

2024 IRIS Graduate Student Summer Fieldwork Report

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With the generous support of the IRIS Graduate Student Summer Fieldwork Award, I was able to travel to China this summer to conduct pre-dissertation research on the economic statecraft and the firms' reaction to the US-China geopolitical turmoils.

The US-China economic competition has been a hot topic among policy analysts, politicians, and scholars. However, there is still little understanding of how it unfolds on the ground. My dissertation aims to fill this gap by exploring the US-China economic competition at the micro level, focusing on firms. Do US tech sanctions achieve their intended goal of containing China's technological advancements? What are the unintended side effects? How do these sanctions reshape state-society relations in China, particularly between private firms and the Communist Party government?

I hypothesize that the sanctions may work precisely AGAINST its goal. First, sanctions push the government and private firms of China into a collegial synergy: the different tiers of Chinese governments are propelled to employ more industrial policies to protect the private firms against sanctions, and the private firms are incentivized to seek asylum under the protections of the Chinese government. Second, the supply chain disruptions brought by sanctions create strong market incentives for Chinese firms to adapt: they invest more heavily in R&D and shun away from parts manufactured with US technologies. In other words, technological sanctions may push China towards higher technological independence from the US.

While the main body of my dissertation will rely on firm-level quantitative evidence, my fieldwork this summer has helped me contextualize these questions. During my six-week stay, I conducted interviews in four cities in China: Shanghai, Shenzhen, Wuhan, and Hefei. These cities are major hubs for technological innovation, with governments known for their ambitious and largely successful industrial policies supporting next-generation technologies. They are also on the front lines of US-China economic competition, with many leading tech firms either already sanctioned by the US or facing the threat of sanctions.

I conducted semi-structured interviews with individuals from tech firms as well as government officials involved in industrial policy. At some of the tech firms I visited, I was fortunate enough to tour their production facilities. I also

had the opportunity to speak with prominent Chinese experts on the tech industry and emerging sectors such as electric vehicles and solar energy.

The information I gathered largely confirmed my hypotheses about firm reactions. Firms are indeed adapting—painfully but successfully—to the new environment of sanctions or the constant threat of them. Some interviews confirmed well-known anecdotes about the sanctions and industry, while others offered fresh insights and important perspectives.

I gained valuable knowledge about how government-firm synergies function on the ground, as well as the motivations and incentives of local governments and private firms in China. These initial findings have been incorporated into my dissertation prospectus, which I defended shortly after returning to Madison. This fieldwork has significantly strengthened the direction of my dissertation project. I am deeply grateful to IRIS for providing the necessary funding to make this research possible.