

Taiwan in the New Cold War: Rising Strategic Salience amidst US-China Rivalry

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Abstract

The United States and China are currently engaged in an intense security competition that many describe as a new Cold War. What is driving the downturn in US-China relations? How does Taiwan fit into the new Cold War? Many analysts attribute the deteriorating state of US-China relations to decisions made by individual leaders, implying that if different leaders had been in power, bilateral relations would have been more cooperative. In contrast, this paper argues that the main cause of the US-China rivalry is structural rather than individual. The changing distribution of power between the two nations is generating structural pressures that push them into strategic competition. Fear of being overtaken by China has prompted Washington to move away from a policy of engagement to a policy of containment. In this new Cold War, Taiwan's frontline location in the First Island Chain will become strategically vital to the United States. Structural forces are pushing the United States and Taiwan into closer strategic cooperation, raising Taiwan's salience in this geopolitical contest. Compared to the last one, this new Cold War will be more dangerous because of China's greater power potential, East Asia's maritime geography, and the fervor of nationalism. Regardless of who wins the 2024 US presidential election, US-China rivalry is expected to intensify if China's power continues to rise.

Power shifts in international politics are often fraught with danger. China's rising power and growing influence around the world are challenging the primacy of the United States in global affairs. As the world's second largest economy and second largest military spender, China is a formidable competitor, poised to rival and potentially surpass the United States as the most powerful state. Since the twentieth century, the US has never faced an adversary whose GDP reaches 70 percent of its own—neither Wilhemine Germany, Nazi Germany, Imperial Japan, nor the Soviet Union ever came close to this level. The fear of being overtaken has prompted the United States to curtail trade and investment with China and restrict the export of cutting-edge technology. Washington is moving away from a liberal policy of engagement to a realist policy of containment. The US and China are now involved in what can be described as a new Cold War—an intense security competition affecting every aspect of their relationship.

Taiwan plays a pivotal role in the intensifying rivalry between the United States and China. Many analysts view the Taiwan Strait as the most dangerous flash point in the world. For Beijing, Taiwan is a sacred territory that is at “the very core of China's core interests.”¹ Chinese leaders warn that Taiwan's declaration of formal independence is the brightest of all red lines that must not be crossed. From Washington's perspective, Taiwan's strategic position in East Asia is crucial to the broader U.S. strategy of counterbalancing China's growing influence in the region. The island acts as a key link in the U.S. network of alliances and partnerships aimed at maintaining stability and deterring Chinese expansion. The U.S.-Taiwan relationship, rooted in a Cold War-era mutual defense treaty (1954-1979), has since evolved under the Taiwan Relations Act (1979-present), which mandates continued American support for Taiwan's defense, despite

¹ Ministry of Foreign Affairs of the PRC, "President Xi Jinping Meets with U.S. President Joe Biden in Bali," (2022), https://www.fmprc.gov.cn/mfa_eng/zxxx_662805/202211/t20221114_10974686.html

the absence of formal diplomatic ties. With both China and the United States heavily invested in Taiwan's future, the stakes are exceptionally high.

Many commentators attribute the deteriorating state of U.S.-China relations to decisions made by individual leaders. Some point to Chinese President Xi Jinping's actions—such as militarizing the South China Sea, launching 'wolf-warrior' diplomacy, interning Uighurs in Xinjiang, and suppressing freedoms in Hong Kong—as key factors escalating tensions. Others highlight US President Donald Trump's initiation of a trade war with China and his administration's confrontational policies as the primary causes of the downturn.² Had different leaders been in power, bilateral relations might have been more amicable.

While leaders are undeniably important, it is crucial not to overlook the significant impact of larger structural forces. In this article, I argue that the primary cause of US-China tensions is structural rather than individual, stemming from the shifting distribution of power between the two nations. The decisions made by individual leaders are influenced by these underlying structural conditions. Crucially, China's rising power is challenging the United States' longstanding dominance in international affairs, generating fears in Washington of being overtaken. Powerful structural forces are gradually driving the United States and China into strategic competition, and these trends will persist regardless of the leadership in Washington or Beijing. A new Cold War has emerged, marked by intense security competition affecting every aspect of their relationship. This has resulted in an increased risk of conflict. In this context, Taiwan is becoming ever more important to the United States. Compared to the last one, this new

² Evan S. Medeiros, ed. *Cold Rivals: The New Era of US-China Strategic Competition* (Washington, DC: Georgetown University Press, 2023). For the view that Xi Jinping was responsible, see the chapters by Elizabeth Economy and Phillip Saunders. For the view that Trump was responsible, see the chapters by Wu Xinbo, Li Chen, and Wang Jisi.

Cold War will be more dangerous because of China's greater power potential, East Asia's maritime geography, and the fervor of nationalism.

The next section reviews the literature on power transition to highlight the structural causes of US-China rivalry, focusing on two major areas of disagreement: war initiation and revisionism. I then examine Chinese revisionism from both materialist and ideational perspectives. The final section explores the US-China rivalry in depth, explaining Taiwan's rising strategic salience and why this new Cold War is likely to be more dangerous than the previous one.

Power Shifts and Thucydides's Trap

Thucydides's Trap is frequently cited to highlight the dangers of the US-China power transition.³ Thucydides's diagnosis of the Peloponnesian War—"What made the war inevitable was the growth of Athenian power and the fear it caused in Sparta"—has been extensively analyzed for its theoretical and policy implications. The concept has become so prevalent that both American and Chinese leaders have publicly referenced it. As recent as 2023, Chinese President Xi Jinping commented that "The 'Thucydides Trap' is not inevitable, and Planet Earth is vast enough to accommodate the respective development and common prosperity of China and the U.S."⁴ Critics of Thucydides's Trap argue that comparing the US-China relationship to that of Athens and Sparta is, at best, superficial and, at worst, misleading. The contexts and circumstances of China's rise are drastically different today. Worse, the discourse on Thucydides's

³ Graham T. Allison, *Destined for War: Can America and China Escape Thucydides's Trap?* (Boston: Houghton Mifflin Harcourt, 2017).

⁴ PRC Ministry of Foreign Affairs, "President Xi Jinping Meets with Delegation of U.S. Senate Led by Majority Leader Charles Schumer," October 9, 2023, https://www.fmprc.gov.cn/mfa_eng/zxxx_662805/202310/t20231009_11158385.html. Xi first used the term in a 2015 visit to the United States.

Trap can create a self-fulfilling prophecy. If leaders believe in Thucydides's Trap and act accordingly, it may create the anticipated conditions that make war more likely. Talking and thinking in terms of Thucydides's Trap will influence the state's construction of its identity as well as its definition of interests and preferences. The discourse is harmful because it encourages 'othering' the opponent and contributes to confrontation. War was neither inevitable nor preordained. Political choices made by leaders mattered greatly.⁵

Yet debating whether Thucydides's Trap is an appropriate analogy to US-China relations misses the point. No two historical events are identical; if looked closely, one can always find differences. Analogies, in essence, are an oversimplification of reality, as they gloss over the causal mechanism as well as the nuance and context of disparate events. Instead of searching for the right analogy, we should look for the causal mechanism linking power shifts and war. What the history of the Peloponnesian War reveals is that when the system is undergoing a power transition, war is more likely to break out (The key word here is "likely"). This logic of conflict transcends time and space. The dynamics of war identified by Thucydides remain as relevant today as it was two thousand years ago. "Ultimately international politics can still be characterized as it was by Thucydides," observes Robert Gilpin.⁶ In anarchy, states fear the power of others and will take measures to protect themselves. Conflict tends to break out in the process.

The study of power shifts is a research program that includes disparate theories with competing claims. A.F.K. Organski and Jacek Kugler's power transition theory posits two

⁵ Steve Chan, *Thucydides's Trap? Historical Interpretation, Logic of Inquiry, and the Future of Sino-American Relations* (Ann Arbor: University of Michigan Press, 2020).

⁶ Robert Gilpin, *War and Change in World Politics* (New York: Cambridge University Press, 1981), 227-228; Robert Gilpin, "The Theory of Hegemonic War," *Journal of Interdisciplinary History* 18, no. 4 (1988): 591-613.

independent variables that work together to cause war: power shift and revisionism. The theory argues that war is more likely when the rising state reaches parity (about 80% of the dominant state's capabilities) or overtakes the existing hegemon. Importantly, power shifts alone are not sufficient to lead to conflict; they must be combined with the rising state's revisionism to cause war. If the rising state is satisfied with the status quo, it will have no incentive to fight. For war to break out, the rising state must be revisionist.⁷

Another variant of the power transition research program posits a different causal mechanism. In Gilpin's theory of hegemonic war, uneven growth in power creates "status inconsistency"—discrepancies between the distribution of power and key elements of the system (hierarchy of prestige, division of territory, and international order). The international status of the rising state becomes incommensurate with its power, while the dominant state is increasingly unable to impose its will on others. Consequently, the governance of the system begins to break down. As the rising state and the ruling power compete for allies, two camps of entangling alliances emerge, making the system increasingly bipolarized. As tensions build up in the system, a crisis or an accident can trigger a hegemonic war, much like dry leaves waiting for a spark. The postwar system will reflect the new distribution of power. Throughout history, Gilpin argues, hegemonic war is the principal mechanism of change, but he acknowledges the potential for peaceful change. According to him, peaceful change "appears to be most feasible when it involves changes *in* an international system and to be most difficult when it involves change *of* an international system." Gilpin notes that the power transition from Pax Britannica to Pax Americana were peaceful because both the United States and Britain shared common values. "In

⁷ A.F.K. Organski and Jacek Kugler, *The War Ledger* (Chicago: Chicago University Press, 1982).

the absence of shared values and interests, the mechanism of peaceful change has little chance of success.”⁸

There are two major areas of disagreement in the power transition research program: war initiation and revisionism. First, the literature is divided on which state is more likely to initiate war. Organski and Kugler’s theory argues that “it is the weaker, rather than the stronger, power that is most likely to be the aggressor.”⁹ The rising state is assumed to be dissatisfied with the status quo because it was not at the table when the incumbent hegemon created the current international order. The dominant state typically resists granting the rising state more benefits than it currently has. As the rules of the existing order have been rigged against it, the rising state will be motivated to challenge and seek to revise those rules. In contrast, the ruling hegemon is satisfied with the status quo because it has disproportionately benefitted from it. As Ronald Tammen et al. state, “By definition, the dominant power is satisfied . . . [and] is the defender of the status quo. After all, it creates and maintains the global or regional hierarchy from which it accrues substantial benefits.”¹⁰

Other scholars maintain that it is the ruling hegemon that is most likely to start a war. Dale Copeland argues that “major wars are typically initiated by dominant military powers that fear significant decline.”¹¹ Rather than waiting until it has been surpassed, the ruling hegemon has powerful incentives to launch a preventive war when time is still on its side. John Mearsheimer concurs: “Some scholars argue that the rising power is likely to initiate the war....

⁸ Gilpin, *War and Change in World Politics*, 208, 209. [emphasis original]

⁹ Organski and Kugler, *The War Ledger*, 19.

¹⁰ Ronald L. Tammen et al., *Power Transitions: Strategies for the 21st Century* (New York: Chatham House Publishers, 2000), 9.

¹¹ Dale C. Copeland, *The Origins of Major War* (Ithaca N.Y.: Cornell University Press, 2000), 3.

But that makes little sense, because time is on the side of the ascending power, which does not need a war to catch up with and overtake the leading state.”¹²

Still others remain agnostic about which state is more likely to initiate war. For instance, Robert Gilpin suggests that either the incumbent hegemon or the rising power could be the aggressor. According to Gilpin, war could be initiated by the existing hegemon to restore equilibrium while it still holds the advantage, or by the rising challenger aiming to reorder the international system in line with its own interests.¹³

The historical record supports the agnostic view on war initiation. In some power transition wars, the rising state has initiated conflict, while in others, it has been the ruling hegemon. For instance, Sparta, the dominant state in ancient Greece, took the first military action that ignited the Peloponnesian War. In the nineteenth century, France, as the rising state, began the Napoleonic Wars. More importantly, because most conflicts involve a series of actions and reactions from both sides, pinpointing the aggressor is often difficult. Rather than focusing on which state might start a war, it is more productive to explore how conflicts might break out during a power transition.

The second area of disagreement revolves around the concept of revisionism, a crucial link in the causal chain connecting power shifts to war. However, the power transition literature lacks a unified definition of revisionism. Revisionism, like its counterpart "the status quo," is an analytically ambiguous term in international relations. Despite its widespread use, it can mean different things to different people. When a state is said to be revising the status quo, what exactly is being revised? Is it the current territorial arrangements, rules of interactions,

¹² John J. Mearsheimer, "Structural Realism," in *International Relations Theories: Discipline and Diversity*, ed. Tim Dunne, Milja Kurki, and Steve Smith (Oxford: Oxford University Press, 2013), 87.

¹³ Gilpin, *War and Change in World Politics*.

international political alignments, or something else? Without a shared definition, scholars often end up talking past each other, leading to misunderstandings and confusion.

In the IR literature, there are two definitions of revisionism. First, the materialist definition focuses on the distribution of power. Hans Morgenthau defines the policy of the status quo as “the maintenance of the distribution of power as it exists at a particular moment in history.”¹⁴ A revisionist state seeks to change the distribution of power in its favor, including the existing territorial arrangements since the acquisition of resource-rich or strategically important territories can augment a state’s power. Similarly, John Mearsheimer conceptualizes the status quo as “the current distribution of power.”¹⁵ He maintains that the international system is populated by great powers with revisionist intentions at their core because they seek to alter the balance of power in their favor. The only status quo power is the regional hegemon because it aims to maintain the existing distribution of power that puts it on top.

Second, the ideational definition emphasizes the rules of the system. Organski and Kugler define status quo states as those that have designed the “rules of the game” and stand to benefit from them. Revisionist states have a “desire to redraft the rules by which relations among nations work.”¹⁶ For Steve Chan, “Revisionism refers to whether a state objects to the existing international order.” The status quo is the prevailing international order, which consists of the widely shared rules about appropriate interstate behaviors. If a state attempts to change the rules of the system, it is revisionist.¹⁷

¹⁴ Hans J. Morgenthau, *Politics among Nations: The Struggle for Power and Peace*, 5th ed. (New York: Knopf, 1978), 46.

¹⁵ John J. Mearsheimer, *The Tragedy of Great Power Politics*, Updated ed. (New York: W. W. Norton, 2014), 2.

¹⁶ Organski and Kugler, *The War Ledger*, 19-20, 23.

¹⁷ Chan, *Thucydides's Trap?*, 123. Remarkably, Chan argues that territorial expansion should not be used as “a yardstick to judge revisionism” (p. 47).

Other scholars combine both materialist and ideational perspectives in their definition of revisionism. For Gilpin, the status quo has three components: 1) the distribution of power, 2) the hierarchy of prestige, and 3) the rules and rights embodied in the system. Of these, Gilpin argues, the distribution of power is the most important. The distribution of power “determines who governs the international system and whose interests are principally promoted by the functioning of the system.”¹⁸ As control over territory is a key source of power, Gilpin considers a rising state’s attitude toward “the international distribution of territory” as the most important indicator of revisionism.¹⁹ Prestige is the intangible aspect of power that grants authority and facilitates its exercise. The rules and rights of the system form the foundation of the international order and guide interstate interactions. These rules disproportionately serve the interests of powerful states, helping to consolidate their dominant position within the system.

Is China a Revisionist State?

If one adopts the materialist definition of revisionism, China is clearly a revisionist state as it aims to alter the balance of power in its favor. Chinese leaders have consistently sought to establish their country as the dominant force in East Asia. The Century of Humiliation in modern Chinese history has instilled in them the imperatives of power: weakness invites aggression, strength begets security. Building a strong country is high on the agenda for various Chinese leaders. The official slogan “Great Rejuvenation of the Chinese Nation” implies a return to China’s historical status as the leading power in East Asia. Xi Jinping’s China Dream is a dream of making China great again. Chinese foreign policy calls for the “multipolarization” or “democratization” of international relations, a euphemism meaning that the world should not be

¹⁸ Gilpin, *War and Change in World Politics*, 29.

¹⁹ *Ibid.*, 187.

dominated by a single power, the United States. In short, China is dissatisfied with the current distribution of power and seeks to shift it in its favor.

Moreover, China's island-building efforts in the South China Sea are consistent with the materialist definition of revisionism since they add to China's material power. By reclaiming land features, China is changing the territorial arrangements in the disputed area. China has long claimed "indisputable sovereignty" over all the land features in the South China Sea within the "nine-dash line," but it lacked the capabilities to enforce its claims until the early 2010s. Starting in 2013, China embarked on massive island-building efforts in the South China Sea, reclaiming nearly 3,000 acres of land in an 18-month period. In contrast, Malaysia, the Philippines, Taiwan, and Vietnam reclaimed only a combined total of less than 150 acres over the previous decades.²⁰ Most importantly, China is transforming the reclaimed lands into military bases equipped with airfields, runways, hangars, radar stations, ports, and anti-aircraft and anti-missile systems. China has reportedly deployed anti-ship cruise missiles and surface-to-air missile systems on Fiery Cross Reef, Subi Reef and Mischief Reef in the Spratly Islands.²¹

Revisionism is also manifested in Chinese revanchism. Beijing seeks to recover what it considers lost territories taken during the Century of Humiliation, including Taiwan and the Senkaku/Diaoyu Islands. This desire to reclaim perceived historical territories demonstrates China's intent to reshape the regional balance of power and assert its rightful place. By pursuing these territorial claims, China aims to bolster its national pride and strategic position, further cementing its position as a rising global power.

²⁰ Ely Ratner, "Course Correction: How to Stop China's Maritime Advance," *Foreign Affairs* 96, no. 4 (July/August 2017): 64-72.

²¹ Amanda Macias, "China quietly installed defensive missile systems on strategic Spratly Islands in hotly contested South China Sea," *CNBC*, May 2, 2018, at <https://www.cnbc.com/2018/05/02/china-added-missile-systems-on-spratly-islands-in-south-china-sea.html>

However, when we apply the ideational definition of revisionism, categorizing China as a revisionist state becomes less straightforward. As the ideational definition focuses on the “rules of the game,” the key question is “what are those rules?” When the United States champions a “rules-based international order” as it does today, it rarely specifies what those rules entail. Without a consensus on the rules, it becomes difficult to determine which state is revisionist. Even when the rules are spelled out, disagreements are common. For instance, the principle of sovereignty is a widely accepted rule of the system, but what happens when it clashes with the principle of human rights? While the emerging norm of “responsibility to protect” is embraced by the West, China has always been skeptical of humanitarian intervention. Relatedly, although the principle of human rights is considered universal, the world is divided on what constitutes human rights. The West typically emphasizes political and civil rights, such as freedom of speech, freedom of the press, and freedom of assembly. In contrast, China and other states prioritize social and economic rights, such as social welfare, the right to education, and the right to development.

In diplomatic meetings, the Chinese government advocates for a more “fair and equitable” international order, thus implying dissatisfaction with the current order. Now that China has become powerful, Beijing has expressed its willingness to take on a more proactive role in “guiding” and reforming the current international order to make it “fair and equitable.”²² In this context, China can be seen as revisionist in its efforts to reshape the international order.²³ Already, China is playing a larger role in the IMF, World Bank, UN and other international

²² “Xi Jinping shouti ‘liangge yindao’ you shengyi” [The deep meaning of Xi Jinping’s first mention of the ‘Two Guidances’], *Zhongguo gaibu xuexi wang* [Web of learning for Chinese cadres], February 21, 2017, <http://www.ccln.gov.cn/hotnews/230779.shtml>

²³ Rush Doshi, *The Long Game: China's Grand Strategy to Displace American Order* (New York, NY: Oxford University Press, 2021).

organizations. When the existing institutions failed to serve Chinese interests, Beijing took the initiative in creating new institutions such as the Shanghai Cooperation Organization (SCO) and the Asian Infrastructure Investment Bank (AIIB).

China's records at revising the rules of the game are mixed, depending on the issue areas. In the economic sphere, China has benefitted greatly from the openness of the liberal economic order, which gave it access to world market, investment, and technology. As the US turned protectionist under President Trump, China ironically became a champion of the open economic order. In 2017, President Xi Jinping made an important speech in the World Economic Forum in Davos advocating for economic openness around the world.²⁴ In this case, it can be argued that the US was revisionist while China was status-quo oriented.²⁵ However, it is in the sphere of political order that we can expect revisionist challenges from China. China does not accept the political components of the liberal order centered on democracy and human rights. China has opposed the US policy of democracy promotion, arguing that each country should adopt a political system suitable to its own national circumstances. On human rights, Beijing is championing the norm that developing states should prioritize the "right to development" over political and civil rights, thus undermining the liberal political order.²⁶ Of the current political order, China is most likely to uphold the principle of sovereignty and noninterference. The historical experience of the "century of humiliation" made Chinese leaders particularly sensitive to any infringement on sovereignty and territorial integrity.

²⁴ "Full Text: Xi Jinping's keynote speech at the World Economic Forum," January 17, 2017, The State Council Information Office, http://www.china.org.cn/node_7247529/content_40569136.htm

²⁵ Chan, *Thucydides's Trap?*

²⁶ Malin Oud, "Harmonic Convergence: China and the Right to Development," *NBR Special Report no. 87(2020)*, <https://www.nbr.org/publication/harmonic-convergence-china-and-the-right-to-development/>.

As China continues to rise, the future international order will no doubt look different from the liberal order. The character of order reflects the political ideology of the dominant state.²⁷ A China-led order will reflect its domestic values based on its unique political system and historical experience. As Rush Doshi points out, “Order abroad is often a reflection of order at home, and China’s order- building would be distinctly illiberal relative to US order- building.”²⁸ Charles Kupchan links changes in material power to reshaping international order: “emerging powers will want to revise, not consolidate, the international order erected during the West’s watch. They have different views about the foundations of political legitimacy, the nature of sovereignty, the rules of international trade, and the relationship between the state and society. As their material power increases, they will seek to recast the international order in ways to advantage their interests and ideological preferences.”²⁹

US-China Rivalry

Changing distribution of power holds the key to understanding US-China rivalry. In the aftermath of the Cold War, the United States helped China grow in power through a policy of engagement. The onset of unipolarity effectively removed the systemic constraints of great power competition, granting Washington considerable freedom in determining its actions on the global stage. The US chose to remake the world in its own image by spreading liberal values and institutions. American grand strategy, known as liberal hegemony, seeks to promote democracy across the globe, foster greater economic interdependence among states, and build effective

²⁷ John J. Mearsheimer, "Bound to Fail: The Rise and Fall of the Liberal International Order," *International Security* 43, no. 4 (2019): 7-50.

²⁸ Doshi, *The Long Game*, 4.

²⁹ Charles Kupchan, *No One's World: The West, the Rising Rest, and the Coming Global Turn* (New York: Oxford University Press, 2012), 7-8.

institutions to facilitate interstate cooperation.³⁰ Applied to East Asia, Washington adopted the policy of engagement toward China, seeking to moderate Chinese behavior by increasing political, economic, and military contacts and enmeshing it in a complex web of international institutions. Engagement aimed to alter the revisionist aspirations of a rising power by giving it a stake in the existing rules and norms of the system.³¹ Engaging China, the thinking went, would transform the country into a responsible stakeholder. This engagement was expected to deepen economic ties with the US, promote democratic values within China, and integrate China into international rules and norms favored by the West. As US President Bill Clinton said to Chinese President Jiang Zemin in 1995, “a stable, open and prosperous China—in other words, a stronger China—is in our interest.”³² Following this logic, the U.S. went on to reduce trade barriers with China, assisted its entry to the World Trade Organization, promoted exchanges in military personnel, and held periodic strategic and economic dialogues with Chinese leaders.

Thanks to both US engagement and China’s state-led mercantilism, China has risen to become the world’s second largest economy and second largest military spender. However, China did not evolve as the United States had hoped. Although China cooperated with the US on issues such as climate change, the 2015 Iran nuclear deal, and the North Korea nuclear crisis, China’s massive island-building efforts in the disputed South China Sea, recurrent challenges to Japan’s administration of the disputed Senkaku/Diaoyu Islands, internment of Uighurs in Xinjiang, and suppression of freedoms in Hong Kong ran counter to US expectations. Moreover,

³⁰ Stephen M. Walt, *The Hell of Good Intentions: America's Foreign Policy Elite and the Decline of U.S. Primacy* (New York: Farrar, Straus and Giroux, 2018); John J. Mearsheimer, *The Great Delusion: Liberal Dreams and International Realities* (New Haven, CT: Yale University Press, 2018).

³¹ Alastair Iain Johnston and Robert S. Ross, eds., *Engaging China: The Management of an Emerging Power* (New York: Routledge, 1999). The authors define engagement as “The use of non-coercive methods to ameliorate the non-status-quo elements of a rising major power’s behavior. The goal is to ensure that this growing power is used in ways that are consistent with peaceful change in regional and global order.” (p. xiv)

³² Remarks by Anthony Lake to the Japan-America Society, Washington, DC, 23 October 1996. Quoted in Joseph S. Nye, “China's Re-Emergence and the Future of the Asia-Pacific,” *Survival* 39, no. 4 (Winter 1997-98): 76.

China has embarked on a naval buildup program to transform the country into a maritime great power, thereby challenging US naval supremacy in East Asia. On international trade, Beijing has restricted market access and compelled American businesses into joint ventures and to transfer technology, while funneling preferential financing terms and subsidies to Chinese companies. Domestically, Beijing has harnessed surveillance technology to restrict civil and political liberties and has become more repressive of societal dissent. China has become more authoritarian and more resistant to demands for political liberalization. Thus, an increasing number of commentators view the U.S. policy of engagement with China as a failure.³³ John Mearsheimer minces no words: “Engagement may have been the worst strategic blunder any country has made in recent history: there is no comparable example of a great power actively fostering the rise of a peer competitor.”³⁴

Moreover, engagement also led to changes in US domestic politics. Trade and investment ties with China have significantly contributed to the outsourcing of jobs, the decline of manufacturing in the United States, and the widening income inequality. These economic shifts fueled a growing backlash against globalization, which, in turn, gave rise to populist movements like Trumpism in U.S. domestic politics. As a response, there has been increasing support for economic nationalism and protectionist policies, ultimately leading to the imposition of tariffs and other economic restrictions on China.

China’s rise has altered the structure of the international system, ending the era of unipolarity. The prospect of a rising state displacing the reigning hegemon generates significant

³³ See, for example, Kurt M. Campbell and Ely Ratner, "The China Reckoning: How Beijing Defied American Expectations," *Foreign Affairs* 97, no. 2 (March/April 2018): 60-70.

³⁴ John J. Mearsheimer, "The Inevitable Rivalry: America, China, and the Tragedy of Great-Power Politics," *Foreign Affairs* 100, no. 6 (November/December 2021): 48-58 at 50.

structural stress within the international system.³⁵ This structural stress was less evident when China was weaker and significantly lagging behind the United States, which allowed for a period of cooperation and engagement. However, with China’s growing power and revisionist ambitions now challenging U.S. primacy, Washington increasingly fears being overtaken.

Structural pressures are driving a shift in Washington toward a tougher policy on China. Policymakers and elites in the U.S. have increasingly recognized China as a peer competitor that threatens American primacy in global affairs. A bipartisan consensus is forming in Congress around the need for a tougher stance on China. This hardening of policy predates President Trump and is largely driven by structural factors.³⁶ Currently, the U.S. and China are undergoing a process of “decoupling” or “de-risking” their economies. As technological innovation is at the core of the competition for power, the Biden administration has imposed restrictions on the export of cutting-edge technologies, such as advanced semiconductors and chip-making machinery. In response, China is focusing on self-reliance and indigenous innovation. As a result, security competition between the U.S. and China has intensified.

Although Washington shrewdly avoids using the term “containment,” one can easily identify elements of containment in its Asia strategy. The Obama administration sought to “pivot” (“rebalance”) to Asia by strengthening ties with existing allies and partners including Japan, South Korea, the Philippines, Thailand, and Australia on the one hand, and moves to bolster trade and investment relations through the Trans-Pacific Partnership (TPP) on the other.

³⁵ Allison, *Destined for War*.

³⁶ For instance, US-China economic relations were already deteriorating before Trump took office. As Bob Davis and Lingling Wei note, “The trade and economic battle didn’t start with Trump and won’t end with him.” Bob Davis and Lingling Wei, *Superpower Showdown: How the Battle between Trump and Xi Threatens a New Cold War* (New York, NY: Harper Business, 2020), 6.

Unsurprisingly, Beijing saw the pivot strategy as a thinly veiled attempt at containing China.³⁷ The Trump administration's "free and open" Indo-Pacific Strategy follows a similar logic of containment, even though it unwisely abandoned the TPP and used indiscriminate tariffs to alienate US allies. China views the Indo-Pacific Strategy as containment. As the official *China Daily* editorializes, "The US Indo-Pacific strategy seeks to use political (emphasizing democratic values), economic (exclusive institutional economic and trade arrangements), diplomatic (strengthening bilateral alliances and sowing discord between China and other countries), military (joint military exercises and arms sales) and other means to co-opt China's neighboring countries to undermine China, contain China's rise, and ultimately maintain US hegemony."³⁸ Both the Indo-Pacific Strategy and the trade war with China are preventive measures that, at their core, reflect America's fear of being overtaken by China. In March 2023, President Xi Jinping openly accused the US of containing China: "Western countries led by the United States have implemented all-around containment, encirclement and suppression of China, which has brought unprecedented severe challenges to our country's development."³⁹

Taiwan's Rising Strategic Salience

As US-China security competition intensifies, Taiwan's strategic importance is growing. Taiwan matters to China for both nationalist and strategic reasons. China considers Taiwan a sacred territory. According to the Chinese narrative, Taiwan was lost to Japan in 1895 when China was weak and must therefore be recovered. President Xi Jinping and other Chinese leaders

³⁷ David Shambaugh, "Assessing the 'U.S.' Pivot to Asia," *Strategic Studies Quarterly* 7, no. 2 (Summer 2013): 10-19.

³⁸ "China's countermeasures to US Indo-Pacific strategy," *China Daily*, August 23, 2018, <http://www.chinadaily.com.cn/a/201808/23/WS5b7dfa64a310add14f3873d8.html>

³⁹ Keith Bradsher, "China's Leader, with Rare Bluntness, Blames U.S. Containment for Troubles," *The New York Times* (2023), <https://www.nytimes.com/2023/03/07/world/asia/china-us-xi-jinping.html>

have repeatedly proclaimed that the “great rejuvenation of the Chinese nation” will not be complete without Taiwan’s return. The regime’s legitimacy is closely tied to ensuring that Taiwan becomes an integral part of China. Beyond nationalism, Taiwan’s geographical location is crucial for China’s sea power and power projection capabilities, as the island sits at a critical node in the First Island Chain. Historically, China’s security cannot be guaranteed if Taiwan remains in hostile hands.⁴⁰ Absorbing Taiwan’s economic and military resources would shift the balance of power further in China’s favor, strengthening its power projection capabilities into the western Pacific Ocean.⁴¹

For Washington, Taiwan's geographical location on the front line makes the island even more critical. As China’s power and assertiveness grow, Taiwan’s importance in America's strategic calculus is rising. Taiwan can be seen as a vital interest to the United States for two key reasons: first, China is a peer competitor, and second, failure to defend Taiwan would severely damage U.S. credibility, which is itself a vital interest.

First, China is a peer competitor with the power potential to become a regional hegemon in East Asia. The primary objective of US foreign policy has long been to preserve its dominance in world affairs and to prevent the rise of a regional hegemon elsewhere.⁴² In this context, Taiwan is strategically vital to the United States. As of 2023, Taiwan's economy ranks 21st in the world. Crucially, Taiwan produces 90 percent of the world’s advanced semiconductors, which are

⁴⁰ Alan Wachman, *Why Taiwan? Geostrategic Rationales for China's Territorial Integrity* (Stanford: Stanford University Press, 2007).

⁴¹ Nancy Bernkopf Tucker, "If Taiwan Chooses Unification, Should the United States Care?," *The Washington Quarterly* 25, no. 3 (2002): 15-28; John J. Mearsheimer, "Taiwan's Dire Straits," *The National Interest*, no. 130 (2014): 29-39.

⁴² John Lewis Gaddis, *Strategies of Containment : A Critical Appraisal of Postwar American National Security Policy* (New York: Oxford University Press, 1982); Melvyn P. Leffler, *A Preponderance of Power: National Security, the Truman Administration, and the Cold War* (Stanford, CA.: Stanford University Press, 1992); John J. Mearsheimer, *The Tragedy of Great Power Politics* (New York: W. W. Norton, 2001).

essential for powering cutting-edge technologies. If China were to gain control of Taiwan, the balance of power would shift even further in its favor, undermining the U.S. Navy's and Air Force's ability to operate freely in the Philippine Sea. Notably, basing Chinese submarines in Taiwan's deep-water eastern ports would increase the vulnerability of U.S. naval vessels in the region, while the deployment of Chinese hydrophone arrays off Taiwan's east coast would enhance the PLA Navy's long-range targeting capabilities against U.S. warships.⁴³

Second, defending Taiwan is directly tied to US credibility in extended deterrence. In deterrence theory, credibility is a vital interest.⁴⁴ Failure to defend Taiwan would signal to U.S. allies that they cannot depend on American support. Avery Goldstein highlights why Taiwan is crucial to U.S. credibility: "The US vital interest at stake is the credibility of its public commitment to respond to challenges from a richer and more powerful China in the Indo-Pacific, most importantly to preserve the credibility of its commitment to key allies in the region."⁴⁵ Similarly, John Mearsheimer argues, "America's commitment to Taiwan is inextricably bound up with U.S. credibility in the region, which matters greatly to policy makers in Washington."⁴⁶

Although there is no unanimous consensus, Taiwan's designation as a vital U.S. interest has gained increasing prominence in recent years. The 2019 US Indo-Pacific Strategy Report stated that "The United States has a vital interest in upholding the rules-based international order, which includes a strong, prosperous, and democratic Taiwan." In 2022, US Assistant Secretary of Defense Ely Ratner emphasized, "Taiwan is ... critical to the defense of vital U.S. interests in the

⁴³ Brendan Rittenhouse Green and Caitlin Talmadge, "Then What? Assessing the Military Implications of Chinese Control of Taiwan," *International Security* 47, no. 1 (2022): 7-45.

⁴⁴ Glenn Herald Snyder and Paul Diesing, *Conflict among Nations : Bargaining, Decision Making, and System Structure in International Crises* (Princeton, N.J.: Princeton University Press, 1977), 456-457; Thomas C. Schelling, *Arms and Influence* (New Haven, CT: Yale University Press, 1966), 35-36.

⁴⁵ Avery Goldstein, "The Future of Responsible Nuclear Statecraft: New Era, Old Realities," (2023), <https://global.upenn.edu/perryworldhouse/news/future-responsible-nuclear-statecraft-new-era-old-realities>.

⁴⁶ Mearsheimer, "Taiwan's Dire Straits," 35.

Indo-Pacific.”⁴⁷ Similarly a 2023 Council on Foreign Relations task force argues that “the United States has vital strategic interests in the Taiwan Strait.”⁴⁸ Larry Diamond and James Ellis, Jr. also contend that “the defense of Taiwan’s democracy [is] a vital interest of the United States.”⁴⁹ The editorial board of *The Washington Post* echoes this sentiment, stressing that “detering Chinese designs on a democratic Taiwan is a vital American interest and a long-standing U.S. commitment.”⁵⁰

A More Dangerous Cold War

Cold War 2.0 has begun, and it is poised to be more dangerous than its predecessor because of China’s greater power potential, East Asia’s maritime geography, and the fervor of nationalism.⁵¹ First, China possesses greater power potential than the Soviet Union ever did. In 2022, China’s GDP reached \$18.3 trillion, amounting to 73% of the US GDP (a significant increase from 1990, when China’s GDP was only 7% of the US GDP).⁵² At the height of its power in the mid-1970s, the Soviet economy was about 57% of the US economy.⁵³ The Soviet population was roughly equivalent to US population, but China's population is four times larger than that of the United States. If China’s economy continues to grow at the current rate, it is

⁴⁷ US Senate Committee on Foreign Relations, "Statement by Dr. Ely Ratner, Assistant Secretary of Defense for Indo-Pacific Security Affairs, U.S. Department of Defense," (2021), https://www.foreign.senate.gov/imo/media/doc/120821_Ratner_Testimony1.pdf.

⁴⁸ Susan M. Gordon, Michael G. Mullen, and David Sacks, "U.S.-Taiwan Relations in a New Era," (New York: Council on Foreign Relations, 2023).

⁴⁹ Larry Diamond and James O. Ellis, "Deterring a Chinese Military Attack on Taiwan," *Bulletin of the Atomic Scientists*(2023), <https://thebulletin.org/premium/2023-03/deterring-a-chinese-military-attack-on-taiwan/>

⁵⁰ Editorial Board, "Whoever Wins, Taiwan’s Free Election Is a Defeat for China’s Autocracy," *The Washington Post*(2024), <https://www.washingtonpost.com/opinions/2024/01/11/taiwan-election-democracy-china-dictatorship-autocracy/>.

⁵¹ The following analysis draws on Mearsheimer, *The Tragedy of Great Power Politics*, 394-403; Mearsheimer, "The Inevitable Rivalry."

⁵² Eswar Prasad, "China Stumbles but is unlikely to fail," IMF, December 2023, <https://www.imf.org/en/Publications/fandd/issues/2023/12/China-bumpy-path-Eswar-Prasad#:~:text=Measured%20at%20market%20exchange%20rates,GDP%20it%20registered%20in%201990.>

⁵³ CIA, "A Comparison of the US and Soviet Economies," SOV 85-10175, October 1985, https://www.cia.gov/readingroom/docs/DOC_0000497165.pdf

poised to surpass the United States in the next decade or so. Since wealth is the cornerstone of military power, China will be able to build a military far more powerful than the US military. In short, China is a more capable adversary than the Soviet Union ever was to the United States.

As an economic powerhouse, China is the largest trading partner to over 120 countries.⁵⁴ China has leveraged its economic strength to build political influence over other countries through strategic trade and investment initiatives. Its flagship Belt and Road Initiative, which focuses on global infrastructure development, has enhanced its influence by fostering closer ties with recipient nations. Through this means of economic statecraft, China invests in infrastructure projects around the world, creating economic dependencies and expanding its geopolitical reach. As a result, countries benefiting from these investments often find themselves more aligned with China's political and economic interests.

Second, the geography of East Asia is more conducive to conflict than that of Europe. During the Cold War, the armies of both superpowers were amassed at the Central Front, in the heart of Europe, equipped with thousands of nuclear weapons. No leader was willing to initiate a conflict that could have destroyed human civilization, resulting in deterrence through mutually assured annihilation (MAD). In stark contrast, East Asia lacks a counterpart to the Central Front to anchor regional stability. Hot spots are dispersed across the Korean Peninsula, the Senkaku/Diaoyu Islands, Taiwan, and the South China Sea. Should a conflict break out in these areas, it would mainly be fought in open waters (except in the Korean Peninsula). The likelihood of these conflicts escalating to the nuclear level is much lower than it was in Europe during the Cold War. Consequently, the costs of potential wars in East Asia are significantly lower than

⁵⁴ Mark Green, "China Is the Top Trading Partner to More Than 120 Countries," The Wilson Center, January 17 2023, <https://www.wilsoncenter.org/blog-post/china-top-trading-partner-more-120-countries>

those in Cold War-era Europe. As the costs of war decrease, the likelihood of conflict increases. It is not hard to imagine a limited conflict between the United States and China involving only conventional arms, although the possibility of a nuclear escalation cannot be eliminated.⁵⁵

As the maritime domain becomes increasingly important, Chinese leaders have embarked on an all-out effort to build the largest navy in the world. With China's land borders relatively secure, Beijing can allocate more resources to expanding its naval capabilities. In 2012, Chinese leader Hu Jintao laid out the goal of turning China into a "maritime great power" in his work report to the 18th CCP Party Congress. Upon assuming power, Xi Jinping leaves no doubt that sea power is critical to China's national strength. In an internal speech to the Central Military Commission in 2013, Xi states, "History and experience tell us that a country will rise if it commands the oceans well and will fall if it surrenders them. A powerful state possesses durable sea rights, and a weak state has vulnerable sea rights.... We must adhere to a development path of becoming a rich and powerful state by making use of the sea."⁵⁶ This emphasis on sea power enhances China's power projection capabilities, putting it in direct competition with the US Navy.

Third, the new Cold War between the United State and China will be more dangerous because of nationalism. In the modern era of nation-states, nationalism is an extremely powerful ideology that can mobilize the population, foster a strong sense of national loyalty, and inspire collective action towards national goals. Chinese nationalism today is bound up with the Century of Humiliation. In Beijing's narrative, China is portrayed as a victim of rapacious imperialist powers from the Opium War (1839-42) to the end of World War II in 1945, having suffered great

⁵⁵ Mearsheimer, *The Tragedy of Great Power Politics*, 395-397.

⁵⁶ Quoted in John W. Lewis and Xue Litai, "China's Security Agenda Transcends the South China Sea," *Bulletin of the Atomic Scientists* 72, no. 4 (2016): 212-221 at 216.

losses in national rights and sovereignty. Avenging past humiliations and restoring national pride remain central goals for the Chinese military and foreign policy elites. The world witnessed this nationalist force on display during the accidental bombing of the Chinese embassy in Belgrade during the 1999 Kosovo war (the Chinese believed the bombing was deliberate), the collision between a US EP-3 spy plane and a Chinese jet fighter near Hainan Island in 2001, and the anti-Japanese demonstrations across Chinese cities over the disputed Diaoyu/Senkaku Islands in 2012-13. The intensified security competition between Washington and Beijing will fuel this nationalism and heighten China's hostility toward the United States and Japan.⁵⁷

Nationalism aside, there is another emerging ideological dimension that can exacerbate the new Cold War. US-China rivalry is increasingly portrayed as a contest between democracy and autocracy. Each side believes its political system is superior to the other. This dichotomy fuels mutual suspicion and enables threat inflation. The US champions democratic values such as individual freedoms, rule of law, and human rights, while China emphasizes the efficiency, stability, and economic growth associated with its authoritarian model. This ideological clash not only aggravates bilateral relations but also shapes global alliances and the strategic landscape, as countries around the world are pushed to one camp or the other.

Conclusion

Changes in the distribution of power are the main driver of US-China relations. In the unipolar era, the preponderance of power the United States enjoyed as well as the disappearance of great power politics enabled Washington to treat China as a potential partner. US leaders adopted a liberal policy of engagement, aiming to assist China's growth, believing that a stronger

⁵⁷ Mearsheimer, *The Tragedy of Great Power Politics*, 399-403.

and more prosperous China would benefit American interests. However, as China's power increased, US perceptions shifted, with growing numbers of Americans viewing China as a threat. The fear of being overtaken by China gradually heightened security concerns in Washington, eventually reaching a tipping point. This shift prompted a more confrontational US approach, encompassing economic, military, and diplomatic strategies aimed at countering China's rise. Trade wars, increased military presence in the Indo-Pacific region, and alliances with other countries to balance against China are manifestations of this new strategy. Consequently, the US-China relationship has transformed from one of cautious cooperation to one defined by strategic rivalry and competition.

The cause of this shift is structural, not individual. Changes in the international structure created permissive conditions that allowed leaders to choose their policy preferences. Armed with new capabilities, Beijing can now act on revisionist intentions that it previously lacked the means to achieve. Fearing being overtaken, Washington has increasingly shifted from a policy of engagement to one of containment to preserve its primacy in international affairs. In an anarchic international system, power shifts inevitably trigger intense security competition, heightening the risk of conflict. At stake is the domination of the global order and the power to set the rules and norms that govern international relations. In this context, Taiwan is becoming strategically vital to the United States. As the US and China vie for supremacy, their strategic rivalry could reshape the geopolitical landscape, with profound implications for global stability and economic dynamics. Given China's power potential, the strategic geography of East Asia, and the fervor of Chinese nationalism, this new Cold War is likely to be more dangerous and unpredictable than its predecessor.