

Through such trade negotiations, governments sought to increase economic welfare by reducing discrimination, removing barriers, disciplining potentially distorting policy measures, and providing greater scope for the operation of the market, unencumbered by artificial policy barriers. They also sought the order and stability that come with clear rules and equitable dispute settlement provisions. In short, both legal and economic maxims suggested that international trade agreements were mutually beneficial. Every barrier removed or rule established would benefit all participants.

Such trade negotiations, however, were in fact pursued on the basis of pre-economic and pre-legal concepts: every "concession" granted by one party had to be matched by a "concession" from another. Ministers and their officials, while they knew better, behaved as if they were engaged in a zero-sum game. Reason told them that the removal of barriers and the establishment of rules made sense, but politics dictated that they could only achieve these goals by seeking greater export opportunities while minimizing the prospect and benefits of increased import competition. Political discourse was based on the conceit that the strength of the nation required a positive trade balance, an ability to do without imports, and the promotion of strategic advantage over all other nations. British economist Martin Wolf first called this process mercantilist bargaining and suggested that, perversely, it was only through mercantilist bargaining that progress could be made⁸.

Mercantilist bargaining also proved superbly suited to the architecture of the US-inspired reciprocal trade agreement: an interlocking set of negative prescriptions by which governments undertook self-denying ordinances disciplining their capacity to impose trade barriers at the border and to discriminate among domestic and imported goods or among their trading partners.

⁸ See Martin Wolf, "A European Perspective," in Robert M. Stern, Philip H. Trezise and John Whalley, eds., *Perspectives on a U.S.-Canadian Free Trade Agreement* (Washington: Brookings Institution, 1987). In *Why Globalization Works* (New Haven: Yale University Press, 2004), he provides a much more complete picture of the role of trade negotiations in spreading the benefits of globalization.