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# America's Gridlocked Democracy Struggles to Meet China Challenge

Shoring up semiconductor manufacturing could join the list of issues where Washington seems paralyzed



By *Greg Ip* [Follow](#)

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Singapore's prime minister, Lee Hsien Loong, has a unique vantage point for observing the geopolitical contest between the U.S. and China. What he had to say last April should give Americans pause.

The U.S. "may no longer be the hyper-power, but you will still be...one of the most advanced, vibrant and dynamic economies and societies in the world; able to attract talent, able to generate new entrepreneurship, growth, ideas and reinvent yourself," Mr. Lee told The Wall Street Journal's editorial board.

"But that is not a universal perception," he added. "There is strong perception in some parts of the world, including in China, quite explicitly...that you do not have a bright future because the world is changing too fast for a system like the United States, a democracy with checks and balances."

In other words, while the U.S. economic system is up for this geopolitical contest, it's an open question whether its political system is. Events in the past week raised plenty of doubt.

First, Senate Republican leader Mitch McConnell (R., Ky.) said he would block a bipartisan bill aimed at enhancing the U.S.' ability to compete with China unless Democrats abandon a separate prescription drug, climate and tax bill.

Second, the Supreme Court said the Environmental Protection Agency couldn't enact sweeping rules covering greenhouse gas emissions, a decision likely to circumscribe federal authority in a range of fields.

Third, news emerged that President Biden might be reaching a decision to waive some of former President Donald Trump's tariffs on China.

Take each in turn. The imperiled China competition bill highlights how difficult it has become for Congress to legislate as Americans and their leaders have polarized along cultural, economic and ideological lines. Congress now passes about half as many public bills as it did in the 1980s, according to the Brookings Institution.

Congress can still muster bipartisan will in emergencies, such as for Covid-19 relief in 2020, or aid to Ukraine since Russia's invasion this year, or for popular spending such as on infrastructure and mental health. But major legislation, if it passes at all, increasingly does so with the support of just one party while the other vows to reverse it, as with Obamacare and Mr. Trump's tax cuts. Use of the filibuster, a tool used by the minority party to slow or stop legislation by requiring 60 votes in the Senate, has tripled since the 1990s, Brookings data show.

At first, competition with China looked like that rare issue destined to cross party lines. Its pursuit of technological dominance and assertive military behavior has alarmed lawmakers in both parties. Last year, 19 Republican senators joined 48 Democrats and one independent to pass the U.S. Innovation and Competition Act or USICA, which allocates \$52 billion toward domestic semiconductor manufacturing and development and another \$120 billion into technology research and development.





Semiconductor companies say USICA is vital to new investment in the U.S. It is the most consequential competitiveness bill since a 1988 law that created new manufacturing initiatives and trade enforcement tools to meet the challenge of Japan, according to Rob Atkinson, president of the Information Technology and Innovation Foundation.

But Mr. Biden and House Democrats did little until earlier this year when the latter passed their own version with additional provisions on high-skilled immigration, industrial aid and scrutiny of American investments in China. A conference of legislators from both parties and chambers has been trying for months to reach a compromise.

Then last week, Mr. McConnell issued his ultimatum: Republicans will withhold support for the China competition bill, denying it the 60 votes needed to overcome a filibuster, unless Democrats abandon a separate budget bill to raise taxes, reduce drug prices and deal with climate change using a legislative process that cannot be filibustered.



Mr. McConnell personally supports the China bill, as do many in his caucus, but appears ready to let it die over his opposition to Democrats' other bill. The latter has "a bunch of tax increases, anti-fossil fuels stuff, potentially permanent expansion of entitlements...he thinks are bad," said Jon Lieber, a former McConnell aide who is now managing director at Eurasia Group, a policy analysis firm. "And he

sees the China competition bill as his leverage."

If Democrats decide to give priority to the bill, China competition could join immigration, climate, and entitlements as subjects on which bipartisan action is impossible.

That brings us to the Supreme Court. Presidents have responded to congressional gridlock with ever more expansive use of their executive authority. But the court's conservative majority is now circumscribing that, blocking the Biden administration from imposing vaccine mandates on large employers or an eviction moratorium on landlords, and last week declaring the EPA couldn't regulate greenhouse gas emissions nationally without explicit authority from Congress. In effect, the courts have said if the president wants broad authority to act, he needs clear direction from a Congress, which is increasingly unable to provide it.

Presidents still have wide latitude in national security, foreign policy and trade, which Mr. Trump used to impose tariffs on allies and China and build a wall on the Mexican border. Mr. Biden has invoked the Defense Production Act to accelerate production of solar panels, baby formula and vaccines.

But such decisions lack staying power: the next president can simply reverse them with the stroke of a pen.

That brings us to the China tariffs. Mr. Trump imposed them to force China to alter its own discriminatory practices. Yet without any sign of such concessions, Mr. Biden plans to roll some back as a gesture of concern for inflation, which is battering his popularity. Bill Bishop, author of the China-focused newsletter Sinocism, wrote this would "further confirm the view held by some in Beijing...that the U.S. does not have the stomach for 'protracted war'" with China.

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