Fair Fight: The Case for Combating Chinese Mercantilism

By Stefanie Klaves

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Fair Fight: The Case for Combating Chinese Mercantilism

**Business leader Michael P. Collins said it best in 2012 QUOTE**: “America has always led the world in innovation, new products, and new technologies. In fact, inventing new technologies is as American as Jazz music, Western movies, and the Rocky Mountains. Everyone knows that new inventions and technologies can keep America in the manufacturing game. This includes the Chinese who are committed to acquiring our technologies any way they can. This is a much bigger threat than most people know because it not only threatens American manufacturing, but it is beginning to threaten our national security.”[[1]](#footnote-1)

UNQUOTE. American companies spend billions developing new technology. But China has adopted trade policies that steal or force companies to give up this technology. Because Chinese mercantilism is a substantial threat to the United States, please join us as we affirm that: The United States federal government should substantially reform its trade policy with one or more of the following nations: China, Japan, South Korea, Taiwan.

OBSERVATION 1. We offer the following DEFINITIONS.

**Trade**: “: the activity or process of buying, selling, or exchanging goods or services” (*Merriam Webster Online Dictionary, copyright 2015* [*http://www.merriam-webster.com/dictionary/trade*](http://www.merriam-webster.com/dictionary/trade)*)*

**Policy**: “a high-level overall plan embracing the general goals and acceptable procedures especially of a governmental body” (*Merriam Webster Online Dictionary, copyright 2015* [*http://www.merriam-webster.com/dictionary/policy*](http://www.merriam-webster.com/dictionary/policy))

**Reform**: “to put or change into an improved form or condition” (*Merriam Webster Online Dictionary, copyright 2015* [*http://www.merriam-webster.com/dictionary/reform*](http://www.merriam-webster.com/dictionary/reform)*)*

**Mercantilism**: “Mercantilism, economic theory and practice common in Europe from the 16th to the 18th century that promoted governmental regulation of a nation’s [economy](http://www.britannica.com/topic/economy) for the purpose of augmenting state power at the expense of rival national powers.” (*Encyclopedia Britannica, copyright 2015* [*http://www.britannica.com/topic/mercantilism*](http://www.britannica.com/topic/mercantilism))

OBSERVATION 2. INHERENCY, or the structure of the Status Quo. We offer 2 key FACTS

FACT 1: China’s Government Embraces Mercantilism. We prove this in 2 sub-points:

Sub-point A. Helping Chinese firms while blocking foreign competition

Stephen Ezell 2013. (Senior Analyst, Information Technology and Innovation Foundation) 24 July 2013 China’s Economic Mercantilism <http://www.industryweek.com/public-policy/chinas-economic-mercantilism> (brackets added)

But by 2006, that began to change, as China made the strategic decision to shift away from attracting the commodity-based production facilities of foreign MNCs [multi-national corporations] toward a “China Inc.” development model focused on helping Chinese firms, often at the expense of foreign firms. The path to prosperity and autonomy now became “indigenous innovation” (in Chinese, zizhu chuagnxin), with a focus on helping Chinese firms move up the value-chain to higher-value-added production activities. To get there, China has embraced economic mercantilism on an unprecedented scale, using a wide array of policies to assist Chinese firms while discriminating against foreign establishments attempting to compete in China.

Sub-point B. Stealing technology. This happens for example through tech transfer, cyber espionage, and Intellectual Property violations

Adam Segal 2013. (is the Maurice R Greenberg Senior Fellow for China Studies at the Council on Foreign Relations.) 11 October 2013 The challenge of China as a science and technology superpower <http://www.theguardian.com/science/political-science/2013/oct/11/china-science-superpower>

Over the past five years, China has adopted a range of policies designed to create "indigenous innovation" and reduce dependence on the west for advanced technologies and on the US in particular. These policies include government procurement, competing technology standards, and requiring technology transfer from multinational corporations in return for market access. In a 2013 survey of American businesses operating in China, [conducted by AmCham China](http://web.resource.amchamchina.org/cmsfile/2013/03/29/0640e5a7e0c8f86ff4a380150357bbef.pdf), 37% of the respondents believed de facto requirements for technology transfer were increasing, up from 27% in 2012. In addition, China's failure to protect intellectual property rights leads to massive theft and piracy, and in turn improves the short-term competitiveness of Chinese firms. Add cyber and industrial espionage to the picture and Chinese ambitions in science and technology become even more menacing. Since Google announced that it was attacked by China-based hackers in January 2010, there has been a steady stream of revelations of other attacks on US technology companies, defence contractors, financial institutions, law firms, media companies, think tanks and universities.

FACT 2: US Companies Pressured. China tells US companies they must give Chinese competitors their technology or else be shut out of the market

Thomas Hout and Dr. Pankaj Ghemawat 2010. (Hout - senior advisor of the Boston Consulting Group; Visiting Professor at the University of Hong Kong’s School of Business; and Fellow, Center for Emerging Market Enterprise at Fletcher School of Law and Diplomacy. Ghemawat - Ph.D. in Business Economics from [Harvard Univ.](file:///C:\Users\vth\AppData\Local\Temp\7zO70DE.tmp\Harvard%20Univ)) December 2010 China vs the World: Whose Technology Is It? <https://hbr.org/2010/12/china-vs-the-world-whose-technology-is-it>

Our studies show that since 2006 the Chinese government has been implementing new policies that seek to appropriate technology from foreign multinationals in several technology-based industries, such as air transportation, power generation, high-speed rail, information technology, and now possibly electric automobiles. These rules limit investment by foreign companies as well as their access to China’s markets, stipulate a high degree of local content in equipment produced in the country, and force the transfer of proprietary technologies from foreign companies to their joint ventures with China’s state-owned enterprises. The new regulations are complex and ever changing. They reverse decades of granting foreign companies increasing access to Chinese markets and put CEOs in a terrible bind: They can either comply with the rules and share their technologies with Chinese competitors—or refuse and miss out on the world’s fastest-growing market.

OBSERVATION 3. The HARMS. China’s mercantilist policies hurt the US economy in 2 ways.

HARM 1. Tech Transfers. China’s forced technology transfers cost American jobs and harm our economy

Dennis C. Shea 2012. (attorney with 25 years of experience in government and public policy; Asst Secretary for Policy Development and Research at the U.S. Dept of Housing & Urban Development; J.D., M.A. in History, and a B.A. in Government, from Harvard Univ.) 5 Dec 2012 “The Impact of International Technology Transfer on American Research and Development.” <https://science.house.gov/sites/republicans.science.house.gov/files/documents/HHRG-112-SY21-WState-DShea-20121205.pdf>

Technology plays an important role in our economy. It is vital to our national security, but it also makes an excellent target for opportunistic competitors. As companies continue to transfer technology to China, many will face increased competition and pressure from Chinese firms. They may even find that they are excluded from a large part of China’s market that they had hoped to gain access to, and that they would have access to if trade with China adhered to international norms. Instead of the reciprocal trade relationship that we should have with a WTO partner, China’s conditioning access to their markets on the transfer of technology results in the loss of American jobs and harms the American economy.

HARM 2. Intellectual Property Rights, or “IPR” Violations. Chinese IPR theft costs the US hundreds of billions of dollars per year

[Danny Palmer](http://www.computing.co.uk/author/profile/2485/danny-palmer) 2013. (Master's degree in Multimedia Broadcast Journalism from University College Falmouth) +23 May 2013 Chinese IP theft costs US $300bn a year, says report (“the report” in this context was written by [The Commission on the Theft of American Intellectual Property](http://www.ipcommission.org/report/IP_Commission_Report_052213.pdf" \t "_blank" \o "Commission on the Theft of American Intellectual Property report) , compiled by high-ranking government, military and industry officials. They include Dennis Blair, former director of national intelligence to Barack Obama, and Jon Huntsman, former US ambassador to China) <http://www.computing.co.uk/ctg/news/2270098/chinese-ip-theft-costs-us-usd300bn-a-year-says-report>

"The scale of international theft of American intellectual property (IP) is unprecedented - hundreds of billions of dollars per year, on the order of the size of US exports to Asia," said the report, which suggests IP theft is costing up to two million American jobs a year. Between 50 and 80 per cent of IP thefts are thought to come from China and have the backing of the Chinese government, according to the Commission. "National industrial policy goals in China encourage IP theft, and an extraordinary number of Chinese in business and government entities are engaged in this practice," the report said, adding that in addition to IP being acquired through cyber crime, less technologically advanced methods such as bribing employees are also used.

OBSERVATION 4. The PLAN, to be implemented by Congress, the President, and the US Trade Representative

1. Tax Credit. Congress creates a 40% tax credit for corporate expenditures related to filing WTO cases against China for trade rule violations.

2. Mandatory WTO Complaints. Congress will make it national policy that the US Trade Representative will file a WTO case against China whenever U.S. interests are being hurt through China trade rule violations, even if U.S. companies don’t want them to proceed.

3. Anti-trust exemption. Congress creates an anti-trust exemption to allow companies to coordinate their actions and bargain collectively on Chinese technology transfer and investment.

Funding and enforcement through currently existing agencies and existing budgets.

All Affirmative speeches may clarify this plan

OBSERVATION 5. The ADVANTAGES

ADVANTAGE 1. China Reforms. China will be motivated to comply with fair trading rules. We see this in 3 sub-points

Sub-point A. More WTO cases with the tax credit. The 40% tax credit will bring more WTO complaints

Dr Robert D Atkinson 2012. (president of the [Information Technology and Innovation Foundation](https://en.wikipedia.org/wiki/Information_Technology_and_Innovation_Foundation), a public policy [think tank](https://en.wikipedia.org/wiki/Think_tank); formerly vice president of the [Progressive Policy Institute](https://en.wikipedia.org/wiki/Progressive_Policy_Institute); PhD in City and Regional Planning) February 2012 Enough is Enough: Confronting Chinese Innovation Mercantilism <http://www2.itif.org/2012-enough-enough-chinese-mercantilism.pdf>

The federal government also needs to empower U.S. firms to more effectively defend their interest when dealing with China. One way is to make it cheaper to do so. Beyond facing retaliatory threats, there’s another reason why U.S. companies don’t bring more trade enforcement cases. They are expensive and the “free rider” problem means that companies can benefit if they can convince other firms in their industry to bear the burden of helping USTR to bring a trade case. In order to remedy this, Congress should encourage companies to build WTO cases by allowing them to take a 40 percent tax credit for expenditures related to bringing the cases.

Sub-point B. More WTO cases with the US Trade Representative. WTO cases filed by the USTR will be good for the US economy

Dr Robert D Atkinson 2012. (president of the [Information Technology and Innovation Foundation](https://en.wikipedia.org/wiki/Information_Technology_and_Innovation_Foundation), a public policy [think tank](https://en.wikipedia.org/wiki/Think_tank); formerly vice president of the [Progressive Policy Institute](https://en.wikipedia.org/wiki/Progressive_Policy_Institute); PhD in City and Regional Planning) February 2012 Enough is Enough: Confronting Chinese Innovation Mercantilism <http://www2.itif.org/2012-enough-enough-chinese-mercantilism.pdf>

Under the Obama Administration, more trade cases have been brought, but USTR needs to become even more assertive in bringing enforcement actions against China. USTR officials respond that they cannot bring WTO cases if U.S. companies will not supply evidence. Yet, companies often assert, rightly so, that they will face retribution from the Chinese government if they are associated with a WTO complaint. Companies will suddenly find that a permit or license they have been waiting for is mysteriously delayed. In other cases, they will be told that if they make waves they will be denied market access. It is not reasonable to expect U.S. companies to have to make this kind choice. The U.S. government should address this conundrum by making it national policy that USTR will bring cases whenever U.S. interests are being hurt through trade rule violations, even if U.S. companies don’t want them to proceed. Some will argue that only companies know what is in their interest and that it is not the role of government to second guess this. But this overlooks the above noted reality that monopsony markets often do not produce economically optimal outcomes. Government action is needed to counter this market failure. This policy would make it clear to countries like China that their threats to punish U.S. firms for bringing trade cases won’t work. And the first place to start would be to bring a case against China in the WTO for currency manipulation. To be sure this will be politically difficult to do, but such a step would be in the interest of both the U.S. economy and most U.S. multinational companies.

Sub-point C. China will reform. China has a good record of following the WTO dispute resolution system

Prof. Stewart S. Malawer 2014. (Professor of Law and International Trade at George Mason Univ) 23 Dec 2014 “Confronting Chinese Economic Cyber Espionage With WTO Litigation” NEW YORK LAW JOURNAL <http://www.newyorklawjournal.com/id=1202712784205/Confronting-Chinese-Economic-Cyber-Espionage-With-WTO-Litigation?slreturn=20150431145551>

It is interesting to point out that in a recent corporate filing with the U.S. Department of Commerce (International Trade Administration) concerning the import of solar panels from China, a U.S. firm is asking for higher tariffs to counter the Chinese government's hacking and theft of trade secrets from it.  This case could give the Obama administration another statutory means of imposing unilateral restrictions. This would be via the actions of the two agencies (the U.S. Department of Commerce and the U.S. International Trade Commission) charged with administering trade remedy laws. Conclusion The best approach is for the United States to file an action in the WTO to receive the blessings of the WTO before imposing sanctions. This would garner the most international support for U.S. actions. The fact of the matter is that China has a pretty good record of observing recommendations of the WTO's dispute resolution system. It has found it to be in its national interest.

ADVANTAGE 2. Intellectual Property Protected. The anti-trust exemption will allow US companies to resist Chinese pressure to give up intellectual property

Dr Robert D Atkinson 2015. (president of the [Information Technology and Innovation Foundation](https://en.wikipedia.org/wiki/Information_Technology_and_Innovation_Foundation), a public policy [think tank](https://en.wikipedia.org/wiki/Think_tank) that promotes policies based on [innovation economics](https://en.wikipedia.org/wiki/Innovation_economics). He was vice president of the [Progressive Policy Institute](https://en.wikipedia.org/wiki/Progressive_Policy_Institute). He has a PhD in City and Regional Planning) 28 January 2015 Testimony before the U.S.-China Economic and Security Review Commission: Hearing on Foreign Investment Climate in China <http://www2.itif.org/2015-uscc-investment-climate.pdf>

The United States also needs to better empower multinational companies with tools to better resist forced technology transfer. As discussed above, one key part of China‘s mercantilist strategy is to tie market access to technology transfer. Foreign companies often agree to it because they don‘t really have a choice; they either give up their technology or their access to the world‘s fastest growing market, and in the process lose out to competitors who are willing to make the essentially Hobson‘s choice. Industrial organization economists refer to a market like this as monopsonistic: where one buyer can largely set whatever terms it wants to competitive sellers. To address this, Congress should pass legislation that allows firms to ask the Department of Justice for an exemption to coordinate actions regarding technology transfer and investment to other nations. For example, if companies in a similar industry can agree that none of them will transfer technology to China in order to gain market access then the Chinese government will have much less leverage over them. The same would be true if companies agreed that they would not invest in China until China improved its intellectual property protections.

ADVANTAGE 3. Rebuild US Economic And Technology Strength

Dr Robert D Atkinson 2012. (president of the [Information Technology and Innovation Foundation](https://en.wikipedia.org/wiki/Information_Technology_and_Innovation_Foundation), a public policy [think tank](https://en.wikipedia.org/wiki/Think_tank); PhD in City and Regional Planning. Grammatical errors in first sentence were in the original.) February 2012 Enough is Enough: Confronting Chinese Innovation Mercantilism <http://www2.itif.org/2012-enough-enough-chinese-mercantilism.pdf>

America need to act now to both begin to roll back Chinese mercantilism and rebuild America’s lost economic and technology strength through. Acting now is critical for each year that United States waits means losing some of the leverage it has. At some point within the next decade, the leverage of the free trading, market-oriented nations will be gone with the very real possibility of the Beijing consensus, rather than the Washington or Helsinki consensus holding sway, not just in China, but in much of the developing world. That would be bad for America, bad for the world, and ultimately bad for mercantilist nations. It’s time to say, “Enough is enough!”

2A Evidence: Combating Chinese Mercantilism

OPENING QUOTES

If we don’t act against mercantilism, China will replace US as dominant power

Dr. Howard Richman, Prof. Raymond Richman & Prof. Jesse Richman 2010. (Howard Richman - PhD from Univ of Pittsburgh. Raymond Richman- professor emeritus of public and international affairs at Univ of Pittsburgh. Jesse Richman – PhD; associate professor of political science at Old Dominion Univ) 10 Dec 2010 Bernanke to China: Stop Hurting Us or You'll Hurt Us <http://www.americanthinker.com/articles/2010/12/bernanke_to_china_stop_hurting.html>

If we don't act against mercantilism, the future is predictable: America will decline as an economic and political power.  Eventually, China will replace the United States as the dominant power on the world stage, and totalitarianism will likely replace democracy as the world's dominant political philosophy.  All because our leaders wouldn't balance budgets and trade.

BACKGROUND

Definition: Forced technology transfer

Patrick Togni 2012. (attorney associate in the law firm King & Spalding’s International Trade and Litigation Practice Group. J.D., cum laude, American University) March 2012 USTR Requests “Credible Real World Cases” Of China Forced Technology Transfer; Outreach Seen As A Prelude To Chinese Vice President Xi Jinpeng’s February Visit To Washington <http://www.kslaw.com/library/newsletters/TradeManufacturingAlert/2012/March/article3.html>

The term “forced technology transfer” describes the pressure to relinquish technology (including trade secrets) that is exerted by the Chinese government and Chinese companies on U.S. companies that seek market access in China, or as a pre-condition to performing certain operations there. Examples of actions to compel technology transfer include action or inaction by the Government of China in government approval processes, or pressure exerted by Chinese business partners directly.

Chinese Mercantilism: Not enough to compete to make a better product, they want to destroy any competition

Dr Robert D Atkinson 2012. (president of the [Information Technology and Innovation Foundation](https://en.wikipedia.org/wiki/Information_Technology_and_Innovation_Foundation), a public policy [think tank](https://en.wikipedia.org/wiki/Think_tank); formerly vice president of the [Progressive Policy Institute](https://en.wikipedia.org/wiki/Progressive_Policy_Institute); PhD in City and Regional Planning) February 2012 Enough is Enough: Confronting Chinese Innovation Mercantilism <http://www2.itif.org/2012-enough-enough-chinese-mercantilism.pdf>

In contrast to American economic policy, Chinese economic policy is not about maximizing short-term consumer welfare through free markets. Rather it is about maximizing long-term producer welfare and achieving autarky. And it’s a particular kind of producer welfare where the owner of the factors of production is the Chinese Communist Party. As such, the focus on producer welfare is tied not just to a particular theory of economic growth but to direct self-interest of the Chinese government and officials in it. To maximize producer welfare, China has put in place an array of mercantilist policies whose principal focus is on helping the home economy in an unfair manner at the expense of the global economy. For Chinese mercantilists, it is not enough to compete to make a better product. Instead, they seek destroy the competition and make the only product.

Chinese mercantilism: China’s goal is to make virtually everything and import nothing

Dr Robert D Atkinson 2012. (president of the [Information Technology and Innovation Foundation](https://en.wikipedia.org/wiki/Information_Technology_and_Innovation_Foundation), a public policy [think tank](https://en.wikipedia.org/wiki/Think_tank); formerly vice president of the [Progressive Policy Institute](https://en.wikipedia.org/wiki/Progressive_Policy_Institute); PhD in City and Regional Planning) February 2012 Enough is Enough: Confronting Chinese Innovation Mercantilism <http://www2.itif.org/2012-enough-enough-chinese-mercantilism.pdf>

But to paraphrase Reinhart and Rogoff, (authors of the influential book This Time Is Different) it really is different this time. For China is not only practicing mercantilism on an unprecedented scale; it is pursuing it to gain absolute advantage. In other words, China’s strategy for globalization is to win in almost all of industries through its new goal of indigenous innovation. As hard as it may be for adherents of Western neoclassical economics to grasp (for they assume that all nations are Ricardians), China doesn’t want to make some things and buy others; they want to make virtually everything, especially advanced technology products and services. As such Chinese economic strategy consists of two main objectives: 1) develop and support all industries that can expand exports, especially higher value-added ones; and 2) develop strategies to reduce, if not eliminate imports, especially non-raw materials imports. China uses many means to achieve these goals, including legitimate policies like funding science and having a competitive corporate tax code. But they also have enacted a vast array of unfair, mercantilist practices. This model, more than any other, explains Chinese economic policy. As economist columnist Robert Samuelson stated, “The trouble is that China has never genuinely accepted the basic rules governing the world economy.”

INHERENCY

Wide range of mercantilist practices in China

Stephen Ezell 2013. (Senior Analyst, Information Technology and Innovation Foundation) 24 July 2013 China’s Economic Mercantilism <http://www.industryweek.com/public-policy/chinas-economic-mercantilism>

To get there, China has embraced economic mercantilism on an unprecedented scale, using a wide array of policies to assist Chinese firms while discriminating against foreign establishments attempting to compete in China. These policies include a range of “forced localization” measures such as mandatory intellectual property (IP) or technology transfer, entrance into joint ventures, or domestic production as a condition of market access. For example, U.S. companies including Ford Motor Co., DreamWorks Entertainment, and Fellowes have all been forced to enter into joint ventures and build new production or R&D facilities as a condition of entering the Chinese market. And when China completed a high-speed rail contract in 2009, it stipulated that the winner would have to take a 49% equity stake in a new Chinese high-speed rail company, surrender its latest designs, and produce 70% of the systems in China. Meanwhile, IP theft remains rampant in China, with the country the world’s largest source of global IP theft (accounting for 50% to 80%) and costing the U.S. economy at least $50 billion in losses annually. And that’s just the tip of the iceberg, other Chinese mercantilist policies include standards and currency manipulation; promulgation of domestic technology standards; onerous regulatory certification requirements; discriminatory government procurement activities; subsides (loans, tax breaks, land grants, etc.) for state-owned enterprises; and even direct discrimination against foreign firms.

China demands firms give up technology to gain access to Chinese market

Dr. Thomas Holmes, Dr. Ellen McGrattan, and Dr.Edward Prescott 2015. (Holmes -consultant at Federal Reserve Bank of Minnapolis; PhD in Economics and research associate at the National Bureau of Economic Research. McGrattan - Monetary Advisor at the Federal Reserve Bank of Minneapolis and Adjunct Professor of Economics at Univ of Minnesota. Prescott - PhD from Univ of Chicago) January 29, 2015 The Costs of Quid Pro Quo <https://www.minneapolisfed.org/research/economic-policy-papers/the-costs-of-quid-pro-quo>

In more recent years, requirements have become more implicit and informal, because explicit quid pro quo runs afoul of trade agreements signed by China. Nevertheless, it is common knowledge that if a foreign firm has advanced technology that China wants, whether it be in aerospace, electric cars or some other prized technology, that firm can gain access to the Chinese market only if it shares that technology.

Rather than buy technology, China forces technology transfers

Dr Robert D Atkinson 2012. (president of the [Information Technology and Innovation Foundation](https://en.wikipedia.org/wiki/Information_Technology_and_Innovation_Foundation), a public policy [think tank](https://en.wikipedia.org/wiki/Think_tank); formerly vice president of the [Progressive Policy Institute](https://en.wikipedia.org/wiki/Progressive_Policy_Institute); PhD in City and Regional Planning) February 2012 Enough is Enough: Confronting Chinese Innovation Mercantilism <http://www2.itif.org/2012-enough-enough-chinese-mercantilism.pdf>

But rather than buy the technology they needed (per the theory of comparative advantage), the Chinese government structured procurement in such a way as to t force foreign technology transfer in exchange for market access. Looking at the growth of the Chinese market, foreign firms could hardly resist such a Hobson’s choice, knowing that if they did resist, China would award the contract to a competitor that was hungrier for short-term sales, and China would still get the technology. And so the world’s main high speed rail producers, Bombardier (Canada), Alstom (France), Siemens (Germany), and Kawasaki (Japan) submitted bids for sales and tech transfer. The winning bidder, Kawasaki, had to develop the local supply chain for train components, train Chinese engineers (including sharing their entire know-how and catalogue of technologies), and even bring Chinese engineers to its Japanese manufacturing facilities for training.

Forced tech transfers are common in China even though it violates WTO

Dr Robert D Atkinson 2012. (president of the [Information Technology and Innovation Foundation](https://en.wikipedia.org/wiki/Information_Technology_and_Innovation_Foundation), a public policy [think tank](https://en.wikipedia.org/wiki/Think_tank); formerly vice president of the [Progressive Policy Institute](https://en.wikipedia.org/wiki/Progressive_Policy_Institute); PhD in City and Regional Planning) February 2012 Enough is Enough: Confronting Chinese Innovation Mercantilism <http://www2.itif.org/2012-enough-enough-chinese-mercantilism.pdf>

China’s accession agreement to the WTO contains rules forbidding them from tying foreign direct investment to requirements to transfer technology to the country. Yet, in China it is commonplace to require that firms transfer technology in exchange for being granted the ability to invest in China. In the Catalogue for the Guidance of Foreign Investment Industries (2007) joint ventures with foreign firms have to be approved, and technology transfer agreements reached within joint venture contracts must also be submitted for approval. The guidelines encourage transfer of technology.

Chinese government forces technology transfers in multiple ways

Dennis C. Shea 2012. (attorney with 25 years of experience in government and public policy; Asst Secretary for Policy Development and Research at the U.S. Dept of Housing & Urban Development; J.D., M.A. in History, and a B.A. in Government, from Harvard Univ.) 5 Dec 2012 “The Impact of International Technology Transfer on American Research and Development.” <https://science.house.gov/sites/republicans.science.house.gov/files/documents/HHRG-112-SY21-WState-DShea-20121205.pdf> (brackets in original)

In addition to joint ventures, there are other subtle impediments to market access that may force technology transfer. First, the Chinese government continues to interfere directly or indirectly in technology licensing negotiations between foreign patent holders and Chinese users. This is of particular concern in the communications sector. Such interference reportedly can lead to dissemination of sensitive information during the negotiation process. Second, the government is developing a series of indigenous, mandated standards for 4G and other information technologies, with very little input from foreign companies. In the future, it is possible that foreign companies may be forced to reveal sensitive information to comply with these standards. Finally, technology transfer is already being “forced” in some cases through conformity assessment; according to the United States Information Technology Office (USITO), “some of China’s [product] certification programs require disclosure of unnecessary information, much of which is confidential”, such as source code and design information.4

China ordered several high-tech companies to turn over encryption codes, routers, and technology products

Adam Segal 2011. (senior fellow for China studies and director of the Digital and Cyberspace Policy Program at the Council on Foreign Relations ) 15 June 2011 Chinese Technology Policy and American Innovation <http://www.uscc.gov/sites/default/files/6.15.11Segal.pdf>

In 2009, for example, the Chinese government announced that companies that wanted to be included as recognized vendors in the government’s product procurement catalog would have to demonstrate that their products included indigenous innovation and were completely free of foreign intellectual property. Yet, since research and development is a global, collaborative process, no individual high-tech product is completely independent of technology from outside of China. As a result, in April 2010, China ordered several high-tech companies to turn over the encryption codes to their smart cards, Internet routers, and other technology products if they wanted to be listed in the procurement catalog.

Ford Motors, DreamWorks, Fellowes, and railroad companies forced into joint ventures or tech transfer

Stephen Ezell 2013. (Senior Analyst, Information Technology and Innovation Foundation) 24 July 2013 China’s Economic Mercantilism <http://www.industryweek.com/public-policy/chinas-economic-mercantilism>

For example, U.S. companies including Ford Motor Co., DreamWorks Entertainment, and Fellowes have all been forced to enter into joint ventures and build new production or R&D facilities as a condition of entering the Chinese market. And when China completed a high-speed rail contract in 2009, it stipulated that the winner would have to take a 49% equity stake in a new Chinese high-speed rail company, surrender its latest designs, and produce 70% of the systems in China.

China requires companies to turn over secret source codes of computer equipment

New York Times 2015. (journalist Paul Mozur) 12 Jan 2015 New Rules in China Upset Western Tech Companies <http://www.nytimes.com/2015/01/29/technology/in-china-new-cybersecurity-rules-perturb-western-tech-companies.html>

The Chinese government has adopted new regulations requiring companies that sell computer equipment to Chinese banks to turn over secret source code, submit to invasive audits and build so-called back doors into hardware and software, according to a copy of the rules obtained by foreign technology companies that do billions of dollars’ worth of business in China. The new rules, laid out in a 22-page document approved at the end of last year, are the first in a series of policies expected to be unveiled in the coming months that Beijing says are intended to strengthen cybersecurity in critical Chinese industries. As copies have spread in the past month, the regulations have heightened concern among foreign companies that the authorities are trying to force them out of one of the largest and fastest-growing markets.

Example of company forced to give up its technology: General Motors

Dr Robert D Atkinson 2012. (president of the [Information Technology and Innovation Foundation](https://en.wikipedia.org/wiki/Information_Technology_and_Innovation_Foundation), a public policy [think tank](https://en.wikipedia.org/wiki/Think_tank); PhD in City and Regional Planning) February 2012 Enough is Enough: Confronting Chinese Innovation Mercantilism <http://www2.itif.org/2012-enough-enough-chinese-mercantilism.pdf>

One of the most recent cases of this involved General Motors, which looked to start selling its electric hybrid vehicle, the Volt, in China. The Chinese government began placing “heavy pressure on the company to share some of the car’s core technology.” Specifically, the Chinese government precluded the Volt from qualifying for purchase subsidies totaling up to $19,300 a car—which are available for alternative fuel vehicles manufactured in China—unless General Motors agreed to transfer the engineering secrets for one of the Volt’s three main technologies (electric motors, complex electronic controls, and power storage devices) to a joint venture in China with a Chinese automaker.

Forced tech transfers for aeronautics and aviation technology

Dr. Robert D. Atkinson 2012. (president of the [Information Technology and Innovation Foundation](https://en.wikipedia.org/wiki/Information_Technology_and_Innovation_Foundation); formerly vice president of the [Progressive Policy Institute](https://en.wikipedia.org/wiki/Progressive_Policy_Institute); PhD in City and Regional Planning) 5 December 2012 The Impact of International Technology Transfer on American Research and Development <http://www2.itif.org/2012-international-tech-transfer-testimony.pdf> (brackets added)

A core strategy is to pressure Boeing and Airbus to transfer technology to China in exchange for market access so that COMAC [Commercial Aircraft Corporation of China] can learn how to produce its own passenger jets for the Chinese and global markets. And because the Chinese government controls more than 95 percent of the passenger air travel market, it can use procurement to reward the company (Airbus or Boeing) that transfers the most technology.

China is on a quest to beg, borrow, steal, or buy into US technology

Bloomberg Business 2010. August 26, 2010 China Begs, Borrows, Steals American Know-How: Peter Navarro <http://www.bloomberg.com/news/articles/2010-08-27/china-begs-borrows-steals-american-know-how-commentary-by-peter-navarro>

China is on a quest to beg, borrow, steal, or, in the case of Anshan, buy into the American market and American technology. China’s well-documented industrial espionage network is used to hack into Pentagon computers to steal military technologies. China also forces any American corporation wishing to produce on Chinese soil to transfer its technology.

China’s goal is that Chinese companies replace foreign technology companies

Dr Robert D Atkinson 2015. (president of the [Information Technology and Innovation Foundation](https://en.wikipedia.org/wiki/Information_Technology_and_Innovation_Foundation), a public policy [think tank](https://en.wikipedia.org/wiki/Think_tank); former vice president of the [Progressive Policy Institute](https://en.wikipedia.org/wiki/Progressive_Policy_Institute); PhD in City and Regional Planning) 28 January 2015 Testimony before the U.S.-China Economic and Security Review Commission: Hearing on Foreign Investment Climate in China <http://www2.itif.org/2015-uscc-investment-climate.pdf>

Since 2006, China has shifted more to the Japanese and Korean model of development based on helping its own domestic companies grow by moving up the value chain and gaining global market share. The tactics involve massive government subsidies, theft of foreign know-how, and forced technology transfer in exchange for market access, massive export subsidies, and discriminatory government procurement. This is perhaps why, according to an ITIF study, China ranks as the most mercantilist nation in the world. The goal is for Chinese companies to ultimately supplant foreign technology companies both in China and in markets around the world. As such, conflict now exists not just between American and Chinese workers; but between American companies and Chinese companies, just as it did between Japanese companies and American companies in the 1980s and 1990s.

China believes that now is the time for Chinese companies to achieve global leadership positions

Dr Robert D Atkinson 2015. (president of the [Information Technology and Innovation Foundation](https://en.wikipedia.org/wiki/Information_Technology_and_Innovation_Foundation), a public policy [think tank](https://en.wikipedia.org/wiki/Think_tank); former vice president of the [Progressive Policy Institute](https://en.wikipedia.org/wiki/Progressive_Policy_Institute); PhD in City and Regional Planning) 28 January 2015 Testimony before the U.S.-China Economic and Security Review Commission: Hearing on Foreign Investment Climate in China <http://www2.itif.org/2015-uscc-investment-climate.pdf>

At one level, this shift of Chinese strategy to not just proactively favor its own domestic companies but to actively attack foreign companies seems perplexing. Why alienate the very companies that can provide needed investment in your country? The answer appears to be that the Chinese leadership feels that now is the time for Chinese companies, particularly technology companies, to achieve global leadership positions and that a key way to do this is to step up attacks on foreign technology companies, in part to hobble them, but to also extract concessions from them, particularly on intellectual property licensing terms and on tech transfer conditions, including “requiring” U.S. tech companies to partner with Chinese-owned technology companies as the solution to end their government harassment. With regard to domestic standards setting, in many cases China is trying to strip others‘ intellectual property from these standards in order to avoid paying royalties. At the same time, if they are to succeed in their “going out” policy, which seeks to encourage Chinese firms to become multinational with global reach and global brands, they feel that aggressive action against competitors is warranted.

China's government procurement policies block outside companies

Dr Robert D Atkinson 2012. (president of the [Information Technology and Innovation Foundation](https://en.wikipedia.org/wiki/Information_Technology_and_Innovation_Foundation), a public policy [think tank](https://en.wikipedia.org/wiki/Think_tank) that promotes policies based on [innovation economics](https://en.wikipedia.org/wiki/Innovation_economics); former vice president of the [Progressive Policy Institute](https://en.wikipedia.org/wiki/Progressive_Policy_Institute);PhD in City and Regional Planning) February 2012 Enough is Enough: Confronting Chinese Innovation Mercantilism <http://www2.itif.org/2012-enough-enough-chinese-mercantilism.pdf>

China took perhaps the strongest step to implement its indigenous innovation strategy in November 2009 with its “indigenous innovation product accreditation” policy—a list of products invented and produced in China that would receive preferences in Chinese government procurement. To be eligible for preferences, products would have to contain Chinese proprietary intellectual property rights. Moreover, the original registration location of the product trademark needed to be located within China. Discriminating in government procurement on the basis of intellectual property rights lies outside accepted international practice and acts as a barrier for most foreign companies—even those that have invested significantly and manufacture in China—seeking to sell to China’s large government procurement market.

Dialog isn’t enough: US must step up and take unilateral action

Dr Robert D Atkinson 2012. (president of the [Information Technology and Innovation Foundation](https://en.wikipedia.org/wiki/Information_Technology_and_Innovation_Foundation), a public policy [think tank](https://en.wikipedia.org/wiki/Think_tank); formerly vice president of the [Progressive Policy Institute](https://en.wikipedia.org/wiki/Progressive_Policy_Institute); PhD in City and Regional Planning) February 2012 Enough is Enough: Confronting Chinese Innovation Mercantilism <http://www2.itif.org/2012-enough-enough-chinese-mercantilism.pdf>

While the United States needs to step up its unilateral actions against Chinese innovation mercantilism, to be fully effective it will need to enlist the support of other free-trading- based nations that have also been harmed by Chinese mercantilist. At the end of the day, these nations are going to have to abandon the notion that China will abandon its mercantilist policies if we and they just engage in dialogue with them.

New steps are needed: Status Quo efforts are not enough to roll back Chinese mercantilism

Dr Robert D Atkinson 2012. (president of the [Information Technology and Innovation Foundation](https://en.wikipedia.org/wiki/Information_Technology_and_Innovation_Foundation), a public policy [think tank](https://en.wikipedia.org/wiki/Think_tank) that promotes policies based on [innovation economics](https://en.wikipedia.org/wiki/Innovation_economics). He was vice president of the [Progressive Policy Institute](https://en.wikipedia.org/wiki/Progressive_Policy_Institute). He has a PhD in City and Regional Planning) February 2012 Enough is Enough: Confronting Chinese Innovation Mercantilism <http://www2.itif.org/2012-enough-enough-chinese-mercantilism.pdf>

But at least for the foreseeable future China needs America more than America need China. It needs U.S. markets and U.S. technology. Therefore, America has leverage that it can use to exert meaningful pressure. It is therefore critical that the United States and its free-trade allies take the needed steps now to contain and roll back Chinese innovation mercantilism, before it is too late. The current “constructive engagement” with China is not enough. While it may produce a few wins here and there, it has made little progress in rolling back the overall thrust of Chinese mercantilism.

HARMS

China gets US technology and then uses it against US industry: Destroys jobs

Bloomberg Business 2010. August 26, 2010 China Begs, Borrows, Steals American Know-How: Peter Navarro <http://www.bloomberg.com/news/articles/2010-08-27/china-begs-borrows-steals-american-know-how-commentary-by-peter-navarro>

The acquisition of U.S. companies by state-owned enterprises is the most direct way for China to get its hands on American technology -- and then turn around and use it against American industry. Once this technology and managerial expertise is transferred back to the Chinese mainland, it will be shared by China’s steel companies and used to further penetrate the U.S. and global steel markets. The perverse result: Over time, the Anshan deal will destroy far more American jobs than the 120 it supposedly will create.

Chinese mercantilism policies are extensive and damaging: Kills US jobs and economic growth

Dr Robert D Atkinson 2012. (president of the [Information Technology and Innovation Foundation](https://en.wikipedia.org/wiki/Information_Technology_and_Innovation_Foundation), a public policy [think tank](https://en.wikipedia.org/wiki/Think_tank); formerly vice president of the [Progressive Policy Institute](https://en.wikipedia.org/wiki/Progressive_Policy_Institute); PhD in City and Regional Planning) February 2012 Enough is Enough: Confronting Chinese Innovation Mercantilism <http://www2.itif.org/2012-enough-enough-chinese-mercantilism.pdf>

Because China is so large and because it’s distortive mercantilist policies are so extensive, these policies have done significant damage to the United States and other economies. The massive subsidies to keep production artificially cheap both reduce the cost of Chinese labor and move the world production system more towards labor and away from capital, reducing global productivity. The theft of intellectual property and forced technology transfer reduce revenues going to innovators, making it more difficult for them to reinvest in R&D. The manipulation of standards and other import restrictions balkanizes global markets, keeping them smaller than they otherwise would be, thereby raising global production costs. Further integration of global supply chains that link the United States and China could be good for both nations but not if Chinese policies continue to be based on absolute advantage and mercantilism. In this case, the results will be more of the same: the loss of U.S. industrial and high-tech output, and the jobs and GDP growth that go with it.

By letting China rig the game, priceless intellectual property is slipping out of our hands

The Washington Post 2012. (Reported by Matt Miller) 25 June 2012 Who will get tough on China? <https://www.washingtonpost.com/opinions/who-will-get-tough-on-china/2012/07/25/gJQA8Y6w8W_story.html>

Instead, by letting China rig the game, Brock argues, we’ve let slip priceless intellectual property and become a huge net debtor. What’s more, by letting the currency issue fester unaddressed for so long, we’ve encouraged multinational supply chains to become so dependent on Chinese operations that steep tariffs now would not only hurt China but the West as well. During a critical decade, in other words, we let China eat our lunch.

China’s currency manipulation and IP theft has tilted playing field unfairly against US jobs

The Washington Post 2012. (journalist Matt Miller) 25 June 2012 Who will get tough on China? <https://www.washingtonpost.com/opinions/who-will-get-tough-on-china/2012/07/25/gJQA8Y6w8W_story.html>

Let me be clear: China’s rise as an economic power is a good thing for the world, and a great thing for the Chinese people. China is *not* the source of all our economic woes. But China’s brazen currency manipulation and routine theft of American intellectual property has tilted the playing field unfairly against U.S. jobs. We’d have lost jobs as China rose in any event. But these losses have been far larger than they would have been had our leaders not stood idly by as Beijing spent trillions buying dollars to keep its currency (and thus exports) cheap.

China forces joint ventures that lead to bankruptcy

Dr Robert D Atkinson 2012. (president of the [Information Technology and Innovation Foundation](https://en.wikipedia.org/wiki/Information_Technology_and_Innovation_Foundation), a public policy [think tank](https://en.wikipedia.org/wiki/Think_tank) that promotes policies based on [innovation economics](https://en.wikipedia.org/wiki/Innovation_economics). He was vice president of the [Progressive Policy Institute](https://en.wikipedia.org/wiki/Progressive_Policy_Institute). He has a PhD in City and Regional Planning) February 2012 Enough is Enough: Confronting Chinese Innovation Mercantilism <http://www2.itif.org/2012-enough-enough-chinese-mercantilism.pdf>

In most nations foreign firms are allowed to freely invest in non-national security industries, and to purchase domestic firms. In China, foreign firms’ investments, even in non-national security industries, are screened 100 percent of the time. Frequently, foreign firms are not permitted to wholly own their investments, and are required to enter into joint venture (JV) agreements with Chinese firms, often state-owned, in which the Chinese firm has control. These coerced agreements are designed in part to keep profits in China and as discussed next to allow Chinese firms to learn from the foreign firms so that they can later compete independently against them. For example, Ford Motor Company recently opened a number of automobile factories in China but was required to do so as a JV with Chinese automobile producer Chang’an Motors. In some cases, the JV steals IP and other business secrets and then competes against the foreign company in violation of the original agreement. A case in point is the Illinois-based Fellowes Inc., one of the world's largest makers of office and personal paper shredders. To produce in China, Fellowes was required to enter into a JV with a Chinese company Shinri. But recently, the company's Chinese joint venture firm barred 1,600 employees from entering the plant, took all of its proprietary manufacturing production equipment and forced the venture into bankruptcy. Under the JV agreement, Fellowes owned the tooling and intellectual property used to manufacture the shredders in the factory. Now, however, with the IP and custom tooling, Shinri is planning to compete directly against Fellowes.

China IPR theft impact: 1 million US jobs + $48 billion in economic losses

Dr Robert D Atkinson 2012. (president of the [Information Technology and Innovation Foundation](https://en.wikipedia.org/wiki/Information_Technology_and_Innovation_Foundation), a public policy [think tank](https://en.wikipedia.org/wiki/Think_tank); formerly vice president of the [Progressive Policy Institute](https://en.wikipedia.org/wiki/Progressive_Policy_Institute); PhD in City and Regional Planning) February 2012 Enough is Enough: Confronting Chinese Innovation Mercantilism <http://www2.itif.org/2012-enough-enough-chinese-mercantilism.pdf>

Even though China signed on to the TRIPS (Trade-Related Aspects of Intellectual Property Rights) agreement, it helps its domestic firms and hurts foreign firms by turning a blind eye to intellectual property theft, even within its own government agencies. The U.S. International Trade Commission estimates that—in 2009 alone—Chinese theft of U.S. intellectual property cost almost one million U.S. jobs and caused $48 billion in U.S. economic losses. We see this in a wide variety of areas, but perhaps the most egregious example is software piracy. For example, due to rampant piracy Microsoft Corporation’s revenue in China in 2011 was only about 5 percent of what it was in the United States, even though personal computer sales in the two countries are almost equal. In China, copies of Microsoft’s core Office and Windows programs are available on street corners for two to three dollars each. Microsoft estimates that as much as 95 percent of its Office software and 80 percent of its Windows operating systems in China is pirated. Some 240,000 Internet cafés in China rely on illegal copies of entertainment software. Chinese firms even sell technology to allow users to circumvent encryption protection so they can pirate video games.

IP theft is encouraged by Chinese government and costs US billions

[Danny Palmer](http://www.computing.co.uk/author/profile/2485/danny-palmer) 2013. (Master's degree in Multimedia Broadcast Journalism from University College Falmouth) +23 May 2013 Chinese IP theft costs US $300bn a year, says report (“the report” in this context was written by [The Commission on the Theft of American Intellectual Property](http://www.ipcommission.org/report/IP_Commission_Report_052213.pdf" \t "_blank" \o "Commission on the Theft of American Intellectual Property report) , compiled by high-ranking government, military and industry officials. They include Dennis Blair, former director of national intelligence, and Jon Huntsman, former US ambassador to China) <http://www.computing.co.uk/ctg/news/2270098/chinese-ip-theft-costs-us-usd300bn-a-year-says-report>

"The scale of international theft of American intellectual property (IP) is unprecedented - hundreds of billions of dollars per year, on the order of the size of US exports to Asia," said the report, which suggests IP theft is costing up to two million American jobs a year. Between 50 and 80 per cent of IP thefts are thought to come from China and have the backing of the Chinese government, according to the Commission. "National industrial policy goals in China encourage IP theft, and an extraordinary number of Chinese in business and government entities are engaged in this practice," the report said, adding that in addition to IP being acquired through cyber crime, less technologically advanced methods such as bribing employees are also used.

Chinese government agencies pirate software

Dr Robert D Atkinson 2012. (president of the [Information Technology and Innovation Foundation](https://en.wikipedia.org/wiki/Information_Technology_and_Innovation_Foundation), a public policy [think tank](https://en.wikipedia.org/wiki/Think_tank); formerly vice president of the [Progressive Policy Institute](https://en.wikipedia.org/wiki/Progressive_Policy_Institute); PhD in City and Regional Planning) February 2012 Enough is Enough: Confronting Chinese Innovation Mercantilism <http://www2.itif.org/2012-enough-enough-chinese-mercantilism.pdf>

As bad as it is that private citizens and companies steal foreign IP, the fact that government agencies fail to legally procure—and even outright pirate—products or services made by foreign companies is even worse. Despite a five-year-old government order, at least 80 percent of Chinese government computers run versions of Microsoft Windows operating systems that were illegally copied or otherwise not purchased, not to mention scores of other Western software packages that are also pirated. And the Chinese State Council has postponed plans to audit central and local government agencies’ use of software on the grounds that some local and provincial governments cannot afford to buy software legally. They could if the central government allocated some of the billions of dollars it uses annually to buy U.S. T-bills to pay for local government software purchases.

Intellectual property theft is a problem

The New York Times 2011. (journalist David Leonhardt) 11 Jan 2011 The Real Problem With China <http://www.nytimes.com/2011/01/12/business/economy/12leonhardt.html>

For the United States, the No. 1 problem with China’s economy is probably intellectual property theft. Technology companies, for example, continue to notice Chinese *government agencies* downloading software updates for programs they have never bought, at least not legally. No wonder China has become the world’s second-largest market for computer hardware sales — but is only the eighth-largest for software sales.

Forced technology transfers allows China to use US technology to compete against US technology

USA Today 2011. (journalist Aaron Kessler) September 18 2011 Senators fear China 'shakedown' for U.S. electric car secrets <http://content.usatoday.com/communities/driveon/post/2011/09/china-chevrolet-volt-technology-theft-trade/1#.VbwvYXiJnlI>

"The Volt plans remain unchanged," Martin said. "We've been doing business in the Chinese market for 15 years, and we want to help cultivate market acceptance for electric vehicles in the country.” Stabenow, in her letter Wednesday, said that "forced technology transfers are already allowing Chinese companies to use American technologies to compete against American companies in industries such as water purification, high-speed trains and wind turbines," and that the country is threatening to deny automakers and other manufacturers fair access to the market if they don't comply with such transfers.

Forced technology transfers have a net negative effect on the US economy

Dennis C. Shea 2012. (attorney with 25 years of experience in government and public policy; Asst Secretary for Policy Development & Research at the U.S. Department of Housing & Urban Development; J.D., an M.A. in History, and a B.A. in Government, from Harvard University.) 5 Dec 2012 “The Impact of International Technology Transfer on American Research and Development.” <https://science.house.gov/sites/republicans.science.house.gov/files/documents/HHRG-112-SY21-WState-DShea-20121205.pdf> (brackets in original)

Some U.S. companies are able to benefit by transferring select technology; however, Chinese government policies have a net negative effect on the U.S. economy. The U.S. Chamber of Commerce, for example, said the following about China’s innovation policy: “[It r]estricts the ability of American companies to access the market and compete in China and around the world by creating advantages for China’s state-owned enterprises and state-influenced champions, [and has] the potential to undermine significantly the innovative capacity of the American economy in key sectors [and] harm the competiveness and livelihood of American business and the workers that they employ.” Of some 300 U.S. businesses surveyed by the American Chamber of Commerce in China last year, one in three acknowledged that either they or their clients have been negatively impacted by forced technology transfer requirements. Over half stated that the problem of forced technology transfer is either increasing (27 percent) or staying the same (24 percent).

China’s forced tech transfers results in the loss of American jobs and harms the American economy

Dennis C. Shea 2012. (attorney with 25 years of experience in government and public policy; Assistant Secretary for Policy Development and Research at the U.S. Department of Housing and Urban Development; J.D., an M.A. in History, and a B.A. in Government, from Harvard University.) 5 December 2012 “The Impact of International Technology Transfer on American Research and Development.” <https://science.house.gov/sites/republicans.science.house.gov/files/documents/HHRG-112-SY21-WState-DShea-20121205.pdf>

Technology plays an important role in our economy. It is vital to our national security, but it also makes an excellent target for opportunistic competitors. As companies continue to transfer technology to China, many will face increased competition and pressure from Chinese firms. They may even find that they are excluded from a large part of China’s market that they had hoped to gain access to, and that they would have access to if trade with China adhered to international norms. Instead of the reciprocal trade relationship that we should have with a WTO partner, China’s conditioning access to their markets on the transfer of technology results in the loss of American jobs and harms the American economy. China’s commitment to remove indigenous innovation from government procurement catalogues requires continued monitoring by the U.S. government.

If US does not take action, we will feel impact of lost American jobs for generations

Thea Mei Lee 2010. (Deputy Chief of Staff at the AFL-CIO, where she has also served as Policy Director and Chief International Economist. Previously, she worked as an international trade economist at the Economic Policy Institute in Washington, D.C. and as an editor at Dollars & Sense magazine in Boston.) 22 September 2010 WILL CHINA PROTECT INTELLECTUAL PROPERTY? NEW DEVELOPMENTS IN COUNTERFEITING, PIRACY, AND FORCED TECHNOLOGY TRANSFER <http://www.gpo.gov/fdsys/pkg/CHRG-111hhrg62289/html/CHRG-111hhrg62289.htm>

Taking steps now to address the Chinese Government’s flagrant violations of its international obligations with respect to IPR is crucial to setting a sustainable, long-term trajectory for our bilateral relationship. This really does have to do with the issue that Mr. Murck raised about forced technology transfer and innovation, and where the next generation of innovation happens. If the U.S. Government doesn’t take more care to ensure that American workers and American businesses can benefit from the kinds of innovation and inventions that happen here in the United States, we will feel the impact of that for generations in terms of lost American jobs.

Forced Technology Transfer is a one-way ticket to the destruction of American technology base

Leo W. Gerard quoting Prof. Peter Navarro 2009. (Navarro - Professor of Economics and Public Policy at the Paul Merage School of Business, Univ of California, Irvine; Ph.D. in Economics from Harvard) May 25 2009 Q and A with Peter Navarro: Macroeconomic Expert and Best-Selling Author on China <http://www.huffingtonpost.com/leo-w-gerard/qa-with-peter-navarro-mac_b_251311.html>

While currency manipulation and China's high levels of illegal export subsidies rank as two of its most important mercantilist practices, China's forced technology transfer represents one of its most insidious protectionist practices. The idea of forced technology transfer is that if a company like General Motors and General Electric or Intel wants to set up production facilities in China and sail into the Chinese market, it must surrender some of its technology to the Chinese in order to do this. This practice is, of course, one of the most blatant violations of the World Trade Organization. However, American corporate executives rarely challenge this practice because they are all too eager to play in the Chinese market. Over time, however, the practice of forced technology transfer in China is a one-way ticket to the destruction of the American technology base. If in the short run, American corporations surrender their technologies to China, eventually, over the longer run, China won't need these American corporations, and they will be quite ironically run out of China by their own evolved technologies.

China’s forced technology transfers violate international trade agreements

Dennis C. Shea 2012. (An attorney with 25 years of experience in government and public policy, he is the founder of Shea Public Strategies LLC. Assistant Secretary for Policy Development and Research at the U.S. Department of Housing and Urban Development. He has a J.D., an M.A. in History, and a B.A. in Government, from Harvard University.) 5 December 2012 “The Impact of International Technology Transfer on American Research and Development.” <https://science.house.gov/sites/republicans.science.house.gov/files/documents/HHRG-112-SY21-WState-DShea-20121205.pdf>

Technological improvements are a critical way for countries to enhance global competitiveness and to improve the quality of life for their people. The United States welcomes international competition and we believe it is in our best interest to see China develop and rebalance its economy. That said, transfers of technology must occur on a level playing field. Unfortunately, China maintains policies of forced technology transfer in violation of international trade agreements and international norms as a condition of obtaining access to the Chinese market.

China circumvents WTO agreements that prohibit forced tech transfers

Dennis C. Shea 2012. (attorney with 25 years of experience in government and public policy; Asst Secretary for Policy Development & Research at the U.S. Department of Housing & Urban Development; J.D., an M.A. in History, and a B.A. in Government, from Harvard University.) 5 Dec 2012 “The Impact of International Technology Transfer on American Research and Development.” <https://science.house.gov/sites/republicans.science.house.gov/files/documents/HHRG-112-SY21-WState-DShea-20121205.pdf>

Paragraph 7.3 of China’s Protocol of Accession to the WTO prohibits China from conditioning the approval of investment by foreign companies on the transfer of technology, but these provisions are easy to circumvent. In the past, China imposed explicit requirements on foreign companies to transfer technology in exchange for access to the Chinese market. However, in order to comply with WTO prohibitions, China has changed these mandates into implicit, de facto requirements. Foreign companies in certain sectors must form joint ventures with Chinese firms to gain access to the Chinese market. Such joint ventures frequently entail the transfer of technologies to the Chinese partner. Chinese government requirements for technology transfer are implied in documents such as the Five Year Plan and MLP, and through laws requiring government approval of joint ventures with foreign firms.

Health of US economy is based on the health of US multinationals

Dr Robert D Atkinson 2015. (president of the [Information Technology and Innovation Foundation](https://en.wikipedia.org/wiki/Information_Technology_and_Innovation_Foundation), a public policy [think tank](https://en.wikipedia.org/wiki/Think_tank) ; formerly vice president of the [Progressive Policy Institute](https://en.wikipedia.org/wiki/Progressive_Policy_Institute);a PhD in City and Regional Planning) 28 January 2015 Testimony before the U.S.-China Economic and Security Review Commission: Hearing on Foreign Investment Climate in China <http://www2.itif.org/2015-uscc-investment-climate.pdf>

But some argue that we shouldn‘t worry if U.S. firms are harassed by the Chinese government. Only they will get hurt and that it serves them right anyway for investing there in the first place. This view ignores the fact that the health of the U.S. economy is still based significantly on the health of U.S. multinationals, even ones that have moved much of their actual production offshore. The rapid decline of U.S. tech companies in China directly threatens the long-term economic prosperity and national security of the United States. If these policies are allowed to continue, we may soon see more U.S. tech companies falling behind, replaced by their Chinese competitors. For example, in 2014, the Chinese State Council released a strategic plan to dominate the global semiconductor supply chain by 2030. And while a company like Baidu is not likely to replace Google in America or Europe, it is intensely fighting for market share in other contested markets like Africa. As a thought experiment, what world would be better for America: a world where U.S. tech companies control 30 to 40 percent of the global market or one where they control 5 to 10 percent? Clearly the latter scenario is one of real decline for U.S. economy and national security.

Companies are forced to either transfer technology or lose out to other competitors

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But why don‘t U.S. companies just pack up and leave when confronted with capricious and detrimental government actions? This kind of discrimination if implemented by a smaller nation would be rejected out of hand by multinational corporations. For example, while the forced technology transfer practices of a nation a like Argentina are onerous, their economy it is small enough that many companies would rather give up on the Argentinean market than succumb to the strong arm tactics. U.S. multinationals have much less room to maneuver with China since it is the world‘s second largest economy. This is why, in a 1999 survey of U.S. executives doing business in China by the U.S. Bureau of Industry and Security, “the majority of industry representatives interviewed for this study clearly stated that technology transfers are required to do business in China.” Foreign companies capitulate because they have little choice; they either give up their technology or lose out to other competitors that are willing to make the essentially Hobson‘s choice. Industrial organization economists refer to this type of market as monopsonistic: having one buyer that can set largely whatever terms it wants against competitive sellers.

China’s forced tech transfers drain US economy

*Leo Hindery, Jr. 2011. (Chairman of the US Economy/Smart Globalization Initiative at the New America Foundation and member of the Council on Foreign Relations) June 15, 2011 U.S. China Economic and Security Review Commission Hearing on China’s Five-Year Plan, Indigenous Innovation and Technology Transfers, and Outsourcing Panel IV: Technology Development and Transfers to China* [*http://www.uscc.gov/sites/default/files/6.15.11Hindery.pdf*](http://www.uscc.gov/sites/default/files/6.15.11Hindery.pdf)

Much has been written about how China has gained unfair trade advantages through its abysmally low direct labor costs, lack of meaningful environmental and labor standards, and currency manipulation, all of which is valid. Less appreciated, however, are the other measures China uses to game the system, the two most extreme of which are China‟s "Indigenous Innovation Production Accreditation Program", about which you have heard much testimony, and its unceasing demands that U.S. and other developed countries seeking to do business in China make massive transfers to it of their intellectual property. These latter transfers, which is one of today‟s major topics, will, because of their significant ripple effects throughout our economy, ultimately be an even bigger “drain‟ on our economy than the direct offshoring of millions of American jobs over the last 15 years.

China’s forced technology transfer is the biggest issue

Dr. Robert D. Atkinson 2012. (president of [Information Technology & Innovation Foundation](https://en.wikipedia.org/wiki/Information_Technology_and_Innovation_Foundation), a public policy [think tank](https://en.wikipedia.org/wiki/Think_tank); former vice president of the [Progressive Policy Institute](https://en.wikipedia.org/wiki/Progressive_Policy_Institute);PhD in City and Regional Planning) 5 December 2012 The Impact of International Technology Transfer on American Research and Development <http://www2.itif.org/2012-international-tech-transfer-testimony.pdf> (brackets in original)

Finally, a growing number of nations rely on forced technology transfer where U.S. firms are pressured to transfer technology to the host country (by opening R&D labs, sharing proprietary secrets with domestic firms, or opening advanced production facilities) in exchange for being able to sell their products or services in the market. While many nations practice this, China is by far the most egregious actor when it comes to forced technology transfer. As David Joy, Chief Market Strategist for Ameriprise Financial, stated with respect to China, “To me, that’s [forced technology transfer] actually the biggest issue, more even than currency valuation. Being forced to give up technology for access to the market is essentially blackmail.”

“China is still on the learning curve” - Response: China officials know how end mercantilism, they just don’t want to

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Related to the “poor and dependent” rationale is the claim that China is still a developing country on a learning curve, and trying to make things better. Just give us time, they ask. As one official stated, “There are still some loopholes in IP laws, but it’s not due to lack of trying. We are still learning.” But it’s not really a question of learning. There are a multitude of institutions, including the World Bank and the U.S. government, that spend considerable time and effort helping Chinese officials to learn the Washington consensus approach to development. While it is true that many nations do learn and improve their economic development policies as they develop economically, China has have actually become more interventionist in the last five years, not less. As China scholar Dieter Ernst argues, “China’s evolving standards system provides little evidence that convergence to the American system is likely to materialize.” Chinese economists and other scholars study Western economics and policy journals and development policies. Chinese officials know how to make China a market-oriented, rather than mercantilist, economy; they just do not want China to be one.

“Chinese policies help, not hurt, US economy” - Response: Forced tech transfer and IP theft definitely hurt

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Another argument made by the “no need to anything” contingent is that there is no problem because foreign firms gain most of the benefits from China. Theordore Moran of the Peterson Institute argues that “China has remained a low value-added assembler of more sophisticated inputs imported from abroad—a ‘workbench’ economy.” But this is increasingly not the case as China pivots toward indigenous innovation. Likewise, others argue that Chinese policies don’t hurt the U.S. economy; rather they help U.S. multinational companies and U.S. consumers. The logic is that if the Chinese government wants to subsidize exports, they are the misguided ones, for American consumers benefit. But Chinese policies such as forced tech transfer and IP theft, increasingly hurt U.S. multinationals. And while consumers may benefit from Chinese export subsidies they are hurt by other mercantilist policies such as IP theft and standards manipulation. Moreover, most U.S. consumers are also workers and their interests cannot be separated.

“US still benefits from trade relationship with China” - Response: Irrelevant and wrong

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Perhaps the most pernicious concept limiting tougher action against Chinese innovation mercantilism is the notion that as long as the United States is not mercantilist it still benefits from its trading relationship with China. William Buiter, Cambridge University economist and former head of the European Bank for Reconstruction and Development, summed up this view when he stated, “Remember: unilateral trade liberalization is not a ‘concession’ or a ‘sacrifice’ that one should be compensated for. It is an act of enlightened self-interest. Reciprocal trade liberalization enhances the gains, but is not necessary for the gains to be present.” In a similar vein, when asked at a recent salon dinner whether Chinese mercantilist policies hurt the U.S. economy, a Congressional Subcommittee Chairman responded, “Remember, Adam Smith proved that mercantilists only hurt themselves.” Some even go so far as to state that by running a large trade surplus, China helps America by shipping capital back that finances American financial deficits. For example, neoclassical economists Fehr, Jokisch and Kotlikoff argue that China, in saving so much (by running large trade surpluses), helps the United States by providing cheap capital. These views are irrelevant at best and wrong at worst. They are irrelevant in the sense that even the most neoclassical of neoclassical economists should admit that mercantilism harms economic efficiency. After all they are the first to decry such policies whenever they are proposed in the United States. Do they really think that China helps the global economy by not paying for intellectual property? By developing conflicting product standards so that global products must be made to two standards? By propping up less efficient companies that absent subsidies would have less global market share while more efficient global players reaped more? By forcing foreign companies to make investments where they do not want to (e.g., by forced JVs and tech-transfer requirements)? They are wrong in the sense that the right question is not whether U.S.–China trade has hurt the U.S. economy—reasonable people can have different views of this issue. Although recent work by MIT economist David Autor has found that the last 15 years roughly one million U.S. workers lost jobs due to competition from China—about a quarter of all U.S. job losses in manufacturing during the time period. Nor is it helpful to ask whether ending Chinese economic mercantilism would fix all or even most of America’s economic problems. Of course it wouldn’t. But the right question is whether reduced Chinese mercantilism would have non-trivial beneficial impacts on the U.S. economy. And on this question only the most zealous neoclassical ideologues or “Friends of China” would assert that it would not. Clearly Chinese mercantilist policies hurt U.S. companies, both here and in China. And while much of Chinese mercantilism lowers Chinese allocation efficiency, the fact that it hurts U.S. companies means that it hurts both China and America.

“US should fix it’s own problems before fixing China” - Not an either-or situation

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Of course, the United States needs to do more. As ITIF has long argued, the United States needs a national innovation and competitiveness strategy focused on technology, talent and taxes. But to leave out the fourth “T”, trade, is to akin to asking a horse to win the Kentucky Derby on just three legs. Yes, America needs to take steps to be more innovative and competitive, but unless it also takes steps to press China to reduce its innovation mercantilism, these actions will fall far short of producing the kind of high-growth economy America needs. This is not an either-or situation. It is important to take steps both at home to be more competitive and innovative and overseas to roll back Chinese (and other nations’) innovation mercantilism. Just as focusing on Chinese innovation mercantilism doesn’t absolve the U.S. political system from responding to very real domestic economic challenges it is also wrong to ignore such mercantilism.

SOLVENCY/ADVOACY

China largely complies with WTO rulings

James Bacchus 2011. (is a former trade negotiator for the United States, a former member of the US Congress, and a former chairman of the Appellate Body of the World Trade Organization. He chairs the global practice of the Greenberg Traurig law firm) 1 October 2011 China’s Continuing Need for the WTO <http://www.chinabusinessreview.com/chinas-continuing-need-for-the-wto/>

The general view among WTO members is that China has acted responsibly as an emerging leader in the organization and has largely complied with WTO rulings. This may be because the basic benefits of WTO membership for China are clear to PRC leaders. Chinese products that face lower trade barriers in other countries because of WTO membership boost Chinese exports and thus contribute to Chinese prosperity. Without the benefits of WTO membership, many Chinese products would face far higher tariffs—taxes at the border that would diminish the competitiveness of Chinese products in foreign markets—as well as an array of discriminatory non-tariff barriers to trade that are illegal under WTO rules.

WTO complaint would have an immediate effect on Chinese decision-making

James Lewis 2013. (cyber security expert at the Center for International and Strategic Studies) Feb 2013 Conflict and Negotiation in Cyberspace <https://csis.org/publication/conflict-and-negotiation-cyberspace>

One area of consequence that the United States has never pursued is in the WTO. The explanation for this is that the WTO processes themselves are very legalistic and that the United States for many years has lacked a strategic vision for international trade. Trade lawyers will tell you that in the absence of compelling evidence, there is no way to take cyber espionage and the theft of IP before the WTO. This is far too timid. A state always has the right to exercise “force majeure,” to go to a body and say that it agreed to procedures and concession on the grounds that other parties would similarly honor their commitments, and since they are not, the agreement no longer holds. This is a major step, but even to discuss it would raise the stakes for China and others to continue their camping of espionage and the theft of IP. The United States could probably also find major economic partners that would be willing to join it in this effort. Some would say that this would risk the collapse of the WTO, but a carefully managed discussion of repercussions for economic espionage could mitigate this risk. China and others might threaten to withdraw, but they are unlikely to do so as they benefit the most from the agreement. An astute diplomatic strategy would first pose the issues before taking any formal action. Even a credible hint that the United States is considering this would have an immediate effect on Chinese decisionmaking.

“US workers will still lose jobs”: Dislocation caused by mercantilism is worse

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It is important to note that even if China were to embrace the notion of competitive advantage and dramatically reduce its mercantilist policies, some U.S. workers would still lose their jobs to China trade but others would gain jobs.15 Such disruptions are part and parcel of globalization and the price nations pay for the greater benefits of global integration. But defenders of the trade status quo fail to appreciate that there’s a fundamental difference between dislocation produced by economic restructuring by nations pursuing comparative/competitive advantage and dislocation produced by absolute loss of competitive advantage via foreign mercantilism. The former hurts some workers, companies and communities but generates economic growth. The latter hurts many more individuals, companies and communities and generates economy-wide loss.

DISAD RESPONSES

“Violates free market system” - Response: China’s mercantilist policies are not free market

Dr Robert D Atkinson 2012. (president of the [Information Technology and Innovation Foundation](https://en.wikipedia.org/wiki/Information_Technology_and_Innovation_Foundation), a public policy [think tank](https://en.wikipedia.org/wiki/Think_tank); formerly vice president of the [Progressive Policy Institute](https://en.wikipedia.org/wiki/Progressive_Policy_Institute); PhD in City and Regional Planning) February 2012 Enough is Enough: Confronting Chinese Innovation Mercantilism <http://www2.itif.org/2012-enough-enough-chinese-mercantilism.pdf>

Finally, others argue that we shouldn’t complain about the loss of U.S. jobs to China since this is simply the logic of the free market system. But this is only partly true, for much of job loss stems from mercantilist policies. To argue that it’s the free market that dictates loss of jobs to China when much of its economy is state controlled, when it massively subsidizes exports, and when it steals IP and forces foreign companies to transfer technology, is a perversion of everything Adam Smith believed.

“Violates free market system” - Trade benefits cannot accrue if China continues mercantilism

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Free traders are right that it is in the economic interests of the United States for China to be an integral part of the global trading system. But they are wrong in thinking that these benefits can accrue if China’s policies undermine that trading system and China continues its strategy of absolute advantage implemented through mercantilist policies. Until China renounces its mercantilist strategy and the policies supporting it, the U.S. economy, particularly its industrial and technology base, will be hurt, more than helped, by trade with China.

“Getting tough with China will start trade war” - Response: Non-unique. Trade war has already started

Dr Robert D Atkinson 2012. (president of the [Information Technology and Innovation Foundation](https://en.wikipedia.org/wiki/Information_Technology_and_Innovation_Foundation), a public policy [think tank](https://en.wikipedia.org/wiki/Think_tank) that promotes policies based on [innovation economics](https://en.wikipedia.org/wiki/Innovation_economics). He was vice president of the [Progressive Policy Institute](https://en.wikipedia.org/wiki/Progressive_Policy_Institute). He has a PhD in City and Regional Planning) February 2012 Enough is Enough: Confronting Chinese Innovation Mercantilism <http://www2.itif.org/2012-enough-enough-chinese-mercantilism.pdf>

To be clear, it is in the economic interests of the United States for China to be part of the global trading system. But this is only the case if China renounces its strategy of attaining absolute advantage through mercantilist policies. To argue that taking action, including pursuing multilateral action to put real pressure on China and hold them accountable will start a trade war misses the fundamental point: the trade war has already started, it’s more than a decade old, and China has fired virtually all of the shots and done almost all of the damage. As columnist Robert Samuelson notes “There’s already a trade war between them and us; but only one side is fighting.” It is a distortion of the notion of free trade to think that if America defends itself against mercantilist attacks it is starting a trade war. For the victims of Chinese mercantilism to begin to challenge these practices is not protectionism. To the contrary it is an attempt to restore the global, free market economy. Likewise, bringing cases before the WTO against Chinese mercantilism is not protectionist, it’s a part of free trade. And retaliating against Chinese mercantilism with tariffs or other actions is only protectionism if it were to continue after China agreed to play by rules.

“Getting tough with China will start trade war” - Response: This would be ridiculous in any other context. Getting tough is necessary when dealing with an adversary

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Imagine if members of the U.S. national security community suggested that “Getting tough on our adversaries will just encourage them to attack us,” or “It’s okay for rogue nations to get nukes, after all we’ve got our nukes.” They would be ridiculed and expelled from the Washington national security establishment. Yet, when it comes to national economic security, this kind of thinking not only goes unpunished, it is rewarded as prudent and insightful. Reducing Chinese mercantilism is not a silver bullet to end economic dislocation. Even if Chinese ends its mercantilist economic policies there will still be costly dislocation in the U.S. economy. But even with this dislocation the U.S. economy will do better if it is trading with a non-mercantilist China, particularly if the United States adopts the right, proactive policies to spur its own competitive advantage in high value-added industries. But if Chinese policies continue to be based on absolute advantage and innovation mercantilism, the results will be more of the same: the absolute loss of U.S. industrial and high tech output, and the jobs and GDP growth that go with it.

“China will stop buying US Treasury bonds” - Response: Not realistic and not in China’s interest

Carolyn Bartholomew 2009. (chairs the U.S. China Economic and Security Review Commission) 20 December 2009 The Great Industrial Wall of China <http://prospect.org/article/great-industrial-wall-china>

Today, the rationale for not disturbing Chinese leaders is that we must sell them ever more Treasury bonds in order to finance our growing debt. But this argument is specious. The Chinese cannot start dumping their dollar holdings without jeopardizing the value of their vast hoard, estimated to be between $800 billion and $1.7 trillion. And, as long as they continue to depend on an export-driven economic growth model based on an artificially low-value currency, they must continue to acquire and hold dollars to maintain the peg. So, we do have a position of strength from which we can bargain.

“China needs mercantilism for economic stability” - Response: Stability does not require mercantilism

Dr Robert D Atkinson 2012. (president of the [Information Technology and Innovation Foundation](https://en.wikipedia.org/wiki/Information_Technology_and_Innovation_Foundation), a public policy [think tank](https://en.wikipedia.org/wiki/Think_tank) ; former vice president of the [Progressive Policy Institute](https://en.wikipedia.org/wiki/Progressive_Policy_Institute); PhD in City and Regional Planning) February 2012 Enough is Enough: Confronting Chinese Innovation Mercantilism <http://www2.itif.org/2012-enough-enough-chinese-mercantilism.pdf> (ellipses in original)

Looking around the globe, there is ample evidence that growth and stability don’t require mercantilism. For example, there is no correlation between a medium or large sized nation’s balance of trade and its unemployment rate. Nations with trade deficits are no more likely to have high unemployment rates than nations with trade surpluses. Academic studies point to the same conclusion. As one thorough review of the economic literature on trade and job creation showed, “In the long run, aggregate net employment largely is unaffected by international factors, whereas these factors have important allocative effects in the short and long run, both between and within detailed industries.” In other words, despite what policymakers in many nations believe, trade surpluses or deficits can change the mix of industries and firms, but they don’t change the overall number of domestic jobs or rate of job growth over the medium and long-term. Likewise, a National Bureau of Economics Research paper concluded that “while exports have become increasingly important in stimulating employment in China...the same gains could be obtained from growth in domestic demand, especially for tradable goods.”

“Lost anti-trust protections” – Response: Only applies to technology transfer, not setting prices on their products

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To address this, Congress should pass legislation that allows firms to ask the Department of Justice for an exemption to coordinate actions regarding technology transfer and investment to other nations. For example, if companies in a similar industry can agree that none of them will transfer technology to China in order to gain market access then the Chinese government will have much less leverage over them. The same would be true if companies agreed that they would not invest in China until China improved its intellectual property protections. This could be modeled in part on the 1984 National Cooperative Research Act, which led to an explosion of consortium-based research activity by removing a defect of antitrust law which suggested that collaborative joint research efforts among corporations were potentially collusive. For those who worry that extending this kind of cooperative tool to foreign tech transfer would somehow be anti-consumer, it‘s important to note that this would not apply to pricing issues, but only to tech transfer issues where companies could point to coercive action in foreign markets.

1. Michael P. Collins 2012. (Vice President and General Manager of two divisions of Columbia Machine ;has written more than 300 trade journal articles and columns on a wide variety of manufacturing topics; M.B.A. from City University and a B.S. degree from Portland State, Oregon.) 18 January 2012 How China Is Stealing Our Secrets <http://www.manufacturing.net/articles/2012/01/how-china-is-stealing-our-secrets> [↑](#footnote-ref-1)