

Commentary: “Anti-contract trap” brought by US puts world economy on hinge of disorder

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Though the US made itself a rule-breaker of the international community every now and then in history, the country still astonished the world this time by abandoning the contractual spirit it had long labeled as its core social value.

The Donald Trump administration, under the banner of “America first”, is heading toward the “anti-contract trap” without any hesitation, placing world economy on a cliff of disorder.

It’s common sense that modern market economy is running on the basis of free-will contracts and credibility, and the spirit of contract has accelerated the economic globalization through both complementation and the movement of advantageous production factors.

Over the years, the developed and developing countries have already established a complete chain covering advanced technologies, cheap labor, and natural resources based on economic laws and the principle of free will, and the value of the chain has also been proved by its contribution to the world economy.

However, the chain is unreasonably denied by the White House who is making frequent fallacies that the current international rules are bringing losses to itself.

Even though the China-US trade is completely based on market rules, and the exchanges and cooperation between Chinese and US enterprises are conducted under commercial contracts, Washington still initiated the groundless Section 301 investigation and imposed tariffs on Chinese imports.

Such practice is not only a violation of international rules, but also a disrespect toward the contracts between major economic cooperation players. It broke commercial contracts, hindered global labor division and cooperation, and destroyed the credit mechanism of market economy.

The principle of fair competition is an important pillar supporting the development of market economy, and also a premise for the role of market to take effect. The administrative intervention in the legal and independent operation of enterprises will lead to disorders of both the market and resource allocation.

Over the past year, the US has put aggressive restrictions on foreign investment and voted down multiple mergers and acquisitions by foreign companies. It even stepped in the investment and operation of local and overseas enterprises, infringing upon their right to make choices independently.

For instance, the US pressured its local automaker Ford to alter its global strategy, and threatened Harley Davidson for the latter’s plan to move production overseas. Going against the principle of

fair competition that the US had long adopted, such practices have disturbed the expectation of the market and the enterprises, as well as broken the smooth flow of cross-border capital.

Freedom, equality, openness, and inclusiveness are the traditional concepts about modern market economy, and also significant guidelines of economic globalization. By trampling the core values of politics and economy, the Trump administration is giving a rise to unilateral trade protectionism, isolationism, and populism.

Instead of finding the root causes of its own economic issues, the US is always passing the buck to other countries. Instead of admitting its own defects, the US is always skipping international organizations and putting the blame on others. Instead of shouldering its responsibilities as the only super power in the world, the US is always placing its domestic laws above international laws to export internal contradictions, as a result triggering global disputes and economic disorders.

The US administration turns a blind eye to the huge profits their companies reaped in China, while worrying that its dominance in the technology sector may be threatened by a “forced technology transfer”, a groundless accusation the US imposes on China.

The administration on one hand expects the job opportunists Chinese investment brings to their country, while on the other hand sets up barricades on the way of technology deal out of a concern that “their advanced technology and intellectual property may be acquired by others”.

What the US did, under the philosophy of maximized interests but no obligations, has severely hindered the legal and market-based trade investment, added uncertainty to business operation, and blocked the US’ road to attract foreign capital.

Such move will also exclude the US out of the big cake of global trade, and raise the consumption costs of US residents.

Everything excellent comes from good orders. A complete set of mechanisms, including international trade rules, has been established during the economic globalization process through long-term efforts and continuous collaboration, which is why the globalization is believed to benefit the world.

Order is indispensable to the giant system of world economy, just like sunshine and air are indispensable to lives. To safeguard international rules by the spirit of contract is a shared responsibility and obligation of each country.

According to a World Trade Organization (WTO) report on dispute adjudication, the US, as the largest economy of the world, is also the largest “rule-violator” among WTO members - 2/3 of the violations within the organization were committed by the country.

The US’ mentality to grab what is useful and abandon what can’t be exploited is a typical pragmatism, and also a type of short-sighted strategy.