

Unfair Trade: A Motivation for War

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In 2018, the Trump administration started implementing a new economic policy towards China by imposing tariffs on certain goods imported to the United States. Solar panels, medical equipment, and steel were some of the products subject to new import taxes. China retaliated by imposing tariffs on imported American goods like airplanes, aluminum, and cars. Both countries have become economically distrustful of each other because trade restrictions negatively impact their economy. However, disputes over the imposition of tariffs between the United States and China will not only harm the economic interests of both countries, but it will also increase the chance of direct military engagement in the South China Sea.

It is critical to understand the three motives behind this trade war in order to comprehend how its consequences make conflict more likely. First is the American trade deficit which, although it allows American consumers to buy cheaper goods, transfers a vast amount of purchasing power to China. Second is the threat, as perceived by Americans, of the Chinese economy catching up to that of the Americans. Third, China's use of its soft power (negotiation and persuasion) to advance their questionable, although not entirely clear, economic and political interest.

Currently, China and the US have commercial agreements that allow both economies to trade with little or no restrictions. Both countries benefit greatly from this commercial exchange. While American consumers get cheaper goods from China than they would do by producing them at home or by importing them from other countries, Chinese manufacturers make a profit and pay their employees with money coming from American customers.

However, the United States buys more from China than China from the United States. Although trade usually makes both parties better off, a sustained deficit is a questionable long-term strategy. According to an article by Jim Tankersley and Ana Swanson for *The New York Times*, the gap between American imports and exports with China reached \$891 billion in 2018. Not only has the United States become dependent on foreign manufacturing, but a large inflow of money gives China considerable purchasing power.

Rapid economic expansion has increased China's international influence, which makes the United States uneasy. The Chinese government, for example, is investing increasingly large sums of money into building up its military, having just commissioned into service its first aircraft carrier. Although not an arms race (or at least not yet), military expansion of that kind is perceived by the United States as a potential threat, not because China might be willing to deliberately attack the United States, but because it sends the message that it is ready to confront anyone who compromises its interests. China argues that increasing its military is only for defensive purposes, that changing circumstances force the country to prepare for any unforeseen event. However, there is no country that poses a genuine threat to China considering it is the nuclear power with

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the largest number of soldiers. In short, China is a rising power that challenges the United States' role as the established power.

In international politics there is a phenomenon which maintains that when an emerging power jeopardizes the position of the ruling power, war is often the case. This is known as the Thucydides Trap. It happened in the 4th century BCE during the Peloponnesian war when Athens (a rising power) threatened to displace Sparta (an established power) as the main force in the Aegean Sea. A similar case occurred with the Soviet Union and the United States right after World War II. Even though there was no previous dominant power, both states emerged as the main players in international politics. The struggle to determine who would be the last one standing nearly had catastrophic consequences. All-out nuclear war was narrowly avoided. Under close inspection, it becomes evident that the US-China situation is quite similar. There is a struggle for military and economic supremacy. But what does this have to do with the so-called "trade war"? Well, China's military might has increased greatly because the country has the economic wherewithal to do so. Although the United States is not responsible for how the Chinese spend their money, there is little doubt that it has inadvertently provided funds for them to do so. Strategic tariffs that would slow down China's economy and limit its revenue, even at a high cost for the United States, might be the only way to stop it from rising even higher.

The last motive for a trade war is the United States' concern about China's use of soft power (negotiation and persuasion) to gain access to critical information and obtain clearance from foreign governments to build military facilities in their territories.

One good example is Huawei's interest in developing 5G (5th generation) cellular communication technology, which would considerably improve wireless internet connection and speed. Although Huawei claims it is only a participant in trade, the company's development advantage is worrisome. The Chinese tech company has been accused of conspiracy to obstruct justice (along with twelve other charges) in the Eastern District of New York (Swaine). Moreover, the court of the Western District of Washington in Seattle is currently investigating Huawei for stealing trade secrets from communications company T-Mobile (Swaine). It is also worth mentioning that the US government considers Huawei an espionage branch of the Chinese government. The company has insisted that it complies with all the norms and regulations of every country where it operates. However, Canada recently began an extradition process to take Huawei executive Meng Wanzhou to the United States. Despite this process, the Chinese embassy in Canada has condemned the detainment and eventual extradition of Meng to the United States (Cao). Moreover, in 2017 a law in Beijing was passed that requires companies to provide information to the government if asked for, making it even harder to distance Huawei from the government (Swaine). Had the Chinese government tried to reach a direct deal with foreign governments and communications companies, skepticism would have been much higher; however, businesses had no problem doing business with a "mere" phone manufacturer.

There is also the construction of military facilities in countries to which China has lent large amounts of money. Developing countries often need to take out loans from other countries to develop national infrastructure, and China offers them just that. In countries where the United States was looked up to, China has now taken its place. However, agreements seem to harm lenders more than help them build up their infrastructure. What seems to be cheap loans usually end up overwhelming the ability to pay of countries like Sri Lanka, Djibouti, Tajikistan, Montenegro, and even the United States.

Of all the countries that lend money to the United States, China is at the top (Mantesso). When countries are not able to repay their debt, what does China do? It usually promises to forgo the country's debt in exchange for control of naval trading ports or permission to build military facilities. China will not be granted control of a trading port or be allowed to send military forces to the United States, but other countries have allowed it.

Chinese military bases are now located beyond its borders, including strategic trade routes in the South China Sea, a trade route that connects mainly the Philippines, Cambodia, Taiwan, Singapore, Vietnam, Thailand, and Indonesia with the rest of the world. Some of these countries have no other way of navigating other than through the South China Sea.

The United States has commercial interests in these countries and having Chinese military bases spread out might escalate the situation. There is a genuine concern that China wants to dominate the region by restricting regional. A commercial blockade could seriously harm the US because its supply of goods would be cut off. This potential risk makes China a threat to the United States national security.

There is also the possibility that the United States will stay away from the region and find suppliers somewhere else rather than invest valuable time and resources into a lengthy negotiation with China, trying to convince it not to keep using its resources to build military bases. However, this is unlikely to happen because there are many American assets in eastern Asia. In a globalized economy, private individuals and companies can invest resources in foreign countries. Protection of trade networks responsible for improving living standards, not only of Americans but of the entire world, might be worth fighting for.

When states relationships start to deteriorate trade is always the first to go. It is highly unprofitable for businesses to operate in an environment in which their investments are endangered by interstate conflict. International companies often urge governments to solve their disputes in order to ensure free trade. Incentives to keep free trade overlap with those to maintain peace.

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