

Macro Roundup Article

Headline: [Xi Jinping's Chinese Tragedy](#)

Article Link: <https://www.project-syndicate.org/onpoint/xi-jinping-china-tragedy-by-orville-schell-and-irena-grudzinska-gross-2023-03>

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Publication	Project Syndicate
Publication Date	March 29, 2023

Tweet: [@orvilleschell](#) argues that business leaders in Europe and the United States are myopic not to move "ferociously in the direction of decoupling, even though that process is neither easy nor welcome" given the risk of war in the Western Pacific.

Summary: My own view is that, whether you are from Blackstone or Morgan Stanley, you would have to be deluded not to see which way the wind is blowing. Despite ongoing reliance on China for many supply chains, deeper economic ties are not in the offing, because such co-dependence now comes with huge geopolitical risks. It is hard to imagine that even Elon Musk, who has made a fortune in China with his Tesla factory, will be able to maintain this success over the long term. China now wants to develop its own electric-vehicle industry, and it does not want to rely on Musk anymore. So, the wind is blowing more and more ferociously in the direction of decoupling, even though that process is neither easy nor welcome. Yes, some US and foreign companies – such as the stalwarts of Germany's auto industry – have not yet reconciled themselves with the new reality. CEOs do not like to countenance gloomy and disruptive scenarios. But all they have to do is look at what has happened in Ukraine. If China were to move against Taiwan, it would make the fallout from the war in Eastern Europe look like child's play.

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Primary Topic: Trade (not deficits)

Topics: China, Op-Ed/Blog Post, Security, Trade (not deficits)

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