

# Reasons to be optimistic about the US – and more pessimistic about the EU and China

## Democracy's great betrayal

By MANGALA SAMARAWERA, MEMBER OF PARLIAMENT

ALL right thinking people of Sri Lanka unequivocally and unreservedly condemn the purported appointment by President Mahinda Rajapaksa of Mohan Peiris as the Chief Justice of Sri Lanka. This utterly irresponsible act of the President is in defiance of the judgments of the Supreme Court and the Court of Appeal. It is the position of all those in Sri Lanka who believe in democracy and the rule of law that Dr. Shirani Bandaranayake is, and continues to be, the lawful Chief Justice of the Democratic Socialist Republic of Sri Lanka.

It is unprecedented in the history of our country for a Head of Government to so blatantly violate the Constitution, undermine the authority of our Judiciary and destroy the Rule of Law. In so doing, the President has demonstrated the callous disregard for International Law, and the fundamental principles and values of the Commonwealth, which Sri Lanka, as the next host of the Commonwealth Heads of Government Meeting, is bound to respect and espouse.

The purported appointment as Head of the Judiciary of an individual who serves as an Advisor to the Cabinet of Ministers, and was previously an Advisor to the Ministry of Defence, and who on numerous occasions has defended the Rajapaksa Government's dubious Human Rights record in various international institutions and organisations, and made claims which have yet to be established as true, will result in Sri Lanka becoming an international pariah state.

Mohan Peiris is the regime's choice for Chief Justice because from the moment they place him on the chair, they are certain of being able to wield their influence completely and unequivocally over every court of the land. The international Commission of Jurists has condemned this appointment saying it deals a death blow to the rule of law and accountability in Sri Lanka.

The ICJ in its recent report on impunity in Sri Lanka highlighted Mohan Peiris' "lack of independence as Attorney-General, noting the alarming number of cases involving prominent politicians that were withdrawn during his tenure." Naturally, this man is the regime's first choice to head the Judiciary of Sri Lanka.

This regime stands exposed today, for precisely what it has become. Drunk on its popularity created by the victory over the LTTE, the ruling regime has turned on the people and is no longer interested in hiding its autocratic face.

The day that the Sri Lankan Government stamped on the constitution and discarded the values prescribed in it, as determined by the country's highest court, in order to exact vengeance from a judge who asserted her independence on the bench, marks the day that this great republic, officially became a dictatorship.

Since then, everything the regime has done has only lent further credence to that claim. It has used the might of the armed forces and law enforcement to turn the Temple of Justice into a garrison so that it could safely place its desired Chief Justice on the chair.

On 15 January, it went so far as to check the identity and cars of the honourable justices of the Supreme Court in order to ensure they were not attempting to smuggle Chief Justice Shirani Bandaranayake into the court house. It has vilified and insulted the country's first woman Chief Justice by treating her worse than a common criminal.

The regime's actions have made it very clear to every citizen what the price of dissent can be.

The road ahead of us has never seemed quite so dangerous. It is necessary to awaken to this injustice and dictatorial trend now, or be doomed to suffer its consequences for decades to come.

The decision of the President to make this illegal, unconstitutional appointment to the judiciary's highest chair is nothing short of a national betrayal. It is unforgivable that a political ruler, who purports to be nothing but a custodian of the values and tenets upon which this republic was founded, has sought to wilfully destroy and subjugate the final steward of democracy and rule of law, by reducing the judiciary to the status of nothing more than just another public institution, in which heads will roll at the whim of a dictatorial executive.

At this critical juncture in the history of this country, we remain committed to protect the Constitution of our Republic, the independence and integrity of our Judiciary, and the fundamental rights and freedoms of our citizens.

This is the intangible heritage that guarantees the dignity and well being of present and future generations of all Sri Lankans.

### FT Quote

The EU's internal economic weakness and political divisions render it incapable of exercising global leadership. Besides, it has no "hard power". Its substitute of "soft power" is mostly postmodern hot air. China's autocracy lacks the willingness and capability – and above all the legitimacy – to exercise global leadership. Increasingly, its attentions will be consumed by domestic problems. Hence the world will continue to rely on American leadership on security, economic and other issues



The EU is fighting a triple crisis of the common currency, banks and sovereign debt

THE US, EU and China are the Big Three in the world. President Obama has recently been re-elected, China has new leadership, and the EU is negotiating a new budget as well as trying to save the euro. Time, therefore, for a three-way comparison at the beginning of a new year.

Since the global financial crisis, the conventional wisdom is that the US and EU are in decline, while China races ahead. I would turn this conventional wisdom on its head. The EU and China are beset with alarming structural economic problems and sclerotic politics. Despite current doom and gloom, the US has a dynamic economy and political system whose engines are individual freedom and an open society. This bodes well for a US economic renaissance. And for the revival of American leadership in the world.

### Let's take the Big Three in turn.

The EU is fighting a triple crisis of the common currency, banks and sovereign debt. To save a monster, dysfunctional currency, the EU faces perpetual fire-fighting for many years, perhaps decades, ahead. Or the euro will break up sooner or later. Worse, the EU has made scant progress on pro-market structural reforms.

Sclerotic politics compounds economic and social malaise. In Brussels and most national capitals, the elite comprises politicians and bureaucrats who have done nothing else since university, and who have dreamt of politics and officialdom since high school.

They are masters of political and bureaucratic process, and of incremental policy-making – "disjointed incrementalism", in Whitehall jargon. They are generally uninterested in big policy ideas and evade major policy choices. Their limited life experience enables them to communicate in internal jargon, but they are hopeless at communicating with a broader public.

A striking visual metaphor of the EU elite is the annual gather-

ing of the heads of Brussels' leading think tanks. Ten grey-haired, paunchy, sixty-something men say almost exactly the same thing for the whole day. That is what passes for "debate" in Brussels.

Despite the current slowdown, China is growing at close to eight per cent of GDP, compared with negative growth in the euro area. It still has large catch-up growth potential. Ambition, hard work, thrift and enterprise are abundant in China – in contrast to what one sees in much of Europe.

But, like the EU, China has mounting structural economic problems that, if not addressed, presage a major growth slowdown and possibly a crash.

The "Chinese model" generates over-saving and over-investment while repressing private consumption, real wages and employment growth. Massive capital wastage by state-owned banks and state-owned enterprises drives "unbalanced growth". Hence China's economy needs to "rebalance". Savings and investment need to decrease as a proportion of GDP, and the efficiency of investment needs to increase, as does private consumption.

This demands difficult supply-side reforms, mainly in "factor" markets for capital, labour, land and natural resources. But these reforms are elusive, for they would strike at vested interests at the heart of China's Party-State. This is where the imperatives of a fast-changing market economy collide with an unreformed, straight-jacketed political system.

In some ways China's Communist Party seems like a vastly exaggerated version of the EU elite. Super-cautious apparatchiks dominate the Party machine. Their life-experiences and vested interests, oiled by nepotism and corruption, are a world away from the lives of ordinary Chinese, with whom they seem unable to communicate.

The spectacle of wooden identikit leaders, all in the same suits and ties and hair dyed jet-black, giving mind-numbing speeches in Orwellian Newspeak, jars with the reality of modern Chinese society.

The conventional view of the US is depressing. It has escalating public debt – indeed it faces a "fiscal cliff" – and a gridlocked political system.

There is a giant question mark hanging over public debt. Nevertheless, the US economy is undergoing three structural transformations not seen elsewhere. First, it is in the early stages of an energy revolution, with a massive increase in domestic production of shale oil and gas, and crude oil.

Second, it is on the verge of a manufacturing revolution based on advanced-materials technology. And third, US multinationals, mainly in services, are poised to reap huge gains from catering

to the burgeoning middle class in Asia and other emerging markets.

These transformations are no accident; they spring from the foundation of secure private property rights, free enterprise and the free circulation of ideas – in short, from a culture of individual freedom and an open society. That is, and always has been, the US's superior advantage in the world. Similarly, the "brokenness" of the US political system is exaggerated. First, the US is having an open and vigorous debate on the economy, with competing philosophical and moral visions on display. The EU and China, in contrast, are having no such public debate. Second, US policy elites are more varied in their background and experience than their counterparts in the EU and China.

Many are in a "revolving door" between government, business and academia. That enables ideas and solutions to circulate more freely. It encourages flexibility and nimbleness. And third, the US federal system decentralises governance, allowing problem-solving experiments to blossom and cross-pollinate in cities and states across the land. All this is testament to the continuing vitality of American democ-

### FT Quote

Actions that undermine an independent Judiciary in Sri Lanka may also undermine Sri Lanka's ability to attract foreign investment. It's no secret that foreign investors assess the state of rule of law in a country as a factor when making investment decisions. The impeachment called into question issues about the separation of powers in Sri Lanka and the impact of its absence on democratic institutions.

But I know that you as business leaders would agree that a key element in accomplishing the goal of a stronger business climate is an efficient legal system that meets the needs of the public and the country. That is why we are working on programs to strengthen the rule of law in Sri Lanka and have designed through USAID a new, \$ 4.5 million dollar "Increased Responsiveness in the Legal System Program."

Under this program, the United States will partner with Sri Lanka's Ministry of Justice, Judicial Services Commission, and Judges Training Institute (JTI). Through a team of 15 experts, this project will offer technical assistance to design and implement an introductory training curriculum and a continuing education program for the judiciary that will be delivered by the JTI. The project will train Ministry of Justice and Judicial Services Commission officials to improve the planning, administration, and oversight of the legal system.

It will provide scholarships for twenty judges to complete a Master of Law program, and train court administrators and staff to improve their skills, increase the use of information technology, and promote the use of all three official languages in the legal system.

The project will also support a partnership between the Judges Training Institute and overseas judicial colleges that will act as mentor institutions for the JTI. With concrete, practical contributions such as this, I think you can see that we are a serious partner indeed in

the spheres of rule of law, justice, and good governance.

We want to continue to work with the people of Sri Lanka. The US-Sri Lankan people-to-people relationship dates back to long before independence.

For example, in the late 1800s, Colonel Henry Steel Olcott, a prominent American Civil War veteran, came to Weliswatta in Galle, to the Vijaya Ananda temple, to take the five precepts of Buddhism.

It is amazing to think about his visit to this part of the country, more than 120 years ago, and about his contributions to the revival of Buddhist culture, including contributing to the design of the Buddhist flag.

More recently, when the southern coast was hit by the Tsunami, among the first responders were U.S. Marines.

The United States Ship Duluth arrived off the coast of Galle in January 2005, carrying equipment and personnel to aid in humanitarian relief operations.

The Duluth stayed for several weeks, conducting search and rescue, removing debris, and helping cities recover from that terrible disaster. We then moved from recovery to reconstruction work. One example was a project to restart coir yarn spinning industry in southern towns such as Kuligoda, Ambalangoda, Pereliya, and Thelwatte.

We then began the construction and rehabilitation of 100 children's parks across 13 districts along the damaged coast of Sri Lanka.

We helped bring food, water, shelter, fishing boats, and other donated items to the affected areas.

"Crisis Corps" volunteers sent by the United States Peace Corps helped the people of Sri Lanka rebuild their lives and homes.

These volunteers worked in conjunction with partner organisations at sites along the southern coast such as Hambantota, Matara and Galle.

I mention this to remind all of us that the US stands by Sri Lanka in good times, but we also stand by Sri Lanka in hard times.

Thank you once again for hosting me and we look forward to working together in the coming year.

## "US stands by Sri Lanka in good times and hard times": Sison

Following is the address by US Ambassador to Sri Lanka Michele J. Sison at the Chamber of Commerce, Matara



US Ambassador to Sri Lanka Michele J. Sison

is by the US Department of Commerce. I intend to lead a "reverse" trade mission in March or April to the US, taking top Sri Lankan CEOs to New York, Boston, and Washington D.C.

We are also preparing our 2013 Investment Climate Report on Sri Lanka, taking a fresh look at investment challenges here and trying to give investors the best picture possible of the opportunities available.

We also looking into increasing our interaction with local chambers through a concept called 'American Business Corners' (ABC).

The essential program would include: A memorandum of understanding laying out our respective responsibilities

Training a Chamber staff member in the services we offer at the Embassy.

Setting aside a corner in the Chamber office to display materials on US companies and Embassy services.

Co-hosting several events a year in partnership with the Chamber.

We think the ABCs have great potential to benefit a Chamber's membership, highlight American products and services, and enhance our economic relationship at the local level.

You've probably seen the headlines expressing our Government's concern over the impeachment of Chief Justice Shirani Bandaranayake. Actions that undermine an independent Judiciary in Sri Lanka may also undermine Sri Lanka's ability to attract foreign investment. It's no secret that foreign investors assess the state of rule of law in a country as a factor when making investment decisions.

The impeachment called into question issues about the separation of powers in Sri Lanka and the impact of its absence on democratic institutions.

IT'S a real pleasure to be back in Matara in my four months here as the US Ambassador to Sri Lanka, I have made a great effort to visit communities all around the island. I wanted to get to know people not just in Colombo, but in cities and villages in the east, north, central and south.

I first visited Matara back in November, and met with the Government Agent and Vice Chancellor of University of Ruhuna. I am here because the United States would like to continue our strong economic partnership with Sri Lanka.

The United States is the largest single export destination for Sri Lankan goods, buying over 20% of your exports. The United States Agency for International Development has also provided over two billion dollars in assistance in recent years, including in response to the tsunami which affected the south, including Matara.

We are also proud to be funding English teachers in the south through the Fulbright program, and we recently awarded a \$ 100,000 dollar grant to support preservation at the beautiful and historic Galle Fort which promotes tourism to the South.

We are also funding a Turtle Conservation Project under our Youth Empowerment Grant program, helping to establish youth clubs in Rekawa village, just outside of Tangalle, with the goal of protecting sea turtle habitats.

We are continuing our Trade and Investment Framework Agreement, or TIFA, talks, which can open and encourage foreign direct investment in Sri Lanka. The new TIFA Labor Sub-Committee will help ensure that any labour concerns are resolved quickly, hopefully avoiding future GSP problems.

We do recognise the challenges: FDI reached only half the Government target of \$2 billion in 2012, and US FDI remains relatively low. The Embassy has been working hard to promote US-Sri Lanka business ties:

On 7-8 February, approximately 10 companies will visit as part of the 3Cs (Chennai, Cochín, and Colombo) trade mission, organ-