

ECONOMY

# Trump's China Policy Has a Flaw: It Makes China the Winner

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Since the days of the Nixon administration nearly 50 years ago, American policy has aimed to steer China out of its isolation to prosper in the global market economy. There needn't be conflict between the established superpower and the emerging giant, the best strategic minds argued. As it grew rich, they reasoned, China could be integrated peacefully into the institutional framework built by the Western powers from the rubble of World War II.

The proposition fit with the “liberal peace” view of foreign relations: that nations engaged in intense economic intercourse would find it too costly to go to war. American businesses that flocked to China to tap its cheap labor and huge consumer market after its entry into the World Trade Organization in 2001 enthusiastically agreed with the approach.

That strategy, it appears, is over.

President Trump's announcement last week that the United States would impose a battery of tariffs against as much as \$60 billion worth of Chinese goods while restricting Chinese investments in American technology companies has set

policy onto a different, more belligerent path. China is now, in the president's words, an "economic enemy."

Interestingly, not all scholars have opposed the change of tone. Many foreign policy experts agree that China is not playing by the rules. American businesses, which typically endorsed forbearance to protect their market access to China, have grown frustrated at its appropriation of their intellectual property.

John Mearsheimer, a foreign policy expert at the University of Chicago, doesn't buy the idea of liberal peace. In "The Tragedy of Great Power Politics," published in 2001, he wrote, "A wealthy China would not be a status quo power but an aggressive state determined to achieve regional hegemony."

And yet Mr. Trump's hard-line approach to China seems destined to fail. Taking a stand against China's abusive behaviors is not necessarily wrong. The problem with the president's game plan is that it is inconsistent with all the other diplomatic initiatives he has taken so far. The tangle of stabs and swipes at allies and rivals alike, in the service of ill-conceived goals like closing a trade deficit, serves China more than it does the United States.

"Trump has been a godsend for China," noted Eswar Prasad, an expert on trade at Cornell University who once headed the China division at the International Monetary Fund. "China has manipulated the rules, but Trump's response is counterproductive."

China is clearly chafing at the rules put together by the West. It openly disagrees with the postwar apportionment of the South China Sea. It is more than willing to flout the World Trade Organization's intellectual property rules to build its domestic technological expertise.

Several Chinese initiatives — its One Belt, One Road effort to build infrastructure to connect to Central Asia, the Regional Comprehensive Economic Partnership it hopes to negotiate with its Asian neighbors, and its Asian Infrastructure Investment Bank — are aimed at building an institutional framework to rival the trade agreements and multinational financial institutions supported by the West.

As a counterweight, Washington could strengthen the global institutions that support its own view of fair play, like the World Trade Organization, which the United States took such trouble to build. It could build new ones, like the Trans-Pacific Partnership, open to China as long as it agreed to abide by the rules. It could nail down its vast web of alliances in Asia and around the world — to ensure it wouldn't confront China alone.

That is not, however, what Mr. Trump is doing. Ditching the Trans-Pacific Partnership, imposing new tariffs on Japanese steel and hinting that the United States may even walk away from the W.T.O. all serve China's goal of undermining the arrangements and institutions that stand in its way. "Trump is a blessing for them," Mr. Prasad argued. "All they were trying to do, Trump is ramping up a couple of levels."

Where might Mr. Trump lead relations between the two biggest economies on earth?

The outcome doesn't have to be horrible. Mr. Trump's willingness to slap real punitive tariffs on Chinese goods, regardless of the collateral damage they may cause on the American economy, gives Washington some leverage in its face-off with Beijing. It could be deployed productively.

A decade ago, American pressure gave the Chinese government political space to let its currency appreciate and cool its runaway export growth. Today, American pressure could help Beijing make an argument to curb China's excess capacity in steel and aluminum.

Washington's threats could also help Chinese leaders build a legal system to protect intellectual property, a necessary step if China is to become a more innovative economy that develops its own technologies. Mr. Trump could even get China to offer more market access for agricultural products and other valuable American exports.

While Professor Mearsheimer argues that the United States should aim to contain China by preventing it from expanding its influence or conquering territory in Asia and by building alliances to hem in Chinese power, Robert J. Art, a professor

of international relations at Brandeis University, argues that the United States and China can make a deal.

China and the United States would both benefit from stability in the Taiwan Strait and a peaceful reunification of Taiwan and China, Professor Art said. Both would prefer a denuclearized Korean Peninsula as well as a peaceful resolution of China's maritime disputes. Both would prefer that Japan not acquire nuclear weapons. Notably, both would prefer maintaining an open economic order.

Mr. Trump seems uninterested in either path. Indeed, the uncertainty hanging over America's relations with China is really a question about what the president ultimately wants. Is the objective to balance bilateral trade? Does he hope to slow China's growth, to prevent it from becoming a formidable rival? Both are probably unachievable.

Trade deficits cannot be negotiated away. The United States will run a deficit as long as it depends on foreign money to close the gap between what it saves and what it spends. Slowing China's growth unilaterally is also pretty much impossible. There are too many countries that have little sympathy for Mr. Trump's objectives and are willing to trade with Asia's biggest economy. Washington might slow China's technological progress but seems unlikely to stop it.

The worry among economists and foreign policy experts alike is that Mr. Trump's stand on China is determined by domestic politics alone. The president doesn't know what he wants out of a relationship with China, nor what the United States could feasibly achieve. He has figured out what his voters would like. That, apparently, is enough.

American workers are fed up with China. They believe the Asian giant's entrance into the world economy cost them their jobs and undercut their wages. Up to a point, they are right. Their itch to punish it, however, is misguided. And allowing their irritation to shape American policy toward China is wrong.

The view that China would peacefully rise within the West's institutional framework may have proved hopelessly naïve. Reorienting Washington's China policy to fit the frustration of workers in Michigan could prove disastrous.

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