

# Nautilus Institute PFO 00-04: The Future of US-China Relations

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# Nautilus Institute PFO 00-04: The Future of US-China Relations

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PFO 00-04B: May 24, 2000

## Response to Lyuba Zarsky

By James H. Williams

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# May 19, 2000

## I. Introduction

The following response to Lyuba Zarsky's essay is by [James H. Williams](#), a specialist on China's energy and environment at the University of California, Berkeley's Energy and Resources Group. He recently led the Nautilus Institute team that built a village windpower system in North Korea, the first US non-governmental organization project of its kind. He has also edited and translated "Bringing Down the Great Wall: Writings on Science, Culture, and Democracy in China" (Knopf, 1990).

## II. Comments by James H. Williams

"Progressives Are Right to Oppose China PNTR" by James H. Williams

Disagreement on the China trade issue among people who consider themselves progressives is understandable. However, Lyuba Zarsky's labeling of progressives who oppose PNTR for China as mere "tacticians" unwittingly serving the interest of the "right wing national security establishment" requires a response.

(1) Like Walden Bello and a few other progressive proponents of the China trade bill, Zarsky argues that "it is fundamentally unfair and immoral for the United States to be the gatekeeper to the world trading system." Progressives, in this view, should concentrate on reforming the global economy in other venues, through the establishment of a global consensus based on "progressive multilateralism."

While it may be true that the U.S. should not be China's gatekeeper, it is also true that the only conceivable "gatekeepers" over the actions of U.S. corporations are the American people and their representatives. Many Americans have decided that the de-industrialization of the United States and the unconstrained movement of capital is an issue of great importance to their future and that of ordinary people around the world. To them, preventing PNTR for China and crippling the WTO - which will certainly happen at some level if PNTR is defeated in such a high-profile struggle, despite the recent China-Europe accord - represents a critical opportunity to keep the rules of the world economic order from becoming even more hostile to labor, human rights, and the environment. Progressives should harbor no illusions about the prospects for "progressive multilateralism" once the WTO horse is out of the barn; much will be lost before the horse is reined in, if it ever is. Maintaining the status quo of annual congressional review while working to reform the global trading system, whether it is labeled strategy or tactics, is the best available option.

Consider the impact of PNTR on international environmental governance. There is no escaping the fact that in the real world, PNTR for China will be the capstone of a structurally unreformed WTO, and that this is extremely bad news for nature and those who depend on it. The WTO's record of hostility toward *national* environmental laws is a matter of record--in its first five years, the WTO was a perfect ten for ten in ruling against the environmental regulations of different countries, on issues ranging from dolphin protections to restrictions on polluting gasoline additives. What is less well understood are the implications for *international* environmental laws. In many of the key international agreements on the environment--such as the CITES convention that banned the ivory trade and stopped the wholesale slaughter of African elephants, or the Basel accord on trafficking in hazardous wastes, or the Montreal Protocol governing the production of ozone-depleting chemicals--a critical element in achieving compliance is the threat of trade sanctions or the use of trade-related

incentives. Under the WTO, these measures could be declared discriminatory infringements on trade, and countries could face economic punishments for *enforcing* environmental agreements, rather than for breaking them. Virtually every one of these hard-won environmental agreements, and many potential ones still in the works--such as protocols to protect forests and reduce greenhouse gas emissions--could suffer challenge, weakening, or reversal at the hands of the WTO. Whether or not China itself challenges CITES or other agreements on trade grounds--which is certainly possible--the consolidation of the WTO in its present form due to China's entry has frightening implications. In the light of such concrete possibilities, do the speculative benefits of PNTR touted by its proponents really outweigh the tangible risks, not only for Americans and Chinese but for people around the world?

(2) Zarsky argues that opposition to PNTR plays into the hands of the right-wing foreign policy establishment in the US, and that state-to-state, great-power issues such as arms control outweigh short-term "tactical" considerations such as PNTR.

While the right-wing indeed has undue influence over U.S. foreign policy - a situation that the Clinton administration has done little to counter in eight years of office--this is not an albatross that can be hung around the necks of progressive opponents to PNTR. The fact is that the bulk of the military- corporate establishment of the U.S. has put its weight behind PNTR, as clearly represented by the two-thirds vote of the Republican members of both the House and the Senate in favor of PNTR. Opponents of PNTR are opposing, not supporting, the establishment vision of U.S. global dominance through trade. At the same time, many of the most belligerent China-bashers--such as House whip Tom DeLay--are supporting PNTR. This should give pause to anyone who thinks that WTO membership for China will prevent U.S. hawks from using the China "threat" to promote Star Wars or other military-industrial agendas. Ironically, it is not at all inconceivable that the components of U.S. military dominance in the 21st century will be built in Chinese factories.

Many progressive opponents of PNTR would agree wholeheartedly with Zarsky's statements that there are crucial state-to-state issues other than trade in the U.S.-China relationship, that "there is more to globalization than the WTO, and more to international relations than economics," and that "nation-states still matter." For precisely these reasons, there is no contradiction in strongly opposing PNTR while supporting progressive stands on other bilateral and multilateral issues involving the U.S. and China. PNTR opponents are simply insisting on the construction of a long-range progressive vision of U.S.-China relations that does not involve selling out labor, the environment, and human rights. Such a perspective does not involve seeing China as "an alien other", in Zarsky's words, but exactly the opposite: seeing it as a nation of people with rights and aspirations like our own.

To turn the question of who is serving what agenda on its head, U.S. progressives should ask who loses and who benefits from an alliance between big business and Washington officialdom that creates bitter divisions within the Democratic party in a presidential election year. Considering that many people saw the "Battle in Seattle" as a sign that the long-sought grand unity of progressive interests in the U.S. was finally taking shape, it is supremely curious that the Clinton administration has decided to stake its shaky legacy on passage of PNTR, rather than on health care or any number of other genuinely progressive issues. A recent article by Thomas Friedman, the New York Times foreign affairs correspondent and establishment PNTR cheerleader *par excellence* , is revealing. Friedman calls for labor "to be thoroughly defeated" on the PNTR vote, as the only way to end once and for all labor's annoying opposition to globalization and the pernicious influence this opposition exerts on the Democratic party. For those fighting the globalization battle in the trenches, it looks very much like the attempts of PNTR proponents to dismantle the nascent coalition of labor, human rights, and environmental organizations is a bid to rid the U.S. political mainstream of the last

vestiges of progressive influence.

(3) Zarsky is concerned about losing "allies within China who feel deeply alienated by the China-bashing rhetoric that too many progressives have sidled up to, if not embraced."

While it is certainly true that uninformed, xenophobic, and militaristic right-wing attacks on China should be opposed, statements like Zarsky's have the unfortunate function of inhibiting needed intellectual debate among progressives. Progressive analysts fear that critical analysis will be mistaken for China-bashing, forestalling the investigation of important questions about China itself, such as who in China wins or loses as a result of PNTR, and how PNTR impacts the possibilities for positive change in China. (Debate is further stifled when well-meaning progressives such as New York University's Doug Guthrie claim, as he did in a recent H-ASIA forum, that critics of PNTR must simply be ignorant of the actual conditions in China and the real implications of their views. Guthrie had the presumption to claim that he is virtually alone in investigating the impacts of trade on conditions in Chinese factories, ignoring the work of scholars such as Australian National University's Anita Chan, a longstanding expert on Chinese factories and an outspoken critic of U.S.-China trade. Contrary to Guthrie's sweeping claims that foreign investment is improving worker conditions, Chan states that "much of the responsibility for the appalling treatment of workers ultimately lies with the American corporations that contract out their production in China" and that "the Chinese government is also responsible for allowing such sweatshop conditions to thrive.")

Many proponents of PNTR have argued that it should be supported because it will be good for the Chinese people. A plausible reading of the arguments of Zarsky, Bello, and Guthrie is that progressives shouldn't try to evaluate these claims too carefully, because the critique could resemble China-bashing. Yet consider how PNTR and WTO accession might impact the lives of Chinese people in one domain, namely the environment. At issue is the interplay between trade, environmental protection, and political power in China. The strip mining of natural resources and the barely regulated discharge of pollutants are integral to China's appeal to big business as a low-cost manufacturing center. At the same time, the kind of citizen activism and adversarial legal venues that are fundamental to environmental protection in many countries are either prohibited outright or severely underdeveloped in China. One can read books and watch television programs in China on environmental subjects, but to organize a rally against polluters is still to risk ending up in a labor camp. The responsibility for environmental protection in China therefore lies with government, which has limited resources and deeply conflicting priorities. Thus, despite numerous environmental laws on the books in China, their lax enforcement is a fact of life, acknowledged even by Chinese leaders. As a consequence, China remains home to five (or more, depending on what is counted) of the ten most air-polluted cities on the planet, and toxic discharges have killed all or parts of several major river systems, including the Huai, the Hai, the Liao, and the Xiaoqing. Yet even as environmental insults mount, the staffing of the State Environmental Protection Agency has been cut in half in the last two years, to a mere two hundred people for all of China.

Though the pollution affecting China's relatively affluent cities is very severe, it is less disturbing in the long run than the ongoing ecosystem collapse in the countryside. In the rural areas--where most Chinese still live--erosion, deforestation, the catastrophic drawdown of water tables, and the overuse of agricultural chemicals are already resulting in calamitous flooding, drought, and loss of soil fertility. Yet the political reality at the local level throughout China gives even less room for optimism regarding the rural environment. As Harvard Sinologist Andrew Walder has shown, in many rural counties, the local Party boss also controls the local factory (sometimes outright, sometimes through hidden proxies). In addition, he (seldom she) often enjoys overly cozy relations with the local government department responsible for keeping the factory from polluting. Such iron triangles line the pockets of local gentry to the detriment of environmental conditions for ordinary

Chinese people.

Will increased foreign investment as a result of trade hyper-liberalization improve China's environment? Trade advocates argue that it will, by providing more tax revenues to the government for clean up and protection. Unfortunately, this presumes that state spending decisions will be accountable to the public interest, which has very often not been the case. Briefly consider two examples. The emission of sulfur compounds due to coal burning is a serious problem in China, resulting in widespread acid rain damage and major impacts on human health. Smokestack sulfur scrubbers are a well-proven, cost-effective means of reducing sulfur emissions. Yet out of several thousand utility and industrial smokestacks in China, only *sixteen* are fitted with scrubbers, and these primarily as a result of foreign aid and World Bank loans. The bald truth is that China's leaders have not seen fit to spend a few percent more on the cost of power plant construction to reduce one of the most serious environmental problems the country faces, and it is hard to see how the competitive pressure from further trade liberalization (and ongoing, U.S.-style utility deregulation) is going to improve this situation.

Then there is the sordid tale of the Three Gorges dam, the megaproject that will ruin the ecology of the Yangtze River, inundate thousands of hectares of productive farmland, and force the relocation of more than a million people. On May 3, the South China Morning Post revealed that the top official of the Three Gorges Economic Development Corporation, responsible for reconstructing the economy of the region devastated by the dam, has bankrupted his agency by embezzling US\$125 million. Despite substantial foreign investment, and the underwriting of major U.S. investment firms such as Morgan Stanley Dean Witter and Merrill Lynch, China has jailed critics and failed to provide the transparency and accountability necessary to prevent such monumental corruption.

Regardless of what happens with PNTR, China's global trade is likely to expand, and its economy will continue to grow. Given this, will submitting to unrestricted corporate domination and eliminating the opportunity for annual scrutiny of trade and human rights in China really lead to either democratization or a better environment for ordinary Chinese? Many progressives have answered, with good reason, that they are not at all convinced.

### **III. Nautilus Invites Your Responses**

The Northeast Asia Peace and Security Network invites your responses to this essay. Please send responses to: [napsnet-reply@nautilus.org](mailto:napsnet-reply@nautilus.org) . Responses will be considered for redistribution to the network only if they include the author's name, affiliation, and explicit consent.

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Northeast Asia Peace and Security Project ( [napsnet-reply@nautilus.org](mailto:napsnet-reply@nautilus.org) )

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Nautilus Institute

2342 Shattuck Ave. #300, Berkeley, CA 94704 | Phone: (510) 423-0372 | Email:

[nautilus@nautilus.org](mailto:nautilus@nautilus.org)