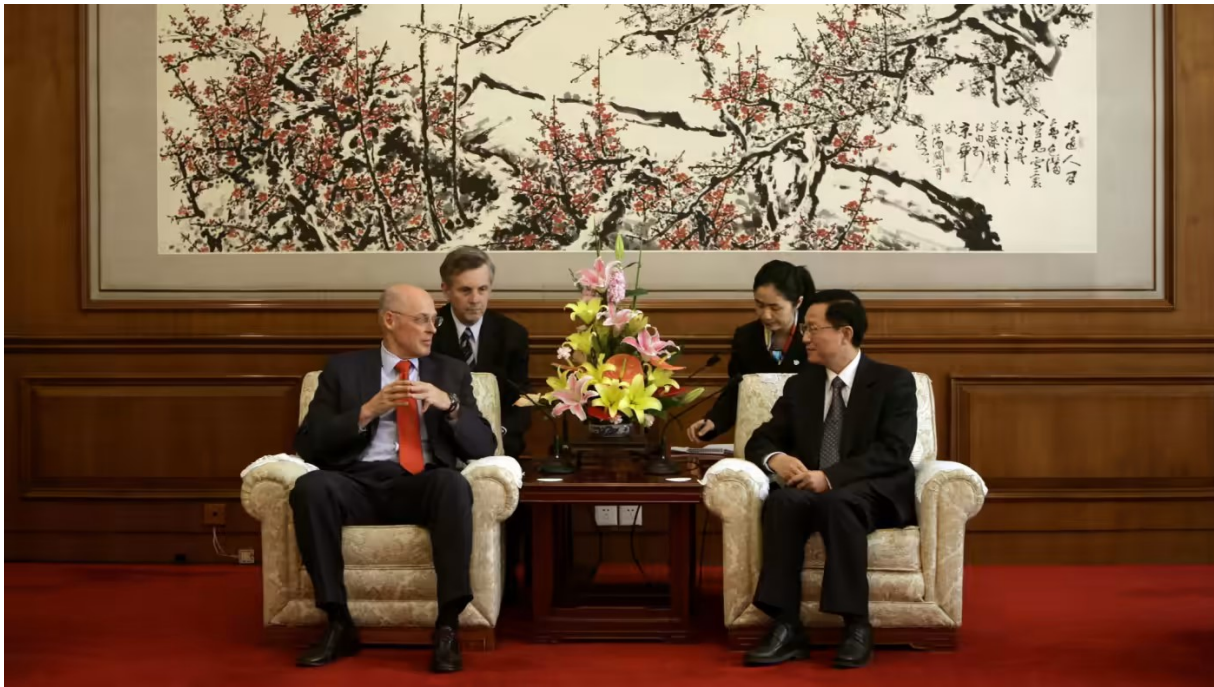


Opinion **US-China relations**

## Washington isn't listening to business on China any more

The waning of the 'peace interest' leaves multi-billion-dollar investments hanging by a thread

**ADAM TOOZE**



Henry Paulson, then Treasury secretary, left, meets with China's then minister of commerce Xie Xuren in 2008 in Beijing © Oded Balilty/Pool/Getty Images

**Adam Tooze** YESTERDAY

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The US is not eager for war with China. This is the message prominent [spokespeople](#) for the Biden administration have been [sending](#) in the past few weeks. The fact that this needs saying tells you something about the state we are in. In Washington today, it can seem as though war is just over the horizon. Perhaps as soon as [2025](#).

It has become a cliché that the one thing that America's divided democracy can agree on is policy against China. But if the dogs of war are in full cry, what is worth noting is the dog that no longer barks. The “peace interest” anchored in the investment and trading connections of US big business with China has been expelled from centre stage. On the central axis of US strategy, big business has less influence today than at any time since the end of the cold war.

The idea of a “peace interest” — a transnational social and economic constituency opposed to war — was coined by the economist and social theorist Karl Polanyi, who used it to explain the long era of great power peace in Europe between 1815 and 1914. The make-up of the peace interest can change. After the shock of the French Revolution and Napoleon, it was Europe's conservative dynasts who opposed war. From the mid-19th century, it was bourgeois advocates of free trade.

Of course, not all big business is interested in peace. Military spending is an easy source of profit. Through history, business interests have propelled imperial conquest and cemented international alliances. The business interest in peaceful globalisation, if it is to be influential, needs to be organised.

The first effort to do so deliberately was made after the first world war. American financial interests, led by JPMorgan, hoped to pacify Europe and east Asia with dollar diplomacy. That thin network of stability was torn apart by the 1930s Depression.

During the cold war, the severing of economic and commercial relations by the iron curtain meant that the peace interest operated mainly within the western bloc, most notably in propelling European integration.

From the 1970s, business interests began to extend across the iron curtain and became truly ascendant in US relations with China from the 1990s onwards. Hank Paulson, former Goldman Sachs chief executive, appointed as Treasury secretary by President George W Bush specifically to manage the strategic relationship with China, personified the peace interest. Today a figure like Paulson would be an embarrassment to the Biden administration.

Of course, western business in China continues on a huge scale. But the globalising political coalition of the 1990s and early 2000s has collapsed under the weight of its own contradictions. In recent weeks, the Biden administration has buried neoliberalism and declared a [new Washington consensus](#). National industrial policy is all the rage. National security adviser Jake Sullivan boasts that it is not part of his job description to defend the interests of [American investors in China](#). As a result, multibillion-dollar investments in China hang, in political terms, by a thread.

For the left in the US, this is cause for celebration. The waning of business influence and the turn away from globalisation creates the space for economic policy centred on the needs of American society. But what is the foreign policy this progressive domestic agenda is flanked by?

The space vacated by the likes of Paulson has been filled by a president bent on reviving a cold war-style alliance of democracies against the axis of “autocracy”. Meanwhile, the “blob” — the network of government agencies and think-tanks that shape hard power in Washington DC — is free to pursue its hawkish agenda. Vladimir Putin’s war on Ukraine cements their grip.

The balance of influence can be read off America’s federal budget. If over the next half

a decade, spending on the Chips Act, infrastructure bill and Inflation Reduction Act matches the [\\$886bn annual defence budget](#) to be requested by the Biden administration in 2024, we will be lucky.

This is how Beijing will judge speeches on Sino-US relations such as that delivered recently by Treasury secretary Janet Yellen. She sought to demarcate boundaries for healthy competition and co-operation, but left no doubt that national security trumps every other consideration in Washington today.

With escalation in the air, it would be vain to hope for a return to the old days of business hegemony. The era of “Davos man” is over.

Since the question of war has been posed, a diplomatic effort at the highest level is required. The first priority should be to defuse tension over Taiwan, as seemed on the cards after the Biden-Xi meeting at the G20 in Indonesia. Those hopes were dashed, however, by the gratuitous escalation of the Chinese “spy” balloon incident in February.

In the longer term, a reduction in tension requires something more fundamental — a new security order for east Asia based on the accommodation of China’s historic rise. The fact that stating this evident truth in Washington today is likely to be judged either treasonous or non-planetary is a measure of the danger we are in.

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