The Global Consequences of a Sino-American Cold War
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What started as a trade war between the United States and China is quickly escalating into a death match for global economic, technological, and military dominance. If the two countries’ leaders cannot manage the defining relationship of the twenty-first century responsibly, the entire world will bear the costs of their failure.

NEW YORK – A few years ago, as part of a Western delegation to China, I met President Xi Jinping in Beijing’s Great Hall of the People. When addressing us, Xi argued that China’s rise would be peaceful, and that other countries — namely, the United States — need not worry about the “Thucydides Trap,” so named for the Greek historian who chronicled how Sparta’s fear of a rising Athens made war between the two inevitable. In his 2017 book Destined for War: Can America and China Escape Thucydides’s Trap?, Harvard University’s Graham Allison examines 16 earlier rivalries between an emerging and an established power, and finds that 12 of them led to war. No doubt, Xi wanted us to focus on the remaining four.

Despite the mutual awareness of the Thucydides Trap — and the recognition that history is not deterministic — China and the US seem to be falling into it anyway. Though a hot war between the world’s two major powers still seems far-fetched, a cold war is becoming more likely.

The US blames China for the current tensions. Since joining the World Trade Organization in 2001, China has reaped the benefits of the global trading and investment system, while failing to meet its obligations and free riding on its rules. According to the US, China has gained an unfair advantage through intellectual-property theft, forced technology transfers, subsidies for domestic firms, and other instruments of state capitalism. At the same time, its government is becoming increasingly authoritarian, transforming China into an Orwellian surveillance state.

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The Cold War was an indirect conflict between the United States and the Soviet Union that began at the end of the Second World War and it spread throughout almost half of the 20th century. This confrontation took place in the fields of politics, science and technology, sports, the military and the social. The phenomenon was named Cold War because his opponents never got to attack directly. This conflict had a global reach, since it not only involved the most powerful nations by then, but it also evidenced the alliances and commitments that smaller nations owed to both powers. Some European countries had to lean in support of the United States, while the USSR absorbed the poor and devastated nations of Eastern Europe. In an op-ed, Professor Nouriel Roubini discusses the potential economic effects of a Sino-American Cold War. A few years ago, as part of a Western delegation to China, I met President Xi Jinping in Beijing’s Great Hall of the People. When addressing us, Xi argued that China’s rise would be peaceful, and that other countries need not worry about the Thucydides Trap, so named for the Greek historian who chronicled how Sparta’s fear of a rising Athens made war between the two inevitable. In his 2017 book Destined for War: Can America and China Escape Thucydides’s Trap?, Harvard University’s Graham Allison examines 16 earlier rivalries between an emerging and an established. A Sino-American Cold War will go beyond “splintering” digital economies. But then again, when in history has the reigning incumbent managed to restrain a rising global power? Nouriel Roubini. Why a US-China trade, currency, tech & cold war will lead to a global recession/crisis. The beginning of de-globalization, balkanization & fragmented decoupling of the world economy The Global Consequences of a Sino-American Cold War by Nouriel Roubini. Amid cold war-fuelled economic fragmentation, especially the aforementioned restrictions on trade and technology transfers, urgently-needed breakthroughs would become much more difficult to achieve. With that, a technological solution for climate change, already a long shot, would effectively become a chimera.