

The EU uses free trade agreements (FTAs) to try to pursue its foreign policy agenda, including furthering 'normative' goals like democracy, human rights and good governance. Yet, the link between free trade and democracy promotion doesn't seem obvious. After all, non-democratic states have trade agreements with each other, as well as with democratic states. So how is it supposed to work?

This post focuses on two possible links. First, maybe free trade makes everyone better off, and being materially well off is likely to further democratization. If so, it makes sense to promote democracy via FTAs. Second, the EU requires that some free trade partners increase the transparency and accountability of sector-level policy-making, as well as insisting on increased participation by relevant stakeholders in the policy-making process. This may be a way to get to pro-democratic reforms in 'via the back door'.

I do not think that these options hold much water. Drawing from my article, 'The legitimacy of free trade agreements as tools of EU democracy promotion', published in the [Cambridge Review of International Affairs](#) last February, I attempt to throw some cold water on the whole idea of a 'virtuous circle' between the free trade agreements and democracy promotion.

The Paradox of Free Trade Modernization

Free trade and democratic government are not the same thing. They are not even the same kind of thing. Yet, if someone wants to promote democratic government, it makes sense that they try to promote the *preconditions* for democratic government. In their [study](#) of the substance of EU democracy promotion, Anne Wetzel and Jan Orbie call these kind of conditions 'external supporting conditions'. Could free trade agreements be supporting conditions?

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By Tom Theuns

If so, two things must be true. First, FTAs must generate economic improvements for non-democratic partners. Not everyone thinks this is the case, but let's imagine, for the sake of argument, that it is. Second, economic improvements must also positively impact democratization. Whether it does is the centrepiece of a huge literature. Again though, let's assume that there is a solid positive empirical relationship between countries becoming democratic and their becoming richer. Given these assumptions, is it a no brainer for the EU to pursue free trade agreements with non-democratic partners in order to promote democracy?

In short, no. Even assuming the empirical backstory required to make sense of the 'modernization' rationale for promoting democracy through FTAs, we should ask ourselves whether such a policy agenda *is itself in tension with the value of democracy*. The reason is pretty simple: the promotion of democracy is founded on the idea that democracy is valuable. But if the way in which democracy is secured undermines what makes it valuable, then it is like 'throwing the baby out with the bathwater'.

To illustrate, take a stylized example. Some democratic theorists argue that in order to have a successful democracy you need a population sufficiently culturally homogenous to ensure what Joseph Weiler and his co-authors [has called](#) 'a sense of social cohesion, shared destiny and collective self-identity'. If this is true, cultural homogeneity could be considered an 'external condition' to democracy. Now suppose Demproma wants to promote democracy in Pluralon. Pluralon has two distinct ethnic groups characterised by a lack of intergroup social cohesion and collective self-identity. If the demos-thesis is correct, is it legitimate for Demproma to pursue the expulsion of Pluralon's minority population? Clearly, the answer is no. Democratic government requires that citizens, and their interests, are treated equally in politics. The value of democratic equality means expelling a minority-group from Pluralon is off the table *even if it could plausibly lead to Pluralon democratizing*. Call this the 'democracy promotion paradox'.

The so-called 'Deep and Comprehensive Free Trade Agreements' (DCFTAs), and, to a lesser extent 'the 'Association Agreements' (AAs) that the EU makes require partner countries to adopt aspects of the EU regulatory framework – the *acquis communautaire* – in order to gain favoured access to the single market. But imposing this kind of regulatory convergence on non-democratic partners that, by definition, do not have an adequate democratic framework in which these reforms can be justified undermines democratic values – even if the same reforms could be legitimately passed in democratic partners. This is because regulatory convergence, economic liberalization, and integration with the EU single market have at best

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mixed economic effects, creating 'losers' as well as 'winners'. Even if the aggregate picture is one of macroeconomic growth, the only way the plurality of views regarding these economic policies can be neutrally and fairly adjudicated in a way that treats all citizens' views and interests equally is through free and pluralistic electoral processes.

There is also something odd about promoting democracy by incentivising a preselected package of regulations, laws and policies, rather than incentivising a pluralistic approach to states determining their own domestic policies democratically. Take Georgia, for example. Laure Delcour [has shown](#) that, despite initial resistance, the EU cajoled Georgia into launching negotiations for a DCFTA. While the EU is rhetorically committed to developing free trade agreements via a consensus-based approach it calls 'co-ownership', the EU pressured Georgia into accepting a standardised and non-negotiable DCFTA that required it to unilaterally adopt vast swathes of the EU *acquis communautaire*. In this way, EU-negotiated FTAs bring to mind [a metaphor](#) about bilateral agreements between partners of different strengths: 'Bilateralism is like cooking an elephant and rabbit stew: however you mix the ingredients, it ends up tasting like elephant'.

Free Trade and Sectoral Democratic Governance Promotion

Perhaps the specific policies the EU includes in free trade agreements do better. [One approach](#) called sectoral democratic governance promotion (SDGP) suggests that, complementary to state-level democratization, democracy promoters should attempt to push 'full autocracies' to become 'partial autocracies' by democratizing their sector-level *governance* (think 'agricultural policy' or 'water-management policy'). But what would democratic governance look like in a non-democratic state? Three main elements have been proposed: transparency, accountability, and participation. And indeed, at the state-level, these elements seem indispensable to democratic government. At the sectoral-level, things are more complicated.

For *transparency*, Tina Freyburg and her co-authors distinguish between the 'policy level' and the 'governance level'. Policy-level transparency can be improved by, for instance, making relevant statistical information available to the general public, or commissioning and publishing studies on how people are expected to be affected by particular policies. Governance-level transparency is focused on the responsibilities of those in office, the policymaking process, and which actors are involved in policy making.

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SDGP also promotes horizontal and vertical *accountability*. Whereas horizontal accountability is usually understood as comprising checks and balances between the branches of government, SDGP focuses on accountability measures between different agencies of the state. Further, in the absence of elections, (the typical measure of 'vertical accountability') SDGP promotes increased accountability between civil society and state agents.

Complementing improved transparency and accountability of governance, SDGP encourages increased *participation* at the sectoral level. Again, in contrast to democracies, the citizens of non-democratic states obviously cannot participate freely in state-level politics. SDGP looks instead to increasing non-electoral participation, like NGO involvement in policy implementation.

How are FTAs expected to bring about these goals? Again, we have to look at the particularities of EU free trade deals. Whereas in the above section regulatory convergence with the EU was argued to undermine democratic values, SDGP argues that this kind of 'rule transfer' can be a vehicle for sneaking in procedural democratic governance. This is because the *acquis communautaire* contains provisions regarding transparency, accountability and participation.

Take water management, for example. The EU has adopted two directives on transparency and accountability that apply to environmental regulations in the EU: Directive 2003/4/EC on Public Access to Environmental Information (targeting transparency) and Directive 2003/35/EC Providing for Public Participation in Respect of the Drawing up of Certain Plans and Programmes Relating to the Environment (targeting participation). When the EU makes free trade deals like AAs and DCFTAs, it pushed partners to adopt these or similar regulations (regulatory convergence) in order to access the internal market. For example, a 2007 Italian-led twinning project attempting to converge EU and Moroccan legal standards in environmental regulation recommended that Morocco adopt a law similar to Directive 2003/4/EC. Where such activities are successful, this kind of rule-adoption, according to SDGP, brings autocracies like Morocco closer to the norms of democratic governance.

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We should again ask, though, whether any normative contradictions arise between SDGP and democratic values. When we look at the detail of what it means to promote sector-level transparency, accountability and participation, it isn't obvious that they are always at the service of democracy. Arguably, only transparency and vertical accountability pass muster.

Information is power. So, giving citizens more information empowers them. Democracy indeed requires that citizens have a right to access information about government activities. Without this, it would be impossible for them to accept or reject these activities at elections. Transparency seems a prerequisite of democratic processes, and more generally of citizens being able to challenge their governments - democratic or not - in an informed manner. While transparency does not constitute democracy, and isn't of much value in the absence of, say, freedom of speech, furthering the transparency of sectoral policy-making in autocratic states can therefore be considered an indirect advancement of democratization.

A similar point can be made for *vertical* accountability. Mechanisms whereby citizens can hold their governments to account empower them, even in the absence of a state-level democratic framework. Arguably though, the notion of horizontal accountability does nothing to promote democratization. Increasing the accountability of autocratic state agencies *to one another may*, at best, further the rule of law and reduce arbitrary rule. But it could just as well improve the power of a centralized non-democratic executive - hardly great for democratization.

Participation is more complicated. Promoting increased participation in sector-level policy-making poses interesting problems. This seems counter-intuitive, because democracy appears to be all about citizen participation. It makes sense though if we think carefully about democratic participation, which is not about a greater 'total sum' of participation in politics but a better *distribution* of participation towards the egalitarian standard of democratic equality.

The illegitimacy of limited increases participation in policy-making is most clearly the case when certain non-governmental actors are deemed to be well suited to participating in policy-making on an 'epistemic' standard. It may seem plausible to include, for instance, more religious leaders in policy-making over subsidies for the maintenance of historic houses of worship. But in a non-democratic state there are no procedures by which to identify the appropriate experts, and given that people disagree both about what ought to be done and how we should measure if something is done well, pre-political decisions about who would constitute an 'authority' on a given policy are essentially *arbitrary* from a democratic point of

view.

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An alternative approach would be to try to include more 'stakeholders' in the decision-making process. In other words, first try to identify who would be likely affected by a particular policy, and then include more of those people in the policy-making process. The main problem with attempting to include 'affected' parties into the design and implementation of policies, however, is that deciding who is and who is not affected by any particular policy is an inherently political decision; as such, it should be subject to the kind of democratic contestation that is absent in non-democratic states. Any top-down attempt to impose a particular view over which parties or individuals are and are not affected by a decision is a departure from the democratic principle that all views are to be given an equal stake.

If the above arguments are convincing, we have several strong reasons for doubting the current EU strategy of using FTAs to promote democracy amongst proximate autocracies. Regarding rule transfer, more attention needs to be given to the anti-democratic effect of imposing a particular economic model on partners. Still, in line with SDGP, some procedural rule-transfer associated with FTAs can be celebrated by democratisers. In this light, agreements should push for sectoral regulatory convergence on selective transparency and accountability measures and should be wary of autocratic convergence to EU norms regarding sector-level participation in policy-making, which could, in the absence of state-level advances to democratic government, result in interest groups further capturing the autocratic state.

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