

Island of the lion and land of the dragon

A glimpse into Sino-Sri Lanka relations



HMGS PALIHAKKARA

GLOBALISATION has swept the world. It has brought about breathtaking progress in many areas for many people. It is nevertheless alleged to be responsible for marginalising many vulnerable populations. Economists are already

talking about "de-globalisation". In seeking greater good and wellbeing for their peoples, some nations and even continents had integrated into Unions blurring the hitherto sacrosanct attributes of sovereignty and nationhood.

Some of these "advanced" nations now seem to experience countervailing waves of nationalism and even exclusion as was evident in the Brexit affair and in some elections in the Americas and Europe. There are also untenable and unsustainable contradictions like the quest for opening borders for goods and services while closing them for people, especially for those in distress. Commentators question whether the constructive idea of liberal democracy is ending and disruptive populism is rising across nations and continents. Strategic power centres, financial prowess and production capacities have shifted from the Atlantic to the Asia-Pacific.

In this complex situation of change and volatility, one constant that stood out has been the rising power of China. The former German Foreign Minister Joschka Fischer commenting on the impending Trump era laments the end of what is known as the "(trans-Atlantic) West" led by the United States. He bemoans the probability that China will "fill" this gap ("Goodbye to the West", Joschka Fischer, Project Syndicate).

The cause and effect of this change and volatility is of course the subject of wide-ranging debates that are ongoing. What is beyond debate is the ascendancy of what the United States Admiral Harry Harris called the "Indo-Asia-Pacific Region" in general and "Sino-Indian" power in particular.

The region the Admiral referred to has some

remarkable attributes. Its key players India and China, especially China, will have the lion's share of world GDP totalling trillions of dollars; possibly the largest middle-class population; the largest purchasing power and production capacity; and possibly the largest capital export potential in the world. Henry Kissinger's words several decades ago—and long before Joschka Fischer's pronouncement—were therefore not surprising. "Given a decent system, China with 800 million workers will provide world leadership," Kissinger said.

With Deng Xiaoping-inspired reforms, what China has progressively and meticulously built up turns out to be quite a "decent system" indeed. The country now has nearly double the population that Kissinger was talking about. No single country in recent times has alleviated poverty of so many in so short a time as China has. Given their formidable capacity to produce and consume as well as to create and export, China and India hold "decisive stakes" in sustainable global growth and development. That of course requires secure and well-served East-West trade routes including Sea Lines of Communication (SLOCs).

Has Sri Lanka, located as it is at a strategic pivot on this trade route, prudently and optimally exploited the national interest benefits that it can derive from this enormous potential "to produce and consume," especially by these two giant economies? Some analysts have also speculated on "Sri Lanka's quest for strategic prominence in the Indian Ocean" and the possibility of "carving out a role for itself (Sri Lanka) among the South Asian Littorals."

The challenge for Sri Lankan diplomacy has been and will be to show that it is after commercial/economic benefits and not strategic manipulation and that Sri Lanka will aggressively exploit the full investment and trading potential of the Belt/Road initiatives of China for that purpose. In doing so, rather than having demarcated "zones for investing powers," the whole of Sri Lanka can become a venue supporting multinational investment and multilateral cooperation for growth and

development, without ruffling geopolitical feathers of anyone—regional or extra-regional.

Thus the country will not be the ground zero for a "zero-sum" strategic power play that could give rise to the doomsday scenario of the kind conceived in the latest "geo-political flourish" from the Indian analytics industry viz. the possibility of Sri Lanka becoming a (hostile) "aircraft carrier parked just fourteen miles off the coast of India" (Choices: Inside the Making of India's Foreign Policy (Geopolitics in the 21st Century), Shivshankar Menon).

The Belt/Road potential can of course be projected and used as an opportunity for everyone and a threat to no one. The initiative straddles a large economic space and is home to some of the largest economic powerhouses in the world; it has room for all the key players provided the playing field is levelled through diplomacy based on the force of rule rather than the rule of force. Continuous sabre-rattling over the South China Sea is not an auspicious beginning though.

Despite the fact that China and Sri Lanka have deepened and widened their relations building on "the everlasting friendship" to a platform of "strategic cooperation," critics say that the former government in Sri Lanka had unwisely placed most, if not all, of their "eggs in the Chinese basket" entailing serious debt management issues at home and troubling strategic concerns abroad involving India and the US. The current government got its share of criticism for the "clumsy handling" of relations with China at the outset of its tenure. The new government appeared too preoccupied with making "course corrections" to Sri Lanka's relations with the United States and India that became sour during its predecessor's tenure. The government has since embarked on what seemed to be successful diplomatic negotiations to iron out differences with China, especially with regard to two key projects—the Port City and Hambantota. But residual irritants continued to linger.

Another "unconventional" facet in this interesting phase of Sino-Sri Lanka relations had been the way in which the two major parties in Sri Lanka had used or "misused" the real or contrived

state of Chinese assistance and bilateral relations in what was a bruising election campaign early this year. This contrasts with a longstanding Sri Lankan tradition of working towards a bipartisan foreign policy, so that foreign relations do not get enmeshed in local politics which is an enterprise where no quarter is usually given! Since of late, this important principle seemed to have wilted against political expedience.

Perhaps in reciprocity, China on its part also resorted to rather aggressive "public diplomacy" in Sri Lanka in order to justify/explain its position on the nature of the so-called controversial projects and on the terms and conditions of the assistance provided. That too was an unprecedented step in the usually discreet Chinese diplomatic practice, especially with a country like Sri Lanka which is supposed to be an "all-weather friend".

The Sri Lankan side seems to still be grappling with residual politics of issues thrown up by the last election campaign in the country while the Chinese side is eager to bring out real life business matters beneficial to both sides, e.g. shifting the excess industrial capacity in China to Sri Lanka, help Sri Lanka to link up with global value chains exploiting the comparative advantage of the two countries in a complementary manner through the Belt/Road process. This points towards hard-nosed business advice to the Sri Lankan government as well as to our private sector regarding clear and present opportunities which we have yet to seize fully.

Given the complex and constantly shifting dynamics of the Indo-China-Pacific ascendancy and the pivotal roles of China and India therein as well as Sri Lanka's own longstanding but complex relationship with these countries, it would indeed be quite a taxing task to address the many dimensions of the challenges, let alone find solutions to them.

HMGS Palihakkara is a former foreign secretary of Sri Lanka. This article is an extract from a foreword to a collection of essays by academics on Sri Lanka-China relations titled "The Island of the Lion and the Land of the Dragon" published by Pathfinder Foundation and edited by HMGS Palihakkara.

PROJECT SYNDICATE

Donald Trump is playing to lose



J BRADFORD DELONG

AMERICA certainly has a different kind of president than what it is used to. What distinguishes Donald Trump from his predecessors is not just his temperament and generalised ignorance, but also his approach to policymaking.

First, consider Bill Clinton, who in 1992 was, like Trump, elected without a majority of voters. Once in office, Clinton appealed to the left with fiscal-stimulus and healthcare bills (both unsuccessful), but also tackled centre with a pro-growth deficit-reduction bill. He appealed to the centre-right by concluding the North American Free Trade Agreement (NAFTA), which had been conceived under his Republican predecessors; and by signing a major crime bill. And he reappointed the conservative stalwart Alan Greenspan to chair the US Federal Reserve.

Clinton hoped to achieve three things with this "triangulation" strategy: to enact policies that would effectively address the country's problems; to convince voters who hadn't supported him that he was looking out for their interests, too; and to keep his own base intact.

In 2008, former President Barack Obama was elected with a popular majority. But, like Clinton, he moderated many of his positions once in office. He tackled to the centre with technocratic financial-rescue and fiscal-stimulus plans. And he pushed through a market-oriented healthcare bill modelled after legislation that Mitt Romney had enacted while serving as the Republican governor of Massachusetts.

Obama also appealed directly to the right with an (unsuccessful) attempt at a "grand bargain" to cut deficits and social spending. His market-oriented cap-and-trade plan to regulate greenhouse-gas emissions was almost indistinguishable from that of his Republican opponent in the 2008

According to the Trump administration, its next legislative priority is infrastructure. That sounds like an issue where Trump could tack left, by devising a plan with egalitarian distributional effects and evidence-based provisions to boost economic growth.

presidential election, Arizona Senator John McCain. And he reappointed Ben Bernanke, originally nominated by Republican President George W Bush, to chair the Fed.

Obama strove to represent not "red" or "blue" America, but "purple" America. He pursued cautious and technocratic policies that he hoped would attract Republican support. And when his own supporters objected, he reminded them that national unity and mutual respect, not narrow partisanship, would eventually bend the moral arc of the universe toward justice.

Trump, by contrast, won the presidency while losing the popular vote by a wide margin. Yet, once in office, he promptly appealed to right-wing white nationalists by issuing his promised travel ban against Muslims. He tried to destroy the 2010 Affordable Care Act (Obamacare) without having a plan for what would replace it. He again appealed to the nativist right by

dismissing police brutality against African-Americans, and by describing white supremacists as "very fine people." And he finished his first year by signing legislation that cuts taxes for the rich, but does little to win over anyone else.

This is not normal politics. Trump clearly has no interest in unifying the country or enacting policies that will actually work. He has not given the majority of Americans who oppose him any reason to change their minds, nor has he counselled his base on the need for durable policies rather than evanescent legislative victories. Most importantly, he has done nothing to help himself get re-elected.

Of course, the same now applies to many Republicans. Here in California last year, we were treated to a remarkable spectacle in which the state's Republican delegation in the US House of Representatives did not even bother to argue for a tax package that would



President Trump has not given the majority of Americans who oppose him any reason to change their minds. PHOTO: AFP

benefit their constituents. It was as if they had already given up on winning re-election, and were all looking forward to leaving Congress to take high-paying jobs as lobbyists.

According to the Trump administration, its next legislative priority is infrastructure. That sounds like an issue where Trump could tack left, by devising a plan with egalitarian distributional effects and evidence-based provisions to boost economic growth.

But we shouldn't count on that outcome. The Trump administration doesn't seem to have any coherent policy-design process. There have been no hearings or white papers to assess the costs and benefits of various infrastructure proposals. Nor have there been any discussions with lawmakers to establish a rough consensus upon which to base legislation. As with the travel ban and the attempt to repeal Obamacare, there has been no public deliberation whatsoever. All we have are the president's tweets.

Back in 1776, Adam Smith argued that, in a system founded on "natural liberty," the government's three tasks are to provide national defence, ensure public safety and the enforcement of property rights and contracts, and supply infrastructure. According to Smith, the government has the duty to "[erect and maintain] certain public works and certain public institutions, which it can never be for the interest of any individual, or small number of individuals, to erect and maintain."

To Smith, the reason why governments must take up the task of building infrastructure was clear: "the profit could never repay the expense to any individual or small number of individuals, though it may frequently do much more than repay it to a great society." Today, we know that public goods actually can be made profitable, but only by granting monopolies, which comes at a high cost to society.

Unfortunately, Trump's staff does not seem to have gotten Smith's memo about good government. The administration will most likely propose an infrastructure programme based on public subsidies for private investors, who will then select projects from which they can profit by charging monopoly prices. The plan will be well-received at Fox News, and possibly even by pundits at *The New York Times*, who might stroke their chins and lament that the Democrats are rejecting Trump's open hand on infrastructure.

But, unlike Clinton and Obama, Trump will have shown yet again that he does not intend to be the president of most, let alone all, Americans. Rather than use the opportunity provided by a debate over infrastructure to advance the cause of national unity, he will instead push the US further toward kleptocracy.

J Bradford DeLong, a former deputy assistant US Treasury secretary, is Professor of Economics at the University of California at Berkeley and a research associate at the National Bureau of Economic Research.

Copyright: Project Syndicate, 2018. www.project-syndicate.org

(Exclusive to The Daily Star)

A WORD A DAY

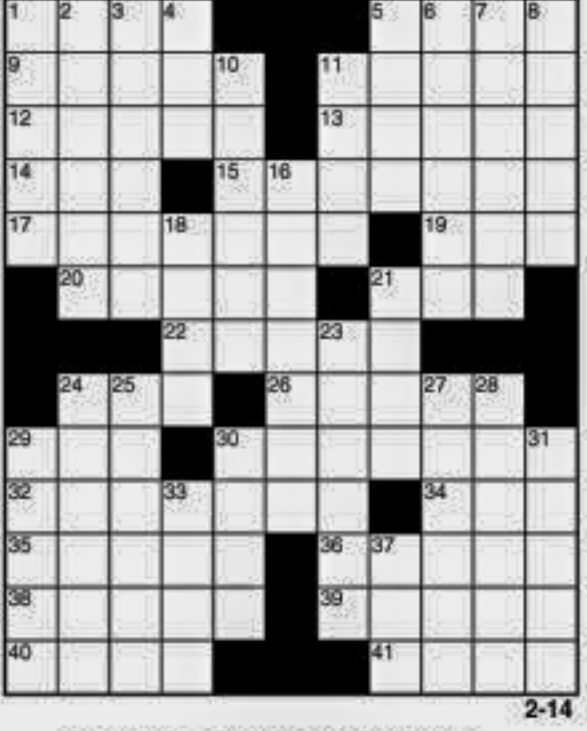


[C] HUTZPAH NOUN

Extreme self-confidence, audacity or impudence.

CROSSWORD BY THOMAS JOSEPH

- | | | |
|---------------------------------|--------------------------|----------------------|
| ACROSS | 30 HBO drama set in Utah | 7 Pitching great Tom |
| 1 "Dragnet" org. | 32 Hippie protests | 8 Blundered |
| 5 Diamond corner | 34 Indulgent | 10 Untie, perhaps |
| 9 Modern messages | 35 From Laos, perhaps | 11 Track competition |
| 11 Pit worker | 36 Tolerate | 16 Overall profit |
| 12 September sign | 38 Lab work | 18 Green and |
| 13 "Enigma Variations" composer | 39 Provide food for | 21 Spoken |
| 14 Tolkien tree herder | 40 Keats poems | 23 Spider cocoon |
| 15 Bob Marley song | 41 Take it easy | 24 Spurred on |
| 17 6-0, in tennis | | 25 Counsel |
| 19 Spectrum end | | 27 Civil |
| 20 Jeans fastener | | 28 Ducks |
| 21 Crew member | | 29 "Republic" writer |
| 22 Wrath | | 30 Storage spots |
| 24 Argon or xenon | | 31 Wield, as power |
| 26 Visibly stunned | | 33 Diner food |
| 29 Peas' place | | 37 Saloon |
- | | | |
|-----------------------|-----------------------|------------------------|
| DOWN | 1 Flatten | 2 Key of Mendelssohn's |
| 2 Key of | 3 "Jason Lives," e.g. | 4 Use a spade |
| 3 "Jason Lives," e.g. | 5 Duck feature | 6 Soft wool |



YESTERDAY'S ANSWER

COOLIT EPEE
AURORA GRAM
BREAKINGOUT
FELON
SPED MOSS
FAIR LAGOON
OWN GOD RUE
RETORT JEST
DALE DIRE
DEFOG
FREAKINGOUT
DING TULANE
RODE STYRON

BEETLE BAILEY BY MORT WALKER



BABY BLUES BY KIRKMAN & SCOTT

