The TPP: A step on the road to war

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The agreement reached this week on the US-sponsored Trans Pacific Partnership—a trade and investment deal involving 12 countries comprising nearly 40 percent of global output—was greeted with claims that it will open up a new era of free trade and prosperity.

The Australian press was positively gushing. "Stepping stone to growth" was the headline of the *Australian Financial Review*, citing Prime Minister Malcolm Turnbull's remark that the agreement was "a gigantic foundation stone for our future prosperity." The Murdoch-owned press was no less enthusiastic. "Pacific deal opens era of prosperity," proclaimed the *Australian's* headline. The reportage in America, however, where the agreement faces considerable opposition in the Congress, was much more downbeat.

The claim that the TPP is a "Pacific deal" and a major advance for free trade is absurd on its face. It has been specifically designed to exclude China, the world's second largest economy. The insistence that free market principles must apply within the domestic economies of member states was aimed at making it impossible for China to join because of the critical role played by state-owned enterprises within its economy.

The foundation of the TPP is not free trade but an alliance between the US and Japan, the world's number one and number three economic powers respectively, to weaken China and create the conditions for reducing it to semi-colonial economic status.

This objective is proceeding hand-in-hand with the military encirclement of China under the Obama administration's "pivot" to Asia, in preparation for a war should that be considered necessary. However, one of the key problems confronting the US has been the close economic ties between China and the countries of South East Asia.

Washington has sought to overcome this obstacle by stoking up tensions over long-running territorial disputes between China and its South East Asian neighbours in the South China Sea. The TPP develops this strategy on the economic front.

By offering concessions on access to the vast US market, the Obama administration hopes that alternative investment sites can be established in South East Asia—in particular Vietnam at this stage but potentially others in the future—which will draw this region closer economically to the US, thereby undermining China.

As the *Financial Times* noted in a comment, the TPP is as much about geopolitics as it is about trade. "Often called the 'economic backbone' of US President Barack Obama's 'pivot' to Asia, the goal for the US and Japan is to get ahead of China, which is not included in the TPP, and to create an economic zone in the Pacific Rim that might balance Beijing's economic heft in the region," it noted.

In reality, the ultimate aim is not so much to "balance" China, but rather to severely weaken it economically and eventually force the Beijing regime to submit to US economic domination.

In addition to contemporary geopolitical issues, the significance of the TPP emerges more clearly when it is located within the history of international trade and economic relations.

The passage of the Smoot-Hawley bill in June 1930, which increased US tariffs, is rightly regarded as having played a key role in setting off a series of retaliatory measures that led to the division of the world market into rival blocs during the Great Depression—a contributory factor to the outbreak of World War II at the end of the decade.

In the aftermath of the war and the immense destruction that it wrought, US policymakers insisted they had learned a bitter lesson. The international market, which had all but collapsed in the 1930s, had to be restored on the principle of free trade. Not only was this necessary to secure economic advancement but also to prevent rivalries between the major capitalist powers from erupting into war.

Of course, the invocation of the "free trade" principle directly served the interests of the United States at the time. As the dominant capitalist economic power—up to 50

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percent of all industrial production was carried out in North America—the policy of "open door" worked to its advantage. But in addition to these immediate objectives was the recognition that protectionism was a sure road to disaster.

Accordingly, the post-war trade liberalisation under the General Agreement on Tariffs and Trade (GATT), established in 1948, was based on the "most favoured nation" principle. It maintained that trade concessions given by a particular country could not be extended selectively but had to be applied to all, in order to prevent the fracturing of the world market that had brought such devastating consequences in the inter-war period.

However, with the virtual collapse of the so-called Doha round of trade negotiations launched in 2001 by the World Trade Organisation (the successor of GATT), the principle of multilateralism has been increasingly cast aside. World trade arrangements have been likened to a bowl of spaghetti—criss-crossing deals and agreements between individual countries and groups of countries in violation of all the principles that formed the basis of the post-war capitalist expansion.

The TPP is not an agreement for free trade but the latest and most important of such deals. Its aim is not the expansion of economic intercourse but the establishment of a trade and investment bloc, dominated by the United States, from which it will strive to restore its previous economic hegemony over both its old rivals and emerging new ones.

The US administration makes no bones about its objectives. In a statement issued on Monday, Obama said: "When more than 95 percent of our potential customers live outside our borders, we can't let countries like China write the rules of the global economy. We should write those rules."

The chief US negotiator for the TPP, US Trade Representative Michael Froman has made clear that economic hegemony is as vital for assuring US global dominance as is military might. In a *Foreign Affairs* article published last year, he wrote, "trade policy is national security policy" and "markets can have as much influence as militaries." The goal of the TPP was to place the United States at the centre of a web of agreements providing unfettered access to two-thirds of the world economy.

In promoting the TPP, Obama referred to the need to change the current economic architecture in response to globalisation, technological change and the rise of new economic centres. His comment pointed to some of the essential problems for the US under GATT and the WTO.

During the post-war period, capitalist development led to the rise of new economic centres, which undermined the once unchallenged economic dominance of the US. The TPP is aimed at rectifying this situation. It is a graphic expression of how the central contradiction of world capitalism, identified by Leon Trotsky as that between the development of a global economy on the one hand and the nation-state system of capitalism on the other, manifests itself.

Each of the capitalist powers, Trotsky explained, seeks to resolve this contradiction by lifting itself to a position of global dominance. However, since each of the world's major powers is forced in the same direction, it drives them into conflict with each other, leading to a situation where economic rivalries are transformed into outright military conflict.

In its time, Smoot-Hawley was aimed at trying to bolster the position of the US under the conditions of global economic breakdown that began with the eruption of World War I and were accelerated by the onset of the Great Depression.

Today, another breakdown is underway, marked by the financial crisis of 2008, and now being accelerated by the intractable stagnation of the global economy. The TPP is driven by the same contradictions. The form of the attempt by the US to assert its dominance is very different from that of 85 years ago, due to the vast changes in the world capitalist economy, above all the globalisation of production. But the underlying logic is the same.

Smoot-Hawley played a key role in exacerbating the tensions that led to World War II. Likewise, the TPP is a significant step toward the eruption of World War III.

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