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Analysis of the Inevitability of the US-China Trade War Based on the Differences in the Economic Development Models of China and the US

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Abstract: This paper examines the ongoing trade conflict between China and the United States, two of the world's largest economies, whose rivalry has significant repercussions for the international trading system, global supply chains, and transnational economic relations. At the heart of this conflict are deep-seated issues related to trade imbalances, intellectual property protection, and global strategic competition, which challenge the existing frameworks of international trade and cooperation. Employing a comparative political economy approach, this study delves into the economic development models of both nations, analyzing their economic policies, trade practices, and international strategic orientations to understand the inevitable frictions that arise from their interactions. The objective is to uncover the underlying causes of these trade tensions and their broader implications for the global economic landscape. Furthermore, the paper offers strategic recommendations for adjusting international trade policies to foster better cooperation and reduce conflicts, thereby enhancing the stability and functionality of the global economy.

Keywords: U.S.-China trade war, global economic impact, trade imbalances, intellectual property protection

1. Introduction

In the global economic architecture of the twenty-first century, the trade conflict between China and the United States has marked a direct competition between the world's two largest economies, with profound implications for the international trading system, global supply chain networks and transnational economic interactions. The underlying factors of this trade conflict are deeply rooted in the tensions between the two countries in the areas of trade imbalances, intellectual property protection measures, and global strategic competition, and highlight the challenges facing the current international trading system and international cooperation [1]. This study explores the core causes and broader implications of the U.S.-China trade war, focusing on the differences between the two countries' economic development models and how these differences inevitably lead to trade frictions. This paper adopts the research methodology of comparative political economy, and through a comparative analysis of the economic policies, trade practices, and international strategic positioning of China and the United States, it aims to reveal the deeper causes of trade friction and its impact on

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the global economic landscape, as well as to propose constructive strategic recommendations for the adjustment of international trade policies.

2. Comparative Analysis of Chinese and American Economic Development Models

From the perspective of international political economy, there are differences in the economic models and development paths of China and the United States. The United States, as a finance-oriented country, has always favored the free flow of capital and maintained an autonomous monetary policy, and its economic development is mainly driven by innovation and consumption. In terms of innovation, the United States was committed to intellectual property protection, technological innovation and the development of high-end service industries. Services, especially financial, information technology, and professional services, account for a significant proportion of gross domestic product (GDP), often exceeding 70% [2]. On the consumption side, personal consumption expenditures are also one of the main drivers of economic growth in the United States. As a finance-oriented country, the United States has always favored the free flow of capital and maintained an autonomous monetary policy.

In contrast, China's development model has been one of export-oriented economic development, relying more on manufacturing and exports [3]. Over the years, China has taken advantage of its large labor resources and relatively low production costs to become the "factory of the world", driving economic growth by exporting large quantities of manufactured goods.[] In recent years, the Chinese government has also been actively promoting the structural transformation of its economy, and through policy guidance and support, has promoted the development of high-tech industries, as well as the expansion of the service sector and domestic demand market.

On the surface, the U.S. service-oriented economy and China's manufacturing-oriented economy seem to be complementary, which could theoretically promote bilateral trade and economic cooperation between the two countries and thus achieve common development. The U.S. could benefit from the more cost-effective goods produced in China, while China could utilize U.S. high-end technologies and services to upgrade its own industrial and economic structure.

However, the reality is more complex than that, and there are still some areas between the two economies that could lead to conflict. The first is the trade imbalance, where a large trade deficit (the U.S. imports far more goods from China than it exports to China) has long existed between the U.S. and China [4], which has led to several political and economic frictions. For example, some U.S. policymakers and firms are concerned that this imbalance will harm domestic industry, especially in the manufacturing sector. Secondly, there is the issue of intellectual property rights (IPR), and U.S. firms and the government have long been concerned about China's policies and practices regarding IPR protection. U.S. firm's operations in the Chinese market are also often accompanied by demands for technology transfers, which have been seen by some commentators as a threat to China's long-term U.S. innovation advantage [5]. In addition, there is competition for strategic security and leadership: as China's economic power and international influence grow, the U.S. is concerned that China may challenge its global economic leadership. This view of strategic competition further affects international relations, making it possible for China and the US to compete rather than cooperate even in complementary areas. Finally, there are policy and ideological differences, and fundamental differences between the two countries in terms of their political systems, economic management, and international policies also add complexity to the bilateral relationship. These differences also tend to create friction between the United States and China in dealing with international trade, investment rules, and economic cooperation.

Despite these points of conflict, the U.S. and China remain complementary in many ways, which opens up certain possibilities for cooperation between the two countries. For example, the large amount of infrastructure construction in China provides a market for U.S. construction materials,

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machinery and equipment, and technical services, and China's large consumer market provides a wide range of U.S. technologies, brands, and services [6].

3. The Background and Development of Sino-US Trade War

For a long time, the United States has had a huge trade deficit with China, which is regarded by the U.S. government as a manifestation of economic imbalance. In addition, U.S. businesses have expressed dissatisfaction with China's intellectual property protection measures, believing that it is China's policies that have led to massive infringement of U.S. intellectual property rights. Meanwhile, U.S. China's fast-growing technology companies, especially in communications and information technology, have expressed security concerns.

The U.S.-China trade war began in 2018 when the U.S. government announced high tariffs on imports from China because China's trade practices were unfair and causing economic damage to the United States. The Chinese government then took countermeasures by imposing reciprocal tariffs, triggering a series of subsequent tariff wars in retaliation against each other. Throughout the trade war, the two sides adopted different strategies and economic policy adjustments. The United States sought to force China to change its trade and intellectual property policies by increasing tariff pressure and addressing security concerns with measures such as limiting investment in Chinese technology firms and export controls. China, for its part, has implemented counter-tariffs on U.S. goods and has also reduced its dependence on the U.S. market by increasing non-tariff barriers, promoting domestic consumption, and strengthening ties with other trading partners [7].

This trade war has not only affected the economies of China and the U.S. but also the global economy, disrupting international supply chains and increasing uncertainty in global markets.

4. Analysis of the Difference in Economic Model between China and America and the Inevitability of Trade War

The fundamental differences in the economic models of China and the United States have largely shaped the context of the trade war and provided the inevitability of its occurrence. The U.S. model of economic development is consumer-oriented and dominated by the service sector. China's economic model has long relied on manufacturing and export-led growth, emphasizing infrastructure development and mass production to maintain its leadership in global manufacturing. This paradigm difference directly affects the structure of bilateral trade, resulting in a large U.S. trade deficit with China, which is a direct trigger for a trade war. The U.S. long-term trade deficit may bring multiple hazards to the U.S. economy, such as expanding the fiscal deficit, impacting the domestic industrial structure, increasing the U.S. economic risks, increasing the unemployment rate, and may even lead to an increase in the U.S. international debt, weakening the international competitiveness of U.S. enterprises [8].

In addition, U.S. demands for intellectual property protection and technology transfer conflict with China's export-oriented growth strategy. The U.S. believes that China's economic policies are not conducive to fair competition, which has led the U.S. to take action to try to force China to change its economic policies and practices through trade wars. With China's rapid economic growth and technological advances, the U.S. is concerned about China's growing competitiveness in the global economy, which further exacerbates the inevitability of a trade war.

The trade war has had a significant impact on the economic models of both countries and has prompted adaptation strategies on both sides. For China, the trade war has accelerated the shift in its economic model from an export-oriented to a domestic demand-driven one, promoting the development of services and high-tech industries. The Chinese government has increased its investment in science and technology innovation to reduce its dependence on external markets. At

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the same time, the U.S. is reassessing the extent of its dependence on global supply chains, seeking to reduce its reliance on Chinese-made products while increasing support for domestic manufacturing. Both countries are using the trade war to adjust their economic strategies to better adapt to the future global economic environment [9].

Overall, the differences in economic models between China and the U.S. have not only led to an imbalance in the trade structure between the two countries but have also become a deep-rooted reason for the trade war. Both China and the U.S. are seeking to rebalance their economic models to adapt to the new trends and challenges of the global economy.

5. The Impact of the Sino-US Trade War on the Global Economy

The U.S.-China trade war has had a profound impact on the global economic landscape, not only reshaping the global supply chain and trading system but also creating significant potential impacts on other economies and challenging the existing international economic cooperation and multilateral trading system. According to Handfield, Graham, & Burns, the most immediate impact is the reorganization of global supply chains [10]. To avoid tariffs, firms are forced to reassess and reorganize their production and supply chain layouts, which not only increases costs but also increases the complexity of operations. This realignment has forced some firms to move production lines from China to other countries, such as Vietnam, India and Mexico, thus accelerating the geographical redistribution of global productivity.

In addition, countries with close trade ties with China and the United States have been particularly affected. The trade war has led to increased market uncertainty, affecting exports and investment flows to these countries. However, some countries, such as India, Malaysia, Viet Nam and Mexico, have benefited from the shift in production and trade redirection as global supply chains have adjusted. These countries are gradually becoming new production bases and markets by attracting multinational enterprises that seek to circumvent US-China tariff barriers and trade restrictions [11].

Thus, while the U.S.-China trade war has triggered multiple economic challenges in the short term, it has also catalyzed the restructuring of the global economy and the deepening of multilateral cooperation. This situation requires governments and enterprises around the world not only to address current challenges, but also to anticipate future trends and formulate corresponding coping strategies. Most critically, the U.S.-China trade war has exerted pressure on international economic cooperation and the multilateral trading system, challenging the rules and effectiveness of international institutions such as the World Trade Organization (WTO). In addition, the trade war has exacerbated protectionism and de-globalization on a global scale, thus making the international trade environment more complex and fragmented, which together affect the potential and stability of global economic growth.

6. Future Trends and Recommendations

The future of U.S.-China economic relations is likely to be characterized by both cooperation and competition. With deeper global economic integration, the two economies have become highly interconnected. In the future, the U.S. and China may seek to reach compromises in contentious areas (climate change, regional security, global public health) while maintaining competition in key areas such as technology and trade. To reduce uncertainty and promote global economic stability, it is recommended that China and the U.S. strengthen communication, find points of common interest, and cooperate to resolve global issues. At the same time, reform and strengthening of the multilateral trading system should continue to be promoted to provide a fairer and more transparent international trade environment for all economies. Global economic policies should encourage openness and cooperation, reduce protectionist measures and promote economic growth and global economic stability.

China and the United States have significantly different economic models, and these differences have profoundly affected their international trade relations and ultimately led to the outbreak of a trade war. The U.S. economy relies on service industries and technological innovation, centered on intellectual property protection and consumer-driven growth, which promotes the development of high-end service industries and innovative technology enterprises. At the same time, the U.S. economy is characterized by the free flow of capital and market-determined monetary policy, reflecting its commitment to an open market economic system. In contrast, China's economic growth has long depended on exports and manufacturing, and the government has supported industrial upgrading and economic restructuring through policy guidance, particularly in the high-tech and service sectors. However, China's strict controls on capital flows and restrictions on foreign direct investment (FDI), as well as deficiencies in intellectual property rights (IPR) protection, have attracted the attention and criticism of the international community, particularly the United States.

7. Conclusion

This fundamental economic structural and policy difference has led to friction between the two countries in trade and economic cooperation. The U.S. is unhappy with its growing trade deficit with China and its market access restrictions, which it views as reflecting unfair trade practices. In addition, as China rises in the global economy, its rapid development of key technologies is seen as a challenge to U.S. technological dominance. As a result, out of concern for economic security and global competitiveness, the trade war has become a means by which the United States attempts to rebalance international trade relations and protect its economic interests. The trade war not only highlights the economic competition between China and the United States but also poses a major challenge to the global supply chain, international trade rules and the multilateral trading system, triggering uncertainty and reconfiguration in the global economy and posing new challenges to global economic governance and cooperation.

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