



RESEARCH ARTICLE

The US-China Trade War: Hard Implications of a Soft War

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Article Info	Abstract
<p>Article History:</p> <p><i>Received:</i> April 12, 2023</p> <p><i>Revised:</i> June 7, 2023</p> <p><i>Accepted:</i> June 20, 2023</p> <p>Keywords: The US, China, Trade war, Soft war, Global Economy, Trade and Tariffs, Made in China 2025</p>	<p><i>The end of the Cold War reinforced the term globalisation, where states became more intertwined economically, tilted towards consolidation of their economic ties. However, great power politics kept in gaining buoyancy in the international relations; resultantly, the United States initiated and later amplified its trade with China. Hitherto, the latter became the second largest trade partner of the former. During the last couple of years, such ties between the two witnessed a turbulent trajectory. However, America under Trump administration, accused China of raping the US economy, being an unfair trade partner, and spattered of becoming a currency manipulator. To minimize and equalize the trade deficit that reached almost 345.6 billion USD in 2019, the Trump administration initiated a unique trade war between the two great economies; consequently, such policy decisions remained one of the hottest issues in international politics. The Trump Doctrine hinged upon America First; and the imposition of strict tariffs on numerous Chinese products, surprised the international commentators and economists. The article intends to probe the strategic context of the US-China Trade War and the implications of such on a global level. It also explores continuity of the same under the Biden administration. It tentatively provided a way forward for both great powers as well.</i></p>

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Introduction – The Strategic Context

Why nations go to war? The latter is the fundamental question hovering the Political Science and International Relations communities, almost endlessly.¹ However, besides number of explanations trying and addressing the structural quagmire, the fundamental question time and again gains buoyancy and rises to the foreground. In this connection, apart from regional and other powers, the relationship between (in bipolar world order) or among (in multipolar system) great powers, is mostly driven by the considerations of war. Perhaps, great powers are fully convinced that “war is simply the continuation of policy by other means.”² Arguably, this “by other means” is the principal factor influencing their respective grand strategies, as it was argued that the latter is a “three-step process” where great powers carefully determine “vital security interests,” “threats to those interests,” and choosing “political, military, and economic resources to protect those interests.”³

The rationale for understanding the grand strategy of great powers pursuing such designs is due to the fact that “grand strategy is a matter involving great states and great states alone.”⁴ However, as great powers shake and shape the international system; consequently, their decisions and actions have global strategic implications. Nonetheless, John J. Mearsheimer argued that “Great powers fear each other. They regard each other with suspicion, and they worry that war might be in the offing.”⁵ A relationship based upon such considerations is dominating the contemporary Sino-American relations, which is likely to gain considerable momentum in the foreseeable future.

However, despite both great powers being rational, the choice and instrument of war emerged to be trade (a pivotal element of national

¹ It was argued that “War is the central problem of international relations.” Please see: William R. Nester, *Globalization, War, and Peace in the Twenty-First Century*, (New York: Palgrave Macmillan, 2010), 27–53.

² Carl von Clausewitz, *On War*, ed. and trans. Michael Howard and Peter Paret, (Princeton: Princeton University Press, 1989), 40.

³ Christopher Layne, “From Preponderance to Offshore Balancing: America’s Future Grand Strategy,” *International Security*, Vol. 22, No. 1, (Summer 1997), 88.

⁴ Williamson Murray, Richard Hart Sinnreich, and James Lacey, eds., *The Shaping of Grand Strategy: Policy, Diplomacy, and War*, (New York: Cambridge University Press, 2011), 1.

⁵ John J. Mearsheimer, *The Tragedy of Great Power Politics* (New York: W.W. Norton & Company, 2001), 32.

economy). Arguably, the latter is one of the most vital securities interests of a great power and threats to it must be countered using either element of a grand strategy i.e., political, military, and economic channels or a combination of such elements. We argue that devoid of hard power and means, such a soft war using soft weapons (economy) likely will have hard implications on a global scale. Historically arguing, great powers are relentless actors striving hard to sustain and improve their comparative position of power in the system.⁶ The prevalence of anarchy and their respective threat perception of other great powers being dangerous, triggers them to realise that “there is no higher authority to come to their rescue when they dial 911.”⁷ Further, they tend to cooperate with other great powers garnering maximum benefits via the international organizations and institutions to strengthen their international standing by gaining relatively. Also, they employ deterrence and various strategies of containment to slow down or limit the relative power capabilities of their competitors.⁸ And, if all the soft means are exhausted without achieving the desired objectives – they tend not to hesitate in waging full scale hard-war, using coercive means. For instance, the per capita income of Wilhelmine Germany in 1913 was more than twice since its unification in the 1870-71.⁹

Also, with the then proposed Berlin-Baghdad Railway mega project, the German economy was poised to grow momentarily.¹⁰ Likewise, endeavouring to turn the economic power into effective military power, and by the virtue of the Second Navy Law (1899-1900), the Imperial German Navy’s Grand Admiral Alfred von Tirpitz attempted to become a truly deep-sea going naval force.¹¹ The Imperial Germany’s enhanced relative power position was a direct threat for the British mastery over the high and deep

⁶ It was argued that great powers use international organizations and institutions to enhance their relative power position. See, John J. Mearsheimer, “The False Promise of International Institutions,” *International Security*, Vol. 19, No. 3, (Winter 1995), 5–49.

⁷ Mearsheimer, *The Tragedy of Great Power Politics*, 33.

⁸ For a detailed account on strategies of containment, please see: John Lewis Gaddis, *Strategies of Containment: A Critical Appraisal of American National Security Policy during the Cold War*, Revised and Expanded Edition, (New York: Oxford University Press, 2005).

⁹ William Engdahl, *A Century of War: Anglo-American Oil Politics and the New World Order*, Revised Edition, (London: Pluto Press, 2004), 12.

¹⁰ Jonathan S. McMurray, *Distant Ties: Germany, the Ottoman Empire, and the Construction of the Baghdad Railway*, (London: Praeger Publishers, 2001), 110.

¹¹ Patrick J. Kelly, *Tirpitz and the Imperial German Navy*, (Bloomington, Indiana, USA: Indiana University Press, 2011), 166–202.

seas.¹² Consequently, such events became one of the major causes for the initiation of the Great War and ended with the decimation of the German Empire when the victorious Allies imposed the Treaty of Versailles in June 1919.¹³

Structurally arguing, the ongoing trade warfare amid the US and China, by and large, is no different than any case of strategic competition or worsening of relations between and among great powers. However, due to progression and the changing character of war and warfare; the doctrine, strategy, and tactics, have greatly transformed and are manifesting in quite many ways. The statecraft of other states sees the growing trade war of two great economies with keen interest. Their mutual trade strife certainly could bring a great deal of ramification for the world's economy and predictably, the US and China trade hostility will continue to escalate in the foreseeable future. The Trump administration in June 2018 imposed a tariff of 10 percent on 200 billion USD worth of Chinese products. China, resultantly, retaliated and imposed a tariff of 25 percent on 50 billion USD worth of American products.¹⁴ Trump further cautioned the Chinese government that it would impose more tariffs if China retaliated.

Trump's Doctrine and Grand Strategy: Illiberal Hegemony?

The Trump Doctrine was pivoted upon the captivating slogans of "Make America Great Again," and "America First."¹⁵ Nonetheless, such manifestos were much like the 1980 electoral motto of Ronald Reagan calling for "Let's Make America Great Again,"¹⁶ and the 1992 Republican candidate Patrick Buchanan's "Make America First Again."¹⁷ However, such catchphrases

¹² Muhammad Ali Baig, "Brexit: Analyzing Britain's Political and Geostrategic Considerations," *Cogent Social Sciences*, Vol. 7, No. 1, August (2021), 1–23.

¹³ Alan Swayze, *The End of World War I: The Treaty of Versailles and Its Tragic Legacy, World War I Remembering the Great War*, (New York: Crabtree Publishing Company, 2014), 5-37.

¹⁴ Allison Carnegie, "Trump's Trade War Escalates: History Shows That Threats Won't Work," *Foreign Affairs*, June 25, (2018), <https://www.foreignaffairs.com/articles/2018-06-25/trumps-trade-war-escalates>.

¹⁵ Donald J. Trump, *Crippled America: How to Make America Great Again* (New York: Simon & Schuster, 2015), 159–69.

¹⁶ Mara Oliva and Mark Shanahan, eds., *The Trump Presidency: From Campaign Trail to World Stage* (Cham, Switzerland: Palgrave Macmillan, 2019), 59.

¹⁷ Face the Nation, "Pat Buchanan in 1992: 'Make America First Again' YouTube, February 4, (2016), https://www.youtube.com/watch?v=qBm7SZ_WjYY.

were analogous to Hitler's historic use of "Great Stab in the Back."¹⁸ In essence, Trump and Hitler spattered the same mantra of blaming others and using nationalism as a cohesive force. However, Hitler could rally the German nation behind him using the dominant single race, while on the other hand, Trump relatively failed in applying the same tactics pitched against the nation of nations. In 1987, long before Trump's ascent to power, it spent almost 100,000 USD on the advertisements of a signed open letter criticising the US grand strategy and argued that "Make Japan, Saudi Arabia, and others pay for the protection we extend as allies."¹⁹ Later, Trump argued in its book *The America We Deserve* (2000) that "we're willing to trade with China, but not to trade away our principles, and that under no circumstances will we keep our markets open to countries that steal from us."²⁰ In 2016, Trump affirmed that "We can't continue to allow China to rape our country,"²¹ and later that year arguably like Buchanan, Trump asserted in 2016 that America First "will be the major and overriding theme of my administration."²² Such endeavours were the precursors of Trump's grand strategic orientation and the early attempts of launching a presidential campaign that was interpreted by American historian Andrew J. Bacevich as "market-testing themes that within a decade would make him President."²³ However, the "America First" approach could not gain strategic acceptance and Gary D. Cohn, the President of the National Economic Council and the then National Security Advisor Lt. Gen. H. R. McMaster, had to exclaim American position in relation to its allies.²⁴ Later in December 2017, McMaster moved to calling Trump's

¹⁸ Adolf Hitler, *Mein Kampf (My Battle)* trans. E.T.S. Dugdale, (Munich, Germany: Franz Eher Nachfolger GmbH, 1933), 127–32.

¹⁹ Ilan Ben-Meir, "That Time Trump Spent Nearly \$100,000 On an Ad Criticizing U.S. Foreign Policy In 1987," *BuzzFeed News*, July 10 (2015), <https://www.buzzfeednews.com/article/ilanbenmeir/that-time-trump-spent-nearly-100000-on-an-ad-criticizing-us>.

²⁰ Donald J. Trump and Dave Shiflett, *The America We Deserve*, (Los Angeles, California: Renaissance Books, 2000), chap. 4.

²¹ "China Accused of Trade 'rape' by Trump," *BBC News*, May 2 (2016), <https://www.bbc.co.uk/news/av/world-us-canada-36185275/china-accused-of-trade-rape-by-donald-trump>; Jeremy Diamond, "Trump: 'We Can't Continue to Allow China to Rape Our Country'" *CNN*, May 2 (2016), <https://www.cnn.com/2016/05/01/politics/donald-trump-china-rape/index.html>.

²² Barry R. Posen, "The Rise of Illiberal Hegemony: Trump's Surprising Grand Strategy," *Foreign Affairs*, Vol 97, No. 2, April (2018), 20.

²³ Andrew J. Bacevich, *The Age of Illusions: How America Squandered Its Cold War Victory*, (New York: Henry Holt and Company, 2020), chap. 5.

²⁴ H. R. McMaster and Gary D. Cohn, "America First Doesn't Mean America Alone," *Wall Street Journal*, May 30 (2017), <https://www.wsj.com/articles/america-first-doesnt-mean-america-alone-1496187426>.

National Security Strategy to be hinged upon “principled realism,” to project a relatively acceptable and rational approach.²⁵ Nevertheless, unlike an effective grand strategy which could have identified the “vital security interests” the subsequent “threats to those interests,” and selecting the “political, military, and economic resources to protect those interests;” Trump’s grand strategy remained passive, ineffective, and failed to articulate its core objectives. Furthermore, it could not get legitimate recognition from analysts, policy practitioners, and academics.²⁶

Why the U.S.-China Trade War?

It was noted that the US initiated the trade war with China due to three reasons; including disappearing of jobs, Chinese illegal trade practices, and its acquisition of high-tech technology²⁷ eroding US national security.²⁸ However, to accentuate the “America first” rhetoric, Trump wanted to reduce trade discrepancy with China and desired to protect the US intellectual property rights. It also contemplated to reduce Chinese investments in the

²⁵ Jamie McIntyre and Travis J. Tritten, “H.R. McMaster: Trump National Security Strategy to Be Based on ‘Principled Realism’” *Washington Examiner*, December 4 (2017), <https://www.washingtonexaminer.com/hr-mcmaster-trump-national-security-strategy-to-be-based-on-principled-realism>.

²⁶ John J. Mearsheimer, “Donald Trump Should Embrace a Realist Foreign Policy,” *The National Interest*, November 27 (2016), <http://nationalinterest.org/feature/donald-trump-should-embrace-realist-foreign-policy-18502>

Constanze Stelzenmüller, “At Last: The Trump Doctrine, Revealed,” *Brookings*, June 5 (2017), <https://www.brookings.edu/blog/order-from-chaos/2017/06/05/at-last-the-trump-doctrine-revealed/>; Stephen M. Walt, “The Global Consequences of Trump’s Incompetence,” *Foreign Policy*, July 18, 2017, <https://foreignpolicy.com/2017/07/18/what-happens-when-the-world-figures-out-trump-isnt-competent-macron-europe/>;

Rebecca Friedman Lissner and Micah Zenko, “There Is No Trump Doctrine, and There Will Never Be One,” *Foreign Policy*, July 21 (2017), <https://foreignpolicy.com/2017/07/21/there-is-no-trump-doctrine-and-there-will-never-be-one-grand-strategy/>;

Jeffrey Goldberg, “A Senior White House Official Defines the Trump Doctrine: ‘We’re America, Bitch’” *The Atlantic*, June 11 (2018), <https://www.theatlantic.com/politics/archive/2018/06/a-senior-white-house-official-defines-the-trump-doctrine-were-america-bitch/562511/>; Iain Rogers, “Germany Seeks Japan Alliance to Counter Trump’s America First” *Bloomberg*, July 25 (2018), <https://www.bloomberg.com/news/articles/2018-07-25/germany-seeks-japan-alliance-to-counter-trump-s-america-first>.

²⁷ Sun Haiyong, “U.S.-China Tech War: Impacts and Prospects,” *China Quarterly of International Strategic Studies* Vol. 5, No. 2 (2019), 197–212.

²⁸ Tao Liua and Wing Thye Woo, “Understanding the U.S.-China Trade War,” *China Economic Journal*, Vol. 11, No. 3 (2018), 319–40.

American sensitive high technology sector and asked it to allow the US massive investments in China, while removing trade barriers for the purpose of reducing the trade deficit. Trump's intentions of doing trade with China are not revered by economic experts who are of the view that its approach has a radical departure.²⁹ The US, since the start of trade ties with China, has tried to coerce it to win the economic and political leverages. The trade ties between them became more fascinating in 1979, when the US granted China short-term tariff reduction called "most favoured nation." Hitherto, the US granted many concessions to China, in terms of reducing restrictions of weapons proliferation, worse human rights conditions, and to cut tariffs on the US products. The US had threatened China that it would re-impose high tariffs having harsh polices against China, provided that the juncture did not bear fruitful results. The US President George Bush in 1990 assessed that its country had not accomplished the anticipated objectives; nonetheless, raising tariff discouraged bilateral trade and investment.³⁰

In the contemporary times, imposing tariffs on Chinese products could cause further damage to the US economy as the US reliance on China is increasing by leaps and bounds. Today, China contributes approximately 15 percent to the global economy.³¹ Alienating China would not be in the national interest of any state of the world, especially the US. It is worthy to note that the Chinese government did pressurise the Trump administration. The Chinese government, in the foreseeable future, by following the Canadian path, might ask the US government to reassess its tariff imposition. Beijing in response to Washington has created its own counter demand and made its tariff policy clear against the US. Surprisingly, the US trading partners have been decreasing their dependence on the US markets to reduce its leverage over them in the future.³²

The effect of Covid-19 is greatly sensed by both America and China, and it will continue to cast its shadow in the foreseeable future. Consequently, the pandemic has augmented the spirit of nationalism in both powers. It is to be remembered here that nationalism is a non-structural factor; nonetheless,

²⁹ Carnegie, "Trump's Trade War Escalates: History Shows That Threats Won't Work."

³⁰ Wayne M. Morrison, "China-U.S. Trade Issues" (Washington, D.C., United States of America: Congressional Research Service, July 30 (2018), <https://crsreports.congress.gov/product/pdf/RL/RL33536>.

³¹Morrison, "China-U.S. Trade Issues" (2018), <https://crsreports.congress.gov/product/pdf/RL/RL33536>.

³² Morrison, "China-U.S. Trade Issues" (2018).

“Nationalism is probably the most powerful political ideology in the world, and it glorifies the state.”³³ The spirit of nationalism is also an important aspect behind the US-China trade war.³⁴

US-China Trade War: Why Hard Implications of a Soft War

It would be rather too naïve to expect soft implications of a soft war. History reveals that it is not the first time that the US is fighting a trade war against China. The Open-Door Policy spearheaded by John Hay (US Secretary of State) in 1889 can be interpreted as the very first attempts made by Washington to secure exclusive trade rights vis-à-vis Beijing (Peking).³⁵ The said policy was also a deliberate attempt of forming an anti-China coalition involving European colonial powers. It is worth noting that the implications of such “soft” actions did not result in soft outcomes and became one of the variables which culminated at the Xinhai Revolution of 1911. It is to be remembered here that the Chinese Paramount Leader Mao Tse-tung referred to that era spanning from 1839 till its independence in 1949 as the “Century of Humiliation.”³⁶ And such policies were the driving force behind the creation of Communist Party of China (CPC) in 1921, and later the formation of People’s Liberation Army (PLA) in 1927.³⁷ Arguably, the US Open-Door Policy is a permanent aspect of Chinese collective memories and psychology, and a part and parcel of its strategic history and culture.³⁸

Chinese Economic Growth and Technological Power: A Perceived Threat to the US Economy

Former President Trump was willing to negotiate and compromise on trade loss with the European Union and Mexico; however, it was surely reluctant to do the same with China. It was cognizant of the impacts of considerable

³³ Mearsheimer, *The Tragedy of Great Power Politics*, 335-365.

³⁴ Brandon M. Boylan, Jerry McBeath, and Bo Wang, “US–China Relations: Nationalism, the Trade War, and COVID-19,” *Fudan Journal of the Humanities and Social Sciences*, Vol. 14, No. 1 (2021), 23–40.

³⁵ Andrew J. Bacevich, *American Empire: The Realities and Consequences of U.S. Diplomacy*, (Cambridge: Harvard University Press, 2002), 25.

³⁶ Rebecca E. Karl, *Mao Zedong and China in the Twentieth-Century World: A Concise History*, (London: Duke University Press, 2010), 2.

³⁷ Franz Schurmann and Orville Schell, *Republican China: Nationalism, War, and the Rise of Communism 1911-1949*, (New York: Vintage Books - Random House, 1967), 88–117.

³⁸ For a detailed account on psychological and strategic history, please see: Baig, “Brexit: Analyzing Britain’s Political and Geostrategic Considerations,” 1–23.

trade deficit with China. The White House's economic policy team remained dubious regarding trade with China. They perceived that the US trade discrepancy was not the sole problem, rather China's economic structure, which was disadvantageous to foreign investors in many ways, favoured China considerably. For them, China distorted business competition in its favour. Trump was also determined to counter the Chinese "Made in China 2025" (MIC 2025) initiative aimed at consolidating Chinese industrial sector as one of the best in the world. The administration was wary of the said initiative that could pose a grave danger to the US global fiscal dominance. A well reputed US observer argued that the MIC 2025 posed a "real existential threat to the US' technological leadership."³⁹ The Trump administration remained obsessed with eroding Chinese economic and technological ascendancy. The growing Chinese investments in the technology sector in the US have been scrutinised by its government agencies to curtail Chinese industrial espionage. It later invoked the clause of the US Trade Act of 1974 imposing tariffs on import from China for the purpose of curbing its economic influence.⁴⁰

The MIC 2025 initiated by China's State Council in May 2015 was poised to modernise Chinese economy, making innovations to expedite its economic growth, and was envisaged to enable China as one of the leading manufacturing powers of the world. Most importantly, the initiative was aimed to improve labour productivity and obtaining advanced technology via state-directed investment funds. It contained nine priority tasks: (1) to integrate technology and industry; (2) to improve manufacturing innovation; (3) to flourish the Chinese brands; (4) to strengthen the industrial base; (5) to promote development in 10 key sectors; (6) to enforce green manufacturing; (7) to promote service-orientated manufacturing; (8) to internationalise manufacturing; and (9) to advance restructuring of the manufacturing sector.⁴¹ Consequently, such ambitious objectives triggered the US exceedingly concerned about Chinese upcoming advancements in science and technology. In this connection, Robert Lighthizer (US Trade

³⁹ Yuwa Hedrick-Wong, "The U.S.-China Trade War and Global Economic Dominance," *Forbes*, September 11 (2018), <https://www.forbes.com/sites/yuwahedrickwong/2018/09/11/the-u-s-china-trade-war-and-global-economic-dominance/>.

⁴⁰ Wong, "The U.S.-China Trade War and Global Economic Dominance" (2018).

⁴¹ "USTR Issues Tariffs on Chinese Products in Response to Unfair Trade Practices," *Office of the United States Trade Representative*, June 15 (2018), <https://ustr.gov/about-us/policy-offices/press-office/pressreleases/2018/june/ustr-issues-tariffs-chinese-products>.

Representative) stated that “China’s government is aggressively working to undermine America’s high-tech industries” and was encouraging unfair trade practices and policies like the MIC 2025.⁴²

Intellectual Property Piracy

The much-hyped intellectual property piracy in China has brought the US in a quandary. A strategist from *Ameriprise Financial*, David Joy, argued that instead of trade war with China, forced technology transfer is the biggest issue.⁴³ On the other hand, the US lawmaker Chuck Schumer, criticized the former Trump administration for going weak on China. Schumer made satirical comments and vehemently stated that “China’s trade negotiators must be laughing themselves all the way back to Beijing” since, they fooled Americans by stealing its technological superiority.⁴⁴ Thus, the US policy makers assume that the MIC 2025 will not only reduce the Chinese dependence on foreign technology but will also make it a dominant global player as far as science and technology is concerned. The critics hypothesize that the Chinese government will thoroughly be involved in giving financial assistance to its corporates as well as entrepreneurs involved in the plan through polices including (1) unfair licensing requirements; (2) forced technology transfer; (3) obtain US trade secrets by cyber-theft; and (4) efforts to gain the US technology.⁴⁵

China’s private consumer’s expenditure is increasing at an average rate of almost 14 percent annually in the last ten years, which is a little less than five times faster than that of the US Trump’s trade dispute with China brought Europe and Asia closer to Beijing in speeding up their economic ties.⁴⁶ The Europe and Asian closer economic ties saw an increasing

⁴² Ibid.

⁴³ Robert D. Atkinson, “The Impact of International Technology Transfer on American Research and Development,” *Information Technology & Innovation Foundation*, December 5 (2012), <https://www2.itif.org/2012-international-tech-transfer-testimony.pdf>.

⁴⁴ Tao Liu and Wing Thyee Woo, “Understanding the US-China trade war,” *China Economic Journal*, 329. ; Cory Bennett and Bryan Bender, “How China Acquires ‘the Crown Jewels’ of U.S. Technology,” *Politico*, May 22 (2018), <https://www.politico.com/story/2018/05/22/china-us-tech-companies-cfius-572413>.

⁴⁵ Bennet & Bender, “How China Acquires ‘the Crown Jewels’ of U.S. Technology,” 320.

⁴⁶ Peter Landers, “Japan and Germany Find Common Ground Opposing Trump on Trade,” *Wall Street Journal*, July 25 (2018), <https://www.wsj.com>

consolidation in the last decade. Regionalism, in this regard, also seems to be reinforcing its foothold. Trump by pulling out of the Trans-Pacific Partnership (TPP) did set the trajectory to Comprehensive and Progressive Agreement for TPP.

Consequently, China and Japan, not relying too much on the US, could now be interested in mending their ties. In the absence of the US in Regional and Comprehensive Economic Partnership, China is the best avenue for Asian economic integration. Arguably, Trump's isolationist foreign policy greatly backfired and contributed towards making Asia the global economic centre of gravity.⁴⁷ Meanwhile, Trump triggered the trade war with China as a strategic play to curtail Chinese development to "Make America Great Again". The same method was espoused in the 1980s by the then US President Ronald Reagan in defeating the Japanese economy. The US made Japanese economy sluggish and benefited massively in regaining its market and competitiveness. Today, the US by repeating the 1980s episode, is trying to deter the improved Chinese innovation and its growing competitiveness. Apparently, Trump hoped to pursue Reagan's trajectory, to keep fiscal gap between China and the US.⁴⁸

Growing US-China Trade War: Ramifications for the World Economy

The trade war amid the two great economies of the world likely will have huge implications for the US and China including their respective allies and partners. Trump remained obsessed with protectionist policies and remorselessly ignored the damage it caused to the US economic interests and the preferences of its trade partners. As a result, the Chinese and American trade partners are sceptical of the US' protectionist policies. Trump underestimated the value of the US companies in China. It was also concerned about the role of the *World Trade Organization* (WTO), blaming for not playing its decisive role. A former Swedish ambassador to China, Börje Ljunggren, said that both the US and China can resolve the trade war easily

[/articles/japan-and-germany-find-common-ground-opposing-trump-on-trade-1532519287.](#)

⁴⁷ Astrid H. M. Nordin and Mikael Weissmann, "Will Trump Make China Great Again? The Belt and Road Initiative and International Order," *International Affairs*, Vol. 92, No. 4 (2018), 231–49; Tao Liu and Wing Thyee Woo, "Understanding the US-China trade war," *China Economic Journal*, Vol. 11, No. 3 (2018), 319-340.

⁴⁸ Zhen Ni, "Why the US Started a Trade War with China," *Global Times*, April 9, 2018, <https://www.globaltimes.cn/content/1097114.shtml>.

without causing damage to each other. It asserted that “China is the great winner from globalisation but remains a party-state characterised by extensive government interventions in the economy, facing growing demands from advanced economies for reciprocity in terms of trade and foreign investment and respect for intellectual property rights. Ultimately, the western world must put its own house in order and show competitiveness.”⁴⁹ Undoubtedly, a trade war between the two great economies could expedite Gross Domestic Product (GDP) losses for both the states. Due to the trade war and the Covid-19 pandemic, it was estimated that China’s GDP growth rate could fall by 1 percent, while America could suffer a reduction of less than 1 percent. Australia, the closest Pacific ally of the U.S., was estimated to witness a reduction of 0.5 percent GDP growth rate. The GDP of China, US, and Australia would not have been plummeted, had there been no trade war amid the US and China. Consequently, after four years the European Union (EU) is estimated to witness 0.37 percent loss to its GDP.⁵⁰

Therefore, this paper suggests that both states trade differences would cause a massive injury to the world economy. Traditional modelling perceives that a full-blown trade war is likely to enter world economies in recession. It was noted that “the trajectory of world GDP ends up being around 3.8% lower with an all-out trade war.”⁵¹ Meanwhile, KPMG Australia’s economics modelling suggested that in the coming five years or so, China’s GDP could be around 5.5 percent lower. And the loss of the US’ GDP is 4.6 percent which would be relatively less than China. Most importantly, it will take a decade for the US to recover from pre-trade war dilemma. KPMG Australia’s economics modelling estimates that the EU’s economy would also be affected by the trade war with the loss of 2 percent to its GDP. According to KPMG modelling, the Australian GDP will be lower to 2.4 percent in next five years and the “present value of Australia’s real GDP losses over a decade is estimated at a \$364 billion.”⁵²

⁴⁹ Börje Ljunggren, “The US-Chinese Trade War Begins,” *YaleGlobal Online*, September 25 (2018), <https://archive-yaleglobal.yale.edu/content/us-chinese-trade-war-begins>.

⁵⁰Brendan Rynne, “Trade Wars: There Are No Winners,” *KPMG Economics & Tax Centre*, August (2018), <https://assets.kpmg/content/dam/kpmg/au/pdf/2018/trade-wars-no-winners.pdf>.

⁵¹ Ibid.

⁵² Rynne, “Trade Wars: There Are No Winners.”

The US-China Trade War and Strategic Distrust

The growing trade war between the two economic giants is generating strategic distrust, and disturbing trade and WTO rules. James Politi, in this regard noted that a geo-political war between them seems to be emerging in which both states try to conquer global technological leadership. Trump blamed China and said that its triumph in economy revolves around stolen technology, cyber theft, and unfair commercial practices. The US is worried about China's considerable headway in technological advancement. Consequently, the US assumed that WTO does not play its significant role in curbing China's technological development. Trump also threatened that the US would withdraw from the WTO. John Bolton, Trump's former National Security Advisor, argued that "[The] US exit from the WTO as a strategic goal though Congress does not support such action. China, on its part, seeks WTO backing."⁵³

China, on the other hand, countered Trump's protectionist policy and imposed tariff on the US products. The US total export to China is approximately 140 billion USD. China in retaliation put 60 billion USD tariff on the 110 billion USD products. The more Trump espoused protectionism, the more it was confronted with the Chinese retaliation. Arguably, their economic ties will see foreseeable ups and downs and strategic distrust in the years to come.⁵⁴ Their mutual trade war is also having an impact on the global economy. Predictably, 5 percent of global economy will be affected, if the US materialises threats made by it.⁵⁵ An Italian economist Bini Smaghi argued that the trade strife of two economic giants is detrimental to the world economy, both economic giants need to find out the way to resolve trade differences, before it could cause spillover effects and slows down the global growth. The chairman of the *SocGen*, the Paris-based banking giant warns that if the trade war of those gets worse, the whole economy of the world likely will slow down. Thus, the US one of the closest allies of Australia, bothered with trade war of two great economies and said that their growing tug of war in economy would pose a massive threat to the world economy. Steven Ciobo, Australian trade minister says such trade tussles would do nothing except enfeebling economies and hurting the global growth. Ciobo by complimenting the Chinese absolute gain approach said that China had a

⁵³ Ljunggren, "The US-China Trade War Escalates, Putting Both Economies at Risk,"

⁵⁴ Ibid.

⁵⁵ Ibid.

reengagement, pro-trade foreign investment agenda.” He further reiterated that it was better for China and good news for Australia.⁵⁶

India, another close ally of the US is in perplexity by virtue of the US-China trade rivalry. The Indian economy cannot escape the implications of such a trade war. Trump’s threat of imposing tariff of 200 billion USD on Chinese exports likely will weaken the US dollar, creating negative impacts on trade deficit of India. The prevailing trade rivalry of Indian trade partner with China is having a great deal of negative impacts on the Indian stock markets. The US imposition of duties on aluminium and steel resulted in India paying 241 million USD of tariffs to the US.⁵⁷

Japan, meanwhile, also has certain reservations over the trade tussle of two economic giants. Its economic interdependence on the US and China and their trade war keeps Japanese policy makers in a quandary. Japan desires to keep its supply and chains uninterrupted depending largely on the US and China. Moyuru Baba, *Nikkei* staff writer viewed that “Japanese companies are especially vulnerable to a slump in trade, with many shipping materials and industrial equipment throughout the world. After the collapse of Lehman Brothers, none of the leading countries suffered as much as Japan in terms of the drop in industrial output.”⁵⁸ Tokyo has deep reservations over Trump’s protectionist policy as it categorically said that Japan, China, as well as Mexico were ripping America. The US withdrawal from TPP further depended on consternation of Tokyo. Japan now is extra cautious of Trump’s retaliation policy of tit-for-tat towards China. Japan believes that it is the only economy that brings cooperation between the US and China, and the trade war is likely to pave the way for security threats. Weakening of their trade relations will consolidate Beijing’s stance to challenge the US supremacy that Tokyo never wants to happen.⁵⁹

⁵⁶ Catherine Wong, “Trade War between US and China Threat to Global Economy, Says Australian Trade Minister,” *South China Morning Post*, March 2 (2017), <https://www.scmp.com/news/china/diplomacy-defence/article/2074185/trade-war-between-us-and-china-threat-global-economy>.

⁵⁷ Gagan Singla, “The US-China Trade War and Its Possible Economic Impact on India,” *Your Story*, August 2 (2018), <https://yourstory.com/2018/08/us-china-trade-war-impact-india/amp>.

⁵⁸ Ali Wyne, “Japan Will Have to Adapt to Protracted U.S.-China Economic Tensions,” *Kyodo News*, September 18 (2018), <https://english.kyodonews.net/news/2018/09/9530fc754b8b-opinion-japan-will-have-to-adapt-to-protracted-us-china-economic-tensions.html>.

⁵⁹ Wyne, “Japan Will Have to Adapt to Protracted U.S.-China Economic Tensions.”

However, American economists are not in favour of protectionist policies of Trump; 15 Nobel Laureates and 1,100 economists signed an open letter to Trump and cautioned him not to repeat the protectionist measures of the 1930s. Under current juncture, the US depends more on trade and supply chains than ever before. Retaliation policies of both states would prove to be counterproductive. Reciprocal impositions of tariffs by the US and China will approximately cause a loss of 134,000 American jobs and the net income of the American farmer will fall by 6.7 percent accordingly.

Another devastating dilemma that seems to emerge from this trade war is that China strives to be less dependent on the US economically. Alternatively, it can be argued that the less China is dependent economically on the US, the more it can challenge the US hegemony. Both the states have already been at daggers drawn on many international issues such as the events happening in the South China Sea, statuses of Taiwan and North Korean. The trade war will further deepen the divergence of interest. China by countering the US economic ascendancy has initiated Asian Infrastructure Investment Bank (AIIB) and has embraced revisionist posture in the foreseeable future. It should be inculcated by leaders of both states that short-term trade tension is likely to generate long term ramifications for global economy.⁶⁰

Malaysia and Singapore, the US closed trade partners, are not immune to the trade rivalry having direct and indirect effects on their respective economies. Direct effect will reduce in trade volumes, while “indirect effects factor in how demand for inputs into the affected products would change and the shifts in incomes and spending associated with these changes.”⁶¹ The Asian Development Bank (ADB) believes that the imposition of tariffs by the two economic giants will result in redirecting trade to other countries calling it as “trade division.” The US and China are mostly imposing tariffs on trade obtained from other countries. Their trade war one way or the other enfeebles economies of Malaysia and Singapore.

Economists, on the other hand, using the term top-down macro models forecast that the growth rate of the US, China, and the world will reduce by 0.5-1.0 percent, 1-1.5 percent, 0.3-0.5 percent, respectively. Worryingly, the ADB has made a bottom-up analysis of tariff war between the US and China and said that Malaysia had lost 0.3 percent of GDP by virtue

⁶⁰ Ali Wyne, “The Greater Danger of US-China Trade Tensions,” *The Diplomat*, May 9 (2018), <https://thediplomat.com/2018/05/the-greater-danger-of-us-china-trade-tensions/>.

⁶¹ “ASEAN Focus” January (2019), <https://think-asia.org/handle/11540/9505>.

of tariffs and would gain a net 0.02 including diversion, and Singapore had lost 0.02 percent of its GDP and would obtain 0.03 with trade diversion. The US-China Trade War is setting the path to geopolitical rivalry in the region by increasing costs and decreasing productivity resulting in stopping long-run global growth. The trade war cannot merely be confined to these two countries, but the entire region would be engulfed by its implications.

The more there would be escalation of trade war between the US and China, the more Malaysia and Singapore will suffer.⁶² If the US and China trade war gets out of control, it will cause inconvenience in supply and distribution chains. Resultantly, the US consumer will have to pay double for buying made in America products, which would be more expensive than that of China. The US, therefore, will have to look for a new avenue to find cheaper items. The US and China's interests would also be at stake as it would affect Chinese export manufacturing that largely depends on foreign investments. In other words, it is safe to assume that the growing trade rivalry could also result in a transition from cooperative game to non-cooperative game in international trade triggering "prisoner's dilemma" where both states obsession with their self-interest could cause further damage to global economy.⁶³

Biden: The Trade War Continues

A Chinese entrepreneur Eric Li argued that "in America you can change political parties, but you can't change policies; in China you cannot change the party, but you can change policies."⁶⁴ This observation made by a Chinese intellectual seems to be manifesting in the ensuing trade war between China and the US. Initially, it was noted that Biden downplayed the China threat by arguing that "China is going to eat our lunch? Come on, man;"⁶⁵ however, its

⁶² Ibid.

⁶³ Siby M, K. and Arunachalam P., The US-China Trade Competition: An Overview, *University Library of Munich, Germany*, June (2018), <https://ideas.repec.org/p/prs/mprapa/87236.html>.

⁶⁴ *The Coming War on China*, DVD, Documentary (Dartmouth Films, 2016), <https://www.imdb.com/title/tt6197028/>.

⁶⁵ Adam Edelman, "Biden's Comments Downplaying China Threat to U.S. Fire up Poles on Both Sides," *NBC News*, May 2 (2019), <https://www.nbcnews.com/politics/2020-election/biden-s-comments-downplaying-china-threat-u-s-fires-poles-n1001236>.

“campaign has grown increasingly hawkish over time.”⁶⁶ Later, Biden proposed a new foreign policy devoid of Trump’s legacy, especially the US-China Trade War.⁶⁷ Nonetheless, the dichotomy between a commentator and a practitioner became evident when President Biden participated in the G7 summit at the United Kingdom in June 2021 and together they labelled China as dangerous and untrustworthy. Indeed, it is unfortunate that instead of adopting a prudent course of action, President Biden has chosen Trump’s irrational path vis-à-vis China.⁶⁸

Analysis and Afterthought

The US hasty withdrawal from Afghanistan paved the way for the capturing of Kabul by Taliban forces on August 15, 2021.⁶⁹ The withdrawal and the Taliban takeover of Kabul engrossingly have triggered an intriguing International Relations debate. Indeed, it was a watershed moment when an indigenous force capable of waging asymmetric and guerrilla warfare could not be overpowered by a much superior fighting force that was capable enough in conventional, unconventional, and non-conventional realms. The US withdrawal can be reckoned as a strategic failure and a humiliating defeat; nonetheless, it can be considered as a strategic move of the US. It is to be remembered here that great powers adapt themselves according to the developing international scenario, as they shake and shape the international system. It is worth mentioning here that during the Cold War, the US defeat in Vietnam in April 1975 was also exaggerated.⁷⁰ However, it is pertinent to note that the Cold War ended with the defeat and break-up of the Soviet Union, and the US arisen as the sole superpower.⁷¹ Arguably, great powers are certain in their tenacious objectives. The irresponsible and hasty US

⁶⁶ Stephen M. Walt, “Everyone Misunderstands the Reason for the U.S.-China Cold War,” *Foreign Policy*, June 30 (2020), <https://foreignpolicy.com/2020/06/30/china-united-states-new-cold-war-foreign-policy/>.

⁶⁷ Joseph R. Biden, Jr., “Why America Must Lead Again: Rescuing U.S. Foreign Policy After Trump,” *Foreign Affairs*, Vol. 99, No. 2, April (2020), 64–76.

⁶⁸ Muhammad Ali Baig and Syed Sabir Muhammad, “Trump’s False ‘Realism,’” *International Bulletin of Political Psychology*, Vol. 20, No. 1 (2020), 1–19.

⁶⁹ Michael Kugelman, “Pakistan’s Friendship with the Taliban Is Changing,” *Foreign Policy*, September 13 (2021), <https://foreignpolicy.com/2021/09/13/pakistan-taliban-ties-afghanistan/>.

⁷⁰ Spencer C. Tucker, ed., *The Encyclopedia of the Vietnam War: A Social, Political and Military History*, Second Edition, (Santa Barbara, California: ABC-CLIO, LLC. 2011), 1195–98.

⁷¹ Charles Krauthammer, “The Unipolar Moment,” *Foreign Affairs*, Vol. 70, No. 1, (1991-1990), 23–33.

withdrawal is a part and parcel of great power competition in which the US likely will leave no stone unturned to contain the rising China.⁷² However, perhaps the history would decide whether the US withdrawal was retention, retreat, or a defeat. In the containment of China, the US, by and large, has reassessed its strategy. In January 2019, Robert Kaplan argued that the US was poised to spend 45 billion USD annually in Afghanistan.⁷³ Arguably, following the withdrawal in 2021, the US likely will be saving the 45 billion USD and hitherto, the amount is prognosticated to be consumed in the Asia-Pacific region where the threats of China loom over the US interests.

Why AUKUS is in the International Focus?

The AUKUS is a one-of-a kind securities agreement signed between Australia, the United Kingdom (UK), and the US (hence the name AUKUS) on September 15, 2021 (exactly a month after the withdrawal).⁷⁴ The pact is a tangible testimony that Washington has shifted its policy from Kabul to the Asia-Pacific region. Engrossingly, the AUKUS is likely to grant Canberra with intelligence sharing and supplying surreptitious technology to build nuclear powered submarines. The provision of nuclear-powered submarines to Australia is aimed at countering China in the region; however, such a move is likely to cause a Cold War in the Asia-Pacific. Against this backdrop, the US policies and its military-industrial complex is likely to initiate a new Cold War with China that “will continue to lock in place the power of the US military-industrial complex and squander trillions more on wasteful and unnecessary military programs designed to benefit American corporations rather than defend the actual security of actual American citizens.”⁷⁵

⁷² Muhammad Ali Baig, “Why the Rising China Needs Alliances,” *Asian Journal of Comparative Politics*, Vol. 7, No. 4 (2022), 1095–1114, doi:10.1177/2057891120965712.

⁷³ Robert D. Kaplan, “Time to Get Out of Afghanistan,” *The New York Times*, January 1 (2019), <https://www.nytimes.com/2019/01/01/opinion/afghanistan-war-american-troops-withdraw.html>.

⁷⁴ “Remarks by President Biden, Prime Minister Morrison of Australia, and Prime Minister Johnson of the United Kingdom Announcing the Creation of AUKUS,” *The White House*, September 15 (2021), <https://www.whitehouse.gov/briefing-room/speeches-remarks/2021/09/15/remarks-by-president-biden-prime-minister-morrison-of-australia-and-prime-minister-johnson-of-the-united-kingdom-announcing-the-creation-of-aukus/>.

⁷⁵ Andrew J. Bacevich, *The Age of Illusions. How America Squandered its Cold War Victory*, (New York: CiNii Books, 2020), 101; Anatol Lieven, “Vindicating Realist Internationalism,” *Survival: Global Politics and Strategy*, Vol. 63, No. 5, November (2021), 10.

It is *fait accompli* that the US is embroiled in generating obstacles for China in its periphery. The US *Department of Defense's* global posture review in East Asia asserted that Washington is eagerly trying to enhance its military posture cementing ties with Japan, South Korea, and the disputed island known as Taiwan. The growing clout of the Quadrilateral Security Dialogue (Quad) comprises of the US, India, Japan, and Australia; and Australia, New Zealand, and US (ANZUS); are among the security alliances aimed to contain the rising China. The new episode of the hasty withdrawal is attributed to creating troubles in turbulent Afghanistan in China's West and North-West. The presence of numerous armed groups in Afghanistan is likely to create instability in China's West and Afghanistan might become a safe haven for such violent Actors Other Than State (AOTSS) posing a grave threat to China. However, Chinese leadership seems to be struggling and coping with terrorism and extremism and is fully cognizant of the threats originating from Afghanistan. The Chinese chief Afghanistan expert, Zhao Huasheng, in this regard, argued that "To a great extent, Xinjiang's security and stability are the starting point for China's Afghanistan policy."⁷⁶

The Doha Agreement, appeasing and releasing Taliban, the tumultuous US withdrawal, and the subsequent sudden seizure of Kabul are some unparalleled events in international relations. Then supposing the Taliban to fulfil the promises of respecting human rights is past one's understanding. The US too failed to honour its commitments made with the people of Afghanistan; it invaded the country in 2001 in the name of installing a democracy and rebuilding a country – under its pseudo messianic role of American Exceptionalism.⁷⁷ It is observable that there is no democracy in Afghanistan and the country is plunging into further destruction, likely to become a centre of extremism and terrorism. An unstable Afghanistan in China's near abroad certainly would aid the US interests. Realistically speaking, the US hurried departure is a part of great power rivalry where the ruling US is looking forward to entangling the rising China in militancy

⁷⁶ "China's Afghanistan Dilemma: What's Bad for Washington Isn't Necessarily Good for Beijing," *The Economic Times*, September 15 (2021), <https://economictimes.indiatimes.com/news/international/world-news/chinas-afghanistan-dilemma-whats-bad-for-washington-isnt-necessarily-good-for-beijing/articleshow/86202331.cms?from=mdr>.

⁷⁷ Syed Sabir Muhammad and Muhammad Ali Baig, "Exceptionalism in US Foreign Policy: A Case Study of ISIS," *IPRI Journal*, Vol. 19, No. 1, (Winter 2019), 128–46.

resulting in enfeebling the former strategically, especially in politico-economic dimensions.

The Tentative Way forward to Overcome the Trade War

The Bretton Woods System built in 1944 by delegates from 44 countries at the United Nations Monetary and Financial Conference was held in Bretton Woods, New Hampshire, US⁷⁸ The purpose of these institutions was to flourish capitalist economy based on win-win situation or absolute gains. The US under current circumstances, being a law maker has become the law breaker, challenging the neo-liberal economy, imposing tariffs on Chinese exports. The US needs to implement principles of Breton Woods System in letter and spirit. Factually, states are more intertwined economically than before and the era of globalisation ushers the path to further economic developments. The trade war cannot be confined merely to these two states; rather it would cause a massive injury to the international economy. Thus, the US-China trade confrontation is neither in the best interest of two giant economies, nor of the world. In this regard, the following tentative way forward is presented.

- Both states ought to avoid protectionist policies, economic nationalism.
- If every state follows Trump's "America First" approach in prevailing globalised world, there would be likelihood of crippling of the world economy.
- It is crystal clear that in neo-liberal economy, a permanent economic power is simply out of the question, there would always be fluctuation in the status of dominant economic powers. China an emerging economic power will not remain economic power forever. China in future might also be replaced by other emerging economies of the world.
- The Chinese Belt and Road Initiative (BRI) is one of the largest development projects in recent history. The Chinese approach in BRI is an inclusive one. The US, therefore, needs to set the precedent of an inclusive approach rather than an exclusive one.

⁷⁸ James Chen, "Bretton Woods Agreement and System" *Investopedia*, April 28 (2021), <https://www.investopedia.com/terms/b/brettonwoodsagreement.asp>.

- Both China and the US, instead of blaming each other and imposing tariffs against each other's exports, should resolve their differences through negotiation.
- Both should take the responsibility as protectors of the world economy.
- It is incumbent on Chinese government to reduce approximately 345.6 billion USD of trade deficit with the US to win the confidence of the Biden administration.
- China being the furthestmost populated country of the world, having 22 percent of the total world population needs to strengthen its per capita income to buy its own products that will ultimately reduce its dependence on the US.
- The US has alleged China of being a currency manipulator. Manipulating currency is an inappropriate precedent to be set by China. Thus, China needs to avoid currency manipulation.
- The US is likely to use trade war with China as the last resort to thwart China's intention of replacing the US. The U.S. should eschew such malicious intentions. Change is the law of nature; history is replete with innumerable examples that one dominant power is always replaced by another.
- In this regard, other powers such as Russia, India, and the European Union and the United Nations should play positive role to resolve the US- China trade conflict.
- The US tariff imposition on the Chinese products will cause further damage to its own economy as its reliance on the Chinese products has been increasing immensely. The US has invested more in China than in India. Thus, the US needs to engage into introspection and ponder over its tariff imposition.
- The US tariff policy against China has caused an alarming situation for its other trade partners who are now sceptical of the US intentions. The US tariff policy likely will compel the US trade partners to jump into Chinese bandwagon.

- Trump “America First” approach is bringing Europe and Asia closer, paving the way for regionalism and is likely to isolate the US from the world.
- China should avoid undermining the US high-tech industries and unfair trade practices with the US.
- The US alleges China of obtaining the US trade secrets by cyber-theft via Chinese Made in China 2025. Such steps will exacerbate the ongoing trade strife. If it is factual, China needs to wash away the US reservation.
- Their trade war will invariably have a long-lasting impact on global economy, affecting 5 percent of the international economy and will slow down the global economic growth. They, therefore, should keep in consideration the global trade and industry growth.
- Both economic giants are having divergence of interests as far as other international issues are concerned. If both states remain unsuccessful in addressing their outstanding issues, the trade war will further deteriorate their relations.
- IMF and the World Bank are supposed to play a constructive role in de-escalating trade strife of them.

Conclusion

Clausewitz famously argued that “War is more than a true chameleon that slightly adapts its characteristics to the given case;”⁷⁹ and, it was rightly noted by a scholar that “War is a central institution in human civilization, and it has a history precisely as long as civilization.”⁸⁰ It can be adamantly argued that the great power politics is always characterised by war; however, it can be hot or cold; can be fought in any domain, at any level, of any type, belong to any wave; can be waged using conventional, unconventional, or even non-conventional weapons; and, can be fought using hard or soft means. However, great powers being rational actors tend to guide their actions based upon doctrinal guidelines and following their grand strategy and hesitate not in waging wars by carefully understanding the strategic context and assessing

⁷⁹ Clausewitz, *On War*, 89.

⁸⁰ Gwynne Dyer, *War*, (Canada: Vintage Books, 2005).

the cost and benefit analysis.⁸¹ Therefore, it is not ambitious to conclude that the US-China Trade War is an irrational act orchestrated by an administration whose grand strategy was nothing but pursuance of “illiberal hegemony,” or even worse than that.⁸²

Indeed, it is unfortunate that Trump’s successor Joe Biden does not seem to change that course and the trade war likely will persist between the US and China.⁸³ The latter is poised to generating unrestrained troubles for the global economy, promoting economic nationalism, protectionism, damaging the win-win cooperation, and multilateral trade system. President Biden’s Build Back Better World (B3W) is a calculated reply to the Chinese BRI, and the two opposing mega infrastructure development projects would deepen the already existing cleavages. Likewise, the Sino-American technological competition is gaining traction even under Biden.⁸⁴ It is incumbent upon both states to implement rules of the IMF and World Bank by espousing a win-win cooperation. The “America first” approach of the Trump administration leads the US towards populism moment causing polarisation across the world.

China by claiming itself as a staunch pursuer of win-win cooperation needs to reduce trade deficit of 345.6 billion USD with the US. The growing trade deficit showcases that China does not follow the doctrine of absolute gains; instead, extracting purely relative gains. It is a *fait accompli* that in the international politics, the pursuit to gain in relative terms, mostly unleashes the war. Without reducing trade deficits with its trading partners, China by no means will win the confidence of its trade partners and its trade partners will certainly become dubious of its self-proclaimed peaceful rise.⁸⁵ The economic interdependence of two great economies serves global economic

⁸¹ Mearsheimer, *The Tragedy of Great Power Politics*, 363.

⁸² Barry R. Posen, “The Rise of Illiberal Hegemony: Trump’s Surprising Grand Strategy,” *Foreign Affairs*, Vol. 97 (2018), 20-27.

⁸³ Laura Silver, Kat Devlin, and Christine Huang, “Most Americans Support Tough Stance Toward China on Human Rights, Economic Issues,” (Washington, D.C.: Pew Research Center, March 2021), https://www.pewresearch.org/global/wp-content/uploads/sites/2/2021/03/PG_2021.03.04_US-Views-on-China_FIN_AL.pdf.

⁸⁴ Chris Miller, “Biden Opens Sneaky New Front in Trade War Against China,” *Foreign Policy*, June 22 (2021), <https://foreignpolicy.com/2021/06/22/biden-semiconductors-south-korea-china-trade-war/>.

⁸⁵ Zheng Bijian, “China’s ‘Peaceful Rise’ to Great-Power Status,” *Foreign Affairs*, October (2005), <https://www.foreignaffairs.com/articles/asia/2005-09-01/chinas-peaceful-rise-great-power-status>.

interests and the more they are economically intertwined, the lesser there would be the possibility of a war. Historically, the US and the Soviet Union waged Cold War against each other since they were less interdependent in economic terms. Presumably, there is marginal likelihood of direct confrontation between the US and China on account of their economic interdependence; however, their respective military doctrines and postures especially in the Western Pacific are threatening.⁸⁶ In short, both states need to engage into introspection and should ponder over their trade differences that could cause a great deal of destruction not only to them, but also to the entire globe.

The US scholars have time and again accused China of stealing their defence technology and military innovation and coined the term “buy, build, or steal”⁸⁷ to describe China’s state policies in acquiring requisite know-how of such novel systems. However, it is clear as a day that “technology never remains a single nation’s monopoly for long”⁸⁸ and its horizontal proliferation is almost too difficult to prevent. Conversely, from an observer’s point of view, the Chinese 5th Generation fighter aircraft J-20 resembles American F-22 *Raptor* in terms of design, technology, as well as capabilities – since both offer thrust-vectoring control and stealth features. Albeit it is worthy to ponder that regardless of compelling arguments and potential evidence, why America could not fight China on legal grounds. The latter could serve as a useful hypothesis for researchers to come.

It is worthy to note that American Realists predicted defeat after the US unilaterally invaded Afghanistan in 2001⁸⁹ and they continued to forbid the leadership from waging “unnecessary”⁹⁰ wars, instead exhibiting the

⁸⁶ Muhammad Ali Baig, “Conventional Military Doctrines and U.S.-China Military Engagement in the West Pacific,” *China Quarterly of International Strategic Studies*, Vol. 5, No. 3 (2019), 373–93.

⁸⁷ A compelling case was built and later published by American National Defense University in unveiling Chinese attempts to illegally acquire American military technology, please see: Phillip C. Saunders and Joshua K. Wiseman, *Buy, Build, or Steal: China’s Quest for Advanced Military Aviation Technologies* (Washington, D.C: Institute for National Strategic Studies, National Defense University, 2011).

⁸⁸ Dyer, *War*, 181.

⁸⁹ John J. Mearsheimer, “Guns Won’t Win the Afghan War,” *The New York Times*, November 4, 2001, <https://www.nytimes.com/2001/11/04/opinion/guns-won-t-win-the-afghan-war.html>.

⁹⁰ John J. Mearsheimer and Stephen M. Walt, “An Unnecessary War,” *Foreign Policy*, No. 134, February (2003), 50–59.

strategy of restraint,⁹¹ and a timely withdrawal for prudent stop-loss reasons.⁹² Albeit, like Afghanistan and Iraq wars, the US-China Trade War is neither in America's interests nor is sustainable in a globalised world – it is quite the contrary and China benefitted from such strategic missteps.⁹³ However, the American policymakers must remember that the largest advantage that they possess over China lies in their geographical location and the same was argued by Jean-Jules Jusserand (French Ambassador) that “On the north, she has a weak neighbour; on the south, another weak neighbour; on the east, fish, and the west, fish.”⁹⁴ It is important to recall that great powers are rational actors and they tactically and tacitly manoeuvre to recover from strategic missteps.⁹⁵ It would not be ambitious to conclude that the US-China Trade War has become a buzzword; nevertheless, indeed it is a buzz for American policymakers to rethink and recalibrate their grand strategy including revisiting alliances, disregard for climate change, and most importantly withdrawal from the TPP. About the US rethinking and recalibration its grand strategy, Kissinger rightly criticised that “The military objectives have been too absolute and unattainable and the political ones too abstract and elusive.”⁹⁶

⁹¹ Barry R. Posen, “The Case for Restraint,” *The American Interest*, Vol. 3, No. 2, November (2007), 7–17; Barry R. Posen, *Restraint: A New Foundation for U.S. Grand Strategy* (Ithaca, New York: Cornell University Press, 2014).

⁹² Nick Turse, ed., *The Case for Withdrawal from Afghanistan*, (London: Verso, 2010), 165–71.

⁹³ Robert D. Kaplan, “Beijing’s Afghan Gamble,” *The New York Times*, October 6 (2009), <https://www.nytimes.com/2009/10/07/opinion/07kaplan.html>; Peter Navarro, “As ISIS Strikes, China Rises (And America’s Pivot Seems on Hold...Again),” *The National Interest*, November 17 (2015), <https://nationalinterest.org/blog/the-buzz/isis-strikes-china-rises-americas-pivot-seems-holdagain-14360>; Michael Clarke, “One Belt, One Road’ and China’s Emerging Afghanistan Dilemma,” *Australian Journal of International Affairs*, Vol. 70, No. 5, (2016), 563–79.

⁹⁴ John J. Mearsheimer and Stephen M. Walt, “The Case for Offshore Balancing: A Superior U.S. Grand Strategy” *Foreign Affairs*, Vol. 95, No. 4, August (2016), 72.

⁹⁵ Robert D. Kaplan, “Why America Can Recover from Failures like Afghanistan and Iraq,” *The Economist*, August 23 (2021), <https://www.economist.com/by-invitation/2021/08/23/robert-d-kaplan-on-why-america-can-recover-from-failures-like-afghanistan-and-iraq>.

⁹⁶ Husain Haqqani, “The Flaw in Kissinger’s Grand Strategy,” *The Atlantic*, November 14 (2016), <https://www.theatlantic.com/international/archive/2016/11/the-flaw-in-kissingers-grand-strategy/507680/>