

# China trade bill approved by US House of Representatives

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The US House of Representatives voted Wednesday—by a margin of 237 to 197—to establish permanent normal trading relations (PNTR) with China, after an intense lobbying campaign by corporate America, the Clinton administration and the Republican Congressional leadership. The US Senate is expected to endorse the measure as early as next month.

At stake in the issue is hundreds of billions of dollars in potential profits for big business. The agreement reduces Chinese tariffs on a host of US industrial, agricultural and service products and gives US firms greater access to the massive Chinese market. Under the agreement, US agricultural exports to China are estimated to increase by \$2 billion a year, and high-tech firms will gain access to a \$20 billion wireless telephone market expected to double by the year 2003. China is also set to become the third largest market for semiconductors by next year, and PNTR should eliminate by 2002 tariffs of about 6 to 10 percent applied to semiconductors sold to China and 9 percent on personal computers.

Direct foreign investment in China, which reached \$45 billion from international investors in 1998, is expected to rise by as much as 15 to 20 percent a year when the country enters the World Trade Organization (WTO) later this year. With the Beijing regime lifting restrictions on foreign ownership, US companies such as Motorola, General Motors and Caterpillar—which have already invested billions in China—are expected to sharply expand production facilities to take advantage of the country's cheap labor and huge market. "US foreign investment is about to overtake US exports as the primary means by which US companies deliver goods to China," Joseph Quinlan, an economist with Morgan Stanley Dean Witter, told the *Wall Street Journal*.

The bulk of the US intelligence and military establishment also supported the bill, arguing that containing China would be far more difficult if the country were economically quarantined, and that American strategic interests would be harmed if the Europeans and Japanese gained greater influence in the region than the US.

The passage of the trade deal will end Congress's 20-year policy of annually voting on China's trade status. Last year, in its bid to enter the WTO, the Beijing regime agreed to reduce a wide range of barriers to trade, investment and other business activity by foreign firms. Under WTO rules, however, if the trade measure had not passed Congress, China would have had the right to deny US companies the access to its markets that it is extending to other WTO countries.

US companies feared that they would be left behind by their

European and Japanese competitors. This danger was underscored last Friday, when the European Union signed a comprehensive commercial pact with China that will reduce tariffs on 150 major European imports and make it easier for European telecommunications, banking and insurance businesses to compete in Chinese service industries.

Calling the trade deal a "one-sided agreement," Republican Speaker of the House Dennis Hastert said, "China gets nothing from us they don't already have. And we get lower tariffs and easier access for our exports going to China." Then he warned, "Someone is going to sell to this vast new market. The question is who will be there when the door opens? Will it be the United States or will it be Europe and Japan?"

In addition to the intrinsic importance of securing access to the Chinese market, corporate interests backing the China trade deal felt it necessary to put an end to a series of defeats in recent years for trade legislation that had the backing of powerful sections of big business. In 1997 and 1998 President Clinton's efforts to win so-called "fast track" negotiating authority were defeated. Opposition to the administration's trade policies also erupted last year when thousands of trade unionists, environmentalists and students marched in Seattle against the WTO.

This time major corporations decided not to leave anything to chance and launched an aggressive campaign to assure the passage of the bill. The Business Roundtable—a collective of chief executives from Boeing, Citigroup, General Motors and about 200 other large corporations—the US Chamber of Commerce, and a coalition of US agri-businesses spent tens of millions of dollars on advertising and lobbying efforts to pass the bill. As the vote grew near, corporations and their lobbyists wrote checks and organized fundraisers for Congressmen committed to voting for the China deal, or those leaning towards supporting it.

"I'm not apologizing," said Gary Benanav, CEO of New York Life International, an insurance company. "Yes, we rolled out every resource because we believe it was critical for all of us." The *New York Times* hailed the outcome of the vote, calling it a "stunning victory for the Clinton administration and corporate America."

The overwhelming majority of the political establishment publicly supported the bill, including the White House, Federal Reserve Chairman Alan Greenspan, former president George Bush, and presidential contenders George W. Bush and Al Gore. To secure the needed votes, Clinton met with 100 Congressmen,

sometimes at his White House residence or on Air Force One, and engaged in last minute horse trading with wavering politicians, including with two Texas Congressmen who wanted help with a local gas pipeline.

So important was this vote for big business that some of Clinton's bitterest enemies, including Republican Whip Tom Delay and Indiana Representative Dan Burton, who spearheaded the impeachment campaign in the House, joined the president in pushing for the trade deal. Three out of four Republicans voted for the bill.

Two-thirds of the Democratic Congressmen voted against the measure. The Democrats were openly split, with Minority Leader Richard Gephardt and Minority Whip David Bonior leading opposition in the House. At the same time key Democrats broke with the AFL-CIO, which lobbied furiously against the bill, and backed the measure, including Congressional Black Caucus member Charles Rangel and Sander Levin, a Michigan representative with long ties to the United Auto Workers union.

The divisions within the House of Representatives reflected divisions within corporate America itself. A section of US big business, particularly more backward industries dependent on protection from imports, adamantly opposed the trade deal. North Carolina Republican Robin Hayes, for instance, denounced the bill from the floor of the House Wednesday, warning that cheap products from China would destroy the state's textile industry.

The AFL-CIO and its affiliated unions lined up with this section of big business, even though industries such as textile have traditionally been ferociously anti-union, and have based their profits on particularly brutal levels of exploitation. The textile bosses are notorious for the poverty-level wages and poor working conditions that prevail in their plants in the South and other regions of the country.

The AFL-CIO also made common cause with extreme right-wing political forces, including Patrick Buchanan, Christian fundamentalist Gary Bauer's Family Research Council, Georgia Republican Bob Barr, North Carolina Senator Jesse Helms and the American Legion.

The political coloration of the trade union bureaucracy's allies in the fight against PNTR is indicative of the reactionary perspective that underlay the AFL-CIO's anti-China campaign. It was the continuation of a policy that goes back at least a quarter of a century. No matter how the union federation seeks to disguise its program—whether under the mantle of “workers' rights,” “human rights,” or “democracy vs. communism”—it remains a policy of economic nationalism.

There is no doubt that PNTR, as is the case with every trade measure enacted by the corporate-controlled American political system, will be used to further the interests of US big business as the expense of workers, both in the US and China. But the response of the AFL-CIO does not represent the independent interests of the working class; rather it embodies the rearguard efforts of a privileged and corrupt labor bureaucracy to maintain its own economic and social position.

The AFL-CIO's policy is a reactionary response to the globalization of production, trade and finance. It is a futile attempt to oppose fundamental tendencies of modern world economy. On

the basis of this policy, the AFL-CIO unions have proven themselves incapable of defending the jobs of workers threatened by the movement of production to cheap labor havens, or any other form of corporate downsizing.

Instead the AFL-CIO has encouraged mutual distrust and animosity between American workers and their counterparts in Mexico, Japan and elsewhere and aided racist and fascist forces in their attempts to channel anger over corporate downsizing and falling living standards into American chauvinism and xenophobia.

The labor bureaucracy is engaged in a hopeless and retrogressive attempt to roll back the development of technology and the productive forces to an earlier period, when the national market played a greater role, in relation to the world economy, than it does today. Such was the period of the post-World War II boom, when the AFL-CIO had far greater leverage in its maneuvers with big business and the government.

The overriding concern of AFL-CIO President John Sweeney and his cohorts is to stem the hemorrhaging of dues-paying membership, in order to protect financial base of their income and privileges.

Just as the AFL-CIO officialdom would like to return to the salad days of years past for economic reasons, so too they strive for a revival of the Cold War politics which they were instrumental in promoting. With the collapse of the USSR, the AFL-CIO has shifted its anti-communist crusade to China.

There is no doubt that the regime in Beijing is deeply repressive and anti-democratic. This, however, is a manifestation not of adherence to Marxism or socialism, but rather their political opposite—Stalinism. As for the AFL-CIO's campaign against trade with China, it reflects not some genuine commitment to democracy—as attested by the repressive and bureaucratic regime within the American unions—but rather the labor bureaucracy's deep-seated hatred of socialism and revolution.

The one critical conclusion that does arise from the global integration of economic life—the need for workers in the US, China and all other countries to unite in a common struggle against the transnational corporations and banks—is anathema to the AFL-CIO.



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