

FUTURE US FOREIGN POLICY Tom Plate

## One big, happy family

An admittedly general but perhaps not insignificant consensus in America on the necessary future direction of US foreign policy appears finally to be emerging – and not a moment too soon.

Sure, the idea is not exactly the intellectual equivalent of Albert Einstein's theory of relativity. And, sure, it has been in formulation for 15 years, going back to the fall of the Berlin Wall. But whoever said America was that quick? If the direction proves as sensible as it would appear to be right now, it was well worth waiting for.

The new foreign-policy consensus might be called "Global Getting-Along".

Catchy? Perhaps not. But the new consensus idea is quite different from the prior conceptual framework, known as communist containment, which ruled the US foreign-policy roost until 1989. More recently, it was unilateralism that more or less ruled Washington under the first George W. Bush administration of 2001-2004.

The new consensus aims at avoiding major military conflict with anyone hefty enough to actually hurt the United States (perhaps China, India, Russia or Japan), and it emphasises international economic integration, global rule-making and a mature balancing of domestic versus international priorities.

The rough consensus idea was nicely articulated last week by Richard Haass, the president of the Council on Foreign Relations – the New York-based intellectual temple of foreign-policy wisdom. Mr Haass is a former top adviser to retired secretary of state Colin Powell and special assistant to the first president Bush.

The new consensus direction, he suggested, would have America steer clear of all unpleasant and risky foreign-policy directions. That would include clashing with any civilisation, and preclude playing chicken with China. "There's no need for competition with China," Mr Haass said. "There's every reason for co-operation." He added: "We can't do it by ourselves. Unilateralism is not an option."

He emphasised that the most significant and difficult world problems are shared headaches that will require multilateral solutions. "If you don't have almost total global involvement on a major issue, you have a hole in the net – and no solution," he said.

Isolation makes no more sense than unilateralism. But if America is to avoid the fate of other empires, it must not squander resources. Hurricane Katrina, as Mr Haass noted, lifted the roof from more than just homes and apartment buildings; it has "resurfaced the age-old American dilemma of how much we do abroad versus how much we do here at home".

The mildness, sense of proportion and near-humility of the Haass presentation was a breath of fresh air. And its focus on relating maturely to emerging China went over extremely well with his Asia-conscious, west-coast audience.

Interestingly enough, that sensible approach was mirrored by a speech recently from the Chinese side: "The development of our relationship is in the fundamental interests of our two countries as well as our peoples. It has and will continue to have the wide-ranging support from our governments and peoples."

The speaker was Zhou Wenzhong (周文重), China's ambassador to the United Nations. Like Mr Haass, Mr Zhou was sensible and forward-looking. "China never seeks hegemony. China never dreams a 'Soviet Union dream' ... China respects US interests in the Asia-Pacific region," he said.

The new consensus is not too good to be true. But it needs to be accepted as true, if the world wants to realise good.

Tom Plate, a member of the Pacific Council on International Policy, is the founder of the Asia Pacific Media Network. Distributed by the UCLA Media Centre

US DEBT Philip Bowring

## No laughing matter for East Asia

Neither a borrower nor a lender be. Shakespeare's words might seem framed for a pre-capitalist, unglobalised world. Casting doubt on the merits of the mechanisms that keep savers and spenders in balance – in a city of bankers – may seem like anathema. But financial crises are all about the breakdown of mutual interest between borrower and lender. Generally, the lenders come off the worst: witness the winners and losers – the banks, and the governments that bailed them out – from the Asian crisis.

So it is worth thinking about the likely evolution of the relationship between the world's largest debtor, the United States, and its creditors, who are mostly in East Asia. In itself, that debt may seem to be no problem. As the world's largest economy, the US may be able to use savings more effectively than others – at least, that is the explanation often given for its borrowing binge.

But it is also worth remembering the old adage that if you owe the

bank a million dollars you have a problem; but if you owe a billion, the bank has the problem. Substitute the monetary authorities of Japan, mainland China, Taiwan, Hong Kong and Singapore for "bank", and the issue becomes clear.

Should they continue to keep increasing their loans to maintain the value of their existing assets? Or should they take a hit now rather than risk an even bigger one later? So far, these lenders have been acting rather like mainland banks in the era before write-offs and asset-management companies. In common language, that is called "throwing good money after bad".

Everyone knows that the American borrowing binge must end sometime. But it is easy to assume that need not happen for several more years. Given its reserve currency position, the potential for the US to go on printing dollars that the world will accept is enormous.

But a look at the statistics might reasonably send shudders through the lenders. The US Federal Reserve

recently published its quarterly "Flow-of-Funds Accounts" report for June 30. It said that as of June 30, America owed the world a net US\$5.17 trillion – up from US\$4.85 trillion at the end of last year and just US\$612 billion in 1990.

More striking still is the reliance on foreigners to take up new US Treasury issues. Last year, non-Americans accounted for 98 per cent of net purchases of US Treasury debt and 89 per cent of the debt of government agencies. The pace of foreign acquisition of US assets has moderated slightly this year, but foreign ownership continues to rise.

The US appears to be in big trouble, and in one way, it is. A debt-buyer's strike, sparked by concern at the size of the federal deficit, could mean a spike in bond yields that could not be offset even by the continuation of an easy-money policy by the Fed.

But the foreigners have a bigger problem. Their US assets are mostly short-term debt securities. Any failure to keep buying, let alone sell,

would cause a steep fall in their value, and probably in that of the dollar.

The US, on the other hand, owns little of the debt of foreigners but a lot of foreign equity. Hence, the easiest way for it to improve its international balance sheet would be for the US dollar to fall sharply against Asian and European currencies. That would strengthen the value of US assets overseas, and ease its own debt-service burden by increasing the flows of dollar dividends to the US.

Devaluation of US debt in one way or another seems not only an almost inevitable outcome but even a desirable one – at least for those who have not been foolish enough to buy that debt in the name of currency stability and dollar pegs. In the short run, we all seem to win from dollar-debt buying. In the long run, the borrowers will have the last laugh.

Philip Bowring is a Hong Kong-based journalist and commentator



CLOSE UP  
Alan Leong

## A tale of two cultural districts

I found out what good governance really meant only when I saw with my own eyes how an old, industrialised city was transformed into a new cultural metropolis.

We went to Bilbao, Spain, to have a look at the cultural district there, because of the similarities with Hong Kong's. The size of the site there is 38.5 hectares, which is pretty much the same as the cultural site proposed in West Kowloon, with 40 hectares. The district for the Abandoibarra project is located along a river, while our cultural district is by the waterfront. But it is a completely different story when it comes to how the two governments are planning and implementing their projects.

When the five of us from the Legislative Council subcommittee on the West Kowloon Cultural District Development first arrived in Bilbao for a visit two weeks ago, my first impression was that the city was clean, lively and prosperous. We took a guided tour, and could see that people were generally quite happy.

Then we met the city's first deputy mayor, Ibon Areso, who told us how Abandoibarra was born. The leaders decided to transform the city into a service- and culture-led economy after Bilbao, once a centre of steel production, fell on hard times and became run-down.

The Abandoibarra project is operated by a publicly listed, private company called Bilbao Rio 2000. It has all the real power, plus the 38.5 hectares of land. The government of Bilbao has shown a lot of commitment to the project by building infrastructure there,



Ronny Tong Ka-wah SC is a directly elected legislator. This article is based on a speech he gave last week at the Joint Chamber Luncheon Debate on competition law

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including a green belt, tramway and core buildings.

There is also a consultative body, made up of all sectors of the community, to follow through and discuss how the project should proceed. It has been used by the government as a lobbying tool, and serves as a forum where non-governmental organisations and officials can persuade each other of their own proposals. It also serves as a platform for the exchange of ideas, and acts as a think-tank.

The deputy mayor told me that if the city government and the project operators ignored ideas put forward by this body, they would have to do a lot of explaining to the public.

Officials told us how they planned the project and how they used it to revitalise a nearby run-down area. All these are reasons why the project is now a success, and these are things that Hong Kong should learn.

Clearly, officials in Bilbao have creative planning, firm leadership and a good mechanism to execute the plan. But we do not seem to have all these in Hong Kong.

With the experience of this visit, I am shocked by the difference compared to how our government is handling the West Kowloon Cultural District project. The cultural sector, legislators and other related parties here do not have a real platform to discuss how the project should proceed. We do not have a real open dialogue with officials – who conduct their feasibility studies behind closed doors. The government does not even show any commitment to the scheme, intending simply to pass the site to a developer to take care of everything. We will not know the government's next move until Chief Secretary Rafael Hui Si-yan makes an announcement later this week.

So far, press reports have suggested that the government will not proceed with the project the way we would like it to. It seems that officials will try to avoid making any drastic changes to the original plan. But we can still hope for the best.

Alan Leong Kah-kit is a legislator and chairman of the Legislative Council subcommittee on the West Kowloon Cultural District Development. Interview by Quinton Chan

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COMPETITION LAW Ronny Tong

## Hong Kong's blurred vision

Why should we have fair-competition rules? The answer is simple: such rules mean fairness and equal opportunity for all. Hong Kong is often touted as the freest trading city in the world. But that is merely a label for the ease of entry into business here. It does not guarantee us a top level of openness in the domestic market. Besides, why should the business sector enjoy absolute freedom?

There is no absolute freedom in speech, the press or other human-rights-related expressions and demonstrations. So why should the business sector be treated differently? Almost every modern country in the world has fair-competition rules in one form or another, making Hong Kong the odd man out. There is a Chinese saying which best describes our feeling that we are in the right: Are we the only one sober when everyone else is drunk?

The business sector is traditionally apprehensive about change, in particular about changes to the rules of business. This is perfectly understandable. But there is no need for concern if we are clear as to what we are talking about. The fair-

competition rules I am addressing are rules against foul play; against behaviour – not status or position. I am not campaigning against mergers or acquisitions. I am campaigning against businessmen bending the rules of fair play, and conduct that inhibits free competition. In other words, I am campaigning for fairness and equal opportunities.

The question now is not if, but how, we can set about establishing a fair-competition mechanism to enforce competition rules. In this respect, the Competition Policy Advisory Group (Compag) has plainly been proven ineffective.

Compag, over the years, has been shown to be defensive, lacking in motivation and powerless in tackling anti-competitive behaviour. Its lack of independence and transparency is also a fatal flaw to the whole concept. Eight years after the Consumer Council first called for the setting-up of a competition authority, we are still

nowhere near facing up to our inadequacy in this respect.

When I met Chief Executive Donald Tsang Yam-kuen recently, I proposed to him three alternative models for Hong Kong. First, the jurisdiction of the Consumer Council could be widened to enable it to investigate and report on anti-competitive behaviour. To

do this, the council should be given investigatory powers as well as power to keep all trade information and informant details confidential.

Hopefully, public scrutiny would not only help mould better business conduct but also educate the public about the importance of free competition. This is the least intrusive model.

A second model would enlarge the jurisdiction of the Competition

ACEH'S YOUTH Simon Montlake

## A chance to flirt with the fair sex

Banda Aceh has not had much to celebrate lately. Its shorefront lies in ruins after the December 26 tsunami. Many survivors still huddle in tents at night, or squeeze into communal wooden shelters. Even the signing last month of an ambitious peace accord to end decades of separatist warfare only raised a cautious cheer.

So when the annual state fair opened last month, on an outdoor exhibition site, there was a collective sigh of relief. Only weeks earlier, it seemed uncertain if the show would go on. Exhibitors dragged their feet, unsure if the city could pull it off. But the show did begin, and hundreds of thousands of Acehnese visited the fairground during 10 days of live entertainment, educational exhibits, shopping and feasting.

For Aceh's youth, there was another reason to celebrate its return. In a society guided by

conservative Islamic mores, such events are prime opportunities for *pacaran* (flirting). During the daytime, the fair is packed with families and young children. But at night, as the volume rises from the outdoor stage, boys like Fahri emerge from the shadows. A secondary school student in a tight blue T-shirt, Fahri is on the prowl. The aim, he explains, is to befriend an eligible female and collect her phone number, before moving on. To catch their eye, he says, "just move like a snake".

That may not be enough to impress Nami, a university midwifery student on her third day at the fairground with Desi, a psychology major. A potential boyfriend has to be "caring and romantic", she explains. In the past three days, she has collected 10 phone numbers, though she always waits for the boy to approach first.

Like every woman in the crowd of several thousand revellers, both Nami and Desi wear Muslim headscarves. They also wear tight jeans and make-up, carry mobile phones and flash coy smiles at passing boys, a sign of Banda Aceh's mixing of tradition and modernity. Other women stick to loose dresses and draping headscarves.

The air may be ripe with courtship, but it is far from raunchy. Hand-holding is rare, even if a couple is dating, and public kissing is a no-no. As the concert gets under way, though, some take advantage of the shadows to move a little closer.

Public displays of affection are risky in Aceh, the only province in Indonesia where Islamic sharia law applies. Plain-clothes sharia police are said to patrol the fairground, hauling off canoeing couples for compulsory prayer meetings. Earlier, a group of Islamic students rallied

against immodesty with placards condemning "tight clothes" on women.

The evening's finale is a rousing performance by Rafli, a wildly popular local singer who recorded a CD for tsunami victims. Blending Acehnese drums, Arabic guitar riffs and a stomping rock beat, Rafli's band fills the fairground with music. But it is mostly boys and young children who sway to the beat as Acehnese women are not supposed to dance in public.

Yanti, a 21-year-old kindergarten teacher, cannot help herself. A smile glued to her face, she moves on the spot. Isn't she afraid of falling foul of the sharia police? "My body is moving itself," she yells over the music. "I know it's not appropriate or polite, but what can I do?"

Simon Montlake is a freelance journalist based in Bangkok

## WINDOW ON THE WORLD

BEIJING Jon Campbell

### Drop the 'dead' donkey

Word was that actors Ed Norton and Naomi Watts were filming down the hall, but the few dozen artists and onlookers in Studio 2 were more interested in the mule in their midst. Hollywood was no match for the six farmers who were trying to get their animal to lie down in the Beijing Film Studio. There is probably an idiom about how mules do not lie down, but it seemed clear that death was the only situation in which this one might.

The mule was needed to complete an accident scene art installation that also included a half-overturned army jeep and a mule cart resting atop a vintage Plymouth. The scene would be complete once the mule lay down and 12 models wearing *qipao* dresses splayed themselves across the wreckage.

Accidents draw crowds, and at this one, it became obvious that many were mistaking the farmers' efforts for a part of the artists' installation. As the hooded beast was coaxed, hog-tied and sedated with a mixture of snacks and injections, the crowd watched with a combination of art-critic-seriousness – the nausea that comes from watching an animal mistreated in such an overt manner – and sheer confusion.

This was Beijing's fertile arts scene in action,

and it was only the second hour of the Complete Art Experience Project's 24-hour exhibition. The mule was threatening to overshadow the other installations and had already prevented the more raucous live and recorded versions of *Hotel California* from being performed at an installation dedicated to killing the song through repetition.

According to those who claimed to have an insight into the mule's state of mind, the music excited him, preventing him from passing out. The idea that perhaps the song repeated ad infinitum might cause the mule to pass out was not voiced. The suggestion that the mule was distracted by two cars honking their horns and driving around the studio was ignored.

Ditto for the idea that the noise of nearby construction might be even more distracting than the music.

Overhead, more than 30 bird cages swung back and forth. Elsewhere, someone was painting over a projected video image with a six-foot brush. In a corner, tai chi exercisers holding torches spun out patterns of light that were captured by an open camera lens and projected onto a wall.

It would be two full hours before the mule lay down: a few adjustments were made, photographs were taken, a chalk outline drawn, and the mule sent on its way. Twenty-two hours later, the studio was empty. Looking back, it's a wonder the group from Hollywood didn't come to look at the goings-on in Studio 2.



LONDON Tim Bryan

### Peckham wry

Not a day goes by when poor Peckham does not further cement its grubby reputation as a crime-infested hellhole, with tales of gang warfare, rapes, fatal stabbings and all manner of murky misdemeanours. Think of the Bronx minutes after the 1970s blackouts; that's London's Peckham district.

Last month a man died clutching his baby after two teenagers tried to rob a christening at gunpoint. Last week a fugitive armed robber was rearrested straight after his double bypass heart surgery when a nurse recognised his mugshot on television show, *Crimewatch*.

If Peckham has superseded violent Moss Side in Manchester as the UK's centre of lawlessness and inner-city blight, then the 40-odd hectare North Peckham and Aylesbury Estate – once Europe's largest council estate – is the eye of the criminal storm. It was here that 10-year-old Damilola Taylor was stabbed and left to bleed to death for his lunch money in a tower block stairwell, a crime that shocked the country.

What little Peckham has going for it is largely fictional: playing host to Britain's favourite comedy character, Del Boy Trotter, the duckin' and divin'

street trader from the television sitcom *Only Fools and Horses*. Del Boy famously tried to bottle local tap water and resell it as Peckham Spring, a comical rebranding surpassed only last week by the local mandarins at Del's local council, Southwark, who are bidding to put Peckham on the tourist map.

But Peckham does have hidden delights: such as the state-of-the-art housing that is springing up over Damilola's now-demolished murder scene, and a vibrant mix of cultures, reflected at Rye Lane market, which boasts "15 different types of plantain". The poet and artist William Blake had a vision of an angel in Peckham – albeit in 1767, when it was all market gardens, beekeeping and a zoo.

History and architecture have a place, too – such as the Gothic graves of Nunhead cemetery and the award-winning, space-age library designed by architects Will Alsop and Jan Stormer, whose reading rooms lie in suspended pods. There are also twisty lamp posts created by fashion designer Zandra Rhodes, and bollards – posts for tying up boats – cast from rusty steel by former Peckhamite sculptor Antony Gormley.

Bollards? Who cares? critics might snipe. But some 25,000 maps of the district have been printed, requested from as far afield as Cardiff and New York. Perhaps Peckham should go the whole hog and erect a historic plaque to commemorate perhaps its most famous son – horror actor Boris Karloff, born in 1887 opposite Peckham Park. Peckham, it seems, has always been a horror story.