



PEOPLE'S DEMOCRATIC REPUBLIC OF ALGERIA  
MINISTRY OF HIGHER EDUCATION  
AND SCIENTIFIC RESERACH  
MOHAMED KHIDER UNIVERSITY OF BISKRA  
FACULTY OF LETTERS AND FOREIGN LANGUAGES  
ENGLISH DIVISION

## MASTER THESIS

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### **U.S. – China Economic Rivalry during Trump's Presidency and its Impact on MENA Countries**

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A DESSERTATION SUBMITTED IN PARTIAL  
FULFILLMENT OF THE REQUIREMENTS FOR A MASTER  
DEGREE IN

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Academic Year:2020/2021

## **Declaration**

I, Hadjer Naami, declare that this dissertation is my own work. It is based on research that I carried out myself, and is written in my own words. With the exception of acknowledged quotations, no part of the text of the dissertation has been copied from any other source or written by any other person.

Ms Hadjer Naami

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(Signature)

## Dedication

*This study is wholeheartedly dedicated to my lovely parents Said Naami & Zauhra Rahal who have been my source of inspiration and gave me strength; who continually provide their moral, spiritual, emotional, and financial support.*

*To my sisters Hiba, Mira, Imane and to my brother Hichem, who shared their words and emotions and encouragements to finish this study.*

*To all those who have a close or distant relationship with the realization of this modest work.*

## Acknowledgements

*In the name of Allah, the most Beneficent & the Merciful.*

*Firstly, I would like to thank the All Mighty Allah who provides me knowledge, energy and skills to increase my experience by completing this humble work.*

*Secondly, I would like to express my gratitude to Prof. Asma Taalah, I thank her for providing me with her valuable, guidance.*

*I also extend my sincere thanks to the board of examiners who despite their hectic time have agreed to evaluate my work.*

*To all the people who by their words, their writings, their advice and their criticisms guided my reflections and agreed to answer my questions during the preparation of this work.*

*To all my teachers, I present my thanks, my respect and my gratitude.*

## **Abstract**

China has developed and occupied a great position economically in recent years; it has achieved the second economic power in the world and the first commercially. This effective status is reached thanks to the "Belt and Road" Initiative and the "Asian Infrastructure Investment Bank" which helped in its economic rise. China and the U.S. are two countries that have played the most distinguished leadership roles in the world. In order to promote economic development, each plays according to its own interests, but the reality opposes this completely, as if the Cold War erupts between them, but in another way and in a complete secrecy. This research aims at examining the U.S.-China economic rivalry and its impact on MENA countries. The research is based on the assumption that the U.S. trade war declared on China, will lead to its economic downfall or to severe tensions. The historical approach is used as the research method in order to investigate the intricating factors that locked these two largest economies in a bitter trade war. The common interests between the two countries are not to be denied particularly in the Middle East and North Africa since the economic, military and political balance between them in this particular region has become a reality that is entrenched with time. Among the findings of this research is that the U.S. and China disputed economically and were at the verge of a military confrontation, but things have appeased after both countries engaged in peaceful talks.

**Key Words:** U.S. - China Economic Rivalry- Trump's Presidency – MENA Countries

## List of Abbreviations

ASEAN	Association of Southeast Asian Nations
BPO	Business process outsourcing
CCP / CPC	Chinese Communist Party
CEO	Chief Executive Officer
CT	Counter Terrorist
FARC	Revolutionary Armed Forces of Colombia
FDI	Foreign Direct Investment
GCC	Gulf Cooperation Council
GDP	Gross domestic product
GNI	Gross National Income
ISIS	Islamic State of Iraq and Syria
JCPOA	Joint Comprehensive Plan of Action
MENA	Middle East and North Africa
MNC	Multinational Corporation
NAFTA	The North American Free Trade Agreement
NATO	North Atlantic Treaty Organization
NBA	National Basketball Association
NEP	New Economic Policy
OECD	Organization for Economic Cooperation and Development
R&D	Research and development
SEZ	special economic zone
SOE	state-owned enterprise
TNC	Transnational Corporations
TPP	Trans-Pacific Partnership
U. S	<b>United States</b>
USAID	The U.S Agency for International Development
USD	U.S Dollar
WTO	World Trade organization
WWII	Worldwide War II

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## **General Introduction**

The United States is one of the most influential countries in the world due to its gross domestic product, military strength, and its overall economy. As it relates to science and technology, and foreign influence, all are factors that have made it a global power. However, in the few decades, other nations have begun to compete with the U.S. and arise as a superpower, for instance, China. The growing threat from China's economic growth to the U.S. was the reason for the U.S. adoption and application of strategies to maintain its position as the first superpower in the world. This issue has grown to even impact the MENA countries. The economic rivalry between China and the U.S has started few years ago and has impacted MENA countries, because it is the region where the United States has been actively involved since 1944. Unlike the other powers, China could very well emerge as a global superpower and became able to compete with the U.S. on the economic level.

## **Assumptions**

1. If the U.S. preaches high standards and strategies to gain more investments and economical relationship with MENA countries, will this sort of scheming lead to China's economic downfall?
2. If the clash between the U.S. and China on the trade front last long, will it derail China from its rapid growth?

## **Main questions**

This study undertakes to address the following questions:

1. Why China is a threat to the U.S?
2. How does China grow to become a superpower?
3. How does the U.S. benefit from China's rapid growth?
4. What are the weapons that the U.S. has used against China in this trade war?
5. How did the trade war between China and U.S. impact MENA countries?
6. What was the reaction of MENA countries towards it?

## **Methodology**

The research investigates the evolution of the U.S.-China trade war and offers possible economic rationale to understand this from a historical perspective. It also reviews the causes, and possible outcomes on MENA region because of this economic rivalry between the two economic superpowers; therefore, the research uses the historical approach as its method.

## **Study limitations**

This work seeks to describe and investigate the economic rivalry between the U.S and China and its impact on the MENA countries. The objective of this research is to limit and narrow the topic to better study and comprehend the factors which contributed in this trade war and its outcomes.

## **Structure of the Dissertation**

This dissertation is composed of three chapters in which the first one focuses on U.S. foreign policy towards Latin America, the Far East and the Middle East in a historical perspective. It aims at tracing back the major strategies conducted by different presidents mainly President Trump. The second chapter examines China's economic rise; it analyses the reasons behind China's economic success. The last chapter is a synthesis of the trade conflict that has sparked between the U.S. and China and also its impact on MENA countries.

# **Chapter 01**

## **Brief History of U.S. Foreign Policy**

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### **Introduction**

In his inaugural address President Donald J. Trump announced an “America First” Approach to foreign policy and also trade. He promised to “unite the civilized world against radical Islamic terrorism.” His pledge is important to recall. Much of his foreign policy was built on a spirit of complaint. His assumption was that everyone else in the globe was taking advantage of the United States, so he vowed to put “America first” rather than bend to the rest of the world (Timeline cfr.com)

On the one hand, if countries provided full-cost defense to the United States, they were accepted as allies. Those who opposed the U.S. and threatened it would be fought and defeated. On the other hand, the United States pursued its own interests with a minimal concern for diplomatic niceties. The U.S. has refused to collaborate with China and refrained from engaging in terrible deals like the Paris climate accord and the nuclear agreement with Iran (FP foreignpolicy.com).

President Trump successfully prevented China from “stealing” American employment and sending the U.S. out of “bad deals.” Self-portraying as a brilliant negotiator, he made the claim that he could help restore American manufacturing by providing “beautiful” new trade treaties that would result in a new period of growth. The American public refused to be the United States' "patsy" anymore. This country would dismiss immigration, strengthen the military, and force Mexico to pay the costs for a border wall (Gordesman CSIS csis.org)

### **1.1.U.S Relation towards Latin America**

Due to the confusion that followed Trump's victory, Latin American foremen and the rest of the globe have projected that Trump's government is going to negatively affect them. Rather of overreacting, one should consider how the Trump administration may affect the United States' foreign policies, and what its ramifications may be for many other countries.

On taking office in 2000, former President Bush had firm ideas about developing ties with the region, and that is why he invited Vicente Fox, former president of Mexico, to the

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White House. In welcoming Mexican guests, Bush said that “there is no more important relationship in the world than with Mexico” (Jones ).

Under Trump's administration, Latin America does not appear to play a strategic role in America's foreign policy, as the numerous other global crises currently facing the White House have other important aspects to address. This may change if an unforeseen scenario in the area puts the security of the United States at risk. Although Donald Trump spoke frequently about Latin America throughout his campaign, he mentioned the region only while criticizing NAFTA, which he described as an arrangement that helps businesses focus on the movement of people from the US-Mexico border illegally (De La Fuente ).

Promoting a fellow associate degree Assistant Secretary of State for Western Hemisphere Affairs, the U.S. Department of State's senior Western Hemisphere diplomat, did not merit immediate attention due to pressing positions in the department requiring full action. US strategy with Latin American countries has for the most part followed three major tenets: trade, democracy and governance (Jones)

### **1.1.1. Free Trade**

The fact that the Trump administration has been consistent in its stance on free trade is perhaps the clearest evidence yet that this administration understands the nuances of global commerce. The thoughts of the World Health Organization were that Trump's campaign was a show rather than confirmation of his administration's objectives. To emphasize his in-depth knowledge of the subject, the president soon after taking office canceled the United States' membership in the Trans-Pacific Partnership (TPP) trade deal, which focused on Asia, however included three Latin American countries (Chile, North American country and Peru).

He has emphasized his openness to renegotiating NAFTA, as well as other accords that are not in the best interest of the United States. One of the key ways to strengthen the trade and investment links between the United States and Latin America is for the most

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significant actors in both sectors to collaborate. At now, the United States is the most involved in trade with a certain geographic region, and also the country with free trade arrangements or any projected agreements, there will be no substantial upheaval (U.S Census Bureau).

The U.S. Department of Agriculture stated that it may raise the restriction on Argentine lemon imports after Macri's visit to the White House. Importing lemons from the South American country was an unexpected advantage, even though many California growers objected to it. Following the appointment of President Macri, Argentina saw itself positioned as a reliable partner to Washington and as a result, his personal connection with Trump has benefitted from prior real estate transactions. The United States also enjoyed an additional \$3.9 billion trade surplus with Argentina in 2016 (Erick).

### **1.1.2. Democracy and Governance (Soft Power)**

Soft power as described by Joseph S. Nye, a professor at Harvard, is "the ability to have an effect on others to obtain the outcomes one desires through attraction rather than coercion or payment." It has been a significant concern of U.S. foreign policy and an important part of the U.S. ties with Latin American countries for decades. The U.S has used this strategy to increase its global position as a leader, while also strengthening its ties with other nations. It transmits U.S. customs, language, traditions, and conventions worldwide, leading to widespread impact. Technology, the media, the digital revolution, and social media networks all contribute to the increase of this trend. The main goal of this initiative has been to promote democracy and government (Nye).

The Agency for International Development, known as USAID, was created in 1961 with the goal of implementing economic development and social initiatives around the world via assistance. Over the last two decades, USAID has focused on strengthening democracy and good governance in the Americas, including initiatives in the Northern, Central and

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Caribbean regions. Latin Americans supported the military's initiatives in Colombia with a series of governance and rule-of-law strengthening measures, as part of the government's ongoing recovery from guerrilla forces in that country's long civil conflict (Borger).

### **1.1.3. Security Considerations**

Latin America has long benefited from the presence of a substantial U.S. military footprint. Certainly, the most vital national security interests will remain in the Middle East for the foreseeable future, as Trump and his team will be occupied with securing them. Stability in Latin America is a matter of fact because of its geographical proximity to America; this is an important issue for the United States in the entire region. Like in terms of combating against drug trafficking which takes place on both sides of the U.S.-Mexico borders (CSIS).

High crime levels in Mexico necessitate control over the private security firms operating on both sides of the border, the flow of drug trafficking into the United States is augmented by a trend of deadly armed gangs in the Northern Triangle El Salvador, Honduras, and Guatemala. As a result, immigrants are flocking to the most dangerous regions of the world in search of a new life, where there were over 17,000 violent deaths in 2015 alone. This is a worrying sign of the escalating cocaine production in Colombia. The protracted peace that led to the Colombian government making peace deal with the Revolutionary Armed Forces of Colombia (FARC) paradoxically allowed coca farmers to increase their cultivation and production and spawn new criminal organizations (BBC NEWS [bbc.com](http://bbc.com)).

One challenge the U.S. agencies face in the entire Latin American region is the growing problem of The narco-tunnels in Peru, Bolivia, Brazil, and Paraguay have the potential to stretch out to Argentina and Haiti, as well as new drug shipments in the Caribbean, which are expected to affect Washington, D.C (Robles).



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The Trump administration has planned to stay committed to security as a main theme, but new approaches emerged. While the White House budgets usually seek to balance, the federal deficit, under consideration by Congress, is minimal, President Trump has tried to double it in his program. Issues pertaining to security cooperation, such as new rules and protocols are most likely to be addressed by means of hard efforts, such as those to enforce laws and interdict trade. Within the United States, there is a perception that illegal drug use is linked to foreign traffic. Having acknowledged that the U.S. government demand in recent meetings with senior officials from Colombia and Mexico, both Secretary Tillerson and Kelly, the U.S. Department of Homeland Security's chief of operations, went on to stress the importance of their nations' efforts to fight drug trafficking in Latin America as reported by officials from both countries (Erick).

In the efforts to detect and degrade terror cells in Latin America, a primary focus is on links between terror groups and the drug cartels and organized crime. The United States has made it clear that it plans to raise this as part of its foreign policy agenda. More than a third of the entire population of the Western Hemisphere of 1.3 billion is fighting for ISIS than anywhere else in the organization has had before. In the meantime, Secretary of Homeland Security John Kelly said there were concerns about the Iranian regime establishing 80 "cultural centers" in Latin America, where the Muslim population is only a few percent of the population. "Iran's involvement in the region and these cultural centers are a matter for concern, and its diplomatic, economic and political engagement is closely monitored," Kelly said. As well as estimated that over 100 to 150 Latin American and Caribbean nationals have gone to fight for ISIS each year. Others question the level of this threat to the American people arguing that these sleeper cells are quiet and could be activated at any time (Grandin).

A critical relationship between domestic and foreign policies is the fact that the issue of security will be counterbalanced. The administration projects that overall funding for

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security will increase, but there is a greater chance it will have a domestic impact. The White House Budget officials proposed \$44.1 billion to be allocated to the Department of Homeland Security for border security and immigration. A substantial \$1.6 billion in total funding has been earmarked for Trump's promise to build a wall along the U.S.-Mexico border to date, but it remains a source of dispute between the United States and Latin America. These resources would also be put to use to grow the number of Border Patrol and agents. It is, after all, the United States Congress which has the final say in all matters of appropriation (Robles)

### **1.2.U.S. Intervention in the Far East**

When Trump's shocking win came as a complete surprise, the world fell into a state of disbelief, alarming for several nations. It concerned with issues including trade and human rights. He might possibly renew the United States' engagement to other countries. Scholars expected that the period of time during which the U.S. government engages with Southeast Asia will soon come to an end. The uncertainty triggered by Trump's triumph has rippled across Asia. Many governmental officials in these countries were curious to know the future of treaties and partnership deals with the United States (Chinyon Liow).

#### **1.2.1. The End of Trans-Pacific Partnership**

With Trump's inauguration on January 20, 2017, he began his presidency by announcing his intentions to end the Trans-Pacific Partnership (TPP). Even supporters of Trump voted against TPP because they wanted to create American employment and made slogans "Make America Great Again" that gained widespread popularity. The Trans-Pacific Partnership (TPP) is a trade pact that consists of 12 major economies of the Pacific Rim. Obama removed trade tariffs for 12 nations in the Trans-Pacific Partnership (TPP) to help make trade easier. If TPP is cancelled, Asia's GDP growth will be weakened. Immigration will be harder under Trump, and commerce will be restricted. The threat of tariffs against Asian nations would be placed on the table. a trade war may be the result (Shibly)

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An extremely large setback awaits all South Asian TPP signatories (including Vietnam, Brunei, Singapore, and Malaysia). In order for trade agreements to work, the nations would have to start trading with other major countries such as Japan and the European Union. In 2016, Malaysia's largest export market was the U.S., with worth of US\$24 billion USD. Without TPP, Malaysia will be placed in even more budgetary problems. Furthermore, it is Vietnam's turn to be the next country that Trump's win discusses. U.S. is the world's leading importer of Vietnamese goods. In the event that TPP crumbles, the economic issue must be solved from other countries (Shibly).

In Donald Trump's opinion, the United States is operating as a world police force, and he is less worried with domestic matters. In addition, he believes a large amount of money is being spent on the military, preventing the construction of infrastructural structures, and slowing the development of the country. Thus, trade relationships will decrease and resulting in bringing down other countries' economies (Chinyong Liow).

Those who are most susceptible will be from the Philippines. More restrictive immigration rules are on the way. More than one-third of the people in the Philippines who work abroad are employed in the United States. As Trump promised to return employment back to Americans, the country also feels threatened by the booming business process outsourcing sector. For the Philippines, the BPO sector's contribution to GDP differs by 9% over the country's total (Shibly).

The Trump presidency represents a setback for those hoping for a worldwide leadership position. He identified China as a currency manipulator, as a country that steals jobs, through unethical means, and that he is going to enact a 45% tariff on all imported goods from it. In this scenario, where trade obstacles and restricted foreign investment have weakened the Yuan rapidly, a currency crisis may result (Shibly).

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Many financial analysts believe that the new U.S. federal legislation now permits the president to impose punitive penalties, a 15% tariff, for 150 days. The government does not have to get permission from Congress in order to deal with a balance of payments' imbalance with other countries. For other experts, Trump's win represents a win for China. China may benefit from a TPP exit. By isolating America, Trump's foreign policy reduces America's influence in Southeast Asia, giving China an opportunity to rise in power (Shibly).

It appears that under the Trump administration, MNCs will be compelled to shutter their overseas branch, allowing China to take their place. Currently, China is rapidly surpassing other countries in the field of alternative technology and is instead favoring homegrown enterprises. Trump's strict isolationist approach will result in more rapid progress of China (Shibly).

Because of TPP, China could not even establish new economic relationships with many other nations. By the end of the TPP, China may become the one country that will have been definitely improved economically. It will be the start of China's dominance in world trade. A possible consequence of Trump's isolationist policies could be that the nation loses talented people like scientists and engineers to countries like China. With China, loosening its immigration restriction, and the United States closing its doors to them will be an increasingly attractive option for global-based brilliant minds (Shibly).

In short, the same opposition and outrage await South Korea. Trump charged that South Korea was stealing a tenth of the total number of U.S. employment in 2012. According to Trump, South Korea should reimburse the United States for security commitments that it is providing. Trump's victory is likewise dimming Japan's light. The country is completely dependent on exporting goods and now concerns whether the trade agreement will be disrupted. Japan will be negatively affected by the disintegration of the TPP (Shibly).

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### **1.3. U.S. Intervention in MENA Countries**

Donald Trump's publicly praised strong and unqualified backing of Egyptian President Abdel Fattah El-Sisi at their visit in New York on 19 September that hints that Trump will adopt a stronger stance on the region in general, dispensing with any commitment to concepts of democracy. In light of President Trump's intention to build better relations with Europe, and even more especially NATO, an American-centric offshore balancing plan would run opposed to efforts to coordinate more effectively with Europe by the incoming administration (Springborg).

#### **1.3.1. Tactical Challenges**

##### **a. Iran**

Even if the Obama administration's policies for the region were proven to be effective, pessimism about the approach will lead to the formulation of new policies. It is more accurate to say that they will be triggered by tactical requirements. The number of such difficulties increased noticeably during Trump's administration, and both of the presidential contenders find a number of the answers unsatisfactory. Maintaining a strong military capability and remaining vigilant about Iran are the top priorities when it comes to fighting threats. Prior to August 2018, President Trump's method of reaching out for reconciliation on the Joint Comprehensive Plan of Action (JCPOA) had failed.

Trump expressed support for combating Iranian non-nuclear threats, but neither has advocated for the abrogation of the nuclear accord. Further U.S. involvement in Syria and Iraq might be a result of the fight against Iran and Saudi Arabia. One may speculate that covert activities will be strengthened, and maybe deployed to transmit a message to Tehran, regardless of whether it is ever officially declared as a new US purpose (Robert).

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Iran will only have peaceful relations with countries and people that treat Iran as an opportunity not as danger. Encountering Iranian aggression will necessitate containment as the primary reaction. On the other hand, the United States should strive for an advancement that would build cooperation and at the same time be consistent with its partners' strategic objectives. The United States needs to ensure that Israel has secure borders while also pursuing negotiations with Iran and working toward a two-state solution as necessary (Springborg).

### **b. Israel- Palestine Conflict**

No U.S. administration since Nixon has refused to make resolving the Israeli-Palestinian dispute the top priority in the MENA (Middle East and North Africa), with the name of the conflict changing from the Israeli-Arab conflict following the 1993 Oslo Accords. Changing the name may very well represent how Trump treats this contentious subject, which appears irresolvable. Trump entered the White House with plans to push Israel to seek a bilateral agreement with the Palestinians, much as Jimmy Carter did during his term. While Israeli Prime Minister Benjamin Netanyahu was able to successfully resist U.S. Presidents and the Palestinians, Trump waited to see if anyone could forge a more promising negotiating position before pushing the issue to the sidelines by proffering U.S. assistance for the next decade that totals \$38 billion USD in military aid.

For the last year or two, however, the wider Arab-Israeli conflict has pushed to the forefront because of strategic interests shared to Israel and significant Arab powers, such as Egypt and Saudi Arabia. The critical components which encourage effective engagement on these shared interests are ensuring that Muslim jihadists do not rise to power and regional adversaries, especially Iran, do not gain an advantage over them. To deal with this, the key for them is solving the Israeli-Palestinian conflict. They see the solution to this conflict as being

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some form of the old Arab Peace Initiative, which was proposed by Saudi King Fahd in 2001 and endorsed by the Arab League in 2002 (Springborg).

An agreement is already in place. One additional benefit of multilateral agreements is that they provide an opportunity for Trump to form relationships with other Arab governments while isolating Iran. Given the close relationship that Saudi Arabia has with the United States, the country could potentially turn a more favorable approach to Israel to gain America's support in its struggle against Iran. The kingdom is likely motivated to help Israel conceal its involvement in the Yemeni civil war and boost the status of Saudi Crown Prince Muhammad bin Salman. As a result, it is likely that President Trump pursued this subject more than Obama did (Robert).

### **c. Turkey**

Trump as president undoubtedly did approach Turkey with somewhat similar methods as his predecessors. He is highly likely to go down the same path as Obama in pursuing to keep Ankara from going any farther in the direction of Iran and Russia. The compromises that Turkish President Recep Tayyip Erdogan gets in his deal with the EU may lead to tensions between the EU and the United States as well as tensions between the United States and the Kurds. Turkey is a critical piece in the U.S.'s regional strategy, no matter what provocations are made by the Turkish president. Thus, Europe and the Kurds will have to bear some collateral damage as a result of the predicted actions of the United States to mend relations with Turkey (Robert).

### **d. Libya and Yemen**

As it stands, Trump's administration may use Libya and Yemen as counter-terrorism demonstration projects in an effort to shore up credentials on the subject. In one case, there might be an increase in Special Forces, and in the other, further assistance for existing Saudi and Emirati operations. Because they have the potential

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to be venues for expanded U.S. action, they will work as effective barometers of purpose, conveying a stronger sense of presidential commitment to respond to terrorism (Springborg).

Instead of taking a number of additional initiatives, ratcheting up CT efforts alone might be seen as a sign of weakness. It is only via international engagement in Libya and Yemen that a more effective American posture can be realized. Trump utilized the Obama-era policy of enhanced cooperation with allies and willingness to compromise with opponents that once again raised the influence of the United States in the Middle East. While the country remains dedicated to intensified CT as the centerpiece of U.S. strategy, this is unlikely to happen (Springborg).

One of the critical elements of presidential leadership is being able to strike the correct balance between incentives and coercion. The unique problems presented by the MENA make it hard for any president to find equilibrium, which is inevitably fragile. Trump has shown a fundamental lack of interest in nuance and precision. Thus, he would be unlikely to invest the time necessary to finely calibrate the power balances of regional territories. One measure of his crudeness is his offensive words against Muslims. The attempted reconciliation between this harsh tone and Trump's apparent support for regional strongmen is likely to lead to lingering questions about his true sentiments within the worldwide Muslim community. This may or may not be enough to incite a huge, armed response by jihadists, but the consequences of such response are very foreseeable and so detrimental for the United States (Springborg).

The 9/11 attacks, the 2011 Arab upheavals, and the development of the Islamic State are considered three of the most consequential events in modern times. On some level, these outcomes derive from the uncontrollable and unpredictable nature of complex social systems. Additionally, many people have the inclination, as the prominent political scientist Hans Morgenthau said, of being unable to leave behind residual thoughts and behavior patterns no



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longer suitable for the current societal conditions. In order for a viable U.S. Middle East strategy to exist in the twenty-first century, it will have to utilize what has worked in the past, while doing so in the Palmerstoian manner of adaptability and recalibration, keeping pace with the changing needs of U.S. interests around the world, as they are now and will be in the

Collaboration, rivalry, and complementarities are most successful when present together. Middle Eastern nations like Saudi Arabia should not be abandoned, but the United States should be more honest with itself and with them about the similarities and differences in their shared and diverging interests, and more vocal about the priorities it has where these differences exist (Springborg). The country's strategists and implementers will have to recalibrate the United States' foreign policy objectives and interests across the world, but this reconsideration is especially critical in the Middle East.

### **Conclusion**

The truth is that Trump has had to deal with a number of serious complications from the beginning. He lost the majority of the existing national elite, including dozens of seasoned Republican officials, as well as the bulk of his experienced staff members, due to his sharp critiques of U.S. foreign policy. When using less-experienced individuals, the risk of newbie mistakes is high; but if you hand power to those who are able to make the governmental machinery operate, then they can keep their promises and policies. National security was the subject where Trump's lack of knowledge was most obvious, and it's one of the many topics that Trump's erratic replies to such as NATO, Syria, Iran, and Afghanistan allude to (Walt).

One might say that Donald Trump's presidency fell short of expectations. In the aftermath of his predecessors' mishandling of the unipolar moment, Trump had the opportunity to craft a more effective strategy for U.S. foreign policy. The public wanted a more disciplined and successful foreign policy, and they did not want isolationism. Instead,

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Trump had a promising platform from which to build on and collaborate with US allies to balance the nation's objectives.

Critics argue that instead of Trump's fight to dismantle the World Trade Organization, he could have joined with other powerful economies to face China. If grand strategy had been implemented correctly, then shifting to it would have ensured security and prosperity for the United States, and that would have allowed resources to be directed elsewhere, including domestic priorities. Trump would not have to leave in three weeks since the country would be far better off had he done so. The United States is in far worse shape because of Trump's mistakes. The very bad news for President Joe Biden and his crew is that they have a lot of hard work to do to fix what the previous President have done; however, there is some good news which is that it will not be difficult to surpass.

# **Chapter 02**

## **History and Causes of China's Economic Rise**

## **Chapter 02: History and Causes of China's Economic Rise**

### **Introduction**

Even if the growth rates seem to be decreasing, there is no question that China's economy is becoming increasingly important to the world's economy. Prior to the rise of China, countries such as Thailand, Singapore, and South Korea followed a similar export-oriented model of industrialization. However, after the turn of the millennium, China has taken the additional step of diversifying into other areas of the economy. It has carried out this action with an absolute and unrelenting commitment to increasing growth rates and broadening its economic influence. This chapter focuses on the causes of China's economic rise and also a historical review of the roots of its economic success.

### **2.1.China's Economic Growth and Reforms from 1950 to 1978**

#### **2.1.1. Mao-Era of Socialism**

While quite a bit has been said about Maoist socialism in the last several decades, this remains to be said. For Neoclassical opponents, China's greatest potential remained unrealized because of the influence of Marxist principles on the country administration. The steady growth rate of 6% per year that occurred between 1948 and 1958 is reasonable for a country of its size and also because it was hit hard by World War II (Li).

In the 1800s, everything necessary for free-market capitalism had already been achieved: a powerful bourgeoisie, parliamentary democracy with free elections in 1913, financial openness, and modernization ambitions. In spite of this, however, even though classical liberalism did not flourish, various other forms of capitalism emerged. Historically, one of the primary causes of this problem has been the problematic relationship between China's rural areas and the city, which has prevented the country from industrializing. China's rural areas have a very tolerant work-force demand, making it difficult for larger cities to recruit workers.

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This also caused a rural shortage of agricultural products, as production was not absorbed into the cities. Workers who are over-qualified can prevent the adoption of capital-intensive production methods because of the resulting lower labor costs. This example makes it clear that without markets, there could have been no fundamental or radical change in rural China (Li).

Despite its radical nature, Mao administration and policies disrupted China's rural economy and caused the state-mandated collectivization of agriculture to break down. Peasants were compelled to give up their family holdings and move to communal farms, where they were forced to cultivate the land in order to create an annual quota of agricultural goods (Aglietta).

For the Maoists to rule, they utilized an authoritarian regime, and this was because of two major ideologies undergirding the leadership: the application of large capital investments as practiced by the Soviet Union, and the doctrine of "non-engagement" which supported keeping one's country outside of global transactions. Gross industrial production in the Soviet Union grew by 54% between 1949 and 1952 as a result of policies implemented by the Communist Party of the Soviet Union. Aglietta put it this way: Since the inception of the planned economy in China, the industrial sector has served as the State's most powerful weapon, while industrial worker's fixed salaries are established by the state, and their compensation is not linked to productivity.

The state government could earn a profit because profit margins were achievable under the state planning and were used to leverage capital accumulation, which was required throughout the era. This economic system had to keep working, and thus it was not possible for incomes to rise much until 1978, when the government cut back on the amount of influence it had on the economy (Aglietta).

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Most Chinese companies at the time had to provide various services, including education and healthcare, to their employees and their families. When the free market was reintroduced in China, the state-owned public companies floundered. In keeping with the tradition of neoclassical economics, the term “zombie firms” was used to refer to these corporations. However, restructuring rural China was a failure in every sense of the word. Food output and productivity did not increase after farmers lost their work incentives and ability to raise their productivity due to the collapse of collectivization in 1949 (Aglietta and Bai, 2012).

The CCP began conducting their “Hundred Flowers” experiment in 1956, which involved decentralized and market-based approaches. A period of time in which the Chinese government implemented policies known as the NEP lasted for only a short time. While tragic, the country’s worst economic disaster occurred as a result of the incident. Prior to ceding control of 8,100 enterprises, or 88% of the entities it was authorized to control, to local governments, which were permitted to set their own output goals for both agricultural and industrial goods, the state first ceded management of these companies to local authorities, who assumed responsibility for all decisions.

In contrast to the national workforce, most of the rural population had left their workplace due to a devastating rural exodus. The imbalance that emerged created the Great Famine of 1959-1961. Despite the horrors of the act, implementation of the government’s forced collectivization of farmland and associated measures, which included demolishing peasant homes and imposing mandatory labor, led to significant progress in literacy and public health in rural China. By the early 1980s, the illiteracy rate in rural China had fallen from 80% to just 16.4% (Brandt, and Rawski).

Even those who had migrated to the cities still relied on the “hukou” system, a form of control imposed by the imperial Qing dynasty that was re-introduced by Mao. The “hukou”

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system places restrictions on rural residents who want to move to other areas, making it difficult for them to do so and reducing their mobility (Ngai, 2005). If these patterns are reproduced across thousands of additional migrant workers, it may be concluded that this huge workforce, which includes hundreds of millions of migrants, is exceptionally immobile, feeble, and complacent the post-1978 expansion of capitalism turned out to be very beneficial for them (Bai)

Furthermore, one consequence of the “hukou” system and the set output quotas was that life in the rural was not on par with urban life, and the majority of farmers were unable to turn a profit from the sales of their excess goods, they were not allowed to relocate to urban areas also many of the potential and frustrations kept back in rural China were finally released in 1978. In the Maoist state, these three reforms cleared the path for the more rapid reforms carried out by Deng Xiaoping. First, it created a strong industrial base, which shook the countryside awake. Then, it created a migrant class of workers that businesses like a parasite might see. And finally, the party cracked down on the capitalists, giving the entire population an incentive to join the industrial workforce. Workers' strikes and farmers' resistance to land grabs both benefitted business in the following era (Brandt, and Rawski).

### **2.1.2. Deng Xiaoping Reestablishes Markets in China**

The wheels of industrialization finally began to turn in China after more than a century of attempts. Despite some of the public concern over political concessions, Deng Xiaoping quickly set things right, comforting those who were frightened by quoting the legendary previous saying: "It doesn't matter if the cat is black or white, as long as it catches mice" (China Daily, 2014). The notion that Deng Xiaoping rejected Mao-styled Marxist-Leninist philosophy is only an unofficial theory. He was solely looking to enhance the economic outlook (Aglietta and Bai, 2012). Authoritarian governments like Singapore, Taiwan, and South Korea, which maintained development while integrating with industrialized economies,

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were helpful to Deng Xiaoping in developing his theories. In these nations, significant state involvement played a major role in development, whereas classical Western liberalism and the economic policies of Bretton Woods had very little to do with it. Since reformists in the Chinese Communist Party had no motivation to relinquish their control over the economy, they had no motivation to support further economic change. Indeed: The Communist Party hierarchy did not simply sit on the sidelines as everything else in China transformed; they actively participated in China's economic revolution. More precisely, the hierarchical political system was a driving factor behind the development of a market economy, and the hierarchical political system itself has been transformed in reaction to the development of a market economy (Naughton).

The group decided to accept SEZs, which function similarly to free-trade zones, to be established. These zones are where market processes may be tried out and exchanges between foreign investors may take place without destabilizing the overall economy. These special economic zones were built with inexpensive rural labor given by the hukou system, as well as widespread exports in mind. SEZs succeeded, therefore prompting policymakers to seek to make further changes (Li).

According to the new economic policies introduced by the government, several aspects of the economy were in need of change, including the tax system, the banking system, and investment policy-making. In order to ensure that a tax system was created, it was essential. As a matter of fact, under the planned economy which followed Mao's ideas, the idea of taxes scarcely existed (Aglietta and Bai, 2012). Income for the state was generated through the SOEs' earnings. This, along with the fall of state-owned enterprises, resulted in a significant decrease in the main government's fiscal revenues. This was due to the absence of institutions in the private sector unleashed by Deng Xiaoping. In other words, the government had to implement a taxation system from scratch. The legacy of the centralized Chinese tax



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system endures today, influencing China's local governments' issues in securing adequate cash. It is, therefore, because of this requirement to transfer 50% of tax revenue to the central government that local governments have been compelled to give over half of their income tax revenue since 1994. They are not able to collect property taxes or implement other local levies, even though they are responsible for almost all of China's social welfare projects (such as education and health) (Li).

### **2.2.China's Economic Growth and Reforms from 1979 to the Present**

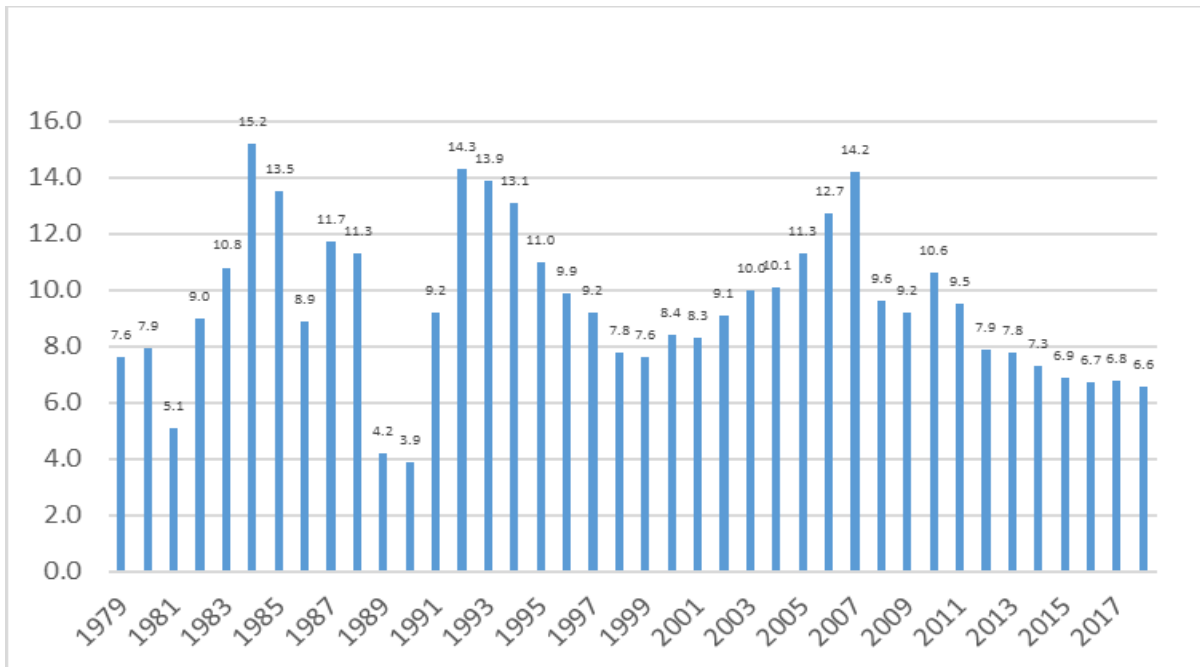
China's economy has expanded much faster since structural reforms were implemented, and big economic shocks have been prevented for the most part. 10 From 1979 to 2018. China's annual real GDP increased by 9.5 percent on average (**Figure1**). China has been able to double its economy in real terms every eight years on average as a result of this. The global economic downturn that started in 2008 had a direct effect on China's economy. Early in 2009, Chinese media announced that 20 million migrant workers had returned home after losing their employment due to the financial crisis, and that actual GDP growth in the fourth quarter of 2008 had slowed to 6.8% year-on-year.

China's government retaliated by enacting a \$586 billion stimulus package and is mostly targeted at financing infrastructure and loosening monetary policy in order to boost bank lending. 11 China was able to mitigate the consequences of a sudden drop in global demand for Chinese goods by implementing measures like these. China's actual GDP increased by 9.7% on average between 2008 and 2010. For the next six years, though, GDP growth slowed, from 10.6% in 2010 to 6.7 percent in 2016, the unemployment rate has dropped dramatically. In 2017, real GDP increased to 6.8%, but slowed to 6.6 percent in 2018. (although it rose to 6.8 percent in 2017). China's real GDP growth will slow each year over the next six years, according to the IMF's April 2019 World Economic Outlook, dipping to 5.5 percent in 2024. (**Figure 2**).12 Many analysts fear that if the US and China continue to

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implement punitive trade sanctions against each other, such as tariff increases resulting from US Section 301 action and Chinese retaliation, China's economic growth could stall even further. Increased tariffs on all trade are anticipated, according to the Organization for Economic Cooperation and Development “OECD” (CRS Reports).

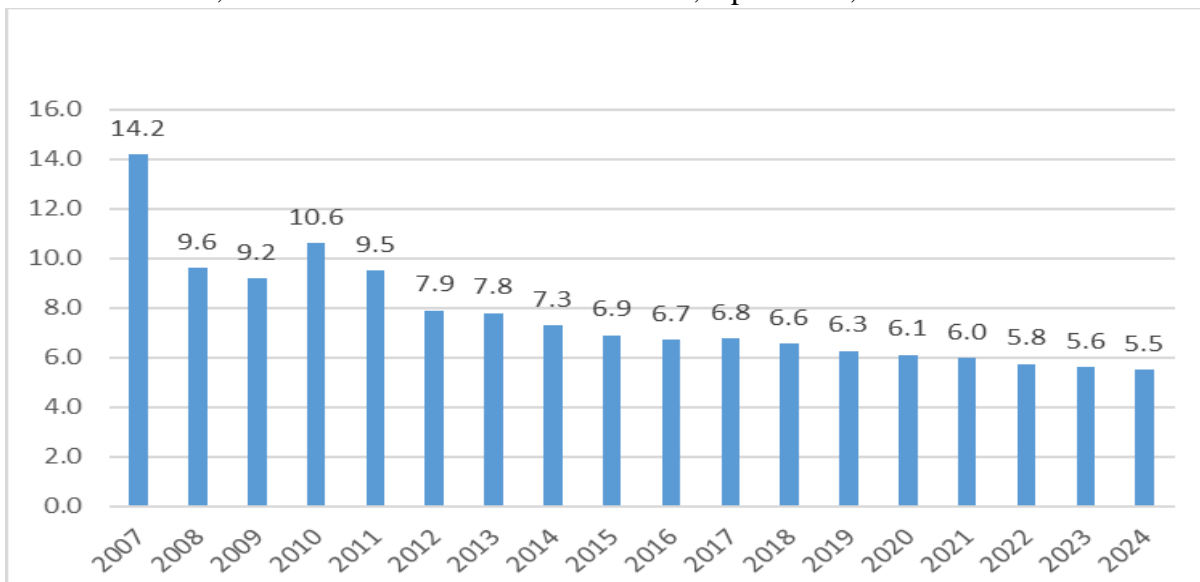
**Figure 1. Chinese Annual Real GDP Growth: 1979-2018**



Source: IMF, and Chinese National Bureau of Statistics.

**Figure 2. China's Real Annual GDP Growth: 2007-2018 and Projections through 2024**

Source: IMF, World Economic Outlook Database, April 2019,



## **Chapter 02: History and Causes of China's Economic Rise**

### **2.3. Causes of China's Economic Growth**

#### **2.3.1. Labor supply**

China has a consistent supply of rural-urban migrants and numerous people ready to accept the employment that comes their way. Rural regions and the parallel development in industrial jobs in urban regions are both a result of the mechanization of agriculture. Around 500 million people are expected to leave China's rural during the next two decades in pursuit of employment. As former agricultural households have moved into these newly-made communities, vigorous re-planning plans have sprung up in which rural communities are removed, and new industrial communities are rapidly developed to accommodate the relocated families (Tutor2u).

#### **2.3.2. Average Income and Unemployment**

Since the unemployment level has decreased, we may assume that high unemployment in the past has led to decreased pay. Therefore, if employees want greater salaries, the supply of available labor will increase. In other East Asian nations, employees are paid up to 10 times as much as their Chinese counterparts. In addition, the use of new manufacturing methods has enhanced profitability, and this has enticed inbound foreign direct investment from American, European, and Japanese enterprises that set up plants in China under contract (Tutor2u).

#### **2.3.3. Female workforce participation**

Female participation in China's manufacturing industry is greater than the global average. It then, including the One-Child Policy, which has reduced the amount of time women have spent raising children, has helped to create a bigger workforce. (Tutor2u)

#### **2.3.4. Political system**

Despite its dictatorial and non-democratic nature, China's communist political structure has allowed it to use capitalist free market practices while maintaining political

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controls. Prior to Mao's rise to power in the early 1950s, the Chinese government implemented a succession of Five-Year Plans, all of which had the objective of transforming China from a state with limited planned economic activity to a socialist market economy." Although new Five-Year Plans (2011-2016) feature plans to increase expenditure on R&D to 2.2% of GDP, relocating manufacturing inland from being a "world's factory" to the core of the country's R&D, high-end specialized manufacturing, and professional services is also on the agenda (Tutor2u).

### **2.3.5. Strong leadership**

Politicians in China are often stated to be more concerned about the country than with themselves. Having strong leadership at the top has had a huge impact on the economy. The Chinese economy started shifting from a centrally planned economy in 1978 to a market-oriented one. Deng Xiaoping succeeded Mao as the country's leader, and he worked to open China to the rest of the world. This is China's original approach. For China's expanding middle-class, Chinese-produced consumer products are being made increasingly prevalent, such as vehicles, white household goods, and home and office furnishings. (Tutor2u)

### **2.3.6. Special Economic Zones and FDI**

In the first stages of economic expansion, foreign investment was incentivized. Because there were fewer rules and regulations, they usually settled in one of the 6 SEZs (special economic zones) or 14 Open Cities, which offer a more appealing business climate. TNCs (Transnational Corporations) are provided with special financial advantages, such as lower tax rates, to establish industrial activities in these zones. For example, in Xiamen, a TNC (a Taiwanese company, EUPA) makes coffee equipment and employs almost 25,000 people. Manufacturing in China was in the hands of the state for many years. However, the percentage of privately owned enterprises has gradually increased as the economy has been reformed. The construction of new hydroelectric and nuclear power facilities has helped

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China boost its energy capacity during the 1990s. This initiative is aimed at China's own huge coal reserves and the ones from Australia and Indonesia that China has acquired. But, beyond 2030, new air pollution regulations, as well as a promise to curtail carbon emissions, are guiding the development of this form of power.

Many new highways, improvements to the train system, and making China's major rivers passable all year round have all been constructed by the government. Moreover, half of the world's container ports are in China. In addition, people have supported urbanization by offering incentives to developers. fraught with new building projects. In recent years, China has moved into R&D, manufacturing, and high-tech industries. It involves allocating time and cash to innovation so that it may flourish and is less exposed to market crises. (Tutor2u)

The literacy rate in China has increased significantly over the previous two decades, and nowadays, it is at 95%. Without this, the country's economic progress could not have occurred. The China dilemma of having vast numbers of unskilled people and an increasing number of highly skilled people is an outcome of that country's education policies. Many examples might be cited, including the Chinese training of 600,000 new engineers per year.

Because China is expanding its economic power globally, it has been purchasing several international enterprises in North America and Europe. To put it another way, China placed \$56 billion in outbound foreign direct investment in 2010. Investing an average of \$60 billion per year in inbound FDI, China had, by 2015, transformed from a net beneficiary of FDI to a net investor, indicating that the country has made great strides in its economic development. (Tutor2u)

### **2.3.7. Location**

Due to China's localization, its accessibility to consumers and economic partners, its significance as a geopolitical is important. Hong Kong is on key commercial routes, but South Korea, Taiwan, and Japan are as well. The east coast of Taiwan and the Pacific, especially

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Hong Kong, has historically had several SEZs. While China has significant natural resources in the form of large coal, oil, and natural gas reserves, they also have important ecological resources to protect as well. They are employed to help the country industrialize. The nation's industry-wide demand for raw materials is so great that it imports several critical resources from across the world, such as oil, gas, coal, iron ore, copper, and other important commodities (Tutor2u).

### **2.3.8. Confucian values**

In particular, state and society take precedence over the individual. Confucianism places a high value on promoting self-interest for the society and state, since this has been done many times in the past. China seems to be more accepting of dictatorial regimes than other western countries, which tend to embrace a culture of individuality. Large numbers of the economically active population have caused China's urbanization to take place at a rapid pace, in spite of the One Child Policy. A greater industrialization and ensuing population expansion have resulted from this. Categorizing these aspects (Social, Economic, Environmental, Political) and ranking them might help us in drawing relationships between them, as well as considering the many parties and participants who may be engaged. By studying the circumstances that allow China to choose a faster road to economic growth, we will have a thorough comprehension of those elements. (Tutor2u)

### **Conclusion**

Few economists have noted that improvements in productivity have contributed to China's rise to prominence as an economic power. The main drivers of increased productivity were a shift in resources from sectors that had previously been controlled by the central government, particularly agriculture, commerce, and services, to other areas of the economy that were currently less centralized. A good example of this is agricultural reforms that improved agricultural productivity, allowing people to go into industry. Decentralization of

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the Chinese economy allowed private businesses to flourish and concentrate on producing more product for customers. Competition was brought into play, giving rise to a bigger share of the economy (mostly the export sector). Federal and state governments were permitted to develop and operate any companies in their jurisdictions without government interference. More importantly, in China, FDI (foreign direct investment) introduced new technology and procedures that improved productivity (Walt).

At the same time, as China's technical advancement is now beginning to merge with other developed nations (via its acceptance of foreign technology), its rise in productivity, and therefore, GDP growth, might drop substantially compared to the previous level. A per capita gross national income (GNI) approach is used to classify economies by their development level. The World Bank reports that China started off as a low-income economy in 1997, and after that year it had a strong rise to upper-middle-class status. To reach the per capita GNI level necessary to become a high-income economy, China's 2017 per capita GNI was 38.7% below the mark the country needed to reach. It is estimated that China will get to the upper-middle-income bracket by 2025. The business intends to generate most of its future economic development through encouraging innovation. Some critics say that it will be impossible for China to achieve innovative growth; as such growth relies heavily on the state and imposes additional limitations on international companies.

# **Chapter 03**

## **U.S. – China's Economic War during Trump's Tenure**



## **Chapter 03: U.S. – China Economic War during Trump’s Tenure**

### **Introduction:**

The rivalry with China mostly stems from the U.S. involvement in the Far East and the Middle East. China now wants to expand its sphere of influence to that certain location. This is unacceptable to the U.S., and hence the two countries may come into confrontation on purpose or by accident. The U.S. government understands this completely. According to American authorities, China reaps tremendous benefits from U.S. engagement in the region, and thus should not be trying to change this condition since the Second World War.

Although, the United States claims to have kept peace in the region throughout that period, and has allowed Japan, South Korea, Taiwan, and China to develop and upgrade their markets. Until the advent of American politics, East Asia has been perpetually at war and economic growth has been restricted, with the exception of China, which has experienced stagnation for thousands of years. The Chinese reaction is that the American presence is no longer required, no matter the grounds of this American argument. As far as the Chinese are aware, China can look after itself (Mills).

A Chinese official gave an in-depth explanation of Chinese ideology to one of the authors of "The Trump Phenomenon and the Future of US Foreign Policy" book. “America has, in the Americas, its own special influence. No power from outside the Americas is allowed by the United States to establish significant influence or acquire territory in North or South America. This has been true for two hundred years. We, in China, think this is fine. It is appropriate for America to have such special influence in its own hemisphere. We in China simply seek the same type of influence in our hemisphere” (Rosefields).

Around five centuries ago, China was the most powerful nation in the Far East. “It became a confirmed Chinese attitude,” wrote Colin Mason in his history of Asia, “that control of neighboring states was prerequisite to the security of China” (Mills and Rosefield, 2016). Also, it appears that the Chinese worldview is once again behind this development.

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In the current situation, the primary factor that underlies the conflict between China and the United States is that the United States is blocking China from regaining control of surrounding states. This is a far-reaching, anti-worker policy is applied as the US response, under which the president imposes big taxes on Chinese-made products, claiming that doing so is intended to defend the jobs of American workers. Companies who support the tariffs are dissatisfied, but maintain that the taxes are necessary to combat China's trade policies. Several Democratic senators are cautioning Trump against giving in to China in the trade negotiations (Kotz, 2015). Therefore, the aim of this chapter is to discuss and investigate the factors behind the recent trade crisis and its impact on the MENA region (Mills).

### **1. Roots of U.S. – China’s Economic Conflict**

Since 1978, the Chinese Communist Party (CPC) has undertaken a dramatic change, which they refer to as “reform and opening.” The market progressively superseded central planning as the primary method of economic management. Prior to this, the country's economy was shut off from the outside world, but after this it allowed trade with the capitalist countries. Companies that were privately owned began to dominate. However, the state-owned corporations still form the backbone of the economy, and the government regularly intervenes. Although a post-Second World War Western European economy, under strongly state-regulated capitalism, is still China's model for today, it is linked to a separate political and social system, with its authoritarian Communist Party at the helm (Kotz).

The U.S. administration supported China as it embarked on its course. As the Chinese economy grew, large business recognized significant profit prospects in the country. Thanks to the reforms and liberalization, the economy had significant development, averaging 10% annually for decades. In 2001, the United States advocated for China's inclusion in the WTO. U.S. firms have established facilities in China, which provides ample low-wage, well-educated workforce drawn from a large rural sector. Not only do China's government policies

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enable businesses to operate well, but the government provides businesses with an especially cooperative labor union, is dedicated to the furtherance of commerce and does extensive investments in infrastructure to support doing business in China (Kotz).

U.S. employees lost their jobs as a result of labels proliferating «made in china" in the United States. U.S. employees have seen their real salaries drop due to low-wage imports from China and other developing countries. This was a non-issue for U.S. firms since they could earn big profits by shifting production to China, and neither did it disturb other segments of the U.S. business sector, because China was the country's largest supplier of cheap input goods. Over a decade ago, the economic and political elites in the United States began to perceive China in a different light. Businesses in the U.S. had previously raised objections about China's access limits, but concerns increased recently. As the Sino-U.S. relationship deteriorated, trade relations became increasingly challenging (Kotz).

The trade conflict started in 2018, when President Trump imposed heavy tariffs on \$250 billion of Chinese imports and fines on the major Chinese high-tech enterprises. After then, a trade war ensued because of China's retaliatory tariffs. Since the US launched its first tariffs on Chinese imports, the president has threatened to implement them on all Chinese imports, including the kinds of consumer products that China has traditionally supplied, such as clothing, computers, and cell phones.

It has instructed China to fulfill the following demands from the U.S:

- Do not try to obtain U.S. technologies.
- The Industrial Policy must be brought to an end so that Chinese enterprises are not provided free loans in future critical industries.
- State-owned companies no longer require state backing.
- Buy more U.S. products.

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This war started with the American big business community believing that their interests are being affected. The early 2000s were an excellent time for American economy when China focused on making and exporting cheap, low-tech products, such as toys and clothing. While China has become a significant worldwide player, American companies maintained the most profitable sectors of the global production chains. The reform-and-opening program was implemented for a specific purpose which is to boost China's economy. Before China was an emerging middle-income economy, it was an impoverished country dependent on low-tech exports. It is now obvious that China could overtake the US in both economic and technological matters in around 20 years (Kotz)

This was hardly a landmark year in terms of significance, but in December 2004, IBM announced the sale of its PC division to a Chinese company, Lenovo. To market-focused observers at the time, it was difficult to envision China as an able manager of a world-scale high-tech firm, yet now Lenovo is the world's biggest manufacturer of laptop computers. Besides Huawei, several Chinese companies have arrived at the technological frontier in important items, such as smart phones (Li).

As the world's main capitalist economy, the United States has been in this position for nearly 50 years. The key to this function is American corporations and strong military. As a country rises toward economic and technological equality, it threatens the interests of American business and American policy elites, who work to preserve their current position. Initially, China's ascent was considered as a boon to U.S. business, but now it is viewed as a challenge to U.S. global economic dominance. On the other hand, however, big business has reluctantly chosen to embrace other approaches to applying pressure on China to end the practices it has employed to rapidly increase the development of global production chains. The plan appears to be to keep China from rising beyond its economic peers. This situation is somewhat reminiscent of the years prior to World War One, when Britain, long considered

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the leading world power, faced a formidable upstart like Germany. In the process, it set in motion the catastrophe of World War One (Kotz)

However, the root cause of the rivalry between the United States and China has a third aspect. They maintained a capitalist economic structure similar to that of Britain with the developers of the beginning of the 20th century. Disputes were over control of colonies and economic dominance. China's economy is both capitalism and communist. In China, the state influences the economy far more than the federal government does in the United States (or those of Europe). This economic dispute between the U.S. and China is also exacerbated by the growing system conflict between neoliberal capitalism in the U.S. and state-directed mixed capitalism in China (Kotz).

### **1.1. A Pro-Worker Response to China’s Rise**

Conflicting outcomes can be seen between working people in the US and China because of China's ascent. Due to the mass outflow of jobs from the United States to China, American workers' earnings have been negatively impacted. There have not always been happy workers in China. The growing private sector is subject employees to excessive working hours and hard conditions. The usage of short-term and temporary contracts is increasing in public organizations as the long-term job security of the former regime has ended. China had previously been a far more equal country, but today its Gini coefficient, which compares the wealth of individuals to that of the richest, is as high as that of the United States: China's Gini coefficient is 38.6, while the United States' is 41.5.

Nevertheless, employees in both nations have benefited from China's rise in some significant ways. This has made the United States an ideal location for manufacturers to acquire cheap, high-quality goods, from clothing to cell phones and computers. While trade unions are completely absent in China, pay growth has been quite rapid over the years as the economy has grown, growing at the pace of 7.9% annually from 2010 to 2016. Over the same

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era, nominal U.S. salaries climbed by only 0.6% per year even though the cost of living rose significantly. Only 12.9 percent of migrants were assisted by employer-run dorms in 2018. (Li). This is how working people are divided under capitalism. There are never enough employment available for everyone when all is said and done under capitalism. Employees in the same nation are also competing with workers in other countries.

Socialists in the United States have to plan a route that attempts to prevent capitalism from embracing this particular feature. In order to do so, they must discover policies that will help American workers while mitigating the effects on workers in other nations. Working people in the United States should not fear rising living standards for those in other countries. While it appears as though a zero-sum game is at play, win-win solutions do exist. Unlike American businesses, American employees do not have a shared interest in keeping China down. History has been ignored in complaints about China acquiring American technologies. Only by acquiring more advanced technology can a country increase its economic productivity. To promote economic growth in the post-Revolutionary period, the US started its industrial development by stealing British textile machinery in the late 1700s and bringing it to Rhode Island (Kotz).

The typical view of socialists is that they are in favor of technology being available for free, and they take into consideration the idea of compensating the innovators. The primary approach China has taken to obtaining access to more advanced technology is by requiring Western corporations to bring a Chinese joint venture partner with them into China to learn to use the better technologies. Many of the nation's largest corporations have signed such agreements, due to the allure of manufacturing in China. In the modern world, however, such strategy is not as important, as China's technological potential has grown fast. R&D investment in China was rated #2 in the world in 2017, and China filed the most patent applications. Since socialism encourages the free distribution of knowledge, its government

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has shifted its position and now claims to support “strong protection of so-called intellectual property rights,” which socialists have long considered undesirable. The Trump administration's new restriction on U.S. companies doing business with Huawei, the most prominent Chinese high-tech enterprise, indicates that it realizes that the U.S. economic challenge is not technological theft but effective competition from Chinese technology (Kotz).

Claiming that China's industrial policy prioritizes certain sectors of the economy or state-owned companies does not provide any valid reasons for requesting that the country abandon this policy. This type of government intervention has had a significant impact on China's industrialization. The historical record suggests that "market-based" policies like those that the U.S. government pursues are more effective in accelerating economic growth than is the free-market strategy that the government in the United States is following now. Since the mid-19th century, national economies have seen significant economic growth after experiencing government-directed growth, including Germany, Japan, and South Korea (Li).

To maximize gains from economic development while minimizing costs to the people both at home and in other countries trading partners, how might a previously impoverished country benefit? Trade protection for U.S. workers should be a part of a pro-worker agenda and should be accompanied by other economic policies that affect the U.S. economy program around trade for the United States must include:

Currently employed U.S. trade policy mandates that if an import has been discovered to cause "serious injury or threat of serious injury to a domestic industry," (Sahid) it should be given limited protection. This law could be changed to hold the firms responsible for the serious injuries of their workers, not the workers. And it could be simplified and implemented more efficiently. Disruptive changes would be easier to adjust to if this was implemented (Kotz).

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True Cost Competition: In this situation, importers that use standards of salaries, working conditions, and/or environmental restrictions that are far below the standards used in the United States would be required to pay tariffs in order to compete on an even playing field. This measure would not be straightforward to design and implement, but if it were to be created, it would transfer the influence of international trade flows from the “race to the bottom” (Brandeis) direction to source locations where imports have the advantage of a genuine efficiency advantage (Kotz).

Long-term income maintenance, retraining, and relocation compensation are essential to workers who are displaced by imports. If the advantage to consumers from imports is taken into consideration, the burden on employees should be kept to a minimum.

Another almost-passed-into-law piece of legislation, also established in the immediate aftermath of WWII, holds that any public-sector worker who requires employment will be offered a job. An important portion of public sector activity might be completed over many years if implemented together with a Green New Deal. Any positions in the public sector should provide a decent living wage. If used widely, this would provide a layer of insulation between working people and the threat of being discarded in a competitive capitalist system, in which employees are at risk of losing their jobs (Kotz).

Globalized trade, which is dependent on rivalry among companies in different nations, frequently causes challenges for those who work. These measures, however, will deal with China's ascent in a way that serves the interests of American working people, without adversely affecting Chinese workers (Kotz).

President Trump's decision to use tariffs to hold China back from rising is bad for American workers, who will bear the brunt of a trade war. An example of the milder method to halting China's ascent supported by U.S. corporate giants also necessitates the introduction of increased nationalism, which produces conditions that would work against the long-term



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interests of the working class. The different ways China uses to limit economic advancement are likely to result in escalating tensions that could once again lead to military conflict, in which the burden of that battle will fall on working people. A significant downward pressure on wages, working conditions, and economic security will remain in place until the global economic system is overhauled to put collaboration and social well-being ahead of competitiveness and profitability (Kotz, and Li).

### **2. Reasons of American Hostility against China’s Economic Rise**

Despite the announcement of a minor agreement with China, the overall status of U.S.-China ties is strained, and there is little indication that this will improve any time soon. It is apparent that the Trump administration, which has a pathological obsession with trade balances and a decades-long belief that the Chinese have cheated U.S. consumers, provoked the ongoing trade war. To be sure, a significant portion of the current conflict between the United States and China is due to President Trump. Over 60% of the American population currently sees China in a negative light, and almost all of the lawmakers in the U.S. portray Beijing as an opponent. Donald Trump may have started the current trade war between the U.S. and China, but Americans were fueling the flames of conflict for years before that (Karabell).

Since widespread anti-Chinese attitudes seem to be shaping American foreign policy, policies that are confrontational and punitive with only enough bite to frustrate Chinese behavior while being impotent to change China's policies or to provide the United States with viable alternatives to China's needs. If Americans do not adjust their perspective of China, which views it as limited with great potential, the United States and China might be headed for a catastrophic economic crisis (Karabell).

With regard to the U.S.-China economic relationship, it is without dispute that the Trump administration has substantially dismantled a partnership that had been meticulously

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constructed over the previous two decades. From the beginning of the spring of 2018, when the administration placed tariffs on \$250 billion in Chinese imports, to the last round of tariffs in August, which increased the taxes on several hundred billion dollars in Chinese imports to 25 %. In response, Beijing decided to stop purchasing U.S. agricultural commodities, which resulted in the federal government providing \$25 billion in emergency assistance to American farmers. The Chinese government is exerting pressure on American corporations in China, while the United States has banned major companies such as Huawei from doing business with American ones.

Most observers feel that while commerce between the two nations has not decreased nearly as much as predicted, American and Chinese economic development has also suffered. Yet, it is recognized that Trump and his economic consultants developed the notion that China is an opponent of the United States. This kind of intolerance has been evident in American culture for many years, as well as among some of the president's opponents. In 2004, John Kerry, the Democratic presidential contender, spoke of “Benedict Arnold CEOs” running enterprises that sourced labor in China. Other than that recent NBA fiasco, when the Houston Rockets general manager posted a tweet expressing sympathy for the Hong Kong protesters against Beijing, perhaps another recent event might help illustrate this concept. Nonpartisan individuals lined up to condemn the NBA because it refused to provide a full defense of free expression, perhaps fearing economic punishment from China. Some people found it unbelievable that the NBA would put business interests over the morality of an American citizen, and the organization has been commonly viewed as opportunistic and unscrupulous, prioritizing profits above ethics (Karabell).

Trump's policies indicate a widespread political agreement that Beijing is a terrible player with questionable principles and goals that are detrimental to American interests, as well as an ongoing danger to American wealth. Other than cheering on Trump's trade war,

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there has been very little public outcry from Republican Party members over Trump's anti-trade policies, while some Republicans do believe a deal that causes China to make adjustments is on the corner. Many Democrats, when asked about China policy, immediately go into criticism of how the Trump administration is handling the problem of China breaching the rules. “We’ve let China get away with the suppression of pay and labor rights, poor environmental protections, and years of currency manipulation,” Senator Elizabeth Warren said. There is something unsettling about the mainstream approach of accepting that, while U.S.-China economic relations are extensive, and China has made important gains towards bringing about domestic stability and alleviating poverty, these achievements have been utterly overlooked. In the view of many, President Xi Jinping’s rule runs contrary to many basic liberal and democratic principles, including suppressing ethnic minorities such as the Uyghurs, as well as using harsh measures against political opposition. Despite being uncomfortable with certain foreign policies, the United States has maintained working relationships with countries with these kinds of policies, without destroying more beneficial partnerships—for example, purchasing oil from repressive regimes in the Middle East, or cooperating on defense and trade with Thailand (Karabell).

Where China is concerned, however, the US today appears to be embracing an authoritarian position that restricts room for compromise or cooperation. Long term, this approach will do the United States more harm than good. Although China still presents a significant potential for American companies, it's no longer the top recipient of American exports. Not only are companies benefiting with hundreds of billions of dollars of commercial interaction, but so are consumers, suppliers, investors, and the world at large. Although purchases of U.S. real estate have dropped in China before, China has previously been a big investor in the American real estate market. For the last several years, the number of students sent to study in American colleges annually has risen to 350,000; however, in the recent past,

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that number has started to decrease. And, of course, U.S. agriculture exports to China sustained many rural U.S. communities until export volumes sharply decreased in 2017. China currently poses less of a danger to the international system than the Soviet Union did during the Cold War. While worry over the Soviet Union's development of communism and nuclear weapons was entirely justified, the West's paranoia about the Soviets must be explained. While the panic surrounding the domestic political environment had mixed results, the Vietnamese War, predicated on a questionable domino theory about how communism would spread, was a powerful example of what can happen (Karabell).

Whereas throughout the Cold War, the United States was inflating the peril posed by the Soviet Union, the United States is not only failing to stop the threat it has helped create; it is also doing little to mitigate it at home. To be absolutely sure, why is the United States failing to follow through on China's investments in the cyber technology, artificial intelligence, space exploration, education, and international aid? In place of a real battle, the U.S. is waging a propaganda war mixed with discriminatory tariffs and random retribution against Chinese businesses. Attacking China and doing economic damage to the United States are all parts of this strategy, which allows for a continued and unfounded fantasy that says the world's second-largest economy with 1.5 billion people and a growth rate of more than 6 % will collapse the moment the United States "drives a wedge" between China and its other Asian allies. Obviously, the tariffs have had a huge impact on commerce between the U.S. and China, but they represent just a small fraction of the overall harm to the current system (Karabell).

The U.S is struggling to effectively handle the development of a new major superpower. It has only faced a foe that it cannot compel, invade, humiliate, or confine, unless doing so causes significant damage to the country. Not having been an economic danger, the Soviet Union could not have posed a military threat, thereby creating an easing of tensions in

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the Cold War but not helping the United States deal with the development of China. In contrast to the Soviet Union, China does not pursue global aspirations and now is mostly investing in resource-rich nations in Central Asia, Africa, and Latin America in order to improve China's national economic security. Accordingly, the United States looks to be acting out rather than being strategically and systematically integrated to make progress in solving problems at home and abroad (Karabell).

Contrary to the position widely accepted by nearly everyone, including major presidential candidates, no one at all opposes the notion that China is a threat, or provides reasonable alternatives that take China's growing strength and the United States' own increase in power into account. In this case, Trump is on the same page as a large segment of the American population, and that is an issue for the nation. America will be made to pay the price for the coming years, unless the country takes a more logical and realistic attitude toward China (Karabell).

### **3. The Impact of U.S. – China Rivalry on MENA Countries**

Foreign policy should serve the interests of the nation as a whole. International interests are based on home politics, rather than the actions of the international community. Middle East area better shows this, the geographic region that encompasses parts of the Eastern Mediterranean, parts of Asia, and most of the Middle East. In this particular aspect, the research looks at how the interests of the nations in this area, the United States, and China differ, as well as the changing nature of China's role in the region. Following the Cold War, the U.S. adopted an urge to look for an arch foe and see every interaction as having to be either 'win' or 'lose' for either side. However, China's interaction with the Middle East should not be viewed through the prism of that which is not the proper lens (Freeman).

America's position in the Middle East has to be examined before reaching China because few details of how it stands on issues like Arab-Israeli peace, strategic transit, energy

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security, markets, and the repercussions of regional instability on U.S domestic peace can be identified.

The U.S. has consistently prioritized the creation of a Jewish homeland in Palestine as the highest goal in the Middle East over the past half century. The United States has tried to achieve this by providing military aid in order to help maintain Israeli military supremacy in the region and by working to negotiate an agreement that would allay Arab and Muslim neighbors' fears about it. The findings are final. The considerable expense in radicalizing Arab and Muslim thought, as well as trade embargoes, military donations, wars, and now terrorist attacks with global reach, has enabled Israel to emerge as a regional military superpower, enjoying a nuclear monopoly and dominance in the area' A major diplomatic failure has occurred (Freeman).

In significant part because of the choices that the Israeli government has made, the country lacks internationally recognized and secure boundaries. Although Israel is widely recognized as an unwanted fact, it continues to be viewed as a pariah by other countries in the area. Acceptance of Israel's legitimacy is retreating, not gaining, as a result of the actions its citizens are viewed as exemplifying because of their race and religion. The Israel Defense Forces has seemingly opted to gamble with the nation's existence on the shaky assumption that Israel can maintain an unrivaled military advantage over its neighbors for the indefinite future. The problem is that it has no political plan for getting them to accept us. The United States is not concerned (Freeman).

"The Middle East" was initially called "the Middle East" by US naval leader Alfred Thayer Mahan. The era of oil had still not arrived at the time of this passage. Admiral Mahan emphasized the importance of the location by stating that it was the focal point of three major land masses—Europe, Africa, and Asia—and where all major transit routes to the Indo-Pacific converge. While geopolitically located in the middle of the world, the Middle East

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remains a significant component of its relevance. In military strategy, logistics is crucial, yet logistics are the only ones who seem to concern about it. America as a major superpower would be significantly compromised if we could not project military might as far as the Middle East. In order to maintain a favorable environment for transshipment, the United States' interest in such transit must be safeguarded. The United States' advantage in this regard is rooted on the perception of the worth of the leaders in the area who are willing to protect the United States.

As a result, it relies on whether or not they believe they have a different guardian from the United States. the United States has long been seen as being uniquely able to handle the job that it now appears that nobody else wants or is capable of performing. The United States is disconnecting itself from the people in the region, but doesn't risk losing its capacity to move around the world by traveling through the region (Bronson).

To most people, the Middle East is synonymous with oil. For the United States, oil production reached its peak in 1970, and from that point on, the country began to be a net importer of petroleum. By 2005, 60% of the oil Americans consumed was imported. Most of this material originates from elsewhere in the Middle East. Even though, only around 56% of the world's oil reserves are located in the region, while just one significant surge capacity is found in the area. Because what occurs in the Middle East much influences worldwide supply and price levels, the state of the Middle East greatly influences world supply and price levels. As a result of the Cold War, "the free world" (which consisted of the U.S. and its allies in the fight against the Soviet Union) was extremely dependent on foreign goods. Being able to easily access its energy supply is an important factor when it comes to its economic and geopolitical objectives. U.S. ties with nations in the Middle East including Iran and Saudi Arabia are reflected in the approach the U.S. takes with these countries. When you balance

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the value of free navigation with their devotion to freedom, it shows their focus on the Persian Gulf (Freeman).

New America calculations indicate that increasing U.S. shale oil and gas extraction at present prices will fundamentally change the economics of oil and gas supply. It is possible that the United States may once again be a net energy exporter by the end of the decade. a smaller percentage of imported oil is required before oil in shale formations is exhausted Progress is being made by North America to becoming self-sufficient in energy, but it doesn't change the fact that most of the world's major energy users will stay to be dependent on Middle Eastern oil. The outcome in that region will be seen globally, as far as energy costs are concerned. North America is no longer vulnerable to supply interruptions due to the recent development of shale oil deposits. In addition, an independent economy does not entail the end of the world market (Freeman).

Self-sufficiency, in other words, means that U.S. access to energy resources in the Persian Gulf will be a function of the country's future ambitions to be a prominent leader in the global economy rather than one which is dependent on external sources. When people wonder why the United States uses a "lone ranger" strategy in avoiding the interruption of supply routes in the Persian Gulf, this new plan will inevitably generate a lot of concerns. It would not be unexpected to discover the United States engaging in future collaborations with other countries in which it will share the financial and military costs of that mission. With a GDP of \$2.9 trillion, the Middle East contributes for roughly 5% of world GDP. The yearly growth rate is around 5%. This accounts for about 5% of all U.S. exports.

Most Arab purchases of U.S. military hardware and significant taxpayer support for arms shipments to Israel helps keep military manufacturing lines running and preserves the American defense industrial base. The United States is a significant player in the trade of the area, which consists of military products and services, although its proportion of these items



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has fallen to around one-fourth of total purchases. While compared to China, which accounts for about two-fifths of global military expenditure, India's portion is around one-fifth, with most of the funds going to projects that are outside of the military. American engineering, educational, as well as advisory services are required in the Middle East since it is a large market for such services. The additional effect is that since the price of Arab oil producers' currencies is tied to the dollar, then these markets can't be considered relevant to the United States' export economy (Freeman).

The main security emphasis for the United States has shifted to the Middle East. Israel has become the hub of anti-American terrorism, having acquired a worldwide reach due to U.S. backing and military actions in the region, and Israel is trying to prevent Iran from obtaining nuclear weapons by using military force. Despite opposition elsewhere in the area, Iran is completely on board with the idea of pre-emptive action. At the same time, the United States has been more involved with the governments in the area on combating terrorism. This is the same as the number of terrorists. Anger towards America has increased after the 9/11 attacks. While aggravating the antagonism between Sunni and Shi'a Sunnis in the Middle East, the U.S. has also ignited a bloody conflict between these two sects of Islam, as well as brought the strife-torn Fertile Crescent to the brink of collapse. One can no longer predict when or how everything will end (Freeman).

A thirst for liberation from imperial or colonial control and for recognition of their diverse cultural identities is shared by the residents of the region. In contrast to other areas, nearly all seek patrons from abroad to guarantee their own safety from each other. The Israeli Jewish community greatly benefits from the U.S. backing its ethno-religious distinctiveness. In Iran, individuals consider the U.S. is trying to take away their country's independence and cultural heritage. Egyptians depend on the United States because they have no other options. The Kurds are hoping that the United States would support their own national aspirations.

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Gulf Arabs have requested assistance from several countries to protect themselves against Israel and also to offset the rising influence of Iran (Freeman).

Energy-exporting countries in the Middle East must fund their defense, development, and internal stability with energy revenues. If people lack money, they use government funding in order to accomplish the same goals. Though dependent on foreign nations, all desperately adhere to their freedom and independence and the U.S. or any other patron is not bound to any one country. Anyone is searching for other sources (Freeman).

Most people in the area believe China may intervene in there. Because the Arabs regard China as a potential buyer of their oil, they see the Chinese as non-ideological, unconcerned with preserving their lifestyle, and accepting of many options they would prefer to avoid. The potential of the country is quite high, but it is distant and has no imperial goal in the region. They perceive an area where they may acquire goods that are practical and enjoyable. For them, they chose a country is open and accepting of their investments, and is thankful for the work their employees generate. When people consider the ways in which a huge civilization has demonstrated care and respect for others, does not ridicule their religion or way of life, is concerned about its credibility as a reliable supplier, and is not even willing to bomb or attack other countries with controversial policies, they see this as a great opportunity for cooperation.

In other words, Arabs regard the Chinese as Americans did before they introduced so-called "neocon" concepts such as the "war on terror," democracy-by-agreement, regime change, drone attacks, and more. And for the first time in a long time, they have an opportunity to redress their international imbalance and make up for their historical dependency upon on United States. While China is viewed as a favorable partner, this also decreases the likelihood that China will agree to battle with the United Nations over the right to guard and defend foreign client states (Bronson).

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As a country with a long history of involvement with the Middle East, China has a big stake in the region's future. Islam first arrived in China in 618, during the Tang Dynasty, which began in 618. In 651, the Rashiddun Caliphate's first ambassador to China landed in Chang'an. Not often recognized in the West is the fact that one of China's greatest admirals, Zheng He, led several trips from 1405 to 1433 that reached lands such as India, East Africa, and the Middle East. His family had previously undertaken the pilgrimage to Mecca, and he had been educated in Arabic. He was following old Arab and Chinese shipping lanes that had been charted and documented by other travelers. Four of his seven trips had a significant impact on the Arabian Peninsula. On the last trip, he traveled to Mecca to see it for himself.

Due to European colonialism and the Cold War, ties with East and West Asia were broken and weakened. With remarkable rapidity, they are currently being reconstructed. In the past decade, China's GDP expanded six times larger. In 2010, China overtook the United States as the world's top energy user. As the world's leading investor in renewable energy, the U.S. ceased being the global highest oil importer in December of 2017. According to latest data, China currently uses 21.3% of the world's oil. Obviously, the focus of its interest in the Middle East is stable and constant access to energy resources in the region (Freeman).

Saudi Arabia is a key source of China's imported oil, with China getting over half of the country's total output and importing over half of the country's oil. Iran is another important oil-exporting country, and China gets around two-fifths of the country's exported oil from Iran. The economic consequences of the purchase of all that oil are that China must now also offer products and services to the Middle East's oil companies. There are currently numerous areas, like China, where exports and imports originate. Many Middle Eastern nations have welcomed China as a rising number of foreign investors. Tourists from China are becoming a substantial source of hard money for countries that do not produce any oil. It is estimated that

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there are at least 500 Confucius Institutes in places such as Israel, most Arab nations, Iran, and Turkey.

President Woodrow Wilson and the following US presidents all would have understood China's unwillingness to become involved in other countries' conflicts because of this. In their newly established role, the people of the People's Republic of China employ a strategy quite similar to that used by U.S forefathers. This famous quote from Thomas Jefferson is the one that best describes what America stands for: "Peace, commerce, and honest friendship with all nations — entangling alliances with none." China is against all three scenarios: it does not want to be exploited by Israel, the Arabs, or the other way around, or by Israel, the Arabs, or each other against Iran. It looks forward to a positive relationship with everyone. When measured against other major countries, China manages to maintain beneficial and substantial relationships with all the countries in the area. Taking this stance may be hard because events in this region are often seen as a battle between good and evil (Freeman).

Though it does hurt China's reputation in Saudi Arabia, the nation's leading economic ally in the area, and the major financier of the Syrian rebels, China has refused to intervene in the Syrian civil war. It has gained no credit for being hesitant to help the Assad regime against the insurgency, and that has further increased the influence of Iran. The Chinese have a strong relationship with Israel, but they do not support the Jewish state with its fight to establish and seize control over the Palestinians. Additionally, China has no interest in participating in the Middle East conflict. It credits Greek Philosopher Bias, who lived two-and-a-half millennia ago, for recognizing, that "it is better to mediate between enemies than between friends, because one of the friends is sure to become an enemy and one of the enemies a friend" (Freeman).

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There are many good reasons for China to keep out of the Middle East. The fact is that all of China has a significant number of native Muslims. More and more Chinese Muslims are traveling to Mecca to fulfill their religious obligation. The actual number of Muslims in China is significantly higher than the official estimates. The violent Xinjiang separatist movement has been spearheaded by certain Uyghurs who have hoisted the banner of Islam. Al-Qaeda had a Uyghur chapter that lasted until 2003. China's security and social peace may be endangered by the sectarian dogmas that exist in the Middle East. In essence, China and the United States share neither the goals nor the will to action in the Middle East. Does not have a connection to the Israeli Jews and the Arab Muslim countries like Iran, Turkey, and Arab countries generally. No American diplomats were held captive by Iranian students in Tehran during the crisis. The military is tasked with defending its own territory, rather than deploying or projecting power globally or in the Middle East. The nation of China does not require a guaranteed transit passage across the zone (Freeman).

Even though China is reliant on Middle East oil, it believes that vendor self-interest and diplomacy are enough to reduce the chances of armed conflict being significant in the nation's supply of energy. The People's Liberation Army Navy has been employed alongside a United Nations-authorized multinational operation to protect freedom of navigation in the Gulf of Aden, and it has been done when genuine threats to this security have emerged, like from Somali piracy in the Gulf of Aden.

Meanwhile, China has built secure energy supply routes to meet the likelihood that China's main economic competitors, such as the United States, India, or even another major power, may try to disrupt China's energy supply routes by devoting even more resources to oil and gas exploration. To return to the Middle East, China avoided becoming involved in that region's religious conflicts for solid geopolitical purposes. It has stayed out of politics and religion and covered its costs via buying the things it needs and selling the items it can. In

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countries in the Middle East, people have long sought China's assistance and patronage, but China has thus far shown unable and unwilling to meet such expectations. They are still advancing their economic partnership with China because of their reduced interest in the gap between them and China. The best part is that China does not regard itself as taking on the position of guardian of the Middle East, as the United States has designated itself. That, in one way, is unfortunately also the bad news. It will be very difficult for the United States to shed the responsibilities it has acquired in that area (Freeman).

In the Middle East, the potential for Sino-American collaboration exists. The struggle between them is unavoidable. It is important to try to find a method to work alongside one another. Learning to see things from someone else's perspective will make communication much easier. That might benefit both of them. Not only are physical coercion and the use of force not the sole ways to serve the national interest, but they are in fact the antithesis of this end. Diplomacy and other means that are less costly and more successful than conflict are typically employed. National interests may be shaped by national politics, but in order to bring them to fruition, it is necessary to see the world outside the country's borders (Freeman).

Despite the overall direction of U.S.-China relations on a bad course, trade ties between the two countries are increasing. In fact, both countries should definitely avoid becoming involved in the zero-sum game in the Middle East. If policy coordination can occur, they must look for interests on which their diverse viewpoints may be absorbed and on which their disagreements can be encompassed (Freeman).

#### **Conclusion**

China's strong march towards the top of the system, translating in return for the adoption of the Communist Party of China to become an advanced middle country by 2035, a vision of a great power at the level of the United States in 2050. This rush to the United States of America on the basis of reviewing its policies towards Beijing, and indeed, it began to shift

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from the policy of strategic partnership that prevailed after the end of the Cold War at the international level to strategic competition.

Behind the United States’ adoption of the option of strategic competition is a principled desire to persuade China not to seek to threaten the nature of the existing international system and the American position at its summit, or to exhaust it and impose restrictions on its transformation into a transformative and revisionist force for the structure of the international system. Strategic balance in West Asia by directing resources and forces to the Far East, maintaining economic advantage and technological advantage in the United States, and finally mobilizing alliances to uphold U.S.-sponsored values and standards.

This reality will, of course, withdraw from the international system to the sub-systems, including the Middle East, which receives great attention from each of them, especially since the economic and geo-political balance between the United States and China in this particular region has become a reality that is solidifying over time. Indicators of strategic competition have already begun to appear in the Middle East during the last decade, the United States has traditional influence and a large security and military presence, and China has begun to become more involved in Middle Eastern issues, in parallel with its giant economic projects that reflect its broad geo-economic influence, and the last of these indicators was the signing of the strategic partnership agreement between China and Iran (Shimei, Qiaoyi). It is clear from these indications that China will face American strategic competition and besiege its vital field with a policy of equilibrium outside the field, and avoid the United States’ moving east by moving through giant economic link lines, such as the “Belt and Road” initiative, which all pass through the Middle East.

## **General Conclusion**

China's worldwide aspirations may be found in the struggle in the Middle and Far East. China has been strengthening its military forces in order to secure its interests outside of East Asia for some years. This is a significant breakthrough. The Chinese are hoping to use military force in more parts of the world. These areas are covered in the Chinese sphere of interest: The Middle East, and Africa, China's two main sources of energy and resources (Mills, and Rosefields).

China's rise is most clearly seen in economic terms. Today, it has surpassed the U.S as the world's second-biggest economy and ranks as the world's largest trading nation. Just the most noteworthy of Beijing's economic outreach programs, such as the Belt and Road Initiative and the Asian Infrastructure Investment Bank, might help hundreds of millions of people across Eurasia and Africa. In terms of political reform, China may not be a shining example, but it does give a lot to the global economy in terms of economic progress.

From 1945 to the present, the United States has played a major role in helping develop global stability and prosperity in Europe and East Asia. At the same time, its military strength is by far the most prominent, and its position as the world's leading economic power has been significantly diminished by the international financial crisis, the development of other countries, and domestic political disintegration. It will harm U.S. global economic influence by withdrawing from the Trans-Pacific Partnership.

Since China and the United States are historically more able to play distinct leadership roles in global governance, it is probably desirable for both of them to assume unique leadership. In order to promote economic development, the former would take the lead, while the latter would provide the same service in providing for the security of the people. Unlike differentiated leadership, however, spheres of influence and the group of two are not being brought back through differentiated leadership. This is an organization where each country



takes on responsibility for the global leadership based on their own respective strengths. Additionally, leaders that can vary their approaches should collaborate with one another, as Washington and Beijing have to because of the interconnectivity of the world, no country can stand alone. In order to carry out their duties to support economic growth and global security, China and the US must work together (Xie).

The question for social democrats is whether Beijing and Washington are heading toward two distinct and collaborative leaderships and shared responsibilities. Looking at the present moment, it would appear that the answer is negative. However, on the other hand, the former shows less willingness to go all-in on the North Korea strategy. Even though Trump has remained unenthusiastic about the Belt and Road Initiative, he has not rejected it entirely (Tao).

A strong bilateral relationship will deteriorate fairly soon if Washington demonstrates it is "prepared to use the full range of our capabilities to defend ourselves and our allies" (Haley), while also making clear to Beijing that Pyongyang's continued pursuit of nuclear weapons and long-range missiles is unacceptable. 10 In addition to other economic issues, Trump administration officials may well direct their complaints toward China by making more trouble in one of these areas: The South China Sea, Taiwan, or the trade relationship (Xie).

In order to explain China's adolescent rebellion, it's helpful to compare it to the example of an elderly man in the midst of a midlife crisis. 11 At the psychological level, the relationship is apt, but at the physical level, it is inaccurate. Although China is swiftly approaching US economic influence and military capabilities, the United States will remain the world's top power for the foreseeable future (Xie).

For all practical purposes, the primary factor that matters is whether the leaders of the United States, and in a lesser way the American public, are able to adjust psychologically to a

rapidly rising China. For a country like China, the most critical factor is whether its leaders and the public are able to accommodate the U.S.'s interests. The worst-case scenario must be considered if one party doesn't have the willingness to do so (Xie).

There is no doubt that China's response to these American moves will determine the nature of the conflict at the international level. The difference between China's adoption of a less aggressive policy and the extent to which it is satisfied with the advantages that the United States will provide to it, in a manner that ensures that the two forces remain within the structure of the existing system, and thus reconsideration of the policy of Partnership and balance within the framework of the existing unilateral system, and between China's tendency to expand the scope of geopolitical competition, and work to weaken the United States and move towards the center of the system, based on the background of its undeclared ambition for international leadership, or its interpretation of American behavior as an existential threat to its regime.

For the most part, and in the long run, this competition will not pass without some change in the structure of the system and the criteria governing it. There is a balance of power to come. The rise of China is a fact and a fact that is confirmed with time, and this will give it the authority to form some of the rules of the system, or at least reject some of them. Which will lead to a greater influence for the two countries to adopt new standards, while giving other countries some concessions in order to maintain their compliance, and there is no doubt that the emergence of a new pole such as China and Russia to a lesser degree, gives other countries more options than they were in the unipolar Era.

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## الملخص

لقد طورت الصين واحتلت مكانة اقتصادية كبيرة في السنوات الأخيرة؛ و لقد حققت ثاني قوة اقتصادية في العالم والأولى تجاريًا. كان وصول الصين إلى هذا الوضع الفعال بفضل مبادرة "الحزام والطريق" و "البنك الآسيوي للاستثمار في البنية التحتية" الذي ساعدها في نهضتها الاقتصادية. لقد لعبت الصين والولايات المتحدة أكثر الأدوار القيادية تميزًا في العالم و من أجل تعزيز التنمية الاقتصادية، فإن كل منهما يهتم بمصالحه الخاصة، لكن الواقع مغاير عن ذلك تمامًا، وكأن الحرب الباردة تندلع بينهما، ولكن بطريقة أخرى وبسرية تامة. يهدف هذا البحث إلى تحليل طبيعة التنافس الاقتصادي بين الولايات المتحدة والصين وتأثيره على دول الشرق الأوسط وشمال إفريقيا. يستند البحث إلى افتراض أن الحرب التجارية الأمريكية المعلنة على الصين ستؤدي إلى انهيارها الاقتصادي أو إلى توترات شديدة. تم استخدام المنهج التاريخي كأسلوب بحث من أجل التحقيق في العوامل المعقدة التي أوقعت هاتين القوتين الاقتصاديتين في حرب تجارية مريرة. لا ينبغي إنكار المصالح المشتركة بين البلدين خاصة في منطقة الشرق الأوسط وشمال إفريقيا حيث أن التوازن الاقتصادي والعسكري والسياسي بينهما في هذه المنطقة بالذات أصبح حقيقة راسخة مع مرور الوقت. من بين نتائج هذا البحث أن الولايات المتحدة والصين تتازعتا اقتصاديًا وكانتا على وشك مواجهة عسكرية ، لكن الأمور هدأت بعد أن انخرط البلدان في محادثات سلمية.

الكلمات المفتاحية: التنافس الاقتصادي بين الولايات المتحدة والصين - رئاسة ترامب - دول الشرق

الأوسط وشمال إفريقيا