

U.S. accuses China of 'unfair' trading

by Michael Billington

In 1990, when the blood was still fresh from China's Tiananmen Square crackdown of 1989, the Bush administration and the Congress chose to extend the Most Favored Nation (MFN) status to the discredited Deng Xiaoping regime in Beijing, arguing that the People's Republic of China was too close a friend to antagonize over a little thing like the murder of its youth, and that Deng was committed to a policy of reform which was in the interests of the United States. Now, however, with most of the political trials of the Tiananmen demonstrators completed, the Bush administration and Congress have launched a campaign to revoke MFN when it comes up for renewal in July, and simultaneously unleashed a barrage of accusations and threats against the P.R.C. economic, military, and foreign policy.

This is not caused by any second thoughts over human rights issues. Rather, the impoverished Chinese economy is accused of being unfair because it is running a trade surplus with the United States, and because it is providing military and technological assistance to Third World nations. The content of the attack is fully in keeping with the policies of the Bush "new world order" to eliminate national sovereignty, and impose a policy of technological apartheid against the Third World.

The severity of these attacks is stunning, especially in light of the fact that George Bush has, until now, placed the full weight of his office and all of his "secret government" capacities behind the defense of the P.R.C., regardless of the atrocities carried out by that regime.

The attack began with the recently issued U.S. government report "Foreign Trade Barriers," charging that the People's Republic now runs the third-largest trade surplus with the United States, trailing only Japan and Taiwan. The P.R.C. Ministry of Foreign Economic Relations and Trade denies the charges, and says they are an accounting trick by Washington. While the U.S. claims that \$15 billion worth of goods were purchased by the U.S. from China in 1990, China says exports were only \$5 billion, leaving a \$1.4 billion *deficit* rather than the \$8 billion-plus surplus alleged by the United States. The \$10 billion difference comes from two sources: goods produced in the Special Economic Zones by

foreign firms with foreign raw materials, over which the P.R.C. has virtually no control and derives little, if any, tariff income; and from goods exported to Hong Kong for processing before being exported to the U.S. This existence of the mainland for "little Hong Kong" sweatshops, with cheap labor and tax breaks for foreign investors, is now being used against them by the very interests that set them up. The P.R.C. news agency Xinhua complained that even "Hong Kong, Taiwan, and South Korea moved their labor-intensive productive enterprises to the Chinese mainland to utilize its fairly cheap laborers. Since these enterprises sell most of their products to foreign countries, especially the U.S., it appears on the trade statistics that the export volumes of these regions to the U.S. declined while that of China, including its *entrepôt* trade volume, increases."

Bush also announced on April 26 that China, along with India and Thailand, are guilty of pirating software and other patented material, and threatened action if certain demands are not met.

Third World nuclear policy singled out

With the trade war drums pounding, the P.R.C.'s military and technological trade with Pakistan, Syria, and Algeria came under attack. Pakistan is under increasing economic warfare from the U.S., and is a serious contender as the next target for the "Iraq treatment." China's support to Algeria in developing nuclear technology was declared by British and American intelligence to be a potential threat, claiming it was an attempt to create the first "Arab bomb." It was reported that the test reactor under construction was "too large for a test reactor and too small for energy," and therefore must be for the production of nuclear weapons fuel. The press prominently played Sen. Joseph Biden (D-Del.) of the Senate Foreign Relations Committee calling China a "rogue elephant among the community of nations." The demand that advanced technology—especially nuclear technology—be denied to the Third World because of its potential "dual use" for military purposes has become a buzzword for the Anglo-American policy of "technological apartheid."

Within days of the charge against Algeria, the same sources accused the P.R.C. and Korea of smuggling massive amounts of arms into Iraq through Singapore and Jordan in an effort to rebuild Iraqi military power, thus transferring the manipulated hysteria over Saddam Hussein onto the P.R.C.

It is in this context that President Bush decided to meet with the Dalai Lama of Tibet. Bush has never had a word to say about the 40 years of brutal suppression of Tibetan independence, and once even accused the Dalai Lama of a "callous attitude" for not negotiating with Beijing. The personal meeting at this time is a message to Beijing, whose meaning is best expressed by the fact that on the same day Bush ordered the U.S. military to establish camps for the Kurds in northern Iraq, a breach of sovereignty carried out without even the pretense of U.N. approval.