

The Dangers of A “Sino-American Hot War”: Joe Biden’s China Policy. Can He Stop the Shooting War Against China?

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Global Research, March 04, 2021

Region: [Asia](#), [USA](#)
Theme: [Intelligence](#)

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The forty years of the Cold War have made us endure hunger, fear and hopelessness.

The year old pandemic has made us desperate and vulnerable. Now, we are facing a new global threat, namely the Sino-American hot war which may mean the end the human civilization.

These are the three post-WWII era mega crises. These crises have different causes, but one of the most important causes is the selection of wrong leaders who make wrong judgments and execute misleading decisions because of their political debts, personal interests, unrealistic ambitions and corruption.

Therefore, the only way to prevent mega crises is the proactive participation of ordinary people in policy decisions. The virtue of ordinary people’s proactive participation has been shown in South Korea. The South Korea’s success in the anti-COVID war was possible because of President Moon Jae-in’s inspiring leadership and ordinary Koreans’ enthusiastic proactive participation.

The present paper has the following messages.

First, Washington is prepared to undertake a shooting war, if China continues to threaten its global interests. As for China, it is too big and too strong to go back; it will increasingly assert itself either for bargaining purpose or preparing for the hot war. In other words, the shooting war is very possible.

Second, Washington tries to avoid the shooting war, if possible, because it is costly.

Third, Washington will try to subjugate China through China taming (bashing) operation. China bashing will likely to fail.

Fourth, since China bashing is likely to fail, Washington may choose the shooting war as the solution.

Fifth, since Washington cannot succeed with China bashing and since the shooting war is too costly, the wise alternative approach is its cooperative and productive coexistence with

China.

Sixth, China should make it clear that it has no ambition to replace the U.S. as global hegemonic power on the one hand and, on the other, try to harmonize its regime with the American regime.

Before we get into the main body of the paper, I thought I should say a few words on the current scholarly debate on the possible Sino-American shooting war. There are those who claim the possibility of shooting war, while there are those who argue that the shooting war can be avoided.

For instance, Graham Allison, in his book “Destined for War” (Houghton Mifflin Harcourt: 2017), claims that Sino-American shooting war is a real possibility. Allison explains that when a new power challenges the existing one, the shooting war has been the rule rather than exception. The rival powers fall into complex and complicated dynamics of hostile relations that leads to the hot war. Allison calls this dynamics as “Thucydides Trap” referring to ancient Greek historian, Thucydides, who wrote about the war between Athena (new power) and Sparta (existing power).

According to Allison, in the world, there have been nineteen Thucydides traps of which only three avoided the shooting war, one of which was the rivalry between the U.S. and the British Empire.

On their part, Fena Zhang and Richard Ned LeBow in their book “Taming Sino-American Rivalry” (Oxford University Press: 2020) argue that the shooting war between the U.S. and China can be avoided through persuasion and diplomacy. Moreover, these authors make an important point that the probability of the shooting war depends also on leader’s wisdom and leadership quality.

This paper discusses two types of China bashing: the ideological bashing and the economic bashing.

Ideological China Bashing

There are those who describe the U.S.-China conflict as civilization clash. However, a closer look at the history of Washington-Beijing relations shows that this view is only partially true. During the era of the Cold War (1950-1990) the Washington-Beijing relation was cordial, friendly and even cooperative.



In 1970, Richard Nixon went to see Mao Zedong and he was successful in normalizing the bilateral diplomatic relations in 1979. What made these countries to cooperate was the threat of the Soviet Union which was the common enemy of both countries. Since the opening of China by Deng Xiaoping in 1978, the Sino-American

relations were not hostile, even cordial. George W. Bush was hostile to the Chinese politico-economic regime, because it was not a Christianity-based regime. But, the 911 tragedy made him to cooperate with China to fight against international terrorism. This shows that Washington does cooperate with Beijing when it is necessary

True, under Barack Obama, the Sino-American relations were more hostile and belligerent, but this had little to do ideology; it was rather the friction attributable to Beijing's militarization of the South China Sea and Washington's China containment strategy.

However, under Donald Trump, the Chinese regime has become one of the chief components of Washington's China demonization.

In the post-CIVID era, the ideological conflict may become more serious, if China's assertiveness intensifies and if Washington's hegemonic status is compromised. The Washington's establishment will argue that the Chinese socialism with Chinese characteristics will threaten Washington's politico-economic regime. Therefore, China should be induced – even forced – to change its present regime and adopt the American regime. The question is: “Will China do it?”

I argue that China will never adopt the so-called “Washington democracy” or capitalism for two reasons. One is the very philosophical foundation of the Chinese system and the other is the weakness of American system.



China cannot escape from thousands-year old philosophical and religious traditions.

The Chinese system of thoughts has been formed by Buddhism, Taoism and Confucianism.

Confucius statue, Shanghai

These three systems of thoughts seem to have provided the philosophical foundation of Chinese politico-economic system, namely, pragmatism, harmonious social order.

The Chinese pragmatism is largely inspired by Taoist notion of relative truth. According to Taoism, the universe is governed by the harmonious co-existence of the positive energy (yang) and the negative energy (Um). There is nothing absolute; there is no absolute truth; everything is relative. This way of thinking has provided the justification of Chinese pragmatism. This is a sharp contrast to the philosophical and religious tradition of the West which highly values the dichotomy of bad-good and the exclusive absolute truth. As a result, the Western politico-economic regime is dogmatic and exclusive.

The importance of harmony is another Chinese philosophical tradition. Taoism as well as Buddhism highly value harmony through compassion, humility and frugality in human relations including interpersonal relations, the ruler-ruled relations and inter-government

relations.

The third element of Chinese way of thinking attaches paramount importance to the hierarchical social order. The hierarchical social order derives from collectivism requiring the subordination of personal interests to those of the collective entity such as family and the country. However, such social order is possible only through harmonious social relations made possible by obedience. This notion of harmonious hierarchical social order comes from the teaching of Confucius.

The combination of pragmatism, value relativism and harmonious social order explain the pragmatic nature of Chinese socialism à la Chinoise (Chinese way) where the political system is socialism ruled by the Communist Party in which the ruler-ruled relations are Confucian relations in which the ruler “looks after the citizens” with paternalistic love and the citizens obey ruler for the good of the country. It appears that this system will not change easily even in the long run, because it is very soul of the Chinese people; it is a part of Chinese DNA. It is about the time that Washington establishment stops demonizing China for its regime.

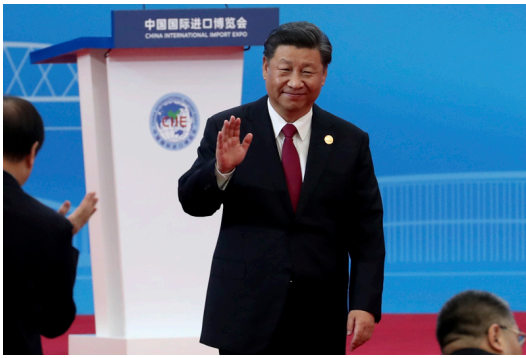
There is another reason for China’s reluctance of adopting American democracy. In the eyes of Chinese opinion leaders, American democracy is a failure, because it is unable to solve racism, human right violation, mass killing on the streets, starving children, the worsening income distribution and rising poverty. It is possible that the Chinese people think that their hybrid politico-economic regime is not inferior to the American system.

There is another worry for Washington; it is the alleged danger of the propagation of “Chinese socialism”. This is a big surprise to me. Is the American regime is so weak that it is threatened by the Chinese regime? But, China has no intention of making its regime a politico-economic gospel and spread in Asia and throughout the world. Even if China wanted it, it has to confront the objection by Asian countries including ASEAN countries and South Korea. These countries are not what they were in the 19th century. They are no longer Chinese tributary countries; they are prosperous and they can defend themselves.

As for the Chinese relations with Washington, Xi Jinping made it clear that China wanted to coexist peacefully with Washington. Xi Jinping said this:

“The vast Pacific Ocean must have enough space to accommodate both China and the United States.” (quoted by Zhand-Le Bow, p.111)

The implication of the foregoing analysis is that Washington should give up the ambition of making China to adopt American democracy and the neo-liberal capitalism. Moreover, it is about the time to stop the demonization of China by the fabrication of the danger of global domination of Chinese regime. There is no danger of “Yellow Peril.” The more productive approach of Washington’s China policy would be one of peaceful and cooperative coexistence.



This is precisely what Xi wants. On June 7-8, 2013, at the shirtless talk with Barack Obama at the Sunnylands Estate in California, Xi Jinping (left) proposed a new inter-super power relations based on no conflict, no confrontation, mutual respect and win-win relations. This is important to remember this. China has no ambition of replace the U.S. as the master of the world; even if it wanted, it cannot. So, Biden should stop ideological China bashing.

Economic China Bashing

The fundamental objective of Washington's strategy of economic war is to prevent Chinese economy from catching up the American economy. Washington's strategy consists in preventing the Chinese economy from growing faster than the American economy. To do this, Chinese economy should be made less productive, while the American economy should be made more productive. The economic war can takes place in three areas of economic activities: the demand for goods (and services), the supply of goods and the economic regime change.

Demand-side Strategy

The demand-side strategy involves the measures designed to increase the country's domestic and foreign demand on the one hand and, on the other, debilitate the rival country's foreign demand and domestic demand.

The American domestic demand had been falling even before the pandemic because of the lopsided income distribution caused by pro-business neoliberal government policies. Moreover, the prolonged pandemic has given the coup de grâce to the domestic demand. The pandemic has totally destroyed the SMEs that are the creators of jobs and the sources of the income of the ordinary Americans. For China, the early removal of lockdown has made possible the early revival of the economy. As a result, as far as the domestic demand is concerned, China is doing better than the U.S.

China's foreign demand for goods involved in the Sino-American economic war is its exports of goods to the U.S. In 2019, its value was USD 360 billion.

On the other hand, American foreign demand is its exports to China; its value was USD 110 billion. This means that China's dependence on the American market is 3.17, while the American dependence of the Chinese market is 0.67. In other words, as far as the foreign demand is concerned, China is more vulnerable than the U.S. However, China can increase more easily its foreign demand than the U.S. because China can diversify its exports partners by exporting more to developing countries. As for Washington, its main trade partners being developed countries, its capacity to diversify its trade partners may not be

easy. It is to be noticed that, in 2021, the GDP growth rate for developing countries will be 7.4% as against 5.4% for developed countries. This may make the diversification of Chinese exports more effective.

The outcome of the demand-side Sino-American battle is not clear cut, but one thing sure is that the U.S. will not be the winner.

Supply-side Strategy

The supply-side strategy consists in expanding the country's production capacity and reducing that of the rival country. The production capacity is determined in function of the supply of production factors such as labour, capital, technology, knowledge, and entrepreneurship as well as the number of firms producing goods and services.

For the time being, the U.S. seems to have, relatively speaking, more weapons in hand. First, Washington may continue to re-shore American firms in China. But the possibility is not great. In fact according to a recent survey results announced by American Chamber of Commerce in Shanghai on September 9, 2020 as many as 92% of American firms in China will remain in China despite the pandemic and the Sino-American trade war. This is understandable, because the cost of re-shoring and resettlement could be high.

The second weapon Washington has is more effective. Its objective is the prevention of the transfer of American knowledge and technology to China. The ammunitions include the reduction of the number of the Chinese students in the U.S., the restriction of the activities of U.S.- based Chinese media, the penal punishment of the theft of technologies, the sanctions against American firms selling technologies to Chinese forms, the creation of a black list of Chinese companies which deserve surveillance and other measures. These ammunitions will sooner or later hurt the Chinese economy.

China would like to hit back, but the impact of the hit may not be great for the simple reason that China depends much on American knowledge and technology. But, China will try to strengthen its self-sufficiency in technology and knowledge and in the long run it may succeed.

In short, as far as the supply-side war is concerned, the U.S. seems to have favourable edge over China.

Structural Adjustment Strategy

The long-run results of Sino-American economic war depend on the extent to which the domestic market can lead the economic growth. The decades-long experience with neoliberal economic system has given us one lesson, namely, the fact that we cannot rely on the exports of goods for sustained economic growth. This is due to several related factors.

First, as the universal reduction of tariffs continues, the marginal positive impact of free trade on GDP growth is decreasing. Second, as more and more advanced technology is applied for the production of exported goods, the exports-generated jobs is decreasing. Third, as more and more imported intermediary goods are used for the production of exported goods, the trickling effects of exports on the economy is declining. For these reasons, the sustained growth of the economy increasingly depends on the domestic market which depends on SMEs.

The lopsidedness of income distribution is more than the issue of social justice and welfare; it is now the issue of sustained economic growth. The unequal income distribution in favour of the rich and against the ordinary people means the weakening of the domestic demand and, if it continues, economic growth itself will be compromised. Indeed, the decades-long stagflation in Japan was due to the shrinking income of ordinary Japanese people for decades leading to the destruction of SMEs and the domestic market.

The lopsidedness of income distribution is often measured by the Gini coefficient. It varies from zero to 100. The higher the Gini, more lopsided becomes the income distribution in favour of the rich. In 2019, the U.S. pre-tax Gini was 48.7, the highest among developed countries.

We distinguish between the pre-tax Gini and after-tax Gini. The difference between the two represents the efficiency of the government's effort to improve the income distribution.

The following figures show the effectiveness of government's efforts of improving the income distribution of advanced countries: Australia (20.2%), Canada (26.0%), Denmark (41.0%), France (41.3%), Germany (35.5%), U.K (21.4) and the U.S. (13.2%). Thus, the U.S. has not only the worst income distribution but also the most inefficient income redistribution policy.

Chinese Gini is the same as the U.S. Gini. But the reasons can be different. In the U.S. the high Gini is due to the government's failure to tax sufficiently large corporations and to distribute the tax money to ordinary Americans. On the other hand, the high Gini in China is related to the low level of economic growth. The Gini is high at the early stage of economic growth, but, as the economy grows further it falls.

We have examined the nature of Sino-American economic war. We have examined the demand-side and supply-side strategies. We have not found any winner. We have examined also the structural adjustment strategy. Here, China may have some advantage. However, one thing is clear; there is no guarantee that the China will win.

To conclude, the possibility of Washington's winning the ideological war and the economic battle looks uncertain. If this is the case, Washington might conclude that the only way of subduing China would be the shooting war.

But, the shooting war is costly. So, if Washington wants to avoid the war, and if it cannot succeed in China bashing, the only way left is the coexistence with China. Washington should reconsider Xi Jinping's win-win cooperative coexistence. That is what the world would like to see, because it is good for the global security and prosperity.

It is sincerely hoped that Biden will envisage the U.S.-China policy not in terms of short-run interest of Washington but in terms of long-run interests of the U.S. and the world.

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