

Comment on “Trade Tensions and the US Soft Power” by Professor Shang-Jin Wei

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Summary

- This paper finds a significant negative effect of the trade war on the viewership of US movies (American soft power) in China.
- The effect is driven by Chinese citizens' choice, and not by either an income effect or a Chinese government action.
- The effect is persistent at least to 2021.
- Very interesting paper!
- Important research question, great data, excellent empirical strategy, and strong evidence

Comment 1: Heterogeneous effect for more educated people?

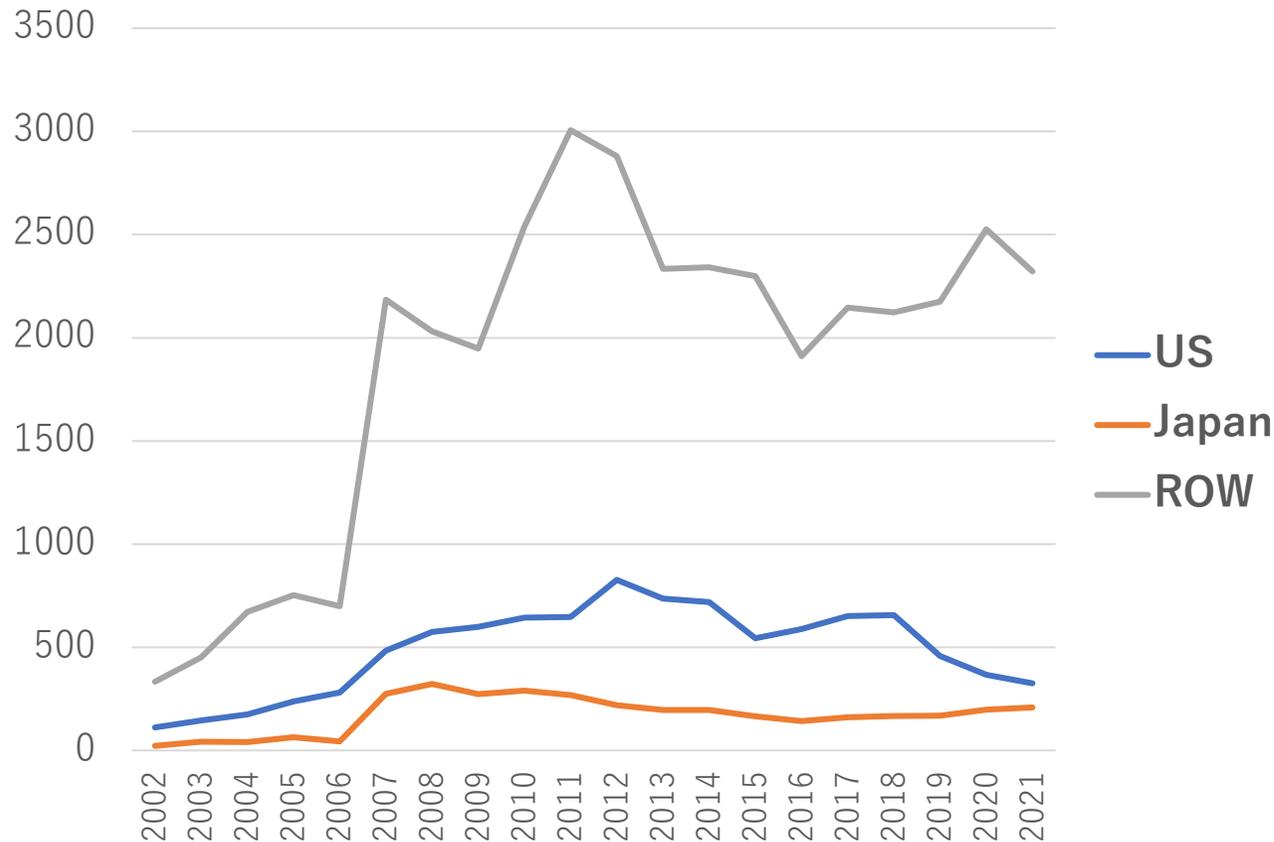
- The negative effect is milder for more affluent people.
- The attitudes of the more affluent families who are able to send their children abroad appear to be less affected by the trade war.
- More affluent people are likely to be more educated people.
- However, the US trade war (US tariffs and the violation of WTO ruling, HUAWEI ban, semiconductor export control, etc.) has dramatically changed the attitudes of many more educated Chinese people (including those elites and researchers who received PhD from American universities) towards the US.
- This is crucial for keeping American soft power in China.

Comment 2: Creative goods as a form of soft power

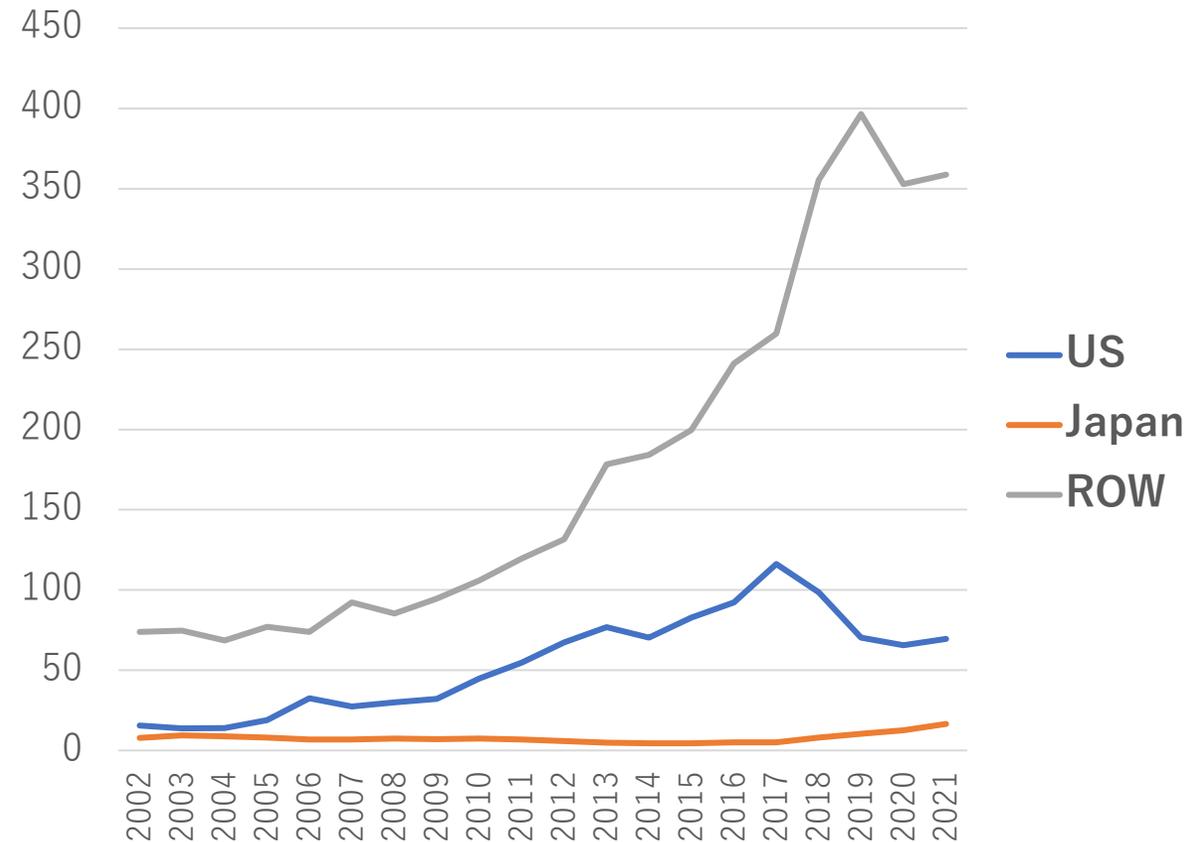
- Not only movies, but other creative goods such as drama, music, and books can also be regarded as a form of soft power.
- What are creative goods? (UNCTAD STAT)
 - **Art crafts:** carpets, celebration, other art crafts, paperware, wickerware, yarn
 - **Audiovisuals:** film; CDs, DVDs, tapes
 - **Design:** architecture, fashion, glassware, interior, jewellery, toys
 - **New media:** recorded media, video games
 - **Performing arts:** musical instruments, printed music
 - **Publishing:** books, newspaper, other printed matter
 - **Visual arts:** antiques, painting, photography, sculpture

Long-term effects of the trade war on audiovisuals and books

China's imports of audiovisuals

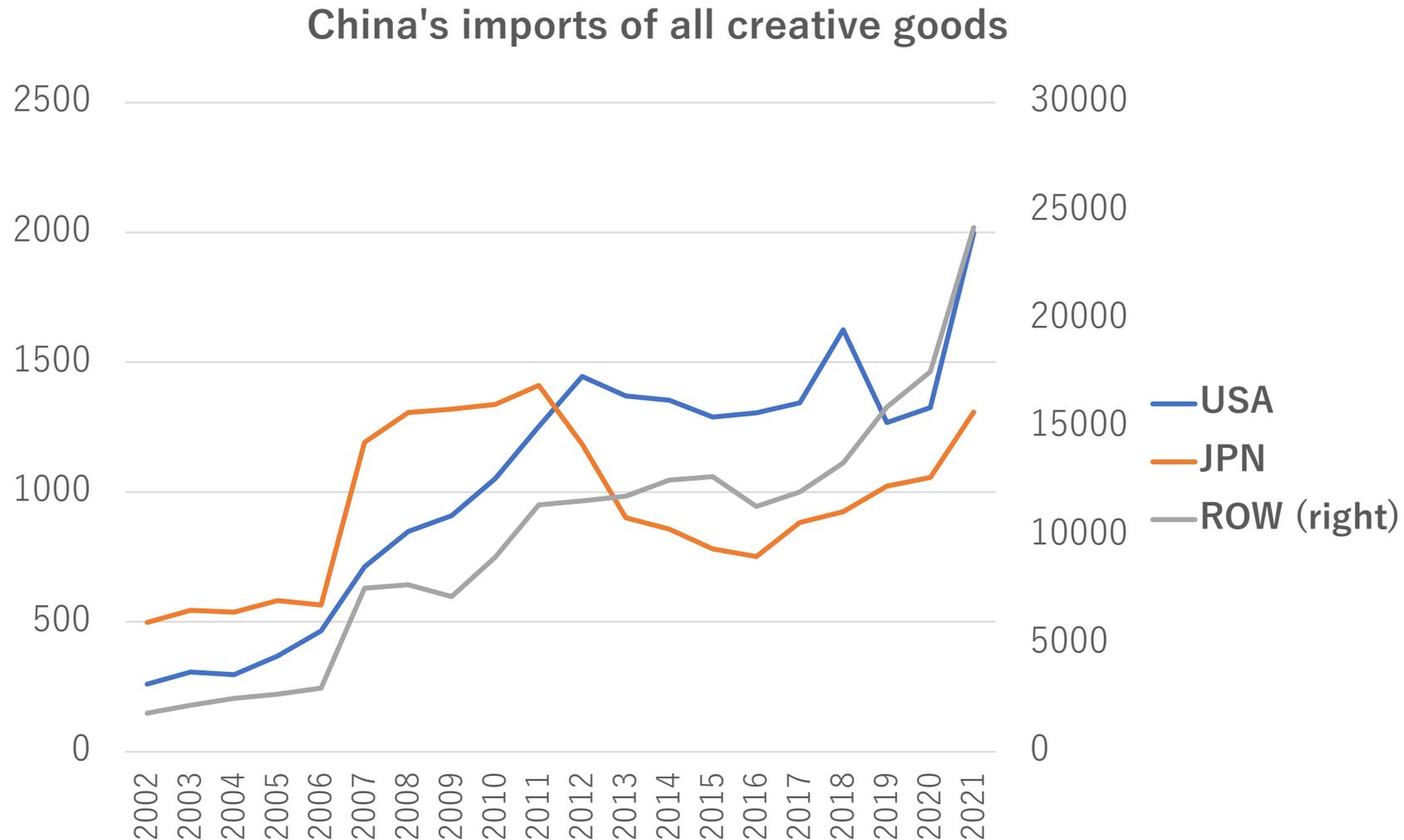


China's imports of books



Note: in millions USD. Source: UNCTAD STAT.

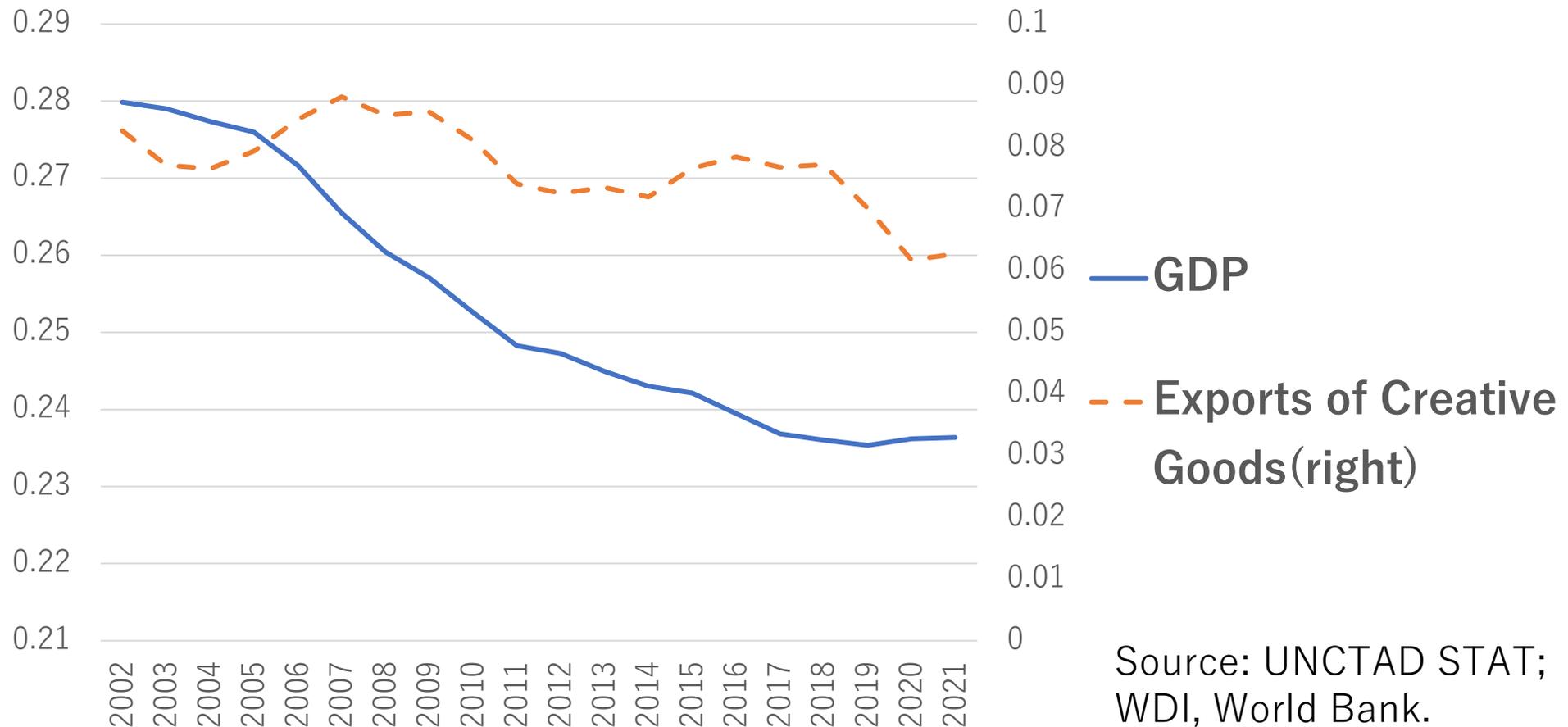
As a whole, the effect is short-lived?
(a related case is the Senkaku=Diaoyu Island dispute in 2012)



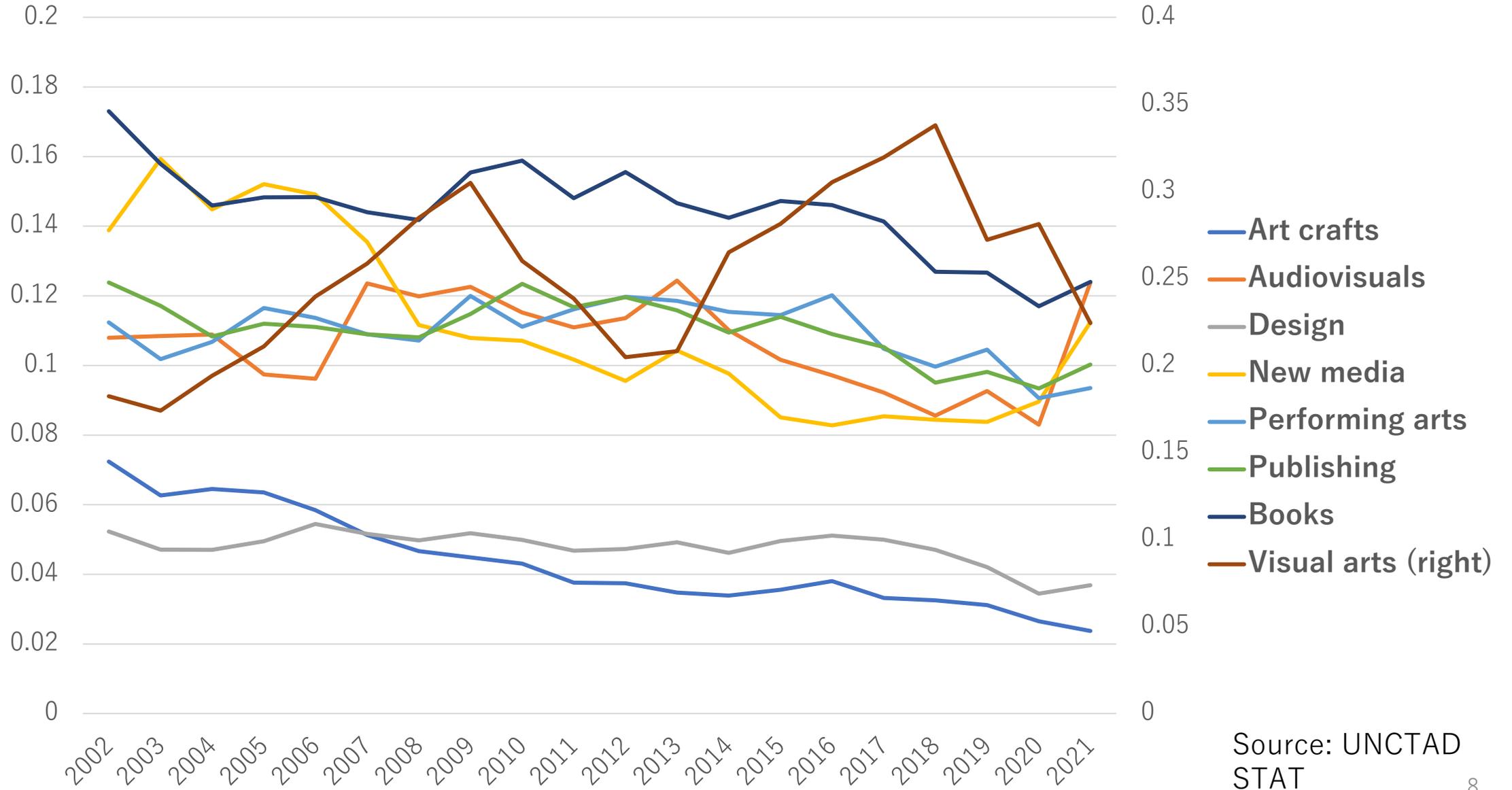
Note: in millions USD. Source: UNCTAD STAT.

Comment 3: American “soft power” is declining with its hard power in the last two decades (regardless of the trade war)

Shares of the US in the World



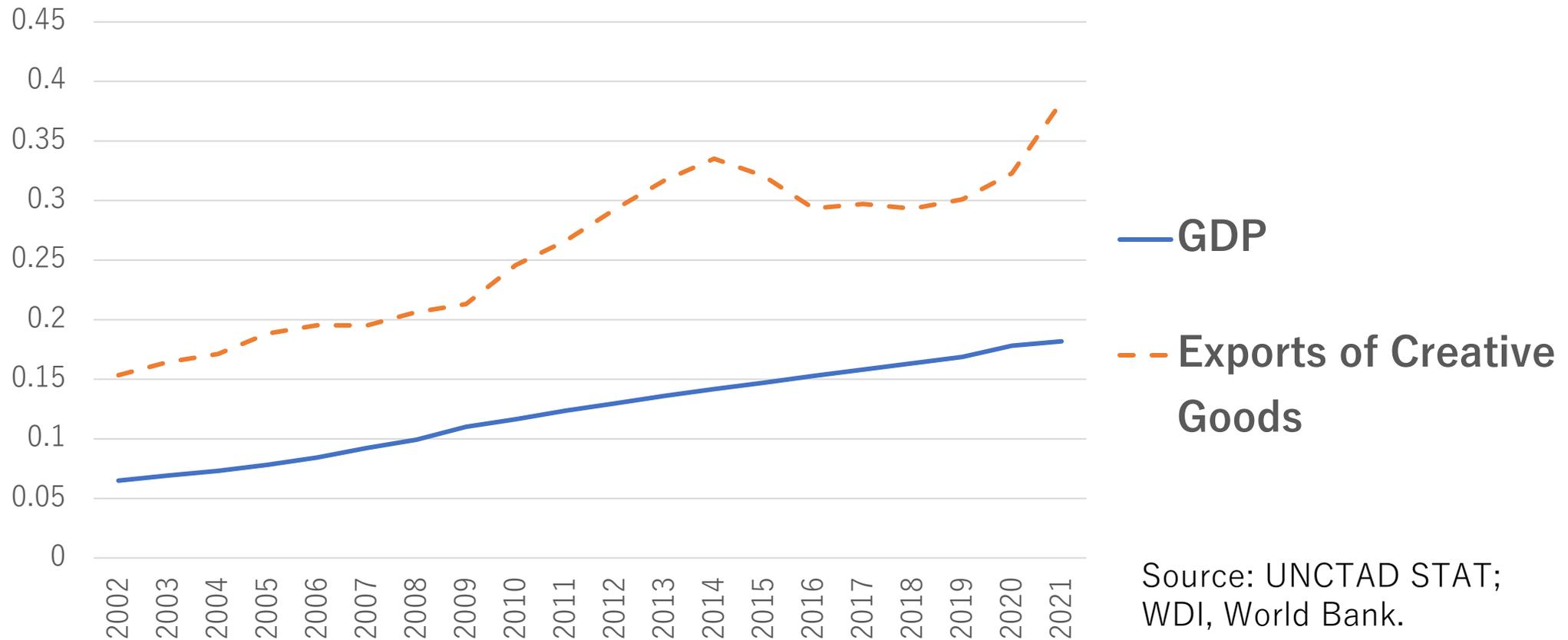
Shares of the US in the World Exports of Creative Goods by Product



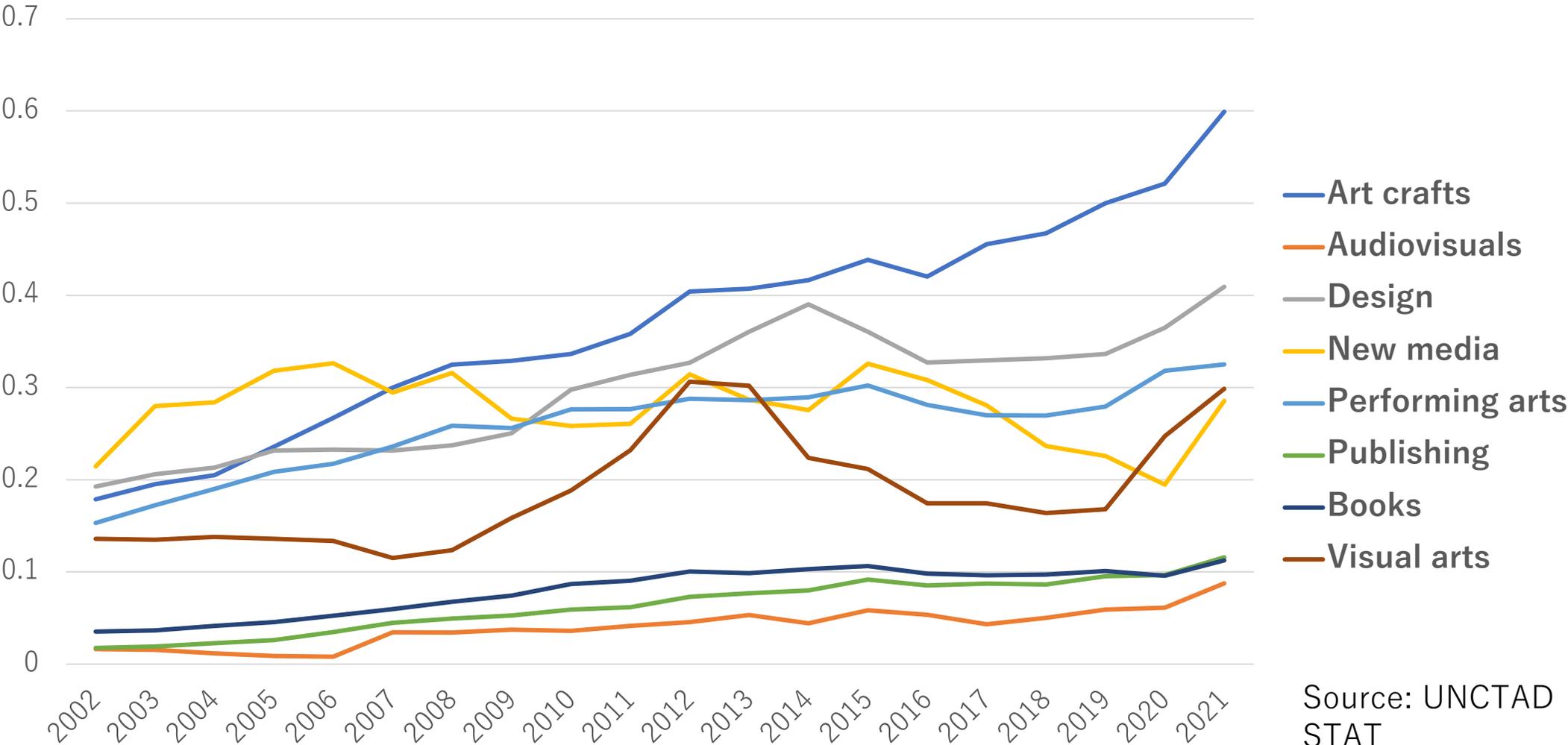
Source: UNCTAD
STAT

In contrast, China's "soft power" is increasing with its hard power, regardless of the trade war

Shares of China in the World



Shares of China in the World Exports of Creative Goods by Product



Source: UNCTAD
STAT