

President Barack Obama must move quickly to stop the US slamming the door on free trade, writes Scott Lincicome

# Restricting entry

The United States trade policy is adrift, seemingly guided by the protectionist winds of an insular Congress, and an administration that seems more focused on enhancing unilateral enforcement mechanisms than affirming a strong commitment to free trade. In a recent speech, US Trade Representative Ron Kirk signalled the administration's desire to enhance domestic legislative tools for use in trade disputes, and plans for asking trading partners to "commit to actions that level the playing field".

As a result, America's closest trading partners are worried and angry; our exporters are anxious; and, just two months into the Obama administration, 60 years of US leadership on free trade is in jeopardy.

Since the 1940s, the US has led the charge to remove international barriers to goods, services and investment. The result: a global trade explosion that has enriched American families, spurred innovation, enhanced our security and helped millions escape poverty. Every US president since Herbert Hoover has championed free trade because of its proven benefits.

Since his inauguration, US President Barack Obama has expressed a desire to follow in his predecessors' footsteps. Meeting his Canadian and Mexican counterparts, Mr Obama backed away from his "overheated campaign rhetoric" on the North American Free Trade Agreement (Nafta). His nominees for commerce secretary and US trade representative have been vocal trade advocates, and he has often celebrated open markets and vowed to resist "escalating protectionism".

Unfortunately, Mr Obama's inaction has undermined this pro-trade rhetoric. Mr Kirk's confirmation took a lackadaisical two months, forcing US officials to cancel World Trade Organisation and bilateral trade negotiations. Meanwhile, new Energy Secretary Steven Chu carelessly suggested using tariffs to protect US manufacturers from countries that haven't addressed carbon emissions – only a day after China's top climate change official warned such carbon tariffs could start a trade war. This has all the makings of a captainless ship.

Mr Obama has not countered the protectionist impulses of his Democratic colleagues in Congress. Without White House leadership, Congress has injected anti-trade features into the year's two

Chances for significant progress on trade will disappear without strong American leadership – in word and deed

pending bills: the "stimulus" and the 2009 Omnibus Appropriations Act.

Several reports have spotlighted the international angst over the stimulus bill's "Buy American" provision and the US\$2.4 billion in retaliatory tariffs that Mexico applies to US exports because of the omnibus bill's ban on Mexican trucks (in direct violation of Nafta). But less reported are the bill's other protectionist gimmicks: the stimulus allows US lumber producers to ignore the federal courts and keep US\$92 million in illegally collected Canadian and Mexican lumber duties; the omnibus hits imports of both Chinese chicken and Vietnamese and Chinese textiles, and it enables mandatory country labelling for all imported food.

These measures have been rebuked by many of America's closest trade partners,

and Mr Obama has been lectured on protectionism from, among others, Canadian Prime Minister Stephen Harper, European Union Trade Commissioner Catherine Ashton, Brazilian President Luiz Inacio "Lula" da Silva, and Chinese Commerce Minister Chen Deming. The message: on trade, America is an also-ran.

Because of today's rules-based multilateral trading system and the interdependence of global markets, US fecklessness on trade shouldn't lead to devastating protectionism akin to the Smoot-Hawley-induced tariff wars of the 1930s. But it's still a problem. In 2008, global trade contracted for the first time since 1982, and protectionist pressures abound. The WTO's Doha Round is comatose, even though an ambitious deal could inject US\$2 trillion into the reeling global economy. Considering the US has steered every major trade initiative in modern history, any chance for significant progress on trade will disappear without strong American leadership – in word and deed.

Despite these problems, all is not lost. Mr Obama, although clumsily, has limited the damage from "Buy American" and pledged to reinstate the Mexican trucking programme, and the other missteps are

similarly containable. But if he wants to restore US leadership on trade, Mr Obama must move quickly from defence to offence. He should immediately reaffirm America's unwavering commitment to expanding global trade, not just "resisting protectionism". He should also tell Democratic leaders in Congress that he will not allow protectionist nitpicking to define his trade agenda.

Finally, the president should announce his intent to treat anti-trade provisions in future bills like all other kinds of earmarks – make them public, transparent and extremely limited.

These steps will calm the current anxiety over America's wavering trade policy. They will also give the president the breathing room necessary to craft a long-term trade strategy – one that rehabilitates a domestic free-trade consensus and forges a proactive, politically feasible trade policy that will guarantee America's leadership in the global economy for the next decade.

.....  
**Scott Lincicome is an international trade attorney at White & Case, LLP, and co-author of the upcoming Cato Institute study "Audiaciously Hopeful: How President Obama can Help Restore the Pro-Trade Consensus"**



Christine Loh

cloh@civic-exchange.org



## One city, two teams

The recent controversy over the roles of Hong Kong deputies to the National People's Congress and delegates to the Chinese People's Political Consultative Conference, and whether an understanding had been reached for CPPCC deputies to play a greater part in local affairs, needs to be seen within the context of the post-1997 political order.

The "one country, two systems" project was designed to build a fresh order that embodies a new hegemony of beliefs and ideology. This requires Hong Kong people to accept that the special administrative region is subordinate to Beijing and that a "high degree of autonomy" does not mean full autonomy. These principles are repeated periodically to remind Hong Kong people that an executive-led (not legislative-led) system will have to be maintained in future political reform. Thus, the legislature will remain relatively weak.

Moreover, Hong Kong must consider Beijing's interests, views and concerns when it looks at options going forward. It is just as important to remember Beijing's concerns about national security, which are built around the need to prevent Hong Kong from being used as an anti-China base. Thus, Hong Kong must be governed by "patriots" who share the values of the new political order, as they will be the best ones to defend its ideology.

In 2000, mainland scholar Cao Erbao provided an interesting perspective, in a party school publication, of two "teams" working to implement "one country, two systems". The first is the local administration: the chief executive, political appointees, the civil service and judiciary, who are responsible for making real the promise of "Hong Kong people ruling Hong Kong". The second team comprises central government officials and party cadres with responsibilities for Hong Kong affairs. Most people obviously focus on the former, but the latter is no less important because that team

The new political order is much more than the administrative bodies of the government

is seen by Beijing as a key force in the running of Hong Kong. The second team should not "interfere" with the work of the first team, but it has wide-ranging responsibilities for Hong Kong affairs and works from the perspective of the mainland authorities.

Using Mr Cao's notion, it is easier to see where the Hong Kong deputies to the NPC and CPPCC fit in. It is primarily the mainland team's role to spread the beliefs and ideology of the new political order. While the Hong Kong team also works to instil patriotism through public-awareness-raising projects, its main role is to keep the local ship afloat in terms of day-to-day administration.

The new political order is much more than the administrative bodies of the Hong Kong government. It includes the wider network of people in public life as a whole. Thus, NPC and CPPCC members are appointees to important national bodies who support, and are part of, that new order. The second team can stay in touch with them regularly through the central government's liaison office in Hong Kong. The team includes members of the executive and legislative councils, and Hong Kong government appointees to various advisory committees. Some are owners of the city's major media companies, and some are leaders of community organisations.

When Beijing requires their support on major issues, such as Hong Kong's constitutional development or national security, the deputies will more than likely know the mainland's point of view, and because of their positions in society, they will have many opportunities and ways to put that view forward.

Many local commentators have pointed out that the NPC deputies and CPPCC delegates already play a political role in Hong Kong, irrespective of any new understanding. Again, from Mr Cao's perspective, the liaison office, representing the second team, is just doing its job in promoting the CPPCC. As for the first team, it is part of the new order. While it does not want "interference" on a day-to-day basis, it will need "support" to push through controversial measures. Yet, Hong Kong should focus on expanding autonomy within the new political order.

.....  
**Christine Loh Kung-wai is chief executive of the think-tank Civic Exchange**

## Other Voices

### Miracle of the world's largest democracy

Shashi Tharoor

Beginning this month, the largest exercise of the democratic franchise in history will take place, as Indian voters head to the polls to elect a new national parliament. They have done this 14 times since India gained independence. Each time India has voted, it has been the world's largest exercise in electoral democracy. India's growing population keeps breaking its own record.

This time, the electorate includes 714 million voters, an increase of 43 million over the previous general election in 2004. Votes will be cast in 828,804 polling stations scattered throughout the country for more than 5,000 candidates from seven national political parties and several state and other parties. The process involves 4 million electoral officials and 6.1 million police and civilians.

The numbers involved are so huge that the elections will be staggered over five phases, ending only on May 13. Despite the phased voting, counting will take place nationwide immediately after the last phase, and the results of the elections everywhere will be announced on May 16. A new parliament will be convened on June 2 to elect a national government to succeed the administration of Prime Minister Manmohan Singh.

India's elections, conducted by the autonomous (and all-powerful) Election Commission of India, are an extraordinary event, and not just because of their sheer scale. It takes the felling of a sizeable forest to furnish enough paper for 714 million ballots, and every election has at least one story of officers battling through snow or jungle, or travelling by elephant and camel, to ensure

the democratic wishes of remote constituents are duly recorded.

Nor is any Indian election complete without the media publishing at least one picture of a female voter whose enthusiasm for the suffrage is undimmed by the fact that she is old, blind, crippled, toothless, purdah-clad, or any combination of the above.

The exotica do not end there. Because so many voters are illiterate, India invented the party symbol, so voters who cannot read the name of their candidate can vote for him or her anyway by recognising their campaign symbol.

India was also the first country to use an indelible stain on the voter's fingernail to signify he has already cast his ballot. At every election, someone "discovers" a new chemical that will remove the stain and permit one to vote twice, though this is unlikely to make a great difference in India's enormous constituencies, where each MP represents more than 2 million people. In any case, India's elections have a reputation for honesty. The elections have also been increasingly free of violence.

Elections are an enduring spectacle in the world's largest democracy. There are few developing countries where this is true, and fewer still where poverty and illiteracy are both rife. That may be the real miracle of what will occur in India over the next few weeks.

.....  
**Shashi Tharoor, a former UN undersecretary general, is the Congress Party candidate for Parliament from Thiruvananthapuram, in India's southwestern state of Kerala. Copyright: Project Syndicate**

### New school of diplomats for an age of pirates

Thomas Friedman

I've been thinking lately of starting a new school of foreign service to train US diplomats. My school, though, would consist of a single classroom with a desk and a chair. At the desk would be a teacher, pretending to be a foreign leader.

The student would come in and have to persuade the foreign leader to do something – to pull this or that lever. At one point, the foreign leader would nod vigorously in agreement and then reach behind him and pull the lever – and it would come off the wall in his hands. Or, he would nod vigorously and say, "Yes, yes, of course, I will pull that lever", but would then only pretend to do so. The student would have to figure out what to do next.

I'm wondering if US President Barack Obama and Secretary of State Hillary Rodham Clinton aren't those students, trying to deal with the leaders of Afghanistan and Pakistan – are the ones who promise to do all sorts of good things, and pull all sorts of levers, but at the end of the day the levers come off the wall because the governments in these countries have only limited powers. The ones who won't deliver – Iran and North Korea – time and again tell us: "Yes, we need to talk." But, at the end of the day, their hostile relationships with the US or the west are so central to their survival strategy that it is not in their interest to deliver real reconciliation, but just to pretend to deliver it.

The only thing that could change this is a greater exercise of US and allied power. In the case of Afghanistan and Pakistan, that power would have to be used to actually rebuild these states from the inside into modern nations. We would literally have to build the institutions – the

go around and around, but nothing changes. "We are dealing with states and leaders who either cannot deliver or will not deliver," notes the Johns Hopkins University foreign policy professor Michael Mandelbaum. "The issues we have with them look less like problems that can be solved and more like conditions that we have to manage."

The ones who can't deliver – the leaders of Afghanistan and Pakistan – are the ones who promise to do all

fear [the US] is doing just enough to avoid collapse but not enough to solve the problems

sorts of good things, and pull all sorts of levers, but at the end of the day the levers come off the wall because the governments in these countries have only limited powers. The ones who won't deliver – Iran and North Korea – time and again tell us: "Yes, we need to talk." But, at the end of the day, their hostile relationships with the US or the west are so central to their survival strategy that it is not in their interest to deliver real reconciliation, but just to pretend to deliver it.

The only thing that could change this is a greater exercise of US and allied power. In the case of Afghanistan and Pakistan, that power would have to be used to actually rebuild these states from the inside into modern nations. We would literally have to build the institutions – the

pulleys and wheels – so that, when the leaders of these states pulled a lever, something actually happened.

And in the case of the strong states – Iran and North Korea – we would have to generate much more effective leverage from the outside to get them to change their behaviour.

In both cases, though, success would surely require a bigger and longer US investment of money and power, not to mention allies.

Instead, I fear that we are adopting a middle-ground strategy – doing just enough to avoid collapse but not enough to solve the problems.

So, in sum, we have four problem countries at the heart of US foreign policy today that we don't have the will or ability to ignore but seem to lack the leverage or the allies to decisively change. The big wild card – a critical mass of people who share our aspirations inside these countries rising up and leading the fight – I don't see. As such, I fear the US is sliding into commitments in Afghanistan and Pakistan without a real national debate about the ends, or the exits. That is a recipe for trouble.

Given all that is on his plate, you cannot blame Mr Obama for looking for a middle ground. But history teaches that the middle ground can be a perilous place.

.....  
**Thomas L. Friedman is a New York Times columnist**

Contact us Agree or disagree with the opinions on this page? Write to us at [letters@scmp.com](mailto:letters@scmp.com) If you have an idea for an opinion article, e-mail it to [oped@scmp.com](mailto:oped@scmp.com)

### A chance to fine-tune Asia's growing links

Fidel Ramos

Beijing has just announced that Premier Wen Jiabao will be the main speaker at this year's Boao Forum for Asia, where the roster of leaders expected to participate is a virtual who's who of the region.

Such meetings are vital for Asia, because the continent lacks the dense institutional infrastructure that Europe has built up over the past few decades. This year's Boao Forum has become even more important after the East Asia summit in Thailand was cancelled following violent protests.

Multinational companies increasingly treat Asia as a single economic space, at least as far as production is concerned. This, of course, does not mean that Asia is becoming a single market. Rather, it is something of a tight-knit, pan-national supply chain.

But, although Asia is becoming more like Europe in terms of economic integration, political and diplomatic integration lags behind. So, because Asia lacks such institutional arrangements, personal diplomacy of the type that the Boao Forum represents, such as the annual global winter gathering at Davos, remains vitally important.

Indeed, it was at last year's Boao Forum that President Hu Jintao began to express public optimism about the positive trends in mainland-Taiwan relations.

In February, I headed a 40-member trade delegation to Taipei. That mission's highlight was my dialogue with Taiwan's president, Ma Ying-jeou, who stressed the importance of connecting Taiwan to the China-Asean Free Trade Area (Cafta) in the light of warmer

relations developing between the mainland and Taiwan.

At this time of global economic turmoil, increasing Taiwan's formal economic links with the mainland and its regional partners can only benefit everyone involved.

Unfortunately, some analysts suggest that a Taiwan-Asean Free Trade Agreement of the likes of Cafta may not yet be possible, so, in the interim, Mr Ma's administration is striving to achieve separate free-trade agreements with various members of the Association of Southeast Asian Nations. Understandably, the opposition Democratic Progressive Party says Taiwan should seek closer ties with Asean countries rather than depend too much on the mainland.

From a wider perspective, Mr Ma and I exchanged views on the synergy of an emerging "Central East Asia Growth Polygon" consisting of the Philippines, Taiwan, Hong Kong, Macau, Guangdong and Fujian – plus, eventually, Hainan, Okinawa and Guam-Marianas.

With goodwill on all sides, real advantages can materialise from building up this informal grouping, as it is a gateway to the huge markets of Southeast and northeast Asia.

At this time of worldwide uncertainty, Asia-Pacific leaders must redouble their efforts to exploit their partnerships and strategic combinations to foster stability and growth. The easing of tensions between mainland China and Taiwan can, perhaps, set a tone for all of northeast Asia.

.....  
**Fidel V. Ramos, a former president of the Philippines, has been chairman of the Boao Forum for Asia since 2001**