

Chapter 15

The China Deal

“And for this Friday, January 11, 2036, we bring you an update on trade talks between China and California. I’m Katherine Parks and this is the Newshour. This evening we talk with the Chinese trade minister, the governor of California, and, since it’s Friday, our erstwhile combatants, Ralph Lowry of the Washington Post and Fran Quinn of the New York Times. But first, let’s turn to our expert on trade, Maggie Ernst. Maggie, can you tell us about these negotiations and how we got here?”

“Good evening, Katherine. As your viewers will recall, the supreme court decided a case last year allowing Massachusetts to issue its own state visas to foreign visitors, particularly to foreign students. That decision cleared the way for a number of other legal challenges from individual states. One such challenge flew largely under the radar due to its relative insignificance to most Americans. This was a deal penned between Russia and Alaska on fishing quotas. Alaskan officials had become concerned that federal inaction would lead to further depletion of king crab stocks in the Aleutian region. Pundits assumed that the court would shut down the deal 15-0 as being in direct conflict with the commerce clause.”

“Maggie, can you remind our viewers what that clause says?”

“Of course, Katherine. I’ll read it. It’s short. It says that Congress has the power ‘To regulate Commerce with foreign Nations, and among the several States, and with the Indian Tribes’.”

“Maybe you can help us parse that, Maggie?”

“Of course. The clause gives congress the power to regulate three types of commerce: trade between the US and foreign nations, for example between Russia and the US, trade between states, for example, between New York and Massachusetts, and trade between the federal government and Indian Tribes.”

“I suppose that’s clear enough,” offered Parks.

“It is until you look more closely, Katherine. Alaska made the argument that the clause says nothing about regulating commerce between a state and a foreign nation. Alaska’s attorney general suggested that the constitution’s silence on the question implied that this should be viewed as a power reserved to the states, that is, a state can regulate commerce between itself and a foreign nation.”

“I see,” said Parks, considering this for a moment. She looked a bit dubious.

“Alaska made the argument that the language of the commerce clause is so specific that this omission by the founders could not have been an accident, that the founders intended to leave the door open to trade agreements between individual states and foreign powers.”

“And the court was convinced by that argument?”

“Eight justices were, and that was enough. Writing for the majority, Chief Justice Barrett asserted that there was no reason to doubt the intention of the framers to allow individual states to conduct commerce with other nations as they saw fit. Thus, there’s no conflict with the commerce clause. The chief justice distinguished here between commerce and, for example, congress’s authority to declare war. In this latter case of national defense, one could identify a compelling interest for the federal government to act on behalf of all the states. The court found no such compelling interest in the case of commerce.”

“And this decision opened the way for California’s trade talks with China?”

“Exactly, Katherine. With China at number one in GDP and California at number three, there’s a broad consensus that cooperation between the two economic powerhouses would be a tide that lifts all ships. Inside sources have been reporting that the broad outlines of an agreement had been reached and that it was only a matter of days before a document of understanding would be

issued.”

“And the problem?”

“California discovered what others have long known, that dealing with the Chinese is not straightforward. Beijing claims that they didn’t understand the terms of the negotiation. They say they thought they were making a deal with Washington.”

“But Beijing understands the Supreme Court ruling?”

Ernst thought for a moment. “‘Understands’ may be too strong a word, Katherine. As reported in today’s South China Morning Post, Chinese President Bo Shenli says that he does not comprehend the opaque machinery of the American government.”

“And we’ll be discussing that further with trade minister Wang Jinwei later in the program. Maggie, what can you tell us about the deal itself?”

“Yes, Katherine. While much of the discussion has been kept under wraps, the broad outlines of the deal are known. The US currently imposes a 25% tariff on all goods arriving from China and prohibits the importation of Chinese telecommunications equipment, including smartphones. The California deal would reset all of these restrictions, essentially making California a free trade zone for commerce with China.”

“And Washington won’t block Chinese telecom equipment coming into the US? Hasn’t this been a security concern?”

“Several California firms are already in talks with Chinese telecom giant Huawei Technologies to license the company’s designs. Local manufacture of this equipment by California companies should eliminate concerns around embedded malware. It’s anticipated that producing this equipment in California will provide a huge boost to the state’s already flourishing economy.”

“So, Maggie, it looks like Chinese goods will be cheaper for Californians, but what about the rest of the country?”

“California is planning to establish free trade relationships with a number of other states. Residents of those states are likely to also see a drop in prices for Chinese goods.”

“So, a win-win all around?”

Ernst smiled. “Not exactly, Katherine. India and Russia are both concerned that they’ll be steam-rolled by the China-California juggernaut. There are unconfirmed rumors that India has opened talks with Texas.”

“Thank you, Maggie, I’m sure we’ll be hearing more from you about this in the coming days. And now we discuss these talks with Chinese trade minister Mr. Wang Jinwei.” Ernst’s face vanished from the screen and was replaced by that of the minister.

“Minister Wang, thank you for joining us.”

“It is my pleasure, Katherine. I have been a viewer of your program since my university days in Ohio.”

The trade minister was a roundish man with a disarming smile and just a hint of hair at the edges of his scalp.

“Yes, Minister Wang.” Parks had an impulse to distance herself from the trade minister’s friendly manner.

“Minister Wang, if both parties to the trade deal are generally in agreement, why has your government now decided to step back?”

The minister’s smile remained undisturbed as he considered the question.

“We support the proposal, Katherine. Our government wants to move forward, but it only recently came to our attention that your president does not intend to sign the agreement.”

That was true enough. The US Secretary of Commerce had been on the Newshour only two nights earlier. He’d made it clear that the federal government was playing no role in the talks. It was a matter entirely between California and China. In fact, Secretary Donahue stressed that the administration was taking great pains to distance

itself from the talks in order to avoid any appearance that it was not honoring the supreme court decision regarding the commerce clause.

Minister Wang interlaced his fingers. He took his time answering. “Katherine, our president doesn’t understand how an American state, even a state as powerful as California, can be allowed to enter into agreements with sovereign nations. It is natural that we would expect to deal directly with your president.”

“But you do understand, Mr. Minister, that from the US perspective it is now perfectly legal for states to establish independent trade relationships with other nations.”

The smile faded almost imperceptibly from the minister’s face. He leaned in a bit as he spoke.

“Perhaps that is the problem, Katherine. Perhaps the US must consider perspectives other than its own. While such an agreement may be legal from the American perspective, there is no provision for such an agreement in the Chinese constitution. You must admit that such a thing is unprecedented in modern history.”

Parks bristled at the thought of there being anything that she ‘must’ admit. “Then China is planning to withdraw from the negotiations?”

Wang considered this. “I did not say that, Katherine. We believe that this is a good agreement. It makes sense for everyone. It is our sincerest hope that your President Ocasio-Cortez will sign the agreement on behalf of your entire nation.”

“But you understand our government’s position, Mr. Wang. Washington can’t become involved in a negotiation between California and China. That would violate our constitution.”

Now Wang paused for quite a long time. “There are other possibilities, of course.”

She looked at him. “Other possibilities, Minister Wang?”

“Yes, Katherine. I hope I am not speaking out of turn, but your secretary of state is always promoting this principle of ‘self-determination’.”

Parks stared at the man. She hadn’t believed that he would go there.

“It is a particularly American notion, Katherine. The idea that peoples should be free to determine their own future. Your government has promoted this doctrine so often in its foreign relations; could it not be applied to American states?” He waited a moment before going on. “Why should your state of California not be permitted to,” the minister thought for a moment, “to follow its bliss. Do you understand my meaning?”

Parks’ face went white. She understood his meaning all too clearly. It was one thing to hear talk of secession floated by some Californians, but quite another to hear it from the Chinese trade minister.

“Of course,” Wang went on, “China would much prefer to come to an agreement with the United States, but should California become an independent nation, then there would be no barrier to talks. I’m sure it won’t come to that. Sino-American cooperation has the potential to greatly benefit both of our countries, but particularly the US,” now Wang looked directly at Parks, “given your country’s weakened position.”

Parks tried not to show her anger. She wanted to say something to challenge the minister’s remark but could not think quickly enough. She would have to let it go or risk a moment of dead air.

“Well, thank you Minister Wang, for providing your country’s view on the status of these trade talks. I hope you’ll return to the Newshour as the negotiations progress.”

She’d said it, but she certainly didn’t mean it. This would be Wang’s last appearance on the Newshour if she had anything to say about it.

“It would be my pleasure,” said Wang.

Parks turned to face her viewers. “And now, since it’s Friday, we’ll hear once again from our team of Lowry and Quinn, that’s Ralph Lowry of the Washington Post and Fran Quinn of the New York Times. Ralph, Fran, the China deal?”

Quinn didn’t need a second invitation. She jumped right in. “They’re playing us, Katherine. You heard what the minister said about America’s ‘weakened position’. It’s just a ploy to get the president to agree to a trade pact that Washington doesn’t want. And it’s good that Washington doesn’t want to do this deal. The last thing we need is California making a deal that strengthens China.”

“Fran,” asked Parks, “can you explain to our viewers exactly how you see this agreement as helping China. Why are the Chinese so anxious to strike a deal?”

“I’m no technology expert, Katherine, but with the Taiwan reunification, China has a lock on chip manufacture. But, manufacture is only half the story. China still lags in designing the logic embedded in the chips and that’s where Silicon Valley shines. China sees synergy in the collaboration, and further economic growth. California will benefit, of course, but this comes at the cost of a stronger China. There’s no question that China represents the number one threat to America today. Why should we help them grow stronger?”

Parks turned to Lowry, “Ralph?”

It took Lowry some time to speak. “To be honest, Katherine, I find the whole thing depressing.”

Parks looked at him. Lowry had been a regular on the show for six years now and Parks could see the change in his demeanor. During the earlier years he’d always expressed his views with humor, even when he disagreed with the politics. She’d seen that humor erode over the past few years, replaced by an attitude of brooding. That same sense of darkness had found its way into Lowry’s columns for the Post. The producer of the Newshour had been pushing to

replace him. “How can we even be talking about a trade deal between California and China? It doesn’t make sense.”

“The Supreme Court didn’t see a problem, Ralph,” said Quinn. “You must be stuck in those ‘long-held beliefs’ again.”

He turned slowly to look at Quinn with sad and slightly bloodshot eyes. “I suppose so.”

Quinn was surprised. The old Lowry would have tossed off some quip. This sounded like surrender.

“It’s just that I’m not sure we’re in America anymore. When states seceded in the 1860’s people at least paid attention. Now we’re talking about secession as if it’s something normal.”

The producer of the Newshour, behind the glass panel of the control room, had his eyes on Lowry. He was going to have another talk with Parks. Lowry had to go. The man was simply too depressing for national TV, even for PBS. The producer saw a real possibility that Lowry would come apart on air.

“No one’s seriously talking about secession, Ralph.”

“The Chinese trade minister?”

“It’s just talk.” She paused for a moment and looked at him. “But let’s say that California did want to secede. It’s not the end of the world.”

Lowry glared at her across the glass table.

“It’s not, Ralph. The minister has a point. We always say we believe in ‘self-determination’. When the Taiwanese voted for unification with the mainland, we didn’t try to stop them. People should be free to determine their own futures.”

For a moment, Lowry considered the possibility that he really was too mired in long-held beliefs. Then he resisted. “Fran, we once fought to keep our country whole. And now we’re going to let it fall apart?”

“Only states that want to go, Ralph. You want to force people to

stay? You want another Civil War? You want a country bathed in blood? Or do you want to live in a place where people are free to choose?"

"California?"

"Really, Ralph, I don't think it's going to happen. But, if Californians want to go, who are we to stop them? I remember those columns you wrote urging China to free Tibet and Hong Kong. Do these ideas only apply to China, Ralph?"

And that's when Lowry saw it. Quinn was right. He was mired in nostalgia. His views weren't based on principle or policy; they were, instead, shaped by a love of the past. He could not let go of the America in which he'd grown-up. He wanted those fifty states to remain united. Lowry was indeed a prisoner of long-held beliefs.

Quinn waited in vain for Lowry to reply.

Parks jumped in. "So, Fran, you'd be okay with California seceding to do a trade deal with China?"

"It won't come to that, Katherine. China will back down. They'll find some way to sign the deal with California. They just need some cover to let them save face."

"And if not?"

Quinn considered. "You can't stop California from leaving if they want to. There's no will to fight another civil war in this country."

Lowry's face was buried in his hands.

"Well," said Parks, "thanks to both of you for sharing your views. Ralph, Fran, we look forward to seeing you again next Friday."

Parks wasn't so sure that Lowry would be there. The producer would be looking for her after the show.

"And now we hear from California governor Elon Musk."