

MEMO 2

Response by Ruchita Raghunandan

ANALYSIS FROM THE REALIST PERSPECTIVE

Realism is defined as a set of theories of international relations that emphasizes the role of the state, national interest, and military power in world politics.¹ The realists have a pessimistic outlook on human nature. They say human beings are dark, selfish, and competitive.² Their high regard for national security and state survival leads them to the fact that international relations will always be conflictual. To resolve these conflicts, eventually, there will be war and destruction. Another characteristic of being a realist is that they are skeptical about compatibility between progress in international politics and progress in domestic politics of a nation.³ It also states that no two states will always remain friends or enemies, permanency stands only in the interests of the two states. For example, on one hand, China can be a friend to US because they are trading partners; on the other hand, it can be an enemy given the trade war and other geopolitical tensions.⁴ Friendship or enmity will be determined based on whether their interests collude or collide, respectively.

The above-mentioned features of realism are justifiable in the article written by *Ana Swanson* and *Alan Rappeport*, *Trump's China Deal leaves the global economy as uncertain as ever*, in the *New York Times* dated October 16th, 2019. In the beginning of the article itself, the authors talk about the trade tensions to be 'temporarily' cooled and that damage, as a result of the trade war, is 'weighing' on the entire world.⁵ Here comes the belief of realists that two economies will always

¹ <https://www.britannica.com/topic/realism-political-and-social-science> accessed on October 20th, 2019

² Jing Sun, lecture notes, September 16th, 2019

³ Ibid.

⁴ Sun, lecture notes

⁵ [Trump-China-Deal.pdf](#)

have conflicts, solved by nothing but war. “Economists warn the damage is likely to outlast any interim trade deal with China.⁶” There is no sign of peace or optimism in the talks. With the term ‘war’ being used, it tends to involve other countries to form allies or coalitions with US and China. In this process, the developing countries (mostly in Asia-Pacific) get adversely affected. They are already slow in their growth, such a war would ‘derail’ their recovery as Gita Gopinath, director of research department at IMF was quoted in the article. Hedging is a problem that these countries would face. Hedging normally refers in that context to a national security or alignment strategy, undertaken by one state toward another, featuring a mix of cooperative and confrontational elements.⁷ It leaves them in a dilemma - not knowing whom to choose between the two strongest but most unpredictable countries of the world, making them send mixed signals.

International relations is a struggle amongst great powers of the world, given that it has been almost three years and no deal has been finalized.⁸ The article pretty much accedes to the negativity that realism holds regarding international relations; Even if a deal is finalized, it would not roll back the series of tariffs that the two great nations have imposed on each other’s goods in the past.

Third, the views of inter-governmental organizations or global platforms regarding the trade truce like the International Monetary Fund (IMF) or World Trade Organization (WTO) are also presented. They reflect pessimism, like the realists, as none of them seemed optimistic about the outcomes or effects of the trade talks. The WTO expects global trade expansion to be too weak, the World Bank is going to lower its growth outlook, the Federal Reserve is trying to cut interest rates etc.⁹ It is very unlikely that someone can be positive because the reason for optimism is also

⁶ Ibid.

⁷ <https://academic.oup.com/irap/article/19/3/367/5563899> accessed on October 23rd, 2019

⁸ Sun, lecture notes, September 16th, 2019

⁹ [<Trump-China-Deal.pdf>](#) accessed on October 19th, 2019

based on an ‘if’ – only ‘if’ there is reduction in uncertainty and clarity on trade outlook. This scenario does not prove beneficial for countries in the Asia-Pacific. Given that many of them have huge proportions of populations below poverty line, their GDP in comparison with western nations is low, there is social and income inequality etc., a global ‘crisis’ would pull them down further.

An important takeaway from the article regarding the effect on the US economy is the term ‘recession’. In macro-economics, recession is defined as a period when the economy experiences a significant decline in general economic activity.¹⁰ This is when an economy is said to be slowing down and preparing to reach depression/trough point. The American manufacturing is already in recession.¹¹ Therefore, we can say that the domestic American robustness – the ideals of self-reliance, independency, leadership in terms of GDP and growth, is negatively impacted. US being regarded as the strongest economy will now be questioned.

Realists believe progress can even be made based on how a government might be with its own citizens.¹² The article quotes Jerome H. Powell, Federal Reserve chair, who says that US is creating a ‘protectionist’ self by barring itself with ‘persistent widespread tariffs’. This is not good or fair to America’s domestic economy which comprises of traders, workers, consumers, and businesses. This raises the question of ‘progress’ that realists believe in. Moreover, such ‘protectionism’ and imposition of heavy tariffs time and again exhibits selfish interests – the interest to survive and stay secure. This coincides with the high regard that realists have for selfish human nature, prioritizing state survival, and national security.

¹⁰ <https://www.investopedia.com/terms/r/recession.asp> accessed on October 20th, 2019

¹¹ [<Trump-China-Deal.pdf>](#) accessed on October 19th, 2019

¹² Jing Sun, lecture notes, September 16th, 2019

An important concept in world politics to be brought up from the realist perspective is balance of power. A “balance of power” system is one in which the power held and exercised by states within the system is checked and balanced by the power of others. Thus, as a nation’s power grows to the point that it menaces other powerful states, a counter-balancing coalition emerges to restrain the rising power, such that any bid for world hegemony will be self-defeating.¹³ This article shows that balance of power is not being maintained which goes against the American national interests.¹⁴ US is not keeping a ‘check’ on a rising China, instead it is continuing to impose tariffs, worsening the situation for both the economies.

Lastly, the authors have mentioned that China has alternative options backed up if anyday it decides to stop buying US soybeans. However, US does not have a ‘back up’ plan when it comes to the Chinese imports of technological equipment and gadgets. The realist ideology relevant here is relative gains. They would focus on the fact that US would be losing to China in terms of not having any other decided options. The gains or losses are comparative factors – they bother about their gain with respect to the opponent’s gain/loss. Also, China can shift to its choices easily, it can start new trade talks with other countries like Japan or India and form new kinds of alliances. It can prospectively gain regional dominance in Asia-Pacific and appear as a leader for the neighboring economies. Such will be the effect on Asia-Pacific, not to forget US has already been building its support system in Asia (here, excluding China as a major trade contender) through different treaties and agreements with various Asian countries like US-Japan alliance, US-

¹³ <https://oxfordre.com/politics/view/10.1093/acrefore/9780190228637.001.0001/acrefore-9780190228637-e-119> accessed on October 21st, 2019

¹⁴ <https://foreignpolicy.com/2017/01/25/defending-vital-u-s-interests-policy-prescriptions-for-trump/> accessed on October 20th, 2019

Australia agreements, India-US-Japan trilateral, security relations with Taiwan etc. Realists would view this 'building support' as catastrophic for the entire world.

To conclude, this article holds true a lot of values of realism. Therefore, realists will agree with it. They would agree with the causes and impacts of the differences between the two strongest economies. Realists can use this article as proof of the ideologies they hold.

ANALYSIS UNDER THE LIBERALISTIC PERSPECTIVE

Liberalism is defined as a political philosophy based on belief in progress, the essential goodness of the human race, and the autonomy of the individual and standing for the protection of political and civil liberties.¹⁵ Some basic assumptions held are a belief in human progress, human reason & rationality, cooperation & sense of sharing, and focus on individuals. Liberalists are mostly viewed as optimistic people who say that the shared desire for human survival will lead to peace and not war or destruction.¹⁶ There exists a security community in which the states have common political values and shared trade. They think in such a way that ‘an attack on one is an attack on all’. Another important concept of liberalism is the interdependence of nations and a cobweb model of functional groups within a country. All entities within a country are tied to all entities in the other.¹⁷

The article published in the New York Times, *Trump’s China Deal leaves the global economy as uncertain as ever*, dated October 16th, 2019, by Ana Swanson and Alan Rappeport talks about the current state (Phase-1) of trade talks between US and China and its effects felt by the entire globe. As mentioned above, the liberalists believe that all countries are interdependent in unlimited, complex ways. For instance, a decision taken by the US government regarding imposing additional tariffs on Chinese goods affects both American and Chinese businesses, exporters and importers, shipping industry, investment in both countries, consumers paying more etc. This is justified in the article which quoted the president of the Federal Reserve Bank, James B. Bullard, saying that trade is ‘very involved’ and ‘hard to resolve’. Moreover, the article proves that such interconnections can extend beyond US and China. Countries in the

¹⁵ <https://www.merriam-webster.com/dictionary/liberalism> accessed on October 20th, 2019

¹⁶ Jing Sun, lecture notes, September 23rd, 2019

¹⁷ Ibid.

Asia-Pacific region like India, Japan, Malaysia, Indonesia, Australia, parts of Russia etc., are all feeling an impact of a 'global economic slowdown'. This is because even these countries have the same relations with US and China – trade deals, agreements, cooperative societies, security alliances etc. Asia Pacific mostly includes developing economies which are on the path of huge growth prospects. A comment made by Gita Gopinath, stated in the article, says that the painful consequences of the trade talks is posing a risk to the global economy by derailing the recovery of these countries. Global trade is noting the weakest year since 2009.¹⁸ Thus, it can be said there is a 'cobweb' that exists inter-twining the different functional groups (businesses, labor unions, government divisions, traders, consumers etc.) across nations. The liberalists' theory is confirmed here.

A crucial concept in the liberalistic view is the Democratic Peace Theory. Liberalists believe that democracies would not fight each other because they have the same values and speak the same language. Although differences may exist between non-democracies and democracies because it is difficult for them to find common ground.¹⁹ This is evident in the progression of the trade talks. It has been 3 years and no deal has been finalized with a doubt that there might never be one. Moreover, the authors have said that even if a deal is laid down there will be little economic impact. For example, cancellation of a round of tariffs does not stop the Chinese currency, yuan, from appreciating and it would just be a 'small dent' fixed. A liberalist would probably disagree with this point. Liberalistic theories would rather point out the numerous functional groups in both countries that will benefit by fixing the dent like cancelled tariffs means more business for traders, low prices for consumers, national income growth etc.

¹⁸ <[Trump-China-Deal.pdf](#)> accessed on October 19th, 2019

¹⁹ Jing Sun, lecture notes, September 25th, 2019

Another aspect in this theory is that democracies have monetary incentive to get along with each other.²⁰ US points out that tariffs can be imposed on EU goods during the ongoing Brexit issue, but it is trying not to do so because of incentives to cooperate like trade, financial market, security alliances etc. America's national interest lies in maintaining its alliances which, a liberalist might feel, is to be pondered upon in this case.

Donald Trump, president of the United States of America, has decided beforehand that he will impose another round of tariffs in December on \$360 billion worth of Chinese goods.²¹ The liberalists would view this as absolute gains – that the president is certain about his strategy regardless of whether China would earn a profit/loss in the trade situation. However, this affects the American national interest. The United States is supposed to maintain regional and global balance of power (prevent the emergence of any hostile major powers) providing for peace and stability. Such reckless imposition of rounds and rounds of tariffs certainly does not assure prevention. Another example could be the study that the article includes - China has alternative options for US soybeans but US does not have any alternative for Chinese technological equipment and products. Liberalism ideologies makes one think of this situation as absolute gains. US technocrats (liberalists) will focus on improving their output and finding more alternative 'back up plans' regardless of China's options.

Another effect on countries in the Asia Pacific might be the deals that US and China have individually entered with these countries. The Trump administration has signed some deals with South Korea and Japan which could put its trade talks with China in jeopardy. Here, the liberalists might be focused on the fact that US and South Korea, being democracies, are

²⁰ Sun, lecture notes, September 25th, 2019

²¹ [<Trump-China-Deal.pdf>](#) accessed on October 19th, 2019

cooperating and that relations with China are anyhow going to be tough, given that it is not a democracy.

Lastly, the article presents views of the officials at international organizations like International Monetary Fund (IMF) and World Trade Organization (WTO). They say that the trade talks bring in a lot of uncertainty, economic damage and it leads to a global economic slowdown. This is a point which liberalists might not accept. This is because they think a trade deal or any kind of deal between two economies will lead to a win-win situation, also called a positive sum game. They will agree that several weeks of negotiations have still not gotten to a deal. But they will also say that US and China are interdependent. There may be confrontational issues but there also exists a shared fate underneath. They will enforce their idea of 'security communities' and assert the importance of concepts like political and economic integration.²²

In conclusion, there are some points which liberalists might agree with and some they disagree with. Moreover, liberalism is known for its positivity and optimism about human nature and world politics. So, liberalists would have 'faith' in the ongoing trade talks and would wait for a win-win result for both the economies.

²² Jing Sun, lecture notes, September 23rd, 2019