

# Can We Resolve Tensions between the US and China?

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The trade war between the US and China worries many people these days, not least the business community. Worst-case scenarios involve real war, because trade and conflict have been connected throughout human history. A Harvard professor recently wrote a book called “Destined for War: Can America and China Escape Thucydides’s Trap?” (2017). Allison’s research suggests a 75% probability for the harsh outcome.

A thermonuclear war would set the world economy back by generations at least, and even a “small” military conflict in the South China Sea between a rising China and declining US could cost trillions, and disrupt supply chains all over the world. Economic damage could last decades, even if land armies never met. So peace between these behemoths is imperative for many reasons. Both prefer to behave as empires, however, so neighbors should stay cautious.

Therefore, the short answer to whether the US and China can patch up their trade differences must be a “yes” even if the challenges are large, which they are. Current US President Trump enjoys trade wars, and is unrealistic about their consequences. China’s push for dominance in key technologies, like artificial intelligence, quantum computing and 5G cell systems, will not abate. Those trends frighten national security hawks, and businesses that do not want to be left behind like the buggy-whip makers a century ago.

In the short term, the most likely place for conflict to turn into bombs and bullets on targets is the South China Sea. China resents the projection of American power into the Pacific, despite the historic fact that American naval power was essential to rescue China from dominance by Japan. Hence, China’s massive engineering project to raise tiny islands in the South China Sea, and turn several into military bases.

China’s economy continues to expand at over 6% per year, which means it will replace the US economy as the world’s largest in 2020 or 2021 if present trends continue. This is one of several reasons Trump regards trade with China as a national security issue as much as an economics topic. In the long run, military power is closely correlated with economic power, and China is investing heavily in the “blue water” navy and high-tech air force that would be necessary to defeat the US there should push come to shove.

Wiser people avoid the potentially catastrophic consequences of any American wars with China. To do so effectively, however, many in both nations must recognize that underneath the obvious problems of imperial ambitions lies a huge political issue. This is the ancient problem of tyranny versus individual liberty. The USA was founded on the concept of individual liberty, and we still protect that on our better days. China is currently refining the “best” technologies to detect, and then eliminate, the slightest signs of resistance to rule by their Communist Party above all.

That is a political difference with profound consequences across the entire spectrum of human relationships. It has existed since at least the time of Thucydides (~400 BCE) and global wars have been fought over the “proper” balance between government power and individual rights. The outcome is uncertain, but our chances of survival increase if we try hard to cooperate.

Consider for a moment China’s massive investment in transportation infrastructure called the Belt and Road Initiative, or OBOR (for One Belt, One Road) under two scenarios. In one, the current one, China and the US are “peer competitors” in military and political affairs. As the US retreats from leadership positions in many ways, China rises to “help.” In the other scenario, China and the US are “allies” working together on global problems that threaten civilization entire, like climate change, or the ongoing destruction of the living system that supports us all.

In the competitive scenario, China’s investment looks like power projection of any other kind. Every aspect of economic performance is weighed for military implications, and any detail of trade arrangements may be disputed on “national security” grounds, like the current ban on using Huawei products in US 5G cell phone networks. No military wants an enemy inside its systems.

In the cooperative scenario, such concerns are not ignored (this is a real world, not utopia) but they are not allowed to veto consideration of economic and other benefits of trade (with all due prudence). Central Asia in particular could benefit greatly from new transportation networks that stretch from Western Europe all the way to the Pacific. Transforming the energy economy of the earth to deal with climate change and the broader ecological crisis could also benefit from combining strengths of China’s command economy with America’s entrepreneurial culture.

One example could be massive infusions of inexpensive Chinese photovoltaic technologies combined with innovative US controls of electrical grids to make big systems more efficient and resilient to disasters. You can do things like that with allies that you dare not do with enemies. The mere act of sharing technologies is fraught with danger from a military point of view. When businesses share technologies, it is more about how much money each side makes from the deal, rather than whether one side dies while the other thrives.

That, of course, can happen with businesses too if they are not careful. This is one reason Sun Tzu’s classic “Art of War” is required reading in many Western management classes.

Therefore, since we undoubtedly face existential threats of several kinds, it is imperative for both nations and the surrounding audience to work toward positive outcomes for the current clash between rising China and declining America. We need the “Great Harmony,” not chaos.

This will not be easy, and it requires a crystal clear vision of what the big problems are, and where real solutions lie. China is very proud of its 5,000-year history, including Confucian concepts of obedience to authority. It is not going to become the beacon of freedom that America aspires to be on our better days. On the other hand, no one builds a new road or a high-speed rail line faster than the Chinese today. OBOR is a reflection of these strengths.

The US is also not going to run away from a rising China and just sail away from commitments to many other Asian nations that have territorial disputes with China over those islands (which the UN has ratified in their favor). Japan fears China, for obvious reasons including the history of World War II and all those nuclear weapons China has, but Japan has renounced. The Koreas? Well, it is obvious that many dangerous problems would be easier to manage if the US and China were on a cooperation track more than on the road to death.

The struggle between liberty and tyranny continues today in many places other than China and America. It is the quintessential political dilemma of our age, because once states lose their 'monopoly' on legitimate use of force, anything can happen from revolution to anarchy (of the bad kind that leads to things like ISIS) to the utopia where people live their lives without too much interference from governments.

Finally, both China and the US must do more to support a rule-based international economic order by restraining their own indifference to international laws. The age of unaccountable empires needs to end immediately.

Demagogues of every kind lie in wait for desperate teenagers who want a better future. Millions are incubating in failed states today. A healthy global economy is an antidote to that desperation, and no one wants failed states on their borders. Therefore, I encourage all readers to reflect on why many brilliant people ponder whether war between China and America can be avoided, or not. Real wars between nuclear powers could lead to premature death of everyone.

Then having reflected, do what you can to encourage wiser, more humane solutions to our economic problems. You can start with China and the US if you like, but there are many local examples of the same tension, and you might have more influence there.

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