

THE ECONOMIC POLICIES OF THE US AND TRADE WAR WITH CHINA

Aasia Arshad

M. Phil. Scholar (International Relations) University of Management and Technology, Lahore, Pakistan
aaazia0705@gmail.com

Jalal UD Din Kakar

M. Phil. Scholar (International Relations) University of Management and Technology, Lahore, Pakistan
jalalkakar63@gmail.com

ABSTRACT

This article highlights the dynamics of US China trade war. It provides the political, military and economic efforts of these countries to save their interests in the region through this conflict. This research tries to find out the answer of research puzzle that “When the US and China already have deep economic interdependence then why they have involved in trade war against each other”? This research has employed qualitative methodology within the post positivist paradigm. The lens of Strategic Hedging Theory is applied to find the answers of research questions. For Data Analysis directed content analysis with more focus on manifest approach has been applied. The core findings of the study are that the continuous diplomatic and political engagement can bring peace. Trade war has resulted in a sharp decline in bilateral trade. The policies and political vision of china is to acquire the position of Chen One in the globe. The US is considering China as a threat to its hegemony. It's endeavoring to enhance bilateral and multilateral as well as political, economic and defense deals with allies and rivals to undertake Chinese growth and progress.

Key words: Strategic Hedging, Politics, Hegemon, Economy, Trade War, China, United State of America.

INTRODUCTION

A trade war is an economic conflict occurs subsequently from intense protectionism in which states elevate or generate tariffs or other trade barriers against each other in reaction of the trade obstructions framed by the other state.

The trade war of the era between the US and China had been initiated by the US president Donald Trump on August 18, 2017, when the USTR pledged an investigation into particular moves, policies and enactments of the Chinese government regarding the technology transfer, intellectual property and innovation. The United States as an economic power holds a major share in global imports and exports and is a leading military power in the world. It is spending a considerable part of its annual budget on military and defense. It has gradually achieved the status of a political, cultural and scientific international power. Its supremacy is being challenged by the emerging economy China which is contesting the US in terms of GDP and purchasing power parity (Szalay, 2019).

As it possesses a mixed economy, the currency of America is the money most used in global transactions and is the world's leading reserve currency backed by the military, economy and the American Petrodollar system while linking with Eurodollar. China, Canada, Mexico, France, India, Japan, Germany, South Korea, United Kingdom and Taiwan are the largest US trading partners. The events that lead it to become a an economic power are free trade agreements with several nations, including NAFTA, USMCA, trade negotiations with major economic strengths, and the expansion of its economy from colonial era to the present. The insistence is on economic efficacy and how it was influenced by new technologies, particularly those that enhanced productivity, the main source of economic growth (Cohen, 2014). Substantial increase in China's economic influence in recent decades has not only shrunk American stake in global production but also transform the geopolitical terrain of the world. This situation threatened the

absolute supremacy of America and leads to the growing imbalance in bilateral trade which later on proceed to the biggest trade conflict among both economic powers.

The US Grand Strategy for 21st Century

The main components of American grand strategies are as follows.

Primacy

Grand strategy of primacy is supported via US, s military potential to perform solely, and, if it's anticipated national concerns are at bet, work out of the liberal order's laws. Primacy is established on the conviction that the US is best dealt by protecting its partners somewhat having them serving it for themselves, offshore balancers consider a balance of power approach dispenses the costs and risks of defending allies (Posen, 2014).

Offshore Balancing

It's not only a policy adopted in complex situations but also the most appropriate option in the world scenario where US is the most powerful state. The supporters of offshore balancing debated that hegemonic primacy enhances American susceptibility to geopolitical repercussion, offsetting great power unions, amasses Islamic extremism and terrorism, and disaffects communal belief containing within European allies. An offshore balancing strategy would permit the United States to withdraw from its current global military commitments and assume an over-the-horizon military posture. In such strategy, the United States would abstain from significant participation in security affairs abroad except to avert a state from endowing hegemony in what offshore balancers spot as the world's three pivotal strategic regions: Western Europe, Northeast Asia, and the Persian Gulf (Mearsheimer & Walt, 2016).

Liberal Internationalism

This is basically a foreign policy doctrine to argue that liberal countries should interfere in other sovereign states for the pursuance of liberal objectives. Akin intervention can contain both military incursion and humanitarian support. Diverse mixtures of protectionism, nationalism, fields of influence and regional great authority projects are given way to global array. It's been observed that the synthesis of offshore balancing and liberal internationalism is the supreme grand policy choice accessible to Washington (Crowley, 2013).

Rather the strategic option of American liberal hegemony, constructed around open polygonal trade, it's described by its pledge to a 'managed' open global economy. America initiated its endeavors to agape the global market economy and develops institutions and organizations that might institute a sturdily open international order. WTO was established in 1990s replacing GATT as a supranational organization. The cause was to resolve trade disputes and to foster liberal values. Establishing and preserving what John Ikenberry identifies a "liberal international order". The liberal democracies would be at the center of this structure, promoting trade through GATT and afterward the WTO. The shift of liberal internationalism to liberal hegemony is not a transition from an American to a Chinese hegemonic order neither is a return to multi polarity nor a 'rise of the non-West'. Relatively, it is merely a steady diffusion of power absence from the West (Ikenberry, 2018).

Indo Pacific Policy of the USA

The demise of American hegemony and the rise of China have considerably increased the implication of Indo-Pacific region. This region has turned into the center of gravity of world's political and economic interests. The "Indo-Pacific" asserted by Trump means that India, the US, and other main Asian democratic states, particularly Japan and Australia, will unite in curbing China in the new agenda of growing "Cold War" affects. The ascend of the region of Asia-Pacific has modified the temperament of control and strategies in the international scenario, significant character of this locale is for the reason that equally India and Beijing (rising great powers) exists in the region, a invigorated position of Japan, the part of unique authority America and growing security and economy apprehensions of Asia pacific particularly in the Pacific and Indian Ocean (Mayilvaganan, 2014).The OBOR of China along with its deep pocket policy and the deployment of equipped naval Forces in Indian Ocean have transferred the hub of various dominant powers, particularly America towards Asia. Altogether the reservations and risks to US hegemony, the allies too have threats from the Trump's policy of America First and China's policy of Deep Pockets and created infidelity too (Ejaz, 2018).

Research Puzzle

This study tries to find the answer of the following main research puzzle:

- When the US and China already have deep economic interdependence then why they have initiated trade war against each other?

Theoretical Framework

Theoretical lens explains the trial of a research and surfaced it decisively in theoretical paradigms. The general aim of the framework is to make research more expressive, adequate to the theoretical erection in the research discipline and guarantees generalization. It enriches the pragmatism and accuracy of a research. It also explains the facts and occurrences, drag connections and make predictions. Existing knowledge, observations and ideas are being based upon them. In this research Strategic hedging theory has been applied. This theory will explain that how America and China are trying to hedge each other through the trade conflict. The US wants to maintain its hegemony whereas the rapid economic and military advancements of China have created substantial threats for not only the global hegemony of America but for its title of superpower too. This is the reason it's initiated this trade war. The US is continually increasing tariffs; blaming China for intellectual property theft, trade protectionism and currency manipulation. In the present scenario all both of the actors are trying to hedge each other to get their desired economic, political and military objectives through the tools of economic pragmatism, engagement and balancing.

RESEARCH METHODOLOGY

Vision of the United States

Populace in 35 plus countries and economies, is underpinned on values that have based upon peace and prosperity in the Indo-Pacific for eras. The National Security Strategy and the National Defense Strategy of US articulate its vision to challenge and succeed in recent environment. Open, free and mutual trade, attractive investment auras, good governance, and autonomy of the seas are aims shared by all who want to flourish in a free and open prospect. American Department of Defense upholds options that support enduring peace and prosperity for all in the region. It's been ensured by administration that accept policies or actions that endanger or destabilize the rules-based international order will not be accepted. The policy that benefits all nations will be adopted. The foreign policy of the US is embedded with the pursuance of deep global engagement, liberal internationalism, open economic opportunities, provision of global public goods, liberal hegemony, interventionist policy and a policy for seeking hegemony. The establishment of a new world order while setting up several international and supranational organizations, US asserted influence upon the conduct of international affairs. It was authorized by the IMF and World Bank to constitute international economic and financial customs and norms. Having NATO as a military alliance with expansion into Eastern Europe, carrying economic and military preeminence, entrance of China into WTO with the imposition of liberal economic policies US contain the power of global leader (Medcalf, 2019).

Since the Obama administration a new encompassing idea came to be articulated the purported "pivot" or "rebalance" to Asian region. A concluding element of that pivot to Asia was the conciliation of the Trans-Pacific Partnership, along with a twelve-nation free trade agreement initiated in 2005. However, Trump withdrew from the pact while criticizing it during the 2016 campaign (Auslin, 2018).

Challenges to American Vision and Hegemony

Since last decade, American rank as the super power has visualized constantly unstable. The reasons entrenched with the invasions of Iraq and Afghanistan, international economic instability, non-traditional security risks, the evident spread of illiberal politics and authoritarianism along with the augment of emerging powers from the Global South that led several to forecast the end of Western hegemony on the global stage. Rising and re-emerging powers such as Russia, China, Japan, India, Turkey and South Africa are also posing threats to American supremacy. The perception of China as being the contender to replace the United States because of double digit economic progress and swift development in military modernization is no more doubtful. The extension of Chinese military into the SCS exposed it's want for increased regional influence at the cost of international law and practices. A nation with the projection of

becoming world's largest economy by 2050 has disseminated the new valor of its Army with huge live-fire military exercises. It continues to prosecute economic war on the US, using hackers and spies to swipe vital economic information. The US undoubtedly has granted more in foreign direct investment (FDI). Here again China has been increasing its FDI by backing infrastructure schemes in Africa, Asia, and South America. Another existential threat to American hegemony is China's Belt and Road Initiative (BRI) that aims to incorporate Syria and Afghanistan, deepening Chinese concerns in the greater Middle East domain. It holds significance for Beijing's 21st century designs and involves raising infrastructure including railroads, highways, bases and ports around the globe with an eminent focus on Eurasian states. BRI poses a noteworthy strategic threat to U.S. gains that now extends across the globe.

Providing Beijing with the sources to pursue the great rejuvenation of the Chinese state and support China's ambitions of at least regional, if not global, hegemony. BRI has been proved as a geostrategic weapon against the US. Additionally China's militarization efforts the scale of BRI, Xi's increasingly authoritarian tenet, and China's coercive economic strategy require it. All above has led many to suppose that China is destined to recommence its historical status as the most influential country in the world. Causing mounting national security threats on multiple fronts for America, Russia remains the most urgent threat. According to some analysts, with its interference in elections and expanding weapons programs, Russia has instigated a cosmic propaganda and disinformation movement in Europe to weaken the liberal democracies that have resisted its expansionist agenda, dynamically backs armed militias in Ukraine, and executes provocative military practices and patrols(Thomas Costigan, 2018).

Regarding Middle East, tensions with Iran strike boiling point due to a US airstrike on a senior Iranian general. North Korea as a rouge state with new nuclear weapons has posed threat for the US. Recent satellite imagery showed activity at two bases pointed that North Korea is enduring to develop long-range Inter Continental Ballistic Missiles (ICBM). Another existing menace is a crumbling global system where previous alliances are no longer assured. Global alliances are changing, bearing new, unpredictable challenges. Turkey has been a member of NATO for decades, the easternmost partner of the alliance established as a bulwark against Soviet hostility. Under President Erdogan, Turkey has become increasingly close to Russia's Putin, and disassociated itself from the US. A recent report showed the downfall of traditional US alliances as one of its top perils for 2020 (Parisot, 2017).

Since WW2 the US dollar became and stays the global reserve currency. This position in international trade and investment has given the United States the capability to implement hegemonic power around the globe. The hegemony of the United States may not be in danger and the power is really not shrinking in the face of rising challengers and competitors.

US-China Economic Relations

The journey from a strategic partner to strategic competitor and an economic rival is manifold, complex and varies from positive to extremely negative due to being a potential adversary as well as a strong economic collaborator. Economic relations and assistance grew swiftly after 1980. Looking into the history one can analyze that throughout the Cold War, counter-Soviet plan tied the United States and China, and after it was business interests that bounded the both. Later, starting from the Korean War, Vietnam War, the launch of Strategic Economic Dialogue after 9/11, China's emergence as the largest US foreign creditor, the rising trade tensions in 2012 and later chained by blame on china as a human rights violator in Xinjiang, there is a series of conflicted issues all through the decades (Mori, 2019). In 2019 US hold the position of world's largest economic power. And the alliance during Pacific War, got inflicted in Chinese Civil War, chained with the issues in Korean War and did not maintain for 25 years, till Nixon's visit to China. Relations later strained underneath Obama's Asia pivot strategy. (Churchill, 2020)

Since 2017, bilateral deals among both powers have declined by 15%. China was a main currency manipulator from 2003 to 2014. China earned more than \$300 billion yearly to defy upward progress of its currency by artificially keeping the dollar exchange rate of the stronger than of renminbi. Obama administrations was pressurized by indigenous leaders within to keep a hard-line stance against Beijing and induce them to raise the rate of their currency, that later lead President to impose tariffs on Chinese imports until China appropriately values its currency. China was designated by US treasury as a currency

manipulator in August 2019. Though, it eradicated the designation on 13 January 2020, as part of endeavors to reach a trade agreement on the current trade war (Rappeport, 2020).

Strategic Objectives of the US

The interest of the United States according to Kennedy during 1963, “is best served by preserving and protecting a world of diversity in which no one power or no one combination of powers can threaten the security of the United States”. According to the National Security Strategy of the year 2002 of White House’s overtly states: “Our army will be strong enough to deter budding adversaries from pursuing a military build-up in wishes of surpassing, or competing, the power of the United States. Likewise, Quadrennial Defense Review (QDR) of the Pentagon of 2006 presents to the America surely “find to guarantee that no external authority might enforce the conditions of local or international security. The effort to deter any competitor from mounting troublesome or other potentials will be taken seriously. Foreign policy of America aspires to conserve its international ascendancy and avert the augment of a continental authority in Asia or Europe. Henry Kissinger emphasized once, “It is in the national interest of the US to defy the effort of any power to rule Asia”. Indeed, the logic of ‘rivalry’ has exalted concerns in both hegemonies about the panoramas of an added Cold War. Pompeo in Europe rallied leaders to take a harder stance with Beijing. Pompeo summoned the free world to approach together to persuade China to change communist China and the free world future.

US China Trade Relations in Trump Era

The trade war among America and China in the Trump period has developed into a momentous occasion in the global economy. The relations among the two powers deteriorated piercingly under President Trump by whom China was labeled as a "strategic competitor" in the 2017 in the national security strategy. The fight for economic espionage, Huawei ban case, China as a human rights abuser, visa restrictions for Chinese students and scholars and the allegation on China as a currency manipulator escalated the tensions among both powers. Michael D. Swaine warned in 2019, "The regular positive and optimistic interests, forces and beliefs that maintained bilateral relations for decades are giving way to excessive pessimism, antagonism, and a zero-sum approach in almost every area of engagement. By May 2020 relations had crumbled as both sides were recruiting partners to hit the other regarding responsible for the worldwide COVID-19 pandemic. Trump clarifies his move asserting "I fully understand the 'one China' policy, but I don't know why we have to be hurdled by a 'one China' policy except we make a contract with China having to do with other commitments, including trade. China imposed punitive tariffs on 128 categories of American supplies in 2018 in reprisal for the Trump Administration’s national-security levies on steel and aluminum imports. The Beijing’s response is measured, upsetting \$3 billion in annual trade or about 2% of U.S. goods exports to China. Later, the Trump Administration had placed tariffs (25% tax increase) on \$250 billion worth of Chinese goods, in an attempt to equalize the trade imbalance between the two countries. In September 2019, China dropped from first place to third being America’s leading trading partner (Bodeen, 2018).

The relation took a positive turn when both partners agreed to sign a trade deal titled as the US China phase one trade deal in January 2020. The unique was that this deal did not confide on arbitration via any intergovernmental institution like WTO, but through bilateral machinery. No further initiative has been witnessed yet after the phase one.

For the US, China emerged as a large and rising export marketplace, even though copious trade and investment obstructions lingered. Besides, though intellectual property rights remained and continued to be a concern among the two in the 1990s, the US defeated to make excellent at the time on its menaces to enforce sanctions on China for its meager level of IPR protection. It appears that the highly harmonizing trade relations between the two foiled the escalation of IPR issues (Hur, 2018).

Strategic Hedging Model of Great Powers

US against China

Economic pragmatism					Engagement					Balancing								
Diplomatic		Political			Economic		Econogagement					Econobalancing						
ext	bilat	int	bilat	int	External		Binding Engagement			Risk Contingency		Hard/ Soft	Negative			Positive		
					Multilateral	Bilateral	dip	pol	eco	Avoid Dependency	Eco-Div		dir	ext	Int	ext	dir	Int

Fig12. Strategic Hedging Model of Great Powers

***ext External *int Internal *bilat Bilateral *dip Diplomatic *pol Political
*eco Economic *dir Direct**

Economic Pragmatism

To the U.S., the growth of China is an inevitable reality and the U.S. has started to assume pragmatically about the prospect of co-prosperity and co-existence with China. A massive manufacturing giant had surfaced with a prosperous financial sector that permitted it to fund for the reform of Europe with the Marshall Plan. With growing access to financial reserves, technology and overseas supplies, China has been appointed in a steady, still gradual military innovation program. China’s growing economic sway has deeply augmented Beijing’s diplomatic clout, enabling it to reach out to resource rich developing countries (Pei, 2006).

Chinese merchandisers and individuals enlisted in the Department of Commerce’s “Entity List” and are disallowed from making purchases in the US or from US enterprises. Observing the US surcharge regarding Hawaii ban the Chinese technology supplier Huawei was put on the Entity List in mid-May 2019. As economic pragmatism is the deepening bilateral economic cooperation to facilitate domestic development so is followed by USA regarding his relations with Singapore, Switzerland, Russia, and European Union and enacting its agreement on trade and economic cooperation with Brazil. The tariffs are in retort to what the US says are unfair trading practices by China. When Washington pronounced China a currency manipulator, long-building trade anxiety among two economies spread to the incendiary realm of currencies with possibly huge outcomes for the global monetary system should the escalation persist? That clash imitates Trump’s denial of the consensus of global financial policymakers, which articulates countries should be open to set monetary policies aspired at generating maintained growth, even if that makes their currency to decline.

As China has wide trade relations with EU, USA is engaging and influencing Italy, France, Germany and Britain to obstacle their trade relations. France and the U.S. have kept a common stance in combating international terrorism. Leaders of the two powers discussed concerns that included counter-terrorism and the war in Syria, but have few issues especially in trade, immigration and climate change. The United States is one of Italy’s most significant trade collaborators, with two-way trade in products and services in 2019 valued at \$103.112 billion). The United States and the United Kingdom divide the world's biggest foreign direct investment partnership. America is trying to limit Chinese penetration in Middle East and Africa with the help of France and UK. Chinese export subsidy policy is being hindered by USA. Since a couple of decades china has given a striking rise to its trade and investment with Africa. Ultimately US have enhanced its strategic engagement with African regions and with the Middle East too. This is a pragmatic approach of US to hedge China's penetration in African region (Rózsa, 2020).

Econonagement

If talk about the Communist China and the Free World's Future then it is generally considered that there are always two prevalent choices for Washington's China strategy embedding with the tools of containment and the engagement. There is a two-pronged transitional objective of engagement: to associate Beijing hooked on the customs of apposite global moves, and to support it democratize while having broad bindings in several fields. America is trying to revolve China into a responsible stakeholder whereas it equally prevaricate its hedges by bettering the capability of cohort states of America. Specific policy outcomes echo the ambiguity in America about Beijing's upcoming objectives and potentials. Engagement as a tool for hedging strategies is being used by USA in its policy during Hong Kong unrest. United States is asserting plenty of economic and diplomatic leverage to influence Hong Kong to minimize China's sway and pressure. To hedge China US has strengthened its relations with India through indo US strategic partnership. According to a dialogue among defense ministers the trilateral relations of both USA and China with Japan has been elevated gradually. This in sum has become a mixed bag for the two with regular irritants and hurdles materializing from complaints of dawdling liberalization to immigration, visa and immigration and trade strictures (Lippert, 2020). United States identified the government of PRC of China as the sole legal government of China acknowledging the Chinese position that there is no but one China and the Taiwan is a part of China. Engaging the ties and overcoming the threats from China, US imposed visa restrictions on Chinese officials accusing them for a string of abuse against Uyghur.

The issues concerning energy security, the Iranian nuclear issue, regional alliance structures, and the "Arab Spring" are configured by the super power. The Syrian issue, the hostility in bordering Iraq, and the emergence of new transnational terrorist movements such as the so-called "Islamic State," has displayed the U.S. foreign policy machinery with latest and unanticipated challenges. As the triumphant hedgers promote their competitive capabilities whilst ignoring conflict or confrontation with the region's prevalent power so is the strategy of Washington. The US security umbrella offered a low-cost entrance into the Gulf and Middle East. American administration enhances partnerships by seeking new ways to mend fences in U.S. Middle Eastern relations (M Salman, 2017).

This is believed that US has desired to reiterate its regional pledges, the stability of its revived engagement has been progressively scrutinized in multiple Asian capitals. Chinese aims and intentions in the region of Asia Pacific, most importantly in the maritime sphere are affecting Asian Countries strategic and security insights along with particular security reactions (Atanassova-Cornelis, 2017)

While intending for Southeast Asia, the analysts agreed that the sub region has implemented a twin stratagem of deep engagement with China along with, soft balancing against possible Chinese aggression or intrusion of the status quo. USA is preserving its interest by investigating the territorial security strategies of three main states: Vietnam, Thailand, and Singapore. In this prospect, engagement policies of the US could be assumed as a productive hedge against conceivably aggressive Chinese dominance. USA is preceding and trying to sabotage china's deals with EU countries. Specifically the regions of Italy, Germany and France are of special concern. Washington is implying its hedging policies by offering them alternative deals on very reasonable terms and conditions(Goh E. , 2006).

Econobalancing

Within the global relations thesis, the conception of balancing is sometimes vague but generally entails the forging of counterbalance strength against a possibly hegemonic or threatening power. It's a situation that is possibly understood as desirable to one in which a leading power is unchallenged (Goh E. , 2006). USA is potentially using the tools of hard balancing as well as the soft. Soft balancing is characterized with non military measures such as economic, diplomatic, and institutional means in order to holdup, frustrate, or undercut a stronger player(Moritz Pieper G. G., 2017).

Washington is also boosting its security in three other ways as by strengthening economic ties to develop internal balancing proficiencies of individual states and to aid the region as a whole expansion and avert overdependence on China (Goh, 2006). Besides the political economic sphere US is persuading the hard and direct balancing maintaining and enhancing its military capabilities. The de facto anticipation is

that Washington wishes to balance against China on the foundation that a rising China is threatening for regional and global stability.

US acquired its enhanced maritime strategy to blockade the ports at time of war and with its increase its airpower to allow American aircrafts to hit Chinese armed and civilian capitals whilst posturing out of range of Chinese defense access. It too has largely increased its military spending to tackle with the substantial conflicts of Iraq and Afghanistan. While in South Asia, US has admitted India's nuclear standing and shifted to empower bindings among the major strategic collaborator (Wang, 2006).

After 2017, the Trump administration authoritatively ended the engagement strategy against China and moved to competitive policies comprised of direct balancing however, it has not yet espoused a qualified, hard-balancing policy. During 2016, the Pentagon choose to install the Terminal High-Altitude Defense Missile system to South Korea while in 2019, deployment of two littoral combat ships took place in Singapore. In a 2019 study, Campbell identified that the antagonism between Beijing and Washington is that of two economic models instead of the Cold War-style ideological and military rivalry. Both are now engaged in a competition to construct dual-use abilities in cyber and AI that can transform the face of war. In 2018, The United States institutes a Joint AI Centre under the Department of Defense to expedite the deliverance of AI-enabled capabilities. Security tussle about employment of AI among both powers has already been started. (Zhen Han, 2020). America's defense deal with Taiwan has also been initiated to compete China's hegemony in the region and to support neighboring states of China. This is a kind of indirect balancing employed by Washington.

Kai He and Huiyun Feng apply the soft balancing model to observe U.S. policy about China in post-cold War scenario. According to their analysis US didn't counterfeit current military coalitions to hold Beijing as it executed to restrain the current Russia throughout the Cold War (Allison, 2017).

US India strategic commitment is strife to hedge China utilizing the tool of balancing. India has inked a military partnership agreement with Washington. Both have enhanced and expanded combine military trainings that include the not-so-sparsely named "Tiger Triumph". Their war loads can be seen among the Filipinos and Japanese along the South China Sea (Maria, 2019). Along with all above attempts United States made progress by relocating its forces in the Asian Pacific Region. The greatest military power felt threats from Beijing to its hegemony in the region and pursued to preserve its supremacy. If talk about external /indirect balancing US is giving economic aids to its allies, transferring military technology to allies, arranging joint defense and military exercises with strategic partners. It is consistently drafting defense and strategic agreements to balance and hedge the competitor. Extensive arms buildup and increased military spending is the tool of internal direct balancing employed by the United States. Comprehensive Sanctions on Iran in 2010 and later and on Venezuela in 2019 are the action in this series.

CONCLUSION

America that holds the worlds quarter GDP and 29.4% of the total wealth of the world ,the leading military power, and is a chief political, cultural, and scientific force globally has proved itself as rector in technological modernization. Its status of being the world's biggest importer and the second-largest exporter of supplies has been challenged by the emerging great power China. It's been analyzed that China is gradually replacing the stature of America. America's vision and grand strategy of 2021 is an assortment to hedge emerging economic power and to maintain its hegemonic standing. The assertions taking through tools of economic pragmatism, balancing and engagement all are ingrained to secure national interests and objectives. American protectionist plans, engagement with ASEAN countries and Japan, defense and strategic agreements with South Asian States and enhanced trade relations around the globe are its maneuvers to sustain its hegemonic status.

REFERENCES

- Atanassova-Cornelis, E. (2017). Strategic concerns of the US and China , regional hedging and the evolving security order in the Asia-Pacific. *semantic scholar*, 6-8.
- Auslin, M. R. (2018). The Question of American Strategy in the Indo-Pacific. *Hoover Institute*, 28.
- Bodeen, C. (2018). *China's Xi warns Trump of 'negative factors' hurting US ties*. Al Jazeera press.

- Churchill, O. (2020). US officials now call Xi Jinping 'general secretary' instead of China's 'president' – but why?". *South China Morning Post*, 34-35.
- Cohen, B. J. (2014). *The Future of Money*, . Washington: Princeton University Press.
- Crowley, L. (2013). US-grand-strategy-options. *ir.info*, 35.
- Ejaz, K. a. (2018). U.S. Indo pacific policy: Response of regional states . *Research Gate*, 175.
- Goh, E. (2006). *Meeting the China Challenge:The U.S. in Southeast Asian Regional Security Strategies*. Washington: East West Center.
- Hur, N. (2018). Historical and Strategic Concern over the US-China Trade War: Will They Be within the WTO?. *Journal of East Asia and International Law*, 393-394.
- Ikenberry, G. J. (2018). The end of liberal international order. *Scholar Princeton*, 7-15.
- Kapustina, L. (2019). US-China Trade War: Causes and Outcomes. *Shs publications*, 34-35.
- Lippert, D. B. (2020). *Strategic Rivalry between United States and China*. Berlin: swp-berlin.org.
- Maria, A.-H. (2019). "U.S. and India, Wary of China, Agree to Strengthen Military Ties". *The New York Times*, 85-86.
- Mayilvaganan, M. R. (2014). *Asia-Pacific Power Dynamics: Strategic Implications and Options for India* . India: NIAS Report.
- Mearsheimer, J. J., & Walt, S. M. (2016). The Case for Offshore Balancing". *Foreign Affairs* . ISSN , 28-32.
- Medcalf, R. (2019). *Indo-Pacific Visions: Giving Solidarity a Chance*. Melbourne: La Trobe University Press.
- Mori, S. (2019). China Becomes World's Second-Largest Economy. *The Diplomat*, 43-47.
- Moritz Pieper, G. G. (2017). Hedging in the Middle East and China-U.S. Competition. *Researchgate*, 583.
- Parisot, J. &. (2017). American Hegemony and the Rise of Emerging Powers: Cooperation or Conflict. *Research gate*, 4-5.
- Pei, M. (2006). Assertive Pragmatism China,s Economic Rise and its impacts on Chinese Foreign Policy. *ifri.org*, 5-9.
- Posen, B. R. (2014). Restraint: A New Foundation for U.S. Grand Strategy. *Cornell Studies in Security Affairs*.
- Rappeport, A. (2020). U.S. Says China Is No Longer a Currency Manipulator. *The New York Times.*, 6-9.
- Rózsa, E. N. (2020). Deciphering China in the Middle East. *iss.europa*, 3-4.
- Statista. (2019). *US-China trade deficit since 2004*. Statista.
- Szalay, J. (2019). Facts, Biography & Naming of America. *merigo Vespucci*.
- Thomas Costigan, D. C. (2018). *The US dollar and its challenges: American hegemony in the 21st century*. Washington: onlinelibrary.wiley.com.
- Wang, D. Y.-K. (2006). *China's grand strategy and US Primacy: is china balancing American Power?* Taiwan: The Brookings Institutes.
- Wikipedia. (2020). *Real GDP Growth of America since 1980*. MGM Reaserch.
- Zhen Han, T. V. (2020). China's Rise and Balance of Power Politics. *The Chinese Journal of International Politics* , 1-26.