

Yu Xiang

Trump's tax reform raises many questions

News reports on US President Donald Trump's tax reform have focused on the tax cuts, but there is more to it than just that. Trump's tax reform can be divided into four main parts: tax cuts, simplification of the taxation process, fixing the loopholes in the system, and a shift toward a territorial tax system that taxes domestic income but not foreign income.

Trump's tax plan is aimed at cutting taxes while keeping the revenue neutral by fixing the loopholes in the system and shifting to a territorial, even a border adjustment tax, system.

Since Trump's tax reform is aimed at revitalizing the United States economy, the business community has welcomed it. The business community's positive response was reflected in the Goldman Sachs index, which dramatically increased after Trump made the announcement.

Those opposed to Trump's plan say the tax reform would increase the federal budget deficit. While the US Tax Policy Center estimates

the tax reform would increase the federal debt by \$7 trillion in the first decade, the Center for a Responsible Federal Budget says it would raise the deficit by about \$5.5 trillion over the same period.

But the government's fiscal loss will benefit non-government players. And even if a couple of trillions of that money trickle back into businesses, the US economy will benefit greatly.

The impact of Trump's tax reform will be felt far beyond the US; it is already having a spillover effect on other countries. If the US really reduces corporate tax to 15 percent, it will be lower than even those in low-tax economies. And lower tax rates will attract more enterprises, capital and high-end talent to the US.

But to offset the impact of Trump's tax reform, other economies may also reduce their tax rates, leading to a global race to cut taxes, as happened in 1981 when former US president Ronald Reagan reduced the tax rates.

China is also promoting tax reform, but that is more to meet

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its own economic development needs. In the Government Work Report, Premier Li Keqiang has said the reduction in tax and fees this year will add up to 1 trillion yuan (\$145.1 billion). On April 19, China's State Council executive meeting announced that companies' tax burden will be reduced by more than 380 billion yuan and fees by 200 billion yuan this year. China's tax reform will boost enterprises' profits, a large percentage of which is expected to

flow back into businesses and boost the economy.

Trump's tax reform plan has several problems. First, can Trump give a concrete shape to his tax reform framework? His reform plan, listed in points, is more of a wish list than an actual set of proposals. The details are still to be filled in. For example, it aims to subsidize childcare, which can be done in many ways. And the reform framework doesn't specify which one or ones the Trump administration has in mind.

Second, is Trump's plan permanent or temporary? Companies will make long-term investments and hire more workers only when they have a permanent plan to work on.

Third, when Trump decides to implement his tax reform plan, other countries will respond by cutting their taxes even more, which will make Trump's policy less attractive to investors, thus drying up investments and failing to boost the economy. So, the extent to which other countries cut their

taxes will be a very important influencing factor.

Fourth, what is the balancing point between stimulating the economy and realizing social fairness? Many experts say Trump's tax plan will hurt low-income households the most. In October 2016, the Tax Policy Center estimated that Trump's plan will increase after-tax income for the top 1 percent US households by more than 14 percent compared with the less than 1 percent increase for the lowest quintile.

Trump's plan is not a solution to the social unfairness in the US, because it can propel economic growth only in the short term. The final version of Trump's tax reform plan depends on how well he and Capitol Hill weigh the pros and cons of tax cuts.

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Brussels visit gives Trump a chance to reset ties with EU



Fu Jing

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Starting with his tightly-scheduled meetings with European Union leaders on Thursday in Brussels, US President Donald Trump and EU leaders are expected to start swirls of bargains on how to reshape the trans-Atlantic partnership and lead the changing world.

Trump, who called Brussels a "hellhole" during his election campaign, is expected to arrive in the Belgian capital and EU headquarters amid "not welcome" protests in Rome and Brussels on Wednesday, after his whirlwind visits to Israel, Saudi Arabia and a meeting with Pope Francis in Rome.

During his stay in Brussels, he is scheduled to meet the Belgian king and prime minister on Wednesday, take part in a EU-US leaders' meeting, and "compare opinions" with new French President Emmanuel Macron over lunch before attending the NATO leaders summit on Thursday afternoon. He will then fly to Italy to attend the G7 summit on Friday and Saturday.

Trump will return to Europe to attend the G20 summit in Hamburg, Germany, in early July, which will provide another opportunity for the EU and US leaders to inject new impetus into their partnership.

The detailed agenda of the discussion between Trump and EU leaders is still unknown. But the pressing and challenging topics cannot be discussed in a day. For example, Trump may discuss about the restart of the talks on Transatlantic Trade and Investment Partnership, which would be tricky given that Trump pulled the US out of the Trans-Pacific Partnership agreement, a deal that his predecessor Barack Obama had struck with the

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major Asia-Pacific economies, with the exception of China.

Beijing and Washington put in place an effective mechanism after President Xi Jinping met Trump in April, and it is now necessary for Brussels and Washington to follow suit.

But Trump must know how Europeans view his presidency. Observers in the EU were shocked by his victory in the US presidential election. They are still disappointed with his "American First" policy and what they perceive as an inward-looking and unstable governance approach.

Since Trump may still not be clear about the roles of various EU institutions, just like he confused European Council President Donald Tusk with European Commission President Jean-Claude Juncker, he needs to do enough homework to build trust with the EU leaders.

But apart from building mutual trust, the leaders of the two sides should also discuss how the EU and the US, which account for roughly half of the world's economic output, should shoulder more global responsibilities. And while doing so, the two sides should review the lessons learned from the financial and debt crises that originated in the US and the EU, respectively. They must also discuss how to fix their own governance loopholes to prevent the negative effects from spilling over into other economies and thus the global economy.

Domestic economic stability is essential for the US and the EU to take the global leadership, and both economies are back on track. But they now face another problem: political division that has lowered people's interest in the democratic process and domestic politics.

Many say the West is facing its biggest political crisis since the global financial crisis of 2008. Only after Western leaders squarely face up to their economic and political challenges can they take up their global responsibilities in a more constructive manner. And Trump must be cautious enough to not let the US default on its global responsibilities. For example, some EU opinion leaders say that if Trump does not implement the Paris climate pact, the EU will push the rest of the world to enforce it without the US' participation.

For the US to play a better role on the global stage, Trump's European tour can give him a chance to review the trans-Atlantic alliance and reshape future relations.

Li Fangchao

A culinary warning to protect the wildlife

Chinese people, known for their love for food and exquisite cuisines, were naturally drawn to reports on two seafood products in foreign countries. In late April, a post in the official account of Denmark's embassy in Beijing on Weibo, a Twitter-like Chinese website, said the coastline of the Scandinavian country has been plagued by a large number of "wild" oysters from the Pacific. The post also said local residents don't know how to deal with the oyster "invasion" and asked Chinese tourists to visit the country on a special "oyster-eating tour".

And earlier this month, a report by the Australian Broadcasting Corporation also drew the attention of many Chinese. The report said tens of thousands of "wild" salmon swim close to the Parry Beach in Southwest Australia to spawn every autumn. And since fishermen catch tons of salmon and local residents, who find it hard to bear the fishy smell, use them as baits for lobsters, most of the huge salmon catch goes to "waste".

Many Chinese lamented the huge waste of oysters and salmon. Chinese people's diet consists of perhaps the widest variety of food, from vegetables and fruits to meats and seafood. And that might be the reason why reports saying that Danes and Australians don't know what to do with the huge "cache" of oysters and salmon seem so ludicrous to the Chinese people. Some people even jokingly posted comments on the Denmark embassy's account saying that once Chinese arrived in groups in Denmark, the bivalve mollusks would soon make it to

the list of endangered species.

Jokes aside, one of the main reasons the two news reports caught the attention of Chinese people is the word "wild". To begin with, most of the oysters we get in markets are farmed — oyster farming started decades ago — and several years ago the United States started captive breeding of salmon.

The word "wild" has a fascinating effect on Chinese people also because hardly any animals survive in large numbers in the wild in China. They see the abundance of "wild" oysters and salmon in Denmark and Australia, respectively, as not only a gift of nature, but also a sign of good environmental protection.

China has lost much of its wildlife population thanks partly to its rapid economic growth, which has had a huge impact on its environment because of severe air, water and soil pollution.

Because of the insatiable appetite of some people, many wild animals have entered the list of endangered species or have become extinct. For example, the Chinese pangolin, whose scales many falsely believe have health benefits, can no longer be found in the wild because of over-hunting. The wild yellow croaker, which was abundant in the East China Sea in the 1950s, has become a memory for many due to over-fishing. And the Yangtze River's knife-fish, a delicacy for many Chinese, is fast moving toward extinction.

The reports on the oysters and salmon, which unwittingly highlighted the sharp contrast between China and some foreign countries, should be a warning for



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us that, if we do not better protect the environment, we could soon lose all the wild animals in the country.

Given that hunger and starvation have haunted Chinese people down the ages, right up to the 1970s, many people's mouth-watering response to the two news reports is not surprising. But times have changed. Although

China still has a relatively large number of poor people, starvation is a thing of the past. Therefore the consumption of wild animals to satiate hunger too should become a thing of the past.

Chinese people should also abandon their superstitious belief that some wild animals' parts have health benefits, and allow wildlife to survive. And, hence, instead of

embarking an oyster-eating tour to Denmark or paying a visit to Australia to savor salmon, let's make more efforts to repair our environment and protect our wildlife, because they will eventually save us from extinction.

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Guideline on drunken driving a welcome move

Editor's note: The Supreme People's Court recently issued a pilot guideline on the penalties for drunken driving, which stipulates that drunken driving that might cause very little harm to society should not be considered a crime, and thus be exempt from the penalties set out for dangerous driving in the Criminal Law, sparking a heated public debate. Following are the views of three experts on the subject:

The reasonable change should be appreciated



Liu Renwen, director of criminal law faculty, Institute of Law, Chinese Academy of Social Sciences

Public debates have followed almost all the strict legal stances taken by the authorities since 2011. Even after drunken driving was made a crime under the amended Criminal Law and Road Traffic Safety Law in 2013, a debate ensued. The point of debate this time is whether different levels of penalties should be imposed for drunken driving depending on

the gravity of the offense.

Those opposed to the move insist that as long as a driver's blood alcohol content is 80mg/100 milliliter or above, he/she should be booked for committing a crime. And people supporting the move say that despite the offending driver's blood alcohol content being 80mg/100ml or above, if he/she is still "conscious" enough to drive safely, the case should be handled according to Article 13 of the Criminal Law, a proviso clause which could deduce that drivers could be exempt from the penalties set out for dangerous driving.

The pilot guideline issued by the Supreme People's Court could be viewed as returning to judicial rationality. In fact, many countries, however they describe a crime, have adopted disposal

approaches for decriminalization of offences, even though the articles that do not regulate penalty levels depending on the circumstances differ.

Judicial explanation makes law clearer



Wang Lin, director of litigation law faculty, Law School of Hainan University

The pilot guideline should not be interpreted as a watering down of the Criminal Law, which imposed harsher punishments on drunken drivers in 2011, because the Criminal Law does not say all drunken drivers should get penalties set out for dangerous driving. In fact, an article in general provisions of the Criminal Law says: "If an act is obviously minor, causing no serious harm, and is therefore not deemed a crime," theoretically it could be applied to all individu-

al cases, including dangerous driving.

To be precise, even though the eighth amendment to the Criminal Law identifies drunken driving as a crime, it does not stipulate that all drunken driving cases be determined as crimes. The pilot guideline as such, has no conflict with the existing law.

The public should therefore pay attention to the details in the guideline. For example, the guideline says: "If the circumstances are obviously minor, causing no serious harm, conviction and punishment should be avoided; if the circumstances are minor, criminal punishment could be avoided." While the guideline does not clarify what is the exact difference between "obviously minor" and "minor" circumstances, the function of judicial explanations is to make the law more practical, for instance, by giving judges a precise reference point to base their judgments on, instead of empowering them to use a wide range of templates to determine the circumstances.

Reflect on the use of proviso clause in Criminal Law



Li Xiang, director of Comparative Penal Law and International Criminal Law Institute, East China University of Political Science and Law

The new pilot guideline of the Supreme People's Court uses the proviso clause in Article 13 of the Criminal Law as a disposal approach for decriminalization of drunken driving, which needs to be reflected upon.

The proviso clause in Article 13 has only an indirect guiding significance; it need not necessarily be directly applied in practice. The determination standard of "if an act is obviously minor, causing no serious harm" is to assess the level of social harm an offense has caused, which gives law enforcement officers a big say in deciding the extent of the social harm so caused.