

China Trade Policy of the Potential Next US President

1. America to Stand up against China?

The leading presidential candidate of the Democratic Party and former Secretary of State Hillary Rodham Clinton on July 23 claimed that “America has to ‘stand up’ to China and make it stop unfair trade practices that hurt U.S. businesses and kill U.S. jobs.”¹

Hillary Clinton’s statement, in juxtaposition with remarks made by Assistant Secretary Daniel R. Russel from the Bureau of East Asian and Pacific Affairs at the Preview of the Seventh US-China Strategic and Economic Dialogue, creates an interesting cleavage between the current administration and the future presidential candidate, in terms of US-China economic partnership. Mr. Russel, at the meeting, made it clear that:

Because China’s such a huge trading nation and trading partner for the United States, of course on a bilateral basis, we work together very closely ... there’s no doubt that both countries and the world benefit from cooperation between the U.S. and China on trade and on economics more broadly.²

2. One Direction, Two Ways?: Obama v. Clinton

To understand what lies beneath the obvious differences regarding US-China trading policy between the current Democratic administration and Hillary Clinton, and implications that they have on the future of US-China economic relations, it is crucial to establish a broader context.

Ms. Clinton’s criticism directed towards China is related to her refusing to take a stance on the Trans Pacific Partnership (“TPP”), which is a free trade agreement being discussed actively among 12 countries. TPP is being pushed vigorously by the Obama administration³, because it is believed to “open markets,

set high-standard trade rules, and address the twenty-first century issues in the global economy,” while “[promote]ing jobs and growth in the United States and across the Asia-Pacific region.”⁴ The TPP agreement, as a matter of fact, is also a cornerstone of President Obama’s foreign policy outline that is frequently referred to as the “pivot to Asia.” Due to the policy’s nature of “[attempt]ing to shift attention and resources toward the growing economies and populations of the region,”⁵ TPP’s advocacy for an open market allows the US to divert resources to Asia.

Ms. Clinton, however, argued that “the president must cooperate with Democrats in improving the agreement,”⁶ and that she will “judge what’s in the final agreement.”⁷ While evaluating the agreement somewhat pessimistically, Hillary Clinton refused to criticize the deal elaborately. This meticulous positioning of Ms. Clinton’s, on the issue of TPP, demonstrates the presidential candidate’s effort to distance herself from President Obama - despite her contribution in drafting TPP as the Secretary of State,⁸ while leaving room for the future alignment with the president.

Politically, her decision of remaining non-vocal about the issue is a gesture to gain support from both the “coalition of African-Americans and young voters”⁹ supporting Mr. Obama and “labor unions and the Democratic Party’s liberal base”¹⁰ opposing TPP. In light of Hillary Clinton’s overall economic priority of “raise[ing] wages,”¹¹ however, tacit adherence to the fundamental ideal of TPP reflects her support for “free, transparent, fair trade”¹²; whereas, the call for improvement represents Democrats’ opposition of “expanded trade deals” that “help the financial bottom line of multinational corporations without doing enough to boost wages of US workers.”¹³ In essence, therefore, what Hillary Clinton stands for is a free trading system that produces jobs, raises wages, and increases prosperity.

In China, “covert protectionism helped domestic manufacturers achieve formidable market share at home and abroad.”¹⁴ Moreover, the protectionism policy was supported by cheap labor that China could offer, leading to the establishment of so-called, ‘Factory Asia.’ ‘Factory Asia’ has a daunting influence on the global economy. According to THE ECONOMIST magazine, in 2013, Asia accounted for 46.5 percent of global manufacturing output and “China accounts for half of Asia’s output.”¹⁵ Finally, the US has been suffering from a trade