

Researching China's Development and Globalization in an Era of US-China Tensions

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The role that China is perceived to present for the global economy—much less global security—has changed remarkably since China's accession to the World Trade Organization (WTO) in December 2001. During the height of neoliberalism and third-wave democracies, China appeared more open to foreign capital than the developmental states of East Asia, which had restricted foreign direct investment (FDI) in favor of domestic industrialization during a comparable stage of economic development. Through the first 15 years of China's WTO membership, many in academia and the policy world depicted a modernizing China undergoing market transition, in parallel to Eastern European countries after the collapse of the Soviet Union.

This was a time when the research environment in China was much more open, enabling access to interviewees and institutions, as well as stronger academic links between US and Chinese universities. A rich literature debated the nature and scope of China's market reforms, global economic integration, and related institutional transformation. Before Xi Jinping became president and general secretary of the Chinese Communist Party and centralized political control in 2013, extant scholarship identified how the Chinese state combined liberal economic and state interventionist rules in its economic governance. The strengthened authoritarian grip of the party under Xi has reversed further the trend of market liberalization launched by Deng Xiaoping.

This article illuminates how the changing political climate within China and globally have dovetailed with new developments in research on the Chinese political economy. Scholars have debated the nature and scope of the regulatory state and China's technological competitiveness in the lead-up to and in the context of the US–China trade war. Studies also have examined the institutional foundations of market governance and delineate the impacts of Xi era political centralization on the present and future of China in the global economy.

This study recounts how even before the global COVID-19 pandemic and related lockdowns, internal developments within China and US–China tensions affected the quality of educational exchange and exacerbated the challenges of conducting fieldwork. Present and future generations of China

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POLICY AND RESEARCH IN THE WORLD TRADE ORGANIZATION ERA

WTO accession launched an era of political and economic engagement in US–China relations that witnessed a research environment relatively open to foreign scholars, who conducted in-depth fieldwork across regions and industries in China. Jiang Zemin had green-lighted WTO negotiations when the 1997–1999 East Asian financial crisis led to a slowdown in FDI and a deflationary spiral (Solinger 2009). In this period of China under reform, China specialists investigated the impacts on business of decentralization, political fragmentation, and sub-national geographical variation in institutional adaptation (Mertha 2005; Tsai 2002; Yang 2004). Local governments, commerce bureaus, and other decentralized authorities—including sector and business associations—acted as economic stakeholders in a fiercely competitive landscape, shaping policy and institutional change (Kennedy 2005; Zweig 2002).

Private business, state-owned and collective enterprises, and foreign investors alike contended with the vagaries of local politics, regulatory arbitrariness, and a lack of central will and regulatory capacity in enforcing macroeconomic rules (Pearson 2005; Whiting 1999). Regulatory strategies and coalitional dynamics among the state, FDI, and domestic industry vary by locality (Chen 2018; Gallagher 2005). Markets and development have co-evolved through subnational institutional adaptation (Ang 2016). Moreover, local governments and decentralized stakeholders are commercial actors, which exert agency abroad even as they implement the central state's "Go Global" policies (Ye 2020).

Another thread of research on China's development and globalization disaggregates macrolevel developments by focusing analysis on the industrial sector. Building on extant research, examining labor- versus capital-intensive sectors, my

first book (Hsueh 2011) showed how the selective use of markets and deliberate state interventions aimed to develop technologically advanced and infrastructural sectors as well as to enhance state capacity and authoritarian rule. Market reform also has decentralized and deregulated labor-intensive

control, studies show that economic governance to promote domestic industry and develop indigenous capacity predated the Xi-era industrial policies (Chen and Naughton 2016; Hsueh 2011 and 2022; Leutert and Eaton 2021). The nature of central–local linkages and local-level regulatory shortcuts have affected

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and low-value-added sectors, vesting regulatory enforcement and discretionary policy making to local authorities and market actors. Industry studies, such as on textiles and shipbuilding (Moore 2002), IT software (Segal 2002), and automobiles (Thun 2006), revealed how institutional arrangements and differentiated engagement with FDI have achieved varying degrees of industrial upgrading and technological know-how.

During the first decade of China's WTO accession—just as global business came to depend on Chinese markets and supply chains, and Chinese domestic industry began to emerge—local governments and the central state reregulated to restrict business scope, investment level, and market entry and exit (Hsueh 2011 and 2022; Tsai and Naughton 2015). Overexpansion, growing corruption, and unbridled markets coincided with various state–business bargains, which undergirded tariff and nontariff barriers and industrial policies in deregulated and centralized sectors. Reviews of China's economic policies by the US Trade Representative Office led the Bush administration (2001–2009) to urge the country to be a more “responsible stakeholder.”

By the 2008 Global Financial Crisis, the emergent regulatory state's market and non-market–based rules favored Chinese business and hindered the market access of US businesses. Concerned that China had not met WTO commitments and instead created regulatory and informal barriers in favor of Chinese industry, the Obama administration (2009–2017) sought “strategic assurance” that “the rise of a strong, prosperous China can be a source of strength for the community of nations” (The White House 2009). In parallel, economic and industrial policies of the Hu Jintao–Wen Jiabao period (e.g., the Harmonious Society and the 11th Five-Year Plan) catered to social-political stability and indigenous development. Sectoral patterns of market governance have been reinforced by Xi-era economic policies, eliciting varying responses from successive US administrations.

POLICY AND RESEARCH IN THE XI JINPING ERA

When Xi Jinping ascended to political power in 2013, research on and US foreign economic policy responding to China's regulatory state had begun to focus on China's selective regulation and industrial development as well as the institutional foundations of market governance. As Xi centralized political

governance capacity to ensure food safety and other environmental safeguards, respectively (van der Kamp 2023; Yasuda 2017). Moreover, variation in the growth and development of industries, in sectors including semiconductors (Fuller 2016), renewable energy (Nahm 2021), and high-speed rail (Ma 2022), as well as the implementation of China's WTO commitments (Tan 2021), are shaped by intergovernmental relations and economic coalitions.

By the mid-2010s, Chinese regulators and courts exerted influence over global markets, with numerous multinational corporations conducting significant business in the country. The US Congress held hearings on the impacts of China's economic rise on US companies manufacturing in and trading with China. US government agencies, legislative committees, and think tanks convened panels and workshops to conduct sector case studies that examined the contradictions and advancements in China's technological development. Without directly confronting the Chinese government during a less tense geopolitical climate, President Obama proposed the Trans-Pacific Partnership (TPP), which excluded China and was designed to expand market opportunities and diversify supply chains in the Asia Pacific region.

Economic and political retrenchment within China and economic coercion toward countries in China's near abroad under Xi paralleled other global departures from the neoliberal model. To understand diverging globalizations across regime types, I commenced international fieldwork for my second book (Hsueh 2022). Identifying how state elites perceive the strategic value of sectors as a function of internal and external pressures as well as intersubjective interpretations, the book explains how regime insecurities and performance-legitimacy imperatives undergird *techno-security developmentalism* in China. Market coordination and property-rights arrangements vary by the centralized governance of capital-intensive sectors and by the decentralized governance of labor-intensive sectors. Other scholars have characterized state- and party-building under Xi as shaped by state adaptation and risk management (Pearson, Rithmire, and Tsai 2023).

When Donald Trump became president, his administration (2017–2021) exited the TPP on his first day in office. He named China a “strategic competitor” that exerted “economic aggression” as a “revisionist power.” Soon after, the Trump

administration commenced a trade war with three rounds of tariffs on Chinese goods across sectors. The Chinese government countered with tariffs that targeted US regions where the president's party was the most politically vulnerable (Kim and Margalit 2021). Import competition, partisanship, and China bashing predicted congressional political support for the trade war (Kuk, Seligsohn, and Zhang 2018). In contrast, multinational businesses increasingly are driven by their embeddedness in China, including joint-venture status and business models shaped by the state–market relations depicted by China scholars (Zhang, Liu, and Vortherms 2022).

Since taking office in 2021, the Biden administration has introduced a set of policies designed to address the economic and security challenges posed by China. The Indo-Pacific Economic Framework seeks to work with regional allies to diversify export markets and global production networks after Trump exited the TPP. The Chips and Science Act is an industrial policy aimed at maintaining the US lead in technological advancement. Trump-era tariffs are maintained and entity lists and export controls on security-sensitive goods and services have been enhanced.

Twenty-two years after China's WTO accession, bipartisan support in Congress sustains the notion that China is the United States' geo-economic competitor. In the "new normal" of US–China tensions and political retrenchment in China, China has not condemned Russia's 2022 invasion of Ukraine and the country has escalated military threats against Taiwan. Fieldwork in China and academic exchange have witnessed challenges that typically befall only those who are researching the most sensitive topics, which portends uncertainties for the further research on and teaching of Chinese politics.

IMPACTS OF REAL-WORLD PRACTICES ON RESEARCH AND TEACHING

In the early days of China's WTO entry, FDI rushed to access Chinese markets just as Chinese industries and firms and local-government authorities courted them in earnest. During a time of economic liberalization and less geopolitical tension, China was more open to fieldwork and different stakeholders—from town and village enterprises to state-owned enterprises and sector associations and foreign investors—were eager to share their ideas and experience. Conducting fieldwork across sectors and regions, I toured factories and shop floors and met with central and local bureaucrats inside and outside of their offices. Through the triangulation of interviews, statistics, and documentary data, I delineated the goals and methods of China's regulatory state and how they varied across sectors and sub-sectors.

Nevertheless, even during the height of US–China economic engagement, conducting research across sectors with applications for national security and contribution to the national technology base (e.g., telecommunications) posed personal risks. My mobile phone was traced and I was contacted and invited to tea by state security agents who were surveilling various work units, including foreign delegations (e.g., the American Chamber of Commerce). This was and is a common practice for monitoring foreign scholars who are researching topics that are deemed politically

sensitive. I was questioned about my "poking and soaking," shadowing, and speaking with local and central authorities and market actors, including executives and managers across ownership and national origin—some of whom were party members. I did not experience the same scrutiny in the labor-intensive, less-value-added sectors (e.g., textiles), which are less strategic for technological development and dual-use applications.

I first felt the sea change in political climate and responses to it in early 2013 during one of my iterative field trips in China for what became my second book (Hsueh 2022). As I traveled to different regions, I observed my interviewees across industries and governmental levels watching their steps and carefully choosing their words. Colleagues and friends, including at universities and the Chinese Academy of Social Sciences, were hesitant and less forthcoming. These behaviors were heightened during the anti-corruption campaign, in which both government- and enterprise-level bureaucrats and academics stood vigilant in not being viewed as "winning and dining" visitors.

On the US side, through the 2010s, students flocked to courses on Chinese politics and political economy, eager to learn about China's fast-speed development, the role of foreign investors and other external forces, and the consequences for internal development. The law school at Temple University—a large public R1 university where I research and teach—jointly administers a Master of Laws (LLM) degree with Tsinghua University in Beijing, the first foreign law-degree-granting program to be approved by the Chinese Ministry of Education. The program dates back to 1979, when Temple bestowed on Deng Xiaoping an honorary Doctor of Laws degree. Moreover, Temple University established a joint undergraduate program with the Southern University of Science and Technology in mid-2015. In addition, Temple hosted many exchange students and international students from China.

Many of these exchanges and collaborations involving Temple University and Chinese educational institutions have been scaled back or discontinued. In May 2015, Xiaoxing Xi—a professor in the Temple physics department—was accused by the FBI of economic espionage for the alleged disclosure of manufacturing information of a pocket heater to research peers in China. The case against Professor Xi was dropped after four months, but his early-morning arrest rattled his family. He currently has a lawsuit against the US government (*NBC News* 2022). The university quietly shuttered the Confucius Institute on campus in June 2021. As of 2022, the Chinese government no longer permits the Temple University LLM degree at Tsinghua University to be a standalone degree.

When I attended a conference in Beijing shortly before the COVID-19 pandemic lockdowns, it became apparent that accessing different bureaucracies and levels of the party-state will be strictly monitored and managed. Understanding the governance of the Chinese economy and bidirectional impacts on the global economy, however, is as critical as ever. Today, China grapples with an economic slowdown in the aftermath of the pandemic and amid the trade and technology wars, on the one hand. Exports decreased by 14.5% in July 2023 from the previous

year—the largest decline since the beginning of the pandemic—and the real estate market is in crisis (*Financial Times* 2023).

On the other hand, Chinese central-state interventions in financial technology and the Internet business in 2020 and beyond, as well as the anti-espionage law of 2023, have forced international businesses, sector and business associations, and think tanks to reevaluate their China strategy. These entities include Chinese-origin companies that have moved their headquarters and manufacturing out of China in response to trade and investment restrictions as well as global concerns about human rights violations and labor abuses.

Collaborating with colleagues based in China to better understand the Chinese political economy is not entirely foreclosed. One such effort, the editorial board of the Cambridge Element Series on Chinese Economy and Governance, convenes political economy scholars based in China and globally. Such cooperation is necessary as we study and teach a globalized but less economically liberal and more authoritarian China in the third decade of the twenty-first century.

For early-career researchers, PhD students, and future generations of China scholars in the United States and elsewhere who are facing seemingly insurmountable challenges in accessing internal China, potential avenues for maximizing access include investigating China's activities globally. How and with what methods political and economic actors within China are operating in places outside of China are important windows into the inner workings of Chinese politics. Just as the collection and triangulation of data at different levels of analysis across different stakeholders have informed debates on internal political-economic dynamics, so will the observational and experimental data on Chinese industries, subnational governments, and central-level bureaucracies in the various territories and spaces that they increasingly inhabit. The data will broaden our understanding of the central state's role vis-à-vis those of other stakeholders outside of and within China, in addition to uncovering the actual impacts of China's development and globalization versus global perceptions.

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CONFLICTS OF INTEREST

The author declares that there are no ethical issues or conflicts of interest in this research. ■

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