The Sensible Way for Washington to dissolve the Trade Conflict with China Based on Traditional Chinese Philosophy: Comprehensive Strategic Confrontation or Dialogue and Cooperation

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Abstract

Trade disputes between China and U.S emergent in 2018. As the initiator of the dispute, Trump administration complains Chinese to take advantage of U.S. with unfair rules of international trade, which has created economy decline for the U.S. This study explores the objective reasons which cause national power changes of two nations. Explain Chinese rising should be attributed from his traditional philosophy which promotes diligence, self-reliance and mental toughness spirit for national development. Meanwhile, national power decline of U.S is caused by his internal factors such as depletion of the war, financial crisis, and fading of manufacturing. The U.S threatens China to escalate trade conflict up to comprehensive strategic confrontation including economic sanction and military options for the sensitive area of China. This study examines relevant clip of Chinese history when Confucianism promote positive attitude for Chinese to resist external pressure to achieve national freedom and booming. Comprehensive strategic confrontation does not make sense with China is asserted by this study based on an analysis of unique features of the Chinese nation to respond to external threats. On the other way, peaceful principles proposed by Confucianism and Taoism could be applied by U.S. to solve the disputes. Under peaceful principles, U.S can discuss the disputes with China and highlight cooperation to diminish disputes to achieve the win-win objective through dialogue. Dialogue and cooperation is a sensible way for Washington to dissolve the trade conflict with China recommended by this article.

Keywords: Washington; China; Confucian; Taoism; Strategy confrontation

Introduction

In 2018, a trade dispute between China and U.S has broken out like a super thunder which shocked the whole world. First of all, the scale concerning trade dispute is huge. As the initiator, Trump administration has imposed 25% tariffs on $34 billion of imported Chinese goods on July (Wei, Wang & Cheng, 2018). After hit back by Chinese with similarly sized tariffs, another around $16 billion Chinese goods was charged 25% tariff in August (Ian, 2018). Chinese still do not yield and fight back same slap. Then the games of punish tariff continued. The $200 billion Chinese products are charged especially by Washington and a $60 billion American goods are imposed the special tax by Beijing respectively in September (CNBC, 2018). Second, the attitude of the two parties is rarely determined. Though president Trump has warned to impose a special tariff to all Chinese export product to U.S., Beijing does not move backward slightly.

About why provoke a trade war with China, President Trump, and his team firmly believe China should be responsible for recent declining of the United States. From Trump's claim, America has also finally turned the page on decades of unfair trade deals that sacrificed their prosperity and shipped away US companies, American jobs, and the Nation's wealth (2018). The era of economic surrender is over. From now on, "trading relationships need to be fair and to be reciprocal." Trump added. US government will work to fix bad trade deals and negotiate new ones. And they will protect American workers and American intellectual property, through strong enforcement of the trade rules (2018).

So far, three questions need to be well organized and answered for dissolution of trade disputes.

First, should China be responsible for economic declining of the States? Second, is it true that Chinese booming is based on advantages stolen from the States? Third, what is the correct option for White House to dissolve the trade dispute? Let trade dispute escalated as a comprehensive strategic confrontation or remove existing dispute through dialogue and cooperation.

This article will explore the substance and dissolution of trade conflict between two nations with the perspective of oriental pacifism. And explain what sensible options for White House to dissolve trade conflicts are. Why this study highlights the outstanding function of Chinese traditional philosophy on how to dissolve trade conflict of two giant counties. First, the dissolution inspired from Chinese traditional wisdom could be understood and accepted by Chinese.

Secondly, win-win principles and peaceful dissolution highlighted by Chinese traditional philosophy will do the favor to real interests of America also.

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During the last term of Clinton administration, $230 billion budget surplus was left (White House, 2012). Who squandered these American national treasures? Not Chinese! But the successor of White House spent out these huge national treasures on so-called anti-terrorism war. The terrorism is not eradicated but become more prevail in the world. On the hand, rich American fell into to be a debtor since that time. Till the present day, $210 trillion debt stood there for U.S(Muldin, 2017).

The $12.8 trillion loss was incurred for America in 2008 Financial Crisis which triggered by housing bubble of the subprime mortgage market in the United States (Curtin, 2012). The main reasons are given. Firstly, widespread failures in financial regulation, including the Federal Reserve's failure to supervise toxic mortgages (Warren, 2011) Secondly, dramatic breakdowns in corporate governance including too many financial firms acting recklessly and taking on too much risk (2011). Apparently, no Chinese should be responsible for this crisis.

American manufacturing is losing his glory. Now primary products occupy a large quantity of weight in exporting merchandise to China including agriculture and energy products. In contrast, Chinese export mainly technology-intensive and capital-intensive products to U.S. Simply said, declining of U.S is mainly caused by internal factors rather than external factors like China.

Chinese booming is based on advantages stolen from the States?

China has maintained stable, sustainable and rapid development in the changing and complex international environment for four decades. When mentioned Chinese miracles of the economy, a large number of academic works have highlighted the successful transformation of economic models in China, stable political environment and huge market are outstanding motivators for Chinese development. Meanwhile outstanding traditional spiritual strength of the Chinese nation is few mentioned in an existing research paper which is also a critical factor to drive the economic booming of China. National sprit of China can be generalized as diligence, self-reliance and mental toughness which nourished by traditional Chinese philosophy such as Confucianism and Taoism. With the benefit of these valuable strengths, Chinese can achieve leapfrog development in his history.

The traditional Chinese philosophy always highlights a man should try his best to bring his subjective initiative into play. Though Confucianism, man cannot but be resolute and broad-minded, for he has taken up a heavy responsibility and a long course (Confucius.1893). Achievement is founded on diligence and wasted upon recklessness (1893). All men share a common responsibility for the fate of their country (1893). Taoism emphasized a superior man makes an untiring endeavor for advancement corresponded with the natural law (LaoTzu, 2015). These initial requirements for personal cultivation from Chinese traditional philosophy have been raised to Chinese national spirit along with more than 2000 years' history.

The virtues from national spirit have propelled Chinese rising in recent history. Prior to the establishment of People Republic of China in 1949, China has been tortured by the war and other unrest affairs for nearly 100 years. Since the ideological problem, this newborn country has to suffer for embargo and sanctions from the U.S. and his allies. In such severe international and domestic environment, even post-war reconstruction was a hard task for one country. However, a complete industrial system has been built in China within only 30 years till 1980s. After another 30 years, the country leaps to become the 2nd largest economy body in the world. History has illustrated that the virtues of Chinese spirit such as self-dependence, work hard and building country thriftily originating from Chinese traditional philosophy is the first mover to support rapid rising for this country.

A peaceful environment is another critical factor to contribute Chinese economic booming. That is common sense that peace is the primary foundation for economic development. The Chinese government tries to strive for both peaceful domestic and international environment which advocated by his traditional philosophy. The pursuit of peace, amity, and harmony is an integral part of the Chinese character which runs deep in the blood of the Chinese people (Xi, 2014). The Chinese nation is a peace-loving nation. And the most profound pursuit of a nation has its origin in the national character formed through generations (2014). With words of Xi, there's no gene for invasion in Chinese people's blood, and Chinese people won't follow the logic that "might is right" (2014). Based on the wisdom of Confucian, Taoism, peaceful rise can be conducted through building the sharing strategy value of for both China and the remaining of the world. In this strategy, constructing peaceful relations with the neighbor nations and other superpowers would create value for China. Under peaceful guidelines, Chinese is seeking to strengthen ties with other countries for economic development rather against others.

Strategic Confrontation with China

When trade issues unsolved, the relationship between China and U.S is falling into more dangerous lowland. Washington is warning Beijing with not only harshest words but also actions. Vice President Mike Pence complain Beijing is employing a whole-of-government approach, using political, economic and military tools, as well as propaganda, to advance its influence and benefit its interests in the United States (2018). In a speech of Pence, his blame covers the widest field varied from national security threats for the U.S. from China to the disputes of South Chinese Sea. More economic, political and military measures are expected to be issued for countering Beijing. Meanwhile, U.S vessel cruises the South China Sea and have a direct confrontation with the Chinese navy. It means a strategic confrontation with China is going on. However, can the confrontation overwhelm China?

Frequent disasters in long Chinese history make the nation own extreme crisis sense. This unique history endures Chinese natural compressive resistance. China has been a developed agrarian nation in his history with mature agricultural production technology and a fixed settlement. The flourishing and rich cites have been created by this nation. Meanwhile, rich social wealth let ancient China fell into plundering objects for the minorities. In history, the feudal dynasties dominated by Chinese Han nation such as the Song Dynasty and Ming Dynasty were conquered by Mongolian and Manchu in 1279 and 1644 separately. With numerous painful lessons, Chinese has learned to keep clear consciousness for defensive preparation in any time. Especially this awareness has been improved for Chinese in his recent history when suffering nearly 100 years' colonial invasion since 1840. It is identical with Confucianism teaching that one thrives and survives under suffering and hardships and withers if left overly-protected and contented with the current situation (Mencius, 2005).

Does Beijing scare the strategy confrontation with U.S? If in 20 years ago, the answer is yes! In early of the 1990s, Chinese strategic environment was not optimistic, which stimulate Chinese crisis sense again.

When the Soviet disorganization and eastern revulsion in early 1990's, China has realized that he is not an ally of U.S in the cold war again and turn to be an opponent of ideology for U.S. In fact, US and his allies have announced weapon embargos and forbade exporting sensitive technologies to China since 1989 and declared extremely economic sanctions simultaneously. What makes the Chinese felt more upset is the Gulf War of 1991. Iraq army equipped with the majority of Chinese weapons was collapsed by U.S and his allies in a short time. And in

the following time, a series of incidents really let the Chinese feel the edge of the sword of Uncle Sam approaching his throat directly.

1. The deal which America sold Taiwan 150 jet fighters of F-16 was done in August, 1992 (Kan, 2014).

2. Two aircraft carriers were deployed to Taiwan straits by Clinton administration and interfered military operation of the Chinese army in Taiwan Straits in 1996.

3. In 1998, Chinese Embassy to Yugoslavia was bombed by U.S.

Not an only simple sense of crisis sense but also a sense of humiliation has been inspired for Chinese by above accidents. From Confucian school, there is a positive state of life, “first humiliation then is brave” (Confucius, 2010). And patriotism emotion of Chinese has stimulated again. “The rise and fall of the nation is the concern of every citizen” (Gu, 2015). Chinese leaders have realized it is very hard to accomplish national rise without enough military force as a shield. And a series of sophisticated defense programs including spacecraft, aircraft carrier such as J-20 jet fighter, anti-satellite missile and DF-21ASM have been projected or equipped for Chinese army with huge budget injection since the end of the 1990s.

Contrary to expectation from the western group, modernization of national defense has been achieved by China with self-reliance within the past 2 decades. Now China can deal with any challenge within the first island chain (Yoshida, 2012). It is also very essential for western leaders to study Chinese philosophy than can understand why and how Chinese can display the spirit of constantly striving for improvement in adversity. The hard external environment could always inspire wisdom and courage for Chinese to get rid of difficulties and explore the ways to survive and succeed in his history. Any sanction, isolate and the threat or other hostile methods has been proved as an inefficient way to prevent China move forward. In other words, White House should find new dissolution for an existing dispute between 2 nations.

Dialogue and Cooperation with China

Under the peaceful foreign policy, the dialogue is always most favorable approach for China to dissolve external conflict with other nations. Modern Chinese peaceful foreign policy is attributed to Confucianism, which has advocated his followers to achieve strategic objectives with peaceful ways. “Peace is most precious" and "Courtesy is the lubricant for the harmony of the society” have been promoted by Confucian school 2000 years ago (Confucius,

1893). In order to achieve the goals with peaceful way, any necessary option could be considered under the premise of mutual respecting (1893).

With the direction of peaceful principles from Confucianism, in Bandung Conference of 1955 "seek agreement while shelving differences" was proposed by Chinese Premier Zhou Enlai. This proposal makes it possible for varied ideology to achieve the common objective of peace and cooperation firstly（People's Daily Online, 2004）. And Five Principles of Peaceful Co-Existence base on this opinion has become an important conduct code for international relations. "Governed by non-interference" is advocated by Taoism (LaoTzu, 2015). In order to archive success from long-term, some immediate interests can be yielded. Following this theory, Mr. Deng Xiaoping, the 2nd political leader of China let the country lay low and bided their time in the international affairs while focusing on national development, internal stability, and national unity and stop exporting revolution. Stable international environment and a steady flow of foreign investment help China achieve economic booming since the 1980s. Under peaceful principles, China always participates bilateral dialogue mechanism such as China-US and multilateral dialogues such as APEC conference actively to discuss and resolve the relevant issues.

Through the dialogue and cooperation, Beijing and Washington have built a perfect relationship in the 1980s which benefit not the only U.S but also to the remaining of the world for peace and development. Chinese military expenditure was cut off significantly comparing previous time from figure one. In the mid-1980s China's guideline for army building was strategically shifted from all-time preparedness against a large-scale war of aggression to peacetime construction, and the size and structure of the armed forces were adjusted accordingly. In 1985 the government decided unilaterally to cut its scale of force power by one million soldiers in real terms (National Defense Construction, 2015). And In January 1984 China becomes a member of the International Atomic Energy Agency (IAEA) in Vienna, Austria. Since then, China has declared to follow IAEA safeguards to nuclear exports. The China Atomic Energy Authority (CAEA), which is the regulatory agency for China's nuclear industry, is in charge of cooperation with the IAEA(Norris& Kristensen,2003). Relax external strategic environment and kindly strategic touch from the western nations would not stimulate crisis sense of China and all his hearts were put on economic development rather than military expansion.

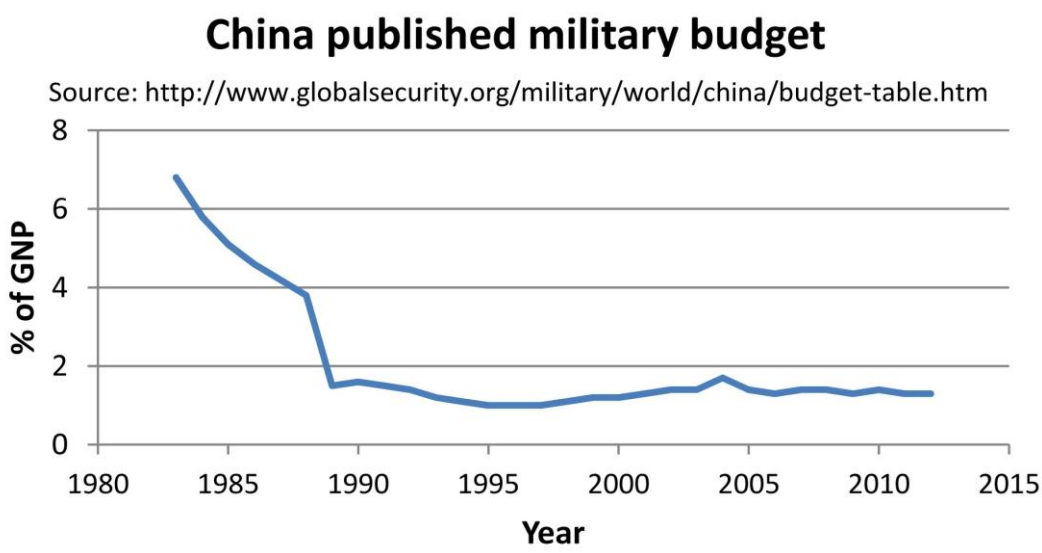


Figure 1. Eric. M., *China Military Budget 2012.* Retrieved 2012,from http://www.globalsecurity.org/military/world/china/budget-table.htm

The dialogues can be deemed as an only accepted approach for the Chinese government to dissolve the conflict issues including trade conflict between China and US. But the dialogues have preconditions. Chinese national dignity and sovereign interests have to be respected. It is risky for Trump administration to seize on trade conflict to exaggerate Chinese threatens. With dangerous actions, the continued pressure on economic sanctions and military provocation in the disputed area such as the South China Sea are demonstrated to Beijing. The dialogue cannot be conducted smoothly under such unpleasant climate. In Confucian theory, a true man would rather die but should never be humiliated (Confucius, 2013). China would not negotiate any issue with U.S on the price to scarify sovereignty and core interests. It is invalid to drag Beijing back negotiation table with threatening of comprehensive confrontation. Obviously, factors resisting oppression are poured in gens of Chinese nations which impacted by Confucian theory. Actions with force and blackmail can lead to strong rebound by China. Cooperation with China could be the sensible option for While House to resolve existing trade issues. However, Washington needs a more positive attitude to dissolve trade conflict with China.

A booming China is an opportunity rather than a threat to the States. Sustainable development of China inspired by self-reliance and mental toughness of this nation, which educated by Confucius and Taoism for more 2000 years. The American economy can enjoy sustainable development of China

with further cooperation. In other word, Chinese development can be solutions to solve issues or problems of American development. If promote more Chinese investment to America, more employee positions can be created in U.S. which is identical to a policy of administration Trump to promote employ. Jacky Ma has promised Trump to created 1 million new job position from Alibaba. Antiquated infrastructure in U.S is another barrier to lag off economic development. Chinese have sufficient technique and capital to take the task to make a change for U.S. However. More and more Chinese enterprises are rejected outbound of America with the excuse of national security issue today. It is questioned that high standard national security system and legal supervision system in U.S cannot prevent criminal behavior for foreign companies? So the attitude of Trump administration is a critical factor to judge cooperation between China and U.S.

When seeking to dissolve trade conflict with China, faithful cooperation attitude and patient is needed for White House. The trade imbalance between two nations is an accumulation of complex historical problem. Even President Trump complained his predecessors not to give enough attention for this issue. However, it is not a constructive attitude to bulldoze China to accept all items from White house in one night. Beside imposing high tariff as punishment, White house force China to give up his high technology development project "Made in China 2025", which have touched bottom line to intervene in Chinese internal affairs. Obviously, it is unwise to shoot fiercely at all issues against China. How to reduce the trade deficit between two nations is not only the first step but also a foundation step to dissolve trade issues. And the Chinese government's attitude is very clear they would like to discuss this point. If without an agreement for diminishing trade deficit of two nations, the other issues do not have the basis of negotiation. In the right time, Washington need to do the right thing.

The sensible way for Washington is to negotiate how to make enterprises of U.S to enjoy Chinese sustainable development. Except for tariff punishment and threatens of strategic confrontation, there should more optimal options for White House to dissolved the issues through peaceful and faithful dialogue and further economic cooperation. Prior to negotiation with China, the primary step for White House is to understand Chinese based on their traditional philosophy. Henry Kissinger said, "What we (American) must not demand or expect is that they (Chinese) will follow the mechanisms with which we are more familiar. It will be a Chinese version. And it will not be achieved without some domestic difficulties (Pincus, 2012)."

Conclusion

When solving the trade dispute with China, White House should understand Chinese first based on traditional Chinese philosophy such as Confucianism and Taoism. Strategic confrontation with economic sanctions and military threats would not let China yield. On the contrast, external pressure could stimulate crisis sense of Chinese persist and diligent spirit and ambitious to win. China would become stronger and more unbeatable under the external threats. Traditional Chinese philosophy such Confucianism and Taoism which have prevailed in Chinese more than 2000 years have created unique social gens for Chinese nations to over difficulties with a positive attitude and defy threats. In another hand, peaceful principles have been created by Confucianism which gives some wisdom guide for U.S to solve the trade issue. Following these principles, Washington could negotiate with Beijing to struggle for what they want. Through further cooperation with China, U.S could share the fruits of sustainable development of China and achieve more economic advantages which accomplish win-win objectives advocated by Confucianism.

Suggestion

To dissolve the trade dispute, Beijing and Washington need understand each other as the primary step. This article promotes American stand in the shoes of Chinese to understand Chinese based on Chinese traditional philosophy. And explain why strategy confrontation is not a good dissolution and why dialogue and cooperation could be effective channels to solve the problem. However, how does the Chinese understand American interests with the shoes of the States? What are the classical theories and unique national philosophy of U.S. can help Chinese understand interests of America? What are sensible ways for Beijing to dissolve the trade issues? This study does not cover the above issues. However, it creates an opportunity to study the topic of “the sensible way for Beijing to resolve the trade conflict with America based on classical American philosophy” in the future.

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