

## From Free Trade to Fair Trade:

### How the U.S. Political Elite Talked about Trade with China<sup>1</sup>

*“I believe strongly in free trade but it also has to be fair trade. It’s been a long time since we had fair trade.”<sup>2</sup>*

*Donald J. Trump*

#### Introduction

The rivalry between the world’s two largest economies and defense spenders, the United States and China, has transformed from merely a trade dispute into a clash of national defense and political values (Moore 2019). For the U.S., this escalation has taken place during a critical time of enhanced polarization and a sense of insecurity at home (Hochschild 2018; Prior 2013), along with relative decline of its global domination (Mann 2005; Wallerstein 2003). Whether the “U.S.-China Cold War” is merely a matter of rhetoric, or a serious possibility (Kaplan 2019; Westad 2019), it is crucial for the intellectual community, and arguably for the public, to understand who (and whose interests) shape U.S. policy towards China (and vice versa).

In this chapter, I examined the narrative and agenda in the U.S. political elites about trade with China. By political elites, I specifically refer to the presidency and Congresspersons. I collected texts including presidential remarks, National Security Strategy reports, bills, and Congressional committee reports from 1989 to 2019. I analyzed the text using computer-assisted content analysis to identify major themes in the previous chapter. In this one, I conduct a qualitative analysis of documents (i.e., paragraphs) that have been identified as related to trade with China. The goal is to specify narratives about free trade, trade restriction, and mixed agendas and examine how these narratives – and the political forces behind each of them – changed over time, as the U.S. experiencing a hegemonic decline with growing threats from China.

The analysis finds that in the first two decades after the Cold War, the political elites in the U.S. formed a mostly bipartisan platform for U.S.-China trade policy-making. Although factions within the Republican and the Democrat Parties each had some separate policy goals from time to time, cross-party coalition was not unusual for issues of heated debate such as whether to renew the MFN/NTR status for China. Indeed, in that period, the division between the pro-trade and the pro-restriction narratives fell more between the presidency and the Congress than along the party line. Such bipartisanship largely extended into the 2000s, a decade during which China was granted the NTR status by the U.S. and admitted into the WTO. The free-trade narrative peaked in this decade, while there also emerged a narrative mixing a free-trade goal and a protectionist approach to achieve it. Finally, in the 2010s, the mixed narrative and the trade-restriction narrative gained momentum as the populist wing of the Republican Party dominated the stage of U.S.-China trade, culminating in Trump’s Trade War

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<sup>1</sup> This manuscript is a draft chapter from a dissertation/book project on how the U.S. elites thought of and talked about China in a period of hegemonic decline. Methods and data used in this chapter are discussed in a stand-alone chapter. This project received the 2020 NSF Doctoral Dissertation Research Improvement Award.

<sup>2</sup> <https://www.whitehouse.gov/briefings-statements/remarks-president-trump-joint-address-congress/>

with China. These findings indicate that an external threat during a period of hegemonic decline may mitigate fragmentation and enhance cohesion among U.S. political elites. Meanwhile, populist forces set on fire as a result of internal inequality and loss of global domination could lead to new division within the elite group. These dynamics could well shape the future of the division of power among different political forces.

### **Three trade agendas in the political elite's narrative**

#### *1) Coding strategy*

To specify and quantify elements of free market and trade restriction in the political elites' narrative, I filtered out documents from the political elites that focus on trade, which is operationalized as documents with a proportion of economy content larger than 0.3.<sup>3</sup> This step gave me 662 documents in total, 492 from the Congress and 170 from the presidency. These documents were then coded and assigned to one of the following categories: the free-market agenda, the trade restriction agenda, the mixed agenda, and others. Those assigned to the free-market agenda include policy goals and arguments that explicitly promote marketization and economic liberalization, such as trade liberalization, subsidies removal, property rights protection, currency liberalization, interest rate liberalization, and deregulation. Those assigned to the trade-restriction agenda include policy goals and arguments that aim to restrict trade relationship with (especially imports from) China and are suspicious of bringing China into global trade institutions (e.g., the World Trade Organization). Documents assigned to the mixed agenda contain elements of both the free-market agenda and the trade-restriction agenda. There are mainly two types of mixed agenda: the first one aims to achieve free-market goals (e.g., further opening the Chinese market, protecting intellectual property) through restrictive means, and the second one justifies restrictive measures (e.g., increased tariff) as response to the deficiency of free market reform in the part of China. Documents that demonstrate neither the free-trade agenda nor the trade-restriction one was assigned to the category of others. Note that the other category is excluded from the following analysis due to irrelevancy. Further explanations and examples of each category are provided in Appendix A.

#### *2) The political elite's narrative about trade with China: Free market versus trade restriction*

The content analysis shows that the agendas of free market and trade restriction coexist in the political elite's narrative about trade with China throughout the three decades. Even though many observers highlighted a rise of protectionism during the Trump administration (Irwin 2017b; Noland 2020), as presented in Figure 1, the proportion of the trade restriction agenda in the 2010s is smaller than that in the 1990s. The 2000s marks the post-Cold-War heyday of the free-market agenda in the Sino-US trade relationship, when the trade-restriction agenda is also at its low point. Another notable pattern from Figure 1 is the diminishing boundary between the two agendas, at least in narrative, and the development of a mixed agenda in the 2010s. While the mixed agenda only exists in about 10% of the documents in the 1990s and 2000s, in the 2010s, it is identified in almost 25% of the documents, slightly higher than the

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<sup>3</sup> The proportion of content is calculated by structural topic modeling.

other two agendas. Such changes indicate some paradigmatic transformation of the discourse and ideas regarding free market and trade restriction in the part of the political elites.

[FIGURE 1 ABOUT HERE]

With basic ideas of how salient each trade agenda was throughout the 1990s-2010s period, the next question is who was behind each agenda and how different political elite actors changed and modified stance over time. Figure 2 shows some preliminary findings in this regard. In terms of presidency, pre-Trump presidents in the three decades were overwhelmingly supportive of the free-market agenda regardless of party affiliation. And, even though an outlier among post-Cold-War presidents, Trump still devoted almost half of his speech to serving the free-market agenda. The other half of Trump's narrative was divided between the mixed agenda and the trade-restriction one. In comparison to the presidency, lawmakers in the Congress were more oriented towards the trade-restriction agenda in general despite party affiliation. Over half of documents with bipartisan (co-)sponsorship in the 1990s were engaged with a trade-restriction agenda. This proportion shrank to less than one-third from the 2000s, while a mixed agenda became more salient in the last decade. Regarding party difference, Republican lawmakers were more focused on the restriction agenda than their Democratic counterparts in the first decade. More interestingly, in the 2000s, the mixed agenda occupied documents from the Congress Republican for the first time, and this agenda became salient in Trump's narrative about trade later. Congress Democrats demonstrated a restriction-focused narrative throughout the 1990s and the 2000s. In the third decade, they mostly jointed bills with bipartisan (co-)sponsorship and delivered little independent narrative on trade.

[FIGURE 2 ABOUT HERE]

The content analysis indicates some interesting changes in the political elites' narrative about trade, which pose further questions. First, free market constituted the largest agenda in the 1990s and peaked in the 2000s, before experiencing a notable decline in the following decade. Also, there is a wide gap – transcending partisan divide – between the presidency and the Congress regarding the devotion to this agenda. Why did such a gap exist, and which political forces backed the free-market agenda in the Congress? Second, the agenda of trade restriction took a notable share of the documents in the 1990s and the 2010s. Was the agenda identical in the two decades? Or was there a paradigm shift? Third, the rise of the mixed agenda in the last two decades seemed to be initiated by the Congress Republican in the 2000s and achieved some Congressional bipartisan support from Republican President Trump in the 2010s. The content and message of this agenda worth exploration, as well as political actors pushing for this message. To shed light on these questions, I dig into the narratives of each agenda and examine political elite actors that support these narratives in different time periods.

## **Agendas and actors**

### *1) Trade restriction versus free market in the 1990s*

As an aftermath of the 1989 Tiananmen Crackdown,<sup>4</sup> the issue of human rights

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<sup>4</sup> In July 1989, top leaders in the Chinese Communist Party ordered the People's Liberation Army to end the pro-democracy protests led by students and workers at the Tiananmen Square in Beijing, causing an estimated death toll

overshadowed almost every aspect of the U.S.-China relations, including trade between the two economies. Citing China's records of human rights violation, bills against trading with the authoritarian regime received bipartisan support in the Congress in the first half of the 1990s. For instance, in a 1991 bill titled "to encourage the termination of human rights abuses inside the People's Republic of China and Tibet," Democratic Senator of Massachusetts, Edward M. Kennedy, and six cosponsors from both parties proposed ways to govern the conduct of U.S. industrial cooperation projects in China in response to China's violation of human rights principles. It states that:

"It is the sense of the Congress that any United States national conducting an industrial cooperation project in the People's Republic of China or Tibet should adhere to the following principles: (1) Suspend the use of all goods, wares, articles, and merchandise that are mined, produced, or manufactured, in whole or in part, by *convict labor* or *forced labor* if there is reason to believe that the material or product is produced or manufactured by *forced labor*, and refuse to use *forced labor* in the industrial cooperation project" (Kennedy 1991; emphasis added).

This type of trade-restriction narrative on the basis of human rights received bipartisan support in the Congress, which went beyond human-rights advocates and anti-communist Congress members. The 1995 Chinese Slave Labor Act, for instance, reiterated the needs to set up procedures to prevent imported products from China were not produced by forced labor. Sponsored by the Republican House Representative of New York, Gerald B. H. Solomon, this bill had bipartisan co-sponsorship from twelve House members, which include human rights advocates like Republican Representative Frank Wolf, pro-labor progressives like Independent Representative Bernard Sanders, moderate Republicans like Representative Jim Saxton, and conservative-leaning Democrats like Representative Bill Lipinski (Solomon 1995).

This value-driven narrative centered another issue at the frontstage of U.S.-China trade relations – the annual renewal of China's most-favored nation (MFN) status. Designated as a non-market economy under Title IV of the Trade Act of 1974, China was conditionally granted MFN status by the U.S. in 1980 (Pregelj 2001), one year after the two countries re-established formal diplomatic relationship. Under the Trade Act of 1974, China's MFN status was subject to an annual review, including China's compliance with the Jackson-Vanik freedom-of-emigration amendment. But the U.S. President has the power to waive the requirement of full compliance (Pregelj 2001, 2005). Upon its creation, the Jackson-Vanik amendment specifically targeted Soviet emigration practices (Jochnick and Zinner 1991), even though the amendment's general purpose was declared as "to assure the continued dedication of the United States to fundamental human rights" (U.S. Congress 1975). The amendment later became a powerful limitation on bilateral trade agreements on the basis of human rights (Jochnick and Zinner 1991).

A decade after China received the MFN status from the U.S., the annual renewal of the MFN status became linked to the issue of human rights, and the Congress assembled strong voices to argue against the renewal on this ground. Sponsored by Democratic Representative Nancy Pelosi, a bill titled "United States-China Act of 1991" notes that "[t]housands of

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varying from hundreds to thousands of demonstrators.

courageous Chinese students and workers, men and women, demonstrated on June 4, 1989, that they were willing to die, or face imprisonment or exile, in pursuit of democratic selfdetermination and human rights,” while the Government of the People’s Republic of China “continues to engage in flagrant violations of internationally recognized human rights.” In response to that, the bill urged the President to “not recommend the continuation of a waiver” for China’s compliance with the Jackson-Vanik freedom-of-emigration amendment unless the Chinese government met additional objectives articulated in the bill. These objectives include but not limited to accountability for the Tiananmen Crackdown, releasing political prisoners, and making progress to improve human rights situations in China (Pelosi 1992).

In the following year, Pelosi sponsored and cosponsored multiple bills of similar narrative and objectives, such as the United States-China Act of 1992 and the United States-China Act of 1993. With the Tiananmen Crackdown as the starting point, these bills did not end with the issue of human rights. Instead, they seized this opportunity to raise concerns with China in a wholesale manner, bring up additional issues of China’s trade practices and weapon proliferation. For example, the 1991 bill accused the Chinese government of

“engaging in *unfair trade practices* against the United States by failing to protect intellectual property rights, raising tariffs, employing taxes as a surcharge on tariffs, using discriminatory customs rates, imposing import quotas and other quantitative restrictions, barring the importation of some items, using licensing and testing requirements to limit imports, and falsifying country of origin documentation to transship textiles to the United States through third countries.”

and of having

“not demonstrated its willingness and intention to participate as a full and responsible party in good faith efforts to control the proliferation of dangerous military technology and weapons, including biological, chemical, and nuclear weapons technologies” (Pelosi 1992; emphasis added).

And similar accusations with some revisions can be found in the later two bills.<sup>5</sup>

The sweeping agenda against China received wide bipartisan support with cosponsorship from 150 members of the House for the 1991 bill, which was over one-third of the whole House. And a companion bill was introduced to the Senate, sponsored by Democrat Majority Leader George J. Mitchell. Intriguingly, for the later two House bills, the number of cosponsorship shrank significantly to 71 and 36, respectively. However, these numbers were still well above the average number of cosponsors in the House (Wilson and Young 1997), indicating a continuing bipartisan anti-China coalition. All the three bills passed both chambers of the Congress but was vetoed by the Presidents – George H. W. Bush at first and then Bill Clinton.

Indeed, the contrast between the Congress and the Presidency regarding trade relations with China in the early 1990s was striking. While the Congressional narrative about U.S.-China trade relationship demonstrated a strong pro-human-rights undertone, the Clinton presidency

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<sup>5</sup> However, one notable omission in the later two bills is the accusation of China’s failure to protect intellectual property rights. Another change is a softened tone in accusing China’s failure in anti-proliferation, shifting the focus from questioning China’s “willingness and intention to participate as a full and responsible party in good faith efforts” to “reports of Chinese transfers of military technology” (Pease 1992; Pelosi 1992, 1993).

repeatedly stressed how trade with China could advance U.S. interests. In a report sent to the Congress four months after taking office, Clinton responded to the concerns with the issues of human rights abuse, weapon non-proliferation, and trade practices regarding China and noted “more progress is necessary and possible in each of these three areas”. But he also argued that “China has made progress in recent years in the areas of human rights, nonproliferation, and trade,” paving the way for later efforts by the administration to negotiate a favorable trade deal with China (Clinton 1993). The positive and proactive attitudes towards expanding U.S.-China trade relationship were further exposed in a statement given on February 26, 1995. In the statement, the President claimed that

“U.S. action in China is part of the broader economic strategy of my administration to create high paying jobs for Americans. On behalf of U.S. workers, we have used every tool at our disposal to fight foreign barriers to competitive U.S. exports” (Clinton 1996).

Put simply, Clinton argued that negotiating with China on a trade deal could help remove foreign barriers to U.S. products, thus benefiting U.S. workers (and, though not mentioned, U.S. corporations). This argument was repeatedly made by the Clinton administration, not only in presidential remarks but also in the National Security Strategy (NSS) report. For instance, the administration’s 1997 NSS report noted that

“The emergence of a politically stable, economically open and secure China is in America’s interest. Our focus will be on integrating China into the market-based world economic system. An important part of this process will be opening China’s highly protected market through lower border barriers and removal of distorting restraints on economic activity [...]” (The White House 1997).

A pro-trade stance does not mean the Clinton administration ignored China’s trade practice, about which the Congress repeatedly complained in the bills. Besides the issue of market access, the protection of intellectual property rights remained a key issue in U.S.-China trade negotiation as well as in the President’s narrative about trade with China. However, compared to the Congress, the Clinton administration demonstrated greater willingness to have trade negotiation with China.

In fact, in the second half of the 1990s, the gravity of the Congress also gradually shifted from human rights to ensuring the economic interests of the U.S. in China’s integration into the international trade system, especially as China reignited its seeking for World Trade Organization (WTO) membership. In 1997, Republican Senator William V. Roth Jr., along with five cosponsors from both parties, introduced a bill to grant permanent normal trade relations status to China upon its accession to the WTO. This bill argues that

“It is in the interest of the United States to secure the People’s Republic of China’s membership in the WTO in order to ensure that (A) the markets of *the People’s Republic of China are significantly opened to United States trade and investment*; (B) the People’s Republic of China assumes the market-oriented disciplines of the WTO; (C) and trade disputes with the People’s Republic of China will be resolved within the multilateral resolution mechanisms provided by the WTO” (Roth Jr. 1997; emphasis added).

This narrative echoed the Clinton administration’s notion that the U.S. could benefit from engaging China economically so as to open up the Chinese market and push China towards

further pro-market reform. While mostly from Republican Congress members, this narrative also got support from pro-trade Democrats such as Senator John F. Kerry.

**Summary.** In the early 1990s, the issue of U.S.-China trade was deeply intertwined with human rights, which united Congressional elites around a trade-restriction agenda, at least temporarily. Yet, in the second half of this decade, the issue of trade began to be gradually delinked from human rights, and some Congressional elites shifted towards a pro-trade agenda with the goal of shaping and changing China's trade practices. Interestingly, both the trade-restriction and the free-market narratives in the Congress received bipartisan support to some extent. On the contrary, the Democratic White House from the 1993 demonstrated a greater willingness to negotiation with China for more pro-market reforms. The Clinton administration repeatedly argued that opening the Chinese market and facilitating China's integration into the international trade system serve the interests of the U.S. In short, despite divergence among the Congressional elites, the major division between the free-market and the trade-restriction agendas in the 1990s fall between the two branches of the government, instead of between the two parties.

## 2) *The 2000s: The heyday – and dusk – of the free-market narrative*

In terms of proportion, the 2000s constituted the heyday of the free-market narrative among the political elites. As Figure 1 shows, almost two-fifths of the documents in this decade denote a free-market narrative, greater than the combination of the other two. Among various political elite actors, the presidency manifested a clear preference to the free-market narrative, no matter whether a Democratic or a Republican president resided in the White House. After years of back-and-forth (Davis and Wei 2020), the U.S. and China concluded their negotiation over China's admission to the WTO around 2000. As one key part of the negotiation, in 2000, the U.S. granted China the normal trade relations (NTR) on a permanent base,<sup>6</sup> and China became a WTO member on December 11<sup>th</sup>, 2001. As the U.S. President overseeing the whole negotiation process, Clinton spent much of the last year of his presidency defending the U.S.-China trade deal, laying out benefits of the deal to the U.S. Clinton's pro-trade-with-China narrative was inherited by his successor, George W. Bush, who talked about not only the economic benefits of integrating China into the international trade system but also its positive impacts on advancing "American values of transparency and accountability" and the rule of law in China (Bush 2003:601).

In the Congress, the free-market agenda also enjoyed a bipartisan base despite the ongoing debate about whether to approve granting China the NTR status in the early 2000s. Congress members supporting the approval argued that disapproving it at that point could forfeit the market access concessions made by China in the trade agreements and cost all the previous efforts to bring China into the global trade system. Later, as dust settled for China's WTO accession, they put forward new demands for reinforcement of previous promises and further market reform to be carried out in China. These demands included the protection of intellectual property, restructuring state-owned enterprises, de-regulation and de-subsidization, opening-

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<sup>6</sup> In 1998, the Congress renamed MFN as NTR to diffuse political tensions surrounding the debate about the renewal of China's MFN status.

up the Chinese financial market, and liberalization of renminbi (RMB) – the Chinese currency.

An undernote of these demands is the growing U.S.-China trade gap. As Figure 3 shows, the U.S.'s trade deficit with China kept climbing up since 1985, when trade statistics from the Census Bureau became available. The statistics suggest that while China's WTO accession did open the massive Chinese market to products from the U.S., it opened the U.S. market, to a greater extent, to Chinese manufacturers. As of 2008, the year before the Financial Crisis took its toll on global trade, the U.S.'s trade deficit with China hit a then-all-time high of \$270 billion (U.S. International Trade Commission 2009).

[FIGURE 3 ABOUT HERE]

Years ago, Clinton – and later G.W. Bush – tried to sell the trade-with-China policy as a boost to the U.S. worker as well as manufacturer given the self-assured competitiveness of U.S. products. However, the abyss between that expectation and the growing trade deficit strengthened pre-existing doubt about whether China could ever become a market economy and led to new policy proposals aiming to alleviate such a deficit. Among these policy proposals, the discussion about liberalizing RMB especially stood out in this decade. To be clear, it was not the first time in contemporary history that the U.S. had to deal with rising trade deficit. In the recent memory, trade imbalance between the U.S. and Japan and West Germany, who gradually recovered from the World War Two, expanded significantly from the late 1970s. This led to the sign of the Plaza Accord, which was lauded by some U.S. scholars as “high-water mark of international policy coordination” (Frankel 2015:2; see also Green, Papell, and Prodan 2015), in 1985. Through the Plaza Accord, the U.S. got Japan and West Germany appreciate the value of their currencies against U.S. dollar to enhance the competitiveness of U.S. products (Irwin 2017a). To make these states commit to the act, U.S. negotiators warned them that unless measures were taken immediately, “the protectionists in Congress would throw up trade barriers” (Irwin 2017:605).

History has a tendency to repeat itself. Since the late 1990s, the exchange rate between the U.S. dollar and the RMB ignited a new round of debate against the backdrop of a widening trade gap. And the criticism focused on China's rigid currency exchange regime, which was complained of undervaluing the RMB by pegging it a fixed rate to the U.S. dollar (Hufbauer, Wong, and Sheth 2006). In 2003 alone, multiples bills were introduced in the Congress to address this issue. For instance, Republican Senator Lindsey Graham introduced a resolution to encourage China to “establish a market-based valuation of the yuan and to fulfill its commitments under international trade agreements.” This resolution criticized the Chinese government of its significant intervention in the “foreign exchange markets in order to hold the value of the yuan within its tight and artificial trading band” and complained about the “negative impact on the United States manufacturing sector” as well as on other countries and the “health of global trade” in general (Graham 2003). Cosponsored by 16 cosponsors including pro-trade Democrats such as Charles E. Schumer and Joseph I. Lieberman, moderate Republicans such as Susan M. Collins, and Republican debt hawk such as George V. Voinovich, the resolution passed the Senate by unanimous consent.

However, the issue of currency liberalization was not just discussed within a free-trade framework. Instead, the narrative sometimes involved elements of both the free-trade and the



trade-restriction agendas, thus constituting a mixed agenda. One example could be found in another 2003 bill sponsored by Republican Senator George V. Voinovich, along with two Republican cosponsors. Like bills discussed above, Voinovich's bill also attributed the U.S.'s ever-growing trade deficit to the undervaluation of the RMB and asked the Secretary of the Treasury to analyze and report on China's exchange rate policies. Nevertheless, instead of calling for further market reform to be carried out in China, it required the U.S. government to impose additional tariffs on products of China "on the basis of the rate of manipulation by that country of the rate of exchange" between the RMB and the U.S. dollar (Voinovich 2004). This narrative mixed two elements: a critique of non-market-based economic practice, and trade restriction (i.e., tariff) as the proposed solution. Each element was not novel to the U.S. political elites' narrative about trade with China, but the combination of them – the self-claimed intention of using sanctions to push for further marketization, or the justification of protectionist measures as defensive response to unfair practice – was more common afterwards than prior to Voinovich's bill. In fact, as shown in Figure 2, the mixed agenda predominated the Congress Republicans' narrative about trade with China while remained marginal for every other political elite group in the 2000s.

In the 2000s, the Congress Democrats mostly stick to the trade-restriction narrative as they did in the 1990s, despite an increase in the weight of the free-trade narrative. China's entry into the WTO did lower barriers for U.S. products to be sold in the previously heavily guarded Chinese market, but it also challenged many sectors of the U.S. manufacturing industry, especially the textiles and apparel sector. Such a challenge was expected rather than a surprise. Indeed, when the Clinton administration negotiated with China about its WTO entry, the U.S. negotiators had China agree to quotas imposed on Chinese textiles and apparel imported to the U.S. so as to protect the domestic industry. In a 2004 bill titled "Textiles and Apparel China Safeguard Act," nine Democratic House members criticized the Bush administration for its delay in "applying the special textiles and apparel safeguard," which caused "significant numbers of United States textiles and apparel workers lost their jobs" (Levin 2004). This blunt narrative of trade protectionism contrasted strikingly not only to the Congress Republicans in the same period but also to the Democratic presidency both in the 1990s and the late 2000s.

**Summary.** Generally speaking, the 2000s was the heyday of the free-market agenda in the U.S.-China trade relationship. With endorsement from the White House despite the transition of presidential power, with bipartisan support from the Congress despite competing agendas within each party, a prospect of further marketization in China and a more balanced U.S.-China trade relationship seemed at least within reach for the majority of the U.S. political elites. At the same time, the dusk for this agenda appeared on the horizon. As Congress Republicans giving a louder voice to a mixed narrative justifying protectionist measures with failure in free trade, the tide seemed to be turning.

### 3) *The 2010s:*

In the previous two decades, one notable feature of the political elite's narrative about the U.S.-China trade relationship is the bipartisanship. However, things changed in the 2010s with the ascent of the right-wing populism. The political elites still cooperated across the party

boundary to (co)sponsor bills that followed the free-market line of thought throughout the 2010s, but the overall weight of the free-market agenda significantly declined from its heyday. With the rise of the mixed narrative and the right-wing populist force behind it, more importantly, the bipartisan support for a coherent U.S.-China trade policy seemed to be waning rather than strengthening as many observers contend (e.g., Drezner 2020; Xu 2020).

In contrast to the 1990s and early 2000s when the renewal of China's MFN/NTR status and admission to the WTO was at stake, the first half of the 2010s was marked by an absence of heated policy debate in the area of U.S.-China trade relationship. Still, multiple bills were introduced in the Congress to ask for duties to be imposed on products from China on the basis of China's violation of intellectual property rights. For instance, Republican Senator Steve King sponsored a bill in 2011, requiring the President to

“(1) impose duties on merchandise from the People's Republic of China in an amount equivalent to the estimated annual loss of revenue to holders of United States intellectual property rights as a result of violations of such intellectual property rights in China [...]; and (2) provide for the distribution of the proceeds of such duties to holders of United States intellectual property rights [...]" (King 2011).

The policy solution proposed in King's bill echoed Senator Voinovich's 2003 bill on China's accused currency manipulation, since both bills used a mixed narrative by responding to China's violation of market-based economic practice with tariff sanction. However, in comparison to Voinovich, a moderate Republican who worked across party line from time to time, King played politics on a different platform. King is a founding member of the Tea Party caucus in the House. A cultural conservative and staunch opponent of immigration, he had a track record of affiliating with far-right populism and white nationalism in his political career (BBC 2017; Gabriel 2019). King was removed by House Republican leaders from the Judiciary and Agriculture Committees for controversial remarks defending white supremacy in 2019 (Gabriel, Martin, and Fandos 2019) and lost reelection the next year. After the 2011 bill referred to the House Committee on Ways and Means with no follow-up, King reintroduced the bill twice later, one in 2015 and the other in 2017, one month after Trump was sworn in. Unlike the first two bills that had no cosponsors, the last one was cosponsored by eight House Republican representatives, who were associated with the Tea Party movement and far-right populism to varying extents. For instance, one cosponsor, Representative Marsha Blackburn was also cultural conservative and affiliated herself with the Tea Party movement. During her campaign for the Senate seat in 2017, she described herself as “politically incorrect and proud of it” according to NPR (Taylor 2017). After elected to the Senate, Blackburn was among the most conservative members, according to different calculations of ideological score (GovTrack 2019; ProgressivePunch 2021). Another cosponsor, Representative Ralph Norman, was a close ally of King<sup>7</sup> and Trump. And Norman's political agenda sometimes came across the Tea Party platform (Lovegrove 2018; Miller and Shannon 2020), though he was not directly affiliated with it.

King was not the only Tea Party-related Republican Congressman actively involved in

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<sup>7</sup> Indeed, after King was removed from House committees for making racist remarks in 2019, Ralph Norman, along with couples of other hard-line conservatives, made a long-shot bid to restore King's position.

setting a mixed narrative about trade with China. Initially running for the Senate seat with strong Tea Party support (Leibovich 2010; Mak 2015), Marco Rubio<sup>8</sup> likewise introduced his own bill targeting China's alleged stealth of U.S. intellectual property. In the Fair Trade with China Enforcement Act, Senator Rubio criticized the U.S. government for engaging with China:

“it was erroneous for the United States Government to have ignored the contradictions and risks of free trade with the People's Republic of China on the assumption that the People's Republic of China would liberalize economically and politically” (Rubio 2018).

His also posed wholesale accusation of the Chinese government for “brutally suppressing dissent at home and pursuing policies abroad that are a far cry from being a responsible global stakeholder,” “stealing United States intellectual property” to “advances the ‘Made in China 2025’ initiative,” and reaching for “the near-total displacement of advanced manufacturing in the United States.” These accusations led to policy proposals for the U.S. government to reduce Chinese involvement in the U.S. economy and to encourage U.S. companies to produce domestically (Rubio 2018). After Rubio introduced the bill to the Senate, Republican Representative Michael Conaway, a close Trump ally, introduced the same bill in the House, with a bipartisan cosponsorship. Neither bill received a vote. Rubio and Conaway introduced the same bill to both chambers of the Congress again in 2019, each receiving some bipartisan support this time.

Rubio and Conaway's mixed narrative frames trade-restrictive and protectionist measures as a response to the deficiency of free market – the deficiency of its openness to abuse. The accusations of China's economic misconduct naturally head into a solution of economic nationalism, decoupling the U.S. from China – if not from the bigger world. Such a mixed narrative can speak easily to Trump's “American First” brand and the U.S.-China Trade War. In his first Joint Address to Congress, Trump declared that

“I believe strongly in *free trade* but it also has to be *fair trade*. It's been a long time since we had fair trade. The first Republican President, Abraham Lincoln, warned that the ‘abandonment of the protective policy by the American government... will produce want and ruin among our people.’ Lincoln was right – and it's time we heeded his advice and his words. I am not going to let America and its great companies and workers be taken advantage of us any longer. They have taken advantage of our country. No longer” (Trump 2017).

In an untypically sophisticated way, Trump upheld trade restriction and economic nationalism by emphasizing the U.S.'s victimhood, as “we Americans” were taken advantage by “them” – first and foremost China but also other trading partners. Instead of being a great power leading a pro-market global system that it helped to make and sustain, in this narrative, the U.S. became the victim of the very system, whose openness and freeness were appropriated by China to undermine the U.S.'s core interests, whether it be its advanced manufacturing or “great companies and workers.” According to this narrative employed by Trump, Rubio, and Conaway, the U.S. became the victim of the international system that it led building in the heyday of U.S. hegemony.

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<sup>8</sup> An interesting fact is that as of February 2nd, 2021, Rubio's self-introduction on his official twitter page started with “Banned in & sanctioned by China” – even before “Follower of Christ, Husband, Father, Proud AMERICAN” – indicating the importance of the anti-China stance to Rubio's political brand.

**Summary.** In the 2010s, the mixed narrative and the trade-restriction narrative gained momentum as the share of the free-market narrative declined. Surfing the wave as it's turning, the populist and nationalist wing of the Republican Party occupied the stage of U.S.-China trade relationship in this period, with some – but limited – bipartisan input. In this sense, Trump and his Trade War was not a precedent of this trend; rather, he is the loudest trumpeter. On the contrast, Democrats in the Congress were relatively silent in the 2010s. They mostly joined bipartisan initiatives to criticize China's trade practices and respond to Trump's sometimes unanticipated move. They did not have an obvious and independent agenda about U.S.-China trade, even though the Congressional bipartisan ground had become shaky as the populist wing driving the Republican Party.

## **Discussion**

In the first two decades after the Cold War, the political elites in the U.S. formed a mostly bipartisan platform for U.S.-China trade policy-making. Although factions within the Republican and the Democrat Parties each had some separate policy goals from time to time, cross-party coalition was not unusual for issues of heated debate such as whether to renew the MFN/NTR status for China. Indeed, in that period, the division between the pro-trade and the pro-restriction narratives fell more between the presidency and the Congress than along the party line. Such bipartisanship largely extended into the 2000s, a decade during which China was granted the NTR status by the U.S. and admitted into the WTO. The free-trade narrative peaked in this decade, while there also emerged a narrative mixing a free-trade goal and a protectionist approach to achieve it. Finally, in the 2010s, the mixed narrative and the trade-restriction narrative gained momentum as the populist wing of the Republican Party dominated the stage of U.S.-China trade, culminating in Trump's Trade War with China.

To be clear, right-wing populism did not invent the mixed narrative with a protectionist leaning. The rhetoric of justifying trade restrictive measures as means to achieve free-market goal could be found in earlier bills. However, the right-wing populist movement gave fresh political vigor to this narrative, only at the expense of elite cohesion in the Congress to some extent. One thing interesting is that when Senator Rubio got some bipartisan cosponsorship for his 2019 Fair Trade with China Enforcement Act, it came from Democratic Senator Tammy Baldwin, an opponent to the Trans-Pacific Partnership. Does it indicate a possible coalition between the economic nationalist on the right and the traditional pro-labor ideology on the left? Rubio's bill seems to point towards that direction. Given the anti-China consensus in Washington in the last few years, China and its challenge to U.S. hegemony could be lubricant to mitigate tensions and fragmentation among the political elites, a few of whom could easily come out of domestic partisan battle unscratched.

Beyond China, could hegemonic decline help mitigate elite division or strengthen its fragmentation? The existence of external enemy usually helps create and enhance internal cohesion. Indeed, as this chapter shows, bipartisan policy platforms has always existed in the case of U.S.-China trade relationship from the 1990s, and such platforms were only weakened with the rise of the right-wing populism. To some extent, the rise of populism and anti-establishment movement is also a result of decline, as the U.S. losing economic edge in the

outside world while deindustrialization and soaring inequality uprooted American working class at home. However, when such a movement captures a major policy platform, it creates new division within the political elites – between the establishment and its changers. This dynamic may bring the establishment to the populist side, thus reshaping the political elite from within and dissolving the movement when populist figures become the new establishment. Or tensions and collision between the two parts will continue, with each part trying to absorb or merge with other ionized political forces. Either way, this will shape the future of the division of power among these political forces.

## Figures and Tables

Figure 1. Proportion of each agenda in the political elites' narrative about trade

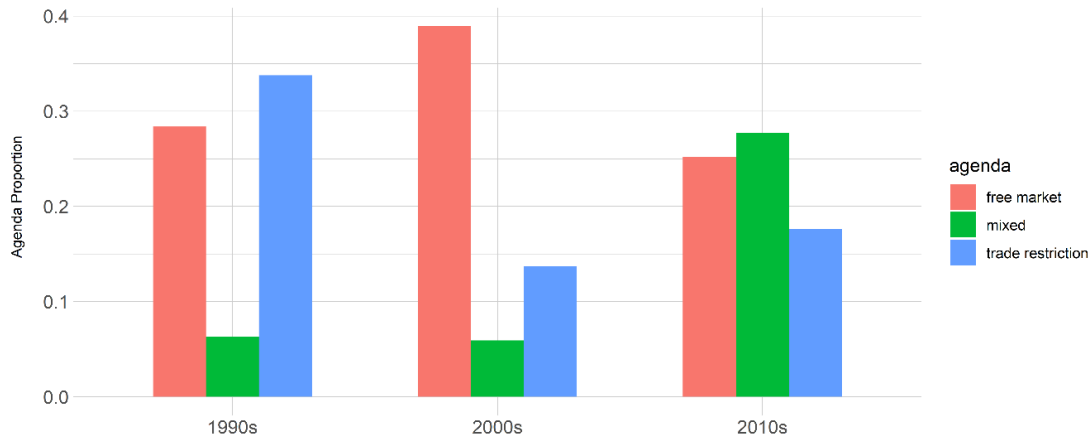
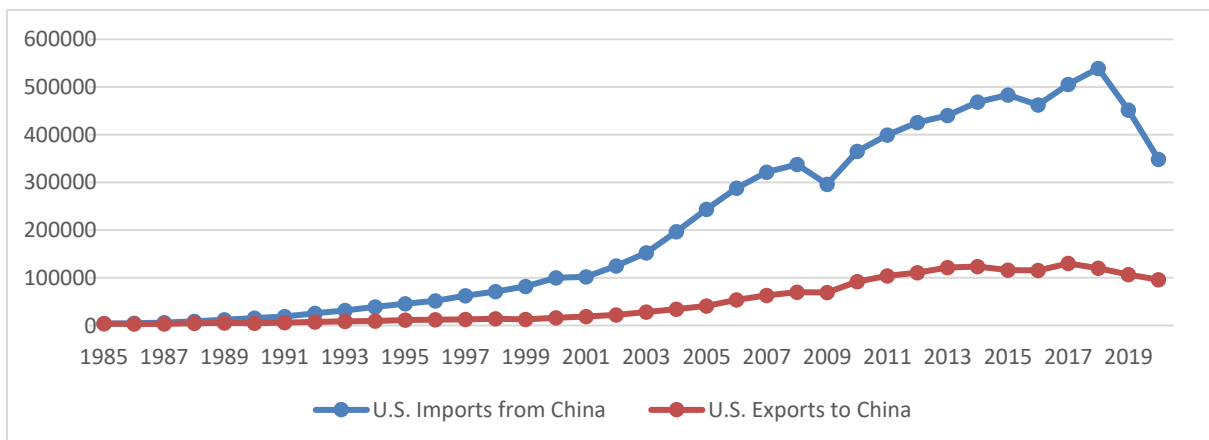


Figure 2. Trade agendas and political elite actors



Figure 3. U.S.-China trade gap



Source: The U.S. Census Bureau

Note: All figures are in millions of U.S. dollars on a nominal basis.

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## Appendix

### Appendix A. Coding scheme for categorizing the free-market agenda and the trade-restriction agenda

Code	Type	Explanation	Example
<b>Free-Market Agenda</b>	<i>Argument &amp; reasoning</i>	Arguments and reasonings that explicitly advocate for trade with China and/or bringing China into the international trade regime.	<p>“U.S. firms would also benefit from China’s trade agreements with the other WTO countries.”</p> <p>“[...] If we are to continue generating good jobs and higher incomes in our country when we are just 4 percent of the world’s population, we must continue to sell more to the other 96 percent. One of the best ways to do that is to bring China more fully into the world's trading system. With a quarter of the world's population and its fastest growing economy, China could and should be a magnet for our goods and services.”</p>
	<i>Critique Chinese economic practice</i>	Critique Chinese economic practice that violates free-market principles without resorting to measures of trade restriction	<p>“The Government of the People’s Republic of China continues to engage in discriminatory and unfair trade practices, including [...] the use of import quotas and other quantitative restrictions on selected products, the unilateral increasing of tariff rates and the imposition of taxes as surcharges on tariffs, the barring of the importation of certain items, the use of licensing and testing requirements to limit imports [...]”</p> <p>“[...] [C]ounterfeiting by Chinese enterprises of copyrighted material continues to grow, the Chinese Government has failed to control massive production and export of pirated materials, and there has been no increase in market access for United States products protected by intellectual property rights.</p>
	<i>Demand &amp; decision</i>	Demands for China to carry out market liberalization and accompanying economic reform; or decision to advance trade relationship with China	<p>“Provide fair treatment for foreign firms operating in China by removing government rules requiring technology transfer, local content, and export performance conditions.”</p> <p>“[...] That the United States Trade Representative should continue to insist that the People’s Republic of China take the necessary steps to enforce its laws protecting intellectual property rights and thereby control the piracy of intellectual property rights of individuals and business enterprises in the United States.”</p>
<b>Trade Restriction Agenda</b>	<i>Argument &amp; reasoning</i>	Arguments and reasonings that explicitly advocate for restriction upon trade with	“Rather than remedy its misconduct, China has chosen to harm our farmers and manufacturers. In light of China’s unfair retaliation, I have instructed the USTR to consider whether \$100 billion of additional tariffs would be appropriate under section 301 and, if so,

		China and/or protection of local business against Chinese competition.	to identify the products upon which to impose such tariffs. [...]” “Prior to the final negotiations, Democrats and Republicans in Congress raised legitimate concerns about the importance of safeguards against unfair competition. This agreement effectively addresses those concerns. No agreement on WTO accession has ever contained stronger measures against unfair trade, notably a 'product-specific' safeguard that allows us to take measures focused directly on China in case of an import surge that threatens a particular industry. [...]”
	<i>Demand &amp; decision</i>	Demands and decisions to impose restriction upon trade with China and/or protect local business against Chinese competition.	“The People’s Republic of China shall be denied nondiscriminatory trade treatment by the United States and the products of the People’s Republic shall be subject to the rates of duty set forth in column number 2 of the Harmonized Tariff Schedule of the United States.” “Accept the use by the United States of certain antidumping provisions and to permit the use of certain safeguard measures to respond to possible surges in imports from China that might cause or threaten to cause market disruption to a U.S. industry.”
<b>Mixed Agenda</b>	<i>Free-market goal through restrictive means (I)</i>	Explicitly advocate for using trade restriction to push for further market liberalization in China	“[...] [S]anctions should be imposed on the People’s Republic of China until the United States Trade Representative certifies that the People’s Republic of China is complying with its agreement with the United States regarding the protection of intellectual property rights.”
	<i>Restriction as response to the deficiency of free market (II)</i>	Explicitly advocate for trade restriction as response to China’s violation of free-market principles or lack of efforts to further marketization	“Following a thorough investigation under section 301 of the Trade Act of 1974, the United States Trade Representative determined that China has repeatedly engaged in practices to unfairly obtain America's intellectual property. [...] On April 3, 2018, the USTR announced approximately \$50 billion in proposed tariffs on imports from China as an initial means to obtain the elimination of policies and practices identified in the investigation.”
<b>Others</b>	<i>Description of legislative process or content</i>	Describe an existing legislative process or content of a legislation	“Notwithstanding any other provisions of law, if nondiscriminatory treatment is not granted to the People’s Republic of China by reason of the occurrence of an event described in subsection (b), nondiscriminatory treatment shall (1) continue to apply to any good that is produced or manufactured by a person that is not a state-owned enterprise of the People’s

			Republic of China, but (2) not apply to any such good that is marketed or otherwise exported by a state-owned enterprise of the People’s Republic of China.”
	<i>Explanation of legislative terms</i>	Explanations and definition of terms used in legislative documents	“The term ‘state-owned enterprise of the People’s Republic of China’ means a business, corporation, partnership, company, or person affiliated with or owned, controlled, or subsidized by the government of the People’s Republic of China and whose means of production, products, and revenues are owned or controlled by a central or provincial government authority.”
	<i>Other documents without explicit stance</i>	Statements that may indicate but do not explicitly articulate support of any agenda	“As a result of unresolved economic issues, China has amassed increasing trade surpluses with the United States. The United States trade deficit with China grew from \$4,200,000,000 in 1989 to \$10,400,000,000 in 1990, and is expected to reach approximately \$15,000,000,000 for 1991.”