

INTRODUCTION

The American-Chinese trade war is a war of domestic protection, economic growth, and security in employment (2). President Trump has taken a firm stance against China's unfair trade policies and intends to decrease the enormous trade deficit on America. China anticipates to be the strongest exporter in the world. As of December 2018, the trade deficit reached an all time high of more than \$419 billion (1). Ever since trade with China started being recorded in 1985, the US has always carried a deficit. However, over time, this deficit has grown exponentially. My project will examine factors contributing to the American-Chinese trade war and how trade isolation would affect the US.

BACKGROUND

CHINA:

China is a socialist country with the exception of some major cities, which are capitalist (3). These cities are generally populated with business and economic interests, while the rest of the country is more neglected, though the social and labor welfare are reportedly improving (3)(4). Due to a the lack of labor policies relative to the US, the cost of production in China is much lower. Thus, it is in the US' best interest to trade.

GDP (USD): 12.24 Trillion
Population: 1.38 Billion

AMERICA:

Being in a democracy, US citizens demand high minimum wages and attainable, low-cost items (5). The US has a strong social and labor welfare due to many federal and state policies, hence the cost of production domestically is more expensive (6). The US tends to import more than it exports. Though Americans are enjoying optimal luxury relative to many other countries, the debt continues to grow.

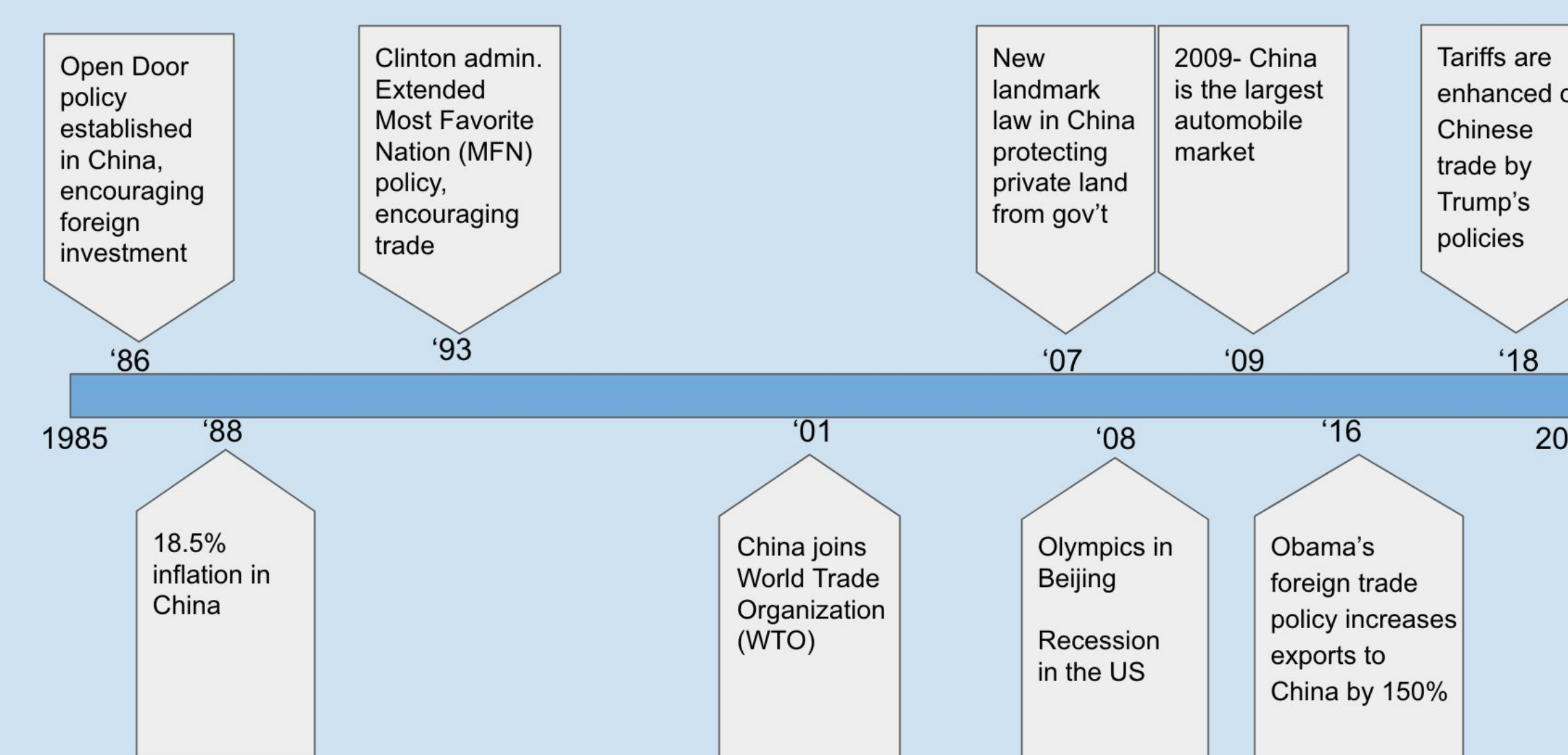
GDP (USD): 19.39 Trillion
Population: 325.7 Million

DATA AND FINDINGS



FIGURE 1 (above): The upper curve (red) represents the amount of Chinese goods the US has imported, and the lower curve (blue) represents the amount of goods exported from the US to China (1). Since 1985, the amount of American trade deficit has trended higher. The area between the curves in light red highlights how severely the deficit has increased.

FIGURE 2 (right): Some major events from 1985 to 2018 are listed on a timeline. The US recognized China in 1986.



STRATEGIES TAKEN

US: Trump's "Bring Jobs Back to America"

- Trump's plan is to increase the amount of US-made goods, creating more domestic work and making America more self-sufficient.
 - Currently, 70%-80% of Walmart's merchandise is from China. (7)
- Goal: High tariffs on Chinese exports, making American goods cheaper or the same price for comparable goods.
- Flaws: Rising prices make goods too expensive and unattainable for Americans (6).

China: Break America from the Inside Out

- During the midterm elections in November, 2018, China increased tariffs on American agricultural goods to China, creating a surplus for US farmers, thus lowering prices and decreasing their profits (8).
 - This was strategic, given that the majority of farmers tend to vote Republican; as a result of this, many voted Democrat.
 - China's tariffs were a leading cause of the majority party difference in the congressional houses.

CONCLUSION

FOR ISOLATION

- Long-term goal of self sufficiency
- Short term of possibly extreme inflation
- Plentiful in resources required to meet needs of Americans and step toward fairer trade
- Price of goods will increase
- Less demand for US workers, due to globalization

AGAINST ISOLATION

- Short-term goal of ensuring low prices for Americans
- Long term includes extreme trade deficit
- Maintaining trade ensures good relationship with country
- Maintain low prices and ensure economically disadvantaged Americans can buy goods

These choices are extreme, and it is likely future action will fall on a spectrum between these outcomes. Neither one is wrong or right, given they have justifiable reasoning for either option. Generally, those who are pro-isolation tend to be economically conservative, while those who are anti-isolation tend to be more liberal.



ACKNOWLEDGEMENTS / REFERENCES

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