



**FEW GAINS**  
Japanese protesting against the TPP talks in Tokyo. The Pacific Rim countries will reap surprisingly few gains from the treaty but will have to take on big risk. One big risk is that the US is insisting that TPP partners surrender their right to regulate global finance.  
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**D**ESPITE President Barack Obama's charm offensive in the region, Pacific nations are well-advised to remain wary of the US government's position on the Trans-Pacific Partnership agreement (TPP).

If US trade negotiators got their way, the Pacific Rim would reap surprisingly few gains – but take on big risk. Until the United States starts to see Asia as a true trading partner, rather than a region to patronise, it is right to hold out on the TPP.

Despite Mr Obama's charm, the rosier projections – from an unsuspecting report at the Peterson Institute for International Economics, no less – say that the TPP will raise incomes among the parties to the treaty by a mere 0.3 per cent of gross domestic product in 2025.

Many economists see these projections as gross over-estimates. For one, they heroically assume that a doubling of exports automatically leads to more than a doubling of income. Yet even if these estimates were taken at face value, they amount to just over one penny (1.3 Singapore cents) per day per person way out in 2025 for TPP nations.

In exchange for these small benefits, the US's partners in Asia and Latin America have to take on big risks. One big risk that may be a deal breaker is that the US is insisting that TPP partners surrender their right to regulate global finance.

Through its financial services and investment provisions, the TPP would allow

## America's TPP: Let the buyer beware

The rosier projections say it'll raise incomes among treaty parties by a mere 0.3% of GDP in 2025, but they will have to take on big risks. **By Kevin P Gallagher**

Wall Street banks to move into TPP countries' financial services sectors. To do what? If you can believe it, to push the very financial products that triggered the biggest global financial crisis since the Great Depression.

That is not progress. That's regress, given what the world now knows about these often toxic instruments.

What is more, if US trade negotiators, acting at the behest of US industry, got their way, the deal would prohibit the ability of these banks to be regulated to prevent and mitigate a financial crisis. They would be "free" to recreate the mess all over again.

In the early 1990s, Chile showed the path to resilience. It put in place regulations that can trigger financial crises. Such regulations have been broadly credited in helping Chile avoid some of the worst impacts of the Latin American financial crises of the 1990s.

Likewise, Malaysia was among the

least hard hit during the East Asian financial crisis because it put in place regulations on financial outflows after the crisis came. Malaysia's measures helped its economy rebound by 5.4 per cent the year after the crisis.

Such measures may be considered impolitic in Washington and New York, where it is always preferred that capital – especially US capital – can always move in and out of a country without any restrictions.

The wisdom of such precautions is now even understood in the erstwhile citadel of financial orthodoxy, the International Monetary Fund. In its official view on regulating global financial flows, the IMF expressed concern that agreements such as the TPP "do not provide appropriate safeguards".

The same cannot be said for the US Trade Representative's office. As a result, regulating the inflow and outflow of financial flows would not be permitted under the TPP – if the US side got its way.

What is perhaps most risky for the US's

TPP partners is that the foreign banks themselves will be able to directly sue governments for violations of the agreement.

This puts the other governments at a natural disadvantage, given the zealotry, might and cost of Washington and New York City lawyers. They are the specialists in such proceedings – and always on the prowl for business.

Indeed, Malaysia knows this all too well. Under a treaty similar to the now proposed TPP that Malaysia had with tiny Luxembourg, a private investor there attempted to sue Malaysia for its post-crisis regulations on financial flows. That time, Malaysia was lucky that the case was thrown out on jurisdictional grounds.

But it shows that foreign firms are ready to pounce on such regulations if given the opportunity. And when the suing party is based in the United States, the TPP partners might not be so lucky.

It is in the well-understood self-interest of Chile, Malaysia and other TPP countries to continue to push back on Mr Obama's proposals to de-regulate finan-

cial services and investment. It is also in the interest of financial prudence and international fairness.

In light of that, it is disconcerting to find a recent study which shows that these nations have been able to safeguard the ability to regulate finance in treaties with other nations such as the EU, Canada, and China, but that it is the US which is pushing back with great determination.

Thankfully, there are important voices in the United States as well who are pushing President Obama to act with more prudence than the US financial industry wants him to do. Americans are also painfully aware that financial crises hurt US jobs and financial stability.

US Congressman Sander Levin and others have been pressuring the Obama administration to ensure that trade deals don't trump regulating global finance. In 2011, over 250 economists from across the world urged Mr Obama to make trade deals consistent with financial reform as well.

With so little reward on the negotiating table, Mr Obama will be hard pressed to get a TPP agreement from the Pacific Rim nations. They are better off to remain hold-outs until the US government gives up its rather extreme, risk-enhancing negotiating position on finance.

The fate of its own economy in recent years, still on the ropes from the fallout of the last financial crisis, would certainly suggest much more caution than US negotiators are currently pursuing in their dealings with the TPP partner countries.

*The writer is a professor of international relations at Boston University and a regular contributor to The Globalist, where this article initially appeared*

## Think before you fly

By Mark Dixon

**D**O YOU remember when air travel was a pleasure and a privilege? No? Well, to be honest, nor do I, although I remember growing up to think that flying was glamorous and exciting.

There certainly was a time – around when the term "jet set" was coined in the late 1950s – when flying in a large passenger aeroplane was just about the smartest thing that you could do. The fact that you could get from A to B in a few hours was a technological breakthrough, an achievement in itself. Nowadays, it is so much a part of everyday business life that we can hardly bear another conversation about airport security, the iniquities of budget airlines or the dangers of deep-vein thrombosis.

There is another consideration, too – the environment. We know that jet planes burn precious fuel and deplete the ozone layer in the process. Clearly, we should not fly if there is a practical alternative. But we also know that global businesses depend on people and cargoes being flown across countries, continents and oceans on a daily basis. The challenge today is not whether we can get somewhere, but whether we really need to fly, and if we do, how effectively we can use the time that we spend on the move.

The fact is, very different considerations apply for business trips – long-haul versus short-haul air travel. With long-haul, there is simply no alternative to air travel. Aircraft may look very different in 50 years, and may even run on a different kind of fuel, but there is no way that sea-going vessels, however fast or comfortable, are ever going to be suitable for business trips across the Pacific; nor are high-speed railways going to be viable across many of the world's great wildernesses or mountain ranges.

With long-haul travel, the expense and time commitment make it that much more unlikely that you would make the trip if you did not have to. But once you have decided to fly, you can make your time so much more productive these days. Queuing and security take up proportionately less of your travelling time than on short trips. Customer service is of an entirely different order. A long flight is actually a precious opportunity to do some reading, or settle down with your laptop, without interruptions, and work through ideas and strategies. Wi-Fi on planes may soon become the norm – but in the meantime, you can use the business lounges or Regus business centres at either end of your journey to reconnect electronically, and may even feel refreshed by your period offline. You know that it is your time, and how you use it is up to you.

Short-haul trips are a completely different matter. From the traveller's point of view, they have a debilitating effect on the psyche. There is nothing more annoying, for instance, than being required to make one-day or two-day trips between Asian capitals. In other circumstances, the offer of a return flight to Myanmar, Hanoi or Delhi may hold some allure. These are in-



**TRAVEL SMART**

The challenge today is not whether we can get somewhere, but whether we really need to fly, and how effectively we can use the time that we spend on the move. PHOTO: BLOOMBERG

teresting places to go. But the reality of travelling on business is that you barely register the change of country.

As a typical short-haul business traveller, you spend your day-and-a-half mooching, sheep-like, through airports, hopping into cabs or onto trains and meeting business contacts in offices or conference centres which are much the same anywhere in the world. You hardly spend enough time in any one place to do any useful work. You can pay by credit card, and never meet any local people. You gain no mental or cultural stimulation from travelling those hundreds of miles. You hardly have time to see whether the sun is shining. This kind of travel is wasteful, disorienting and bad for the soul. Most of all, it is frequently unnecessary.

Let us take an example – a quarterly sales and marketing meeting, or something with similar strategic significance. It is important, and you need to get input from the right people. But do they all have to be in the same room? Not really. Sometimes, you can ask people to submit ideas in advance. And when you have three or four people who work closely together, you do not need all of them. Let them take it in turns. They probably know each other well enough to brief the one attendee – and to debrief that person afterwards. The meeting itself may be more productive with six or seven people round the table instead of 20.

Then there is videocommunication, which I use more and more these days. I can stay in one place while taking part in a meeting in one city in the morning, another

in the afternoon. The main business of any given meeting can be conducted quite satisfactorily with several people connecting via video link.

Planning is the key. For some of us, a certain amount of short-haul air travel is unavoidable, but the more you plan these things in advance, the more you can get out of each trip – whether it be catching up with two or three business contacts in one place, taking your spouse for a weekend away, or scheduling one meeting so as to make it a shorter journey to your next. As with other forms of travel – walking or cycling, for instance – a round trip is always more rewarding.

Business has always been prone to a herd mentality. We see it in the suits that business people wear, the jargon that they spout, the PowerPoint presentations that they give and the way that bull and bear markets behave. Business travel is no different. If one person is prepared to fly somewhere for a meeting, it seems that we all have to – or risk being labelled lazy or uncommitted. Such is the prevailing wisdom, and it is high time that we challenged it.

In recent decades, we have outgrown the habits of mass migration to factories or daily commutes to offices, with their oppressive rituals and outdated hierarchies. Why then do we risk our health, efficiency and peace of mind by submitting to the indignities and inconvenience of frequent short-haul travel?

Travel can broaden the mind, but only if we think before we book that flight.

*The writer is CEO of Regus*