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'Change' Is Coming to Asia

Barack Obama's win doesn't bode well for the region.

By YING MA | From today's Wall Street Journal Asia

The U.S. and most Asian nations have enjoyed eight years of stable and warm relations under Republican President George W. Bush. Now, the region stands at the dawn of a new, Democratic era in Washington -- led by a young and charismatic President-elect, Barack Obama. But just because Mr. Obama won an overwhelming victory in the polls doesn't mean his presidency will bode well for Asia.

Recall that the last time a charismatic, young Democratic president entered the White House with little foreign policy experience, U.S. relations with China -- and other Asian nations -- suffered for eight years. The year was 1992 and that president was Bill Clinton.

Under the Clinton administration, Sino-American relations deteriorated to depths unseen since President Richard Nixon's visit to China. In 1993, he threatened to revoke China's annual most-favored nation status -- then a prerequisite for Sino-American trade -- unless China demonstrated substantive progress in human rights. He reversed his position a year later when China refused to budge. In May 1995, he promised the Chinese government that the U.S. would not allow then-President Lee Teng-hui of Taiwan -- which China considers a renegade province -- to visit Mr. Lee's alma mater, Cornell University, for a reunion. A week later he reversed himself under congressional pressure.

Mr. Clinton's indecision and inexperience had serious consequences for the rest of the region. In March 1996, he had to dispatch two aircraft carriers to protect Taiwan, after China conducted massive missile exercises to register its dismay over what it perceived as Taiwan's quest for national independence and America's encouragement thereof. (The Clinton administration's denunciation of similar missile games the previous summer failed to deter Beijing from a second show of force.) In June 1998, President Clinton caused great consternation in South Korea and Japan when he visited China but left these two U.S. allies out of his Asia itinerary, the first snub of this kind by any sitting U.S. president in the

post-World War II era. To top it all off, U.S.-led NATO forces accidentally bombed the Chinese embassy in Belgrade in 1999, killing and injuring Chinese diplomats and civilians and sparking spontaneous multiday, multicity anti-American riots in China.

To be fair, President-elect Obama is not President Clinton. He is worse. He is even more inexperienced in the foreign policy arena than Mr. Clinton, and unlike Messrs. Clinton or Bush, Mr. Obama has adopted all the wrong positions on free trade and free markets, issues crucial to Asia's past success and future prosperity.

President Clinton, remember, was an eager and effective advocate of globalization, the lowering of trade barriers and the promotion of foreign investment as necessary ingredients of economic growth. After his early flip-flop on China's most favored nation trading status, he consistently pushed for the mainland's integration in the global trading system and even offended many in his own party by supporting China's accession to the World Trade Organization. Closer to home, he lobbied for and signed the North American Free Trade Act, promoting trade with America's neighbors, Canada and Mexico.

Mr. Obama, on the other hand, publicly disdains free trade and free markets in a way that no modern American president ever has. On the campaign trail, he denounced corporations for doing what they must in today's competitive global marketplace: search for lower-cost labor alternatives overseas, such as in Asia. Complaining about the U.S. job losses created by Nafta while ignoring its benefits, he pledged to unilaterally renegotiate the free trade pact. He voted against the Central American Free Trade Agreement in 2006. As a presidential candidate, he opposed congressional approval of free trade agreements with Colombia and South Korea.

As president, Mr. Obama will be aided by powerful protectionist forces in the Democrat-controlled Congress, including Speaker Nancy Pelosi in the House of Representatives who, in a much less significant position in the 1990s, ardently opposed U.S. trade with China. The president will also enjoy the support of the Senate's Chuck Schumer, who just a few years ago proposed a 27.5% tariff on Chinese imports. Mr. Obama himself has called repeatedly for China to stop its "currency manipulation" -- a clear signal that trade fights are on the horizon.

A self-proclaimed "citizen of the world," Mr. Obama has refused to recognize that while numerous challenges remain, the success of Asia in the past half a century tells a story far more favorable for the free market than the one he has offered. Since 1978, China has implemented market liberalization policies that have led to three decades of explosive economic growth. Other Asian countries in the post-World War II era adopted market-oriented policies and gave the world the modernization of the Four East Asian Tigers -- Taiwan, Singapore, South Korea

and Hong Kong. Vietnam has recently followed suit, and achieved an impressive transformation of its economy.

Asian capitals could look on the bright side and hope that Mr. Obama's hostility toward free trade and free markets is, as supporters have hinted, just campaign rhetoric. Or Asia's policy makers could hope that Mr. Obama, in his youthful inexperience, simply did not understand the issues. Much like the last young Democratic president, Mr. Obama could learn in office and change his stance when confronted with strategic realities. Perhaps the Communist regimes in Hanoi and Beijing can teach the U.S. president-elect a thing or two about the power of the market. Until then, America and Asia will simply have to wait and see what price his inexperience will exact.

Ms. Ma is a New York-based lawyer.

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