

## What Does “Non-Market Country” Mean? – © Pascual Delgado (October 4<sup>th</sup> 2018)

After many months of negotiations to renew the NAFTA (North American Free Trade Agreement), the Americans have included a clause which many analysts interpret to mean that the U.S.A. enshrines a power to prevent either Canada or Mexico from negotiating with any “non-market country” –presumably referring to countries with state-run economies such as China.

This is the actual text of the NAFTA 2.0 –re-baptized USMCA (United States Mexico Canada Agreement):

“At least 3 months prior to commencing negotiations, a Party shall inform the other Parties of its intention to commence free trade agreement negotiations with a **non-market country**. For purposes of this Article, a non-market country is a country that on the date of signature of this agreement at least one Party has determined to be a **non-market economy** for purposes of its trade remedy laws and is a country with which no Party has a free trade agreement.” (*USMCA – Chapter 32, Exceptions and General Provisions, Section A – Exceptions. Article 32.10: Non-Market Country FTA 1.*)

What strikes me in the use of this terminology is the evident lack of scientific precision when defining any nation state as being a “non-market country” or “non-market economy”. The question is: how can any country operate in this day and age without a market-driven economy? Even a communist country like China has acknowledged for decades that it cannot operate or thrive using a strict Stalinist model of top-down centralized economic planning. In fact, the economies of our world have been so transformed by the globalization of trade that no one country can long survive today by building protectionist walls around itself. So, there is no such thing as a “non-market economy” anywhere, and no country today can be labeled as “non-market”.

This semantic confusion dates back to the beginning of Liberalism as a state ideology, and its concomitant promotion of a policy of state non-interference in matters of international trade and private sector market arrangements. The slogan of nascent liberalism was “Laissez faire et laissez passer” –which translates as « Let do and let pass.” The term likely originated in a meeting that took place around 1681 between powerful French **Controller-General of Finances Jean-Baptiste Colbert** and a group of French **businessmen**, headed by Monsieur Le Gendre. When the eager mercantilist minister asked how the French state could be of service to the merchants and help promote their commerce, Le Gendre replied simply "*laissez-nous faire.*" In other words, leave it to us. We don't need your help.”

Since those heady days, two rival models of state control versus free markets have been adopted by modern nation-states: Liberalism (as exemplified by Western countries like the U.S., the U.K. and France) and State Centralism (as exemplified by totalitarian states such as Nazi Germany and the U.S.S.R.). However, we must add as a caveat that in none of the above-mentioned states was there ever a strict and unadulterated adoption of either model. In other words, no modern state has ever adopted a 100% “free trade, free market” economic model, nor has there ever been a state adopting a 100% “non-market, state-run” economic model. Compromises abound. Most contemporary states are a hybrid form of state + free markets amalgam.

Ironically, the U.S., which prides itself as the bastion of non-state interference in economic affairs, has a myriad of federal government agencies responsible for policy development, oversight and regulation of all types and levels of commerce and trade, and thousands of civil servants to ensure the micro-management of the market both internally and with regard to international trade.

To top off my argument, the three parties signatory to the USMCA were represented by government ministers and government-appointed officials. Therefore, how can any of them claim to be free market countries while imposing onerous regulatory standards on all international trade?

And finally: what could national sovereignty mean in a truly free global market? However, *that* semantic analysis will have to wait for another time.