

THE IMPACT OF THE CENSORSHIP IN THE GLOBAL ECONOMY. THE CHINA AND US TRADE WAR

IMPACTUL CENZUREI IN ECONOMIA MONDIALĂ. RĂZBOIUL COMERCIAL DINTRE CHINA ȘI STATELE UNITE ALE AMERICII

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Rezumat: *Lumea se află într-o continuă schimbare, iar necesitatea de cunoaștere este din ce în ce mai enormă. În secolul XXI, orice poate găsi răspunsul la orice întrebare, totuși să fie asta adevărat. Trăind într-o eră digitală suntem într-o continuă expunere de informație care ne poate afecta într-o oarecare măsură. Cenzura a fost creată cu scopul de a proteja sau a inhiba anumite informații, cuvinte, secvențe considerate ca fiind dăunătoare. În acest context a fost supus și țările implicate în războiul comercial, China și Statele Unite ale Americii. Acest război comercial a dus la exprimarea nemulțumirii reciproce a părților implicate, prin introducerea sau creșterea tarifelor la anumite produse sensibile pentru economiile acestor țări. China impune bariere de cenzură atât la nivel de nouități până la blocarea sau suspendarea platformelor de socializare. Să fie oare aceasta o modalitate de contr-atac împotriva tarifelor impuse de către Statele Unite ale Americii?*

Cuvinte cheie : *cenzură, război comercial, China, US, bariere tarifare*

JEL CLASSIFICATION: F51, F52

INTRODUCTION

Censorship is one of the most commonly applied methods, especially in the 21st century. Due to the evolution of information and knowledge, but also to conflicts at the international level, states tend to maintain national security at the highest level. This security is bounded to limiting information sources or altering them in order to protect society from so-called „ external shocks”. It is important to know the extent to which censorship can be applied, especially in a digital era, where there is no lack of information and knowledge. The research objectives are to analyze the evolution of censorship throughout history and the type applied internationally in the economic field, to analyze the trade war between China and the US, as well as its evolutions in 2018-2021, the correlation between censorship and the trade war and its impact on the countries economy. The methods used during the research are based on scientific materials, publications, scientific articles and statistical data provided by the Peterson Institute for International Economics.

BASE CONTENT

Censorship is a way to hide certain information, sequences or any possible material that is considered harmful to the population, and according to the Oxford Dictionary, it is defined as the suppression of speech, public communication, or other information. This may be done on the basis that such material is considered objectionable, harmful, sensitive, or "inconvenient." [1] Censorship is largely used by governments, political organizations, various types of institutions, which want in some way to protect their own interests when they are attacked and or slandered by certain external factors. Censorship is by no means a modern way of suppression, it has existed since antiquity, and this indicates that humanity has been constantly ignorant of certain situations, moments that if it came to the surface could destroy or affect the normal historical course. Censorship has been criticized throughout history for being unfair and hindering progress [2].

Economic induced censorship, is a type of censorship enacted by economic markets, to favor, and disregard types of information. Economic induced censorship, is also caused, by market forces which privatize and establish commodification of certain information that is not accessible by the general public, primarily because of the cost associated with commodified information such as academic

journals, industry reports and pay to use repositories [3]. In my opinion and in accordance to Julian Assange statement, the economic censorship represent a „protectionist” method, which makes it difficult to penetrate a local market or gain vital information that may destroy the wheel function of the national industries and competitiveness. Also, it can be seen as a strategic competition, in through which a certain country hides in formations regarding the intellectual property, or other types of informations related to a new product in launch or that already exists and does not want to be replicated. The same Coca-Cola company censors the recipe for their drink, being also the sixth most valued company (\$64.4 B) according to the Forbes ranking 2020 [4].

The most recent censorships that have been applied by China and the United States in the trade war they have been waging since 2018. The actual „war” begun in 2017, when the American government has levied a series of protectionist measures against a number of its trading partners. This has resulted in retaliation against the US, a rise in trade related international frictions and most conspicuously a “trade war” with China [5].

This trade war resulted in the expression of mutual dissatisfaction of the parties involved, where the Trump administration alleges that China practices unfair trade with the U.S, pointing to the growing trade deficit in China’s favour, the theft of intellectual property, and the forced transfer of technology to China. On the other side, Beijing has disputed Washington’s unilateral and protectionist policies, arguing that the U.S. does not take into account WTO rules for Most Favoured Nations (MFNs), and ignores differences between countries in different stages of development. In consequence in 2018, Trump announced the first tariffs, which were applied on solar panels (8%of imports came from China) and washing machines [6]. Subsequently, the application of tariffs on aluminium and steel imports from all countries was announced. In response China, on 2 April 2018, responded by imposing tariffs on 128 products it imports from America, including aluminium, airplanes, cars, pork, and soybeans (which have a 25% tariff), as well as fruit, nuts, and steel piping (15%) [7]. U.S. commerce secretary Wilbur Ross said that the planned Chinese tariffs only reflected 0.3% of U.S. gross domestic product, and Press Secretary Sarah Huckabee Sanders stated that the moves would have "short-term pain" but bring "long-term success" [8].

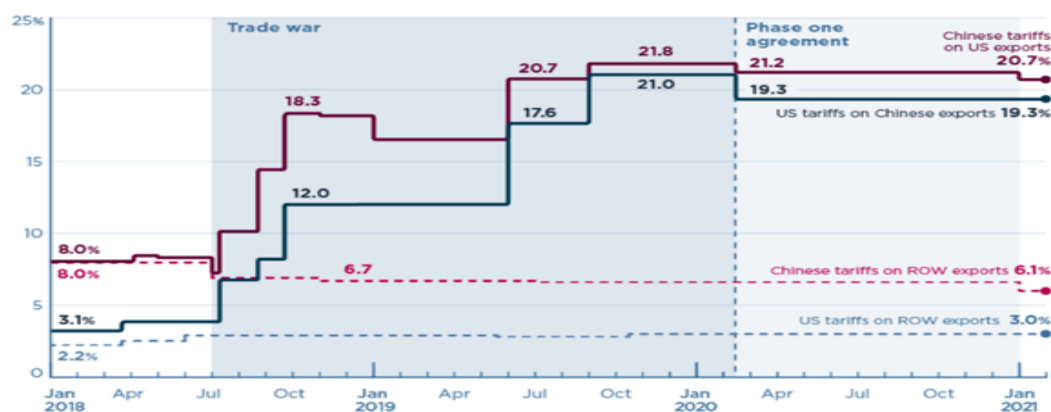


Figure 1: US-China tariff rates

Source: Peterson Institute for International economics, 2018-2021

According to Figure 1, we can conclude that from 2018 to 2021, the trade war took place in 5 phases. The first six months of 2018 spotlight only a moderate increase in tariffs. The months of July through September 2018 resulted in a sharp tariff increase on both sides: US average tariffs increased from 3.8 percent to 12.0 percent, and China's average tariffs increased from 7.2 percent to 18.3 percent. In the third phase, there was an 8-month period (September 2018, through June 2019) of little change in tariffs, that fluctuated between 12% to 17.6% for US and from 18.3% to 20.7% for China. From June to September 2019, another set of tariff increases kicked in. In the current stage five, and despite the phase one agreement, tariffs between the two countries remain elevated and are the new normal. In my opinion, the climax took place when China’s Customs Tariff Commission of the State Council

decided to announce a plan of additional tariffs of 25% on 106 items of products including automobiles, airplanes, and soybeans. Soybeans are the top U.S. agricultural export to China [7].

Throughout the years 2018-2019, the countries have been in a continuous struggle, by achieving new tariffs or increasing those already imposed. On October 11, 2019, Trump announced that China and the United States had reached a tentative agreement for the first phase of a trade deal, with China agreeing to buy up to \$50 billion in American farm products, and to accept more American financial services in their market, with the United States agreeing to suspend new tariffs scheduled for October 15, 2019. The “Economic and Trade Agreement between the United States of America and the People’s Republic of China” was set to take effect from 14 February 2020. In January 2020, Official figures from China showed its 2019 economic growth rate falling amid the trade war to a 30-year low [9]. In comparison with the data from the Commerce Department of the United States showed the country's trade deficit falling amid the trade war for the first time in 6 years. Starting from this point of the war, and with the beginning with the pandemic situation, the two trade rivals started to grant tariff exemptions for a specific number of goods (China grants exemptions on 696 on US goods, with the aim to support the purchase, and on the other side US grants tariff exemptions on various types of medical equipment, after calls from American lawmakers and others to remove tariffs on these products in light of the COVID-19 pandemic in the United States [10]. By the end of 2020, China and the U.S. had achieved only 58% of targets for U.S. exports to China under the phase one trade agreement. Before leaving the office, Trump managed in January 2021 to ban cotton and tomato products that originates in the region of Xinjiang, and more important, banned also all the manufactured products that contained the goods mentioned before, even if they are not produced in China, but the raw material came from Xinjiang.

The trade war affects both economies. On the one hand in the US prices for consumers have risen significantly and farmers have been subjected to financial difficulties, while in China this trade war has helped lead to a slowdown in the economic output growth.

During these years of trade "war", China continued to impose both tariff and censorship barriers, which means that the censorship of the news, books, speeches, and blocking of the social media platforms become one of the essential non-tariff barriers in the tariff war with US. According to the head of quantitative research at Wolfe Research, Luo Yin, the voices tend to be less diverse and more aligned with state media, following the given censorship in China [11]. From this point, we understand China's goal of suppressing information that could destroy the information balance created in favour of its own nation. As stated by the Wall Street Journal, after Trump threatened to raise tariffs on Chinese imports, Chinese state media outlets were told on May 6, 2019 to avoid mentioning U.S.-China trade tensions and posts about Trump’s tariff vow were swiftly deleted on WeChat and Weibo, two of China’s largest social-media platforms.

This type of media censorship, is mostly common for authoritarian countries, such as China, in our case, which block foreign websites so that uncensored, potentially regime-threatening information is out of the reach of citizens. By constantly applying this way of stopping information, a so-called balance between demand and supply has been formed. By this statement I want to explain that the habit created in favour of the lack of information from certain external sources has led to a decrease in demand, which determines the elimination of censorship or the decrease of it.

After imposing import tariffs on soybeans, cars and beef, it targeted also one of the Bob Woodward’s book about Washington dysfunction and intrigue: “Fear: Trump in the White House”. This book is held up by the Chinese publishing regulations since the trade war intensified in 2018. According to The New York Times. People in the publishing industry are reluctant to discuss publicly which books have been held up for fear that Beijing will target them for speaking out [12].

Many U.S. companies have contorted themselves to avoid censorship. U.S.-headquartered Marriott International apologized for listing Taiwan as a separate country after Chinese authorities shut down its website. International airlines fell in line too, changing their websites to refer to Taiwan as part of China under threat they would be banned from operating in China [13].

Censorship is also a threat as Chinese technology extends overseas. WeChat, a social-media platform combined with a messaging app widely used by Chinese people at home and abroad, censors political messages and suspends users' accounts on political grounds even if they are based outside China.

CONCLUSIONS

According to research, we can conclude that censorship represents a suppression of speech, public communication, or other information. It has existed since antiquity and has continued to evolve according to the period and situations in which it was applied. Its purpose has not changed at all. Economic induced censorship, is a type of censorship enacted by economic markets, to favour, and disregard types of information. Used as a method of "defence", it became an important source in the trade war between China and the US. The harsh protectionism imposed by China deprives the population of international sources of information, conditioning them to believe only the national version. This trade war resulted in the expression of mutual dissatisfaction of the parties involved. In this context, the countries are in an economic stalemate, in which the initial goals were not achieved, and the pandemic has further stagnated the process of settling the conflict.

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