Trade Sanctions Aren’t an All-Purpose Weapon

By Jeffrey E. Garten

Congress, pursuing other foreign policy goals, has also devoted a lot of time and money to using unilateral sanctions, including embargo, on Cuba (to try to force the Castro government), and in Asia (to try to discourage the rise of China). In the case of the most-favored-nation status, it is no longer just the usual human rights concerns that are at stake, but also economic sanctions (fueled largely by the religious right) over Beijing’s policies on birth control and its crackdown on unregistered religious groups.

Why won’t trade sanctions help? First, Europe and Japan steadfastly refuse to use trade as a lever. Instead they merely conclude their own commercial deals, such as ongoing French investments in Japan’s oil industry. By imposing sanctions unilaterally, America is just like the rest of the world. The lesson is that a free trade policy is the only way to get the leverage and influence.

If Congress continues to use trade sanctions as a weapon, the United States will forfeit its leadership in the cause of open markets. Just look at South America, where Brazil is now trying to build a giant trade bloc along with Argentina, Chile and others, without U.S. participation. Or watch how Japan is spinning a continent around the continent — Turkey, Mexico, and Brazil — and growing two to three times faster than Europe and Japan. Already the United States exports more to the top 10 emerging markets than to Europe and Japan combined. America’s fastest-growing trading partners are the countries that present the biggest human rights and security concerns. Why cut off American influence with them now?

In most cases, commercial diplomacy should be the primary tool of foreign policy, because free trade can create private wealth and open ties between American and foreign businesses. Those ties can spur democracy and encourage governments to loosen controls on their societies. It has happened in South Korea.

The only way to get trade to other objectives, credible global policies on human rights, labor standards, weapons sales and environmental protection are needed. One approach is to decrease foreign policy goals. It might find Europe and Japan more willing to do the same.

Washington should enlist American businesses, and powerful industry associations such as the Business Roundtable and the National Association of Manufacturers. Companies have so far been too hesitant to adopt the free trade agenda. But they have the most to lose if Congress continues its heavy-handed ways.

The writer, dean of the Yale School of Management and former chairman of American Express, is author of “The Big Ten: The Big Emerging Markets and How They Will Change Our Lives.” He contributed this comment to The New York Times.

On China Trade, Congress Can Play the Tough-Cop Role

By William Safire

WASHINGTON — The great Senate majority leader after Lyndon Johnson, offered an amendment every year to draw down America’s forces in Europe. President Richard Nixon and the foreign policy establishment regularly denounced it as isolationist.

Once, after meeting with legislators leaders in the Cabinet Room, Mr. Nixon drew Mr. Mansfield aside to say: “Stick with that amendment of yours. I use it all the time to keep the Europeans in line.”

The threat of congressional action redirecting foreign policy has been used by presidents skilled in quiet diplomacy. Their message to foreign leaders: If you don’t make some concessions to American opinion, I won’t be able to restrain my irresponsible legislators. Now here’s how we can stop them...

Mr. Nixon often seems to get the hang of that in dealing with China.

On the advice of business executives who had visited Indonesia’s President Suharto, he threw away his economic leverage. Ever since he flip-flopped — not only betraying human rights supporters but ignoring China’s armistice of Iran — he has been all give and no take.

His preemptive concession to the low tariffs of the new China is based on the China lobby’s assurances that the free trade would lead toward free enterprise and freedom of expression. But the result of three years’ appeasement was dully expressed in the State Department’s latest report: “All public dissent ... was effectively silenced by intimidation, exile, the imposition of prison terms ... Those dissenters were known to be active at year’s end.”

Mr. Clinton’s open-door policy is a failure. China’s drop in sales in the American market, strengthening its army’s grip at home, while the White House wrings its hands.

The House of Representatives is considering the new trade leverage. Last year it voted 2-1 to extend the move into an extension of most-favored status. This year the vote will be closer.

China’s assault on U.S. interests has created a remarkable coalition. On the left, unemployment-defenders join liberals determined to protect the right’s and the integrity of Tibet to demand pressure on China. On the right, anti-Communist hard-liners find themselves linked to a Christian coalition and Catholic bishops who oppose religious persecution and forced abortion.

So the heat is on Congress to act “tougher” to Mr. Clinton’s “nice cop.” The House Democratic leader, Dick Gephardt, denounced Mr. Clinton’s “Stalinist” reports. The Republican leader, Dick Armey, publicly agonizes at switching from his support for most-favored status last year. Lawmakers have a sick feeling at voting their consciences and their constituents, knowing that the Senate will not override a Clinton veto.

Let the House send Beijing a message. A vote against most-favored status would strengthen the president’s hand and would help the dollar. But it would not raise tariffs or harm the economy of Hong Kong.

China cannot strengthen Mr. Clinton’s hand in this paradoxical way as well: by pursuing investigations into Chinese penetration of the White House and influence on American elections.

Asians set great store by “face.” We are constantly reminded that any attempt to impose the values of freedom, or to restrain the armistice of rogue states, would be taken as a terrible insult to the Chinese and China’s new leaders. But what about American face?

While warning America loudly not to interfere in its own affairs, China was secretly interfering in America’s internal affairs.

Chinese spokesmen deny everything, but Zhou Enlai’s hereditary is highly sophisticated diplomats and intelligence agents. They know that Washington has taps of paper on their Los Angeles consulates that show unlawful political fund-raising activity. They know that these could be classified and played at a Senate hearing.

Prepared to accept diplomatic offense, Mr. Clinton, President, let Beijing know that you will accept a “rogue operation” excuse, but only if it is accompanied by cooperation with the FBI, human rights gestures and restraint on arms sales. Otherwise, the nice-cop President will not be able to control tough-cop Congress on low tariffs next time around.

Nothing Special About ‘Most Favored’ Rates

The term “most favored nation” is, regrettably, a misnomer, a relic of the 17th century. In fact, it designates the most ordinary, most normal trading relationship among countries. As a part of the new world order of the republic, the principle of nondiscrimination embodied in MFN has served as the cornerstone of U.S. international trade policy. In its most basic application, this principle requires a country to apply the same tariff rate to a particular product that applies to the same product from all other countries.

And “most favored nation” tariffs are not the lowest tariffs that the United States applies. We have free trade arrangements with Canada, Israel and Mexico. We grudgingly give tariff preferences to developing countries. And in all, we grant tariffs lower than MFN rates to certain products from more than 130 nations.