Spying and Stealing by Communist China

by Phyllis Schlafly March 28, 2012

How long are we going to put up with the fiction that free trade with China is beneficial to the United States? China uses our myopia about free trade to cheat us coming and going, steal our patents and manufacturing secrets, and violate the rules of the World Trade Organization to which they agreed when they joined.



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Communist China's strategy is to spend and spy and steal to become the number one superpower in the 21st century. The Chinese are seeking every kind of technology: aerospace, biotech, information, and energy.

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They subsidize their exports to undersell U.S. products, engage in massive intellectual property theft, and impose high tariffs on imports to protect their home market. A Detroit-made Jeep Grand Cherokee sells for $27,490 in the U.S., but $85,000 in China.

U.S. Trade Ambassador Ron Kirk, just interviewed on Fox News, demands that we be nice to Communist China lest we start a "trade war." But as Robert Atkinson, president of the Information Technology and Innovation Foundation, said, "The trade war has already been going on for five or ten years. The Chinese have shot the most volleys and we're losing."

Kirk didn't mention the nasty way China treats U.S. companies that locate plants in China. The Chinese force U.S. corporations to give China their technology and manufacturing secrets as the price of doing business in China.

Chinese Communist officials must be laughing all the way to the bank at U.S. self-deception about free trade. What the Chinese mean by free trade is that the U.S. is bound by rules, but China gets our manufacturing technology free, sells us shoddy and sometimes poisonous merchandise, and uses its profits to build a military to overtake ours.

For years, U.S. free traders have been promising that we will soon be exporting our products to China. What we are exporting to China is U.S. jobs.

The auto-parts industry has been a backbone of U.S. manufacturing; three-fourths of the more than 600,000 U.S. auto-industry jobs are with parts companies. The auto-parts jobs are now migrating to China, and California alone is at risk of losing 70,000 jobs.

To build its own auto-parts industry, China is using all sorts of predatory trading practices. These include an $8.7 billion illegal subsidy, rigging its tax laws, manipulating its currency, tax incentives, low-interest loans, border taxes, and mandates that autos assembled in China must use engines made in China.

Stealing industrial secrets is a major part of China's trade relationship with America. China has a large pool of potential spies among Chinese immigrants to the United States and the unprecedented number of Chinese graduate students attending U.S. universities.

Take, for example, the story of DuPont's $17 billion-a-year industry selling a product called "Titanium white," which makes dozens of commonplace items white, from toothpaste to plastics to paint. China tried to buy the process from DuPont, but DuPont wouldn't sell its 70-year-old business.

So the Communist Chinese stole it, using a Chinese immigrant, Tze Chao, working for DuPont as an engineer. After his arrest, he explained that the Chinese, "in asking me to provide DuPont trade secrets to them, overtly appealed to my Chinese ethnicity and asked me to work for the good of the PRC."

A Chinese immigrant scientist named Kexue Huang, who held positions at both Dow AgroSciences and Cargill Inc., stole

their trade secrets and sent them to China to promote China's strategic science goals. After he was caught and pled guilty, Assistant Attorney General Lanny Breuer said, "These crimes present a danger to the U.S. economy and jeopardize our nation's leadership in innovation."

Ron Paul has been working for years to get transparency in the Federal Reserve System. But a Chinese national named Bo Zhang, who was still trying to get a visa, was arrested in January and charged with stealing proprietary software code from the Federal Reserve Bank of New York, which had cost the United States $10 million to develop.

The free traders in the United States have been telling us for years that trade would lure China away from Communism, to embrace private enterprise, and become a good fellow in the global community. That isn't happening; although China has allowed a few powerful bosses to get very rich, the Communist Party has retained all the reins of power.

China's Justice Ministry just issued a requirement that new lawyers must swear an oath of loyalty to the Communist Party. Here is the essential part of this oath: "I swear to faithfully fulfill the sacred mission of legal workers in Socialism with Chinese characteristics. I swear my loyalty to the motherland, to the people, to uphold the leadership of the Communist Party of China and the Socialist system."