Breaking up China’s global cartel

Written by Huang Tien-lin □□□
Friday, 25 December 2020 05:25

After Australia pushed for a WHO probe into the source of COVID-19 at the World Health Assembly in May, China responded by adding an 80.5 percent tariff — consisting of an anti-dumping tax rate of 73.6 percent and a countervailing subsidy margin of 6.9 percent — on Australian barley imports. Beijing also banned four Australian businesses from exporting beef to China, and said that it would ban Chinese tourists from visiting Australia and students from studying there. It also added anti-dumping taxes of 107.1 to 218.1 percent on Australian wine imports.

Beijing’s use of economic threats to bring its trading partners in line during disputes is a perfect example of a country run by digital tyranny dominating a huge market. The Australian government has said that it would bring the issue to the WTO for arbitration, but the question is whether that would solve anything.

The world has so far been unable to deal with the domination of China’s dictatorship, allowing it to wreak havoc on the international trade and politico-economic system. US President Donald Trump — seemingly the only person in the world to have clearly seen the problem with China’s bullying — is stepping down next month and the possibility that his successor could return to the hackneyed multilateral free-trade approach is worrying.

Some people might remember the US government’s 1984 antitrust lawsuit against AT&T, which resulted in the company being broken up into eight companies. This is what governments do to prevent companies from becoming so big that they can control their market, and create a situation in which industry and society no longer fulfill the requirements of a fair, reasonable and just society.

In the 1990s, when Microsoft’s Windows 95 operating system had a 90 percent share of the personal computer market, the problem reappeared.

In October, the US government filed an antitrust lawsuit against Google, with the US House of Representatives’ Judiciary Subcommittee on Antitrust, Commercial and Administrative Law detailing in a 450-page report that Amazon, Apple, Facebook and Google have monopolies in their respective markets.

Corporate monopolies are bad for consumers and they reduce competition. This is just as true in Taiwan as it is in other countries. In the 19th century and earlier, before the advent of aircraft and large steamships, there were no international or national monopolies in the modern sense due to mountains, oceans and other geographical features. Following the “integration” of the world’s economies, the domination of huge markets became a thorny issue.

Market domination is an issue that must be addressed head on, especially after China — with its market of 1.4 billion people and 9.6 million square kilometers of natural resources — joined the WTO and began smashing its rules, which had been keeping trade peaceful.

China began sucking in global capital like a black hole, while copying countries’ technology and intellectual property rights. It has turned itself into a type of huge “national trust,” or large grouping of business interests with significant market power.

This “China national trust,” a first in economic history, is feared by everyone. It differs from the typical trust, as China not only exerts economic domination, but also displays before the whole world its ambitions and threats.

If the free world does not pull itself together, this China national trust will ride roughshod over the world, forcing it to submit to its digital tyranny.

The world’s democracies must wake up and build an alliance big enough to “break up” this China national trust, creating international laws that can force it to fall in line, similar to how the US has used antitrust legislation to break up local monopolies.

This cannot happen overnight — it might take several years, or more than a decade. Still, the free world has the responsibility to make it happen.

Huang Tien-lin is a former advisory member of the National Security Council.

Translated by Perry Svensson

Source: [Taipei Times - Editorials 2020/12/25]