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Step or Stumble: The Obama Administration's Pivot to Asia
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The Obama Administration's Pivot to Asia was a grave mistake. I say this not because I believe we can ignore Chinese provocations in Asia. We cannot, either in the South China Sea or the East China Sea. The Pivot was a mistake because it focused only on countering military power with military power, but ignored the complex set of threats posed by China's use of trade power.

China is a mercantilist nation that wields many political and economic tools to concentrate control over industrial capacity. Chinese leaders do so to provide more jobs for their people and to concentrate more money, hence more power, in their hands. They do so also to be able to exert influence over nations that depend on that capacity – including the United States.

Over the last five years, the Obama Administration did nothing to address U.S. dependence on China for goods that Americans need every day – things like drugs, chemicals, and electronics. On the contrary, the Administration proposed a trade deal – the TPP – that if approved would only shift more vital industrial capacity into Chinese control.

Extreme concentration in China of vital industrial capacity exposes the United States to coercion by China, and may actually increase the likelihood of conflict by tempting Chinese leaders to take risks they would not otherwise take. Extreme concentration of industrial capacity – by creating numerous single sources of supply – also raises the danger of cascading industrial crashes, much like the ones that crippled world production after the great Japanese earthquake of 2011.

Liberal trade has served the U.S. interest in many ways since World War II. But in recent years the uncontrolled shifting of jobs from the United States overseas has harmed millions of Americans. During this period, our national trade deficit has both piled up dangerous levels of debt and has provided Chinese leaders with cash they can use to increase China's influence in the world, and to reduce America's.

But to understand the full extent of the danger posed by the radical shift in trade policy in the mid 1990s we must also look at the structure of supply chains. We should study what exactly is made in China, and how much of any vital good comes from China. Looking at supply chains is what allows us to see the full extent of our vulnerabilities in a time of conflict, and a way to judge whether the Pivot to Asia was well designed.

Twenty years ago the United States depended on China for nothing that we needed day to day. But the radical changes in U.S. trade policy in the 1990s freed China – often in alliance with large U.S. corporations – to use trade power to consolidate control over many assembly activities and industrial components. This includes the basic ingredients for some of the nation's most important drugs, including antibiotics, and some of the most vital inputs in our industrial food system, such as ascorbic acid.

Given that private corporations often run their supply chains on a just-in-time basis, in which goods are produced only as fast as they are consumed, there are often no backup supplies anywhere.

The United States has long been in the practice of applying trade sanctions to other nations to achieve political ends. This includes in recent years Iran, North Korea, and Russia. These sanctions are often highly effective. In 1956 the United States used trade sanctions to force Britain and France to pull their military forces out of Egypt after they attempted to seize the Suez Canal.

The extreme concentration of industrial capacities in China give leaders in Beijing the ability to impose similar sanctions on the United States, in the event of an actual conflict, or even in the run up to a potential conflict.

What would the United States do in the event of such a cut off of vital supplies? Would we try to tough it out? Would we cede to Chinese demands? Would we escalate through the use of cyber or military power? How would the public react? In every case, we have no idea what the answer might be, as it appears that no agency of the U.S. government has studied the issue of U.S. industrial dependence on China in any depth whatsoever.

Liberal U.S. trade policy in the half century to the mid-1990s helped provide the foundation for a period of unprecedented peace and stability in much of the world.

It is now clear that the extreme changes to U.S. trade policy in the 1990s upset those balances, in large part by paralyzing the United States' ability to counter the mercantilist policies of China, and thereby to prevent a dangerous concentration of capacity, control, and power.

Rather than waste more time on the TPP, or to attempt to treat a trade problem with military power – as we are doing with the Pivot to Asia – the U.S. government must figure out how to lessen its extreme and growing dependence on industrial capacity located inside China, in ways that would make our nation – and indeed the world as a whole – more politically and economically secure.