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Strengthen arms control regime

The war rhetoric of the Democratic People's Republic of Korea along with its threat to conduct more nuclear tests are the latest proof of how weak the nuclear arms control regime is.

However, several global initiatives have been made to strengthen the nuclear arms control mechanism. The United States and Russia, for instance, signed the new Strategic Arms Reduction Treaty on April 8, 2010, (it was ratified later and came into force on Feb 5, 2011), and thus broke the deadlock that had been haunting nuclear disarmament. Now the Obama administration is reportedly considering holding talks with Russia on further reducing strategic nuclear weapons, perhaps to less than 1,000 each.

Also, the Nuclear Posture Review recently issued by the US Department of Defense is aimed at reducing the use of nuclear weapons only to counter a nuclear threat. The reviewing process also considered "no first use of nuclear weapons", which is a positive move closer to China's stance.

Besides, the promotion of international cooperation in nuclear safety is a highlight of Sino-US strategic cooperation. Both countries supported the UN Security Council Resolution 1540 and followed it up by making efforts to tackle the threats of proliferation of weapons of mass destruction. Now that President Barack Obama is into the third month of his second term, he is expected to make more efforts in the nuclear disarmament field.

Nuclear proliferation still poses a threat to regional and international security, and the situation is becoming more complicated and severe. Since the Iranian nuclear issue is yet to be resolved, the likelihood of a new military conflict breaking out in the Middle East cannot be ruled out. And the DPRK has escalated tensions in Northeast Asia by launching two satellites last year and conducting a third nuclear test two months ago despite the Security Council's

warnings to the contrary.

In South Asia, nuclear proliferation combined with terrorism poses a threat to regional and global security. So the permanent Security Council members, especially China and the US, have to shoulder the responsibility of resolving the burning regional issues to safeguard peace.

Moreover, the US-Russia nuclear disarmament process still follows the START mechanism that American and Russian leaders worked out in 1985, and their nuclear disarmament treaty is based on the concept of "mutual assured destruction." Therefore, nuclear disarmament measures are neither exhaustive nor irreversible, and the disarmament process is devoid of enduring motivation. The situation thus created is not totally conducive to promoting the Treaty on the Non-Proliferation of Nuclear Weapons, or NPT, across the world.

Two obvious tendencies are evident in the international arms control and disarmament regimes. First, not enough importance is given to non-nuclear issues such as missile defense, long-distance precision-guided strike system, outer space and cyberspace in the disarmament process. But the innovations in military science and technology, and major countries' renewed weapon development programs make it mandatory for the international community to accord them due importance when discussing nuclear weapons and strategic stability.

Second, regional issues have significant influence on global strategic stability. Russia has alleged that the anti-missile system deployed by NATO in Europe is compatible with the US' domestic anti-missile system, which means forward deployment of American anti-missile system against Russia and destruction of the regional and international strategic balance. This has become a big hurdle for US-Russia negotiations to further reduce their nuclear arsenal.

More importantly, the US' anti-missile system has

reached the Asia-Pacific region. Arguably, more than 50 percent of the US Navy's long-distance strike systems are concentrated in the region, and their number will continue to grow in the next decade.

Washington's "extended deterrence" has also had an impact on security in Northeast Asia. The US' weapons' development program is based on the idea of seeking absolute security. It pursues overwhelming dominance not only in attacking systems, but also in defending ones, which squeezes other countries' strategic space. Furthermore, some Northeast Asian countries' strategic choices, such as "pro-active deterrence", have influenced the decision of others.

China has no intention of joining an arms race. But given some countries' tendency to bolster their military power, how can China be expected to forgo its right to set up an effective self-defense system?

China plays a constructive and stabilizing role in the global security strategy framework and has vowed not to be the first to use nuclear weapons, reflecting a more reasonable security idea. Different from "mutual assured destruction" that is based on a "mirror-imaging" armament structure, China pursues asymmetric strategic stability, which depends on its comparatively low-level and defensive armament, to help maintain the international and regional strategic balance.

China and the US are major beneficiaries of the post-World War II international order. In the security field, the UN Security Council now has more members. In the economic field, G20 has replaced G8. But the international order's basic structure and purpose remain valuable and functional. More countries including China and the US should prevent proliferation of weapons of mass destruction and arms race to maintain the current system.

The author is a senior research fellow with China Arms Control and Disarmament Association.

LETTERS

Sino-Japanese ties can normalize

There are no signs of a thaw in Sino-Japanese relations on the political front. But the two countries could at least try to remove the distrust at the people-to-people level. I believe that ordinary Japanese people, like their Chinese counterparts, want to live a happy life, without the fear of conflicts and wars.

The challenge for China is to make ordinary Japanese realize that despite the strained relations between the Chinese and Japanese governments, ordinary Chinese people harbor no hatred toward their Japanese counterparts.

Although China wants to be a strong nation, it has no intention of infringing on the interests of another nation. And that's why it's not impossible to normalize relations between China and Japan.

BIZTRU, on China Daily website

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FROM THE CHINESE PRESS

Debate over preserving buildings

Actor Jackie Chan is considering donating four Chinese historical buildings he acquired about 20 years ago to a Singapore university. The news has sparked a heated public debate, despite he vows he won't do anything illegal. Many people say that no historical building should be donated to an overseas university or other organization, says an article in *Guangzhou Daily*. Excerpts:

If the historical buildings are cultural relics, they cannot be donated to overseas institutions because that would violate Chinese laws. But if they are merely old buildings owned by Jackie Chan, no one has the right to interfere with his decision to donate them to any individual or institution of his choice. There is no denying, though, that he should take a discreet decision.

Why has Jackie Chan decided to donate the buildings to an overseas university instead of one in China? Perhaps domestic universities lack the expertise to preserve the old structures. But if the buildings are valuable, domestic universities should try to acquire them from Jackie Chan by improving their preservation expertise and vowing to use them with discretion.

According to experts, a historical building is different from other cultural relics, and can be preserved only under specific environmental and social conditions. The climate in Singapore has obvious limitations, which may not be suitable for preservation and protection of historical buildings. Besides, many historical structures lose their value when they are moved from their original location to another place. That's why many people have suggested that Jackie Chan make an informed decision before donating the buildings.

Some historical objects may not be cultural relics now, but can become so in the future. So it is the bounden duty of every Chinese to protect and preserve them for posterity. Therefore, Jackie Chan should rethink his decision to donate them to an overseas university.

An unnecessary lavish reception

When Liu Yang, China's first woman astronaut, visited her home in Linzhou, Henan province, on Tomb Sweeping Day, local officials warmly welcomed her at the railway station and city's electricity department repaired the power unit in her house and instructed technicians to ensure that it got continuous power supply. Understandably, people in Liu's hometown are proud of her, but there was no reason for local officials to make a show out of her visit, says an article in *Beijing News*. Excerpts:

As a public service sector enterprise, the electricity bureau should serve the people without discrimination and never use public resources to provide special service for social celebrities.

The VIP treatment given by local officials to Liu was uncalled for and suggests that they were out to flatter her.

Obviously, the local government's hype over Liu's visit to Linzhou runs counter to the eight-point public service code. Ironically, even before the fanfare generated over Liu's visit subsided, it was reported that Zhang Xiaodong, the Party secretary of Anyang, was under investigation by discipline inspection department for suspected violation of discipline.

The mistakes Zhang has committed could be more severe than violating the eight-point code.

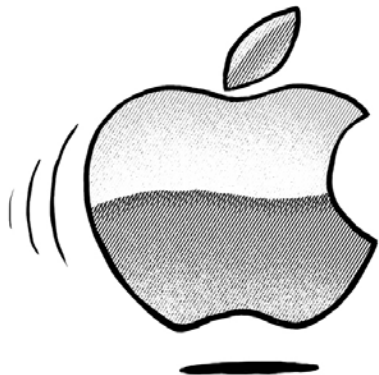
But everyone would agree that the extravagant reception given to Liu has made Zhang a laughing stock, especially now that he has been removed from his post.

This should be a lesson for governments at all levels. To honor achievers, officials should treat them with deference, instead of showering them with special privileges at the cost of public resources. Only by improving public service and solving the problems of ordinary people can officials, as well as celebrities, earn their respect.

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MARIANA MAZZUCATO

Apple upsets the risk-reward ratio cart



LUO JIE / CHINA DAILY

Apple has been in all sorts of hot water recently. It has had to contend with charges over troubling labor practices at its assembly facilities in China, as well as not doing enough for employment in the United States.

That America's most iconic company — and the world's most valuable, based on its current stock market capitalization — had no manufacturing operations at home seemed to contravene the much-acclaimed rebirth of US manufacturing. Apple finally relented and announced plans to start manufacturing some of its Mac computers at a so-far-not-specified US location.

However, the goodwill from that announcement proved short-lived. Apple, like other US multinationals, was soon accused of being too artful in booking its profits in locations that offer very low rates of taxation. And yet, despite the twists and turns of the Apple saga over the past year or so, the main issue at stake from the point of American people and taxpayers has not even begun to be addressed.

The US, which is by far the company's largest market, is not just where a large part of Apple's profit is generated. It is also the place where the initial innovation was funded — but not by Apple. Many of the revolutionary technologies that make the iPhone and other products and services "smart", such as the Internet, GPS, touch-screen display and its voice-activated personal assistant, Siri, were funded by the US government.

The company based in Cupertino, California, did not just benefit from the US government-funded research activities. It also received its early stage funding from the US government's Small Business Investment Company program.

Apple may not be known as top financial company, but it can be considered one of the most successful arbitrageurs in history. Arbitrageurs typically take advantage of price difference between two or more markets. Apple put a new twist on arbitrage, and masterfully put together a lot of technologies funded by the US government (and hence the American people) and exploited them in its own products.

But the issue is significant beyond the fortunes of one company, because Apple is not the only Silicon Valley-based company to do so — not by a long shot. Others, such as Google, whose search algorithm was

funded by the National Science Foundation, have also profited immensely in similar fashion.

In fact, many new economy-type companies that like to portray themselves as the heart of US "entrepreneurship" have successfully surfed the wave of US government-funded investments. Hence, the secret to Silicon Valley's success was the government's active and visible hand, in stark contrast to the Ayn Rand/Adam Smith folklore often bandied about.

The US government, through the Defense Advanced Research Projects Agency and other initiatives, stands out worldwide for its astoundingly positive track record in funding true innovation. This includes the government's most recent claim to fame, its steadfast financial support of (controversial) shale gas and fracking technologies, begun more than three decades ago during the otherwise much-maligned Jimmy Carter administration.

In a business context, the role of the US government is often portrayed as one safeguarding against market failure. But that traditional understanding must be widened to include the active — and often catalytic — role that the US government's risky investments have played for technology-based corporations.

While many US economists have focused on market failures to justify government intervention, the US government's range of "mission-oriented" investments, which has funded development projects such as the Internet, points to a role far bigger than a mindset devoted to just fixing problems. These technology activities do require a vision, a mission and a plan — and lots of money for upstream research through to downstream commercialization.

It is not by accident that the National Institutes of Health spends \$31 billion a year on supporting innovation in biotechnology and pharmacology. Academic predilections and conventions notwithstanding, such an investment can hardly be considered as just "nudging" a sector.

The crucial question to be answered is not just whether the present system is geared toward the government showing a lot of entrepreneurial courage, but why it is systematically badmouthed despite its many successes. And an even bigger question for American taxpayers is whether such support leads to a "parasitic" innovation ecosystem.

Consider Apple. Despite benefiting directly from

taxpayer-funded technologies, it has strategically "underfunded" the tax purse on which it has in the past directly depended. Apple set up a subsidiary in Reno, Nevada, a state without a corporate income or capital gains tax. It channeled a portion of its US sales there, instead of including it in the revenues it reported in California, where it has its headquarters. Apple reportedly saved \$2.5 billion in taxes.

While such tax loopholes need to be plugged, the tax system is not the only way to recoup the benefits that the US government helped trigger with its investments in risky innovations.

What to do to make the field of technology funding less parasitic? Part of the solution must entail the government getting a "reward" for the high-risk areas it funds directly. Wherever technological breakthroughs have occurred as a result of targeted public sector interventions, there is potential for the government, over time, to reap some of the financial windfall. This can occur by retaining a "golden share" of the royalties from patents, retaining a portion of equity, or also administering so-called income-contingent loans, similar to those now offered to students.

Clearly, the role of the government is not to run commercial enterprises, but to spark innovation in strategic areas. But given the ever-tighter public budgets, unless an innovation fund can be regularly replenished with some returns from the successes, innovation itself would be under threat.

The government should never have an exclusive license on or hold a large enough portion of the value of an innovation so that its commercial use is deterred in any form or fashion. But at the same time, it is self-defeating even for private-sector innovation if private companies are the only ones to gain all the reward. Indeed, the same criticism made about banks — socialization of risk, privatization of reward — holds for the innovation economy.

If the US wants to continue to be a leading technology nation providing a good quality of life to all its citizens, then it must urgently redress the grave imbalance in the risk-reward ratio governing the technology sector.

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