



‘Generation-Defining Mistake’: How China Fooled American Elites To Join The WTO

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Saturday marked the 20th anniversary of China joining the World Trade Organization (WTO). To say those two decades didn’t go as the U.S. planned would be an understatement.

The regime in Beijing that was thought to be on a path toward liberalization and responsible global citizenship has instead further cracked down on human rights, accelerated economic abuses against the U.S. and expanded its ambitions abroad. The accession of China into the WTO and the normalization of trade relations has backfired spectacularly and accelerated the development of a bipolar global order, experts say.

Former President George H.W. Bush said that “No nation on Earth has discovered a way to import the world’s goods and services while stopping foreign ideas at the border,” and it was this idea that led the Clinton administration to welcome China into the economic fold. Former President Bill Clinton himself said, when America took the steps to bring China fully aboard the global economy: “Today the House of Representatives has taken an historic step toward continued prosperity in America, reform in China, and peace in the world... it will open new doors of trade for America and new hope for change in China.”

Reality looked a little different. Clinton initially had signed an executive order in 1992 linking China’s “most-favored nation” trading status to various human rights standards. That executive order was later repealed, though, which perhaps should have been a sign of things to come. When push came to shove, business interests overruled those of human rights and labor organizations, said Michael Auslin, the Payson J. Treat Distinguished Research Fellow in Contemporary Asia at the Hoover Institution.

“No one understood or had done the due diligence to understand what putting China in the WTO would mean for global markets and particularly, for American workers,” Auslin said. “Other than labor unions and those who were focused on the effects on American manufacturing, everyone else focused on the quote-unquote efficiencies to be had from bringing China in.”

The human rights and liberalization arguments for making China a full-fledged economic partner of the West quickly fell by the wayside. While politicians spoke fondly of a free and open China that could become a responsible player in world affairs, the real motivation for normalizing trade relations was always economically motivated, said Scott Lincicome, a senior fellow in economic studies at the Cato Institute and expert on trade policy.

“Democratization was kind of the gravy that guys like Clinton and the Chamber (of Commerce) threw in,” he said. “But the primary motivation here was very much commercial and self-interested.”

“Decoupling” was another point made in favor of acquiescing to China at the WTO. By creating a siloed forum to deal with economic and other trade issues with China, the U.S. would better be able to negotiate on anything from human rights to arms control in others. Instead, the U.S. is now clumsily trying to strike climate deals with China while boycotting their Olympics and stopping American companies from using slave labor. Nothing is decoupled. Everything is as intertwined as ever before.

Though human rights and democracy may have been “gravy” to the Chinese, it was important that they convince the rest of the world in December 2001 that they were interested in Westernizing, experts said. They fooled American and European leaders into thinking they were opening up, just long enough to sink their teeth into the American and European markets for good.

“The whole basic notion was stupid... there was this kind of view that China was like Ohio except they spoke funny,” said Robert Lighthizer, the United States Trade Representative from 2017 to 2021 during the Trump administration. “That was kind of the notion, and it’s not. It’s a bunch of real smart, hard-charging people that don’t believe at all in free trade except to the extent that that rhetoric gets people like us to disarm.”

“The Chinese were really good at exploiting the situation that existed back in the 1990s. That was that we had seen the breakup of the Soviet Union, and there were these theories about the end of history, that it was an inevitable march toward liberal democracy throughout the world,” said Thomas Duesterberg, a senior fellow at the Hudson Institute studying trade, manufacturing, economics and foreign policy. “And the Chinese were very smart... they had leadership in the 1990s that gave some hint that maybe they were moving in a liberal direction, but that was just something of a smokescreen. They were just biding their time.”

“What we missed was the determination of Chinese leadership. It’s the Communist Party. They’re very determined to restore China as the middle kingdom,” he added.

Biding their time has paid off. The Chinese economy now rivals that of America. The “China shock” has led to the U.S. losing millions of jobs and having key industries gutted, economists say.

China has also completely and thoroughly decimated the WTO and its credibility. It’s done this with other international institutions too, such as the World Health Organization during the COVID-19 pandemic. The WTO is now a shell of itself and might not be a part of any solution at all, said Duesterberg.

“It’s been sort of poison to the WTO, since they’re such a big economy and they’re such an outlier. It’s reduced confidence around the world in the ability of that organization to do what it’s supposed to do... The subsidy rules of the WTO are so porous you can drive a truck through them... and the Chinese have driven that truck through. We haven’t been able to get consensus even among the developed countries that are the biggest losers from Chinese subsidization, we can’t get a consensus on what a good subsidy policy is.”

Joining the WTO wasn't the only major change that happened. The United States also granted China "permanent normal trade relations" (PNTR) around the same time, a move people like Lighthizer argue was even more important than expanding the WTO. Some, like Lincicome, disagree though.

"It was an economic and geopolitically significant event that does not warrant the amount of ink it gets on either side, pro or con," Lincicome said of letting China in the WTO and giving them PNTR. "At the time these decisions were made, China actually was reforming economically, and reforming significantly economically. So much so that the big China shock that everybody talks about was primarily driven not by WTO accession or PNTR, but by China's own free market reforms."

The issue of the intertwining of the Chinese and American economies is still present, regardless of who or what is to blame. Falling into China's trap and entangling American business interests with an authoritarian regime can't be undone.

Business interests have continued to dominate humanitarian and labor interests. American companies are, in many ways, subservient to the CCP. A two-decade old decision is haunting American policymakers to this day, who now must figure out a new path forward.

In a speech last week to mark the 20th anniversary of China joining the WTO, Republican Florida Sen. Marco Rubio called the welcoming of China into the WTO an "economic, social and geopolitical disaster."

Days later, he doubled down, telling the Daily Caller that bringing China into the WTO and giving them PNTR was a "generation-defining mistake."

"America made a generation-defining mistake by letting China join the WTO. It was based on the assumption that global economic integration was more important than dignified work for Americans, our ability to make things, and our national security," he said. "The damage that decision inflicted on our families, communities, and country is almost incalculable. It also empowered the Chinese Communist Party. We need to reject the failed consensus that brought us to this point, and instead forge a path towards a pro-American capitalism that protects our nation's interests."

The American right has reoriented around China as one of the foremost challenges of the modern political landscape, and Rubio isn't the only prominent Republican who sees it as a threat worth prioritizing. Arkansas Sen. Tom Cotton accused the CCP of using the WTO to wage economic warfare against the United States and others.

"China has used its position in the World Trade Organization to wage economic war on other nations, including the United States. Abandoned factories and hollowed-out towns across this country are solemn reminders of the price our communities paid over the years," he told the Daily Caller. "Congress should immediately terminate China's permanent-normal-trade-relations status, which paved the way for China's ascension to the WTO 20 years ago."

Rubio calls for rejecting the failed consensus, and Cotton argues for ending China's PNTR status. Lighthizer said he favors more tariffs, and "unilateral action by the United States, and where appropriate, having our allies help if the allies are willing." Lincicome said a good step

would be pursuing more disputes within the WTO, and actually following up on the ones the United States wins, which he says doesn't happen enough currently.

Auslin said American companies need to be forced to act in the interest of America and its workers: "We have to close down the capital markets that feed the Chinese economy. We have American companies that are investing in Chinese chip companies. That's insanity. We have American companies investing in the Chinese companies that are building prison camps. And of course, thanks to military-civil fusion, any technology that's transferred over to China or that they perfect or learn from us goes into the military. You have to be stopping all of that, and we're doing none of it."

Behind every newly-turned stone is a new proposed answer for striking back after 20 years of Beijing's brilliance. Everyone recognizes the problem represented by those abandoned factories and hollowed-out towns, but few have reached consensus on what to do about it. What every expert that spoke to the Daily Caller agreed on, though, was that a key mistake in the past and a key priority in the future must be understanding the CCP.

"Beijing played the United States masterfully... They told us everything that we wanted to hear," Auslin said. "China will become what it wants to become. The United States has no ultimate say in that. But in terms of the relationship that we create, it was entirely up to us."