

How Donald Trump is helping to make China great again

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Throughout the 2016 election campaign, the now President Trump made it plain that China was one of the US' main competitors on the world stage. But what if Trump's policies of economic nationalism and retrenchment may be actually helping China? [David W. Wise](#) argues that while the Obama administration sought to counterbalance the rise of China, US withdrawal from the Trans-Pacific Partnership and Trump's proposed cuts to research and innovation funding leaves an opening on the world stage that China may be very eager to fill.

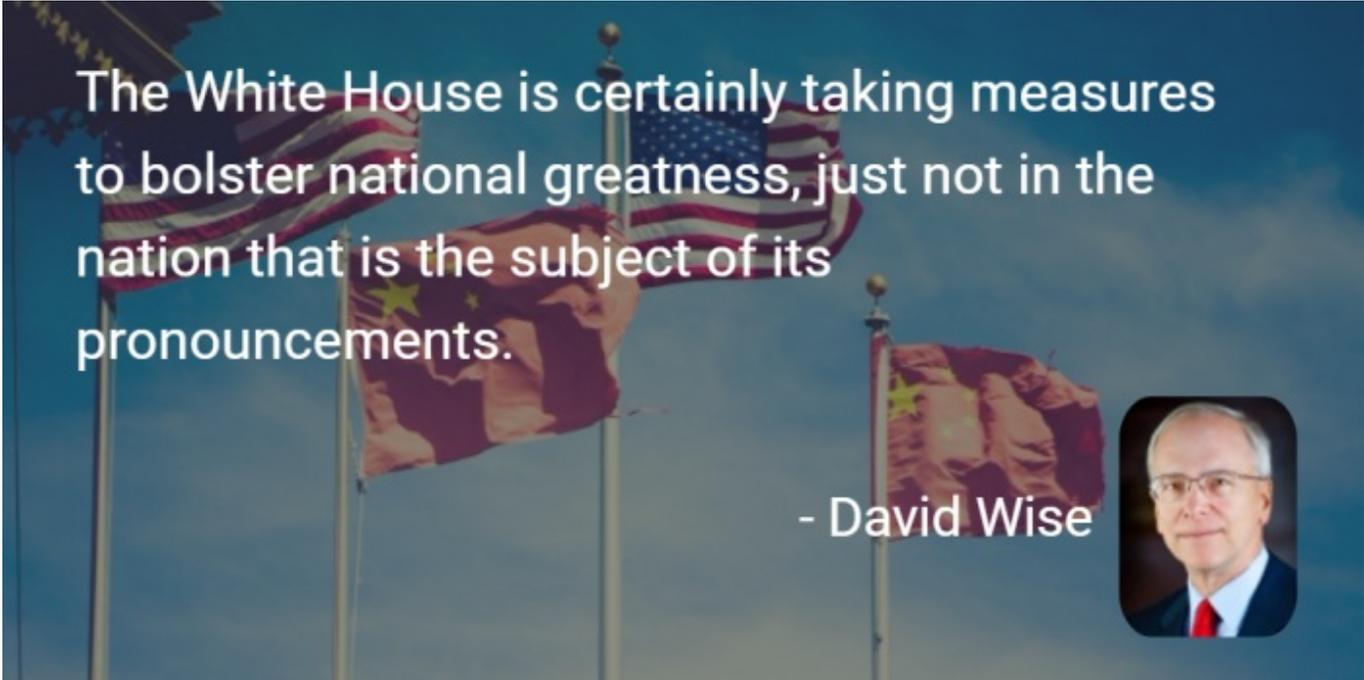


The United States became a nation in 1776, arguably became a world power around 1900 with victory in the Spanish American War and the appearance of the Great White Fleet, and became the dominant world power when it emerged from the destruction of the Second World War in 1945 with its economy intact. These inflection points were 241, 117 and 72 years ago, respectively. The winning battle cry from last year's presidential campaign was the promise to "Make America Great Again" which, although never defined, presumably reflected nostalgia for the era of the Baby Boom (1945-1964) – of the grandfatherly Dwight Eisenhower, big tailfins, "Happy Days" and an American economy as yet unchallenged by countries still recovering from the ravages of the Second World War or colonization.

Today, however, there is another significant power, China, which also wants to recapture *its* former greatness, an aspiration that is getting an unintentional assist by the current occupant of the White House. China, which has endured as a distinct culture for five millennia and which up until the outbreak of the First Opium War in 1839 was by far the [largest economy](#) in the world accounting for one-third of global GDP. That war by imperial Britain and a subsequent Second Opium War, in which the United States was involved in combat with Chinese forces in the [Battle of the Barrier Forts](#) (1856), was part of what the Chinese view at the Century of Humiliation (1839-1949) during which it was occupied and exploited by western powers and saw its economy fall to only about one fifth of global GDP.

The Chinese, whose country's name literally means the "kingdom at the middle of the earth," are resolute in their objective of restoring China to its former greatness which it occupied for many centuries. Since instituting sweeping economic reforms in 1978 China has taken dramatic steps in that direction, [growing its economy](#) over thirty-six fold to become 61 percent the size of the US in nominal dollars and close to parity on purchasing price parity (PPP) basis. This growth has been built largely on a strategy centered on trade and exports.

In the postwar era US trade policy has been to support peace and economic growth through a system of multinational agreements, such as the World Trade Organization (WTO) and to which it encouraged China's entry in 2001. The Obama administration sought to counterbalance the rise of China and some of its assertiveness in the South China Sea through an additional trade pact with twelve Pacific nations called the Trans Pacific Partnership (TPP) which did not include China. Although officially a trade pact, the TPP was primarily about geopolitics not economics leading former Secretary of Defense Ash Carter to liken it to the value of an [aircraft carrier battle group](#). In the first week of the new administration, however, President Trump announced a policy reversal by withdrawing from the TPP. This was surprising for a president who boasts about his negotiating skill as this action surrendered all of the leverage possessed by the US to write many of the rules for trans-Pacific trade without [getting anything in return](#). The administration could further compound this error if it were also to walk away from NAFTA creating an opening for China to gain both economic and even political leverage with both [Canada](#) and [Mexico](#).



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- David Wise



Instead of having a trading system with the US at the center which conferred leverage against China, the other nations that were to be a part of the TPP, such as [Australia](#), are now [cozying up to China](#) and have even proposed bringing China into the void created by the American withdrawal. There is also some possibility of the other TPP nations being pulled into a new trade organization Regional Cooperative Economic Partnership ([RCEP](#)) advocated by Beijing. The US backing away from decades of support for a multilateral system of free trade, globally and not just in Asia, was made manifest at the first [G20](#) meeting attended by the new Treasury Secretary. Incredibly, China, which was only brought into the WTO fifteen years ago, stands poised to become the *de facto* [world leader](#) for multilateral trade, a position ceded to it by Washington.

Another bewildering self-inflicted wound was just offered up by the president's 2018 budget which proposes draconian reductions to basic research. It also eliminated the Advanced Research Projects Agency-Energy and the Department of Energy's Office of Science among others. Silicon Valley, the Internet, America's lead in aerospace and pharmaceuticals are all based on the long history of the Federal government funding large-scale and risky basic research that cannot be financed by commercial interests. Indeed, the standing of America's research universities may be the place where America enjoys the greatest advantage over other nations. Now that leadership is threatened. On the day after the Ides of March the budget director unveiled a proposed Federal budget that would reduce NIH research funding by almost one fifth. Almost half of basic research and [80 percent](#) of drug discoveries are related to university research. The wellspring of future intellectual property and breakthrough innovations are now threatened as will the US as a [magnet for international students](#). About four in ten doctorates in science and engineering by US universities are awarded to [foreign students](#) who come to the US as a beacon of discovery and innovation.

The center of gravity in R&D and discovery was already shifting to Asia before this direct hit to US primacy. Overall R&D spending in the US, including corporate funding, had been decreasing somewhat in recent years while China has increased its funding by [18.3 percent](#) and graduates [five times](#) the number of STEM students annually as the US. The OECD had forecast that on a PPP basis China might overtake the US in R&D spending as early as [2020](#). The White House is certainly taking measures to bolster national greatness, just not in the nation that is the subject of its pronouncements.

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