

# MFN linked to western banks' rights

by Cho Wen-pin

President Bill Clinton has come under increasing pressure from the U.S. foreign relations establishment to renew Most Favored Nation (MFN) trading status for the People's Republic of China. Three former secretaries of state and other former senior officials of both parties have come out demanding that Clinton unconditionally extend trade benefits to China. On March 15, Henry Kissinger, who has a lot of personal business dealings in the P.R.C., and Cyrus Vance hosted a Washington, D.C. forum on "The Debate Over Most Favored Nation Trade Status" sponsored by the New York Council on Foreign Relations to demand that Clinton stop "quibbling" about human rights and renew China's MFN status.

China is counting on such western friends of communism to push the MFN through, and has proceeded with stepped-up repression of dissidents and religious activists in the P.R.C.

But meanwhile, in the event that MFN status is denied, Beijing is also working extremely hard to enter the General Agreement on Tariffs and Trade (GATT) this year, so that it can then join the forthcoming World Trade Organization in 1995. Indeed, GATT would bring China many of the same supposed benefits as MFN status, since GATT could be considered as blanket MFN status for all participants. But it is the international hot-money banking community, and not China, that would really benefit.

The GATT conditionalities which would be imposed by the European Union, Japan, and the United States, insist that China should have a radical reform of its banking and currency system. All the conditionalities demand that China drop its barriers to foreign banking, insurance companies, and other financial services. To a certain extent, they are the same kinds of demands the International Monetary Fund (IMF) used to administer its disastrous shock therapy to Russia.

China is currently in the final phase of its negotiations with GATT over what is known as the "Protocol of Accession" to bring China in as early as in June—the very same month that China faces MFN annual renewal from the Clinton administration.

But does GATT membership help to improve anybody's rights? The answer is that GATT will "let the market decide" whose rights need to be improved.

GATT will provide some people a market in China, where last year's imported commercial services were worth

\$9.2 billion. GATT will guarantee more capital flight out of China, and will protect usurers' rights to loot the country.

Ironically, among the younger Chinese generation, a few who foresaw the invasion of China by international financial vultures, have now become practically economic dissidents. They are being ousted from the academic research institutions, or are being silenced in less direct ways. Among them, He Xin, a former senior researcher in China's Academy of Social Sciences, was recently interviewed by the *China Times Weekly* magazine while touring America. Mr. He said he believed the reason why western financial elites suddenly started pouring money into China back in 1992, was to make China dependent upon their financial resources, putting the whole economic reform at the mercy of these money managers—clearly paralleling the case of reform in Russia. As an economist and member of the Chinese Political Consultative Congress, Mr. He expressed his concern over what most people see as an economic boom in the country. But He Xin said that most Chinese economists who are now calling the shots do not agree with him.

Beijing's entry into GATT may hinge on settling its conflicts with Britain over Hongkong. European Union Commissioner Sir Leon Brittan accused China's discriminatory policy of being in an anti-GATT spirit, and hinted that Britain would act to ensure that China's GATT application is rejected. To keep the GATT pot simmering, Beijing reopened discussions with the United Kingdom over the infamous Hongkong Airport project—a controversial case in which British construction contractors stand to make a fortune in this \$24 billion deal. Early this month, Brittan rewarded China by expressing his confidence that China's GATT membership was assured, after Chinese Foreign Trade Minister Wu Yi had given him "unequivocal" assurances that Beijing would not discriminate against any EU member. Moreover, on March 22, Chinese Premier Li Peng repeated to the People's Congress that Beijing would not link politics to trade by blocking British firms from the Chinese market because of a row over Hongkong.

Before U.S. Secretary of State Warren Christopher went to Beijing in mid-March, leading members of the Chinese democratic movement were arrested and interrogated by the government, and the secretary of state expressed his "strong distaste" for Beijing's action.

However, the strangest thing, although not much covered by the press, is that while U.S. congressmen were threatening to cancel America's bilateral trade relationship with China, within days after Christopher's trip, a State Department spokesman stated that "the secretary reaffirmed staunch U.S. support for China's admission to the GATT, so long as China meets the conditions requested for GATT membership."

Thus, the Beijing gets a multi-lateral GATT deal, which very much overrides bilateral MFN trade status with Washington. So the whole fight of linking MFN trade status to human rights end up protecting foreign banker rights.