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THE US-CHINA TRADE WAR

A Progressive Internationalist Alternative

By Tobita Chow and Jake Werner

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The US-China Trade War

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By Tobita Chow and Jake Werner

In August 2015, still early in the Republican presidential primary, HuffPost released a three-minute video splicing together more than 200 occasions of Donald Trump saying “China” on the campaign trail.¹ While Trump’s obsession with confronting China may have seemed absurd at the time, it proved to be central in his appeal to the Rust Belt voters who tipped the election to him. Once President, Trump launched his steadily escalating trade war with China in 2018. He applied tariffs that ultimately covered three-quarters of Chinese exports to the US. In retaliation, China applied tariffs on a majority of US exports to China. Overall, trade between the two countries has dropped by \$100 billion.²

Trump is now using his supposed success in the trade war as a central theme in his 2020 reelection campaign.³ The recently concluded “Phase One” trade agreement with China marks a temporary truce. The US will now reduce some of its tariffs in exchange for China increasing its purchases of US goods.⁴ However, since this initial agreement leaves the deeper sources of tension untouched, renewed confrontation is likely after the 2020 elections—if not sooner.

Reorienting US foreign policy to confront China has rapidly gained support from political elites across the political spectrum. Boxed in by a stagnant global economy, US leaders increasingly argue that Chinese businesses must not be allowed to challenge the dominance of US corporations. Facing a disintegrating domestic political consensus, they hope to use the fear of China to unify the population around their favored agenda.

By embracing this new political strategy, US elites are creating a new and serious threat to progressive priorities both domestically and internationally. Their goals are to increase the power of US corporations, solidify US military hegemony, and cultivate exclusionary nationalism in the US. Accepting the nationalistic premise of a “China threat” cedes Trump a powerful electoral issue and risks solidifying the emergent rightwing political terrain.

A genuinely progressive alternative to the trade war, on the other hand, would transform the China issue from a vulnerability into a strength for the left. The trade war has caused widespread suffering in the US and threatens the stability of the entire global economy. Trade warriors claim these are noble sacrifices that will pay off for US workers, but a closer look reveals that the trade war is designed to only benefit US corporations, not workers. Unfortunately, progressives have so far struggled to exploit this liability, lacking a clear critique of both anti-China nationalism and neoliberal “free trade.”

1 www.youtube.com/watch?v=RDrfE9I8_hs

2 www.wsj.com/articles/trade-war-with-china-took-toll-on-u-s-but-not-big-one-11578832381

3 A popular hashtag on pro-Trump social media is #PromisesMadePromisesKept. The trade war with China features heavily in posts with this hashtag, as does the USMCA (a.k.a. NAFTA 2.0), and low unemployment and other positive economic numbers. These are also top talking points in recent speeches on the campaign trail by Trump and his surrogates.

4 www.reuters.com/article/us-usa-trade-china-details-factbox/whats-in-the-u-s-china-phase-one-trade-deal-idUSKBN1YH2IL

The Rise of “Great Power Competition”

The trade war must be understood as a first step in an emerging consensus amongst political elites on the need to prevent China’s rise relative to the US. This represents a clear break from the earlier bipartisan neoliberal consensus, which saw China’s rapid economic development as a valuable opportunity for US businesses. Then elites counseled cautious accommodation of China’s interests in order to integrate it into the US-dominated “liberal international order.” This approach was in line with the post-Cold War faith that all societies were converging around free markets, formal democracy, and entrepreneurial individualism as they joined a single open and interdependent global market. That vision was not just flattering to the dominant ideology of US elites but also promised a dominant position for US-based multinational corporations at the top of the global economy, with the US security state policing the global system.

A growing number of these same US political elites are now encouraging great power confrontation because they say that China has betrayed these hopes. President Xi Jinping has centralized power in his own hands, abolished term limits, and repudiated the cautious political opening to grassroots and civil society activism of the previous decade. He has refused democratic reform in Hong Kong and has led a particularly repressive shift on the treatment of Muslims in China, especially Uighurs in the western province of Xinjiang, which was blanketed with surveillance devices and security personnel while hundreds of thousands were forced into thought reform camps.⁵

Yet these developments alone cannot account for the abrupt reorientation of thinking among US elites. China’s reactionary turn over the last decade took shape alongside similar political transformations around the world: the rise of exclusionary nativism in Europe, India, and Myanmar; the centralization of politics under authoritarian leaders in the Philippines, Turkey, and Saudi Arabia; the repression of labor and feminist protest in Brazil, Russia, and Egypt; and the increasing dangerous nationalist politics in the United States itself. Only in the case of China has a coalition uniting establishment Democrats, neoconservatives, and “America First” Republicans taken shape in the name of fighting these changes.

What makes China different is that it challenges US hegemony over global economic and military affairs, inspiring hostility across the US political spectrum. Following the 2008 crisis, China seemed to recover quickly while the US and its allies stagnated, generating deep anxiety among US leaders. In 2015, the Xi administration released a plan to develop high-tech sectors like robotics, artificial intelligence, and biotech. This is crucial for China to escape structural subordination in global value chains and create more high-income, high-status jobs for a population with rising expectations.⁶ These plans threaten the stranglehold of US companies over the most profitable sectors in the global economy, and, as global growth slows, US leaders are especially intolerant of competition in these lucrative but heretofore restricted fields. A key priority in great power competition is to maintain the supremacy of US corporations, especially in strategic industries like the tech sector.⁷

⁵ www.ft.com/content/48508182-d426-11e9-8367-807ebd53ab77

⁶ <https://foreignpolicy.com/2018/08/08/china-is-cheating-at-a-rigged-game/>

⁷ The superiority of the US tech industry is also seen as crucial to US military dominance, making the development of the Chinese tech sector appear as a national security threat as well. According to the acting Defense Secretary, the \$738 billion 2020 military budget was shaped mainly by “China, China, China.” It passed Congress with overwhelming bipartisan support. <https://apnews.com/a6decfb9a37c4fe4936ecb5e252c86d8>

The Trade War Agenda: Corporate Nationalism

Supporters of the trade war cloak themselves in the mantle of the national interest. But a closer look at the Trump administration's demands reveals that the trade war is being waged not on behalf of all Americans, but to increase the power of US corporations against their Chinese competitors.

The most important and difficult US demands concern so-called "structural" issues in China's economy. The first such demand is that China improve protections for intellectual property and end the practice of conditioning foreign investment on the transfer of advanced technology to local companies.⁸ US negotiators prioritize these issues because US-based companies dominate many of the most lucrative sectors guarded by intellectual property rights: advanced manufacturing, pharmaceuticals, software, entertainment, and high-end branded goods. Successful negotiations would secure windfall profits for these corporations, but how ordinary Americans would benefit is not clear. More likely, channeling even more money to well-off investors would further concentrate wealth at the top in the US—a recipe for continuing weak consumer demand and political discontent. It might even destroy jobs in the US: by raising consumer prices and slowing growth in China, stronger IP exclusions would damage the prospects of other US exporters in the Chinese market. A US–China rivalry over IP also undermines our ability to collaborate in clean technology research and investment to address the climate crisis.⁹

The Trump administration's second key structural demand is that China give up its successful use of industrial policy, including public investment and prioritizing specific sectors to drive economic development. The aim here is to force China to submit to the free market fundamentalism that, in the United States, has caused soaring inequality and blocked investment in infrastructure and initiatives to address the climate crisis. China acceding to this demand would undermine its own economic development model and climate resiliency while hardening the inequalities between the US and China. It would also further embolden the rightwing forces in the US that are opposed to developing industrial policy for the US economy.¹⁰

An additional US demand, and the focus of the Phase One Agreement, is the reduction of the trade deficit with China. Although of doubtful economic significance,¹¹ the trade deficit has assumed an outsized role in the US symbolizing anxieties that China is manipulating trade to gain an unfair advantage and "steal our jobs." This demand may prove politically useful to Trump, but politicians and analysts across the political spectrum are virtually unanimous in casting the trade deficit as a

8 In the US, this practice is often called "forced technology transfer." Curiously, the word "forced" here refers to a voluntary contractual agreement that may include measures the US company dislikes but nonetheless accepts in order to gain the benefits on offer. If this counts as "force," it would appear that other contractual arrangements such as wage labor, rent, and perhaps most "voluntary" social relations in capitalist society are likewise fundamentally coercive.

9 <http://cepr.net/publications/op-eds-columns/trump-s-trade-war-with-china-is-waged-to-make-the-rich-richer>

10 Another prominent grievance has been accusations of "currency manipulation": Chinese state guidance of the currency's value to keep Chinese exports cheaper than those of competitors. Overall this issue has receded in significance over the last decade. As part of the trade war the Trump administration did accuse China of currency manipulation, but it was rarely discussed and the administration rescinded this label early in 2020. www.nytimes.com/2020/01/13/us/politics/treasury-china-currency-manipulator-trade.html Progressive economists Anwar Shaikh and Isabella Weber have critiqued charges of currency manipulation as lacking in empirical evidence. www.postkeynesian.net/downloads/events/ShaiKh-Weber_2018.pdf

11 As much as one-third of the deficit is a statistical artifact of China's position at the low-value end of global production chains. Chinese manufacturers often import advanced components from countries like Japan or South Korea and perform only the final step in assembling export goods, often earning the lowest share of income in the process. Yet for the purpose of trade statistics, the full value of the good—including the value of the imported intermediate components—misleadingly appears as a Chinese export to the US. www.dallasfed.org/~/media/documents/research/eclett/2013/el1305.pdf

distraction from the more important “structural” issues.¹² The Phase One Agreement has therefore only postponed great power confrontation unless a progressive alternative emerges.

Impacts of the Trade War in the US

The trade war has significantly damaged the US economy. This is a potential liability for Trump, especially since some of the hardest hit communities are in rural areas and swing states that will play a crucial role in the 2020 elections, both at the Presidential level and in key contests at the state level.¹³ The trade war has also triggered an escalation in anti-Chinese racism in the US. From the point of view of progressive strategy, here are some of the most significant impacts.

Manufacturing

Trump’s trade war pushed the US manufacturing sector into a recession in 2019.¹⁴ The trade war hurts US manufacturing both coming and going: tariffs on intermediate goods imported from China increase the cost of production, which is passed on to consumers in the form of higher prices that lower demand, while retaliatory tariffs from China on US goods hurt exports.¹⁵ This has increased economic uncertainty, causing business investment to shrink starting in the third quarter of 2019 and thereby damaging job creation.¹⁶ According to the Institute for Supply Management’s manufacturing index, the industrial sector in September suffered its worst contraction since June 2009 and remained in recession from August through November.¹⁷

The Rust Belt swing states are especially reliant on manufacturing employment. Pennsylvania suffered the worst damage, losing 8,300 jobs between January and July of 2019. Wisconsin, another key swing state, lost 4,000 manufacturing jobs in the same period (see figure on page 5).¹⁸ Trump had hoped that steel workers would be among the greatest beneficiaries of the trade war, but the effects have been mixed even in this sector.¹⁹ Further, while gains in steel employment in the US should be celebrated, they must also be weighed against losses in other sectors caused by the trade war.

12 www.washingtonpost.com/opinions/global-opinions/trump-is-getting-played-by-china-on-trade/2019/12/12/a8381362-1d2d-11ea-b4c1-fd0d91b60d9e_story.html Republican Senator Marco Rubio, a leading proponent of containing China, warned that the administration risks “giv[ing] away the tariff leverage needed for a broader agreement on the issues that matter the most.” <https://twitter.com/marcorubio/status/1205218061827104769> Democratic Senate Majority Leader Chuck Schumer tweeted: “President Trump has sold out for a temporary and unreliable promise from China to purchase some soybeans. Once again, President Trump cannot be relied upon to the [sic] do the right thing for American workers and businesses.” <https://twitter.com/SenSchumer/status/1205519862392643584>

13 www.washingtonpost.com/graphics/2018/business/china-tariff-jobs/

14 Additional triggers include a strong dollar and weak demand from the Global South. Both of these are features of the current regime of global inequality that would also be addressed through a progressive internationalist agenda: www.washingtonpost.com/business/2019/07/25/us-manufacturing-is-technical-recession-how-worried-should-we-be/, www.latimes.com/politics/story/2019-10-09/despite-trump-vow-manufacturing-in-recession

15 www.reuters.com/article/us-usa-fed-tariffs/americans-not-chinese-pay-trump-tariffs-ny-fed-study-idUSKBN1XZ2A4

16 www.cnbc.com/2019/10/30/business-investment-drops-3percent-in-third-quarter-amid-trade-war-uncertainty.html

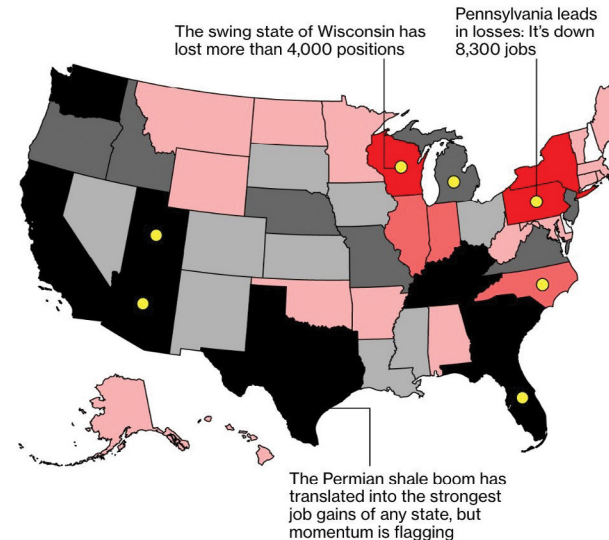
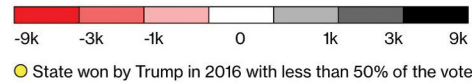
17 www.washingtonpost.com/business/2019/10/01/trump-is-heading-into-re-election-with-deep-manufacturing-recession-and-www.marketwatch.com/story/us-manufacturing-sector-weakens-further-in-november---ism-2019-12-02

18 Figure from www.bloomberg.com/news/features/2019-09-09/a-manufacturing-recession-could-cost-trump-a-second-term

19 Over 4,000 jobs were added at iron and steel mills following tariffs on steel, between April 2018 to June 2019. <https://data.bls.gov/timeseries/ENUUS0001053311>. However these gains may prove precarious as the overall weakness in manufacturing has triggered a drop in the price of steel, and US Steel recently laid off 1,500 workers at a plant in Michigan. <https://agmet-alminer.com/2019/10/10/raw-steels-mmi-global-steel-prices-continue-to-falter/>, www.cnbc.com/2019/12/20/us-steel-says-it-will-lay-off-1500-workers-board-cuts-dividend.html

Manufacturing Jobs

Change in manufacturing jobs, January 2019 to July 2019



Data: Bureau of Labor Statistics, Federal Election Commission

Agriculture

The trade war, combined with extreme weather events linked to the climate crisis, has produced a particularly painful year for US farmers. Since the start of the trade war, agricultural exports to China dropped by more than half, from about \$20 billion before the trade war to \$10 billion in 2019.²⁰ The reduction in demand for US soybeans, formerly a major export to China, led to prices falling below the cost of production.²¹ On top of this, record rains and floods left 19.4 million acres of US farmland unplanted.²² This led to a wave of farm bankruptcies: “for the 12-month period ending September 2019, Chapter 12 farm bankruptcies totaled 580 filings, up 24% from the prior year and the highest level since 676 filings in 2011.”²³ The swing state of Wisconsin leads the country in farm bankruptcies while Minnesota has the third most. Both are swing states Trump hopes to win in 2020, relying on the same rural voters who have been hurt by the trade war.

In order to compensate farmers for the loss of agricultural exports, the Trump administration established the Market Facilitation Program, a bailout for farmers that reached \$28 billion in September 2019, more than twice the size of the auto bailout a decade earlier.²⁴ This enormous program disproportionately benefited the wealthiest in the industry. A July 2019 report found that

20 www.agriculture.com/news/business/stronger-than-expected-sales-to-china-buoy-us-ag-exports

21 www.vice.com/en_us/article/qvqp3v/iowa-farmers-explain-how-trumps-trade-war-is-hurting-them, www.reuters.com/article/us-usa-trade-china-soybeans/on-the-front-lines-trade-war-sinks-north-dakota-soybean-farmers-idUSKCN1VC0ZX

22 www.agupdate.com/agriview/markets/crop/trade-war-takes-crops-as-victims/article_a50f6703-2eb4-5f37-baee-bc-1b777466a9.html, www.cbc.com/2019/11/02/trade-wars-climate-change-plunge-the-family-farm-into-crisis.html

23 www.aa.com.tr/en/americas/us-farm-bankruptcies-at-8-year-high/1631908

24 www.bloomberg.com/news/articles/2019-09-19/farmers-say-trump-s-28-billion-bailout-isn-t-a-solution

the top 1% of recipients received an average of over \$180,000, while the bottom 80% received an average of only \$5,000, with one single large farm receiving a windfall of \$2.8 million in payments. In addition, 99.5% of payments went to white farmers, bypassing farmers of color almost entirely.²⁵

The Phase One Agreement includes a commitment from China to greatly increase agricultural imports from the US. If successful, this will stop further losses, but will not undo the damage already done. Farmers will remain at risk in the likely event of renewed confrontation.

Threats to the Whole Economy

The negative impacts of the trade war pose a threat to the entire economy. In the summer of 2019 there were signs that the trade war might tip the US economy or the entire global economy into recession. These fears have since calmed but not disappeared.²⁶ Meanwhile a September 2019 study by Moody's Analytics estimates that the trade war had cost the US 300,000 jobs as of June 2019, and projected that this would grow to 450,000 jobs by the end of 2019. These estimates were based on figures only for non-farm employment, which does not capture the additional losses in agriculture.²⁷

The economic problems discussed here are not solely products of the trade war. They have deeper roots in the decades of neoliberal economic policies that have transformed all industries and communities into instruments for the maximization of short-term profits. The trade war has acted as a trigger that threatens to turn underlying structural dysfunctions in the US economy into a full blown crisis.

Anti-Chinese Racism

The trade war exacerbates racist rhetoric and policies targeting people of Chinese descent. In June 2018, as the trade war was escalating, the Trump administration implemented new visa restrictions targeting Chinese nationals. This is a major problem for international students, scholars, researchers, and other workers from China.²⁸ Chris Wray, Trump's FBI head, has claimed that China represents "a whole-of-society threat," meaning that all people of Chinese descent (including US citizens) should be seen as potential agents of the Chinese government and dangerous to US national security.²⁹ This statement makes explicit policies of racial profiling and blatantly racist trainings at the FBI.³⁰ We are not yet at a point where all people of Chinese descent are being targeted, however the sudden detention of Iranian Americans at the border immediately after the US assassination of Iranian General Qasem Soleimani shows how the use of racist infrastructure in federal agencies can rapidly intensify.³¹

The trade war and the broader escalation in the US-China rivalry rely upon and also reinforce long-standing racist stereotypes about Chinese people and other Asians. In the United States and much of the Western world, Asians are widely seen as a step removed from robots: obedient,

25 www.ewg.org/agmag/2019/07/usda-bailout-impact-trump-s-tariffs-goes-biggest-richest-farmers

26 www.foxbusiness.com/economy/us-china-trade-war-economy-recession-impact, www.nytimes.com/2019/12/12/business/economy/economy-recession.html

27 www.cbsnews.com/news/trumps-trade-war-squashed-an-estimated-300000-jobs-so-far-moodys-estimates

28 www.npr.org/2019/04/25/716032871/visas-are-the-newest-weapon-in-u-s-china-rivalry

29 www.huffpost.com/entry/fbi-christopher-wray-chinese-immigrants_n_5ab3d47fe4b008c9e5f51975

30 These policies preceded Trump's presidency, but the FBI's suspicion of Chinese-Americans is escalating as Trump increases US-China tensions: www.bloomberg.com/news/features/2019-12-10/the-u-s-government-s-mistrust-of-chinese-americans

31 www.nytimes.com/2020/01/05/us/politics/iranian-americans-border.html

efficient, disciplined, with an affinity for self-denial, but lacking capacity for play, creativity, emotion, autonomy, and deep relationships with others. In other words, human capacities that are useful for work are overdeveloped, while all other aspects of humanity that do not directly contribute to work are degraded. These racist ideas make it easy to imagine that all members of the Chinese diaspora are potential tools of the Chinese state, obscuring the ways in which the experiences and struggles of poor and working people in the US are shared by their counterparts in China and making solidarity unimaginable.³² A critique of this racism must be part of the opposition to anti-China nationalism, and can help build power for a progressive alternative.

The Progressive Internationalist Alternative

The disintegration of the neoliberal global system has thus far primarily strengthened reactionary currents: zero-sum competition for economic growth that pits different groups of workers against each other, exclusionary and belligerent nationalism, and escalating militarism. The trade war is one step along this disastrous path. To meet this challenge, we must pursue structural reforms to the global economy that will systematically reverse the inequalities of neoliberal globalization while undermining the nationalist reaction to those inequalities at the same time. This requires a new vision for the US-China relationship within a more just and sustainable world.

We must shift our worldview from one in which our problems are due to other countries, to a worldview of solidarity across borders grounded in the recognition that we face shared problems and must come together around shared solutions. In both the US and China, millions endure low wages and excessive work hours in undignified and insecure jobs. In both countries, people struggle with expensive housing, unreliable health insurance, and inadequate public services. These shared problems have a common cause: a system of global corporate power controlled by unaccountable elites. US workers cannot protect themselves by punishing workers in other countries. Rather we must work together across borders to transform the global economy and confront the elites who protect the status quo and seek to pit us against each other.

Consider the loss of manufacturing jobs, a key focus of anxieties about China in the US. These losses are often blamed on competition from China. But manufacturing workers in the US and China have more in common than is usually realized. Chinese manufacturing employment has fallen steeply since 2014, and disruptions to the communities that depend on these jobs have rivaled the pain suffered in the US Rust Belt.³³ If manufacturing jobs are disappearing in China as well, then fighting with China over manufacturing employment means fighting for a larger piece of a shrinking pie. Instead we need shared solutions to the common problem of overcapacity.

A progressive internationalist alternative for the US-China relationship must meet a number of criteria. First, it must prioritize progressive goals that have been sidelined both in the trade war and in the neoliberal status quo ante: expanding labor rights, fighting the climate crisis and other environmental threats, reducing poverty, and securing civil and human rights. Second, it must be internationalist, recognizing that poor and working people in the US, China, and elsewhere share many of the same problems and need to come together around shared solutions. Third, in order to

³² <http://inthesetimes.com/working/entry/21277/anti-china-nationalism-donald-trump-trade-wars-left-bernie-sanders-unions>
³³ www.ft.com/content/cd2fe8f0-cf70-11e7-b781-794ce08b24dc

have any chance of being accepted by Chinese leaders it must recognize and support China's right to economic development. Fourth, it must confront the growing dysfunctions of the neoliberal global economy that are a root cause of zero-sum thinking and growing nationalism, such as overcapacity in multiple industries globally. Finally, we must be able to identify steps by which an ascendant progressive movement could build the power necessary to win this alternative.

We recommend that progressives demand an immediate end to the trade war, repudiating the current US demands around intellectual property and industrial policy, and redirect negotiations toward strengthening labor rights in both countries and working together to create a new model of sustainable development that actually addresses the scale of the climate crisis. These measures will also increase the effectiveness of US demands for an end to China's human rights abuses.

Labor Standards

Nothing could do more to improve the prospects of workers in both countries than stronger labor standards, yet this issue has been entirely excluded from the current US-China negotiations.³⁴ Progressives should propose that the US and China work together to create a global system that guarantees and effectively enforces labor rights. The impact of such a system would go beyond the immediate benefits for workers. It would also reshape the global economy by ending the race to the bottom in which workers of all countries compete with each other for jobs, as governments compete with each other for investment. By lifting the wages and strengthening the rights of workers everywhere, such a system would force corporations to compete by investing in workers and in productivity growth rather than by minimizing labor costs. This would increase consumer demand, create jobs, and address the problem of overcapacity in the global economy.

Sustainable Development and the Climate Crisis

As global temperatures climb and as projections indicate the need for ever steeper reductions in carbon emissions, collaboration on climate measures between the world's two most important economies becomes ever more urgent. The current model whereby countries agree to ambitious targets for each country's economy has failed to meet such targets. Progressives should propose that the US and China work together with other countries to develop a plan that makes maximal use of the respective advantages of each country to rapidly undertake the transition to global sustainable development.

China leads the world in many areas of clean energy and transportation technology and is by far the top investor in clean energy. It also organizes the world's largest international infrastructure plan, the Belt and Road Initiative (BRI). The BRI is a major priority for the Chinese government, and is meant to help solve the problem of overcapacity in Chinese industries. It also has the potential to deliver large amounts of clean infrastructure to the rest of the world. However, the BRI is not yet governed by climate standards and is involved in building many new coal-fired power plants and other high-emissions infrastructure, in addition to widespread corruption and violations of labor rights. The Chinese government is interested in "greening the BRI" and addressing corruption, but progress has been slow.³⁵

³⁴ <https://medium.com/@dmauer/why-the-trump-administrations-approach-to-trade-still-leaves-workers-behind-76ea7a17fb4c>

³⁵ <https://qz.com/1760615/china-quits-coal-at-home-but-promotes-the-fossil-fuel-in-developing-countries/>

Meanwhile the US has advantages in finance and governance as well as complementary strengths in clean technology and infrastructure that in the right framework could address the BRI's problems. Progressives should propose that the US cooperate with China to "green the BRI" as part of a joint plan to address the climate crisis. The fear among some progressives that we must compete with China over clean energy jobs would dissipate in the context of a sufficiently bold global climate plan showcasing that there is more than enough work to go around.

Prioritizing the climate crisis also clarifies the need to take a very different approach to the issues of industrial policy and intellectual property. Industrial policy, far from an "unfair" practice, is necessary if we are to reduce carbon emissions as rapidly as needed. The Green New Deal is, among other things, a call for green industrial policy. Rather than demand that China cease its use of industrial policy, therefore, progressives should support an industrial policy for the United States. Negotiations with China should focus on how to coordinate industrial policy between the two countries.³⁶

Intellectual property rights, like opposition to industrial policy, have functioned as a structural obstacle within climate negotiations. The technology needed to reduce emissions is currently locked up in patents disproportionately controlled by corporations in the developed countries and (more recently) China. As a result, the current intellectual property regime increases costs for lower-income countries to reduce emissions and locks them out of clean technology industries. This is not only unjust, it also slows the reduction of emissions in the Global South and generates discord in global climate negotiations.³⁷

Progressives should therefore propose that the US and China work together and with other countries to create a system for sharing clean technology as freely as possible and reduce or even abolish intellectual property rights in the realm of clean tech.³⁸ In past climate negotiations, China and other countries of the Global South have urged such measures and proposed alternative mechanisms to fund and govern research and development of clean energy technology. Unfortunately they have been overruled by the governments of the US and other developed countries in order to protect corporate profits.³⁹ Progressives must lead the US in reversing this shameful trend.

Human Rights

A progressive approach to negotiations provides a strong foundation for progress against the recent escalation in China's human rights abuses. First, Chinese leaders will be more willing to make concessions on human rights issues in the context of negotiations that, in contrast to the current approach of "all stick, no carrot," are consistent with their sense of the national interest. Second, affirming China's need for economic development and the leadership's desire for a successful BRI would undermine the key ideological tool that the government uses to justify these abuses: Chinese nationalism.

36 Although China is not wrong in principle to pursue an industrial policy, its current strategy has been shaped by the neoliberal global system and there is much to criticize in it. Overcapacity in the steel industry, for example, is a product of poorly coordinating industrial policy that has led to multiple local governments encouraging redundant investments in the steel industry. The Chinese government has accepted that its steel industry suffers from overcapacity and acted to reduce steel employment by millions. The US could more productively address this and other problems of overcapacity by working on solutions to specific failures of industrial policy rather than demanding that China cease the use of industrial policy entirely.

37 Dean Baker, Arjun Jayadev, and Joseph Stiglitz, "Innovation, Intellectual Property, and Development: A Better Set of Approaches for the 21st Century," July 2017. <http://cepr.net/images/stories/reports/baker-jayadev-stiglitz-innovation-ip-development-2017-07.pdf>

38 Dean Baker, *Rigged: How the Rules of Globalization and the Modern Economy were Structured to Make the Rich Richer*, Chapter 5.

39 Baker, Jayadev, and Stiglitz, "Innovation, Intellectual Property, and Development."

The Chinese nationalist narrative is that the US and other Western powers are committed to containing and subverting China, so all Chinese people must unite behind the government to counter this threat. The government consistently portrays the victims of its crackdowns (Uighurs, Hong Kong protesters, mainland Chinese activists) as agents of foreign powers seeking to undermine China.⁴⁰ In so doing, the state is often able to sustain popular support for its authoritarian rule. Hawkish policies from the US, including explicit calls to undermine the Chinese economy, feed the popular appeal of nationalism within China.⁴¹ By the same token, a posture of cooperation and recognition from the US would undermine the power of Chinese nationalism.

Finally, a progressive approach would allay anxieties within the Chinese leadership about economic growth, which are exacerbating China's authoritarian turn. The Xi administration's various crackdowns are all motivated in part by a fear of popular unrest as growth slows, and by a desire to mobilize the entire population to compete effectively in the zero-sum struggle for global growth.⁴² Working with China to shape a new kind of mutually beneficial global growth would weaken the case for these abusive practices.

Building Power

How can we make this alternative a reality? This begins by organizing in the communities that are suffering directly from the trade war, where people have the clearest interest in pursuing an alternative. As we saw above, this includes many communities that will have outsized influence in the 2020 election given their position on the electoral map. Progressive members of the Chinese diaspora in the US have a special role to play in representing the shared interests of people across borders and exposing and countering the racist narratives underlying the US-China rivalry. There are also opportunities to build alignment across movements, for example with organizations in the peace movement and the ascendant climate movement, given the intersections between those issues and the US-China rivalry.

The approach outlined above is founded on progressive principles of equality, sustainability, and peace. It unites the interests of workers in the US and China and provides a path to creating jobs and expanding opportunities in both countries. By recognizing important priorities of the Chinese leadership, such as continued economic development and the success of BRI, and by repudiating zero-sum competition, it has the potential to build trust and to win concessions on difficult questions of human rights. Not simply a moral wish list, it points toward a coherent new global political economy that would restructure social relations around the world by integrating all countries into a more egalitarian and sustainable form of development. This would substantially reduce the power of nationalism and militarism in international affairs. With this approach we can seize the challenge and opportunity before us: to defeat the nationalist right, to build power in strategically crucial regions around a progressive internationalist agenda, to undermine the anti-China nationalism that has hardened into a dangerous reactionary force in US politics, and to set in motion a progressive transformation of the US-China relationship and the global system as a whole.

40 www.thenation.com/article/hkhrda-hong-kong-congress/

41 Many anti-China hawks in the US cite China's human rights abuses as a justification for increased conflict with China. They never explain how great power conflict would improve the situation. Nor do they acknowledge that increased aggression from the US may serve to exacerbate ideological support for the abuses.

42 On Xinjiang: <http://chuangcn.org/journal/two/spirit-breaking/>. On Hong Kong: <https://madeinchinajournal.com/2019/07/15/a-global-path-through-the-hong-kong-dilemma-towards-a-new-internationalism/>. On labor activists and civil society in mainland China: www.npr.org/2017/10/18/558477319/the-economic-backdrop-to-chinas-crackdown-on-civil-society