The Great Awakening About China

Nov. 19, 2003

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American businessmen and farmers are finally waking up to how they were sold a bill of goods by those who promised that China would be a profitable billion-mouth market if we just gave that developing country Most Favored Nation trade privileges and assisted its admission into the World Trade Organization (WTO). Like Claude Rains in "Casablanca," the Bush Administration is "shocked, shocked" to discover that Communists don't play by the rules or keep their promises.

Chinese behavior is so blatant that U.S. Secretary of Commerce Donald Evans just went to Beijing for a week's visit to complain about China's trade policies in undiplomatically blunt terms. He chided the Chinese for failing to live up to their market-opening commitments made in December 2001 when China joined the WTO.

"Time is running out," Evans said. "We need to see results. . . . We have been patient, but our patience is wearing thin." Evans even warned that China's exports might be threatened by hardening protectionist sentiment in the United States.

In September, the Bush Administration announced the creation of a new Unfair Trade Practices Team in the Commerce Department to address trade barriers that are costing American jobs. The United States has lost 2.6 million manufacturing jobs since George W. Bush became President.

American manufacturers are complaining that China keeps its exports to the United States low-priced, and its imports from the U.S. high-priced, by artificially undervaluing Chinese currency up to 40 percent. China's excuse for this currency manipulation is that its banks have too many bad loans to allow money to move freely.

Evans' rhetoric about China's refusal to open its markets had been accelerating even before his trip to China. He told the Economic Club of Detroit in September, "That's not a pretty picture."

In particular, Bush officials are demanding that China clamp down on counterfeiting and piracy of American films, software and other U.S. products. The Bush Administration is pressing for greater access to Chinese markets for U.S. companies and an end to subsidies for unprofitable state-owned companies.

Trying to criticize China's uncooperative behavior while keeping faith with free-trade dogma, Evans said, "American manufacturers can compete against any country's white collars and blue collars but we will not submit to competing against another country's choke collars."

Evans admitted to the Detroit Club that U.S. manufacturers are complaining about "rampant piracy of intellectual property, forced transfer of technology from firms launching joint ventures in China, trade barriers and capital markets that are largely insulated from free-market pressures."

As an example, Evans told how the Chinese steal Wrigley's copyrights. China sells pirated chewing gum, copies the design of the Wrigley distribution trucks and drives them over the very same routes.

Some of China's behavior is much more dangerous than refusing to buy our chewing gum. The Commerce Department says that Chinese companies refuse to cooperate in allowing checks on whether American dual-use goods sold to Beijing are diverted to military purposes.

Under Secretary Kenneth R. Juster said that we conduct such "end- use" verification visits without any difficulties in over 85 countries, but China restricts our ability to carry out this routine activity. He said that "exports to China of licensed goods that have military applications have increased sharply."

Last year, China bought $2.8 billion worth of goods that have both civilian and military applications. That's up from $515 million in 2001.

It's no secret that China wants America's sensitive defense technology, cutting-edge computer software, and scientific research of all kinds. The FBI reported in August that China has more than 3,000 "front" companies in the United States whose real purpose is to use thousands of Chinese business and student visitors to carry out espionage tasks for the Chinese government.

The FBI ranks Communist China as the greatest espionage threat to the United States over the next 10 to 15 years. Director Robert Mueller told Congress that this situation can "greatly undermine U.S. national security and U.S. military and economic advantage."

China is saying that it plans to buy more goods from the United States. But don't look for Wal-Mart to start selling made-in-America goods in China.

When Evans was in Beijing this month, China staged a ceremonial signing of contracts to buy $100 Million worth of U.S. rail equipment. That's just 1/10th of one percent of our trade deficit with China now running at $120 Billion.

Most of that deficit is the result of the movement of U.S. manufacturing plants and jobs to China. Labor costs are so much cheaper when U.S. businesses can hire slave labor managed by Communist bosses.

I wonder if the 2.6 million Americans who lost their jobs think that the global economy is worth the price.