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THE U.S. – CHINA TRADE WAR AND POLICY RESILIENCE

The Trump administration's pursuit of a trade war against China can be attributed to a range of variables, including re-election hopes, a commitment to protectionism as an economic principle, fears about China's pursuit of artificial intelligence, and broader strategic concerns about the future of the global balance of power. This article argues that Trump's ability to alter trade policy towards China can also be explained in part by the structural weaknesses of the former trade policy regime that emerged at the end of the 1990s when Permanent Normal Trade Relations were agreed. Those weaknesses owed much to the ways in which trade with China was initially framed and the limited, only partially conclusive, character of the debate that took place at the time. Despite the growth and embedding of supply chains between China and the US, these inbuilt weaknesses contributed to the progressive erosion of the trade policy regime over the years that followed. Within this context few constituencies were ready to lobby for China after January 2017 and the Trump administration faced relatively little opposition to its initiation of a trade war with China.

Keywords: United States; China; trade war; policy regimes; policy development; Permanent Normal Trade Relations

The United States' trade imbalances with China and the perceived impact of imports were a defining issue during Donald Trump's 2015 – 2016 presidential election campaign. He declared that "we can't continue to allow China to rape our country and that's what they're doing" and that he would, if elected, impose tariffs of up to 45 percent on Chinese imports "because they have to understand that we're not playing games anymore".¹

Whereas the Trump administration pulled back, despite comparable threats, from the full repudiation of NAFTA that had been similarly promised on the campaign trail, it followed through on the commitment to impose tariffs on China, employing policy instruments such as Section 301 of the Trade Act of 1974.² While a “phase one” trade agreement was concluded between the U.S. and China in January 2020, it was described by *The Wall Street Journal* as a mere “ceasefire” that left US tariffs in place on about three-quarters of imports from China.³ Furthermore, the tensions with China broadened out beyond the trade deficit as the administration committed itself to a policy of “strategic competition” and threw its weight behind a policy of securing “free and open Indo-Pacific”. At one point, the president even “ordered” US companies to cease business transactions with China and claimed that Beijing was responsible for an annual American death toll of 100,000 Americans through imported fentanyl.⁴

There is no single reason why the Trump administration committed itself to a broadly-based economic war with China which had to some degree been prefaced by the shifting balance between cooperation and competition with China during the Obama years. Analyses within the Foreign Policy Analysis (FPA) literature have tied policy change to a plethora of variables including the impact of exogenous shocks, the role of international norms, the structure and sequencing of decision-making processes, role theory, political culture, policy entrepreneurs and windows of opportunity.⁵ They have also considered ideational factors, the role of individual leaders, (including their personality types), processes of learning, earlier policy failure, and the impact of a wide range of domestic political actors and institutions.⁶

If we look at the Trump policy toward China then we can readily identify some of these factors as being in play. Most obviously there was Trump and his personal predilections,

along with a widespread commitment within the administration to protectionism as a matter of economic principle. In addition there were domestic factors, including the political resonance of campaign calls to curb imports amongst core electoral constituencies, and altered perceptions and understandings of Chinese policy intentions. In particular, the administration pointed to the impact of China's industrial policy. Initiatives such as *Made in China 2025* with its commitment to accelerated growth in ten sectors including Artificial Intelligence (AI), appeared likely not only to close the gap between China and the United States but seemed to raise the prospect of China overtaking. Robert Lighthizer, who served as U.S. Trade Representative in the Trump administration, identified the dangers posed by *Made in China 2025* as the paramount reason for an economic war: "technology is probably the most important part of our economy. There's 44 million people who work in hi-tech knowledge areas ... And technology is really the backbone of the future of the American economy". ⁷

We argue that, in addition to these proximate causes of policy change, the inherent weakness of the United States – China trade policy regime that took shape at the end of the 1990s and which subsequently governed bilateral economic relations was a key factor explaining the change of policy direction imposed by Trump.⁸ Not only were there extensive pressures for change but the existing policy regime was weak and vulnerable. While there is an extensive domestic policy literature (and a more limited foreign policy one) that argues that institutions work in various ways to inhibit change, there is little acknowledgement of the fact that policy regimes vary significantly in strength or of the reasons for that. Yet it is a truism that weak policy regimes must be more vulnerable to reform and offer more opportunities for change than stronger ones.⁹ We argue that the principal reasons for the weakness of some policy regimes can be found in the structural character of the setting within which the regime first emerged. In sum, part of the explanation for the U.S.- China trade war can be found two

decades earlier in the period when the trade policy regime that Trump over-turned was created.

The role of institutions - broadly defined to include policies, policy regimes, regulations and procedures as well as more formal structures - in both constraining and facilitating change has been widely acknowledged within the study of domestic policy processes. In its classical form, the concept of path dependence suggests that policies become “sticky” and thus resistant to change over time for a variety of reasons including sunk economic and political costs, the development of institutional complementarities or interdependencies, and the ways in which ideas associated with those policies become a form of "common sense" which limits the credibility and legitimacy of alternative ideas.¹⁰ The role of institutions in explaining policy "stickiness" has also been explored in a foreign policy context. In addition to the same processes of developing of vested bureaucratic interests, norms and standard operating procedures seen in the domestic context, scholars have also pointed to membership of alliances and international organizations and the potential costs involved in leaving them as factors which work to ensure policy continuity.¹¹

The economic and political costs of changing a thoroughly institutionally embedded policy regime can consequently be enormous and in many cases insurmountable. Considerable attention has been paid, for example, to the ways in which the institutional legacies of the New Deal and the Great Society have constrained both the efforts of the conservative right to shrink the American welfare state and progressive attempts to provide more universalist forms of social provision many decades later.¹² In a foreign policy context we can point to the enduring strength of the post-World War Two policy regime associated with the concept of liberal internationalism. The combination of a U.S. commitment to global leadership, the

creation of associated domestic and international institutions (Department of Defense, National Security Council, CIA, United Nations, International Monetary Fund, North Atlantic Treaty Organization) and the development of broad and deep societal support for that policy has forged a policy regime that has proven remarkably resistant to change.¹³

It is therefore unsurprising that it is widely argued that there is an inherent tendency toward continuity once a policy regime is established and that only a major crisis or shock is likely to lead to change.¹⁴ Perhaps as a result, the fact that policy regimes may vary significantly in strength has secured significantly less attention:

much of the political-science literature assumes that institutions are born strong (or in equilibrium), in the sense that they are designed more or less in line with the distribution of domestic power and preferences and existing social and political norms.¹⁵

In a study of Latin American and post-communist countries, Levitsky and Murillo challenged this assumption, demonstrating that the institutional arrangements they examined had variegated degrees of strength. Nor does this apply only to regions characterized by a significant degree of long-run instability or states that still in a process of transition. Even institutions in nations with “effective legal systems” at times prove weak or incapable of enforcing policies.¹⁶ In sum, although policy regimes are generally assumed to have inherent strength, that strength is in practice a variable.

Relative institutional weakness or fragility can have different causes. It might arise because of non-compliance with a policy, particularly if it lacks legitimacy.¹⁷ By the end of the 1990s, for example, support for the international regime of sanctions on Iraq was steadily eroding and an increasing number of violations were occurring. This reflected both the enormous

humanitarian damage that had been done and the fact that the Clinton administration was widely regarded as seeking to maintain the sanctions for the illegitimate purpose of containing Iraq rather than for the narrower purpose of enforcing United Nations Security Council 687 as originally mandated.¹⁸ Weakness may also derive from a lack of enforcement capacity.¹⁹ The arenas of international law and organizations are an obvious case in point with the United States itself providing multiple examples of non-compliance, from its failure to ratify the Kyoto Protocol, unilateral withdrawal from the Anti-Ballistic Missile Treaty and non-cooperation with the International Criminal Court to its temporary withdrawals from the International Labor Organization and the United Nations Educational, Scientific and Cultural Organization.

Our focus here, however, is on how the relative strength of an institution also owes much to the character of early policy development processes - the point at which a policy path is chosen and the period immediately following that, in which the policy “beds in”. Although such “bedding in” is often represented as straightforward or unilinear in character it may be neither. A new policy regime may be subject to contestation and consequent modification or amendment. Most importantly, a policy regime may not “bed in” at all. This period therefore plays a significant part in shaping the long-term stability of institutional arrangements.

Two overlapping and interlocking variables found in the formative period play a particularly important part in shaping the character of subsequent policy development. Firstly, there the ways in which the preferences of actors and their perceptions of others may contribute to the building of weak institutions. This is sometimes an unconscious process. Actors are subject to bounded rationality and there may consequently be “design errors” that weaken policy arrangements and structures. They often, for example, consider events and developments through a “rearview mirror” and thus draw conclusions based upon understandings that are

already outdated.²⁰ In a foreign policy context the most obvious example of this is the phenomenon known as “fighting the last war”. This was perhaps most famously manifested in France's construction of the Maginot Line on the assumption that any subsequent war with Germany would be won by the same strategies and tactics employed in 1914-18.

Although it may appear perverse, the building of weak institutions may also be a conscious, deliberate strategy. They can, for example, be designed as "window-dressing" so as to accommodate supranational pressures or mollify a particular constituency.²¹ The billions of dollars pledged by the advanced industrialized nations to assist less-developed countries transition to low-carbon economies in the Paris Climate Accords are a case in point. \$100 billion was promised while the international public and media spotlight was focus on the issue yet by some estimates less than half has actually been delivered.²² Human rights policies, with their strong declaratory commitments to universal standards and their typically multiple caveats in practice also fall into this category. The contrast between President Jimmy Carter's formal stance on human rights and his administration's close and uncritical relationship with the Shah's Iran serving as one notable example.

While regime weakness is thus in some instances "designed in" in order to avoid future commitments, in others it is imposed on policy-makers by the context in which the policy is initially developed. If policy-makers anticipate widespread domestic opposition to a policy they may feel compelled to reframe the policy regime by adding further components designed to mitigate or eliminate that opposition. In his analysis of the advance of neoliberal economic policies Bob Jessop noted how both the Clinton administration and the "New Labour" governments in the United Kingdom adopted "Third Way" flanking policies such as tax credits, increased minimum wages and investment in education in an effort to ameliorate some of the negative impacts of neoliberalism and minimize opposition.²³ In a foreign policy

context, and particularly germane to the focus of this article, those developing trade policies often appear to feel that economic self-interest alone is insufficient to secure widespread popular legitimacy. Social or political objectives are therefore be added to the policy regime so as to ‘flank’ narrow economic and commercial arrangements. In order to secure ratification of The North American Free Trade Agreement the Clinton administration negotiated a side agreement on the environment in order to minimize opposition from the environmental lobby in the United States.

Nonetheless, although flanking may well ease the passage of agreements or legislation, flanking processes pose dangers for the long-run strength and viability of institutional arrangements. In this context a distinction can be usefully drawn between primary and secondary forms of flanking. “Primary flanking” refers to codified measures and specific steps that are incorporated formally within the relevant legislation or within formally adopted codicils and side agreements. Such measures will be separate from the core of the policy regime but at the same time closely tied to it, measurable, and enforceable. “Secondary flanking” has a different character. It describes loose aspirations that cannot be measured with precision, are distanced from the core of the policy regime and are unenforceable. Given that there is little or no prospect that the goals set through such processes can be realized, policy regimes resting in significant part upon secondary flanking offer up hostages to fortune and are likely to provoke later backlash effects and shed constituencies as they fail to deliver on the commitments and visions that were offered during the period of early policy development.²⁴

Secondly, the character of the contestation processes of that take place during the early stages of policy development also contributes to relative institutional strength. Such processes might in some instances be largely confined to established elites or at other times they can engage

broader constituencies as well as elites thereby creating a broader basis for legitimization. Furthermore, contestation around a policy can come to different forms of conclusion. Some forms of contestation lead to a widely acknowledged and definitive conclusion that represents a clear victory for one set of constituencies over another. In such a situation those constructing a set of institutional arrangements “decisively defeat major opponents, thereby destroying their capacity to overturn the rules in the future”.²⁵ If a period of contestation concludes in that way, such institutions are likely to be strong.

The development of the policy of containment demonstrates this point. Following its formal articulation in the form of the Truman Doctrine containment was subjected to extensive interrogation and critique through successive debates in relation to that statement itself, the Marshall Plan, the creation of NATO, the explosion of the Soviet A-bomb, the fall of China and the conduct of the Korean War. The strategy was thus deeply and widely contested and the outcome of that debate was a clear and decisive victory for containment and the de facto liberal-internationalist alliance of Democrats and East Coast Republicans that was forged during the debate. Isolationism was dead and the advocates of rollback were reduced to a rump of right-wing Republicans who would remain at the margins of US foreign policy-making for the remainder of the Cold War.²⁶

If, however, contestation process are shallow and fail to engage the mass of the population, and if there are no “concluding events” that seem to seal victory for one side or another, then the alternative policy options that seemed available during the decision-making process will still appear to be in play.²⁷ In such circumstances, the institutions that have emerged are likely to have more shallow legitimacy and they will thus be relatively weak and vulnerable to later changes or rollback.

Detente is a good example of this process. Rather than attempting to seek legitimacy for détente by directly challenging the assumptions underpinning containment and seeking debate President Richard Nixon and his National Security Adviser and later Secretary of State Henry Kissinger chose to sustain their policy through sleight of hand. They cloaked the reality of a policy driven by weakness and an altered balance of power behind a rhetoric of strength and continued US predominance.²⁸ Consequently, once the diplomatic successes of Nixon's first term were supplanted by the problems of the second detente had few supportive constituents because there had been no effort to cultivate them. Furthermore, because Nixon and Kissinger not only failed to challenge existing Cold War orthodoxies but sustained them through their rhetoric, the militarized version of containment that they had sought to supplant remained firmly "in play" and ready to re-emerge as a viable policy option once detente's initial aura of success began to fade.

The China trade policy regime

The U.S. – China policy regime that governed trade relations in the new century took shape during the period preceding China's accession into the World Trade Organization (W.T.O.) in December 2001. Although the U.S. had restored China to most-favored-nation (M.F.N.) trade status (which from 1998 onwards was rendered as "normal trade relations") after a twenty-nine year gap following the 1979 U.S. – China Trade Agreement, that status had been subject to annual renewal.²⁹ This was because Section 402 of the 1974 Trade Act (the Jackson-Vanik Amendment) required that China, which was designated a non-market economy, could therefore only be given M.F.N. status subject to preconditions and certification.³⁰ Without renewal, U.S. tariffs on Chinese products would have risen to those levels originally laid the Smoot-Hawley Tariff Act of 1930.³¹ The annual renewal debates in

Congress focused on human rights issues and M.F.N. status was seen as a form of potential political leverage on the Chinese government. Renewal won the day each year but the debates provided a ready platform for Beijing's critics.

In mid-November 1999 a bilateral agreement was concluded between the U.S. and China lowering tariffs.³² It addressed agriculture, industry, and services, as well as dumping and subsidy issues and incorporated a phase-in approach allowing China time for adjustment.³³ The U.S. – China agreement was to come into effect once China acceded to full membership of the W.T.O. and it provided the basis for the U.S. to give its support for the move.³⁴

The granting of Permanent Normal Trade Relations (P.N.T.R.) by the U.S. to China, which was signed into law in October 2000, not only ended the annual renewal debates but was a requirement if China was to join the W.T.O. insofar as the Organization is based around the principle that member countries grant unconditional normal trade relations with each other.³⁵ The provisions laid down in Jackson-Vanik thus had to be lifted.³⁶

The efforts to secure P.N.T.R. were spearheaded by the White House.³⁷ President Bill Clinton's statements and speeches capture the overall character of the policy frame that developed in conjunction with the efforts to "sell" China's entry into the W.T.O. and integration into the world economy.

Clinton laid out the case and the defining features of the policy frame in a speech at Johns Hopkins University in March 2000 and spelled out the defining features of the policy frame.³⁸ First, he asserted, U.S. exports depended upon the ever-growing Chinese market. More than 170,000 American jobs, he asserted, rested on sales in China. There were, it was said, also opportunities for inward investment. Early movers such McDonalds, KFC and Walmart

seemed to symbolize the openings that might be there. Indeed, by early 1999, foreign direct investment in joint ventures and wholly foreign-owned companies in mainland China was several times larger than cumulative foreign direct investment in Japan, Korea, and Taiwan when taken together.³⁹ It followed from this that a vote against PNTR would prevent U.S. firms increasing their market share in China thereby allowing European and Asian competitors to take their place. The argument was backed by forecasts issued by the U.S. International Trade Commission suggesting that while U.S. imports from China would grow by 6.9 percent, U.S. exports to China would rise by 10.1 percent.⁴⁰

In developing a frame within which the policy could be ‘sold’, Clinton sought to draw a distinction between U.S. economic interests and a broader national interest. Trade with China and China’s membership of the W.T.O. were, he argued, central to both. He appealed to the “larger national interest” in asserting that if China failed to join the world economy it could then pose a regional and global threat. He appeared to hold out the specter that, if unintegrated, China might fall back on the radical politics that had preceded the accession of Deng Xiaoping. Full trading relationships, Clinton maintained, offered an opportunity to shape China’s direction and thus avert the dangers:

Will it be the next great capitalist tiger, with the biggest market in the world, or the world's last great communist dragon and a threat to stability in Asia? ... Of course, the path that China takes to the future is a choice China will make ... We can work to pull China in the right direction, or we can turn our backs and almost certainly push it in the wrong direction ... The W.T.O. agreement will move China in the right direction. It will advance the goals America has worked for in China for the past three decades.⁴¹

Trade would thus serve as a vehicle for broad political, strategic and moral goals: "Trade is a force for change in China, exposing China to our ideas and our ideals, and integrating China into the global economy".⁴² It would furthermore ensure that China adhered to international norms in both the trade arena and more broadly.

In anticipation of likely opposition particularly from organized labor, the Christian right and defense "hawks" the policy frame had flanking themes.⁴³ W.T.O. membership would "help strengthen the rule of law in China and increase the likelihood that it will play by global rules".⁴⁴ There were human rights concerns amongst both Democrats and Republicans.

Within the GOP, the Christian Right stressed the importance of religious freedom. Those who backed PNTR argued in response that human rights were likely to fade as an issue as China opened up to the wider world. For Ron Brown, who served as Commerce Secretary in the Clinton administration between 1993 and 1996, assumed that there was a direct correlation between economic growth and the development of human rights: "History seems to teach us that as there is more interaction with outsiders, as there is more economic development, communication and progress . . . human rights progress is often directly correlated to economic progress".⁴⁵ Flanking ideas included the assertion that the communications revolution and the spread of cellphones would ensure that there could be fewer checks on freedom of speech. The history of Taiwan, it was said, showed that rising living standards lead to democratization although it was a long-run process.⁴⁶ The Chinese Communist Party and state would eventually retreat from the economic and private arena thereby enlarging the democratic sphere. For Clinton, W.T.O. membership and the expansion of free trade would "unleash forces that may hasten the demise of the mainland's one-party state".⁴⁷ Yet, there was one other flanking theme. The accommodating vision of economic and political integration was tempered by hints of containment. Trade rules were a process, along with

others, by which the growing power of China could be kept in check. At this point, trade issues intertwined with broader strategic questions.⁴⁸

Alongside framing the character of contestation processes should also be considered. As noted above, both play a part in shaping relative institutional strength. Although flanking themes were employed in “selling” trade with China, the processes of contestation remained largely elite-based. A Gallup survey in May 2000 found that only 29 percent claimed to be following news about China and the W.T.O. either “very” or “somewhat” closely. Gallup noted that ‘the current level of attention paid to China and the W.T.O. is among the lowest registered when compared to more than 60 other news events that Gallup has measured since 1991’.⁴⁹

There were four principal reasons why trading relations with China lacked greater salience and contestation was thereby limited in character. First, PNTR were not a basis for partisan mobilization and engagement. Within Congress, opposition was concentrated amongst the ‘ideological ends against the middle’.⁵⁰ Thus, whereas the 1990s were defined by increasingly intense partisanship and partisan attachment formed a primary basis for mobilization, efforts to mobilize around trade with China at least towards the end of the decade cut across partisanship. In such a setting, party elites and constituencies did not seek to secure political capital or mobilize around the issue. Indeed, leading Republicans worked with the Clinton White House to ensure the passage of PNTR. One account describes Tom DeLay, the Republican House Majority Whip who had spearheaded the efforts to impeach the president, as ‘.. Clinton’s point man for rounding up Republican votes’.⁵¹ When the House of Representatives took the vote in May 2000, PNTR passed by a majority of 237 to 197. Seventy-three Democrats and 164 Republicans supported the bill. In September, it was backed in the Senate by 40 Republicans and 32 Democrats.⁵² It should be added that the

measures secured particular backing from Bill Archer, then Chairman of the House Ways and Means Committee and William Roth, Chairman of the Senate Finance Committee (the two committees that play a pivotal role in shaping the fate of trade issues). Roth stressed the importance of trade with China to his own state (Delaware), the opportunity to secure access to the Chinese market, and opposed any attempt to amend PNTR on the grounds that these might delay the bill and prevent its passage before the conclusion of the 106th Congress.⁵³ A subsequent study suggests that during this period members of Congress understood that a dramatic rise in trade volumes would trigger an economic shock “.. but did not place substantial weight on its adverse consequences”.⁵⁴

Second, insofar as there was some engagement beyond elites, there was a very visible imbalance between the resources committed by business interests and those available to labor. The U.S. Chamber of Commerce and the Business Roundtable spent an estimate ten million dollars on campaigning for PNTR whilst labor spent about two million.⁵⁵ Furthermore, the larger companies encouraged their employees to write to Congressmen and the Chamber of Commerce had in 1999 created a grass-roots trade-education program targeting 66 swing districts.⁵⁶ The one-sided character of the contest proved to be another factor that limited the overall impact of the issue within political discourses and processes.

Third, the issue had limited resonance during the 2000 presidential contest. George W Bush sought to distance himself from the Clinton administration (and Vice-President Gore attempted to put a gap between himself and Clinton’s enthusiasm) by criticizing notions that China could be a "strategic partner" he but endorsed PNTR in a speech to Boeing workers on the campaign trail: ‘.. all of us who believe in a more open China -- in advancing the rule of law and trade -- must work together. This is not a Republican or Democratic concern. It is an

American concern. This trade agreement is the work of 13 years and three administrations. We cannot let that work be undone'.⁵⁷

Fourth, those political currents opposed to trade liberalization had been largely sidelined during the period preceding the PNTR debate. Both the progressive left and the 'paleoconservative' right had taken significant political blows. Many Democrats embraced or at least acquiesced in the 'third way' politics of the Clintons and Vice-President Al Gore swept aside New Jersey Senator Bill Bradley in the 2000 Democratic presidential primaries. Whereas former Republican speechwriter and paleoconservative commentator, Patrick J Buchanan, who championed a form of economic nationalism, protectionism and right-wing populism that anticipated Donald Trump's 2016 candidacy, had dented President George H W Bush's re-election prospects in the 1992 primaries he faded in subsequent elections amongst Republicans and then within the Reform Party. He secured about 20 percent of the Republican primary vote in 1996 and 0.4 percent of the popular vote in 2000. Ross Perot, who structured his independent and Reform Party campaigns in 1992 and 1996 around critiques of existing trade agreements and, in particular, the North American Free Trade Agreement (NAFTA). He secured 18.9 percent of the popular vote in 1992 but just eight percent (still a high figure for a minor party) in 1996. The party had however divided between a multitude of different factions by 2000.

In sum, therefore, while PNTR was passed and enacted leading to China's membership of the W.T.O. it was shallowly embedded. In the absence of a partisan divide the party elites did not seek to mobilize and the debate largely circumvented the mass public. Insofar as there was wider engagement business constituencies outweighed labor interests. At the same time there was little debate at elite level amidst widely shared assumptions about the efficacy of trade

liberalization and buoyant economic growth. Both the Democratic left and the Republican populist right, which were inherently suspicious of trade liberalization, had been substantially weakened by the end of the decade.

Regime erosion

Although shallowly embedded the U.S. – China trade policy regime established at the end of the 1990s survived for almost twenty years. It was held in place by the continuing hegemony of the policy frame used to “sell” trading relations. Indeed, despite charges that China was engaging in currency manipulation and intellectual property theft, the frame was bolstered by further assumptions about the course of Chinese policy development as well as the strategic needs imposed from late 2001 onwards by the “War on Terror”. It was credibly asserted that the shift away from state-owned enterprises (SOEs) would continue and, although it might be akin to an East Asian model in which the central state played a guiding role and pursued an industrial strategy, China would become a market-driven economy. There was furthermore a widespread assumption that the China’s economy would remain structured around mass production (although that might include high-tech output) located within a long trans-national supply chain and supply relatively low-quality but low-priced goods such as apparel, footwear, toys and sporting goods to mass markets in the west.⁵⁸ That was said to be the basis of the country’s comparative advantage. On top of this, despite technology transfers, Chinese producers would it was said continue to require extensive guidance and direction by western or Japanese firms. The process of innovation would be undertaken in other countries. Within the W.T.O., China would be a rule-taker rather than a rule-maker.

Furthermore, although the volume of trade grew exponentially, long supply-chains were established, and economic relationships were flanked by ties at a cultural, academic, and even military level, American consumers, were too diffuse to constitute the ‘fighting legions’ of which Elmer Schattschneider had written. Because there had only been a limited mobilization as the policy took shape, there were relatively few business constituencies ready to bolster the regime. Direct investment levels never reached the levels that had been envisaged when P.N.T.R. were agreed. A 2015 study suggested that only 1.2 percent of U.S. outward FDI went to China, (whereas as the global figure was 10 percent). Chinese FDI in the U.S. amounted to 3.3 percent of its overseas investments.⁵⁹ There was also a degree of diffusion and fragmentation among US exporters weakening their ability to act as a coherent and effective lobby within either China or the US.⁶⁰ On top of this there was growing uncertainty amongst US business active in Chinese markets about the country’s trajectory. According to a survey of 522 out of 849 member companies published by AmCham China (the American Chamber of Commerce in the People’s Republic of China) at the beginning of 2017 80 percent felt that foreign businesses were ‘.. less welcome in China than before’.⁶¹ It also found that 25 percent of companies were moving, or planned to move, capacity out of China not only because of regulatory challenges but also because of rising labor costs and, within this context, a strategic reprioritization of other countries.⁶²

There were other developments and processes that contributed over time what can be dubbed regime erosion. First, the shock of trade with China in the years following P.N.T.R. and W.T.O. membership had more visible and consequential effects than initially anticipated during the halcyon days of the late 1990s leading to an increasingly pronounced bifurcation of the American economy and society on the basis of skill.⁶³ Some estimates suggested that imports from China led to the loss of 982,000 jobs between 2000 and 2007.⁶⁴ An Economic Policy Institute report put the figures rather higher and suggested that the trade deficit with

China cost the US 3.4 million jobs between 2001 and 2017. About three-quarters of these were in manufacturing.⁶⁵ Such losses, which were concentrated among those who lacked transferable skills, were in part obscured by the housing construction boom but were nonetheless very visible in some localities when set against the more indirect forms of employment that trade with China created.

Second, the concerns of those in Congress and within the executive branch who stressed human rights abuses, which had from 1994 onwards been largely centered in the State Department and were not generally shared across the administration, were met through the creation in October 2000 of the Congressional-Executive Commission on China with a mandate to monitor rights and the rule of law.⁶⁶ It consisted of nine Senators and nine Members of the House of Representatives as well as five administration officials appointed by the President.⁶⁷ At the same time, the U.S.- China Economic and Security Review Commission was established ‘.. to monitor, investigate ... the national security implications of the bilateral trade and economic relationship between the United States and the People’s Republic of China’.⁶⁸ Although the Committee on Foreign Investment in the United States (CFIUS) which spans different executive agencies was established in 1975 its focus on the foreign acquisition of US firms, fears about a foreign hold over critical infrastructure and anxieties that technology or funds might be transferred to a country subject to US sanctions, China was central to many of its deliberations. Nonetheless, these structures had a paradoxical character. They were initially established so as to head off and channel the criticisms of China raised by opponents so that they no longer threatened to curtail trade relationships. In part, they fulfilled the intentions of their creators. However, these bodies and their reports also provided an enduring, institutional focus on the areas of Chinese policy that the country’s critics found most critical and troubling. In other words, it offered them political ammunition and a platform.⁶⁹ And, the extended forms of flanking, employed as the

trade policy regime was enacted, which often invoked the prospect of economic, political and civic liberalization in China, offered a ready store of such ammunition.

Third, there were negative feedback effects associated with the W.T.O. which had been hailed in 1999 – 2000 as an effective arbiter. These effects were a consequence of endogenous forms of change within the W.T.O. itself. Whereas the U.S. had been hegemonic, there were, by 2016, four or five major national players. China, in particular, gained in relative importance. It contributed an increasing share of the W.T.O. budget which in turn raised its influence.⁷⁰ There seemed to be no W.T.O. enforcement mechanisms so that China would be required to fulfill the commitments it made on accession. At the same time, decisions went against the U.S. It was for example ruled that the methodologies the U.S. used for assessing dumping when cases were brought were not compatible with the W.T.O. rules. This had significant political consequences: ‘.. the W.T.O. rulings that restricted the use of special tariff policies forced upon the U.S. a level of trade liberalization that the domestic population, or at least a part of the domestic population, really did not want.’⁷¹

Conclusion

This article has argued that accounts of policy change should consider the relative weakness or strength of the policy regime that actors are seeking to reform or supplant. While a weak regime can open up opportunities for far-reaching reform a more resilient regime can close off such opportunities. Despite the ways in which policies can be subject to processes of path dependence “lock in” or even substantial “stickiness” these can never be assumed. Indeed, there are profound variations in terms of strength between different policy regimes.

The US - China trade policy regime was weak long before President Trump took office. Whilst some firms and business organizations expressed a measure of concern about the imposition of tariffs, the regime had few committed supporters. Thus, by January 2017 there were, despite the polarizing character of the Trump presidency, endorsements for the administration's pursuit of the economic war and its efforts to use access to American markets as a "cudgel" so as to ensure Chinese compliance with US demands from across the aisle.⁷² As the *Washington Post* noted during the early stage of the war: "When he threatened last week to impose tariffs on almost all Chinese imports, applause came from Republicans like Sen. Marco Rubio, an occasional Trump critic, as well as prominent Democrats including Senate Minority Leader Charles E. Schumer of New York and Sen. Sherrod Brown of Ohio".⁷³ According to Ely Ratner, who had formerly served as deputy national security adviser to Vice President Joe Biden: "There is almost no constituency in the U.S. for business-as-usual with China ... Everyone in their own way is saying 'you have to be tough on China'".⁷⁴

These conclusions add further weight to the arguments made by those who stress that accounts of domestic or foreign policymaking based upon the clinical precision of the "policy cycle" or attempts to isolate a core variable (whether structural or actor-based) have limited utility. They also suggest that although contemporary policymaking analyses have been dismissive of "snapshot" accounts and instead emphasize long-run processes we should be more attentive to particular historical moments and the ways in which short-run perceptions and sudden developments not only shape the character of the policy that is adopted but the extent to which it can as a regime withstand later challenges and assaults upon it.

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