

What Is the Nature and Causes of the Sino-US Trade War: A Summary of the Views of Chinese Scholars

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Abstract: In light of the new situation of Sino-US trade war; this article reviews the most progressive research of Chinese scholars on Sino-US trade war since 2018-2019. Through combing the pertinent research, from the perspective of economics, the author did an in-depth analysis of Sino-US trade war including the reason and nature. Based on the fact that the United States initiated this trade war, this article has combed the external and internal reasons for the Sino-US trade war. Judging from the results of the review, reversing trade imbalances, marginalizing the global value chain of China, and curbing the development of Chinese strategic emerging industries and high-tech industries are the external reasons for the United States to initiate a trade war, while transferring the contradictions intensified by the imbalance in the distribution of internal interests is the internal reason. Then I discussed the nature of the Sino-US trade war, finding that as a turning point in the Sino-US strategic relationship, the Sino-US trade war is essentially a manifestation of American hegemonies, a disruption of the global economic order, and a capital logic that seeks unlimited value addition.

1. Introduction

Trade wars between China and the United States have a long history. In particular, it became more intense after that elected President; Trump implemented his anti-globalization attitude and dissatisfaction with the trade deficit between China and the United States. The Trump administration repeatedly proposed to impose trade sanctions on China. On January 19, 2017, Wilbur Ross, the nominee for the U.S. commerce secretary, pointedly called China the "*most protectionist economy*", adding that countries that violate trade rules should be "severely punished." Anthony Scaramucci, a senior adviser to Mr. Trump, also told at the *Davos Economic Forum* that China would pay a higher price if the United States and China started a trade war. On July 6, 2018, the Trump administration announced a 25 percent tariff on \$34 billion worth of goods from China. As a result, a new stage of Sino-US trade war started under the unilateral war. As the world's largest and second largest economies, the trade wars not only affect the domestic economies of the two countries, but also affect the global economic situation. The new round of Sino-US trade war has become the forefront and focus of academic research. The number of articles on trade between China and the United States in 2018 increased by about 500% over that of 2017, and more than 900 articles were published in public journals in the half year of 2019. Therefore, this article attempts to summarize the relevant research in the past two years, and clarify the causes and nature of Sino-US trade war from the perspective of economics, so as to provide a basis for understanding Sino-US trade war and subsequent research.

2. Reasons for the Sino-US Trade War

From the current research on Sino-US trade war, scholars generally believe that this unprecedented Sino-US trade war is caused by a variety of factors. In the "big change that has not occurred in a century," the motivation for the Trump administration to launch a trade war against China is by no means a single factor, but the result of various factors acting together and interacting

with each other [1]. The potential causes of Sino-US trade wars are quite complex, and deconstruction from the perspective of trade alone is not enough [2]. Some scholars have previously divided the factors that lead to Sino-US trade war into three categories: economic factors, political factors, and strategic factors. This trade war was initiated by the United States. Therefore, this article sorts out many scholars' points of view and divides the reasons for the trade war into internal and external causes.

2.1 The External Causes of the Trade War Initiated By the United States.

First of all, in terms of external causes, the primary external cause for the United States to launch the Sino-US trade war is the growing trade deficit. In 1985, China had a trade surplus for the first time, only 60 million dollars, accounting for 0.3% of the United States foreign trade deficit. Since then the gap has continued to rise. In 2017, China trade surplus reached 370 billion dollars, accounting for 44% of America deficit[3]. However, due to the difference in statistical methods and the cognitive error, the trade deficit has not been truly reflected. Yue Pan (2019) pointed out that economic globalization has challenged traditional trade statistics. According to traditional trade statistics, trade development in the global value chain is manifested by the rapid growth of exports and trade surpluses in developing countries, and the simultaneous accumulation of imports and trade deficits in developed countries. In fact, the profits of trade development and the core technology of the industry are controlled by the multinational companies in developed countries. Import and export, trade balance and balance of payments status can no longer truly reflect the competitiveness of trade partners 'related industries and the status of countries' income in international division of labor and trade [4]. Xiang Dai et al. (2019) believes that the misconception of Trump administration about the fairness and trade deficit in the current trading system is one of the reasons why they initiated a trade war [5].

The trade deficit is only one of the very superficial external causes of the trade war. A further reason is an imbalance in the distribution of global benefits from the Trump administration's perspective. Erzhen Zhang et al. (2019) argues that under the economic globalization condition in characterized by the division of elements mainly, from the perspective of the static interests, America occupied the high class of the value chain and obtained most of the benefits expressed in value added by the technology advantages, but new changes have taken place in the promotion of industrial and economic development and other dynamic benefits that are more conducive to developing countries. Thus it had an impact on the international economic governance system lacking of inclusiveness led by the United States, what led to the distribution imbalance of interests in the Trump administration's views. For that, Trump administration initiated a trade friction against China in the case of good economic performance overall [6]. The competitiveness of Chinese products in the global value chain system has been significantly improved, which is another external reason why the United States started the trade war in dialogue. In the past 40 years of reform and opening-up, China has witnessed rapid economic development and expanded foreign trade. Especially after joining the WTO, participating in the process of globalization, the competitiveness of the global value chain system has been significantly improved, and the gap with the United States is gradually narrowing. The development of economic and social in China is increasingly dependent on the global production network. Marginalizing China in the global value chain system has become the main means for the United States to contain China development [7]. This is the reason why the Trump administration started the trade war from the perspective of the global value chain system.

In 2017, the United States launched a section 301 investigation against China on the grounds of intellectual property protection, innovation or technological development. As a foreshadow of this trade war, it pointed out that another reason is to curb the development of China strategic emerging and high-tech industries and China economic Renaissance [8]. Dahai Fu (2019) said at the seminar on the 90th anniversary of the institute of economics of the Chinese academy of social sciences: "the first cause of Sino-US trade conflict is the dispute over trade interests. Second, technological catch-up." As the recent Huawei incident shows, trade friction is a shallow issue, and then there is

the battle between China and the United States to catch up on technology." [9] The Sino-US trade dispute is on the surface of the direct conflict on the level of economic and trade caused by Sino-US trade imbalance. In fact it's for that the United States failed to effectively prevent the rise of China through military and political containment means for a long time, and attempted to directly suppress China economically, hoping to completely end the momentum of China rapid rise (Songkai Lu, 2018) [10]. The United States hopes to rewrite the rules of the game for the world economy through a trade war, breaking the rules of multilateralism and bilateralism and making the rules more favorable. On the one hand, the Trump administration wants to restructure the world's industrial chain, eliminate China position in the chain, and consolidate China in the low-end industrial chain. On the other hand, it tries to counterbalance China by fighting a trade war and integrating the western "united front".

2.2 The Internal Causes Of The United States Trade War

As mentioned above, reversing the trade imbalance, marginalizing China global value chain, and containing the development of China strategic emerging industries and high-tech industries are the external reasons for the United States to initiate the trade war. while the deeper reasons are its domestic factors. As pointed out by Yifu Lin (2019), the trade imbalance between different countries (regions) and the United States is mainly due to different development stages and changing comparative advantages. In the 1980s, the trade deficit of the United States with east Asia accounted for more than 80 percent of its foreign trade deficit, with a peak of more than 100 percent. While the deficit with China now stands at 44%, the deficit with east Asia has fallen to about 50%. Thus, the root cause of the widening of the United States trade deficit lies not in China or east Asia, but mainly in the low household savings rate in its own country and the growing government fiscal deficit[10]. Besides the trade imbalance, Ruili Xing et al. (2018) believe that the growing opposition to free trade from both parties in the United States and the growing number of people in the country is one of the reasons for starting the trade war [8].

The trade war between China and the United States takes place against the background of intensifying economic and social contradictions , rising of anti-free trade social thoughts in the United States, and growing trend of unilateralism and trade protectionism in foreign economic policies[11]. America industrial policies have hollowed out manufacturing and led to rising unemployment. And the hollowing out of the manufacturing industry makes the real economy shrink and the non-real economy appear a lot of bubbles. The rising unemployment rate also leads to the escalation of domestic social contradictions. Under the condition of factor division of labor, the basic contradiction of capitalism takes on a new form in the United States and other developed countries, which is mainly manifested in the traditional unbalanced relationship between "exploitation" and "exploited" between labor and capital, and further evolves into the relationship between "abandoned" and "abandoned". Under the conditions of prominent defects in the domestic system and lagging governance capacity, it has become the political choice of the trump administration to transfer the contradictions intensified by the imbalance of internal interest distribution to external factors and adopt the anti-globalization trade protectionism policy. (Erzhen Zhang et al., 2019)[8]. In addition, Yingli Pan et al. (2018) analyzed the United States' globalization trap, manufacturing revitalization and taxation on foreign accounts, and pointed out that the United States' globalization trap and the vulnerability of its own social and economic structure led to high sensitivity and collective anxiety. This high level of sensitivity and collective anxiety is what led the the Trump administration administration to start a trade war [12].

3. The Nature of the Trade War between China and the United States

External factors and internal factors constitute the reasons to launch a trade war with China. Based on the analysis, we found that the United States attempts to external factors of concealing its internal factors of a trade war, with the surface of the altisonant reason disguise its deep reason, thus conceal the real purpose of a trade war, cover up the nature of a trade war with China. By sorting out relevant literature and summarizing the research on the nature of the Sino-US trade war by

experts, the author finds that some scholars regard the internal cause as the nature. They believe that the nature of the trade war with China is to divert the increasing contradictions in the United States, which leads to the east (Zhen Zhang et al. (2019) [13]. Zhu Zhu et al. (2019) argue that Sino-US trade imbalance, and the domestic social and political factors are the direct causes of trade conflict. The fundamental problem is that the two countries are from the "mutually beneficial" area of international trade gradually into the conflict zone. The trade war appears to be the government intervention in the economy, but in fact is the dominant performance that the industrial competition develops to a certain stage[14].

There is also the view that the trade war against China is a turning point in the strategic competitive relationship between China and the United States. One of the reasons for the trade war is the competition mentioned above in terms of trade interests and technology catch-up. The disputes over trade interests and technology catch-up further point to the disputes over global leadership and ultimately development path (Dahai Fu, 2019) [9]. The strategic relationship between China and the United States is bound to change from a simple trade friction, technological catch-up, to a trade war, which leads to a global leadership struggle. In < *the United States defence strategy report 2018* >, that laid much of the blame on China, arguing that China future development strategy is to replace the United States global dominance. What can be seen from the report is that the United States has made it clear that China may be defined as "strategic competitor", although in the past the United States has also showed concern about China future development in different degrees, called Chinese competitors for many times, but considering the interests of two countries, there are mutually beneficial and win-win, so "Contact + Containment" has been the general tone of the strategy for China, and thought that China is a country can work together. Nowadays, the president trump almost never mentions the common interests between China and America, but calls China a "competitor", which indicates that the strategic competitive relationship between the two countries has undergone a fundamental transformation (Di Xie et al., 2019)[15].

Some scholars believe that the trade war is in essence a reconstruction of the current global order. Xiaole Li (2019) examines the trade war with China launched by the United States from the critical perspective of Marx's capital logic. He believes that the nature of the trade war is the capital logic of infinite pursuit of value increment, and its unilateralism is to remake the world according to the "own face" of capital. On the one hand, they grab the emerging market, namely the Chinese market, especially the high-tech industry market, before the capital limit comes; On the other hand, it is to make more thorough use of the original world market, that is, to reconstruct the current world order with the rule of American supremacy, while fully exploiting the domestic market, and trying to bring manufacturing back to provide more jobs in the United States, so as to delay the arrival of the new crisis [16]. Xiang Dai et al. (2018) believe that the trade war is essentially a challenge to the economic globalization characterized by the division of labor in the global value chain. The challenge, from an economic perspective, is to disrupt global production networks and lead to the disruption and contraction of global value chains. From the perspective of rules and systems, it is to deny and destroy the reasonable part of the current international economic and trade rules system [16].

From the ultimate purpose, the essence of the trade war between China and the United States is a game in the financial market. This trade war is essentially to force China to fully open markets, especially in the financial market. Using the dollar and financial hegemony worldwide to disrupt the financial markets of China, make the financial crisis in China is the way the United States best at to eliminate the threat to American global hegemony from China [10]. Zhang Chen et al. (2018) also believe that the essence of the Sino-US trade war is a financial war. Its core idea is to import inflation for Chinese manufacturing in the upstream, driving up the cost of enterprises, while blocking the international cost transfer channels in the downstream to hit the profits of Chinese enterprises finally. The United States hopes to ignite the debt risk of non-financial enterprises in China, so as to create a large-scale financial crisis for China, so as to effectively curb the rise of China in a longer term [17].

4. The Summary

Based on the research of the Sino-US trade war, this article concludes the following conclusions on the causes and nature of the Trump administration's trade war with China. The external causes mainly include : (1) reversing the trade balance; (2) changing the imbalance in the distribution of global interests as the Trump administration's side , marginalizing China global value chain; (3) to curb the development of China strategic emerging industries and high-tech industries. The main internal causes are: under the condition of economic globalization, the distribution of domestic interests in the United States is unbalanced, the domestic interest contradictions among all classes are intensified and there is a lack of effective governance mechanism, so the contradictions and the focus of the public need to be shifted.

The trade balance is nothing more than a smoke bomb that the United States is sending out to cover up its real purpose. As a turning point in Sino-US strategic relations, this trade war is the embodiment of American hegemony essentially, the destruction of the global economic order, and the capital logic of unlimited pursuit of value appreciation. At present, the Sino-US trade war has a great impact on the global economy including China and America. In absolute terms, it has a greater impact on China economic growth, but in relative terms, the United States has a greater impact. In terms of industry, the trade war will do great harm to China financial industry and manufacturing industry, but it will help China industrial structure to some extent in the long run. In terms of the impact of the trade war on welfare, the United States has a smaller impact than China. In short, it has negative effects on both countries. Until the end of 2019, Chinese scholars unanimously agreed that the Sino-US trade war would not end in the short term in the future. But for the current global outbreak of covid-19, the global economy has been another huge hitting. by April 2020, China epidemic has been effectively controlled, while is still expanding in the United States. The current outbreak has a huge impact on the economies of both China and the United States. The future development trend of Sino-US trade war under the impact of the epidemic has become an unknown.

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