neoliberal ideology, once a mostly brutal politico-economic nostrum for the developing world and now the ideology of the U.S., job loss and possibly legal tax avoidance is what geo-economics in the West has become. The ideology justified empowering corporations while enfeebling the state’s capacity to advance the public good. Governments (at least in the West) are happy to accommodate large corporate interests even against public sentiments. They often clothe their arguments in both “create jobs” rhetoric and through reference to geo-economic reasoning as a way to promote liberal democratic values against, say, the state-led capitalism of China (Corre and Sepulcre, 2016). The reality is that the neoliberal ideology rather than geostrategy or even geo-economics has the upper hand and it has little to do with more jobs, dutiful paying of taxes, better transparency, a connection to democratic ideals or, in some cases, a sounder environment. Weakened insides of states may well lead to weakened states in foreign affairs. A kind of happy rhetoric is in use with the recently signed (but not ratified)

Comprehensive Economic Trade Agreement (CETA) between the EU and Canada and in the current negotiations for the Transatlantic Trade and Investment Partnership (TTIP) between the EU and the US. The parties say the agreements will provide jobs and help rebuild the Atlantic relationship. The goals are laudable, but the two agreements seem an implausible way to achieve such geoeconomic aims.

The question now is whether states are just around to remove noisome bits of economic stickiness from national rules for corporations or whether they can manage to establish rules that rein in the global firms and restore a role to the public good. Free trade, notably current efforts to eliminate non-tariff barriers and to ease the way for all kinds of investment, shows that corporations still need the state to fix sticky parts. And Russia is concerned about the strategic implications (Oreskes, 2016). But the states do not seem to understand that the firms most likely to use the hoped-for trade agreements are not the ones providing jobs or paying taxes. Nor do states seem interested in understanding the effects of the agreements on the quality of life, democracy, regions, the environment, or the capacity of governments at many scales to legislate and regulate in the public interest. Geoeconomics without attention to the real effects at home, in actual communities and in actual households, makes no sense in terms of national power, much less shared values. The death of liberal democracy is not certain but governments seem demented on the subject of corporations and markets.

On the (past) virtues of free trade

The elimination of tariffs has much improved the wealth of nations and the welfare of ordinary people. In 2014 a majority of Americans and Germans mildly supported freer trade in principle – but the devil is in the details (Keating, 2014). As tariffs have declined to near zero between many nations, however, trading nations have sought to reduce other non-tariff barriers to trade (NTBs), such as government regulations, investment rules, or preferential contracting and buying. While the elimination of NTBs might increase overall welfare in the abstract, the benefits may prove illusory if a prospective agreement degrades the environment, human rights, and democracy. Both CETA and TTIP face significant difficulties in the US and the EU alike (Politico US Ambassador's Letter, 2016) and, in light of the gap between the US and the EU on agriculture, EU Commission President Juncker has called for member states to review and restate their support for the agreement (Van der Burchard, (2016).

The new trade agreements could turn into a way for states to moderate the risks to the internal sources of state power now posed by corporations. But this can only happen if the extremes of neoliberalism are attenuated and real plans for real people in the real economy are given attention – and voice. The EU is somewhat interested in these questions. It makes an attempt to consider the social and environmental impacts of trade through the three pillars of sustainability: economy, society and environment.² It uses an interrelated system of studies and attempts to interact with stakeholders throughout the process. Indeed, a new handbook for the Sustainability Impact Analysis process was released in 2016 that includes improvements on the first system used to do these analyses (EU Trade #154464, 2016). The process is still in its infancy; the US primarily relies on economic models while the Canadians apparently accepted EU analyses. It is unclear how much the EU's DG for Trade pays attention to these studies. Nevertheless, the EU process is state of the art and hints at how better trade deals might be possible across the Atlantic, at least in principle.

EU estimates are that Canada's real GDP would grow due to CETA between 0.18 and 0.38 percent, while the EU may see an increase of 0.02 to 0.03. Similar results for TTIP are anticipated. These are large amounts in absolute numbers, but marginal in relative terms (perhaps absolute rather than relative gains really do matter to states?). Current trade models do not help one understand for whom or where or at what social and environmental costs those GDP increases will come. There is much that is not modeled or well understood. But the EU's emerging processes suggest how states might strategize trade in new ways, thus reducing somewhat the power of corporations or the anonymous rule by 'markets' where no one is in charge or responsible.

The EU Impact Analysis Process

Whether for TTIP, CETA or the Arctic, the EU and its member states have committed themselves in law to three goals. Articles 3 and 21 of the *Treaty on the European Union* (European Union, TEU Lisbon, 2007), call for advancing democracy, rule of law, and sustainability in EU projects and, pursuant to Art 11 of the *Treaty on the Functioning of the European Union* (a kind of implementation of the TEU treaty), it is stated more specifically that "Environmental protection requirements must be integrated into the

² These are often imagined as equal "boxes" though logically economy is nested in society and society in the natural environment.

definition and implementation of the Union's policies and activities, in particular with a view to promoting sustainable development" (European Union, TFEU 2007/08)

Those obligations are echoed in the EU's efforts toward Arctic Policy:

- A) Protect and preserve the Arctic in cooperation with the people who live there.
- B) Promote the sustainable use of resources.
- C) Encourage international cooperation/multilateralism.

The High Representative/Vice President and the Commission gave more specificity in regard to these goals. The EU in the Arctic would thus focus on the following:

1. Support for research and knowledge;
2. "Acting responsibly" relative to economic development and diversification, and;
3. Increasing consultation and engagement with Arctic states (EU EEAS, 2012).

An even more detailed discussion of actions planned or in process that largely reflects this basic list was announced in 2012 and indicates where funds and special projects relative to the Arctic fit in with existing EU programs and plans (EU EEAS 2012). In April 2016, the EU issued a final communiqué—which made no reference to CETA or to TTIP (EU EEAS, 2016).

Similarly, the complex effects of trade agreements prompted the EU to do Sustainability Impact Assessments (SIAs; see Durán and Morgera, 2012). It does a number of impact studies as it goes through a new trade agreement process, following guidelines in a handbook (EC Commission). In the first one DG TRADE tries to see if there will be a positive benefit to doing a negotiation (EU MERCOSUR, 2008). It involves discussion with various stakeholders and also econometric modeling. It aims to inform the Member States and the Institutions of the EU (especially the Commission) on whether it would be a good idea to start negotiations—will there be a benefit to the EU economy at an acceptable price in terms of social and environmental goals, like those that also affect the EU's Arctic policy. The second EU study has more detail and is more qualitative in nature. It attempts to understand regional and local effects. The third, which many say comes too late, does a mix of quantitative and qualitative studies based on the content of the agreement. Critics say it comes too late in the negotiating process to change the content, but can produce flanking agreements to address negative outcomes. The EU even has an *ex post facto* 4th study that assesses the results of a free trade agreement after it has been in operation and compares it to the earlier studies. It is oriented to the question

“did trade increase” but not apparently to assessing environmental, human rights, or sustainability effects. The first SIA has already been completed by the EU for TTIP; all three are available for CETA.

Strangely, the DG Trade studies seem to ignore existing indicators, at least for the Arctic, for which there are extensive datasets and managerial goals—goals shared at a remove on the Arctic Council.³ The new handbook directs researchers to use Eurostats, and Eurobarometer and other data sets, so perhaps there will be better use of other statistics in the future. They might, for example, use the Arctic Monitoring and Assessment Program (AMAP) indicators, which include suggested and recommended public health measures (Nillson, et al, 2013).

Environment, human rights, and trade

Normally, when one thinks of impacts on human communities and the environment from trade, one has in mind an industrial democracy of the North working with a developing country. Impacts from trade vary in some studies of these agreements. For example, a study on regional effects of NAFTA suggested that regional disparities in Mexico increased after the agreement—northern Mexico did economically better, while southern states of Mexico did not (Sánchez-Reaza and Rodriguez-Pose, 2002). But there are also very poor areas in the North where the security of people and the specifics of the larger natural environment make for fragile lives and land/water/icescapes. The Arctic is one of those places, especially in the US and Canada. While as a region it contributes more to the GDPs of Canada and the US (and other Arctic states) than its population would predict, it is generally due to natural resource extraction rather than a diverse and robust economy. Communities, especially indigenous ones, in the area may face issues of food and water security, energy poverty, and difficulties maintaining cultural values. Freer trade and investment could facilitate more jobs and a better standard of living, but it could also further weaken the communities and environment. To the degree that free trade would weaken the region, the EU would not meet its goals in the Arctic. Other “peripheral” regions might suffer as well.

³ The Arctic Council includes the five states that actually border the Arctic Ocean (Russia, Canada, US, Denmark (via Greenland), and Norway) plus other states in or very near the Arctic Circle (Finland, Iceland, and Sweden). The Council has representatives from indigenous communities and Observers—the EU has yet to be made an observer at this writing. Thus the EU has member states on the council and it already participates in many committees, but does not formally sit on the Council as an observer.

The differences continue between the Arctic and the bulk of the US/Canadian experiences. Few places in the US or Canada have citizens where a large portion of the diet comes from hunting, fishing, and gathering (a third of the diet of indigenous peoples, but other inhabitants also supplement their tables with these local foods). Whether native or not, grocery store (market) food is wildly expensive—and much less healthy than the traditional foods. Both Canada and the US have great distances to cover in areas with sparse populations, but the situation is even more extreme in the Arctic where there are no roads and, in the winter, the land is dark, cold, and often experiences challenging weather. While the demographic trend in the Arctic is towards urbanization, people do still live in scattered communities and, of course, indigenous communities are quite small traditionally. Its distinctiveness, then, means it might be especially injured or helped by the new trade agreements—or perhaps that it will simply have any good economic times pass them by. There seems to be no assessment of the effects of past free trade agreements on the people of the Arctic.

Overall, evidence is highly mixed on whether freer trade is good for the environment (Esty and Geradin, 1997). Trade agreements seem to improve some kinds of air quality, and they sometimes help reduce CO₂ levels through more competition and better sharing of regulation goals. Competitive firms tend to reduce GHG (Greenhouse Gas) emissions through newer technologies. For example, firms will often turn the most stringent national rule used in the world into corporate policy (a point for Luttwak's argument). Pollution represents an inefficient process and likely costs the firm money (Durfee, 1999). One study on whether trade liberalization in the US produced a large increase in GDP *and* a reduction in pollution also evaluated whether the agreement had caused pollution-generating industries to move offshore and create pollution havens. They did not find evidence for this (Ederington, Levinson, and Minier, 2002). A study of "pollution havens" in NAFTA showed that the CO₂ concentrations declined as the value of goods increased, suggesting that, at least with NAFTA, some point pollution was reduced along with more trade, at least along the border (Gallagher, 1997). The NAFTA case also shows that water can be protected in the sense that efforts to take bulk water from the Great Lakes elsewhere have been defeated and the governments of Canada and US reasserted their stance that the water stays and is not a commodity under NAFTA or the WTO (although it leaves through beer and some water bottling, mass shipping is not permitted). Yet, environmental NGOs say NAFTA has deeply eroded protection of the environment.

Thus, to the degree that the new trade agreements now awaiting ratification or in negotiation make food and goods more available and to the degree they actually increase employment in all the partner countries, they might help advance elements of human security. To the degree the agreements speed up the fragmentation of landscapes, expand commercial fishing, and disrupt water supplies by further facilitating more natural resource extraction, the situation could be made worse. Depending on what happens, states could gain on corporations and shore up eroding bases of legitimacy.

Results from the EU Studies So Far

In the initial evaluation of whether to launch a trade agreement, the Commission uses the Computable General Equilibrium econometric model, or CGE. However, the capacity to model even the economics of a free trade agreement with the CGE *are quite* limited.

The equilibrium model cannot currently model regional effects, for example. But the more detailed quantitative and qualitative EU studies have had some success exploring effects of trade on 3rd parties and providing insight into other effects.

While there is no Arctic region section in the CETA, the Final DG trade SIA includes a thoughtful discussion of the negative impact of CETA on the Greenlandic economy, which relies heavily on fishing (Trade Europa, 2014). Even those more detailed studies would be unlikely to go beyond risks of underlying uncertainties emanating from social and environmental change.

Assumptions in the First Impact Analysis Model

The EU uses the Computable General Equilibrium (CGE) model to assess the impacts of trade negotiations when the EU decides it might want to negotiate one with a partner. The data for the model come from GTAP/GTAP8, a database project at Purdue University, USA (GTAP). The CGE, through tens of thousands of calculations, can consider economic intersectoral effects for economy-wide impacts. In some versions it can also consider the behavior of near trading neighbors. The CGE cannot provide detail on regional effects of the agreement, e.g. the Arctic, though it can model individual countries (Personal Communication, 2015).

By most accounts, the CGE is the best that can currently be done to understand effects of trade on economies through econometrics, but what it cannot do and some of its assumptions, are worth consideration (CEPS TTIP. 2014). It is largely unable to model services. Services are a very important element of modern economies—and will be part

of the agreements. The CGE assumes unemployment clears when wages are appropriate. Given the persistent high unemployment in parts of Europe and among the young almost everywhere, this seems an odd assumption for actual policy. The model also assumes people cannot improve their economic situations through their own efforts—except by moving to wherever wages are higher. The model assumes low and high skilled people cannot improve their prospects with more education, thus government and individual efforts to use that approach to better lives is written out of the model. One could argue these assumptions are simultaneously unrealistic and very conservative. The model used by DG Trade for TTIP also has an economically and political conservative assumption about how far the integration/harmonization of Non-Tariff Barriers (NTB) can go—not far. Others say there might be larger effects with deeper removal of barriers, but in an independent study done at the request of the European Parliament, the researchers thought it so politically unlikely that they set it aside (CEPS TTIP. 2014).

In the Arctic, there is a very high level of outmigration, especially of women. The GEC might pick up the movement in the sense that workers move to better wages, and unemployment would clear. But that is not a good social outcome. If the women leave their Arctic communities, the communities will weaken in many ways, if only because women are the most educated people in the Arctic. But it means families will disperse, crucial cultural knowledge will flow out of the community, and so forth (Nordic Council of Ministers, 2015).

As one means of addressing employment among indigenous peoples (though not necessarily to keep women in their communities), the final SIA for CETA recommended allowing set-asides in government contracts where a portion of the contract is reserved for firms employing at least 1/3 indigenous people (per current Canadian rules). The agreement in other cases opens bidding on government contracts to foreign firms.

Social impacts of free trade agreements tend to injure those least able to cope with the changes: the poor and less skilled. That is one finding from the CGE and other studies. The EU says it emphasizes human rights and will not sign trade agreements unless the other party has signed and ratified a number of ILO conventions. Neither Canada nor the US have accepted the ILO conventions in their entirety. Moreover, the US has even fewer protections—collective bargaining exists but is extremely weak. Health care is still difficult and expensive to get, even after the „Obamacare” reforms. There is no required paid maternity or vacation leave, and little public support for pre-school child care, etc.. Any losses from free trade for the weakest members of US and Canadian society—which

are expected from CETA and TTIP according to EU studies—will be particularly difficult on these individuals. Both Canada and the US, however, do usually put in some funds for the retraining of people who lose their jobs due to free trade.

The trade agreements clearly facilitate trade for large firms, but the results are more mixed for SMEs (Small and Medium Enterprises). In both the EU and the United States the vast majority of jobs are produced by SMEs and not by large corporations (EU Trade, tradoc_153348, 2015). According to a US business group, American SMEs produced one-third of the exports in 2011, with over 300,000 firms exporting. But that was only 1 percent of the total SMEs in the US (Murphy, 2007), suggesting free trade can be good for employment, but that SMEs often lack the knowledge to take advantage of the new opportunities. Small-Medium Enterprises (SMEs) in the EU account for 99% of all EU businesses. In the last five years (2011-2015) SME's created 85% of jobs, and 2/3 of private sector employment over all (EC Europa. 2016). They also account for a high level of EU-US trade. The EU has announced a “think small” program and put an emphasis on SMEs, but it might still be difficult for SMEs to take advantage of trade agreements.

The EU says its trade agreements protect (or encourage) democracy, human rights, environmental protection, and set the stage for sustainable development. There are specifics in CETA that suggest there indeed was attention paid to those goals—for example a new labour council and a very clear rule that the two parties could continue to establish environmental rules. But Canada and the EU may have to rethink the investor-state dispute resolution system, partly over concerns over the quality of the rulings that might ensue.

The second impact assessment done by DG TRADE takes place after more of the agreement has been negotiated. It is directed especially at understanding social and environmental impacts of the agreement. Canada and the US (and at least parts of the EU) already have policies causing considerable environmental harm to their lands. Even with no CETA, caribou are expected to disappear from northern Alberta, Canada due to the fragmentation of landscapes. The Canadian tar sands projects for oil will destroy water quality and, indeed, an entire river system, the Mackenzie River, is already highly degraded. Water quality will go down and it might be difficult for water agencies to affect policy due to contracting rules. Sinclair, Trew and Martin argue that CETA would extend the time needed to decide a contract and once water has been partially privatized, it cannot

be remunicipalized (Sinclair, Trew and Martin-Kirkwood, 2014). All these effects are underway in Canada and will (or at least might) be slightly worsened by CETA.

Results of the EU's environmental analysis indicate there will be only minimal increases of harms over the ones already underway without a new agreement. Yet, in a globe already deeply under environmental stress, small changes matter. It is the proverbial "death by a thousand cuts". The EU SIA at least had more nuance than the one the Canadians tried, and it did discuss a wider array of potential impacts. Presumably there will be similar findings for the US as TTIP wends its way into a written agreement.

Don't reinvent the wheel: Use indicators from Arctic Research

As noted earlier, EU studies have not much used indicators from other sources (even though the EU invests a great deal in Arctic scientific research). Doing so would facilitate EU regional and other impact studies that aim to understand human rights and environmental sustainability effects. A look at the *2nd Arctic Human Development Report* provides categories of indicators deemed appropriate and important in the Arctic (Nordic Council of Ministers, 2015, p 26). These indicators were developed with extensive stakeholder input, and they are thus consistent with the EU aim of stakeholder involvement. The 'suites of ASI' (Arctic Social Indicators) concern six categories:

- Fate control: percentage of land controlled legally by the inhabitants or through public governments and native corporations.
- Cultural Integrity: belonging to a group, keeping one's language.
- Contact with Nature: consumption and harvest of local foods.
- Material Wellbeing: per capita household income (something the models could do, but disaggregated for this purpose).
- Health and Population: infant mortality and outmigration.
- Education: ratio of students completing secondary education.

To the above, one could add the Arctic Social Indicators for Food Security and Access to Water suggested by experts in Arctic health (Nilsson et al, 2013).

The Arctic Monitoring and Assessment Programme (AMAP) is also developing indicators with direct relevance to environmental topics in the SIA: biodiversity and land fragmentation. While not fully functional, the EU, perhaps with the assistance of the EEAS, could work with key experts from CAFF (the Committee on Arctic Flora and Fauna). This group is working, for example, on changes to river systems, which was

already a factor in CETA. No doubt other forms of regional data are better developed as well (for the Great Lakes of North America, for example).

Conclusion: Assessing the Effects of Trade on the Arctic

It may well be that freer trade between the EU and Canada and between the EU and the US is a good idea. TTIP and CETA might improve or enhance investment, might improve regulations and might reduce barriers to trade between the partners. But those positives must be well connected to strong social and environmental regulations, or the underlying stability and power of the states parties could be weakened. To get the mix right, the Sustainability Impact Analyses are crucial, and vigorous debate all around the table about these impacts would serve the public interest and promote closer North American-EU ties. The parties could use existing and widely agreed-upon indicators in regions and subregions of the trade partners. Early understanding of the expected impacts would likely produce clearer “flanking” (or “side”) agreements to mitigate negative impacts. One place to try particularly hard to prevent negative human and environmental effects is the Arctic as now it effectively involves all but Russia in a free trade agreement. It would enhance the deep security of the region, too.

Trade contributes to security—geopolitical and geoeconomic—but only if it puts human security in daily life at its core. It is the duty of states to preserve their territories. But preservation goes well beyond protection against invasion. Geoeconomic strategy by the US, Canada, and the EU ought to think in much smaller terms. How will the agreements build sustainable communities? How will the agreements slow, mitigate, or stop the destruction of the human and environmental well-being of states? How will peripheral cultures and communities maintain their identities over the long haul? These would be better geoeconomic aims in a world where small business creates communities and jobs and very large businesses do not.

Luttwak was right that corporations slide easily over borders and that the use of force between states would be attenuated. But he missed the impact of freely-moving corporations would have on the very sources of state power and authority.

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