

China and WTO

The 'Door-man' Eases the Passage

by AMM Shahabuddin

China's joining the WTO, expected to be finalised this year, will give a boost to its dream of becoming an economic force in Asia, perhaps as a big rival of Japan. Many analysts think, that within a quarter of a century or so, Shanghai could be at par with London or New York as a financial centre, eclipsing today's Hong Kong or even Tokyo! To many, it may appear as a mere 'day-dream' or a 'willow-the-wisp'. It may be delayed, but it may very well come true one day.

"Does history always repeat itself?", a history student asked his teacher. Prompt came the reply: "yes, if you fail again this year". This may be a light joke, but it has a very hard punch on reality as manifested in the case of China's last 14 year's failure to enter the World Trade Organisation (WTO), because of America's continued refusal to accept its membership of the world trade body. So history of failure repeated itself for last 14 years. Now the history itself has 'failed' to repeat itself because of an amicable trade agreement reached between Washington and Beijing last November and subsequent approval of a Bill, by overwhelming majority of votes in the US House of Representatives last month, clearing, perhaps, the hardest hurdle on China's march to WTO.

The Bill is expected to get a smooth sail in the US Senate. On the other hand, the trade liberalisation agreement signed by China with the European Union (EU) has removed another major obstacle from China's path. These are most welcome historical events which took place within the shortest possible time, but promising beneficial 'fall-outs', both economic and political, to strengthen economic prosperity and political stability all around.

Republican

'Characteristics'

An uproar was raised by a section of American business leaders and powerful working class groups against the Beijing trade agreement, on granting China the status of a Permanent Normal Trade Relations (PNT), discarding the hitherto followed annual trade reviews by America of last two decades. It created a sense of pessimism that this rising tide of criticism and demonstration that Clinton had made a 'sell-out' of interests of both the workers as well as businessmen, might 'kill' the Beijing deal in the House of Representatives. Particularly, the factory workers seemed to be bent upon 'toppling' the Bill at any cost and they made every possible move to do it. And the powerful Republicans in the House might go to any length to scuttle the efforts of a Democrat President. But sometimes 'miracles' happen to change the course towards a better run. To under-

stand and appreciate how the Republican tide was turned towards accepting the Bill as a new page in American history of expanding trade and economy, needs a bit of analysis of the Republicans' characteristics.

Historically speaking, the Republicans always go by 'statistics' of 'gains', political or economic, whether in foreign relations or domestic affairs. After World War I, it was the Republicans, then dominating the House and the Senate, who voted against America's joining the League of Nations, as they saw in it no immediate gains for USA and they also wanted to steer clear of world problems, which inspired them to follow a policy of 'isolation' which in fact brought more troubles for the world. Renowned historian H.G. Wells, in this context, had said: "Had America been part of the League for the next twenty years, the world's history might have been different." But there was another 'idea' that prompted the Republicans to refuse to join the League because they found in it a great chance to deal a death blow to then Democrat President Woodrow Wilson and his party. (We will see later how the Republicans joined hands with the Democrat Clinton recently in the House).

Then again during the WWII, the Republican-led America continued to follow their policy of 'isolation' almost half the way into the war. It was perhaps after the Japanese Airforce destroyed 19 US warships at Pearl Harbour, that America was forced to break its isolation and dilly-dally policy towards war, plunging headlong into the war. Roosevelt ordered war supplies to the allies on 'lease-lend' basis. Earlier, the Republicans were generous enough to provide war-devastated England food and other essentials on 'cash carry' basis.

Republicans Lured by Chinese Markets

So it was not at all astonishing when everybody sat cross-fingered to watch what role the Republican-dominated House would play regarding the Bill supported by Clinton, granting China the Permanent Normal Trade Relations (PNT). Already the situation became volatile as a result of the strong labour movement and a large

number of US businessmen were up with arms to torpedo the Bill. So its fate solely depended in the hands of the Republicans. And all were set to hear that the Republicans had 'killed' the Bill, thereby giving a 'blow' to another Democrat President. But to the surprise of all, the Republicans, instead of dealing a 'death-blow' to another Democrat President Clinton, the way they had earlier 'ditched' Wilson, were wise enough to go this time by their traditional 'statistics' of profit and gain. When they realised the full impact of US exports on the vast markets of China with a population of 1.25 billion, as signalled by the Republican House Speaker, Dennis Hastert, while wrapping up the debate on the Bill, they changed their 'course'. The speaker, in fact, rang the right bell within the hearing distance of the Republican members, when he said: "Chinese market is opening. Somebody is going to have opportunity to sell to this vast new market. The question is who will be there when it opens?" Certainly, the bottom-line for the Republicans was: "who will be there when it opens?"

Surprisingly, the Republicans forged an 'alliance' with President Clinton, assuring him that the majority of the Republican members would vote for the Bill. So the US House of Representatives last month gave a loud and fantastic approval to the most-debated Bill with 237-197 vote, granting China the PNT status. The strongest thing about the whole process is that in a House of 435 members, a majority of 222 Republicans voted in favour of the Bill, whereas, out of 211 House Democrats (Clinton's Party members), 136 voted against the Bill, so at last Clinton had to ride on Republican canes in the House to fulfil his mission, clearing the deck for China's entry to the WTO. China has already welcomed the House vote in favour of the Bill as a 'wise' vote, but it has criticised the inclusion in it of the provision of monitoring abuse of human rights and workers' right in China. Thus Clinton came out with flying colours, holding before the Republicans a bunch of fresh carrots — the vast and tremendous consumer market in China — without even using the proverbial stick. But while the dead Republicans helped Clinton to

carry the Bill through with their 164 votes, Clinton's own party's 73 members, voted against the Bill. A glaring example of 'anachronism' in politics? Or, a real democracy in action?

Now the Bill is expected to get a thumping majority in the US Senate some time this month, opening a new chapter in Sino-US trade and political relations and also, indirectly, providing China to unfold its vital role in global economy, particularly, in the Asian region.

China's Future in Asian Economy

In fact, China's joining the WTO, expected to be finalised this year, will give a boost to its dream of becoming an economic force in Asia, perhaps as a big rival of Japan. Many analysts think, that within a quarter of a century or so, Shanghai could be at par with London or New York as a financial centre, eclipsing today's Hong Kong or even Tokyo! To many, it may appear as a mere 'day-dream' or a 'willow-the-wisp'. It may be delayed, but it may very well come true one day.

Yet, contrary to many of its basic instincts, the Clinton Administration has used the soft glove rather than the mailed fist. Indeed, North Korea is now the main recipient of US aid in Asia. The US supplies free much of the country's fuel oil needs and a good part of its food requirements. At the same time South Korea and Japan are building it free of charge a state-of-the-art light-water nuclear reactor capable of supplying most of North Korea's electricity needs for years to come.

In retrospect it seems amazing that debate in Washington six years ago was almost dominated by those discussing the best way of bombing North Korea. US intelligence had discovered that North Korea was about to remove spent nuclear rods in a cooling pond to recover plutonium, sufficient to make four or six nuclear bombs to add to its supposed (but never proved) stockpile of two or three. Former Secretary of State Henry Kissinger, former National Security Advisor Brent Scowcroft and former CIA chief, Robert Gates went loudly public with calls for battle.

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The Writer is a retired UN official.

ENDLESS confrontation can be endlessly counter-productive. There is no conclusive evidence that isolating or cornering a state succeeds in moderating its behaviour. Engagement is the only way short of war, to produce results that move nations out of their entrenched positions.

This may seem a controversial statement. Of course it is. But it is my political credo. And the best example I can give to sustain it is coming to the boil right now - on the Korean peninsula. On June 13, South Korea's ex-political prisoner and human rights activist and now democratically elected president, Kim Dae Jung meets his opposite number Kim Jong Il, president of North Korea, who inherited his position from his father Kim Il Sung. This much of the credit must go to President Bill Clinton.

There have been any number of reasons why over the last six years America could have decided to get tough with a country that gave many indications that it had serious ambitions not just to build a nuclear bomb but to develop a long distance missile to deliver it. Even today North Korea is the arch-demon for those who advocate the necessity of building an anti-missile shield to "protect" the US from nuclear attack from a 'rogue' country.

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Can the North and the South agree on which way forward is? Also, how much further is the US prepared to go? Having made so much progress in dampening the North's nuclear ambitions, is it prepared to throw this softly course to the wind, move into a tougher, more antagonistic, stance, build its anti-missile shield and, in the process, undermine the Anti-Ballistic Missile Treaty and alienate both Russia and China, perhaps triggering a new round of the nuclear arms race between the big powers?

Meanwhile, Kim Dae Jung in the South has pursued his so-called "sunshine policy" with the North. Despite immense opposition from the old guard, he has succeeded in sustaining it to where the temperature of the cold war between North and South has begun to rise to the point where the waters are unfrozen enough for this summit to take place.

Everyone knows holding the summit raises the stakes. There can be no going back. But can the North and the South agree on which way forward is? Also, how much further is the US prepared to go? Having made so much progress in dampening the North's nuclear ambitions, is it prepared to throw this softly course to the wind, move into a tougher, more antagonistic, stance, build its anti-missile shield and, in the process, undermine the Anti-Ballistic Missile Treaty and alienate both Russia and China, perhaps triggering a new round of the nuclear arms race between the big powers?

The North Korean peace is one of Mr Clinton's three great positive foreign policy achievements. (The others are his North American Free Trade Area and his recent victory to persuade Congress to give China permanent most-favoured-nation trading status.) If only he had applied the same determination to engagement in disarmament with Russia, detente with Iraq and Iran and support of the United Nations.

Perhaps the problem is that Mr Clinton has not digested quite just how much progress his policy of the carrot more than the stick has made in North Korea. Maybe the summit will provide a measure of his achievement and, although too late, to have any influence on his presidency, do something to make sure his successor doesn't imitate so many of his mistakes.

Courtesy: The Dawn of Pakistan.

rods could be transferred to it. This, they said, would minimise the risk of radioactive fallout.

Kissinger advocated immediate tough sanctions and unspecified "military action". But his timetable miraculously allowed time — a short three months while the rods cooled — for both a conference of the nuclear-haves and for sanctions to work. Military action should occur, he said, only if North Korea refuelled its reactor or started to reprocess its plutonium from the cooling rods.

However, this seemed to ignore Scowcroft's and Gates' point about the dangers of an aerial bombardment on reprocessing facilities. Nor did any of them appear to worry that North Korea might use the two

forms of capital is also highly unequal. In Latin America most female household heads in rural areas are either landless or own very small, fragmented holdings. The same is true in Sub-Saharan Africa, where women are the major producers of food crops. Throughout the developing world, female-managed enterprises are often undercapitalised, having less access to credit and using fewer inputs and machinery than male-managed enterprises.

Countries that reduce gender inequality can reap significant rewards. Some benefits, such as falling infant and child mortality, improved nutrition, and lower fertility rates, are already well known, the report demonstrates how the positive impacts of reducing gender gaps also includes lower corruption and faster economic growth, outcomes that not traditionally been linked to gender equality.

"Countries where women have greater rights and participate more in public life tend to have cleaner business and government," the report says. "It notes that several studies have found that as the influence of women in public life grows, the level of corruption declines. This is true even when comparing countries with the same civil liberties, education, legal institutions, and income levels."

The study confirms that countries that reduce the gender gap in access to resources and opportunities achieve more rapid economic growth. In Africa, for example, improving women's access to productive resources including education, land, and fertiliser could increase agricultural productivity by as much as one-fifth. Cross-country studies suggest that if the Middle East and North Africa, South Asia, and Sub-Saharan Africa had been as successful as East Asia in narrowing the gender gap in education during 1960-1990, GNP per capita in those regions would have grown by 0.5 and 0.9 percentage points higher per year-substantial increases over actual growth rates.

Beyond the direct effects on women's welfare and their ability to generate income, these factors reduce women's power to allocate family resources and to shape such basic family decisions as how many children to have. This lack of power to influence family resource allocations has a negative impact on children's well-being. Lack of control of resources also means that women are made more vulnerable in the face of personal or family crises.

In politics, women continue to be vastly underrepresented in

Countries that Reduce Gender Gaps Benefit Economically

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Wolfensohn has reached similar conclusions based on his extensive travels on developing countries. "There is absolutely no doubt in my mind that the single most important issue in most of the countries we are dealing with is the enfranchisement of women," he said in a recent speech. "Everywhere I have been it is so clear that if you do not deal with the question of women's education, of women's opportunity and women's rights, you simply cannot have effective development."

Report co-author Andrew Mason said the research team's review of experience in more than 100 countries concluded that "although income growth and economic development are good for gender equality in the long run, growth alone cannot deliver the desired results." Mr. Mason further said that societies progress more rapidly if they also adopt specific measures to narrow gender gaps.

Examples include: ensuring equal rights to land and other property, and designing infrastructure and services, such as water, transportation, education, health, and credit, to better meet women's needs. Other steps include: eliminating gender bias in the workplace and increasing women's participation in politics.

Two years in the making, Engendering Development is the most extensive systematic analysis to date that examines the much-discussed relationship between gender and economic progress in developing countries. The report has been released on the Internet for a discussion timed to coincide with the upcoming UN Special Session of the General Assembly "Women 2000: Gender Equality, Development and Peace for the 21st Century."

Much of the recent debate about gender and development has pitted growth-oriented approaches against rights-oriented approaches," said co-author Elizabeth King. "But the evidence we examined suggests that economic development and institutional change are complementary — and that both are necessary."

World Bank President James

totalled \$3.4 billion. The Bank's education programmes give special emphasis to the 31 countries where gender gaps in elementary and secondary education are especially large.

Health, nutrition and population: To date the World Bank has lent more than \$4 billion to support population and reproductive health activities throughout the world. It is the single largest source of external financing in the areas of health, nutrition, and popula-

tion. There has been quite a bit of progress on gender issues since the Beijing conference, both in

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the work of the World Bank and in among the countries that look to us for assistance," said Ms. Mason. "Those of us who have been working on gender issues are proud of what has been achieved but we are also keenly aware of how much remains to be done."

Despite Progress, Gender Gaps Persist

Ms. Mason said that she hoped the research findings on gender equality, reduced corruption and growth would help the development community to more fully appreciate the cen-

bled in the Middle East, South Asia, and Sub-Saharan Africa. In the past half century, women's life expectancy has increased by 15-20 years in developing countries, to the point that in the 1990s, for the first time, women in South Asia began living longer than men.

Despite this progress, women continue to have less control than men over important resources. In South Asia, women have only about half as many years of education as men, and female secondary school enrolment rates are only two-thirds of male rates. Control of land and other

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