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Championing global trade is in America's national interest, says Evan Greenberg

The insurance executive welcomes efforts to compete with China—rather than ones to contain it

International trade has become politically unpopular in America in recent years. Increasingly, voices at either end of the political spectrum have set the terms of debate. For some, these calls have been prompted by a view that international trade damages workers and diminishes America's ability to produce at home. For others, such calls are cloaked in the language of national security—in particular, concern about the rise of China. American firms should not be trading technology or putting money in China's pockets, they say, because doing so is tantamount to strengthening a rival and growing adversary. Calls for protectionism generally, and decoupling from China particularly, are growing louder.

America must vigorously defend its strategic interests, of course. This is particularly true with advanced technologies, especially those that involve national security or economic capabilities. Given the dual-use nature of emerging technologies, such as underwater acoustic sensors and artificial-intelligence applications that can be employed both for peaceful and military aims, Washington needs to set thoughtful boundaries around acceptable exports to China, as well as around investments in Chinese firms that develop products which could threaten American security. Washington should not tolerate China or any other country stealing or forcing the transfer of intellectual property, unreasonably aiding national champions or unfairly flooding overseas markets. And America must also protect critical supply chains, such as for advanced batteries, semiconductors and medicines.

Increasingly, rivalry and the spectre of conflict is the dominant paradigm for relations between America and China. Yet economically, tough words and unilateral tariffs are not going to temper China's behaviour or shrink its economy to a more palatable size. In trade and economics, rather than reacting to every Chinese move, America needs to advance its own vision while the Chinese pursue theirs.

Few dispute America's need to defend itself. So the critical question is rather how best to strengthen its security and prosperity. Developing effective policy requires a broad understanding of American power. America cannot, through its foreign policy, permanently privilege national security above economic prosperity and expect to remain the world's leading country. Economic strength enables the country to invest in labs, innovations and military bases. It also underwrites our social-safety net and our national infrastructure. America exports more than \$2.5trn in goods and services annually, and before the pandemic these supported over 41m American jobs.

While the benefits America accrues from its leadership position in the global economy are overwhelming, they are not universal. Although competition brings innovation and prosperity, it has also cost many Americans their jobs. According to the Peterson Institute, an American think-tank, the upper-bound estimate of manufacturing jobs lost to China number about two million during the period 2000-2015, or about 130,000 workers per year. But this figure is vastly smaller than the number of jobs the American economy generated during this period. Even so, we have not done enough to support workers who have been left behind. To address the shocks that global competition generates, federal and state governments must invest more in worker-training programmes and enhance productivity by expanding access to health care, child and retirement care, and quality education.

America should lead with a rules-based vision of global trade, rather than shrink our ambition to match the domestic political mood of the moment, or chase the chimera that protectionism can shield the country from social challenges. America needs to rediscover the determination to advance a positive trade agenda in the world.

The Biden administration deserves credit for its efforts in Asia and Europe to promote digital trade and develop technological standards. These efforts are not substitutes, though, for regional trade agreements such as the Trans-Pacific Partnership and the Transatlantic Trade and Investment Partnership. Trade agreements are essential vehicles for America to advance its vision of rules-based, market-oriented trade. Just two years ago, Congress ratified the United States-Mexico-Canada agreement (usmca) with a significant bipartisan majority. Trade deals can gain public and political support.

America's leaders must also reappraise how we approach China to secure our own prosperity. China sits at the centre of the world's most dynamic region and has a fifth of the global population. Bilateral trade in goods with China hit a record \$657bn last year and is on track to set a new record this year. The World Bank and other experts estimate that China could account for upwards of one-quarter to one half of global economic growth this decade.

Of course, this trajectory deserves scrutiny as China limits its own rise by overplaying the role of the state in its economy. No country has delivered sustained growth for long by replacing the judgment of markets with that of the state, as China increasingly is doing. Beijing's statist economic turn is delivering reduced rates of growth and discouraging foreign investment.

Rivalry, if not managed on both sides, will lead to unacceptably high costs and risks. The better path is co-existence. Rivalry will be a feature, but not the only defining feature. Competition and, yes, co-ordination on planetary threats, such as climate change, will also be necessary.

Trade will be a key element of co-existence. Washington must uphold and enforce principles of reciprocity in market access and rules-based trade. The goal should be equal treatment for American companies, not equal results in the form of managed trade. Advancing globalisation and opening foreign markets is to the benefit of workers and consumers. The more that American firms operate on a level playing field, while others access our market, the more impetus there will be for innovation and growth. ■

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