Perspective Is the Key to Objectivity – China's Positional Resources and the Power of Industrial Dominance

written by Jack Lifton | August 29, 2026

"A positional resource is a nationally controlled asset or capability whose possession enhances a country's prestige, autonomy, wealth or influence. Overproduction may diminish its value when that value depends on scarcity, but it may strengthen the position of the country that controls the processing, technology and supply chain. China's strategy is not simply to produce more—it is to make the rest of the world dependent on the Chinese industrial system." – **Jack Lifton, Co-Chair, Critical Minerals Institute (CMI)**

Is there not a similarity between the positional goods that the wealthy try to acquire so that they can stand out from the herd and the specialized resources or products of some nations that cause them to stand out among the other nations? In fact, is it not the case that overproduction of **positional resources**, as I have decided to call them, limits the ability of those resources to enhance a nation's prestige, power, or wealth? Are not some of the policies pursued by China today simply an attempt to enhance Chinese prestige through **positional resources**?

There is a strong similarity, with one important complication. I think that the idea of a **"positional resource"** is useful because nations, like individuals, seek assets whose value comes partly from what those assets say about their relative standing.

For an individual, a positional good might be admission to an

elite institution, a rare work of art, or a house in an exclusive location. For a nation, analogous resources might include:

- A space program, aircraft carrier, or domestically produced passenger aircraft
- Leadership in nuclear power, artificial intelligence, quantum computing, or semiconductor fabrication
- Control over critical minerals or an indispensable manufacturing process
- A reserve currency, globally accepted technical standard, or prestigious university system
- The capacity to build infrastructure or supply advanced technology to other countries

These are more than ordinary economic products. They communicate modernity, competence, autonomy, and rank. Some also induce other states to accommodate the country possessing them.

I think that an argument from overproduction is also sound, but it works differently in different cases.

If a resource derives its positional value from **rarity**, increased supply diminishes that value. A national product that becomes commonplace may cease to symbolize exceptional capability. There is also a straightforward economic effect: excess production drives down prices and profits, potentially turning an apparent national triumph into subsidized, low-return activity.

But some **positional resources** derive their value from scale and dominance rather than rarity. Producing vast quantities of solar panels may destroy the scarcity value of an individual solar panel while increasing the strategic position of the country that controls the industry. The same can happen with batteries,

electric vehicles, drones, telecommunications equipment, or processed minerals.

This gives us a useful distinction:

China can eliminate the product's positional value while increasing the positional value of being its dominant producer.

In other words, cheap and ubiquitous Chinese solar panels are no longer prestigious objects. But the ability to supply much of the world's solar equipment may confer prestige, industrial authority, influence over standards, technological learning, and leverage over supply chains. Overproduction reduces **unit-level positionality** while potentially increasing **system-level positionality**.

China's policies can indeed be interpreted partly in this way. Its official industrial strategy calls for China to move from being merely a large manufacturer to being a "manufacturing power," to develop internationally competitive firms and industrial clusters, and to improve its position in global value chains. That language is explicitly relational: success means occupying a higher position compared with other countries.

Projects such as the space program, high-speed rail, the C919 airliner, BeiDou navigation system, electric vehicles, advanced nuclear reactors, AI, and semiconductor development have at least four overlapping purposes:

1. **Economic development:** generating productivity, employment, exports, and technological learning.
2. **Strategic autonomy:** reducing vulnerability to foreign sanctions or supply interruptions.
3. **Structural power:** making other countries dependent on Chinese production, technology, infrastructure, or standards.

4. **Prestige and political legitimacy:** demonstrating that China has overcome its former technological subordination and returned to the front rank of nations.

The Chinese government's current language emphasizes "new quality productive forces," advanced manufacturing, internationally competitive industrial clusters, and technological self-reliance. Its 2025 program, for example, placed both a modern industrial system and greater scientific and technological self-reliance among its principal tasks.

Nevertheless, I would hesitate to say these policies are **simply** attempts to enhance prestige. Prestige is real, but it is interwoven with security, regime legitimacy, domestic growth, and geopolitical leverage. Semiconductor self-sufficiency became much more than a status project once China faced export controls. Electric vehicles and batteries are both symbols of technological modernity and plausible foundations for future industrial income.

I think that overproduction identifies a genuine vulnerability in the strategy. The IMF (International Monetary Fund) has observed that extensive state support and directed credit have helped expand Chinese industrial production even while domestic demand has been relatively weak and capacity utilization has declined.

Overproduction can then:

- Depress prices and corporate profits
- Require continuing subsidies or cheap credit
- Provoke tariffs and foreign industrial countermeasures
- Make the industry look less technologically exclusive
- Convert productive superiority into financially costly excess capacity

But it may still serve a strategic purpose if China is willing to sacrifice profits to capture market share, accelerate learning, establish standards, weaken foreign competitors, or make its production networks difficult to replace.

So I would formulate the proposition this way:

A **positional resource** is a nationally controlled capability, asset, or product whose possession enhances a state's relative prestige, autonomy, wealth, or influence. Overproduction diminishes its positional value when that value depends on scarcity, but may enhance it when positional power derives from market dominance, technological leadership, network effects, or others' dependence.

That distinction makes the concept particularly applicable to China. The crucial question in each industry is not merely, "Is China producing too much?" It is: **Does abundance commoditize China's advantage, or does it make the rest of the world more dependent on the Chinese productive system?**