What free trade negotiations? [1]

Written by **Tim Worstall** [2] | Sunday 17 February 2013

Oh well, it never was going to be very long before our rulers revealed themselves, once again, as the drooling nincompoops we all know them to be. This time the insight into their incompetence comes from their much ballyhooed decision to "negotiate" a free trade agreement between the European Union and the US [3].

> The European Union and America are to open negotiations with the aim of creating the world?s biggest free trade area worth €86bn (£75bn) within two years.

I have a feeling that the Telegraph sub got lost among the zeros there. £75 billion is more like the value of free trade between Dorset and Somerset. Aside from that, yes, a free trade agreement would indeed be a good idea. But why anyone with two brain cells to rub together would take two years to "negotiate" one is beyond me. Declare unilateral free trade and be done with it. For, as I don't need to remind you but someone does need to remind the politicians, the value of trade is the imports we get to enjoy, not the exports we make.

Exports are simply the dreary drudge work we do in order to be able to afford those lovely imports. So, for the EU to "negotiate" a free trade area with the US is very simple. Just stop taxing EU citizens who purchase American goods by imposing tariffs upon them. Similarly, for the US to have free trade with the EU just means lifting those portions of the US Customs code that tax imports from Europe. There, all done. Extraordinarily simple, easy to achieve and yes, it would make us all richer to boot.

There are two possible reasons why this obviously elegant solution doesn't happen. The firsty requires us to believe that politicians are intelligent. In which case they realise that if we all realised how simple such things are then we wouldn't need, and wouldn't be willing to pay for, the politicians who currently do these things for us. Thus something simple like free trade must be made into a seemingly complex problem which will take years of hard work to sort out. Having met a number of the denizens of Westminster I am not willing to believe that politicians are that bright.

The second possibility is that they really are too dim to understand this trade thing. Perhaps they're trapped in the centuries old delusion that it is exports that make a country rich, not the consumption of the imports that trade makes possible. Which is rather where we came in: that drooling nincompoops thing. Having met a number of the denizens of Westminster I am willing to believe that.

I'm afraid that I cannot conceive of any other reasons at all why they think it necessary to "negotiate" about free trade. Simply declare it and get on with it. For it really is the imports that are the gains from trade, so all we have to do to gain from trade is to allow imports unencumbered. We could wrap this up by teatime for goodness sake, what is this years of negotiation needed?

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[1] http://www.adamsmith.org/blog/economics/what-free-trade-negotiations
[2] http://www.adamsmith.org/taxonomy/term/5778
[3] http://www.telegraph.co.uk/finance/economics/9869194/Europe-and-US-pledge-to-create-worlds-biggest-trading-bloc.html
[4] http://disqus.com/?ref_noscript
[5] http://disqus.com