

Tensions between the US and China have been steadily increasing. Is it in the US' interest to decouple from China economically?

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Abstract

The decoupling from China is negative to the US' interest, not only the economy, but also impeding collaborations between two countries in most fields, such as climate change and pandemics. The economic principle tells us: trade makes each one better off. It obviously goes against this principle to decouple from China. No country can benefit from decoupling. The only matter is whose economy and people can be more tolerant and resilient. We are not sure the time is on the side of the US, because of its tremendous national and individual debts. Only trade can specialise in the fields it does the best; only trade can be highly interdependent and complementary; only trade can benefit each other, bringing prosperity, stability and happiness to themselves and the world.

The US is good for almost all fields, but the cost of workers' wages are too high, and productivity is affected by excessive overtime pay. The US' industry has been hollowing out, because the US' entrepreneurs have to move their factories to developing countries for more profits, especially to China.

China has excellent infrastructure of transportation, high-quality of productivity and production, hardworking workers with highly trained skills, and low-cost wages. But innovation and invention are not good enough, the management and operation of capital markets are weak.

Both countries are highly interdependent, complementary and specialised in mutual markets. Decoupling from China will impact the global supply chains, increasing the costs of business and people's daily life.

Decoupling from China will damage the US' economy, even lead to the collapse of its currency, because of the high inflation.

Decoupling from China will cause the US to lose the world's second-largest consumer market, investment opportunities, the effectiveness of influence and the chance to reshape China.

Decoupling from China will face the risk of losing US' leadership to the world.

Therefore, the US' interest needs China beyond its imagination; the US' economy needs China beyond its prediction.

Keywords: economy, decoupling, US, China, specialise, transportation, trade