Hillary Clinton, Donald Trump, and China

What the 2016 elections mean for the US-China economic relationship.


As the 2016 United States presidential election turns into the home stretch, one thing is certain: both candidates will be trying to win American votes by bashing China.

Republican candidate Donald Trump and Democratic candidate Hillary Clinton may not agree on much, but they do agree on one thing: that China has stolen millions of American jobs and must be made to give them back.

The US presidential candidates love to talk tough on China and trade. Clinton is intimately associated with the Obama administration's 2011 pivot to Asia - a strategy designed to counter growing Chinese influence in the region; while Trump talks endlessly about bringing manufacturing jobs back from Asia to the US.

But how would they behave in office? Talking tough is one thing; acting tough is another thing entirely.

Would either candidate really make big changes in US policies towards China if elected to the presidency? And who would Xi Jinping rather deal with across the Pacific - Clinton or Trump?

Trump talks tough

Trump's campaign slogan is "Make America Great Again" and if he is good at one thing, he is good at making things great.

All you have to do is visit one of his many office buildings, golf courses or clubs to experience the Trump touch. No one ever accused him of modesty.

He is emphatic that trade with China is the one thing that has made America less great than it should be.

His campaign website accuses former President Bill Clinton of destroying the US manufacturing industry by supporting China's membership in the World Trade Organization. The site lays out a detailed plan to take back the economic initiative from China.

First, Trump pledges to immediately declare China as a currency manipulator under the 1988 Omnibus Trade and Competitiveness Act if he is elected president.

From China's standpoint it probably doesn't make much difference who wins the White House. Both Clinton and Trump have committed to bringing American manufacturing jobs home from China while offering no concrete, workable policies for doing so.

The reality that China's currency is probably overvalued against the US dollar seems not to have entered his calculations. China once used an undervalued yuan to spur exports of Chinese manufactured goods. No longer. China's export numbers have been stagnant for the past five years.

Second, Trump says that he will stop China from stealing American intellectual property. In particular, he will put an end to the practice of technology transfer, whereby US companies that invest in China are forced to share their proprietary technologies with Chinese partners.
This might be a good idea if it could actually be put into practice. But the only way to prevent US companies from transferring technology to China would be to prohibit American companies from investing in China - a step no US leader is likely to take.

Third, Trump claims that he will put an end to unfair competition by making China live up to the same kinds of labour and environmental standards that US firms have to meet.

This is obviously not a practical promise. Chinese workers would surely cheer higher wages and safer workplaces, but it is difficult to see how a US president can give them these benefits.

Trump takes the prize for tough talk on China, especially when it comes to the economy. But his actual policy prescriptions range from the irrelevant to the unworkable. None of them is likely to be implemented if Trump is elected president.

Clinton the conciliator?

Clinton also takes every opportunity to talk tough on China, but her specific statements are actually much more conciliatory than those of Trump.

For example, she has not taken a position on the "currency manipulator" issue. Instead she has talked about denying China market economy status under US law, a status it does not enjoy in trade law anywhere in the world.

Clinton vaguely suggests that she will stand up to China with regard to its underpriced steel exports, but she offers no details about exactly what she would do. A steel embargo seems unlikely. She talks a lot about holding China accountable for its competitive economic policies but is careful not to make any specific promises or threats.

In short, Clinton makes a lot of noise about being just as tough on China as Trump is, but her threats are even less likely to result in any actual policy action.

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If China's President Xi had a vote in the upcoming US presidential election, in the privacy of the voting booth he would probably opt for Clinton.

Given his specific promises, a President Trump would have to take some action against China, however meaningless that action might be.

A President Clinton would more likely stop at saying a few harsh words. Either way, business as usual is the likely outcome for US-China economic relations.