

The Wrong Way To Punish Beijing

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As the rage over China's alleged theft of American nuclear secrets continues to seethe in Washington, Congress will be looking for ways to punish Beijing. The obvious move would be to deny China something it wants -- entry into the World Trade Organization, which would give Beijing both the prestige of membership and a voice in the development of a powerful international institution.

Indeed, blocking China from the W.T.O. is just what Jesse Helms, the chairman of the Senate Foreign Relations Committee, and others want to do. But that would be a serious mistake, for it would undercut America's commercial and security interests at the same time.

Here's why. First, the United States would benefit if China sticks to a path of economic reform, and the W.T.O. provides powerful reinforcement for Beijing to do so. Whatever else you want to say about China, the sheer scale and scope of the move toward capitalism -- from a Communist system -- make it potentially one of history's most remarkable turnarounds. While progress toward a free market is no insurance against China's military adventurism, it at least gives Chinese officials a competing vision for their country.

By becoming a member of the W.T.O., China would in effect be signing a treaty committing itself to becoming a market economy. If it then failed to abide by W.T.O. commitments, it would be subject to sanctions not just by the United States but by all of the members -- a more powerful incentive than unilateral threats from Washington.

Second, reformers like Prime Minister Zhu Rongji would have something to point to when arguing with their opponents. They could cite W.T.O. treaty commitments the way President Ernesto Zedillo of Mexico has done with great success as he has battled politicians in his country who want to rebuild economic walls around that country.

In addition, the urgency of continued economic reform must be seen against the backdrop of mounting problems in China. Growth has slowed to nearly half the rate of a few years ago. Exports have gone from an annual growth rate of 20 percent in 1997 to nearly zero growth last year. Foreign investment is dropping by 30 percent compared with 1998. Unemployment and labor unrest are rising, and the banking system is nearly insolvent. This is precisely the time when the straitjacket of the W.T.O. is most necessary to prevent the anti-reformers from forcing a return to a state-dominated economy.

Because joining the W.T.O. would also force China to open its markets, American industry, agriculture and banking would gain great advantages. China does not yet loom

large in terms of global business. But that's exactly the point: it should be a much larger and more lucrative commercial market.

That is what it would become if its protectionist tendencies could be reined in. American exports may not seem so important today with the Dow Jones industrial average at stratospheric levels. But for most of the 1990's, overseas sales accounted for about 30 percent of American economic growth, and they will be even more important to us in the future.

China's membership in the W.T.O. would support our national security, too. Even as we take measures to protect our defense secrets, no one knows whether China will become a rogue state or a cooperative member of the world community. But surely we have a better chance of seeing a peaceful and prosperous China if it is inside the W.T.O. tent, adhering to the rule of law, rather than outside of it, mad and restless.

Of course, all this assumes that by the time Mr. Zhu comes to Washington on April 8 for a summit meeting with President Clinton, China has further opened its economy so as to meet the conditions for W.T.O. membership. Otherwise, there is no decision to make regarding Beijing's membership; there is more to the issue than politics.

Yet politics will be pivotal. Even if China satisfies most of Washington's and the W.T.O.'s demands, the Administration's decision to support its application to the international body will lead to one of the ugliest trade debates in many years -- a Rorschach test on China, on trade and on foreign policy.

Many in Congress will point to China's horrible human rights record and will also argue for more trade protection. Many will say China is a military threat and will want to further restrict trade in technology. The only big constituency in favor of China's entry would be American business, and even it could be split, with import-sensitive industries like textiles opposing membership.

Yet the Administration should fight the battle despite the high political costs. The stakes are bigger than China alone, large as those are. The outcome will show whether Washington understands the importance of building a solid foundation for global capitalism and all that implies for international peace.

Unless the opportunity is seized now, it will slip away. In the coming Presidential campaign, candidates will be vying to see who can bash China harder. And new global trade negotiations beginning this November could last several years, during which time no new members will be admitted into the trade organization.

Washington should, of course, move ahead to tighten security leaks at American nuclear laboratories and elsewhere. It should take another look at our policy for high-tech exports of military value. It should continue to hammer away for human rights.

But the United States should bring China into the W.T.O. as well. When you think about the totality of American interests involving the second most important nation in the world, there is no inconsistency.

Drawing (Eric Drooker)