

# ***“When Politics and Trade Collide”***

## **International Trade Training for Journalists in Asia National Press Foundation (US)**

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Hong Kong, SAR  
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# Steven R. Okun – Senior Advisor, McLarty Associates



Our Southeast Asia & the Pacific team includes former American and foreign diplomats who have lived and worked in the region for decades.

Our experts have a nuanced understanding of US interests and relationships that extends from Southeast Asia to Australia and New Zealand, enabling us to craft innovative solutions, connect and leverage contacts, and reach client goals.

**John D. Negroponte** served as US Ambassador to the Philippines and had diplomatic postings in Vietnam

**James Keith** was US Ambassador to Malaysia, grew up in Indonesia, and served in the US embassy in Jakarta

**Thomas C. Hubbard** was US Ambassador to the Philippines, Chargé d'Affaires in Malaysia, and an envoy to Burma

**Robert O. Blake, Jr.** served as US Ambassador to Indonesia. He is a board member of the US-Indonesia Society and a member of the Southeast Asia Advisory Board at the Center for Strategic and International Studies (CSIS)

**Angeline Thangaperakasam**, based in Phnom Penh, was a foreign service officer in the Singapore Ministry of Foreign Affairs

**Steven Okun** leads our Singapore presence. He has lived and worked in Asia since 2003 with KKR and UPS.

**David B. Shear** served as US Ambassador to Vietnam and spent his 32-year Foreign Service career focused on Asia



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# SPECIAL THANKS



MEHLMAN CASTAGNETTI  
— ROSEN & THOMAS —

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*Political and Social Shifts in the US Impacting Politics*

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*What's Happening Now (and Next): In Asia and the US*

# HOW WE GOT HERE: Substantial Social Makeover

## Big Changes Over 2 Generations



FATHER  
KNOWS  
BEST

modern  
family

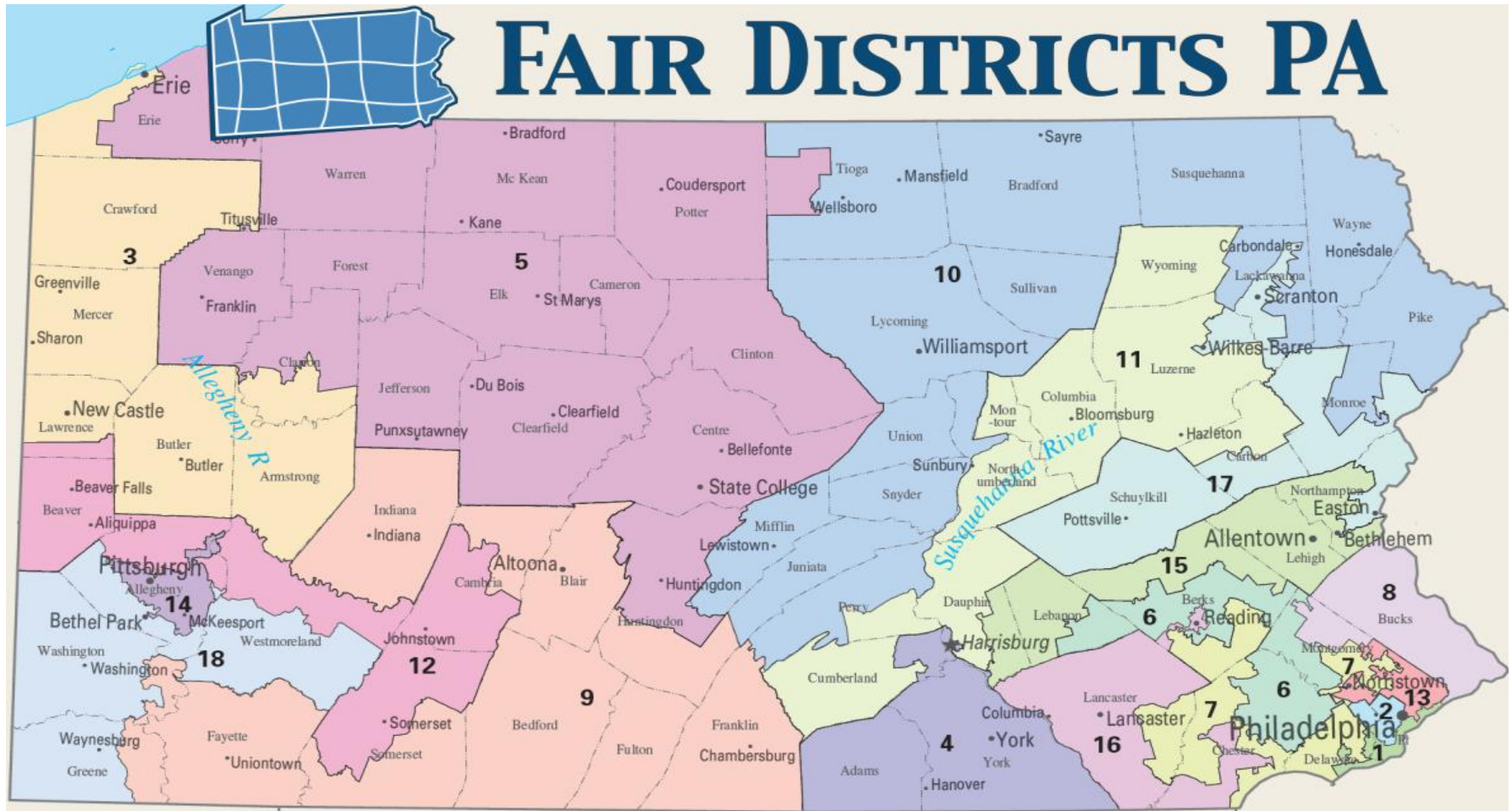


1967		2017
12%	DIVERSE (NON-WHITE)	38%
4.9%	FOREIGN-BORN	14%
75%	WHITE NO COLLEGE	39%
22%	18-34 LIVING w/ PARENTS	32%
8.5%	KIDS OUT OF WEDLOCK	40.3%
41%	WOMEN IN THE WORKFORCE	57%
27%	TOP 1% SHARE OF WEALTH	42%

Sources: Census, Pew, CDC ChildTrends, US Dept. of Labor, T. Pikety

# HOW WE GOT HERE: Gerrymandering

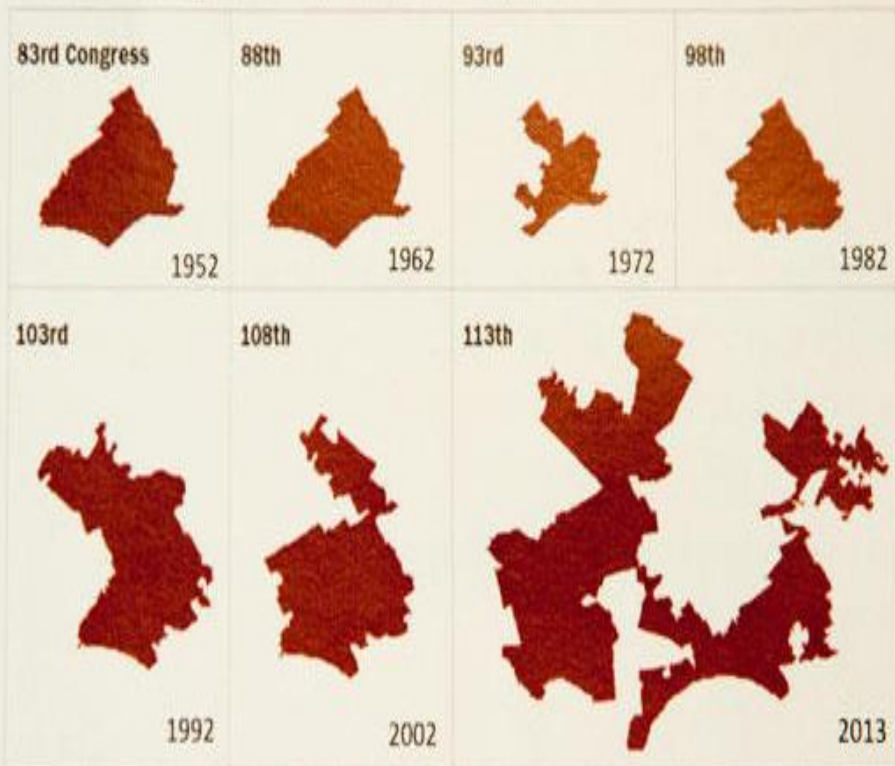
In 2012, Democrats won the popular vote in US House elections in Pennsylvania 50.28% – 48.77%



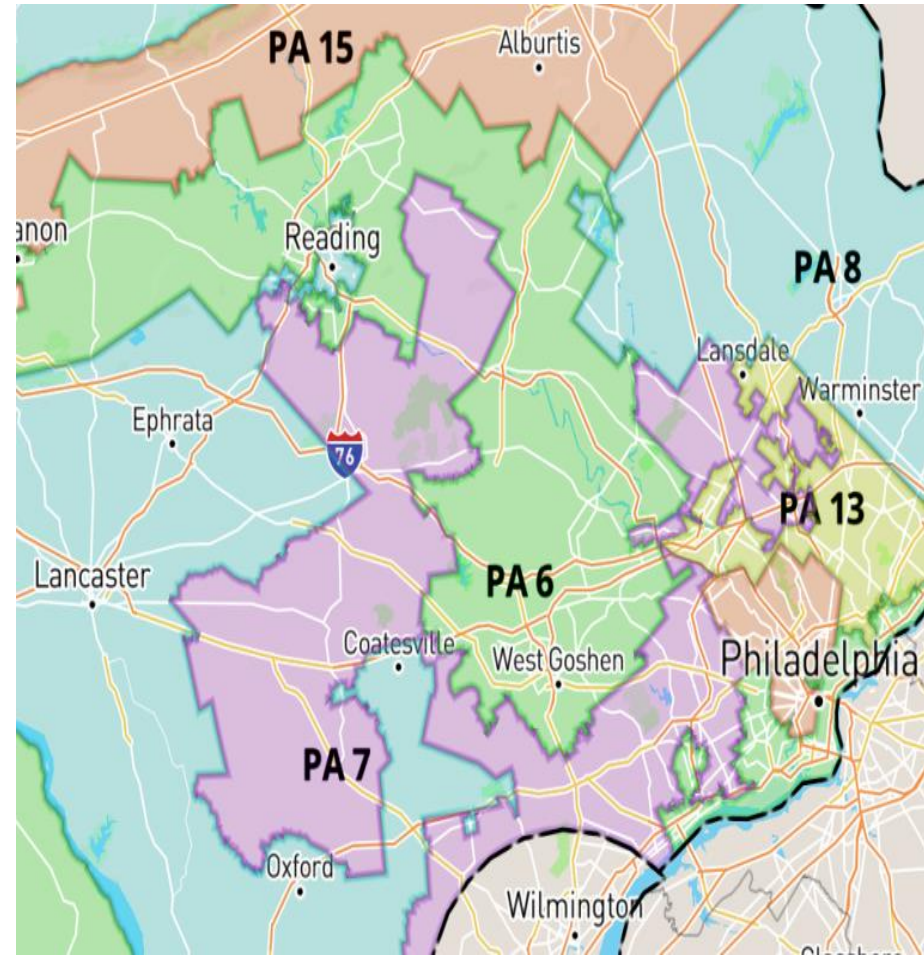
# HOW WE GOT HERE: Gerrymandering

GOP Won 13 of 18 House Seats despite losing the popular vote.

THE EVOLUTION OF PENNSYLVANIA'S SEVENTH DISTRICT



SOURCE: Shapefiles maintained by Jeffrey B. Lewis, Brandon DeVino, Lincoln Pritcher and Kenneth C. Martis, UCLA.  
Drawn to scale.  
GRAPHIC: The Washington Post. Published May 20, 2014.

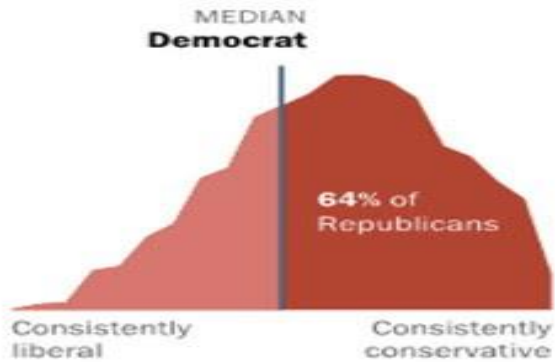


# WHERE WE ARE NOW: Parties Never Been Further Apart

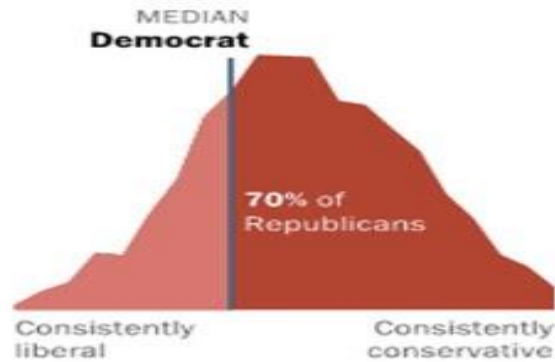
**Less overlap in the political values of Republicans and Democrats than in the past**

*Distribution of Republicans and Democrats on a 10-item scale of political values*

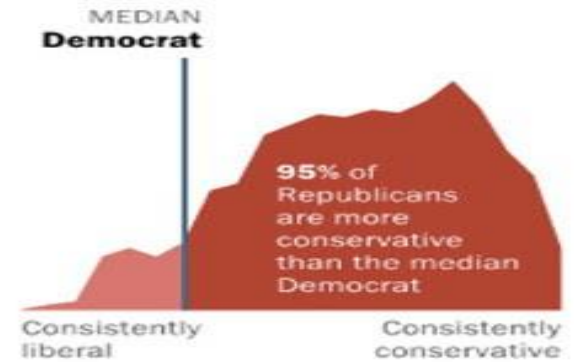
**1994**



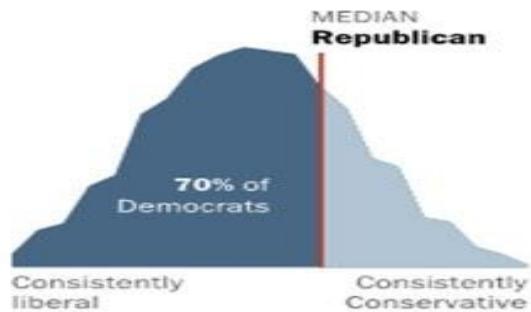
**2004**



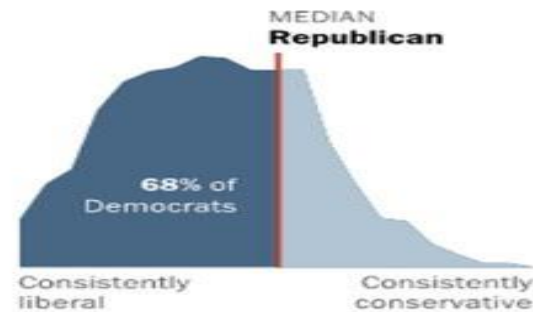
**2017**



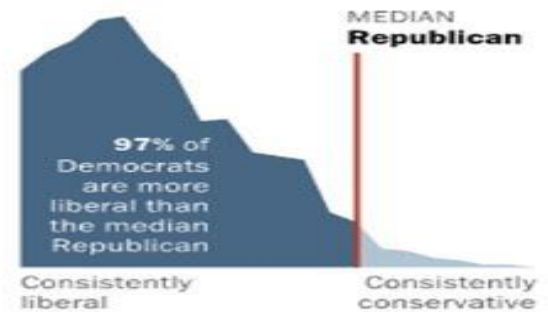
**1994**



**2004**



**2017**

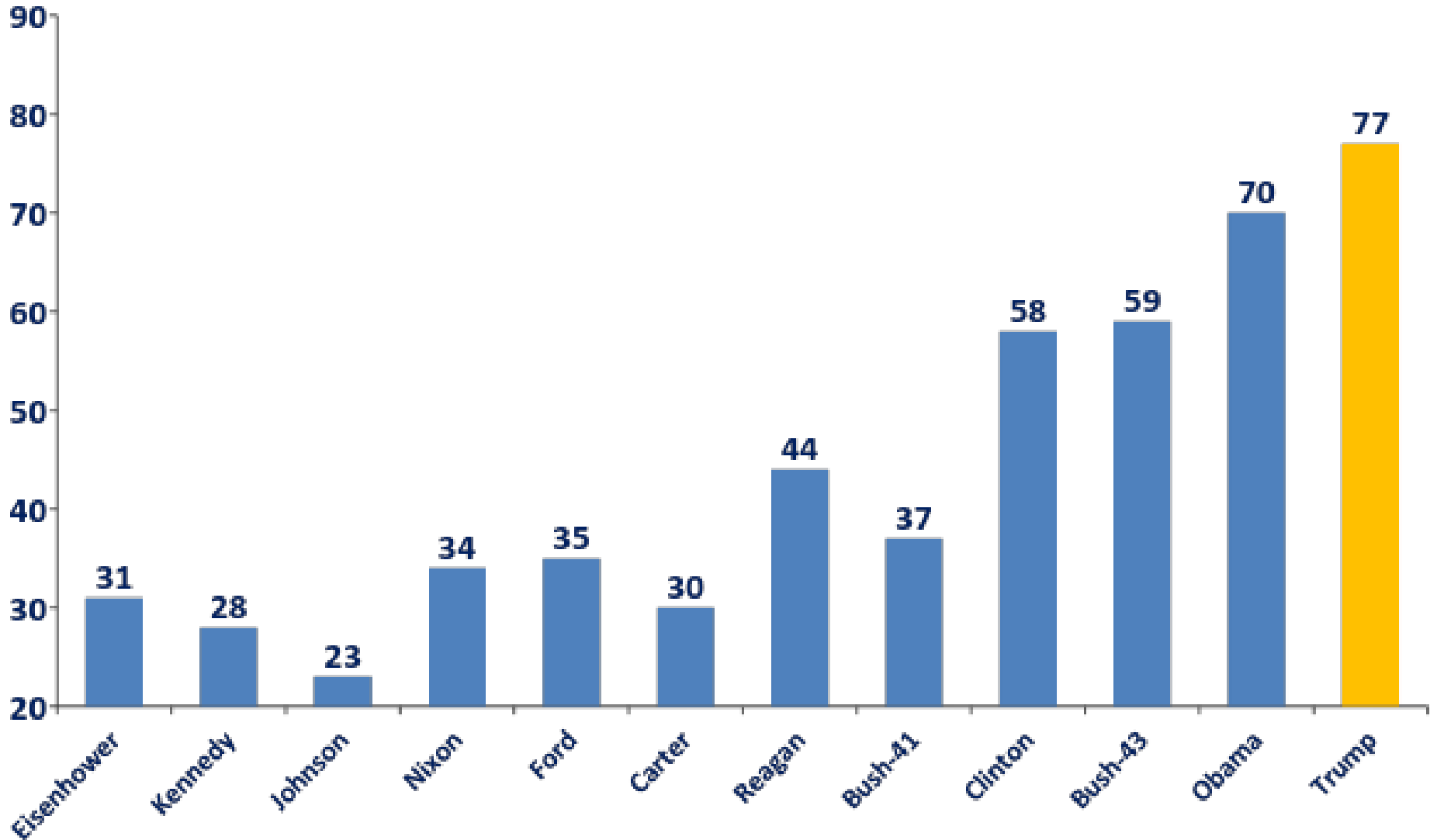




# WHERE WE ARE NOW: It's Not New With Trump

## Partisan Approval Gap Growing for Decades

Diff. Between Own Party & Other Party Job Approval After ~170 Days in Office



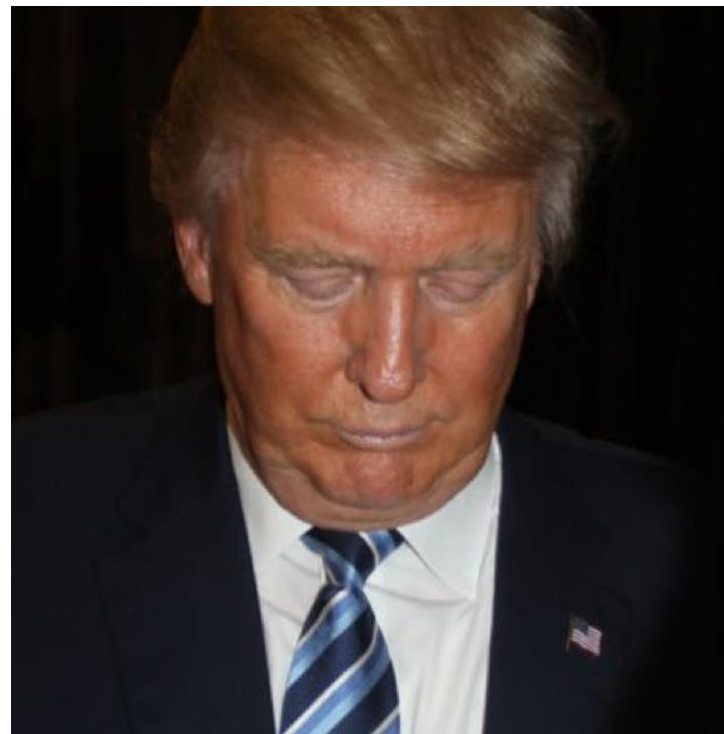
# Trump's GOP Approval

DATE	WEEKLY AVERAGE
Jan 30 – Feb 5, 2017	89
Dec 11-17, 2017	77 (2017 low)
Apr 17-30, 2019	91 (tied all-time high)
May 15-30, 2019	87

# *Presidential Approval Ratings in May of First Term*

Average for elected presidents' May Year 3: 48

President	Approval Rating	Year
Obama	46%	2009
Bush-43	62%	2001
Clinton	47%	1993
Bush-41	71%	1989
Reagan	43%	1981
Carter	29%	1977



**Trump: 40% for May 15-30, 2019 (3<sup>rd</sup> year, 1<sup>st</sup> Term)**

# INCOME INEQUALITY: THE KEY ISSUE OF 2020?

“We are now in an America where one-tenth of one percent has about the same wealth as 90 percent of America . . . And here’s the deal. Forty percent of America today can’t come up with 400 bucks in an emergency. That is not an economy that is sustainable, and it’s not a democracy that’s sustainable.”

“I do think a system that allows billionaires to exist when there are parts of Alabama where people are still getting ringworm because they don’t have access to public health is wrong.”

# MARKET CAPITALISM A 2020 ISSUE?

“[M]arket capitalism is not a religion. Market capitalism is a tool, like a staple gun or a toaster. You’d have to be a fool to worship it. Our system was created by human beings for the benefit of human beings. We do not exist to serve markets. Just the opposite. Any economic system that weakens and destroys families isn’t worth having. A system like that is the enemy of a healthy society.”

## ***Part Two: Actions Undertaken by China***

## ➤ **Section 201 of the Trade Act of 1974**

➤ **Safeguard** actions designed to provide a temporary “safeguard” (e.g. additional tariffs or quotas on imports) to facilitate positive adjustment of a domestic industry to import competition

## ➤ **Section 232 of the Trade Expansion Act of 1962**

➤ Executive branch ability to conduct investigations to determine the effects on the **national security** of imports and adjust the imports as necessary, including through tariffs or quotas.

## ➤ **Section 301 of the Trade Act of 1974:**

➤ The principal statutory means by which the U.S. addresses **unjustified, unreasonable or discriminatory** foreign barriers

# *Forced Technology Transfers*

"The Chinese government uses its administrative licensing and approvals processes to force technology transfer in exchange for the numerous administrative approvals needed to establish and operate a business in China."



"According to numerous sources, China's technology transfer policies and practices have become more implicit, often carried out through oral instructions and 'behind closed doors'."



# Cybertheft

"China's troubling track record of using cyber intrusion and cyber theft to target U.S. companies in sectors prioritized by China's industrial policies is 'hurting the case for free trade'."



"Based on the foregoing factors, China's acts, policies, and practices of cyber intrusions into the computer networks of U.S. business and the theft of firms' sensitive commercial information are unreasonable."

# Section 301 Summary

**Section 301 is a key enforcement tool that may be used to address a wide variety of unfair acts, policies, and practices of U.S. trading partners.**

## Section 301's Three Categories:

- ➔ Trade agreement violations
- ➔ Acts, policies or practices that are unjustifiable (defined as those that are inconsistent with U.S. international legal rights) and that burden or restrict U.S. Commerce
- ➔ Acts, policies or practices that are unreasonable or discriminatory and that burden or restrict U.S. Commerce.

The Chinese government reportedly uses a variety of tools to regulate or intervene in U.S. companies' operations in China, in order to require or pressure the transfer of technologies and intellectual property to Chinese companies

➔ **60B**  
➔ **200B**  
➔ **300B**

# US Chamber: MIC 2025 Leverages Power of the State

"The Made in China 2025 Plan is a high-level industrial policy aimed at transforming China into a global manufacturing leader. Promoting indigenous innovation, domestic brands, secure and controllable standards, and localization of production and data appear to be central components of the plan."



"MIC 2025 raises significant concerns not only for China's domestic economy but its economic partners. MIC2025 aims to leverage the power of the state to alter competitive dynamics in global Markets in industries core to economic competitiveness."

## **US Government Reaction to MIC 2025**

***“Let me state the obvious: this unprecedented state-driven interference would distort the market and undermine the innovation ecosystem. The world has seen the effects of this type of targeted, government-led interference before...The result has been overcapacity in the global marketplace that has artificially reduced prices, cost jobs in both the U.S. and around the world, and caused significant damage to those industries globally.”***

**U.S. Secretary of Commerce  
Penny Pritzker  
Obama Administration**

# *Bipartisan Consensus in U.S. on China*

**May 1:** "China is going to eat our lunch? Come on, man — They can't even figure out how to deal with the fact that they have this great division between the China Sea and the mountains in the West. They can't figure out how they're going to deal with the corruption that exists within the system. They're not bad folks, folks ... They're not competition for us."

Vice President Joe Biden

**June 11:** "While Trump is tweeting, China is making massive investments in technologies of the future. While Trump is name-calling, China is building roads, bridges, and high-speed rail. While Trump is pursuing a damaging and erratic trade war, without any real strategy, China is positioning itself to lead the world in renewable energy. While Trump is attacking our friends, China is pressing its advantage all over the world."

## ***Part Three: What's Happening Now (and Next)***

### **In the 2018 Trade Policy Agenda, President Trump outlined five major priorities to achieve his trade policy objectives:**

- Adopting trade policies that support U.S. national security policy
- Strengthening the U.S. economy
- Negotiating better trade deals that work for all Americans
- Enforcing U.S. trade laws and rights under existing trade agreements
- Reforming the multilateral trading system

*“Believe me, we’re going to have a lot of trade deals,” President Trump said. “But they’ll be one-on-one. They won’t be a whole big mash pot.”*

# Meanwhile, in Asia, the World Moves Ahead





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