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RELEASE: JULY 7, 1981

CHINA, CHINA, WHICH HAS THE CASH?

If you have tried to get a loan lately, you are keenly aware of what high interest rates you must pay. Too bad you don't have the special privileges enjoyed by the government of Red China, which was recently able to get $550 million in loans at low interest charges ranging from 4-5/8 to 6-7/8 percent a year.

The generous terms of these loans to Red China were granted by the International Monetary Fund, a so-called international organization to which, of course, the United States is the chief financial contributor. That is one of the many devices by which American taxpayers' money is funnelled to foreign recipients through international middlemen over whom we exercise little or no control.

These low-interest loans are a desperate attempt to keep alive the hope that Red China offers fantastic trade opportunities for American businesses. That isn't true; Red China cannot become a good trading partner in the foreseeable future because it has no cash with which to buy and has hardly anything to sell. It makes no sense for the American taxpayers to subsidize loans to Red China.

A couple of years ago, dozens of American corporations were clamoring for hard-to-get office space in Peking, flying in expensive office and communications equipment, and sending their top personnel in the expectation of cutting themselves a slice of the giant new billion-person consumer market. The sales contracts didn't materialize.

Bethelem Steel, Pullman-Kellogg, Caterpillar Tractor, and Bechtel are all beating what some call a tactical retreat. Their hopes have been chilled by what the Chinese call economic retrenchment and a reordering of priorities. It does seem as though ordinary marketing and financial investigations by U.S. businesses could have sized up the situation better before they rented $650-a-day quarters in Peking.

About 100 miles off the coast of Red China, the island of Taiwan has become a reliable cash customer and one of America's best trading partners. Whereas Red China,

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with one billion people, had a trade volume of $4.8 billion with the United States last year, little Taiwan with only eleven million people had a trade volume of $11.4 billion with the United States last year.

Many people thought that, when Jimmy Carter broke diplomatic relations with Taiwan at Red China's insistence, and repudiated the mutual defense treaty between the two longtime friends, that meant the end of little Taiwan. As the saying goes, Taiwan has cried all the way to the bank.

Taiwan has become America's eighth-largest source of imports and tenth-largest market for exports. The trade balance last year was $2.1 billion in Taiwan's favor.

Many other Western nations which do not accord diplomatic recognition to Taiwan are more than happy to trade with them because it is so profitable. West Germany and France have a flourishing trade with Taiwan, and six European banks have opened branches there since the American break.

Western industrialists have lost their fear of offending Red China through trade with Taiwan. They have discovered that the cash market is in Taiwan. As one of the Western businessmen told a reporter, "The veil has been torn from the mirage of the mainland trade."

Yet still, our State Department seems to be dreaming of a mirage on the mainland. Although our government has actively encouraged our allies to sell armaments and military-related technologies to Red China, our government has a peculiar reluctance to sell Taiwan the weapons it has been requesting.

So Taiwan just rewarded the Netherlands with a $500 million purchase order for two submarines. As the deputy director general of the Taiwan Board of Foreign Trade explained, "We put the interests of friendly countries on priority consideration."

The United States helped to build up Russia through loans and the transfer of Western technology, always cherishing the hope that Russia would become a big market for American products. The market didn't develop, but Russia became a military superpower and a menace to the Free World.

It looks like we may be making the same mistake with Red China, while overlooking the "acres of diamonds" available from our longtime friends on Taiwan.

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