

Zhong mei jing mao guan xi [The political economy of China-US trade relations]. By Yong Wang. Beijing: Zhongguo shi chang chu ban she (China Market Press), 2007. 428 pp. \$8.70 (paper).

During the past decade, the economic relationship between the United States and China has been drawing more and more attention from both the public and academia. In his new book, *The Political Economy of China-US Trade Relations*, Yong Wang, a leading Chinese political economist, has provided us with a comprehensive and in-depth understanding of “the most important bilateral relationship in world economy today.” By analyzing a series of critical issues and cases concerning China-US trade, he argues, in general, that the bilateral trade relationship is now highly politicized and to a great extent affected by the dynamics of US domestic politics. Therefore, in dealing with its economic relationship with the United States, China needs to understand and try to make use of the political struggles between the US administration and Congress and also, especially, the disputes among various US interest groups.

The book begins with a few important questions: What are the fundamental changes to the China-US trade relationship since China joined the WTO in 2001? How are these changes generated, and how do they influence the overall Sino-US relationship as well as the international political-economic system? In answering these questions, the author argues that since China joined the WTO, it has embraced deeper globalization, and its economy is becoming more open and liberalized. The China-US trade relationship, as a result, is growing rapidly and becoming increasingly interdependent. However, he also points out that this trade relationship is becoming quite imbalanced, given that the United States now has a huge trade deficit vis-à-vis China, which has led to some intense trade disputes between the two countries that may increase risk and uncertainty in the future. Nevertheless, he concludes with optimism that those negative consequences from the growing economic connections between China and the United States will be overcome by the positive ones from interdependence and mutual benefits. Therefore, taking all into account, the development of China-US trade will help enhance and improve their broader bilateral relationship.

With regard to the theoretical framework, Yong Wang has developed a perspective that goes beyond the conventional dichotomy of “state versus market” in international political economy (IPE) theories by incorporating what he calls “social dimension” (mainly private/public interest

groups) into his analysis. Moreover, he criticizes the state-centrism in international relations studies and insists that China-US trade relations could be better examined at both the international and domestic levels and through the interaction of the two levels. This innovative “trichotomy” framework actually implies his endeavor to break the arbitrary boundary between IPE and comparative political economy (CPE) and to connect international economic relations with domestic political dynamics.

On the basis of this framework, he has drawn tremendous attention to US domestic politics, institutions, economic structures, and, most important, various interest groups, and discussed how the interactions among state, market, and society in the US context have helped generate US national trade policies toward China. In doing so, he has selected a few specific trade issues as case studies in the book, including: China-US negotiations regarding China’s PNTR (Permanent Normal Trade Relations) status with the United States; China’s entry into the WTO and its obligations concerning China-US trade; the China-US textile trade disputes; US export control policy toward China; and the strong debate over China’s undervalued currency (RMB). Each of these cases takes one chapter and has been examined in great detail through a review of the literature, process tracing, and data analysis.

Through these cases, Yong discovers that the US trade policy is usually a grand compromise of different parties, particularly between the administration and Congress, and among various interest groups that have divergent interests and policy preferences. For example, in addressing the PNTR case, he analyzes how President Bill Clinton and his administration, with support from industrial, commercial, and agricultural interest groups, had to fight against the coalition of labor unions (AFL-CIO), human rights groups, and religious organizations to win congressional support to grant China the PNTR position. Moreover, in the case of the undervalued RMB, which is even more hotly debated today, Yong first points out that it is the “dual deficit” of both the US current account and fiscal budget that leads to the imbalance of the global economy. And then he looks into the RMB issue by analyzing who is the “winner” and who is the “loser.” Again, he focuses mainly on different political and economic actors in the United States, such as multinational corporations, labor unions, manufacturing interest groups, and Wall Street financial institutions. By looking at their individual interests and lobbying strategies, the author concludes that the RMB issue is actually highly politicized in the United States and becomes an instrument for domestic political struggle. However, according to Yong,

the “conflict-encouraging” character of US domestic politics is actually helpful in defending its national interests, and China should take this into account when it deals with trade and economic relations with the United States.

In general, Yong’s book is insightful and persuasive. His theoretical framework fits well with the nature of the topic. His considerable focus on US domestic interest groups and political dynamics is the most impressive contribution to the literature. Besides, his research features in-depth case studies and abundant sources and data. However, after reading the book, his readers might want to raise several questions that are worth further discussion. First, considering the “trichotomy” framework of state-market-society that he has established, where shall we draw the boundary among the three, especially that between market and society? Sometimes it could be confusing to classify one specific interest group—for example, the manufacturing association—as in the realm of market or society. Second, although the author has made great efforts to unpack the “black box” of US trade policy and trace its domestic origins, readers also may be interested to know what’s inside *China’s* black box. For example, how have Chinese domestic political dynamics impacted China-US trade relations? How do different actors from the realms of state, market, and society in China interact with each other and contribute to the formation of Chinese national trade policy? It is somewhat regrettable that Yong has answered these questions in only a rather generalized way without examining the details.

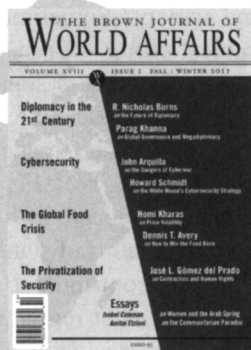
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