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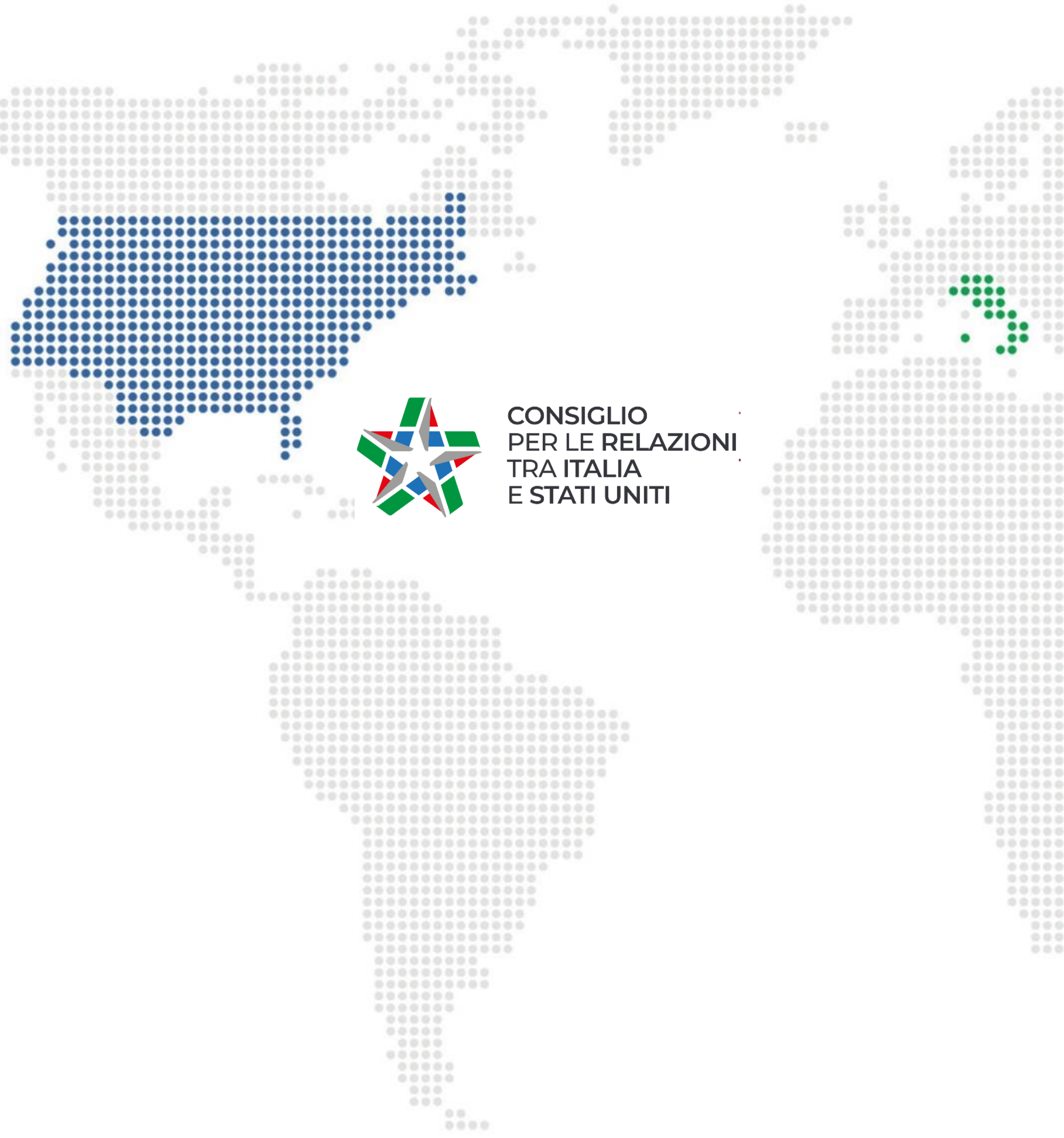

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"BIDEN'S ASIAN TRIANGLE"

(Project Syndicate – February 4, 2021)

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The Japan-US alliance remains popular in both countries, which need each other more than ever. Together, they can balance China's power and cooperate with China in areas like climate change, biodiversity, and pandemics, as well as on working toward a rules-based international economic order.

CAMBRIDGE – How Joe Biden handles China will be one of the defining issues of his presidency. He inherits a Sino-American relationship that is at its lowest point in 50 years. Some people blame this on his predecessor, Donald Trump. But Trump merits blame for pouring gasoline on a fire. It was China's leaders who lit and kindled the flames .

Over the past decade, Chinese leaders abandoned Deng Xiaoping's moderate policy of "Hide your strength, bide your time." They became more assertive in many ways; building and militarizing artificial islands in the South China Sea, intruding into waters near Japan and Taiwan, launching incursions into India along the countries' Himalayan border, and coercing Australia economically when it dared to criticize China.

On trade, China tilted the playing field by subsidizing state-owned enterprises and forcing foreign companies to transfer intellectual property to Chinese partners. Trump responded clumsily with tariffs on allies as well as on China, but he had strong bipartisan support when he excluded companies like Huawei, whose plans to build 5G networks posed a security threat.

At the same time, however, the United States and China remain interdependent, both economically and on ecological issues that transcend the bilateral relationship. The US cannot decouple its economy completely from China without enormous costs.

During the Cold War, the US and the Soviet Union had almost no economic or other interdependence. In contrast, US-China trade amounts to some $500 billion annually, and the two sides engage in extensive exchanges of students and visitors. Even more important, China has learned to harness the power of markets to authoritarian control in ways the Soviets never mastered, and China is more countries' trading partner than the US is.

Given China's population size and rapid economic growth, some pessimists believe that shaping Chinese behavior is impossible. But this is not true if one thinks in terms of alliances. The combined wealth of the developed democracies – the US, Japan, and Europe – far exceeds that of China. This reinforces the importance of the Japan-US alliance for the stability and prosperity of East Asia and the world economy. At the end of the Cold War, many on both sides considered the alliance a relic of the past; in fact, it is vital for the future.

US administrations once hoped that China would become a "responsible stakeholder" in the international order. But President Xi Jinping has led his country in a more confrontational direction. A generation ago, the US supported China's membership in the World Trade Organization, but there was little reciprocity; on the contrary, China tilted the playing field.

Critics in the US often accuse Presidents Bill Clinton and George W. Bush of naiveté in thinking that a policy of engagement could accommodate China. But history is not that simple. Clinton's China policy did offer engagement, but it also hedged that bet by reaffirming its security relationship with Japan as the key to managing China's geopolitical rise. There were three major powers in East Asia, and if the US remained aligned with Japan (now the world's third-largest national economy), the two countries could shape the environment in which China's power grew.

Moreover, if China tried to push the US beyond the first island chain as part of a military strategy to expel it from the region, Japan, which constitutes the most important part of that chain, remained willing to contribute generous host-country support for the 50,000 US troops based there. Today, Kurt Campbell, a thoughtful and skilled implementer of Clinton's policy, is the key coordinator for the Indo-Pacific on Biden's National Security Council.

The alliance with Japan enjoys strong support in the US. Since 2000, former Deputy Secretary of State Richard Armitage and I have issued a series of bipartisan reports on the strategic relationship. In our fifth report, released on December 7, 2020 by the non-partisan Center for Strategic and International Studies, we argue that Japan, like many other Asian countries, does not want to be dominated by China. It is now taking a leading role in the alliance: setting the regional agenda, championing free-trade agreements and multilateral cooperation, and implementing new strategies to shape a regional order.

Former Prime Minister Shinzo Abe spearheaded a reinterpretation of Article 9 of Japan's post-war constitution, to strengthen the country's defense capabilities under the United Nations Charter, and, after Trump withdrew from the Trans-Pacific Partnership, he preserved the regional trade pact as the Comprehensive and Progressive Agreement for TPP. Abe also led quadrilateral consultations with India and Australia regarding stability in the Indo-Pacific.

Fortunately, this regional leadership is likely to continue under Prime Minister Yoshihide Suga, who was Abe's chief cabinet secretary and is likely to continue his policies. Common interests and shared democratic values continue to form the bedrock of the alliance with America, and public opinion polls in Japan show that trust in the US has never been higher. It is not surprising that one of Biden's first calls to foreign leaders after his inauguration was to Suga, to assure him of America's continued commitment to strategic partnership with Japan.

The Japan-US alliance remains popular in both countries, which need each other more than ever. Together, they can balance China's power and cooperate with China in areas like climate change, biodiversity, and pandemics, as well as on working toward a rules-based international economic order. For these reasons, as the Biden administration develops its strategy to cope with China's continued rise, the alliance with Japan will remain a top priority.

"The Limits of the EU-China Investment Agreement"

(Project Syndicate – February 4, 2021)

Daniel Gros, *is Director of the Centre for European Policy Studies.*

The new EU-China Comprehensive Agreement on Investment will eventually be judged by its implementation and the concrete steps China takes to fulfill its promises. If European firms do not perceive any improvement, and China makes no progress on labor standards, the pact might come to represent an empty gesture.

BRUSSELS – During the last days of 2020, the European Union and China finalized a Comprehensive Agreement on Investment that they had been negotiating for seven years. In the weeks since, the CAI has attracted a lot of Western commentary – much of it damning. But now that the full text of the agreement is available, it seems that critics may be overstating its importance.

For starters, some argue that the EU is relying too much on the Chinese market to keep its economy growing. But trade and investment data do not bear this out. In 2019, China was only the third-largest market for EU goods exports. The United States remains the EU-27's most important trading partner by far, followed by the United Kingdom.

EU exports to China are actually somewhat lower than one would expect, given that China's GDP (even at market exchange rates) is now close to 80% of that of the US, whereas EU exports to China are only about 50% of those to the US. Moreover, the relative importance of the US and China as export markets for the EU has not changed much over the past decade. This means that the EU's transatlantic exports have increased almost as quickly as its trade with China – despite China's much higher GDP growth rate.

The same is true of the EU's trade with China's democratic neighbors. Between 2009 and 2019, for example, EU exports to South Korea increased at almost the same rate as those to China. And the intensity of EU-South Korea trade is twice as high as one would expect, given that the EU-27 economy is about ten times larger than South Korea's.

From a trade perspective, therefore, Europe is not “betting on China.” On the contrary, bilateral economic relations are somewhat weaker than the Chinese economy’s size would imply.

This is even more apparent when it comes to bilateral EU-China direct investment. The EU’s direct investment in the US is almost 15 times larger than its investment in China, while Chinese investment in the EU amounts to about one-twentieth of US investment. And bilateral investment flows have recently stagnated at low levels, with no substantial new investment by a Chinese state-owned enterprise in Europe over the past year.

The EU’s new foreign-investment screening mechanism, which is de facto aimed mainly at China, must also be seen in the context of these numbers. Current Chinese investment flows into the EU are around €11.7 billion ($14 billion) per year, implying no threat to a €15 trillion economy. And affiliates of Chinese firms employ less than 300,000 workers in the EU, a tiny fraction of the bloc’s overall workforce of about 220 million.

Furthermore, a look at the CAI’s details reveals that, belying its name, the agreement is far from comprehensive. The main concrete benefit for European firms is the partial opening of China’s automotive and financial sectors. But the accord’s main provisions reiterate pre-existing commitments or promises of “best efforts” in areas such as regulatory transparency and social standards (including China’s pledge to continue working toward ratifying theForced Labor Convention). The dispute-settlement mechanism also remains vague, and mainly enjoins both sides to consult and reach an agreement.

Critics of the CAI neglect to mention that the EU had little leverage because investment in Europe is already mostly liberalized. The EU therefore could not offer meaningful improvements for Chinese investors. And you if you have little to offer in a negotiation, you cannot expect much from the other side. Under these circumstances, we should not have expected an agreement that addresses every social or human-rights problem Europeans see in China.

Lastly, many have criticized the EU’s conclusion of the CAI on geopolitical grounds, for handing China a diplomatic victory just when a new US administration with a more positive transatlantic outlook was preparing to take office. But it is ultimately an international agreement’s substance that determines its geopolitical impact.

We learned this in March 2019, when, to great fanfare, Italy signed onto China’s Belt and Road Initiative (BRI), a transnational infrastructure investment scheme whose official aim is to bolster economic relations between Asia and Europe. At the time, many questioned the geopolitical wisdom of Italy becoming the first G7 country to join the Chinese-led initiative.

But reality set in rather quickly. All Italy had done was sign a memorandum of understanding that had no impact on trade or investment, as one would expect from a vague declaration of intent to strengthen economic ties. Disappointment at the lack of tangible benefits has turned a geopolitical victory for China into a defeat, with the same Italian minister who previously championed the BRI now taking a much more critical position toward China.

Likewise, the CAI will be judged a few years from now by its implementation and the concrete steps China takes to fulfill its promises. If European companies do not perceive any improvement, and China makes no progress on labor standards, the CAI might come to be viewed as another empty gesture.

“POP-UP REGULATIONS FOR BIG TECH”

(Project Syndicate – February 4, 2021)

André Loesekrug-Pietri, is a technology investor and Chairman of the Joint European Disruptive Initiative, the European DARPA.

While suspending Donald Trump’s social-media accounts was the right move for democracy, deplatforming a sitting president is a highly consequential decision. It should be a cause for serious concern that a few tech companies were able to make it, based not on an impartial rule of law, but on proprietary terms of service and the will of their top bosses.

PARIS - If the COVID-19 pandemic has taught us anything, it is that the speed of government decision-making can be just as important as the decisions themselves. If democracies are to retain their authority in the twenty-first century, they must combine the debate and consensus-building at which they excel with the efficiency and agility they often lack.

When we resign ourselves to the belief that democratic systems must move slowly, we risk allowing undemocratic actors to challenge these systems' effectiveness and legitimacy. And when we delegate the administration of public debate to such actors – as we have done with social-media platforms – we compound that risk.

This has been starkly apparent since the storming of the US Capitol on January 6. Because then-President Donald Trump incited the insurrection, Twitter suspended his account, instantly cutting him off from his 89 million followers – a base built over several years and tens of thousands of false, misleading, and incendiary tweets. Other social-media platforms, including Facebook, followed suit. And Amazon terminated its web-hosting services for Parler, the unmoderated platform where Trump would have found many adoring supporters.

These decisions were taken in a matter of hours, and implemented in a matter of seconds. Meanwhile, US Democrats were still drawing up articles of impeachment.

To be sure, Trump was impeached within days – a dramatic acceleration of usual democratic procedure. But his Senate trial has yet to take place, and appears unlikely to result in any lasting consequences (namely, a ban on Trump holding office in the future). At the rally preceding the insurrection, Trump's loyal attorney, Rudolph Giuliani, called for "trial by combat" to dispute the election results. What Trump will probably end up getting is a damnatio memoriae.

That matters. But, in the immediate term, deplatforming Trump matters more.

Trump's Twitter account, in particular, was integral to his presidency, public image, and personality cult. His tweets always offered a glimpse into his mood. They often contained hateful, divisive, and deceptive messages. And they sometimes issued major announcements, from firing senior officials to threatening foreign countries. Trump's Twitter account thus directly fueled the uptick in volatility and instability, on both Wall Street and Main Street, that characterized his presidency.

Given this, Trump's expulsion from social media should be welcomed. One might even argue that it should have happened long before the Capitol insurrection. Nonetheless, deplatforming a sitting president is a highly consequential decision. It should be a cause for serious concern that a few tech companies were able to make it, based not on an impartial rule of law, but on proprietary terms of service (and personal intervention by their top bosses).

The digital giants' James Bond-like "license to kill" a user's account (and not only that of a president who came "from Russia with love") is only one expression of their exorbitant power. For years, these companies have shaped – or distorted – public debate with algorithms designed to immerse users in "echo chambers," where they are exposed primarily (or only) to views similar to their own, thereby fueling polarization.

Moreover, for years, digital platforms refused to flag or remove false, misleading, or incendiary content. Instead, seeking to maximize user engagement (and thus the user data they could sell to advertisers), they allowed the likes of Trump to spread lies, stoke resentment, and encourage violent movements. Parler, Gab, DLive, and others were used to orchestrate and execute the Capitol insurrection. The message is clear: digital platforms now play a central role in the destabilization of democracies.

Europe, for one, recognizes this. The European Commission's new Digital Services Act, unveiled in December 2020, will impose greater responsibilities on social-media companies for policing their platforms for hate speech and other illegal material. But, again, timing poses a serious problem: the European Parliament will take six months to sign off on the DSA, and member states will take at least 18 months to implement it.

Of course, we should leverage Europe's diverse perspectives and expertise to develop the most comprehensive, innovative, and effective strategies. And we must engage in democratic debate and consensus-building. But that does not mean we can delay solutions to urgent problems. It took about a year for Trump to go from political outsider to US president-elect. How much can happen while the DSA is being deliberated and implemented?

With technology transforming the world at an unprecedented rate, and forecasting trends becoming more difficult than ever, regulatory and legislative processes must become far more agile. One possible solution is the introduction of temporary "pop-up regulations."

With an expiration date set from the start, such regulations could be enacted far more quickly than comprehensive legislation – possibly in a matter of days. They can be extended, adapted, or made permanent if they prove to be effective, constructive, and compatible with a society's values. But they don't have to be.

One regulation that should be implemented urgently is a form of government oversight for social-media bans. Trained judges or some other politically independent official agency could uphold or impose bans on politicians who defy or undermine the rule of law.

The "digital bill of rights" that some advocate may have its merits, but it cannot rein in Big Tech and protect democracy during a time of unprecedented transformation. The only way to do that is by developing new, more agile institutions. After all, every day spent devising, debating, and implementing new rules is a day that increases the volume of misinformation, hate speech, and other destabilizing narratives that benefit antidemocratic forces.

"JOE BIDEN'S SURPRISES"

(Project Syndicate – January 29, 2021)

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Notwithstanding a few head-scratchers among his cabinet and staffing picks, Joe Biden is being hailed as a paragon of conventionality after years of chaos and discord. But given his initial momentum out of the gate, Biden is already on track to effect radical change – and his team is actually competent enough to do it.

WASHINGTON, DC - Joe Biden knows enough about the US presidency to understand that the first few weeks are the easiest and most pleasant. There inevitably will be setbacks and crises, particularly for a president who took office amidst a raging pandemic, economic collapse, and a climate crisis near to a tipping point.

In the early weeks a new president can accomplish a lot through executive orders, reversing previous administration policies and signaling a commitment to certain values without interference from Congress. Biden can use the powers of his office unilaterally to push his first priority: controlling the pandemic.

The new president also has a pretty free hand in naming his cabinet. When he first announced his choices to fill many top advisory and cabinet positions, many observers worried that Biden was turning to yesterday's names to handle today's most demanding jobs. Biden is gambling on experience as his key to success.

In any case, the Biden team's hyper-emphasis on cabinet diversity has sometimes made it seem that it was more important to be able to say that a nominee was "the first" of something, rather than that he or she was the best for the job. Nonetheless, Biden selected a competent cabinet overall; only after the usual shaking-out period will we really know which picks succeed.

The nomination of US Federal Appeals Court judge Merrick Garland to be attorney general seemed at first to be primarily an "up-yours" to Republican Senate leader Mitch McConnell, who refused even to allow hearings for Garland when Barack Obama tapped him to fill a Supreme Court vacancy. To those who know Garland, however, he is an excellent choice: brilliant, calm, and fair – just the person to restore integrity and morale to a Justice Department battered by Donald Trump.

Similarly, Biden's chief-of-staff, Ron Klain, is almost as experienced as his boss, having served as chief-of-staff to Biden during his vice presidency and to Vice President Al Gore before that. This comfortable working relationship has helped Biden not put a foot wrong thus far.

The historical truth is that fresh faces in the Oval Office might be exciting, but they come with risks. Within three months of taking office, the relatively inexperienced John F. Kennedy, widely adored for his looks, charm, and eloquence, landed up in the disastrous Bay of Pigs invasion of Cuba.

George W. Bush, the son of a president and two-term governor of Texas, was probably the most experienced of recent incoming White House occupants. Nonetheless, he presided over two avoidable calamities early on: the terrorist attacks of September 11, 2001 (numerous warnings and clues went unheeded), and the invasion of Iraq (which, like Lyndon Johnson's Vietnam War, was based publicly on a lie).

Presidents Jimmy Carter and Bill Clinton, both former southern governors, were smart men with limited Washington experience. They, too, stumbled early on. And Obama had served for only three years in the US Senate before being elected; he neither enjoyed dealing with Congress nor had much of a feel for it.

Biden's relationship with Obama and his legacy are more complicated than appearances suggest. Whereas Obama frustrated many Capitol Hill Democrats with his innate caution and readiness to compromise with Republicans (liberal Democrats referred to him privately as "Mr. 50-yard line"), Biden deliberately describes his own proposals as "bold." His immigration proposals contradict Obama's policy of pursuing substantial deportations of illegal immigrants. The message seems to be that

Biden will no longer dwell in Obama's shadow.

After serving four decades in the Senate before becoming vice president, Biden has a feel for Congress unmatched since Johnson. Still, it won't be long before we know if all of his talk about working with the Republicans is based on nostalgic naivete or is a clever way of setting up Republicans for obloquy if they try to obstruct his proposals.

And obstruction seems likely. McConnell may have seen eventually that Trump's denial of losing the election wasn't doing the Republican party any good, but that doesn't mean he's become a less fierce partisan.

Biden is also playing a sophisticated game with his party's left. He managed to form a government without giving jobs to Senators Elizabeth Warren or Bernie Sanders, both of whom sought to join his cabinet. Sanders's followers even threatened Biden if he didn't give the Vermont senator the job he wanted. Biden has explained his actions away by noting – conveniently but not unreasonably – that the Democrats' margins in Congress are too slim to risk a single open seat, although he did select three House members from relatively safe Democratic districts for top jobs.

Sanders didn't take long before carping at Biden's policy proposals. But that's part of the show. Alexandria Ocasio-Cortez and her "squad" could also keep up pressure from the left, while Joe Manchin of West Virginia, a state which went heavily for Trump in 2020, poses a problem from Biden's right. In a 50-50 Senate, with Vice President Kamala Harris breaking any tie, every vote counts. Still, Biden has adopted much of the left's agenda, and will try to sell these policies from the center, his political home.

One sign of this change is that, unlike all recent Democratic administrations, Biden's hasn't paid obeisance to Wall Street by giving bankers top jobs. The new Secretary of the Treasury, Janet Yellen, is a former Federal Reserve chair and academic who has made it clear that she understands the country's pressing social needs. Moreover, Biden consulted Warren on her economic views, and has named a former Warren adviser as Yellen's deputy. Yellen's appointment demonstrates that Biden shares the insight that enabled Trump's rise: that too many Americans feel that they cannot get a fair shake.

Following the Götterdämmerung of Trump's presidency, it seemed a foregone conclusion that Biden's term would be dull. But Biden is coming off tougher and more imaginative than people thought he would be. So far – and to be sure it is early – Biden's presidency is turning out to be more interesting and surprising than expected.