

**Topic: Adjusting to the US Economic Policy after the US Presidential Election Moderator: [Philippines] (Josef Yap) Presentation: (moderator + 4 speakers @5 minutes) Speakers:, Ahn, Choog Yong, Korea, GRH, New Zealand, Mignonne Chan, Taiwan, Somkiat Tangkitvanich, Thailand
Discussion & Q/A (50 minutes)**

Introduction

Uncertain what to be uncertain about

Parallel in experience of the UK between 1945 and 1956? World pre-eminence had passed from the UK to the US but it was only when the Anglo-French attempted action against Nasser's defiant seizure of the Suez Canal had to be abandoned because of a US decision that the extent of change in the international order was acknowledged.

The US will be one of the major powers for the foreseeable future

International economic order

Adjusting to US Economic Policy will be very much responding nimbly to the evolution of the international economic order. Neither resistance to change nor enthusiastic promotion of a supposed utopia will be appropriate. The aim should always be informed controlled evolution to facilitate adaptation to change.

That is not going to be simple. The Framework of the international economy is contested.

- UN Security Council (special irony in the Suez powers, UK and France, joining US as veto wielding permanent members. It is not likely that the privileged will allow erosion of their position and so it has to be worked around. The MultiParty Interim Arrangement in substitution for the Dispute Resolution mechanism of the WTO is a precedent. ASEAN management of the meaning of "consensus" in relation to Myanmar is another. And there could be useful discussion of the allocation of non-permanent Security Council seats – should it be entirely geographical?
- The Financial system. IMF and World Bank also have effective veto on major decisions, such as allocation of quota, nationality of executive directors
Sanctions – US dominance of SWIFT network is an important specific example
The discussion should not be about de-dollarization which suggests that the currency is intrinsically important but about management of a decentralised but interconnected world
- WTO
Specific issues less tariffs than technology controls
Open concerted plurilateralism seems the best way forward, in an effort to preserve as much as possible for "most favoured nation" internationalism building on the use of MPIA to preserve the WTO consultation and arbitration resolution of disagreement among consenting members.
For the WTO, that means abandoning the current effort to go forward through Joint Statement Initiatives (JSIs - ecommerce, investment for development etc) in the form of Annex 4 agreements like the (WTO) Government Procurement Agreement. They are subject to idiosyncratic prevention of consensus. The WTO should be tolerant of plurilateral agreements open to those who are willing to accept their terms. And the interpretation of "agreement" and "terms" should be subject to open debate.

Economics v Security?

Perhaps we are seeing the revenge of a Political Science conception of International Relations after a lengthy period of dominance by Economics. But research funding always favoured the nuclear sciences over social sciences.

“Security” cannot be equated to allegation of disadvantage. The multilateral system blunts economic coercion.

Ideas such as ‘small yard, high fence’ should be scrutinised sceptically. Recall that “infant industry” is a valid qualification to the general optimality of reliance on comparative advantage – but it has always been common that the infants do not grow up. It is only too likely that the “small yards” would become very big.

Economists are sometimes at a disadvantage once “security” issues are raised. Economic logic is less intuitive; the apparent simplicity of things like “deterrence” and “reciprocity”. And yet we need to explain policy decisions to wider populations.

The difficult issues are boundaries between collective effort to facilitate efficient use of resources, especially over time, on the one hand, and protection of existing interests on the other. So public investment in transport infrastructure versus export subsidies. R & D – or education – expenditure versus production subsidies. Management of these boundaries requires deliberation and care, not a shouting of slogans. At the international level, smaller and medium sized states can behave responsibly and ensure their own domestic policy settings are enabling and support what has been agreed, rather than shredding rules. The Agreement of Climate Change, Trade and Sustainability – NZ, Costa Rica, Iceland and Switzerland – is an example; so is DEPA, Digital Economy Partnership Agreement between New Zealand, Singapore and Chile – and it worth remembering that CPTPP originated in such a small agreement.

But agreements like CPTPP and RCEP are even more to be preserved and developed (including in membership) – and not to be confounded by “security” constructs.

Is that too conservative – even reactionary? Somebody for whom Indo-Pacific sounds contrived, a desperate effort to circumvent Asia-Pacific or a sign of somebody who did not grow up with books in which “Asia” meant “India”.

Conclusion

More generally, in many countries less respect given to rationality as conventionally understood. Intensified by retreat to one-step argument. Environmentalism, identity politics has led to unwillingness to separate definition of what is desirable from a defined course of actions which can reasonably be expected to generate the desired outcome.

So we have to argue for the ASEAN search for consensus over the apparent attraction of prompt protection of the familiar