

**La relation entre l'expert psychiatre et le
juge: vers une psychiatrisation de la justice**

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○ **Introduction**

A number of waves of tariffs were implemented between 2018 and 2019, which led to the escalation of the trade war between the United States and China⁽¹⁾. However, tariffs were still in place by the end of 2021 despite the fact that the two nations had reached a Phase One deal to de-escalate trade tensions in January labor 2020⁽²⁾. In February 2018, President Trump ordered safeguard tariffs to be placed on a wide range of important commodities imported from a number of different nations⁽³⁾. These tariffs first spared a number of significant economies, including the European Union and Canada; nevertheless, they eventually targeted a number of nations, one of which was China⁽⁴⁾.

As a kind of retaliation, China and several of its other trading partners levied further duties⁽⁵⁾. Both the United States and China were active participants in the latter phases of the trade war⁽⁶⁾. The United States initiated a Section 301 investigation into China's trade practices in August 2017, and on March 22, 2018, the Office of the United States Trade Representative accused China of unfair trade practices, including the theft of intellectual property and the forced transfer of

⁽¹⁾ Suisheng, Zhao, and Dan Guo. "A New Cold War? Causes and Future of the Emerging US-China Rivalry." Vestnik RUDN. International Relations 19, no. 1 (December 15, 2019): 9–21. <https://doi.org/10.22363/2313-0660-2019-19-1-9-21>.

⁽²⁾ Ibid.

⁽³⁾ BBC News, "Trade Wars, Trump Tariffs and Protectionism Explained." BBC News. May 10, 2019. <https://www.bbc.com/news/world-43512098>.

⁽⁴⁾ Russ, Kadee, and Lydia Cox. "Steel Tariffs and U.S. Jobs Revisited." Harvard University and University of California, February 6, 2020. <https://econofact.org/steel-tariffs-and-u-s-jobs-revisited>.

⁽⁵⁾ Sheikh, Salman Rafi. "Les États-Unis ne pourront pas gagner la guerre commerciale contre la Chine." Mondialisation, Centre de Recherche sur la Mondialisation, Juillet 2018. <https://www.mondialisation.ca/les-etats-unis-ne-pourront-pas-gagner-la-guerre-commerciale-contre-la-chine/5626497>.

⁽⁶⁾ Ibid.

technology to Chinese companies⁽¹⁾. The investigation into China's trade practices was started by the United States in August 2017⁽²⁾.

As a result of these circumstances, the United States finally imposed a total of five rounds of tariffs on imports from China⁽³⁾. In response, China retaliated with its own tariffs in July 2018, August 2018, September 2018, and June 2019 respectively⁽⁴⁾. The United States and China have reached a deal to push out the implementation of the sixth wave of tariffs until December 2019, in anticipation of the Phase One accord⁽⁵⁾. However, the tariffs are still in effect as of September 2021, despite the agreement reached in January 2020 and both parties agreed to cut the costs from the September 2019 wave in half⁽⁶⁾.

Since 2018, these events turned out to be a potentially catastrophic turnover with the explosion of what so-called “trade war between China and the United States” that tracked the international trading system to a break-even point. Despite the consequences that will arise from the latest trade war overextension, the world will be dealing for decades with the challenges demonstrated by the Chinese juggernaut. Based on these factual events, this study will disclose the following research question: “Digging into the problem, is the US-China trade war a political rather than economic war?”

In this study, we encounter the ongoing international commerce development resulting from the incidence of China's WTO membership, causing the recent economic transformations, whether good or bad, on all trading partners and on the overall worldwide commerce system⁽⁷⁾. The study genuinely aims to verify, how China's new strategy after joining the WTO fueled its economic takeoff⁽⁸⁾. This

⁽¹⁾ Zhang, Dayong, Lei Lei, Qiang Ji, and Ali M. Kutan. “Economic Policy Uncertainty in the US and China and Their Impact on the Global Markets.” *Economic Modelling* 79 (June 2019): 47–56. <https://doi.org/10.1016/j.econmod.2018.09.028>.

⁽²⁾ Russ and Cox.

⁽³⁾ Kapustina, Larisa, Ľudmila Lipková, Yakov Silin, and Andrei Drevalov. “US-China Trade War: Causes and Outcomes.” Edited by J. Horák, J. Vrbka, and Z. Rowland. *SHS Web of Conferences* 73 (2020): 01012. <https://doi.org/10.1051/shsconf/20207301012>.

⁽⁴⁾ Islam, Md. Nazmul, and Esra Eymen Cansu. “Strategic Competition, Economic Diplomacy, and Trade Warfare: Re-Conceptualizing the ‘Cold War’ in the Case of Recent US-China Trade War.” *Journal of Globalization Studies* 12, no. 2 (2021). <https://doi.org/10.30884/jogs/2021.02.06>.

⁽⁵⁾ Kapustina et al.

⁽⁶⁾ Ibid.

⁽⁷⁾ Vinogradov, Andrei Olegovich, Alexander Igorevich Salitsky, and Nelli Kimovna Semenova. “US-China Economic Confrontation: Ideology, Chronology, Meaning.” *Vestnik RUDN. International Relations* 19, no. 1 (December 15, 2019): 35–46. <https://doi.org/10.22363/2313-0660-2019-19-1-35-46>.

⁽⁸⁾ Ibid.

strategy was of a dual armament strategy; composed of market openness and economic structuring reforms that underwent coherently, intending to boost its economic bet⁽¹⁾. China did not stop at this level; however, it endorsed further policies, including cheap currency, and heavy-handed state intervention⁽²⁾. Thus, affecting tremendously several foreign competitors and eventually disabling several WTO rules lines⁽³⁾.

1. U.S.-Chinese Relations

There is important research written by Robert Gilpin in which he rejects the idea that the global economy is managed abstractly by adopting the prevailing global economic laws, but rather aims to prove that the global economy is an element based on economic laws, but it is fragile and strongly affected by political events and economic policies developments adopted by major countries or leading international organizations in this field⁽⁴⁾. The motives of everyone in the international system, that is, all countries, especially the industrialized ones, is to influence the movement of the world economy wheel⁽⁵⁾. Through this principle, Gilpin explains the relationship of the world economy to current international politics. In his interpretation, he goes even further, arguing that the international political economy is no longer exclusively influenced by state actors, but also by multinational corporations as active economic influencers⁽⁶⁾. This can be confirmed by studying the influence of these companies in the nineteenth century when the conflict between the big companies and the desires of Europeans almost led to the collapse of the capitalist structure⁽⁷⁾. Another example can be seen, in the the Great Recession in the United States when some multinational corporations

⁽¹⁾ Li, Chunding, Chuantian He, and Chuangwei Lin. "Economic Impacts of the Possible China-US Trade War." *Emerging Markets Finance and Trade* 54, no. 7 (May 28, 2018): 1557-77. <https://doi.org/10.1080/1540496X.2018.1446131>.

⁽²⁾ Lau, Lawrence J. "The China-U.S. Trade War, and Future Economic Relations". Hong Kong: Xianggang Zhong wen da xue chu ban she, 2019.

⁽³⁾ Baschuk, "WTO Is Said to Launch Investigation into Trump's China Tariffs, Officials Says." *Bloomberg*. January 28, 2019.

⁽⁴⁾ Gilpin, Robert, and Gilpin, Jean M. "Global Political Economy: Understanding the International Economic Order". Princeton, N.J: Princeton University Press, 2011.

⁽⁵⁾ Snowden, Hunter D. *The Art of (Trade) War: Examining the Relationship Between the Political Economies of the U.S. and China Through the Lens of Previous Machiavellian Moments*. Duke University, 2019.

<https://dukespace.lib.duke.edu/dspace/bitstream/handle/10161/18199/The%20Art%20of%20%28Trade%29%20War%20-%20Hunter%20Snowden.pdf?sequence=1&isAllowed=y>.

⁽⁶⁾ Gilpin and Gilpin.

⁽⁷⁾ Gilpin, Robert, and Gilpin, Jean M. "The Political Economy of International Relations". Princeton, N.J: Princeton University Press, 1987.

were considered “too big to fail” and their bailout grew to be part of the political debate affecting the electoral platform at the time⁽¹⁾.

One of the most important differences between the trade disputes that existed in the seventeenth century and today is the presence of international multilateral institutions, such as the World Trade Organization and the International Monetary Fund⁽²⁾. Although the WTO and IMF cannot still properly implement trade agreements, they play an essential role in using their influence in international politics to negotiate trade agreements needed to regulate international trade frameworks⁽³⁾. However, implementation issues remain hostage to the whims of the industrialized nations that dominate world trade. A recent example that indicates the capabilities of international organizations is the World Trade Organization, which had an active role in the matter of investigations conducted in the file of trade exchange between the United States and China⁽⁴⁾.

The results of these investigations and recommendations of this organization sometimes changed the course of trade discussions during the conflict⁽⁵⁾. Also, in the matter of accusing China of currency manipulation, for example, the International Monetary Fund and the US Treasury Department were asked to investigate this file, and their conclusion in terms of not finding evidence of such practices obliged the United States to retract from continuing such accusations⁽⁶⁾⁽⁷⁾. Such investigations by these types of international organizations could enhance or eradicate any authority on either side of the negotiating table, creating an additional variable that did not exist to influence trade agreements between even conflicting countries⁽⁸⁾.

⁽¹⁾ Rotberg, Robert I., and Theodore K. Rabb, eds. “The Theory of Hegemonic War.” In *The Origin and Prevention of Major Wars*, 1st ed., 15–38. Cambridge University Press, 1988. Pg. 27. <https://doi.org/10.1017/CBO9780511601033.002>.

⁽²⁾ Maggi, Giovanni. “The Role of Multilateral Institutions in International Trade Cooperation.” *American Economic Review* 89, no. 1 (March 1, 1999): 190–214. <https://doi.org/10.1257/aer.89.1.190>.

⁽³⁾ Nicita, Alessandro, Marcelo Olarreaga, and Peri Silva. “Cooperation in WTO’s Tariff Waters?” *Journal of Political Economy* 126, no. 3 (June 2018): 1302–38. <https://doi.org/10.1086/697085>.

⁽⁴⁾ Maggi.

⁽⁵⁾ *Ibid.*

⁽⁶⁾ “Macroeconomic and Foreign Exchange Policies of Major Trading Partners of the United States.” Governmental Report to Congress. New York, United States: U.S. DEPARTMENT OF THE TREASURY - OFFICE OF INTERNATIONAL AFFAIRS, December 21, 2021. <https://home.treasury.gov/system/files/206/December-2021-FXR-FINAL.pdf>.

⁽⁷⁾ Nicita, et al.

⁽⁸⁾ Baschuk, “WTO Is Said to Launch Investigation into Trump’s China Tariffs, Officials Says.”

Experience has shown that the establishment of international institutions such as the World Trade Organization has had the greatest benefits for developing countries. For example, the World Trade Organization has had a crucial role in helping China access global markets, and it has opened many areas for China to develop its manufacturing technologies through its affiliate programs⁽¹⁾. The WTO was also responsible for lowering China's non-tariff barriers, allowing it to become a major Asian and global exporter⁽²⁾. The protectionist provisions of the World Trade Organization have also played an effective role in limiting any form of exponential growth in the export market share of any of the member countries so that the currently necessary stocks of other partner countries are not infringed⁽³⁾. Thus, the WTO directly impacted the average import tariff rate and prompted China to move recently to diversify its export base due to its commitment to reducing non-tariff barriers imposed in China⁽⁴⁾.

Most studies, especially the one conducted by Bryce Baschuk, have demonstrated that international organizations produce more international trade and enhance trade expertise⁽⁵⁾. Indeed, this recent study confirmed that if the World Trade Organization had not existed, the average tariff increase would have amounted to nearly 32% per country, which means more burden on the world economic system⁽⁶⁾.

2. Origin of the Conflict

The United States and China have seen firsthand the results of the nationalist and state-centric industrial mindset that has placed them in their pre-Cold War positions of power⁽⁷⁾. Both the Cold War and the two world wars altered their nations to become actors who can make the global and local economies meet the needs of the state⁽⁸⁾. With the onset of the era of globalization, their ability to continue to do so has diminished (at least at the global level), causing these actors

⁽¹⁾ Nicita, et al., "Cooperation in WTO's Tariff Waters?"

⁽²⁾ Blancher, Nicolas R., NBlancher@imf.org, Thomas Rumbaugh, and TRumbaugh@imf.org. "China: International Trade and WTO Accession." IMF Working Papers 04, no. 36 (2014): 1. <https://doi.org/10.5089/9781451845488.001>.

⁽³⁾ Nicita, et al.

⁽⁴⁾ Ibid.

⁽⁵⁾ Baschuk, "WTO Is Said to Launch Investigation Into Trump's China Tariffs, Officials Says."

⁽⁶⁾ Ibid.

⁽⁷⁾ Rotberg and Rabb, "The Theory of Hegemonic War."

⁽⁸⁾ Rotberg and Rabb, "The Theory of Hegemonic War."

to return to solace in their more nationalized, industrialized, state-centric ways⁽¹⁾. When disagreement is made on a solution, it leads to uneven growth, slowly eroding the fundamentals of that stable economy and the actors involved⁽²⁾. Once this happens, a new groundwork must be created, or else a new global leader must be found⁽³⁾.

In the United States and China, it is believed that altering patterns of relative advantage outbalance the benefits of more trade liberalization by permitting the market to regulate global economic activities⁽⁴⁾. With the liberalization of capital and the integration of financial markets, some actors such as the United States believe that the autonomy of macroeconomic policy and the ability to control their economies has diminished significantly⁽⁵⁾. Similarly, Asian economies, including China, have begun to encourage greater use of Asian currencies and have distanced themselves from the international use of the dollar⁽⁶⁾. Likewise, Asian economies, including China, have begun to enhance greater use of their Asian currencies and have moved away from the international use of the dollar⁽⁷⁾. Despite the revival of neo-conservative values, practical government intervention in the areas of commerce, finance, and production remained limited⁽⁸⁾. Accordingly, the “sectoral protectionism” system between the United States and China continued to rise. This gave rise to what Gilpin calls “new protectionism⁽⁹⁾” protectionism⁽⁹⁾.” New protectionism arises when a state imposes nontariff barriers to trade with a foreign entity such as when the United States assigned quotas on what can be exported from the United States or when China imposed optional export restrictions on Japanese imports⁽¹⁰⁾.

3. The U.S. Political Point of View

⁽¹⁾ Gilpin and Gilpin, “Global Political Economy: Understanding the International Economic Order”

⁽²⁾ Ibid.

⁽³⁾ Ibid.

⁽⁴⁾ Schweller, Randall. “Opposite but Compatible Nationalisms: A Neoclassical Realist Approach to the Future of US–China Relations.” *The Chinese Journal of International Politics* 11, no. 1 (March 1, 2018): 23–48. <https://doi.org/10.1093/cjip/poy003>.

⁽⁵⁾ Ibid.

⁽⁶⁾ Blancher et al., “China: International Trade and WTO Accession.”

⁽⁷⁾ Ibid.

⁽⁸⁾ Gilpin and Gilpin, “The Political Economy of International Relations.”

⁽⁹⁾ Ibid.

⁽¹⁰⁾ Gilpin and Gilpin, “The Political Economy of International Relations.”

Before the Trump administration, the writings of Dr. Michael Pillsbury, a former Pentagon official under Bush Jr. and current head of the China division at the Hudson Institute, were widely criticized for using conspiracy theories in most of his writing⁽¹⁾. Yet all this changed when Trump declared Dr. Pillsbury “the number one expert on Chinese politics,” as one of the senior directors of Chinese strategy at the Hudson Institute⁽²⁾. Besides being a prominent defense policy advisor, former high-ranking government official, and author of numerous books and reports on China⁽³⁾. After that, Pillsbury’s writings emerged and gained worldwide popularity, and so far, his writings are still controversial, just as in the past, and the Chinese government has repeatedly denounced them in the media⁽⁴⁾. The main reason to talk about Pillsbury’s writings is that his theories began to shape the foreign economic policy and economic institutions of the United States under Trump⁽⁵⁾. Being one of Trump’s closest advisers, he worked during Trump’s Trump’s era as an adviser on China affairs at the US Department of Defense and was and still is a member of the US-China Economic and Security Review Committee⁽⁶⁾. Since he was supported by Trump, his theories and his attitude towards China began to permeate the economic policy of the Trump government, which to some extent affected the American public opinion and its opinion about China’s policies⁽⁷⁾.

Pillsbury’s theory began thirty years ago when the United States sought to help China thrive in the hope that if its attempt succeeded, China’s middle class would demand democracy and regime change, and then China and the world would experience a greater embrace of the United States/Western principles and values⁽⁸⁾. According to Pillsbury’s theory, this was exactly what China wanted America to believe to provide it with the necessary help and expertise to become

(1) Schreckinger, Ben, and Daniel Lippman. “The China Hawk Who Captured Trump’s ‘Very, Very Large Brain.’” POLITICO Playbook. February 12, 2018.

<https://www.politico.com/story/2018/11/30/trump-china-xi-jinping-g20-michael-pillsbury-1034610>.

(2) Ibid.

(3) Pillsbury, Michael. “Areas of Expertise: Michael Pillsbury Senior Fellow & Director for Chinese Strategy.” Hudson Institute, Michael Pillsbury Senior Fellow & Director for Chinese Strategy, 2022. <https://www.hudson.org/experts/724-michael-pillsbury>.

(4) Schreckinger and Lippman.

(5) Ibid.

(6) Pillsbury.

(7) Schreckinger and Lippman, “The China Hawk Who Captured Trump’s ‘Very, Very Large Brain.’”

(8) Pillsbury, Michael. “The Hundred-Year Marathon: China’s Secret Strategy to Replace America as the Global Superpower”. Place of publication not identified: Griffin, 2016.

an influential economic power in the global economy⁽¹⁾. This intention appeared in China when its economists realized, around forty years ago, that they could not return to their former economic strength if they did not present themselves as needing the help of the United States⁽²⁾. In their private correspondence, many Chinese economists believe that more than half of their economic growth in the past twenty-five years has directly resulted from the investments they have made with the United States and auspicious trade with United States partners⁽³⁾.

Through Pillsbury's studies, which some considered exaggerated, he showed that China is more untrustworthy and powerful than the image it deceives to present. Also, Pillsbury was able to convince many economists, and most importantly, Trump that China "does not need any deals based on their perceived needs," but rather what they are doing falls within the framework of their plan to outperform the United States, which they are using as a ladder to their ends⁽⁴⁾ ⁽⁵⁾. Hence, Pillsbury, through all his writings, aimed to portray China as shady deal-makers, hoping that this would intimidate US decision-makers from China's underlying motives for controlling the global economy under the WTO umbrella and the United States' support.

4. China's Point of View

Protectionist governments use Machiavellianism and mercantilism, which sows discord between 'us' and 'them' to convince the public that they are protecting 'us' from 'them' even if this is not necessarily the case⁽⁶⁾. During the transformation of Anglo-Dutch hegemony, a certain Machiavellian moment, the British used the same "Pillsburian" (Machiavellian) tactic to sow discord over the principle of 'us' and 'them' to pass their new trade policy that served their interests at the time, for example, they imposed new navigation laws that served their commercial interests at that era⁽⁷⁾.

In 2018, Chinese designs began to unravel somewhat, especially when Chinese President Xi Jinping installed the leaders who coordinated this disguise

(1) Ibid.

(2) Ibid.

(3) Schreckinger and Lippman.

(4) Pillsbury.

(5) Ibid.

(6) Gilpin and Gilpin, "Global Political Economy: Understanding the International Economic Order."

(7) Ibid.

from the defense, intelligence, and military departments to his inner circle as coordinating personal advisers on Chinese economic policy ⁽¹⁾. After some private Chinese correspondence was leaked, it became clear that China has been planning for many years, to reach its current position of dominating the global economy by 2049⁽²⁾. With this style of play, China slowly rose to the first rank in the global economy and outperformed many in education quality and medical and technological research innovation.

The possible transfer of power between the two hegemonic powers, the United States and China, is an interesting occasion of “opposite but convenient nationalism⁽³⁾.” China’s assertiveness and the inward turn of the United States result in a huge part of the interaction between nationalism and its influence ability⁽⁴⁾. In China, these aspects have led to an “outward-looking, extroverted foreign policy of expansion,” while in the United States the similar procedure may drive them to adopt an “inward-looking, introverted foreign policy of restraint and retrenchment⁽⁵⁾.”

5. Chinese vs U.S. System of Political Economy

International trade is always considered the most efficient economic growth engine for centuries and has proven to have beneficial advantages on the global economy. The liberalization of international trade was one of the basic principles advocated by the neoliberals who took control of Western governments and international financial institutions after World War II⁽⁶⁾. Developed countries, along with international organizations such as the “Bretton Woods Institutions” and the “World Trade Organization,” called for the principle of trade openness and the abolition of protectionist policies and trade barriers that were previously imposed, which was also one of the most important principles recommended by the “Washington Consensus” in 1989⁽⁷⁾.

Free trade can be defined as a policy of countries in unfettered foreign trade, i.e., without imposing any tariffs or subsidies on imports or exports, or without

⁽¹⁾ Blancher et al., “China: International Trade and WTO Accession.”

⁽²⁾ Ibid.

⁽³⁾ Schweller, “Opposite but Compatible Nationalisms.” Pg. 24.

⁽⁴⁾ Schweller, “Opposite but Compatible Nationalisms.”

⁽⁵⁾ Ibid. Pg. 24-25.

⁽⁶⁾ Symoniak, Jason D. “The Washington Consensus.” George Mason University V, no. Winter 2010/2011 (2011): 20.

⁽⁷⁾ Ibid.

quotas or other trade restrictions that could impede the free movement of trade between countries⁽¹⁾. Free trade can be done unilaterally when the country's internal laws allow it or perhaps bilaterally by entering into regional trade agreements with other countries such as NAFTA and TPP⁽²⁾. Liberal economists, most importantly Adam Smith and David Ricardo, supported free trade in their theories and later promoted it by many economists who followed their footsteps, and many Western and developed countries adopted it because it opened the way for them to develop and open up to the markets of other countries⁽³⁾. Free trade enhances competitiveness and innovation among countries through technology transfer, which increases the productivity of aggregate factors, enabling workers to acquire some new skills, which leads to the accumulation of human capital and ultimately leads to increased economic growth at the global level⁽⁴⁾. Moreover, unlike the protectionist system, the free trade system creates new job opportunities that were not previously available, but are the result of the urgent need for them in modern efficient industries⁽⁵⁾. Thus, all this will increase per capita income growth and will enable consumers to buy better quality products at a lower cost, with a global economic benefit that is beneficial both individually and internationally⁽⁶⁾.

However, recent data showed a continuous increase in the trade deficit of developed countries as a result of the large increase in the volume of free international trade, especially in the United States, which suffers from a huge deficit as a result of opening its markets to China⁽⁷⁾. This prompted the USA and some countries to adopt protectionist policies by imposing tariffs and non-tariff barriers on some products such as voluntary export restrictions and quotas to protect their domestic industries⁽⁸⁾. When the Trump administration adopted this

⁽¹⁾ Drozd, Jolanta, and Algirdas Miškinis. "Benefits and Threats of Free Trade." *EKONOMIA*, Vilnius University 14 (2011): 40–48.

⁽²⁾ Boudreaux and Ghei, "The Benefits of Free Trade: Addressing Key Myths." *MERCATUS Center*, George Mason University, May 23, 2020, 5.

⁽³⁾ Chorev, Nitsan, and Sarah Babb, "The Crisis of Neoliberalism and the Future of International Institutions: A Comparison of the IMF and the WTO." *Theory and Society* 38, no. 5 (September 2009): 459–84. <https://doi.org/10.1007/s11186-009-9093-5>.

⁽⁴⁾ Drozd and Miškinis, "Benefits and Threats of Free Trade."

⁽⁵⁾ *Ibid.*

⁽⁶⁾ Boudreaux and Ghei, "The Benefits of Free Trade: Addressing Key Myths."

⁽⁷⁾ Blancher et al., "China: International Trade and WTO Accession"

⁽⁸⁾ Dominick, Salvatore. *International Economics*. 11th ed. New York, United States: WILEY, Fordham University, 2013. <https://ccsuniversity.ac.in/bridge-library/pdf/Dominick-Salvatore-International-Economics.pdf>.

policy, China considered that adopting this policy constitutes a violation of international agreements signed by the World Trade Organization and considered a declaration of trade war against China⁽¹⁾.

This is similar to what happened in several previous eras, which prompted some countries whose commercial interests conflicted to engage in a trade war by imposing retaliatory tariffs that have unexpected repercussions on the global economy⁽²⁾. Especially if the escalating trade war is between two of the most powerful economies such as China and the United States⁽³⁾. The international trade war impedes economic growth, increases commodity prices, and increases inflation, affecting unemployment, leading to inefficiencies, and reducing international trade volume⁽⁴⁾. It disrupts global supply chains and creates inefficient trade diversion, and in the end, there is no winner in the trade war⁽⁵⁾.

5.1. Chinese Theory of Political Economy

In the 1930s, the phenomenon of the interests' intersection appeared in the international trade system, and as a result of the mismanagement and closure of the domestic economy⁽⁶⁾. The economy of China and the economies of some East Asian countries similar to the Chinese economy suffered from the worst economic crisis⁽⁷⁾. Before this crisis, China was the second-largest recipient of foreign direct investment after the United States⁽⁸⁾. Since then, China has begun to seek to change its trade pattern to recover from this crisis and rebuild its economy and succeeded in the seventies in this, and its economic development has continued until today⁽⁹⁾. As a result of the collapse of China during the 1930s crisis, it began

⁽¹⁾ Setiawan, Budi. "Does US-China Trade War Matter on ASEAN Stock Market: Event-Study Approach." *SRIWIJAYA INTERNATIONAL JOURNAL OF DYNAMIC ECONOMICS AND BUSINESS* 4, no. 3 (September 28, 2020): 161.

<https://doi.org/10.29259/sijdeb.v4i3.161-74>.

⁽²⁾ Ma, Hong, Jingxin Ning, and Mingzhi (Jimmy) Xu. "An Eye for an Eye? The Trade and Price Effects of of China's Retaliatory Tariffs on U.S. Exports." *China Economic Review* 69 (October 2021): 101685. <https://doi.org/10.1016/j.chieco.2021.101685>.

⁽³⁾ Ibid.

⁽⁴⁾ Symoniak, "The Washington Consensus."

⁽⁵⁾ Ibid.

⁽⁶⁾ Breslin, *China and the Global Political Economy*, 2013.

<https://search.ebscohost.com/login.aspx?direct=true&scope=site&db=nlebk&db=nlabk&AN=1232327>.

⁽⁷⁾ Coase, R. H., and Ning Wang. "How China Became Capitalist". Basingstoke: Palgrave Macmillan, 2016.

⁽⁸⁾ Ibid.

⁽⁹⁾ Breslin.

to slowly move from a communist economic system to a free economic system based on aspects of democratic influence⁽¹⁾.

In 1978, Deng Xiaoping and Qin Yun continued the process of modernizing China's economy after Mao⁽²⁾. After rejecting Hua Guofeng's "leap forward," Xiaoping and Yun began their reform by shifting governmental investment from heavy industry to light industry and agriculture, as well as granting new rights to state-owned enterprises⁽³⁾. However, while these shifts were taking place largely around Beijing, the real economic transformation was taking place in China's rural and private sectors, with farmers and specific economic sectors⁽⁴⁾. Beijing's willingness to leave these groups alone has allowed entrepreneurship, moderate forms of capitalism, and market forces to creep into China⁽⁵⁾. These competing methods of economic reform required the government to privatize some of its governmental institutions to protect them from being taken over by the private sector⁽⁶⁾. This competition subsidized the development of a national common market and the establishment of capitalism seen in China today⁽⁷⁾.

China rose to supremacy through the actions of SWF CIC, the "Sovereign Wealth Fund of the China Investment Corporation⁽⁸⁾." By having the world's largest sovereign wealth fund China was able to make debtor countries such as the United States, Australia, and Brazil rely on it to achieve any long-term goals⁽⁹⁾. For example, CIC supported its stake and role in the global financial industry, during the 2008 financial crisis, by purchasing a \$5 billion stake in "Morgan Stanley, Blackrock, and JC Flowers⁽¹⁰⁾." CIC was used **"to maximize the country's economic growth rate by securing foreign assets in industries which**

(1) Ibid.

(2) Coase and Wang, "How China Became Capitalist."

(3) Ibid.

(4) Breslin, "China and the Global Political Economy."

(5) Ibid.

(6) Ibid.

(7) Amadeo, "Did Donald Trump Bring Back American Jobs?" The Balance. December 31, 2021. <https://www.thebalance.com/trump-and-jobs-4114173>.

(8) Clark, Gordon L, and Ashby H B Monk. "The Political Economy of US—China Trade and Investment: The Role of the China Investment Corporation." *Competition & Change* 15, no. 2 (July 2011): 97–115. <https://doi.org/10.1179/102452911X13025292603598>.

(9) Ibid.

(10) Nicita et al., "Cooperation in WTO's Tariff Waters?"

the government considers necessary⁽¹⁾.” China detained 28% of the US national debt in October 2018⁽²⁾. Thus, although investment in the financial industry permits them to take a seat at the boardroom table, hoarding US Treasury Bonds allow them to have the ability to influence US trade policy through the unspoken threat to trade off these bonds at a quick pace, causing the US economy to enter a downward spiral⁽³⁾.

The recent transformation that China witnessed made it a model for the developing world, which is trying to strengthen its position in the international system in the pursuit of preserving its cultural and political independence⁽⁴⁾. For them, China presents a model for countries trying to sever the connection with the “world of one power” in which we have lived since the end of the Cold War and the demise of the Soviet Union, a world that requires constant reliance on that power to maintain its importance in the international arena⁽⁵⁾.

However, this Chinese path, which many countries see as a successful model, is seen by other countries in China’s regional neighborhood as a threat, especially India, Japan, South Korea, and Taiwan, because the Chinese system is based on a form of nationalism that by its nature threatens the regional stability of these countries Neighboring⁽⁶⁾. Japan is the closest major economy to China, and the trade bloc is the most technologically competitive with China, and if China starts trying to dominate Japan’s foreign markets, this may spark past feuds⁽⁷⁾.

Also, the idea of China’s hegemony as the world’s number one economic power would resume its political struggle to regain Taiwan, which many of the great powers see, as a fuse to reopen the bloody conflict that lasted for years⁽⁸⁾. Currently, the threat of sanctions from the United States and Europe is enough to

⁽¹⁾ Clark and Monk. Pg. 98.

⁽²⁾ Ibid.

⁽³⁾ Nicita et al., “Cooperation in WTO’s Tariff Waters?”

⁽⁴⁾ Ma, Ning, and Xu, “An eye for an eye? The trade and price effects of China’s retaliatory tariffs on U.S. exports.”

⁽⁵⁾ Sabala, Ethan, Stephen Devadoss, Ethan Sabala, and Stephen Devadoss. “Impacts of Chinese Tariff on World Soybean Markets,” 2020.

<https://doi.org/10.22004/AG.ECON.287975>.

⁽⁶⁾ Ibid.

⁽⁷⁾ Setiawan, “Does US-China Trade War Matter on ASEAN Stock Market.”

⁽⁸⁾ Ibid.

make them retreat from aggressive rhetoric on the Taiwan issue⁽¹⁾. In such a situation, its threats are useless and will not do as much as if it were in a dominant position. This can be seen in Trump's constant threats to impose sanctions on China in the event of non-compliance with international resolutions⁽²⁾.

5.2. U.S. Theory of Political Economy

“The American system of political economy is founded on the premise that the primary purpose of economic activity is to benefit consumers while maximizing wealth creation⁽³⁾.”

The Federal Reserve controlled the economic policy in the year 2000⁽⁴⁾. When Bush took office, Clinton’s welfare reforms continued, and due to an economic surplus, Bush sought to cut taxes⁽⁵⁾. Yet tax cuts have lowered revenue, and wars in the Middle East have increased spending; hence, all this was leading to a definite conclusion that the government will run a deficit of 3.5% of GDP by 2004⁽⁶⁾. Domestic investment continued to decline due to the immense deficit that was also decreasing domestic investment, therefore, income inequality continued to grow, and this trend was only intensified by the Great Recession⁽⁷⁾.

In light of globalization which spread in the mid-1990s affected the global economy to a large extent⁽⁸⁾. It has become necessary for the United States to expand its trade policy to maintain a position of strength and suitability for its economy in the domain of global trade⁽⁹⁾. This eventually led to the loss of manufacturing and construction jobs due to pre-existing income inequality⁽¹⁰⁾. While the United States had 28.1% of global merchandise exports after World

⁽¹⁾ Ibid.

⁽²⁾ BBC News, “Trump Threatens to Raise Tariffs on \$200bn of Chinese Goods.” BBC News. May 5, 2019. <https://www.bbc.com/news/business-48171561>.

⁽³⁾ Gilpin and Gilpin, “Global Political Economy: Understanding the International Economic Order” Pg. 150

⁽⁴⁾ Eisner, Marc Allen. “The American Political Economy: Institutional Evolution of Market and State”. Second edition. New York, NY: Routledge, 2014.

⁽⁵⁾ Ibid.

⁽⁶⁾ Ibid.

⁽⁷⁾ Hont, István. *Jealousy of Trade: International Competition and the Nation-State in Historical Perspective*. 1. Harvard Univ. Pr. paperback ed. Cambridge, Massachusetts, and London, England: The Belknap press of Harvard University Press, 2010.

⁽⁸⁾ BBC News.

⁽⁹⁾ Pillsbury, “The Hundred-Year Marathon: China’s Secret Strategy to Replace America as the Global Superpower.”

⁽¹⁰⁾ Ibid.

War II, it decreased to become only 8.3% by 2011⁽¹⁾. This left it behind China which was responsible for just 1.7% of the global merchandise exports in 1985 and rose to 10.7% by 2011⁽²⁾. This would have been good if imports were also relatively low but the United States remained the world's largest importer by end of 2011⁽³⁾⁽⁴⁾.

Since the Great Recession in America in 2011, Americans, on both sides of the political spectrum, continued to face labor market and healthcare problems as a result of these shifts⁽⁵⁾. Usually, these themes re-emerge during the election campaigns, and they were intensified during Trump's 2016 election campaign, as Trump reminded the American people of their successive crises due to openness and the dominance of globalization⁽⁶⁾. Then he promised to find solutions to their problems in the labor market and health care. His speech focused on reforming the interior and improving the reality of Americans, which gave great hope to most Americans that their conditions would improve⁽⁷⁾.

On the conservative side, there have been numerous calls for a "counter-corrective movement" to the rise of globalization, both socially and economically⁽⁸⁾. Especially as working-class jobs were quickly leaving the United States as a result of successive crises, this seemed astonishing to many political analysts, and people were looking for whom to blame⁽⁹⁾. With Trump taking office and implementing his promise, he began a corrective step against the usual American openness, which focused on rebuilding the interior by reducing the unemployment rate, creating new job opportunities, raising the percentage of exports to the United States, and addressing the issue of declining manufacturing sales⁽¹⁰⁾. However, this internally-focused policy was not common in previous presidential terms, so it created a new style in the American administration, which

(1) Blancher et al., "China: International Trade and WTO Accession."

(2) Eisner, "The American Political Economy: Institutional Evolution of Market and State."

(3) Ibid.

(4) Pillsbury, "The Hundred-Year Marathon: China's Secret Strategy to Replace America as the Global Superpower."

(5) Setiawan, "Does US-China Trade War Matter on ASEAN Stock Market?"

(6) BBC News, "Trade Wars, Trump Tariffs and Protectionism Explained."

(7) Ibid.

(8) Mahmoud, Ahmed Medhat. "US-China Trade War 2018.," 2019.

<https://doi.org/10.13140/RG.2.2.29727.41121>.

(9) Amadeo, "Did Donald Trump Bring Back American Jobs?"

(10) BBC News, "Trump Threatens to Raise Tariffs on \$200bn of Chinese Goods."

many criticized because it harmed the dominant position that the United States enjoyed in the ongoing globalized economy⁽¹⁾.

6. The Climax of the U.S.-China Trade War

In August 2017, President Trump launched a formal investigation into China's alleged theft of American intellectual property, which estimated annual losses to the United States at between \$225 and \$600 billion due to this theft⁽²⁾. Meanwhile, the US trade deficit was \$579.9 billion, the majority of which came from imports of consumer products⁽³⁾. Meanwhile, their largest trading partner is China, which accounts for more than half of the total trade deficit⁽⁴⁾. In 2018, President Trump, at the behest of his economic advisers, notably Dr. Michael Pillsbury, began a trade war with China to effectively reduce the US trade deficit⁽⁵⁾. The deficit reduction project was part of Trump's strategy to create more jobs, especially as he promised the American people during his campaign that he would be the greatest job-creating president in American history by pledging to create 25 million jobs in the next ten years⁽⁶⁾.

Liu and Woo, in their article "Understanding the U.S.-China Trade War," explained that there were three main concerns that led to the start of the US-China trade war. First, the US administration was concerned about China's chronic large trade surplus, which was reducing employment opportunities in the United States⁽⁷⁾. Second, according to the statements of former President Donald Trump, China used illegal and unfair methods to obtain American technology at a reduced price based on the agreements signed between them⁽⁸⁾. And third, the concern that there are Chinese plans to try to weaken US national security and US international standing⁽⁹⁾.

(1) Sabala et al., "Impacts of Chinese Tariff on World Soybean Markets."

(2) Huang, Yi, Chen Lin, Sibio Liu, and Heiwai Tang. "Trade Linkages and Firm Value: Evidence from the 2018 US-China Trade War." SSRN Papers, August 20, 2020, 59.

(3) Amadeo, "What Is the Current U.S. Trade Deficit?" The Balance. February 17, 2022. <https://www.thebalance.com/u-s-trade-deficit-causes-effects-trade-partners-3306276>.

(4) Ibid.

(5) Schreckinger and Lippman, "The China Hawk Who Captured Trump's 'Very, Very Large Brain.'"

(6) Amadeo, "Did Donald Trump Bring Back American Jobs?"

(7) Liu, Tao, and Wing Thye Woo. "Understanding the U.S.-China Trade War." *China Economic Journal* 11, no. 3 (September 2, 2018): 319–40.

<https://doi.org/10.1080/17538963.2018.1516256>.

(8) Liu and Woo, "Understanding the U.S.-China Trade War."

(9) Ibid.

The US trade balance has been in a growing deficit against China from 1990 to 2018, when the trade war broke out, with the trade deficit with China reaching a record increase of \$419 billion⁽¹⁾. This growing trade deficit led President Trump to conduct an official investigation that eventually led to his decision to increase import tariffs on Chinese products on March 22, 2018, which took effect on July 6⁽²⁾. The US administration hoped, through this historic decision, to start reducing this deficit, as raising the prices of imported Chinese goods through raising tariffs will inevitably weaken the competitiveness of Chinese companies⁽³⁾.

In this way, Trump can create a more favorable environment for American companies operating and selling in China and thus create more new job opportunities as he promised in his election platform⁽⁴⁾. However, this scheme had negative reactions that the Trump administration did not take into account⁽⁵⁾. As this decision led to counterproductive results that were not taken into account because the costs of imported inputs for local companies increased as a result of raising tariffs⁽⁶⁾.

7. Trump's Strategy

During Trump's election campaign, he repetitively stated his economic strategies to revive the general state economy⁽⁷⁾. This was performed by restoring manufacturing jobs from abroad through increasing import tariffs on foreign goods, particularly from China, as a way to protect national companies from unfair competition practiced by foreign ones⁽⁸⁾. In general, Trump wanted to achieve more self-sufficiency for the United States by pursuing policies targeted to increase import tariffs⁽⁹⁾. China has been the main objective of these policies, claiming that such policies will create new jobs to reduce unemployment⁽¹⁰⁾. Thus, the first import tariffs were imposed on all steel and aluminum imported products

⁽¹⁾ Office of the United States Trade Representative. (n.d.). "The People's Republic of China." Washington, United States: Office of the United States Trade Representative. (n.d.), 2020. <https://ustr.gov/countries-regions/china-mongolia-taiwan/peoples-republic-china>.

⁽²⁾ Setiawan, "Does US-China Trade War Matter on ASEAN Stock Market?"

⁽³⁾ Amadeo, "Did Donald Trump Bring Back American Jobs?"

⁽⁴⁾ Ibid

⁽⁵⁾ Huang et al., "Trade Linkages and Firm Value: Evidence from the 2018 US-China Trade War."

⁽⁶⁾ Ibid.

⁽⁷⁾ Huang et al., "Trade Linkages and Firm Value: Evidence from the 2018 US-China Trade War."

⁽⁸⁾ Ibid.

⁽⁹⁾ Ibid.

⁽¹⁰⁾ Ibid.

on March 23, 2018⁽¹⁾. Trump administration believed that the wave of global oversupply of steel and aluminum, directed mostly from China, is an issue that threatens American steel and aluminum producers and thus harms American trade interests^{(2) (3)}.

However, the imposition of tariffs on imported steel and aluminum products was not absolute, Trump granted an exception to import from any country if the import limit that had been set was not exceeded⁽⁴⁾. Therefore, this policy was not considered specifically directed against China, as was the case when it imposed direct tariffs on imported products from China on March 22, 2018⁽⁵⁾. Where Trump announced the imposition of additional tariffs specifically targeting Chinese imports, which will take effect on the 6th of July⁽⁶⁾.

In response to this announcement, China imposed several tariffs specifically targeting the United States on April 2, 2018⁽⁷⁾. The date of imposing the first tariff specifically imposed on China directly is on March 22, 2018. This date is considered the starting date of the direct trade war between America and China, which continues to this day⁽⁸⁾.

8. Biden's Strategy

United States Trade Representative Katherine Tai announced on the 4th of October, 2021, the Biden administration's awaited strategic plan to reshape US-China trade policy⁽⁹⁾. The plan aims to craft a US-China trade policy that enhances enhances "flexibility and competitiveness - including with our allies and partners - to diversify markets, and reduce the impact of Beijing's harmful practices⁽¹⁰⁾." The Biden administration plan outlined four basic steps that will be implemented, in

⁽¹⁾ BBC News, "US Tariffs: Steel and Aluminum Levies Slapped on Key Allies." BBC News. May 31, 2018. <https://www.bbc.com/news/world-us-canada-44320221>.

⁽²⁾ BBC News, "Trade Wars, Trump Tariffs and Protectionism Explained."

⁽³⁾ Sabala et al., "Impacts of Chinese Tariff on World Soybean Markets."

⁽⁴⁾ Amadeo, "What Is the Current U.S. Trade Deficit?"

⁽⁵⁾ BBC News, "US Tariffs: Steel and Aluminum Levies Slapped on Key Allies."

⁽⁶⁾ BBC News, "Trade Wars, Trump Tariffs and Protectionism Explained."

⁽⁷⁾ BBC News, "Trade Wars, Trump Tariffs and Protectionism Explained."

⁽⁸⁾ Sabala et al., "Impacts of Chinese Tariff on World Soybean Markets."

⁽⁹⁾ Lee, Tom. "The Biden Administration's U.S.-China Trade Strategy: A Primer." American Action Forum. October 6, 2021. <https://www.americanactionforum.org/insight/the-biden-administrations-u-s-china-trade-strategy-a-primer/>.

⁽¹⁰⁾ The White House. "Background Press Call by Senior Administration Officials on the Administration's Trade Approach to China." Political. Washington, United States: The White House, October 4, 2021. <https://www.whitehouse.gov/briefing-room/press-briefings/2021/10/04/background-press-call-by-senior-administration-officials-on-the-administrations-trade-approach-to-china/>.

order, in the few coming months starting January 2022: (i) reconsider the “phase one - trade deal” formerly negotiated with the Trump administration and highlight that China is sticking to end of its agreement; (ii) recall Section 301 “target tariff exclusion procedure;” (iii) continue high-level discussions with China to further address trade concerns on a larger scale; and (iv) working more with associated allies to counter China’s “unfair trade practices”^{(1) (2).}”

Although the outlined plan steps to attain these goals, it provides few details about what management plans should be implemented for achieving these steps⁽³⁾. The lack of detail indicates that several administrations’ trade strategy is not yet fully determined and are subject to the results of future discussions between the United States and China⁽⁴⁾. The missing information that has not yet been set indicates that the “*Biden administration will continue many of the Trump administration’s protectionist policies toward China*”⁽⁵⁾.” This ambiguity in the plan suggests that the Biden administration’s strategy will not be clearly defined until the end of the US-China trade discussions. Meanwhile, many of the protectionist trade policies that began under the Trump administration will remain the same with President Biden unless some major changes or discussions allow for an agreement that guarantees the United States’ privilege^{(6) (7)}.

9. Expectations for the US-China trade war

Trade wars have no winners, as the history of the world economy proves. The two parties will always suffer varying losses, but the United States has historically been famous for its long record of winning most of the time in negotiations over resolving trade contradictions and forcing other countries to back down in trade conflicts⁽⁸⁾. This is also the case in the recent trade war between it and China, where China showed its willingness to make concessions and reduce the

⁽¹⁾ Ibid.

⁽²⁾ U.S. Government Accountability Office. “U.S.-China Trade: USTR Should Fully Document Internal Procedures for Making Tariff Exclusion and Extension Decisions.” Political. Washington, United States: U.S. Government Accountability Office, July 28, 2021. <https://www.gao.gov/products/gao-21-506>.

⁽³⁾ Lee.

⁽⁴⁾ Lee, “The Biden Administration’s U.S.-China Trade Strategy: A Primer.”

⁽⁵⁾ U.S. Government Accountability Office.

⁽⁶⁾ The White House, “Background Press Call by Senior Administration Officials on the Administration’s Trade Approach to China.”

⁽⁷⁾ Lee.

⁽⁸⁾ Grossman, Gene M., and Elhanan Helpman. “Trade Wars and Trade Talks.” *Journal of Political Economy* 109, no. 7 (August 2015): 675–708. <https://doi.org/10.1086/262005>.

imbalance in bilateral trade to **“200 billion US dollars and liberalize its domestic market for American companies⁽¹⁾.”** Yet that was not enough for the United States. It has set additional conditions and imposed temporary sanctions until an agreement is reached with China on a mechanism to end this conflict⁽²⁾.

Despite all this, China was trying to complete the negotiations, because the sanctions imposed by the United States have a strong influence on global industrial policy that inevitably poses a threat to China’s plan “Made in China 2025⁽³⁾.” Since in case China does not complete its new project by the year 2025, this will incur losses that cannot be estimated⁽⁴⁾. The “Made in China 2025” project is based on the principle of the People's Republic of China’s leadership of 10 high-tech industries, including robotics, and artificial intelligence, etc., for example⁽⁵⁾. However, the United States is convinced that China’s expected success in implementing this plan will result from China’s use of American technologies⁽⁶⁾. Therefore, the United States will try hard to impose all sanctions that prevent China from accessing its technological development project, unless China guarantees American superiority⁽⁷⁾.

An important study conducted by Rafi Sheikh, in which he studies the reality of the US trade war with China and tries to answer whether one of its parties can win⁽⁸⁾. As a result of this study, he reaches a general conclusion that there is no winner in any trade war, but at the end of any trade war, it is not only the parties of this war who are the losers, but the war in most cases leads to an overall global decline in trade⁽⁹⁾. The severity of this decline is correlated to the importance of the the conflict parties on the balance of global trade. Thus, Sheikh expected in this study that the current trade war, if it continues, will lead to a sharp slowdown in

⁽¹⁾ Carnegie, Allison. “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>.

⁽²⁾ Crowley, Meredith, Ning Meng, and Huasheng Song. “Tariff Scares: Trade Policy Uncertainty and Foreign Market Entry by Chinese Firms.” *Journal of International Economics* 114 (September 2018): 96–115. <https://doi.org/10.1016/j.jinteco.2018.05.003>.

⁽³⁾ Lee, “The Biden Administration’s U.S.-China Trade Strategy: A Primer.”

⁽⁴⁾ Ibid.

⁽⁵⁾ BBC News, “Trump Threatens to Raise Tariffs on \$200bn of Chinese Goods.”

⁽⁶⁾ Ibid.

⁽⁷⁾ Li, He, and Lin, “Economic Impacts of the Possible China–US Trade War.”

⁽⁸⁾ Sheikh, “Les États-Unis ne pourront pas gagner la guerre commerciale contre la Chine.”

⁽⁹⁾ Ibid.

global economic growth, which the world has not witnessed in any of the previous trade wars⁽¹⁾.

Another important study conducted by Bouët questioned whether it is possible to avoid trade wars and discussed their use if it is difficult to avoid them⁽²⁾. He concluded that resorting to a trade war is not an easy decision and most of the time it causes harm to all parties, but in most cases, it is the only option to stop the escalation of one trade country at the expense of another⁽³⁾. The country, which feels threatened by its commercial position, decides to wage this war to stop the other party, regardless of its harmless economic consequences.

The reality shows that the last trade war is a creation of the White House, Trump has stated many times that “trade wars are easy to win” and believes, albeit wrongly, that the United States has a trade deficit with the rest of the world and that the rest of the world has a lot to lose in case of the US loss⁽⁴⁾ ⁽⁵⁾. So many analysts believe that this trade war may eventually end up dictating terms to all trading nations that might stand against the United States⁽⁶⁾. There may be little chance that the domestic American reaction will force President Biden to reverse what his predecessor did⁽⁷⁾.

To raise the chances of the United States’ victory, according to Boudreaux and Ghei’s analyses, the American policy is implementing the following to make victory a reality⁽⁸⁾. By obligating all trading countries to fight this war against China, and thus China will have no other choice but to abide by the American decisions to end this global trade war against it⁽⁹⁾.

Although, all previous trade wars have proven that there is no winner in a trade war if it takes place between two countries. But the scenario will change if this war is between most trading countries; i.e., the United States and its allies, against China, of course, this may change the prevailing belief that there is no

(1) Sheikh, “Les États-Unis ne pourront pas gagner la guerre commerciale contre la Chine.”

(2) Bouët, “Les guerres commerciales sont-elles bénéfiques ?” Polytechnique Insights. March 22, 2018. <https://www.polytechnique-insights.com/tribunes/economie/les-guerres-commerciales-sont-elles-benefiques-et-faciles-a-gagner/>.

(3) Ibid.

(4) Carnegie, “History Shows That Threats Won’t Work.”

(5) Li, He, and Lin, “Economic Impacts of the Possible China–US Trade War.”

(6) Carnegie.

(7) Lee, “The Biden Administration’s U.S.-China Trade Strategy: A Primer.”

(8) Boudreaux and Ghei, “The Benefits of Free Trade: Addressing Key Myths.”

(9) Boudreaux and Ghei, “The Benefits of Free Trade: Addressing Key Myths.”

winner in trade wars⁽¹⁾. This is what makes this trade war distinct and worthy of study and analysis because it is different from the previous wars in many fields⁽²⁾. One must not forget that it is also important to consider the consequences of this international trade war in terms of China's inability to cope with the global response to its growth and the distribution of trade losses resulting from this war⁽³⁾. So that “there are no guarantees of distributing these losses almost equally as in previous wars” and the inevitable result is higher global economic growth for other countries in return for immeasurable losses on the Chinese side⁽⁴⁾.

In general, trade imbalances will be managed by global market forces and reflect the efficiency of the United States in controlling all trade markets in the world⁽⁵⁾. Despite the US trade deficit resulting from government borrowing, its economy is still operating effectively and can affect all parts of the world⁽⁶⁾. Therefore, this trade deficit cannot be considered an inherent problem. It can be concluded that economies that suffer from trade deficits can be better off imposing tariffs and restrictive trade policies to prevent their economy⁽⁷⁾. This is the policy adopted by the United States when it imposed trade tariffs on some Chinese goods, under the slogan of protecting its domestic industries⁽⁸⁾.

○ Conclusion and Recommendations

The largest trading dispute in economic history has the potential to disrupt international trade and freeze financial markets⁽⁹⁾. The countries may form two opposing blocs, one backing China and the other, while at the same time forming vast economic alliances and regional currency zones⁽¹⁰⁾. It is projected that Asia

⁽¹⁾ Golub, Philip S. “Entre Les États-Unis et La Chine, Une Guerre Moins Commerciale Que Géopolitique.” *Géopolitique*. Le Monde Diplomatique, 2020.

⁽²⁾ Ibid.

⁽³⁾ Krugman, Paul R., Maurice Obstfeld, and Marc J. Melitz. "International Economics: Theory & Policy". Eleventh Edition. New York: Pearson, 2021.

⁽⁴⁾ Ibid.

⁽⁵⁾ Sabala et al., “Impacts of Chinese Tariff on World Soybean Markets.”

⁽⁶⁾ Amadeo, “What Is the Current U.S. Trade Deficit?”

⁽⁷⁾ BBC News, “US Tariffs: Steel and Aluminum Levies Slapped on Key Allies.”

⁽⁸⁾ BBC News, “US-China Trade War: Deal Agreed to Suspend New Trade Tariffs.” BBC News. December 2, 2019. <https://www.bbc.com/news/world-latin-america-46413196>.

⁽⁹⁾ BBC News, “US Tariffs: Steel and Aluminum Levies Slapped on Key Allies.”

⁽¹⁰⁾ Tyson, Ann Scott, and Howard LaFranchi. “A Trade War Over History? Sort of Why Japan and South Korea Are Feuding.” *The Christian Science Monitor*, August 9, 2020. <https://www.csmonitor.com/World/Asia-Pacific/2019/0809/A-trade-war-over-history-Sort-of.-Why-Japan-and-South-Korea-are-feuding>.

will have a greater impact on the processes of globalization and the creation of global supply networks⁽¹⁾. While maintaining dominance over the global economy, economy, politics, and national security, the US intends to weaken its main rival⁽²⁾. rival⁽²⁾.

The current international trade policy of the United States tries to obstruct the PRC's sustained rapid economic expansion and expanding global influence⁽³⁾. The Chinese government, on the other hand, wants to dominate the world in robotics, biotechnology, and artificial intelligence⁽⁴⁾. It would support high-tech businesses financially and take all necessary measures to stop or postpone the United States from slowing or stopping China's economic modernization and digitalization⁽⁵⁾.

The Cold Trade War refers to how the United States and China's economic relations now stand. More significant than their disagreements are the two countries shared economic interests⁽⁶⁾. The two countries' reliance has sparked concerns about creating a new, 'fairer' trade agreement⁽⁷⁾. A "new trade architecture" that regulates the application of traditional trade tools like tariffs, quotas, and sanitary and phytosanitary certificates⁽⁸⁾. As well as other regulations like intellectual property protection, technology transfers, and Chinese state subsidies to producers and exporters should be a part of the recently negotiated trade agreement between the United States and China⁽⁹⁾. The new agreement would handle cyber espionage and improve U.S. firms' access to the Chinese market in addition to trade⁽¹⁰⁾.

Both political and economic factors are involved in the protectionist campaign the United States is waging against its trading partners, notably the People's Republic of China⁽¹¹⁾. The US government has named China as the state's main strategic foe in the next years. Numerous trade barriers with the United States and other initiatives to limit China's economic development are thus also tools for restraining the country's growing political might.

⁽¹⁾ Ibid.

⁽²⁾ Lee, "The Biden Administration's U.S.-China Trade Strategy: A Primer."

⁽³⁾ Boudreaux and Ghei, "The Benefits of Free Trade: Addressing Key Myths."

⁽⁴⁾ Ibid.

⁽⁵⁾ Ibid.

⁽⁶⁾ Liu and Woo, "Understanding the U.S.-China Trade War."

⁽⁷⁾ Huang et al., "Trade Linkages and Firm Value: Evidence from the 2018 US-China Trade War."

⁽⁸⁾ Liu and Woo. Pg. 321.

⁽⁹⁾ Liu and Woo, "Understanding the U.S.-China Trade War."

⁽¹⁰⁾ Ibid.

⁽¹¹⁾ Breslin, "China and the Global Political Economy."

