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## New Cold War – United States and China Hegemony Competition

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*This essay examines the ongoing rivalry between the US and China characterized as a "New Cold War", rather than a continuation of the original Cold War period from 1945-1991. While cooperation has increased in some areas since the dissolution of the USSR, the US and China also engage in continuous economic, military, and technological competition to maintain dominance globally. Both powers provide foreign aid to expand influence and address issues like the financial crisis, showing how Cold War-era strategies continue. This rivalry impacts global stability through threats like increased military modernization and conflicts over regions like Taiwan and cybersecurity. While innovation is spurred to some extent, cooperation on issues like climate change is hindered. Hong Kong is also a victim of such rivalry and faces economic pressures as tensions rise between its largest trading partners. Overall, the essay argues the New Cold War shares similarities to the original period and its global consequences, though on a smaller scale to date.*

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### Introduction

Cold War, the ideological competition between the capitalist bloc and communist bloc started after WWII and lasted from 1945 to 1991.<sup>1</sup> The collapse of the Soviet Union

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<sup>1</sup> Elspeth Y. O’Riordan, *Understanding the Cold War: History, Approaches and Debate*, (Cham, Switzerland: Palgrave Macmillan, 2023), 57.

seemed to mark the end of the Cold War. However, is it really the end of the rivalry between the two superpowers? Is the Cold War still silently and continuously happening nowadays?

To a small extent that the Cold War really end in 1991. This essay would examine the New Cold War between the US and China by comparing the similarity and differences in the ways of confrontation between the Cold War and the New Cold War. The last part would explain the consequences and impact of the New Cold War in terms of Hong Kong and more importantly the global order and international relationships. After 1991 and the dissolution of the USSR, the US and China relationship entered a new era. They did have cooperation and integration when facing global issues, such as the financial crisis in the 2000s. However, there is continuous cold war and rivalry in terms of economic, military, and technological aspects so as to maintain the hegemony and expand its influence globally.

### **All Round Rivalry: Economic Power**

The US and China are the two largest economics in globe by using PPP and Nominal methods.<sup>2</sup> In 2023, the US's GDP current price is US\$26.85 thousand billion and China's GDP current price is US\$19.37 thousand billion. The US remains the largest economy followed by China.<sup>3</sup> It shows the great economic performance respectively and results in an economic hegemony competition. In terms of economics, the US and China had a confrontation both directly and indirectly. Directly, the US and China had a hostile trade war in 2018. The US imposed tariffs on Chinese imports which worsen the relationship of the two superpowers and reduced economic cooperation. It is a New Cold War that the two countries use symbolic ways to compete with each other rather than a hot and actual war. Aside from direct confrontation, they also have indirect methods to compete, which is providing economic aid and fund to other foreign

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<sup>2</sup> "Comparing United States and China by Economy," StatisticsTimes.com, accessed July 24, 2023, <https://statisticstimes.com/economy/united-states-vs-china-economy.php>.

<sup>3</sup> World Economic Outlook (2023), IMF. <https://www.imf.org/external/datamapper/NGDPD@WEO/CHN/USA>.

countries in light of expanding their influence and hegemony.<sup>4</sup> For instance, the US provided US\$8.6 billion to Ukraine and US\$3.97 billion to Afghanistan and US\$3.31 billion to Israel.<sup>5</sup> for helping them build better infrastructure. The US plays an important role in becoming the leader of an organization such as the World Trade Organization. While, China provided US\$ 3.1 billion economic assistance to Africa<sup>6</sup> and even established the Asian Infrastructure Investment Bank in 2015 to make herself a leader in Asian economic cooperation and established the Belt and Road Initiative in 2013 which encourages trade with the globe including Europe. The aforementioned shows the large scale of economic aid and competition among two superpowers. The courses and reasons behind the economic confrontation are similar to the old Cold War. It is just having the same intention but with more modern examples.

The Cold War also have similar events, the US and the USSR provided economic assistance to Western and Eastern Europe respectively which became economic confrontation. The US adopted the Truman Doctrine in 1947 including US\$400 million to Turkey and Greece. In addition, in 1948, the US adopted Marshall Plan to provide US\$13.3 billion in economic assistance to Western Europe.<sup>7</sup> While the USSR adopted the Molotov Plan in 1947 to confront the economic policy adopted by the US. They aimed to restrict the influence of each other and attract more countries to join their bloc which eventually beneficial for the national interest and aggression of global hegemony. Similarly, the reason for New Cold War is maintaining the connection of the donor countries so that they would choose to stand with them and have a preference for either US or China. It is beneficial to the hegemony and maintaining a stable relationship with other countries and achieving liberalism. It can further enhance the countries' reputation and in the long term increase the trade and cooperation with the donors, which is the strategic reason for providing foreign aid. The US, one of the traditional power having leadership and hegemony suddenly faced another rising power,

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<sup>4</sup> Joseph S. Nye, *Soft Power and Great-Power Competition: Shifting Sands in the Balance of Power Between the United States and China* (Cham: Springer Nature Singapore, 2023), 25.

<sup>5</sup> ForeignAssistance.gov(2023). <https://www.foreignassistance.gov>.

<sup>6</sup> "Data: Chinese Global Foreign Aid," China Africa Research Initiative, <http://www.sais-cari.org/data-chinese-global-foreign-aid>.

<sup>7</sup> Elspeth Y. O'Riordan, *Understanding the Cold War*, 57.

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China. China is trying to expand its influence and challenge the US hegemony. Due to the national interest and the ambition of both countries, the US desired to maintain the previous status quo while China desired to develop as a superpower, it led to the silent war, the New Cold War.<sup>8</sup> From the aforementioned, it has similar reasons and courses to the Old Cold War, which showed that to a small extent, the Cold War really ended in 1991, rather it marked the beginning of a new chapter.

### **All Round Rivalry: Military and Tech Muscles**

In terms of military and technological confrontation, the US and China rapidly modernizing the military and innovating new technology.<sup>9</sup> For instance, the US investigated the advanced form of military capabilities such as cyber war, drones, and Artificial Intelligence(AI) robots to help with war. AI has changed and escalated the battlefield. For example, AI is used to predict the requirement of maintenance and recognize errors in software. Since 2009, the number of autonomous drones has increased tenfold but human American soldiers declined 90%.<sup>10</sup> It shows the US has actively innovated technology to increase military competitiveness. While, China upgraded its arms such as anti-ship missiles and aircraft carriers to generate massed fire. For example, DF-21D and DF-26 are anti-ship ballistic missiles. It offers high speed and long range which increase the capability for China to defend and attack against warships and enhance military supremacy.<sup>11</sup> Furthermore, they both enhanced the bonding with their military alliance. The US, they have communicated with the members of the North Atlantic Treaty Organization (NATO) while China built military ties with North Korea and Iran. The military and technological confrontation created tension that may trigger international security and had the same effect as the Cold War from 1945-1991. During

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<sup>8</sup> S. Mahmud Ali, *US-China Strategic Competition: Towards a New Power Equilibrium* (Heidelberg: Springer, 2015), 37.

<sup>9</sup> Rosemary Foot and Andrew Walter, *China, the United States, and Global Order* (New York: Cambridge University Press, 2011), 91.

<sup>10</sup> Maximilian Schreiner, "AI in War: How Artificial Intelligence is Changing the Battlefield," *The Decoder*, January 9, 2023, <https://the-decoder.com/ai-in-war-how-artificial-intelligence-is-changing-the-battlefield/>

<sup>11</sup> Dmitry Filipoff, "Fighting DMO, Pt. 8: China's Anti-Ship Firepower and Mass Firing Schemes," *Center for International Maritime Security*, May 1, 2023, <https://cimsec.org/fighting-dmo-pt-8-chinas-anti-ship-firepower-and-mass-firing-schemes/>

the competition between US and USSR at that time, they also had a similar confrontation. For instance, the US adopted NATO in 1949 and USSR adopted the Warsaw Pact in 1953 in response and balance the current threat created by their rivalry. They also had intense technological rivalries like the investigation of the hydrogen bomb and the skyrocket. In short, the New Cold War is the legacy or the other version of the Cold War. They both have the same effect which is to make the globe unstable and prone to war due to the advancement of military and technology. However, the nature of both war is the same in that they do not have a direct and hot war the ways of confrontation is still symbolic. We arrive to similar conclusion when discussing economic powers and acts in the last section.

### **Impact as part of this new rivalry**

With the higher rate and larger scale of globalization, the New Cold War caused several consequences and impacts on Hong Kong and the globe, including two sides that both positive and negative impacts can be found.

In Hong Kong, the New Cold War has more harm than benefits. Hong Kong is economically and geographically linked to both China and the US. China and Hong Kong are each other major trading partners. Since the Reform and Opening up in 1978, China's share of Hong Kong's global trade is 49.1% which is Hong Kong's largest trading partner.<sup>12</sup> Moreover, the mainland and Hong Kong have signed the "Mainland and Hong Kong Closer Partnership Arrangement" (CEPA) which strengthens the economic ties and increases potential economic cooperation. Aside from this, the US is also an important trading partner of Hong Kong. Hong Kong is the US's 5<sup>th</sup> largest market for wine exports. The New Cold War made Hong Kong stay in a complicated position since Hong Kong is a critical entrepot for Sino-US trade. In 2022, 4% of Mainland's exports to the US; 6.5% of Mainland's imports from the US were traded through Hong Kong.<sup>13</sup> It implies the complex situation and economic pressure of Hong

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<sup>12</sup> "Hong Kong and Mainland of China: Some Important Facts," Trade and Industry Department, Government of the Hong Kong Special Administrative Region, accessed July 24, 2023, <https://www.tid.gov.hk/english/aboutus/publications/factsheet/china.html>.

<sup>13</sup> "Hong Kong - United States Trade Relations," Trade and Industry Department, last modified July 7, 2023, accessed July 24, 2023, <https://www.tid.gov.hk/english/aboutus/publications/factsheet/usa.html>.  
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Kong under the New Cold War. First, the US made Hong Kong the main spot to attack China diplomatically.<sup>14</sup> The US accused China of the deprivation of human rights and violation of the ‘One Country, Two system’ principle of Hong Kong. The US aimed to expand its influence to China and the Huawei Incident happened in 2019. The US imposed sanctions on Chinese companies like Huawei. The US also persuaded her allies such as Japan and Australia to ban Huawei to enter the technological industry. It implies that the US craves to directly restrict and limit the Chinese potential growing advancement in technology. As such, it would reduce the threat of China to have economic and technological domination in the globe. Hong Kong is a centre and gateway for finance and trade for both the US and China. These growing tensions between the two superpowers created significant uncertainty for business and the economy. It can show that Hong Kong acted as a passive gateway for the tension between the two countries.

The globe, New Cold War has negative impacts that will hinder global cooperation and increased the level of difficulty to tackle global issues.<sup>15</sup> For example, the climate change issue is an imperative and urgent topic. However, the New Cold War made cooperation hard on the one hand, and on the other hand, it changed the nature of integration. The two countries used the climate change-related responsibility and pollution evidence to debate and indirectly wanted to attack the other countries. For example, Xie Zhenhua, China’s special representative for climate change affairs accused the US is a more-developed country. They have more responsibility due to the long history of development and blamed Trump’s decision to withdraw the Paris Agreement in 2017. While, the US expressed the unfairness for helping less-developed countries, like China to cope with climate change, blamed China for her high number of coal emissions and enhanced global warming in Paris Agreement in 2017. It shows that the original meaning of cooperation and united together have been hampered by the New Cold War. Moreover, the globe’s security has been threatened by the New Cold War as well. A nuclear war may happen with growing hostility between two countries. Both

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<sup>14</sup> “Centre for China-US relations and Hong Kong,” (no date) Hong Kong Policy Research Institute 香港政策研究所 - 首頁.

<sup>15</sup> Hsiang-tse Chiang, *The United States and China* (Chicago: University of Chicago Press, 1988), 62.

the US and China are countries that have nuclear weapons the US has approximately 5244 nuclear warhead inventories while China has 410 in 2023.<sup>16</sup> A nuclear war between two superpowers is enough to lead to the total destruction of the globe which threatened significantly the global security. Besides, the US and China have regional conflicts like the Taiwan issue. The US continuously provides military assistance to Taiwan and supports human rights. However, China considers Taiwan as one of the provinces, it is related to the sovereignty of China. President Xie has claimed that it is a must to protect Taiwan from foreign power.<sup>17</sup> It shows the opposite stance of the two countries. The possibility of more aggressive action like starting an actual war may happen which is very likely to threaten peace and global security. Cybersecurity and the global digital market might be threatened by the 5G rivalry between two superpowers. To gain technological domination, two superpowers separately innovate alternative 5G devices which cause division and low interoperability in the global digital market.<sup>18</sup> Despite the war-like atmosphere is not obvious, there is still a possibility that the new version of the Cuban Missile Crisis would happen again to this day.

The positive impact is that the competition between US and China further encouraged and paved the way for technological advancement and more innovation of technology. The investigation and modernization of technology such as AI, VR, and 5G can better save energy and create a more modern and convenient way of life.<sup>19</sup> 5G can emerge an unprecedented wireless Internet. The communication and connectivity of the internet and skills delivered are more advanced than real-time management can be achieved. 5G favours the future development of smart cities and smart cars. For example, the level of communication is higher that smart cars can have a real-time traffic update and

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<sup>16</sup> Kristensen, Hans M., Matt Korda, Eliana Reynolds, and Kate Kohn. "Status of World Nuclear Forces." *Federation of American Scientists*. Accessed July 24, 2023. <https://fas.org/initiative/status-world-nuclear-forces/>.

<sup>17</sup> Brands, Hal and Michael Beckley. "The Coming War Over Taiwan." *The Wall Street Journal*, August 4, 2022. Accessed July 24, 2023. <https://www.wsj.com/articles/the-coming-war-over-taiwan-11659614417>.

<sup>18</sup> Muhammad Umar Farooq, "US-China tech rivalry: Impacts and a way forward," *Global Village Space*, January 17, 2023, <https://www.globalvillagespace.com/us-china-tech-rivalry-impacts-and-way-forward/>.

<sup>19</sup> Rosemary Foot and Andrew Walter, *China, the United States, and Global Order*, 91.

connect to a larger network.<sup>20</sup> It shows that the innovation of 5G and different technology can keep growing better and making progress due to the tense competition of the New Cold War. Apart from this, the connection and bonding between the two blocs to the donors have a positive impact as well. Due to the leadership established by the two countries, the international relations of certain blocs respectively can be enhanced and more trade can be made. It achieved a small scale of liberalism on each side.

### **Conclusion**

Indeed, it seems to be reasonable that the majority think that followed by the dissolution of the Cold War officially ended in 1991. The US and Russia relationship entered a new chapter that they have more cooperation and the tension faded away gradually which was less hostile than from 1945 to 1991. Some think that the New Cold War was not as large-scale and serious as the Cold War. Notwithstanding the aforementioned confrontation, so far no immediate crisis like Cuban Missile Crisis in 1962 and the Star War in the 1980s. The US and China have relatively more cooperation than the US and USSR.

However, despite the scale is not as big large as Cold War, the ways and confrontation are similar, only one of the characters changed and become China. The ideological difference between the US verse USSR and China is the same. The Cold War did not end that the capitalism is still silently competing with the communist. The war is still cold and not hot, the war is still about competing for hegemony and for national interest. The impact is similar as well in that both the old and new Cold Wars ended up affecting the global order and divided the world into two blocs symbolically.

In short, only to a small extent that the Cold War really ended in 1991 and a New Cold War mainly between the US and China is still happening to this day. It has similar patterns, intentions, and events to the Cold War.

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<sup>20</sup> Meryem Simsek, Adnan Aijaz, Mischa Dohler, Joachim Sachs, and Gerhard Fettweis. "5G-Enabled Tactile Internet." *IEEE journal on selected areas in communications* 34, no. 3 (2016): 460–473.

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