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COMMENTARY
Good Morning, Vietnam

 By **ROBERT E. RUBIN**
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At a time when our country has the potential for a bright economic future but also for serious difficulty -- depending on how effectively we address a host of complex challenges -- the U.S. Congress has the opportunity to make a relatively uncontroversial yet major contribution to our economic well-being and national security: adoption of a trade measure called Permanent Normal Trade Relations (PNTR) for Vietnam. Our economy has benefited greatly from relatively open trade and capital markets and openness to immigration. PNTR for Vietnam would be one more step in that direction.


Vietnam is close to having completed negotiations for accession to the World Trade Organization. Once it does join, Vietnam will become part of the multilateral global trading system, with lower barriers to trade for the goods and services of its trading partners, and lower trading barriers in overseas markets to Vietnam's goods and services. This will be another major impetus for economic growth and development in Vietnam, as well as for integration with the rest of the global community.

However, for the benefits of Vietnam's WTO membership to apply to the U.S., Congress must enact legislation that eliminates the Cold War-era requirement that Vietnam each year receive presidential certification of progress with respect to human rights. This is exactly the same permanent exemption that was granted to China in the 1990s, and reflects a view that increased engagement with the international community best serves our national security interests and also over time helps promote human rights and other values that lie at the heart of the American political system.

The U.S. bilateral trading agreement with Vietnam already provides good access to most Vietnamese markets, but now this access would improve with respect to services, agriculture and protection of intellectual property. More importantly, helping Vietnam grow increases its market for our goods and services -- which could over time be very substantial, given the country's large population -- and also its efficiency in providing goods and services to us less expensively.

Membership in the WTO will mean that the rest of the world will have a favorable trading relationship with Vietnam; while failure to adopt PNTR would simply leave us on the outside. It could also be seen globally as a major step backward by the U.S. with respect to multilateral engagement on the issues that affect both our country and the global community. And the U.S. has a strong national-security interest in helping Vietnam view itself as a partner in the global community.

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Having said all this, as we adopt PNTR for Vietnam, we also need to recognize that the emergence of China, India and other emerging market nations -- predominantly in non-Japanese Asia -- as potentially large markets, but also as powerful competitors, has created a change of historic proportions in the global competitive environment. It is therefore all the more critical that trade liberalization and our market-based economic system, which have been absolutely central to our success, be inextricably linked with addressing our fiscal deficits, including our entitlements, and a powerful domestic program to promote U.S. productivity, and to help those dislocated by change with reestablishing themselves in the mainstream economy and with some measure of economic security.

Those who support trade and market-based economics too often don't support these domestic programs, and conversely those who support the domestic programs too often don't support trade. Markets and government are frequently viewed as antithetical, but in fact, they can strongly reinforce each other in best promoting growth. Markets, by their very nature, will not adequately provide many of the requisites for economic success -- such as quality public education, infrastructure, true basic research, optimal energy and health-care conditions, and much else -- which must be provided or catalyzed by government.

Moreover, the historic change in the competitive environment heightens the already difficult effects on income distribution and insecurity that can come with change, whether from trade or technology. That makes this domestic agenda all the more important, not only because broad participation in growth and security are values in themselves, but because they can better promote growth. Workers will have greater financial ability to access education, health care and the other contributors to productivity. And policies like trade and immigration will only enjoy political support over time if most Americans expect to benefit from those policies.

Today's complex and uncertain issues in the global environment call for intense and open-minded policy deliberation. But our mutually reinforcing economic policy objectives remain best served by trade liberalization, relative openness to immigration and market-based economics combined with sound fiscal conditions and robust public investment and other public policies for needs that markets won't meet. Thus Congress should adopt PNTR for Vietnam now and vigorously pursue these other key ingredients for U.S. prosperity.

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