China Celebrates Outwitting Us in the WTO

by Phyllis Schlafly December 21, 2011

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Communist China is this month celebrating its tenth anniversary of joining the World Trade Organization. The subtitle ought to be China's tenth anniversary of cheating the United States.

The globalists talked us into supporting this cozy trade relationship with China by getting U.S. manufacturers and farmers to salivate at the prospect of gaining access to the world's biggest market. China, on the other hand, joined the WTO to implement its plan to grow into an economic superpower the same way the United States became powerful in our pre-New Deal century, i.e., by protecting local industries and financing our government with tariffs on imports.

Somehow, China learned the lesson of "Animal Farm": all are equal in the WTO but some are more equal than others. China enhanced its WTO membership with special breaks and loopholes that allow China to sell slave-manufactured goods worldwide but protect its own industries from foreign competition.

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The result? China sells microwave ovens for $49 in the United States, but the U.S.-built Jeep Grand Cherokee sells for $85,000 in China because the Chinese add tariffs and other fees to the U.S. price of $27,490. Since only a few Chinese millionaires can afford such a luxury, fewer than 2,500 have been sold in China this year.

The 25 percent tariff is only one reason why the Grand Cherokee costs three times as much in China as in the U.S. China also imposes a sales tax of up to 40 percent

of the price, based on the car's size, and gives generous subsidies and extraordinary regulatory favors to state-owned companies.

Should U.S. companies retaliate by building their own plants in China? China limits foreign manufacturers of auto assembly plants to only 50 percent ownership, and requires U.S. companies building plants to give China its U.S. patents and trade secrets.

China was admitted to the WTO after promising to accept its rules about free trade. But as the lawyers say when you end up disappointed by a contract, you should have read the fine print.

The fine print in China's WTO agreement was in an attached document euphemistically labeled an "accession agreement," which gave China status as a "nonmarket economy" and spelled out thousands of details about special preferences for China. China was allowed to impose higher tariffs than other countries, and ever since has protected its auto industry by a prohibitive tariff on imported cars. By contrast, South Korea's tariff on imported cars is 8 percent, and the European Union's is 10 percent.

China is flooding the global market with cheap solar panels. The U.S. has filed complaints with the WTO against Chinese tariffs on steel and subsidies for wind power equipment, but don't expect the WTO to clamp down on China.

Meanwhile, as more and more U.S. public schools are making vaccinations a requirement for admittance, China is preparing to take over the vaccine market. China's Food and Drug administration brags that China has more than 30 vaccine-producing companies with an annual production capacity of nearly one billion doses.

Are parents willing to inject their kids with Chinese vaccines? Chinese cough syrup killed 93 people in Central America in 2007. At least 81 U.S. deaths in 2008 were caused by Heparin, a Chinese-made blood thinner widely used in surgery. Tainted milk powder poisoned hundreds of thousands of Chinese babies.

An expert on Chinese health at the Council of Foreign Relations, Yanzhong Huang, pointed out the difference between Chinese and U.S. medicine safety. Unlike China, U.S. vaccines are kept safe by supporting institutions such as "the market economy, democracy, media monitoring, civil society, as well as a well-developed business ethics code," plus inspections and regulations, severe punishments for violators, and, of course, lawsuits by trial lawyers.

U.S. globalists for decades have closed their eyes to the fact that China is a Communist dictatorship. All during the '70s and '80s, and even the '90s, the globalists predicted that as China pursued a market economy, China would evolve into capitalism, economic freedom, and then political freedom.

Dream on; it didn't happen. The Communist Party still runs the country, there is no democracy movement even 22 years after the Tiananmen massacre, so-called reforms don't include changing the party in power, and the Internet didn't produce freedom but instead became a device to monitor and control the people.

Chinese spokesmen are bragging: "We believe that our 10-year arrangement has been successful." Indeed, it has. China's national strategy is still based on Sun Tzu: all warfare is based on deception. It's time for apologies from the U.S. free-traders who were so wrong in their predictions about China.