JOURNAL OF WORLD-SYSTEMS RESEARCH

ISSN: 1076-156X | Vol. 30 Issue 2 | DOI 10.5195/JWSR.2024.1192 | jwsr.pitt.edu

The Current World-System and Conflicts

Understanding the U.S.-China Trade War

Ishmael Hlovor
University of Education, Winneba
ikhlovor@uew.edu.gh

Lord Mawuko-Yevugah
Ghana Institute of Management and Public Administration (GIMPA)
lmawuko@gimpa.edu.gh

Abstract

Under the Trump presidency, the United States and China were embroiled in an open trade war that threatened the neoliberal world order. This paper attempts to put forward an explanation of the trade war from a world-systems perspective. Using the world-systems theory, systemic cycles accumulation theory, and the new international division of labor thesis, the paper contends that the rise of China and the protectionist stance of the United States were products of the neoliberal world economic and political order. It concludes that the trade war has not ended with the end of the Trump presidency. On the contrary, the trade war is systemic and will continue to be fought regardless of which party or persons who occupy the White House. The willingness of the American leadership to use international institutions as dispute resolution mechanisms and avoid unilateral undertakings would define the nature of the trade war and its possible outcomes.

Keywords: Economic Globalism, World-Systems, Dependency, Trade War, U.S.-China

China has recorded annual economic growth rate averaging some 10 percent for four decades since the adoption of the economic reforms and opening up policy in 1978. Notwithstanding slower growth in recent years, the country's high growth rate since the economic reforms has contributed to the lifting of over 800 million people out of poverty. The country is currently the second largest economy in the world. Since 2008, China has been the largest contributor to the world's economic growth (World Bank 2018). The country is also currently the largest export economy in the world (Heng 2017). It is highly likely that China will attain high income status if it maintains the high growth rate (Ye, Zhang, and Zhao 2016). This strong economic growth has transformed the country from an economy at the periphery to the very core of the global political economy. This has translated to a more assertive Chinese foreign policy.

The implications of China's rapid economic growth and assertive foreign policy have been debated by both policy makers and scholars (Yee and Storey 2002; Broomfield 2003; Keller and Rawski 2007; Yee 2010; Jianren 2019). The debate centered on whether China would rise and be integrated peacefully or seek to alter or overthrow the U.S.-led post-Cold War world order. Thus, the international geopolitical and liberal economic architecture has been at the heart of an intense theoretical and empirical debate in international relations. For advocates of neorealism, power transition theory, and the China threat theory, China's rise poses a threat that is likely to undermine and destabilize the world's geopolitical and economic order (Yee and Storey 2002; Yee 2010; Glaser 2011; Guo 2006; Kim and Gates 2015; Jianren 2019). To these theorists, China is envisaged to challenge U.S. global economic, political, and geostrategic dominance (Layne 2008; Yang 2013; Bader 2016; Glenn 2016). As Tellis (2013: 109) stated, "China's rise constitutes the most serious geopolitical challenge facing the United States today." This interpretation of China's rising power implies a competition between the United States and China for global leadership as China rises. This competition between the two powers would be characterized by the United States attempting to maintain its dominant global position by taking measures to counter, balance, or contain China (Chan 2004). On the other hand, China may be dissatisfied with the current global system and attempt to alter it (Lim 2015). The actions of the two powers in relation to each other would lead to conflict between them (Wang, E. 2002; Tellis, 2013; Wang, Z. 2019).

On the other hand, advocates of liberalism, neoliberal institutionalism, and the "Peaceful Rise" theory argue that China's growth and development would remain peaceful and would pose no challenge to the current global order. Buzan (2010), Zhang (2012), Jiang (2021), and Gabiella (2016), among others, maintain that China's rise is facilitated by the current neoliberal economic order and for that reason, China has an interest in maintaining the functioning of the world order instead of seeking to revise it. They have pointed at China's integration into the international economic order and the complex interdependence in terms of trade among China and leading powers including the United States as a basis for a peaceful liberal world order. In this regard, China will seek cooperation with other powers as a beneficial path to sustain its continuous growth (Gabiella 2016; Breslin 2017). In addition, liberal institutionalists (Gabiella 2016) assert that international rules and institutions underlining the current global system will provide the forum to address any tension that may be occasioned by China's rise. This paper contributes to this theoretical debate focusing on the trade war that started in 2018 and makes use of world-systems theory, systematic cycle of accumulation theory (SCA), and the new international division of labor thesis as points of departure.

The trade war between the United States and China intensified the debate on the implications of China's rise for the contemporary world order among scholars and policymakers. For many years, the United States has accused China of market distorting policies and "economic aggression," which is said to be perpetuated by undermining international trade and intellectual property rules and norms (White House Office of Trade and Manufacturing Policy 2018; Kadochnikov and Pushkina 2019). The four years of President Trump's administration have seen a manifested United State policy response to the "Chinese economic aggression." Since 2018, the United States has adopted trade policies aiming at countering what is perceived to be Chinese threat to U.S. national security. Subsequently, a number of protectionist trade policies reflected in higher tariffs and bans on Chinese imports and companies have been adopted. China has also responded to the United States with its own trade tariffs sparking what is being termed the "new trade war" (Wang Z. 2019; Tu et al. 2020).

Many arguments have been advanced to explain the trade war. For some (Chong and Li 2019; Wang Z. 2019; Kapustina et al. 2020), the trade war is occasioned by American trade deficit and the need to address trade imbalances between the two nations. This understanding holds that the trade balance between the United States and China is currently skewed in favor of the later, forcing the former to attempt at rebalancing it. The second argument for the trade war sees it as a technological war (Kennedy and Lim 2018; Kwan 2020). Kwan (2020) pointed out that the contest between the United States and China has shifted to the arena of technology. The United States is aiming at denying Chinese companies access to American technologies in an attempt to limit the ability of Chinese firms to modernize and use high level technology. Some scholars (e.g.; Kennedy and Lim 2018; Kapustina et al. 2020) also argue that it is a competition for technological dominance. This view holds that any attempt by the Chinese to move beyond manufacturing to technologically driven growth is deemed as a threat to U.S. dominance in the technological space. Subsequently, investment in U.S. technology by Chinese firms is viewed with suspicion, thereby forcing Washington to sometimes act to block out proposed collaborations between Chinese and U.S. companies (Kwan 2020).

This paper attempts to put forward an explanation of the growth of China and the subsequent rise of the new protectionism in the United States, particularly towards China from a structural or systems perspective. Using world-systems theory, systematic capital accumulation theory, and the new international division of labor thesis, the paper contends that the rise of China and the current protectionist stance of the United States in particular are products of the current neoliberal world economic and political order. This is a puzzling undertaking since world-systems theory has been used to understand and explain underdevelopment in the third world instead of as an explanation for growth. In addition, the new international division of labor thesis has lost much attraction since the 1990s and has been discredited on many accounts as a sound thesis for growth and division of labor in the third world (Sayer 1986; Schoenberger 1988; Starosta 2016). Yet, these structural accounts give great theoretical insight to understanding and explaining the current issues.

We argue here that the world-system, which hitherto obstructed peripheral and semi-peripheral nations, has set out long term processes that aided rapid Chinese economic growth and global power. The same system has engendered economic issues for working class people in core countries, notwithstanding their generally better economic situation. Conflict is an endemic part of the organic world-system, and the relative power position of actors determines the actions they undertake or are capable of undertaking to shape the system to their advantage. Domestic pressure, or the group in control of domestic political structures, is able to influence the priorities of national policy. Thus, dislocated industrial workers in advanced nations have become the core of a new ethno-nationalist movement aiming at rolling back the forces of economic globalism or at least mitigating the adverse impacts of it (Hlovor, Shaibu, and Ibrahim 2021).

This is primarily a conceptual paper and empirical evidence is employed for demonstrative purposes.

World-Systems Theory

World-systems theory finds its roots from the work of Immanuel Wallerstein. In 1974, Wallerstein published his book, *The Modern World System: Capitalist Agriculture and the Origins of the European World Economy in the Sixteenth Century*, which elaborated on a theory of world-systems. He tried to understand and explain the historical forces that gave rise to the modern world capitalist system, and how the process of modernization affected different regions of the world. Wallerstein (1974: 347) pointed out that:

> …a world-system is a social system, one that has boundaries, structures, member groups, rules of legitimation, and coherence. Its life is made up of the conflicting forces which hold it together by tension and tear it apart as each group seeks eternally to remold it to its advantage. It has the characteristics of an organism; in that it has a life-span over which its characteristics change in some respects and remain stable in others. One can define its structures as being at different times strong or weak in terms of the internal logic of its functioning.

Within the system, life is "largely self-contained, and the dynamics of its development are largely internal" (Wallerstein 1974: 347). Within this system, the actors and their positioning are not static but can evolve over time.

Wallerstein (1974: 348) did not conceive capitalism as the total exclusion of the state from the market. In his words:

> Capitalism is based on the constant absorption of economic loss by political entities, while economic gain is distributed to "private" hands. What I am arguing rather is that capitalism as an economic mode is based on the fact that the economic factors operate within an arena larger than that which any political entity can totally control. This gives capitalists a freedom of maneuver that is structurally based. It

> has made possible the constant economic expansion of the world-system, albeit a very skewed distribution of its rewards.

The capitalist world-system is based on free trade and international division of labor. This division of labor is not only a function of ecological necessities but also "a function of the social organization of work, one which magnifies and legitimizes the ability of some groups within the system to exploit the labor of others, that is, to receive a larger share of the surplus" (Wallerstein 1974: 349). International division of labor determines the relationship between different regions and labor conditions in each region. In the world-system, different kinds of political systems relate directly to where each region is located within the world economy. According to Wallerstein (1974: 349), in the world-system

> …political structure tends to link culture with spatial location. The reason is that, in a world-economy, the first point of political pressure available to groups is the local (national) state structure. Cultural homogenization tends to serve the interests of key groups and the pressures build up to create cultural-national identities.

This political pressure is necessary in democracies in informing economic policy choices and support for capitalist groups.

The international division of labor and the nature of the state lead to the existence of two interdependent regions: core and periphery. These are geographically, structurally, and culturally different from each other. The core region is characterized by capital-intensive mode of production, capital accumulation (industrial production), and strong states. The peripheral region focuses on labor-intensive production (agriculture and raw materials) with a weak state in a colonial or neocolonial situation (Wallerstein 1974; Goldfrank 2000). Semi-peripheral states are situated between the core and the periphery and act as a buffer zone between them. They are characterized by a mix of the kinds of activities and institutions that exist in both core and peripheral regions. They represent core state in decline or periphery state on the rise (Skocpol 1977).

The world-system operates on a structural of a power hierarchy between the core and the periphery. Powerful and wealthy core states or societies that specialize in industrial production dominate and exploit weak and periphery raw material producing societies. Through "unequal exchange," there is systematic transfer of surplus from the periphery (raw material-based societies) to the high-technology, industrialized core (Goldfrank 2000). The structure of the system restricts peripheral states from upward mobility and to the experience of the low level of development that reproduces their subordinate status (Chase-Dunn and Grimes 1995). Strong states in the core reinforce their position through increases in the differential flow of surplus from the periphery to the core zone (Skocpol 1977).

A more precise explanation of change in world order and the tendency of conflict within the framework of the world-system is associated with Arrighi and his colleagues (Arrighi and Silver 1999; Arrighi and Silver 2001; Arrighi 2010). His theory builds on Fernand Braudel's proposition that financialization of capital has been a recurrent feature of historical capitalism since the sixteenth century (Arrighi and Silver 2001). The theory proceeds on the understanding that the history of global capitalism should be understood as a series of cycles of accumulation, with each cycle being characterized by an initial period of material expansion and a later stage of financial expansion over its *longue durée*. At the beginning of each cycle, the leading state (the hegemon) and its business complexes are able to gain advantage over other states through trade and production. This advantage allows these agencies to generalize and promote a particular mode or way of capital accumulation that other states must follow (material expansion). In other words, during the period of material expansion, capitalist agencies invest money capital in a particular input-output combination in return for profit. Production and trade expand resulting in higher or increasing return for capital invested in production and trade. Over time, decreasing return sets in, and capital returns to its monetary form and accumulation occurs through financial deals rather than investment in production of commodities and trade. Diminishing returns to capital, invested in production and trade, forces the leading states and their businesses to move away from production and trade to making profit through financial deals (financial expansion). By reaching the stage of financial expansion, every systemic cycle attains maturity and announces its autumn, while announcing the spring of another cycle (Arrighi and Silver 2001; Arrighi 2010). Thus, the end of each cycle of accumulation is also a period of hegemonic transition as new government and business complexes (hegemony) emerge to reorganize the world capitalist system through an expansion of the regimes of accumulation and to promote further expansion of the system. In the words of Arrighi and Silver (2001: 261)

> …all phases of financial expansion have indeed been the "autumn" of major developments of world capitalism. But they have also been periods of *hegemonic transition*, in the course of which a new leadership emerged interstitially and over time reorganized the system so as to make its further expansion possible. (emphasis in the original)

Four cycles of accumulation can be identified over the long period of historical capitalism. These include

> …a Genoese-Iberian cycle, stretching from the fifteenth through the early seventeenth centuries; a Dutch cycle, stretching from the late sixteenth through the late eighteenth centuries; a British cycle, stretching from the mid eighteenth through to the early twentieth centuries; and a US cycle, stretching from the late nineteenth through the current phase of financial expansion. (Arrighi and Silver 2001: 260–61)

The transition from one cycle to another is usually characterized by interstate, inter-enterprise, and social conflicts. Conflict is associated with three main possible sources of profit during financial expansion. First, overaccumulation of capital pushes capitalist organizations to intrude into one another's territory or spheres of operation. This undermines the division of labor and specialization which underpins cooperation during the period of material expansion, leading to intensification of competition among capitalist organization in a negative zero-sum manner (Arrighi and Silver 2001). Secondly, slowdown in the expansion of trade and production during the period of financial expansion imposes budgetary constraints on states. This increases interstate competition for money capital from financial markets to address the budgetary constraint. The result of this process of competition among states for money capital is to force redistribution of income from other communities to the agencies that control money capital; thereby sustaining and prolonging the profitability of financial deals without trade and production. Thirdly, money capital moves from areas of less profit to new centers of profitability. This movement of money capital allows for new "containers of power" to emerge and lead a new phase of material expansion on a wider, deeper, and more complex scope (Arrighi and Silver 2001; Arrighi 2010). The new bloc of governmental and business organizations that emerge to lead the system on a new phase of material expansion has historically been more powerful than their predecessor. In the words of Arrighi and Silver (2001: 267)

> …the development of historical capitalism as a world-system has thus been based on the formation of ever more powerful cosmopolitan-imperial (or corporate-national) blocs of governmental and business organizations endowed with the capability of widening (or deepening) the functional and spatial scope of the world capitalist system.

The transition from one hegemonic leadership to another is usually precipitated by a hegemonic crisis. Hegemonic crisis refers to the inability of the hegemon of a particular era to effectively govern the system and provide system-wide solutions to system level problems resulting in increasing competition among system units beyond the regulatory capacity of the system structures. Two main issues relating to hegemonic leadership and expansion of the world-system explain the emergence of hegemonic crisis. First, is the reorganization or leadership of the system in a new direction that is considered to be in the general interest. This encourages cooperation as it widens and deepens the division of labor and specialization of functions. The second issue is emulation, which involves the leadership of other states to follow the path of development of the dominant state. While this provides the motivation which allow states to commit resources to expansion initially, its competitive nature means that as the system increases in volume and dynamic density, it generates competition among the system's units beyond the capabilities of existing institutions to regulate. This subsequently leads to states pursuing their national interest without regard for system-wide problems that require system level solutions. The pursuit of the national interest without regard for system-level solution results in a deflation in the power of the existing hegemon and hegemonic crisis. Hegemonic crises are associated with interrelated challenges of "intensification of interstate and inter-enterprise competition; the escalation of social conflicts; and the interstitial emergence of new configurations of power" (Arrighi and Silver 2001: 271). Intensification of competition and social conflict under hegemonic crisis results in hegemonic breakdown and systemic chaos. In the midst of systemic chaos and disorder "…new structures emerge interstitially and destabilize further the dominant configuration of power" (Arrighi and Silver 2001: 271). Central to hegemonic crisis is financial expansion, which inflates the power of the declining hegemon by allowing it to benefit from its centrality to networks of high finance. The inflation of the power of the declining hegemon allows it to hold the system together against forces that challenge its dominance. However, financial expansion equally deepens and widens competitions, social conflict, and relocates capital from the declining centers and structures to emerging structures and centers of profit thereby strengthening the hegemonic contenders. Any small disturbance of the system shifts the balance in favor of contending forces that undermine the stability of the system, resulting in systemic breakdown; decisive points of hegemonic transition. As systemic breakdown results in systemic chaos and disorder, the demand for system level governance increases. This demand is only satisfied when "…increasing systemic disorganization is accompanied by the emergence of a new complex of governmental and business agencies endowed with greater system-level organizational capabilities than those of the preceding hegemonic complex" (Arrighi and Silver 2001: 272). Thus, a new hegemony emerges from disorder to reorganize the system in new structures that permit wider and deeper division of labor and specialization.

Although advocates of this theory posit that the current U.S.-led hegemony is at its autumn and a possible shift to a Chinese-led system may be on the horizon, our analysis does not extend to a possible transition to a Chinese-led world-system. On the contrary, we employ this theory to understand how the trade war is a manifestation of increasing interstate and interenterprise competition and social conflict that usually characterizes the financial expansion stage of systemic cycles of accumulation. The outcome of the current conflict is far more than settled, yet understanding its dynamics and undercurrents is important to projecting its final outcome.

To use the world-systems theory as an explanation of Chinese growth and the subsequent trade war with the United States, it is necessary to point out some important issues of note. One, the world-system involves a developmental characterization. Thus, classification into core, semi-periphery and periphery relates to levels of development. The main factor or driver of development considered here is the process of industrial production and industrialization. Secondly, it also involves political power characterization: political power associated with the level of industrialization, and industrialization reinforced by political power. The role of political power is determined by political pressure asserted by local groups on state structure. Spatial location and cultural homogeneity breed culturally defined national identities, which allow groups to enforce their position by taking control of the nation-state structure. Thirdly, the world-system is dynamic and organic, not static. It permits changes, conflict, competition, and evolution in its internal dynamics (processes, rules, and norms), and of its component units (states, non-state actors, transnationals, etc.). This organic nature implies mobility of actors (states). Thus, core states may decline, while periphery states may rise.

The New International Division of Labor

The new international division of labor thesis emerged from the work of Frobel, Heinrichs, and Kreye (1978, 1980) Their theory posits that the classical international division of labor, which involves the exportation of mainly raw materials from developing to industrial countries and the export of manufactured goods from developed to developing countries, is being replaced by a new international division of labor. This change is brought by qualitative changes in the preconditions for expansion and capital accumulation. Developing countries under the new international division of labor are now centers of manufacturing and are now exporting manufactured goods which are competitive in the world market (Charnock and Starosta 2016).

The thesis suggests that third world countries, with the abundance of cheap labor and raw materials, have become the hub of industrial production. This development is facilitated by the fragmentation of production processes, relocation of firms, and improvement in the means of transportation, which facilitates easier transportation of goods across the world. Multinational corporations can locate some of the production facilities near areas of cheap labor and raw materials in order to minimize cost. In some instances, the whole production unit is relocated to an area of comparative cost advantage and the finished products imported back into the home state. This has led to the development of "world market factories" (Charnock and Starosta 2016: 3) in the third world and the subsequent loss of manufacturing jobs in the developed world.

It is important to point out, however, that in the contemporary world, consumption and provision of services—fueled mainly by technology and innovation—have been the main driver of growth in developed economies. While manufacturing of goods has been shipped to developing areas, the advanced nations remain the core of high technological innovations thereby maintaining the core status while performing less of what was traditionally associated with them.

China's Growth: An Explanation

Over a period of three decades, China has moved from an impoverished peripheral nation to a global industrial player. Currently, China manufactures

> …nearly 50 percent of the world's major industrial goods, including crude steel (800 percent of the U.S. level and 50 percent of global supply), cement (60 percent of the world's production), coal (50 percent of the world's production), vehicles (more than 25 percent of global supply) and industrial patent applications (about 150 percent of the U.S. level). China is also the world's largest producer of ships, high-speed trains, robots, tunnels, bridges, highways, chemical fibers, machine tools, computers, cellphones, etc. (Wen 2016: 9).

As the share of manufacturing or industrial sector grows, agriculture declines. Dutta (2015: 1169) estimates that by "2000, the industrial sector's share of GDP has grown to be about two-third of the total. The share of agricultural sector of GDP has expectedly declined from 42.2% in 1970 to 11.9% in 2000."

This rapid level of industrialization can be explained by two interrelated systemic developments in the world capitalist system. The first is fragmentation of production and subsequent evolution of a process of relocation of multinational companies of production units overseas to low labor cost countries, which started in the 1960s. The second is a process of economic reforms (neoliberal market reforms) in many developing countries aiming at making them globally competitive in attracting FDI. This process was initiated in most of these countries by Western international capital operating through the International Monetary Fund (IMF) and the World Bank. However, in the case of China it was self-initiated and managed.

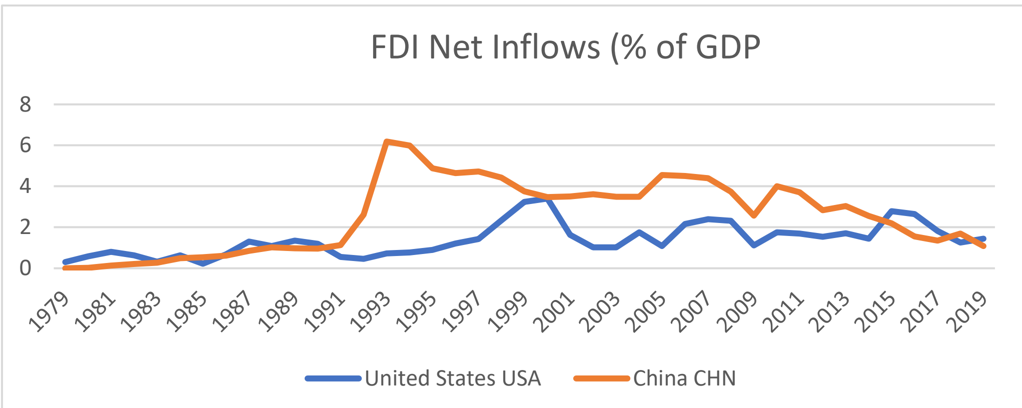
One of the defining features of the capitalist world economy is the operation of multinational or transnational companies with business interest across various countries. Since the collapse of communism, these companies, generally with headquarters in advanced industrialized countries, have become the medium through which the global economic system keeps an unequal exchange machinery in motion. Supported by Western capitalist powers through their control of the machinery of governments and institutions in advanced Western democracies, they have pursued and presided over the construction and the maintenance of the neoliberal economic world-system. Through the process of legitimation, which is a process that confers legitimacy on a social and economic practice (Leeuwen 2007; Reyes 2011; Bonanno 2017), neoliberal economic policies are legitimized and alternative modes of social organization of production and distribution are discredited (Hlovor et al. 2021). The current neoliberal world-system operates on international rules, norms and institutions backed by the major actors—Western Powers—which serve to confer legitimacy on certain international conduct while punishing or antagonizing others.

Fragmentation of production processes and global mobility of capital evolve as multinationals aim at higher returns and lower cost of production. Fragmentation of production process emerged during the industrial revolution in Europe. It was, however, contained within the same nation state (Andreff 2009). As technology changes, the various phases of production can now "be spatially separated and undertaken at locations where costs are lowest" (Andreff 2009: 7). This has allowed the development of international production networks with stages of production of a particular commodity taking place in different countries. This entails the establishment of some industrial plants close to raw materials and places of lower labor cost, mostly in developing nations. Multinational corporations (MNCs) outsourcing or subcontracting some parts of their production to subsidiaries or different entities in other nations has become a global norm, as well as a strategy for producers, particularly in the manufacturing and service industries (Andreff 2009; Renko, Kaurić, and Lešina 2014). Through this process the peripheral nations, while still occupying the periphery of the world economy, add some value to their raw materials. However, the benefit to the developing nations in terms of growth is limited as much of the investment capital is repatriated to the advanced world. In addition, tax holidays and the need to provide incentives have disarmed poor producing countries from deriving the full benefit of their production.

Closely linked with outsourcing or fragmentation is international production relocation. It involves the closure of a manufacturing plant in a home country and opening the same plant abroad, with the intention of reimporting to the home territory those goods and services to be produced at the new plant at lower cost or feeding existing markets within them. Simply put, a whole unit or part of a plant are transferred to new locations abroad to produce the same commodity and reimport the commodities into the home state at a cheaper cost. As industries move their labor-intensive productions to lower labor cost countries, industrial workers in advanced nations become redundant.

China's rapid growth in industrial output owes much to the impact of economic globalization, which has allowed the influx of foreign capital to supplement China's domestic saving. Exploiting low-cost labor has been described as one of the key motivations for the inflow of foreign direct investment (FDI) into China (Liu and Daly 2011; Donaubauer and Dreger 2018). As shown by Figure 1, FDI net inflows as percentage of GDP into China steadily increased since 1979, when it was below that of the United States. By 1991 till about 2015, China's foreign direct investment net inflow (percentage of GDP) consistently surpassed that of the United States.

Fig. 1 Foreign Direct Investment Net Inflow (percent of GDP)



Source: World Bank (WDI) (2020)

The primary objective behind the early FDI that came from overseas to China in the 1980s was to exploit China's low-cost labor in the manufacturing of consumer products for export (Shi 2001; He 2003). Subsequently, FDI inflow into China mainly went into the manufacturing sector initially (Liu and Daly 2011). In the late 1990s, the major Japanese and Western MNCs entered China with significant FDI for the same cost-based reasons. Surveys regarding the motivation of MNCs to establish R&D facilities in China also confirm that most of the FDI has pursued cost reduction by using more local raw materials as well as labor (Xue et al. 2002). In 2005, China ranked third in attracting foreign investments, just behind the UK and United States; and second in attracting venture capital behind the United States; and most surprisingly, first in attracting transnational corporations' R&D location with a highest prospective intention rate of 61.8 percent, according to a survey by UNCTAD (2005).

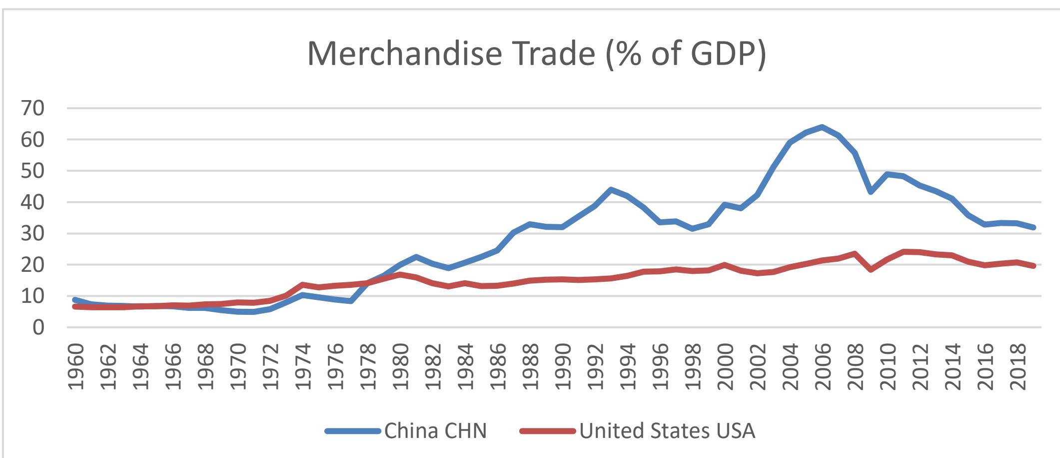
Although FDI was important to the growth of China, the Chinese state's policy engineering was instrumental in ensuring that FDI inflows translated to sustain domestic economic growth. The opening up was at all times under the control of the Chinese Central Government. Unlike other developing regions or countries where economic liberalization was instigated from outside, the Chinese economic reforms and liberation was self-orchestrated and managed. Through the establishment of special economic zones and the gradual manner of the reforms, China was able to experiment and identify the policies that produced the best results while reducing the cost of failure in what is termed "crossing the river by touching the stones" (Zhang and Feng 2019: 48).

This also allowed FDI to be channeled to areas considered to be critical for overall economic growth.

The transfer of most State Owned Enterprises (SOEs) to local government authorities, which allowed the SOEs to operate on market principles, has also enabled such enterprises to become more productive, efficient, and competitive. In addition, government support for local businesses also enabled the Chinese to grow businesses that overtime became globally competitive. This implies that the value addition being generated in China is not beneficial to foreign capital and interest. Thus, while FDI and domestic saving provided the needed capital to stimulate industrialization and growth, policy choice has allowed China to nurture and grow its own globally competitive firms. Subsequently the Chinese market is mostly dominated by Chinese firms. This implies that China is not only a home to foreign capital taking advantage of cheap labor and market, but equally home to globally competitive Chinese firms—China has approximately 110 companies on the Global Fortune 500 companies list (Woetzel et al. 2019).

As foreign firms want to take advantage of China's cheap labor and domestic firms being supported by government to grow, China become a hub of world industrial production. Few years after the reform, the country became a major exporting nation. Its merchandise trade as percentage of GDP has consistently been above that of the United States since 1979 (See Figure 2 below).

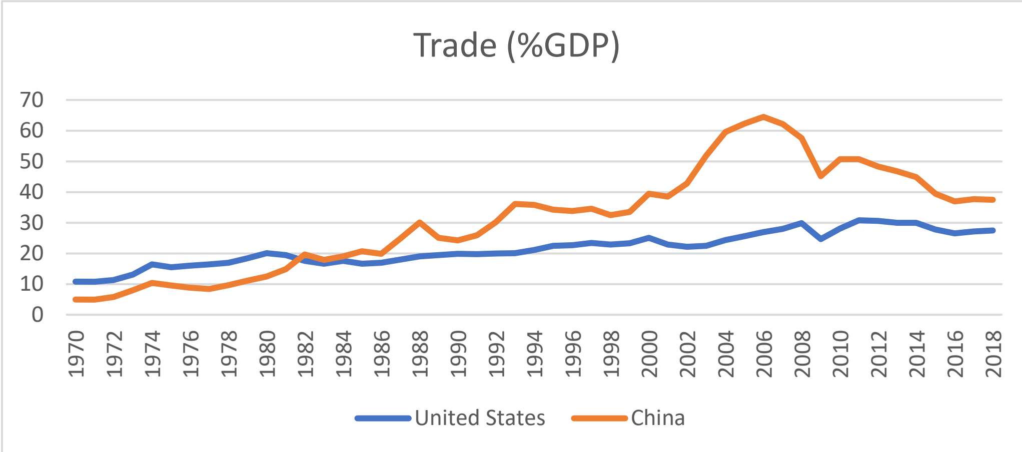
Fig. 2 Merchandise Trade (Percentage of GDP)



Source: World Bank (WDI) (2020)

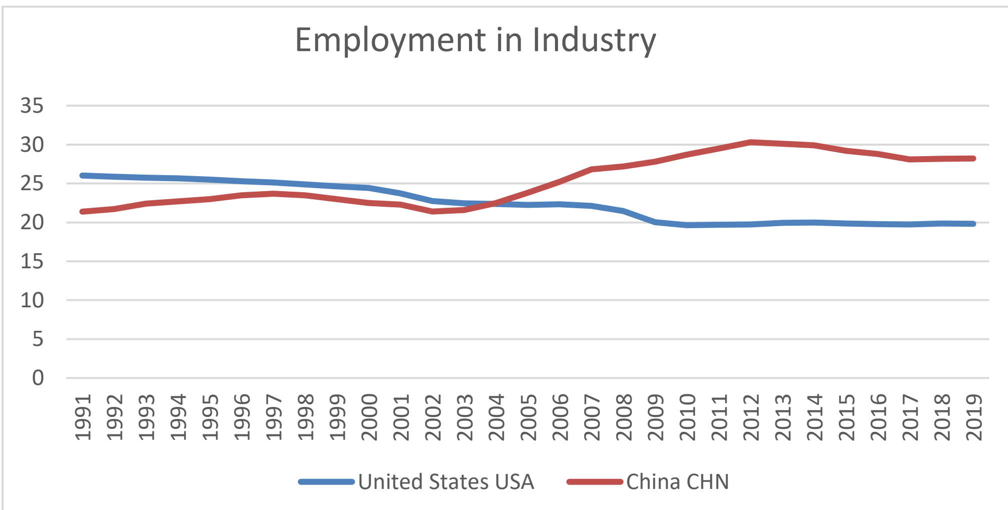
Equally, as shown in Figure 3 below, China's trade (percentage of GDP) has also surpassed that of the United States since the mid-1980s. Consequently, as China's manufacturing grew, the number of people employed in industry also increased. The number of people employed by the Chinese in industry as percentage of total employment overtook that of the United States in 2005 and has remained consistently higher ever since (see Figure 4).

Fig. 3 Trade (Percentage of GDP)



Source: World Bank (WDI) (2020)

Fig. 4 Employment in Industry (Percentage of Total Employment) (Modeled ILO Estimate)

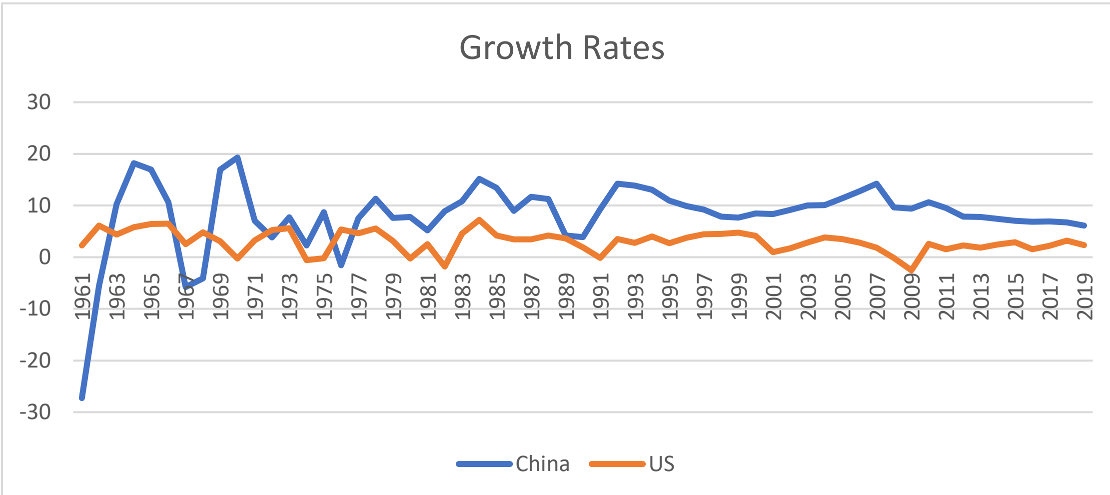


Source: World Bank (WDI), 2020

Evidence also shows that the number of people employed in industry consistently fell in the United States over the period. In terms of growth rate, the United States has largely fallen behind Chinese growth rate since the reforms and opening up as shown in Figure 5 below.

As the economic reforms and opening up bears fruit, China has moved from the periphery of the world industrial production chain to an export driven economy at the very core of the world economy as a manufacturer. The country became the largest trading nation in the world in 2013 (Woetzel et al. 2019). Since 1999, the government of China has sought to encourage Chinese firms to invest abroad in what is termed the "Going Global Strategy." The goal was to encourage Chinese firms to invest in other countries in order to take advantage of world trade. With the admission of China to the World Trade Organization in 2001, many Chinese enterprises and entrepreneurs began investing abroad. Chinese oversea investment has consequently grown over the years, reaching some 196 billion dollars in 2016. Subsequently, China has become a major source of FDI to other countries falling behind only the United States and Japan (Textor 2020).

Fig. 5 Growth Rates



Source: World Bank (WDI) (2020)

With the largely state controlled financial sector and huge capital reserves due to the state managed reforms, China is able to finance Chinese firms to be competitive internationally. The rise of global Chinese brands such as Huawei and the Sinopec Group demonstrates that China has succeeded in nurturing its own global competitors instead of being just a host to MNCs from other countries. In other words, China became a headquarters for indigenous MNCs backed by Chinese state capital.

Pushing Up the Economic Ladder: From Manufacturing to High-Tech Manufacturing Consumption and Service

As the Chinese economy has expanded, there have been concerns about sustainability, particularly when the economy started slowing down from around 2012. China's annual GDP, which was hitherto averaging about 10 percent slowed down to 7.5 percent 2014, 6.8 in 2016, and 6.1 in 2019. In addition to this, there is low average household consumption when compared to international standards, making economic growth dependent on exports and investment, which are not sustainable in the long term (Nie and Palmer 2016). With the emergence of the middle class, the hitherto advantages of cheap labor also began to diminish. These developments have compelled the Chinese government to initiate measures aimed at rebalancing the Chinese economy from investment in manufacturing for export to consumption and allowing investment to be directed by technology and innovation, which represents a more sustainable model of growth in the long term. (Lardy 2007; Pigato and Tang 2015).

The new policy direction involves a fundamental restructuring of the economy, which is intended to shift focus from attracting FDI into export-oriented manufacturing sectors to growth driven by technology, innovation, and consumption. Underpinning the Chinese shift are two interrelated policies: the “Made in China 2025” policy and the Belt and Roads Initiative (BRI). The Made in China 2025 policy, which was announced in 2015, aims at moving the country up the production chain from low skilled manufacturing to high-technology manufacturing (Wübbeke et al. 2016). The ten-year plan aims at the rapid development of high-tech industries including electric cars, aerospace engineering, next-generation information technology (IT) and telecommunications, advanced electrical equipment, advanced robotics and artificial intelligence, agricultural technology, and new synthetic materials, amongst others. In essence, China aims at dominating the fourth industrial revolution. In part, this policy aims at reducing Beijing’s dependency on foreign technology as much as it aims at dominating the global technology market (McBride and Andrew 2019).

The Belt and Road Initiative (BRI) which was launched earlier in 2013 aims at expanding China’s economic and geopolitical influence in a manner that provide an alternative system to the current U.S.-led order. The BRI involves building a network of over-land roads, railway, pipelines, and energy infrastructure, and maritime transport facilities that would connect Asia, Europe, Africa, and Latin America. BRI also involves soft infrastructure mainly in the form of trade deals and people to people exchanges. To a large extent, the initiative represents China’s geopolitical aspirations as it tries to diversify its trade routes, particularly for strategic resources like oil and gas from dependency on maritime routes like the Malacca strait and the strait of Hormuz. It is also aimed at allowing China access to markets as it tries to export its over-production capacity and accumulated domestic saving abroad; as well as gain access to resources to fuel its development. Chinese state owned enterprises have built industrial capacity over the years of the rapid economic expansion. However, as the economy slows down, this capacity—particularly in sectors like cement, steel, and construction—poses a challenge to sustainability. The BRI allows China to export this overcapacity and accumulated capital to other parts of the world through tied infrastructure financing arrangements and low-cost loans to Chinese companies, which enable them to be competitive in bidding for infrastructure project under the BRI. Over the ten-year period (2013–2023) of the BRI, China has invested some $1 trillion into BRI projects, predominately huge infrastructure projects in developing countries.

The economic rebalancing in China underpinned by the Made in China 2025 policy and BRI significantly increased competition between Chinese government and enterprises with their Western counterparts. The shift from low skill manufacturing to high tech manufacturing implies entry into a market controlled largely by Western based companies who have moved from manufacturing to services and high technology manufacturing. It also involves a movement of China from manufacturing to consumption, innovation, and service, which also implies a movement from dependency on Western provided services and technology to becoming a provider of services and technology. The new policy direction has been important in generating domestic consumption. As noted by Woetzel and her colleagues (2019), the result of the rebalancing is that from 2015, consumption rates have increased in China with consumption currently contributing more than 60 percent of GDP.

The result of the policy shift is that Chinese firms are competing on the international market for services that were once the preserve of companies from advanced economies. For instance, in the area of mobile communication technology, the Chinese giant Huawei has become a major force in most European markets. Attempts to exclude it from the development of 5G network in some European nations due to American security concerns has left some countries in a conundrum due to their dependency on the supplies from the company. Germany is finding it difficult to follow the United States and the UK to exclude Huawei from its 5G development due to the dependency of DT on Huawei products (The Economist 2020). Similarly, in the production of green goods, Chinese firms and products have become globally competitive dominating the manufacturing and trade in goods such as Electric Vehicles (EVs), solar panels, electrolyzers, and heat pumps (Graham 2023).

The shift to technological driven growth has allowed China to reduce dependency on foreign capital, services, and market. Gradually, China is becoming less dependent on the world while the world seems to be becoming more dependent on China (Woetzel, et al. 2019). By creating an international network of countries that are dependent on China through the BRI and other financial institutions and arrangements like the Asian Infrastructure Investment Bank and internationalization of the Renminbi, China aims at avoiding the middle-income trap while spear-heading the world onto a new path of development (fourth industrial revolution).

Explaining the Trade War: A World-Systems Perspective

From a world-systems perspective, the global political economy is not static, it is organic and functions according to internal rules and norms of legitimation. It is populated by groups that seek to mold or take advantage of the system for their own interest. These groups are contained in socially structured entities called states which are the basic compartmentalization of geographical space. As shown by China and other middle-income economies that have moved up the world production chain, some characteristics of the world-system change in some respects and remain stable in others. What remains stable in the contemporary world-system is that developing countries are still dependent on the developed or core nations. However, the new form of dependency deviates from the old form where they remain only producers of raw materials. In this new international division of labor, some developing nations have managed to move up the production chain to become producers of manufactured commodities for export. Yet even those developing economies that have experienced upward mobility have largely remained in the middle-income gap as producers of manufactured commodities for the world economy.

The effect of the long-term changes to the international division of labor in developed countries is that manufacturing labor has become redundant. As factories close down or relocate to places of low labor cost and raw material, manufacturing jobs in developed nations like the United States nose-dived. Along with the declining employment opportunities in the manufacturing sector is the fact that low skilled workers are left behind without the needed skills to be absorbed or redeployed in high technology production or the service sector. As Wallerstein (1974) pointed out, economic loss under capitalism is constantly being absorbed by political entities. Thus, the cost of the loss of manufacturing jobs in developed economies is being directed at the political class.

In the United States, the political establishment has come under scrutiny for the economic loss of manufacturing workers whose jobs are or perceived to be taken to developing countries particularly China. The American political establishments paid the price in the 2016 elections as dislocated white manufacturing workers "rebelled" against the establishment. Across the former manufacturing hub of America (the "Rust Belt"), Trump found favor with these dislocated working-class people. His rhetoric of "making America great again and bringing jobs back to America" speaks directly to issues of concern to dislocate working-class people. His emergence provided a rallying point for people within the United States who felt threatened by economic and foreign policy choices that have not worked for them. McQuarrie (2017: 123) pointed out that "For the first time in decades American voters were presented with a choice between a candidate who represented the bipartisan consensus on economic and foreign policy and a candidate that appeared to reject it wholesale." As the 2016 elections showed, the majority of the working-class went for the anti-establishment candidate in protest against their gradual economic and political alienation over the last 40 years. Evidence showed that Trump won mostly in former industrial areas, while Clinton was more successful in areas of new economic growth. (McQuarrie 2017).

It is, therefore, reasonable to argue along with McQuarrie (2017) that with the decline of the manufacturing sector comes the political marginalization of the manufacturing working class who didn't possess the qualification and the skills to take advantage of the new areas of growth, particularly in services. Their marginalization from previously held privileges in certain economic and political positions meant that their concerns were no longer at the heart of public policy and governance. The emergency of Trump, therefore, represents an avenue to claim back what they had lost in terms of political power. As Wallenstein (1974: 349) explained, in the world-system, "political structure tends to link culture with spatial location and the first point of political pressure available to people of a given culture is the state or government." For marginalized groups, taking control of the state is necessary for them to alter the direction of state policy to reflect their peculiar needs and interests. In this regard, support for Trump among dislocated working classes in the Rust Belt represents the means through which to reclaim their political power and realign state policy with their interests. Thus, the advocacy of a policy to confront the existing global economic order that is perceived to make America vulnerable to Chinese cheap imports and trade practices, which undermine the interest of American working class explains Trump's ascendency to the American presidency. It is also a manifestation of social conflict that characterizes hegemonic crisis. Subsequently, Trump has systematically advanced international political and economic policies aiming at bringing jobs back to the United States and antagonizing countries perceived to be benefiting from the existing order by taking advantage of U.S. vulnerability. The Trump administration deployed tariffs, economic sanctions, and threat of sanctions as weapons against Chinese imports and companies.

While the displacement of manufacturing industrial labor has been important to understanding Trump's ascendency to the U.S. presidency and subsequent escalation of the conflict under his presidency, it does not explain its continuation under the Biden administration or its earlier mundane forms prior to Trump. Thus, a major explanation can be found in the shifting position of U.S. high tech companies and the U.S. military establishment from earlier support for economic engagement with China to confrontation with China. As shown in the previous section, China has pushed up the manufacturing ladder from low skilled manufacturing to high-tech manufacturing. In areas such as speed trains, solar panels, electric vehicles, and other high-tech products, Chinese companies are competing favorably and, in some cases, outpacing industries from the United States and other developed economies. Part of the advantage of Chinese companies on the global stage is the cheap loans and subsidies from the Chinese government and its state-owned banks. The advantage in the Chinese domestic market is rooted in Chinese discriminatory trade practices and anti-foreign business practices. This presents significant challenges to U.S. and other Western companies that have hitherto dominated the high tech and financial market. This has altered the favorable view that U.S. businesses once had about China. Issues of "forced technological transfers" and unfavorable treatment of U.S. investors by Beijing have also been cited by U.S. businesses. Thus, the trade war is a conflict over who leads the fourth industrial revolution.

In the financial expansion stage of a systemic cycle of accumulation, conflict is inevitable as overaccumulation of capital forces capitalist agencies to intrude into each other's sphere(s) of specialization (Arrighi and Silver 2001). The accumulated capital by the Chinese states and its business entities needed new forms of investment as low skilled manufacturing was no longer profitable. Thus, the shift of Chinese firms from low skilled manufacturing to high-tech production disrupted the division of labor and specialization between China and the United States (low skilled manufacturing for China and high-tech for the United States) that hold the hitherto peaceful trading relation together. This has led to the intensification of competition between the two states and their businesses in a negative zero-sum manner (Arrighi and Silver 2001). Increasingly, decisions are more informed by narrow national interest calculations instead of systems-level consideration and solutions. The established rules and institutions of the U.S.-led world order centered on the WTO are increasingly unable to effectively regulate the ensuing competition. As highlighted by a report by the U.S. Trade Representative in 2021, there is growing acceptance in the United States that WTO rules are incapable of addressing many of the challenges posed by Chinese trade practices (United States Trade Representative 2021). The trade war is, therefore, a manifestation of system-governance challenges that is threatening the U.S.-led world-system.

Through BRI, the Asian Infrastructure Investment Bank, international of the RMB, and other initiatives, China has also challenged U.S. and Western hegemony in the financial market. Becoming a global lender and leveraging on it to reorient foreign and economic policies of other nations to become dependent on China. This has granted China access to strategic resources in many developing nations which hitherto were dependent on Western and U.S. capital for infrastructure. In essence, China leverages its economic power to advance a new vision of the world, which seems to be acceptable in many developing economies.

The political and military establishments in the United States have also become warry about Beijing's military modernization and its assertive foreign policy, particularly in the East Asian region. The Chinese economic rise has been translated into attempts at modernizing the Chinese military. At the same time an assertive foreign policy has seen China engaged in disputes with various countries within the Asian region, as epitomized by disputes with neighboring countries along the South China Sea and East China Sea. This has led partly to U.S. restriction on Chinese acquisition of technologies for military purposes. On the other hand, China has also employed national security reasons to frustrate and undermined U.S. investments and businesses operating in China. As shown earlier national interest decision making becomes the norm in a world-system which has seen its autumn.

As already noted, a world-system is an organic social system made up of conflicting forces which hold it together by tension and tear it apart as each group seeks to eternally remold it to its own advantage (Wallerstein 1974). China's evolution to compete with the United States in the high-tech market has sparked a reaction from the United States. The U.S. geopolitical position gives it power to attempt to counter the rise of another power that might challenge its privileged position, while China has the drive to mold the contemporary system to its advantage. This systemic conflict is inevitable as the Chinese continue on a path of long-term growth, which will likely increase the competition with the United States in economic territories it has long controlled. In other words, the economic rise of China presents a threat to the continuous global economic and political domination of the United States.

However, maintaining the economic and geopolitical order in a manner that allows the United States to maintain its privileged position in the international system demands altering its own values of economic globalism, which it has promoted since the end of the Cold War. Yet, the America establishment, which has long been uncomfortable with the Chinese rise to power and increasing global economic and political competitiveness, has been mundane in its response. Largely, both the Republican and the Democratic political establishments have attempted to address the Chinese challenge within the confines of prevailing global norms and institutions. For instance, both the Bush and Obama administrations had made trade complaints against the Chinese at the World trade Organization (WTO). The Obama administration had even filed more trade complaints against the Chinese with the World Trade Organization than the Bush administration (Scott 2012; Office of the United States Trade Representative 2015). Avoiding unilateralism was seen as the means to maintaining the global system and the values that sustain it over the years.

The trade and economic tension that has been witnessed over the four years of the Trump administration was not new. On the contrary, it has been a long-term process that entered a new stage of open confrontation under Trump. The Trump administration employed unilateral actions and open confrontation to counter China. In doing so, the administration relied on American global power to remold an international system that no longer or perceived not to work for American working-class interest. In this direction, the current trade war is a systemic conflict generated by the process of economic globalism. This systemic conflict was long under way and had only reached a new phase of escalation. This new stage is due to the capturing of the American state by a constituency whose economic and political power and relevance have overtime been battered due to economic globalism. Trump gave voice to this constituency.

The coming to power of the Biden administration following the electoral defeat of Trump in the 2020 elections did not end the trade war. On the contrary, the tension for the trade war persists. While the high-level confrontation between the United States and China under the Trump presidency has subsided, the Biden administration continues to address the Chinese challenge, albeit in a different way. Most of the Trump era tariff impositions on Chinese products have remained in place, and the Biden administration has imposed its own sanctions on Chinese companies and restrictions to prevent American companies from investing in high-tech Chinese companies. On June 3rd, 2021, several Chinese supercomputing companies were blacklisted for their role in supporting China's military. Similarly, on June 10th, 2021, President Biden signed an executive order banning Americans from investing in dozens of Chinese companies with alleged ties to China's military or surveillance apparatus. In July 2022, the U.S. Senate passed a bipartisan $280 billion bill to stimulate technological and manufacturing growth in order to counter China. The bipartisan support for the bill is an indication of the consensus among U.S. elites of the need to counterbalance China that is intruding into U.S. markets and area of specialization. Largely, the Biden administration has sought to restrict China's access to American technology in order to counter the Chinese rise in the technological market.

On the Current World-System and World-Systems Theory

The contemporary world-system is driven by three main production processes: agriculture, industrialization, high technology, and innovation. These processes define where each state is located within the system. Core nations, which are known for capital intensive production or industrial production have evolved to high technology and innovation as the main drivers of growth while semi-peripheral nations are now driven by industrial production. Peripheral nations remain agricultural bases with scattered industries aiming at being closer to raw material and cheap labor. The operations of global capital through MNCs have structured global value chains in a manner that allows industries to operate in many locations. This is fueling industrialization in semi-peripheral and peripheral nations while deindustrializing core nations. As the case of the U.S.-China conflict has demonstrated, cheap labor and closeness to raw materials have attracted capital from core nations, thereby fueling industrial growth in peripheral nations. Along with the process of deindustrialization in core nations is the loss of manufacturing jobs. This has generated political pressure on core states to find new employment opportunities for manufacturing labor.

The current world-system has evolved from a world in which industry and manufacturing have played a dominant role in determining where each state is situated in a continuum from peripheral to core nations to a world where technology and innovation are central to global dominance and influence. While the system generates growth, it equally generates conflict as each member seeks to achieve growth and development. Thus, a world-system is also a political system with both economic and geopolitical power interlinked and deployed in pursuit of each other. As the case of China has shown, the economic transformation and global influence are intertwined. As new centers of economic power emerge, economic and geopolitical competition becomes inevitable. Thus, world-systems theory advocates a need to focus on analyzing how the structures of the current world-system are stimulating growth in the third world, particularly in the emerging economic powers instead of constraining growth. In other words, the contemporary world-system does not only constrain growth in third world economies but also facilitates growth in these countries. This is not necessarily a reformulation of the theory but an extension to a more comprehensive theory of world-systems, which is better suited at explaining the dynamics of growth and development in developing countries. It is also better suited at understanding trade conflict between emerging powers and core nations. As shown by the case of the United States and China, the same processes that have occasioned the growth of China have resulted in the tension with the United States.

Conclusion

The United State and China continue to take actions and countermeasures in the trade war, which escalated under the Trump administration. While it was hoped that the end of a Trump presidency would see an end to the current impasse, that has not been the case. The economic and geopolitical processes at play are systemic and global in nature. The American political establishment under Biden is confronting the Chinese threat in a more subtle way, but this conflict is unlikely to go away any time soon.

The process of economic globalism has unleashed global economic forces beyond the control of any single state. This has altered the traditional core-periphery division of the world. Developing nations taking advantage of the relocation and fragmentation of production processes by MNCs have moved from raw material production to the production of manufacturing goods. However, they continue to be dependent on the advanced economies for services while repatriation of profits means that the advanced world continues to maintain a global chain of unequal exchange.

Notwithstanding the benefits to the advanced economies of the process of economic globalism, manufacturing workers have been at the receiving end of the adverse impact of the global production fragmentation and relocation of multinationals seeking to take advantage of cheap labor and raw material locations. Having been marginalized both economically and politically for longer spells, dislocated manufacturing labor has become the core of ethno-nationalist governments and leaders. At the same time, the intrusion of China into the high-tech market has undermined the division of labor and specialization that holds the current world-system together. These leaders have adopted policies at the international level, aimed at addressing the wrongs of the processes of economic globalism, thereby generating conflict with emerging economic forces like China.

Since there seems currently to be no end in sight of Chinese growth and growing global presence, the ensuing conflict is likely to persist. However, with the investment in global institutions and norms since the Second World War, the willingness of American leaders to resort to international institutions such as the World Trade Organization as dispute resolution mechanisms and to avoid unilateral undertakings will define how the trade war will escalate or deescalate in the future. It will also influence the future of Sino-America economic relations and the global economic order.

While issues of trade imbalance between the two nations have been cited as the basis for the trade war (Chong and Li 2019; Wang Z. 2019; Kapustina et al. 2020), it is evident that the issues are beyond trade deficit. It is evident that the trade war is a manifestation of a rivalry over leadership of the next world-system. Since the next world-system would be underpinned by high-tech production, it is reasonable to support the claim that the war is a technological war (Kennedy and Lim 2018; Kwan 2020). Thus, the two global powers are fighting over the leadership of the fifth industrial revolution (Kapustina et al. 2020; Kennedy and Lim, 2018). Although, from past patterns, the outcome of this global leadership struggle seems to be in favor of China, the current situation is far more than settled. What is, however, settled and certain is that the trade war is beyond any particular U.S. presidency. It is systemic and may be fought in other forms. As pointed out by Kim (2019), the possibility of a future conflict will not diminish. On the contrary, we can expect more systemic chaos as the autumn of the U.S.-led world-system unfolds.

About the Authors: Ishmael Kwabla Hlovor is lecturer at the Department of Political Science Education of the University of Education, Winneba-Ghana. He has authored several scholarly articles contributing to the broad fields of international relations, Ghana’s foreign policy and border security in Africa. **Lord Mawuko-Yevugah** is an Associate Professor of International Political Economy at the Ghana Institute of Management and Public Administration (GIMPA). He is a critical and pan African scholar who has authored several books and articles addressing issues such as international aid reforms, yourth cultures and development, and governance.

Disclosure Statement: Any conflicts of interest are reported in the acknowledgments section of the article’s text. Otherwise, authors have indicated that they have no conflict of interests upon submission of the article to the journal.

References

Adekola, Tolulope A. 2019. "US–China Trade War and the WTO Dispute Settlement Mechanism." *Journal of International Trade Law and Policy* 18(3): 125–135.

Adhia, Nimish. 2015. "The History of Economic Development in India Since Independence." *Education About Asia* 20(3): 18–22.

Andreff, Vladimir. 2009. "Outsourcing in the New Strategy of Multinational Companies: Foreign Investment, International Subcontracting and Production Relocation." *Papeles de Europa* 18: 5–34.

Arrighi, Giovanni. 2010. *The Long Twentieth Century: Money, Power and the Origins of Our Times*. London: Verso.

Arrighi, Giovanni. and Beverly Silver J. 2001. "Capitalism and World (Dis)Order." *Review of International Studies* 27: 257–279.

Arrighi, Giovanni. and Beverley Silver J. 1999. *Chaos and Governance in the Modern World System*. Minneapolis: University of Minnesota Press.

Bader, Jeffrey. 2016. "A Framework for U.S. Policy Toward China." *Brookings*. Retrieved August 10, 2020 (https://www.brookings.edu/research/a-framework-for-u-s-policy-toward-china-2/).

Bonanno, Alessandro. 2017. *Neoliberalism: Its Roots, Development, and Legitimation*. New York: Palgrave Macmillan.

Breslin, Shaun. 2013. "China and the Global Order: Signalling Threat or Friendship?" *International Affairs* 89(3): 615–634.

Broomfield, Emma V. 2003. "Perceptions of Danger: The China Threat Theory." *Journal of Contemporary China* 12(35): 265–284.

Buzan, Barry. 2010. "China in International Society: Is 'Peaceful Rise' Possible?" *The Chinese Journal of International Politics* 3: 5–36.

Chan, Steve. 2004. "Exploring Puzzles in Power-Transition Theory: Implications for Sino-American Relations." *Security Studies* 13(3): 103–141

Charnock, Greg. and Guido Starosta. 2016. "The New International Division of Labour and the Critique of Political Economy Today." Pp. 1–22 in *The New International Division of Labour: Global Transformation and Uneven Development*, edited by G. Charnock and G. Starosta. Palgrave Macmillan.

Chase-Dunn, Christopher, and Peter Grimes. 1995. "World-Systems Analysis." *Annual Review of Sociology* 21: 387–417.

Chong, Terence Tai-leung, and Xiaoyang Li. 2019. *Understanding China-US Trade War: Causes, Economic Impact, and the Worst-Case Scenario*. Hong Kong: Lau Chor Tak Institute of Global Economics and Finance. Retrieved September 12, 2020 (https://www.igef.cuhk.edu.hk/igef_media/working-paper/IGEF/igef%20working%20paper%20no.%2071%20english%20version.pdf).

Donaubauer, Julian, and Christian Dreger. 2018. “The End of Cheap Labor: Are Foreign Investors Leaving China?” *Asian Economic Papers* 17(2): 94–107.

Dutta, J. Mohan. 2015. “China's Industrial Revolution: Challenges for a Macroeconomic Agenda.” *Journal of Asian Economics* 15(6): 1169–1202.

Fröbel, Folker, Jürgen Heinrichs, and Otto Kreye. 1978. “The International Division of Labour.” *Social Science Information* 17(1): 123–143.

Fröbel, Folker, Jürgen Heinrichs, and Otto Kreye. 1980. *The International Division of Labour: Structural Unemployment in Industrial Countries and Industrialization in Developing Countries*. Cambridge: Cambridge University Press.

Gabiella, Dennyza. 2016. “How Does Neo-Liberalism Explain the Likelihood of China’s Threat Towards United States’ Global Hegemony in the 21st Century?” *Journal of ASEAN Studies* 4(1): 20–33.

Glaser, Charles. 2011. “Will China’s Rise Lead to War?” *Foreign Affairs* 90(2): 80–91.

Glenn, John G. 2016. *China’s Challenge to US Supremacy*. London: Palgrave Macmillan.

Goldfrank, Walter L. 2000. “Paradigm Regained? The Rules of Wallerstein’s World-System Method.” *Journal of World-Systems Research* 6(2): 150–195.

Graham, Niels. 2023. “China’s Manufacturing Overcapacity Threatens Global Green Goods Trade.” *Ethnographics*. Retrieved April 18, 2024 (https://www.atlanticcouncil.org/blogs/econographics/sinographs/chinas-manufacturing-overcapacity-threatens-global-green-goods-trade/).

Guo, Sujian. (Ed.). 2006. *China's Peaceful Rise in the 21st Century: Domestic and International Conditions*. London: Ashgate Publishing.

Harris, Jerry. 2020. “China–US Tensions: Is Globalisation Dead?” *International Critical Thought* 10(2): 263–281.

Heng, Kimkong. 2017. “The Rise of China: Global Threat or International Peace?” *UC Occasional Paper Series* 1(1): 1–18.

Hlovor, Ishmael K., Yussif Shaibu, and Naazia Ibrahim. 2021. “The End of Neoliberal Globalism: A Critical Perspective.” *Asian Research Journal of Arts & Social Sciences* 14(1): 1–10.

Jiang, Shixue. 2021. “China’s Contributions to the Building of a Community with a Shared Future for Mankind.” *China Quarterly of International Strategic Studies* 7(4): 349–381.

Jianren, Zhou. 2019. “Power Transition and Paradigm Shift in Diplomacy: Why China and the US March Towards Strategic Competition?” *The Chinese Journal of International Politics* 12(1): 1–34.

Kadochnikov, Dennis V. and Darria Pushkina B. 2019. "US-China Economic Conflict Assessment in the Major Paradigms of the Theory of International Relations." *Journal of Institutional Studies* 11(4): 90–105.

Kapustina, Larisa, Ľudmila Lipková, Yakov Silin, and Andrei Drevalev. 2020. "US-China Trade War: Causes and Outcomes." *SHS Web of Conferences* 73: 01012.

Keller, William W. and Thomas Rawski G., eds. 2007. *China's Rise and the Balance of Influence in Asia*. Pittsburgh: University of Pittsburgh Press.

Kennedy, Andrew B. and Darren Lim J. 2018. "The Innovation Imperative: Technology and US–China Rivalry in the Twenty-First Century." *International Affairs* 94(3): 553–557.

Kharas, Homi, and Harinder Kohli. 2011. "What Is the Middle Income Trap, Why Do Countries Fall into It, and How Can It Be Avoided?" *Global Journal of Emerging Market Economies* 3(3): 281–289.

Kim, Myunh. 2019. "A Real Driver of US–China Trade Conflict: The Sino–US Competition for Global Hegemony and Its Implications for the Future." *International Trade, Politics and Development* 3(1): 30–40.

Kim, Woosang, and Scott Gates. 2015. "Power Transition Theory and the Rise of China." *International Area Studies Review* 18(3): 219–226.

Kwan, Chi Hung. 2020. "The China–US Trade War: Deep-Rooted Causes, Shifting Focus and Uncertain Prospects." *Asian Economic Policy Review* 15: 55–57.

Lardy, Nicholas R. 2007. "China: Rebalancing Economic Growth." In *The China Balance Sheet in 2007 and Beyond*, Washington, D.C.: Center for Strategic and International Studies and Peterson Institute for International Economics.

Layne, Christopher. 2008. "China's Challenge to US Hegemony." *Current History* 107(705): 13–18.

Leeuwen, Theo Van. 2007. "Legitimation in Discourse and Communication." *Discourse and Communication* 1(1): 91–112.

Lim, Yves-Heng. 2015. "How (Dis)Satisfied Is China? A Power Transition Theory Perspective." *Journal of Contemporary China* 24(92): 280–297.

Liu, Kelly, and Kevin Daly. 2011. "Foreign Direct Investment in China Manufacturing Industry – Transformation from a Low Tech to High Tech Manufacturing." *International Journal of Business and Management* 6(7): 15–27.

McBride, James, and Chatzky Andrew. 2019. "Is 'Made in China 2025' a Threat to Global Trade?" *Council on Foreign Relations*. Retrieved March 10, 2024 (https://www.cfr.org/backgrounder/made-china-2025-threat-global-trade).

McQuarrie, Michael. 2017. "The Revolt of the Rust Belt: Place and Politics in the Age of Anger." *The British Journal of Sociology* 68(S1): 120–152.

Nie, Jun, and Andrew Palmer. 2016. "Consumer Spending in China: The Past and the Future." *Economic Review*, Federal Reserve Bank of Kansas City (Q III): 25–49.

Office of the United States Trade Representative. 2015. "FACT SHEET: The Obama Administration's Unprecedented Trade Enforcement Record." Retrieved September 10, 2020 (https://ustr.gov/about-us/policy-offices/press-office/fact-sheets/2015/january/fact-sheet-obama-administration%E2%80%99s).

Renko, Sanda, Alica Grilec Kaurić, and Mario Lešina. 2014. "Dealing with Crisis: Using Subcontracting for the Development of the Croatian Leather Manufacturing and Processing Industry." *Interdisciplinary Management Research*. 10: 463–474.

Reyes, Antonio. 2011. "Strategies of Legitimation in Political Discourse: From Words to Actions." *Discourse & Society*. 22(6): 781–807.

Sayer, Andrew. 1986. *Industrial Location on a World Scale: The Case of the Semiconductor Industry*. Edited by M. Storper and A. Scott. Boston: Allen and Unwin.

Schoenberger, Erica. 1988. "Multinational corporations and the new international division of labor: A critical appraisal." *International Regional Science Review* 11(2): 05–119.

Scott, Robert E. 2012. "Obama Gets Tough on China's Unfair Tariffs on U.S. Auto Exports." Economic Policy Institute. Retrieved September 10, 2020 (https://www.epi.org/blog/obama-tough-chinas-unfair-tariffs-auto-exports/).

Skocpol, Theda. 1977. "Wallerstein's world capitalist system: a theoretical and historical critique." American Journal of Sociology. 82 (5): 1075-1090.

Starosta, Guido. 2016. "Revisiting the New International Division of Labour Thesis." Pp. 79–103 in *The New International Division of Labour*, edited by E. G. Charnock and G. Starosta. London: Palgrave.

Tellis, Ashley J. 2013. "Balancing without Containment: A U.S. Strategy for Confronting China's Rise." *The Washington Quarterly* 36(4): 109–124.

Textor, C. 2020. "Foreign Direct Investment (FDI) from China - Statistics & Facts." Retrieved August 19, 2020 (https://www.statista.com/topics/5290/foreign-direct-investment-from-china/#dossierSummary__chapter2).

The Economist. 2020. "The Geopolitics of 5G." Retrieved September 12, 2020 (https://www.economist.com/briefing/2020/07/16/americas-war-on-huawei-nears-its-endgame).

Tu, Xinquan, Yingxin Du, Yue Lu, and Chengrong Lou. "US-China Trade War: Is Winter Coming for Global Trade?" *Journal of Chinese Political Science.* 25: 199–240.

United States Trade Representative. 2021. "2021 Report to Congress on China's WTO Compliance." Retrieved March 4, 2024 (https://ustr.gov/sites/default/files/enforcement/WTO/2021%20USTR%20Report%20to%20Congress%20on%20China's%20WTO%20Compliance.pdf).

Wallerstein, Immanuel. 1974. *The Modern World System: Capitalist Agriculture and the Origins of the European World Economy in the Sixteenth Century*. New York: Academic Press.

Wang, Zhaohui. 2019. "Understanding Trump's Trade Policy with China: International Pressures Meet Domestic Politics." *Pacific Focus.* XXXIV (3): 376–407

Wen, Yi. 2016. "China's Rapid Rise from Backward Agrarian Society to Industrial Powerhouse in Just 35 Years." *The Regional Economist*, April: 8-14.

White House Office of Trade and Manufacturing Policy. 2018. *How China's Economic Aggression Threatens the Technologies and Intellectual Property of the United States and the World*. Washington: The White House. Retrieved August 20, 2018 (https://www.whitehouse.gov/wp-content/uploads/2018/06/FINAL-China-Technology-Report-6.18.18-PDF.pdf).

Woetzel, Jonathan, Jeongmin Seong, Nick Leung, Joe Ngai, and James Manyika. 2019. *China and the World: Inside the Dynamics of a Changing Relationship*. McKinsey Global Institute.

World Bank. 2018. "China Overview." Retrieved August 14, 2018 (http://www.worldbank.org/en/country/china/overview).

Wübbeke, Jost, Mirjam Meissner, Max J. Zenglein, Jaqueline Ives, and Björn Conrad. 2016. "Made in China 2025: The Making of a High-Tech Superpower and Consequences for Industrial Countries." *Metric Papers on China* (2). Retrieved (https://www.cfr.org/backgrounder/made-china-2025-threat-global-trade).

Yang, Shih-Yueh. 2013."Power Transition, Balance of Power, and the Rise of China: A Theoretical Reflection about Rising Great Powers." *The China Review*. 13(2): 35–66.

Ye, Zuoyi, Hong Zhang, and Ling Zhao. 2016. *The Current Situation and Future Challenges of China's Economy*. Edited by S. T. Otsubo. Vol. III. London: Routledge & New York.

Storey, Ian, and Herbert Yee. 2002. *The China Threat: Perceptions, Myths and Realities*. London: Routledge Curzon.

Yee, Herbert S, ed. 2010. *China's Rise: Threat or Opportunity?* New York: Routledge.

Zhang, Wei-Wei. 2012. *The China Wave: Rise of a Civilizational State*. Singapore: World Scientific.

Zhang, Yuyan, and Weijiang Fen. 2019. *Peaceful Development Path in China. Beijing: Chinese Social Science* Press & Springer.