



## PERSPECTIVES

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# The Trade War Is Just the Start of a US-China Cold War

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**EXECUTIVE SUMMARY:** Many observers view the current confrontation on trade between China and the US as temporary. However, the two countries have opposed geopolitical imperatives that make it highly unlikely that a long-term solution will be found. The US will have to consider how to contain China, which is a far more formidable competitor than the Soviet Union ever was. The US will need much more than a Cold War-style “containment” strategy to counter Chinese ambitions.

It has been a cliche since the Ukrainian crisis of 2014 to profess that a new Cold War has begun between the West and Russia. Proponents of this view argue that Moscow has been waging almost the same level of war against the US as did the Soviets in the 20<sup>th</sup> century.

This view, which prevails among world politicians and the analytical community, mistakenly holds that Russia should and will be the focus of the West’s (primarily America’s) foreign policy.

Few view China as a true challenger to a US-led world. Many continue to believe that America’s trade war with China is temporary, even tactical – a battlefield on which Washington is simply trying to achieve better economic terms with the Asian giant. The argument goes that once the trade issue is resolved, Washington and Beijing will resume more or less normal relations.

But in fact, beyond trade issues, there is a plethora of other economically and militarily important areas in which the US and China have fundamentally different views.

Washington views Beijing's grand project, the "Belt and Road Initiative" – which aims to restructure trade routes across the Eurasian landmass and redirect them toward the Chinese heartland – with suspicion. Washington does not want to see any single country attain enough power to dominate the Eurasian continent entirely or control even half of it. The Soviets tried to dominate the entire landmass, but their non-military capabilities were quite limited. Communism was simply not attractive enough. The Chinese possess many more financial resources with which to influence the Eurasian states, and this is worrisome for Washington.

There is also a purely military problem. Beijing is building up its military fleet and enhancing the power of its land army. This will enable it to challenge US dominance in the South China Sea and the surrounding waters. In a way, China is doing what the US tried to do in the 19<sup>th</sup> and early 20<sup>th</sup> centuries near its shores in the Caribbean Sea and the Pacific Ocean. Control over those waters projected US power on a global scale and propelled its intervention into both world wars. The US is concerned that if the Chinese similarly manage to dominate their immediate waters, Beijing's power will be projected over the Pacific and Indian Oceans. This would mean China controls the military and economic routes in that area, making it a true global power – and therefore a direct adversary to the US.

There are, then, irreconcilable differences between the US and China. The trade issue, and troubles surrounding Chinese telecom companies (even if settled), are not the climax of the battle. They are but tiny parts of a grand geopolitical struggle between the two giants.

This competition is marked by a critical ideological difference. During the Cold War, the Soviets were feared and despised by the Americans for their contempt for capitalism. With China this does not apply. The West fears China because there is no clarity about what the world would look like under Chinese dominance. There is no such historical precedent, and Westerners fear this uncertainty.

Moreover, the West disapproves of China's one-party rule and strong-handed approach to dissent. It accuses Beijing of harsh policies toward, for example, the Uighurs in the west of the country.

This ideological, one might even say civilizational, difference breeds mutual mistrust, and this is dangerous for the world at large.

History shows that mistrust can be deadly. The British government entered WWI in July 1914 largely because of fear of what a German-led Europe would look like. It was not worth taking the risk – better to be allied with France, a

rival of long standing, and even with Russia, which may have had its own ambitions but was considered controllable over the longer term.

It can also be argued that Hitler's profound mistrust of Stalin, rather than policy based on raw facts, led him to attack the Soviet Union in June 1941.

The US and China see each other through this kind of lens. Trade issues might be resolved, but other troubles will arise that could spiral into an outright confrontation (not necessarily a military one, but still an open rivalry).

It is likely that the two countries will accelerate their scramble for allies in the rising conflict. One actor to keep a close eye on is Russia. Russian-US relations are at a low point, and it is hard to see how relations will improve anytime soon. But the US will need to make a strategic decision whether to press Moscow and Beijing simultaneously – a difficult task – or to try and draw Moscow closer into its orbit by making geopolitical concessions in exchange for its support against Beijing. China will be doing the same. Russia is too important to lose.

### **Is a new “containment” strategy viable against China?**

If, in the long run, China poses a fundamental challenge to US domination of the Pacific and Indian Oceans as well as to order on the Eurasian landmass, how can the US counter it? Is a “containment” strategy like that used against the USSR during the Cold War the right approach? Not necessarily. Major reasons behind the American success were Moscow's limited financial capabilities and low attractiveness in the eyes of the rest of the globe.

With modern China the situation is very different. Chinese finances are vast, and China's global appeal is higher than that of Soviet communism ever was.

The US had to expend great military and economic resources to stall Soviet influence, but the Soviet threat always remained entirely military. It is arguable that the US was always likely to win the Cold War in the end.

Echoing its approach to the USSR, the modern-day US could militarily reinforce its allies in the Asia-Pacific and try to lure them away from Chinese economic influence. But this will not suffice. Much greater resources will be required from the US to stop the Chinese. Modern China, with its nascent Eurasianism, together with the high degree of chaos on the Eurasian landmass leave room for Beijing to expand its influence at America's expense.

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