

## Global Trade War: *“If That Takes a Decade, So Be It!”*

*A telling statement of Trump’s economic adviser Larry Kudlow about the U.S.-China Cold War*

by Michael Pröbsting, International Secretary of the Revolutionary Communist International Tendency (RCIT), 9 September 2019, [www.thecommunists.net](http://www.thecommunists.net)

Regular readers of our publications will know that the RCIT has pointed out for a long time that the acceleration of the inter-imperialist rivalry between the Great Powers is a key feature of the present historic period. The most important element of this development is the Cold War between the U.S. and China as the two largest and most influential Great Powers. <sup>1</sup>

As we have demonstrated in numerous documents, the Global Trade War, which started in March 2018, is a crucial element in this Cold War between the old, decaying hegemon (U.S.) and the new, ascending power (China). <sup>2</sup>

A recent statement by Larry Kudlow, the White House economic adviser and a key figure in the trade war cabinet of the U.S. Administration, confirms our analysis once more. Speaking to reporters, Kudlow said that although the United States and China have been negotiating on trade and intellectual property issues for 18 months, that was a short period of time in terms of what was at stake and negotiations could go on much longer: *“A deal of this size and scope and central global importance, I don’t think 18 months is a very long time. (...) The stakes are so high, we have to get it right, and if that takes a decade, so be it.”* <sup>3</sup>

Furthermore, Kudlow compared the trade conflict between the U.S. and China with the Cold War between Washington and Moscow which began after World War II and lasted until 1991. *“I remember President Reagan waging a similar fight against the Soviet Union. (...) Sometimes you have to stick with it. And I think you will find this president’s commitment is unlimited because he believes he is defending the country and its workers and its security. (...) President Trump has persuaded people in America of the*

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<sup>1</sup> The RCIT has published numerous books, pamphlets and articles on the rivalry between the imperialist powers. See on this e.g. our recently published book by Michael Pröbsting: *Anti-Imperialism in the Age of Great Power Rivalry. The Factors behind the Accelerating Rivalry between the U.S., China, Russia, EU and Japan. A Critique of the Left’s Analysis and an Outline of the Marxist Perspective*, RCIT Books, Vienna 2019. The book can be read online or downloaded for free here: <https://www.thecommunists.net/theory/anti-imperialism-in-the-age-of-great-power-rivalry/>. On the RCIT’s analysis of China and Russia as emerging imperialist powers see the literature mentioned in the special sub-section on our website: <https://www.thecommunists.net/theory/china-russia-as-imperialist-powers/>.

<sup>2</sup> The RCIT’s documents on the Global Trade War have been collected at a special sub-page on our website: see <https://www.thecommunists.net/worldwide/global/collection-of-articles-on-the-global-trade-war/>; the latest essay is by Michael Pröbsting: *The Point of No Return Seems to Have Been Passed. Intensified Global Trade War, currency war and arms race open a new stage in the U.S.-China Cold War*, 7 August 2019, <https://www.thecommunists.net/worldwide/global/point-of-no-return-in-u-s-china-cold-war/>

<sup>3</sup> Quoted in David Lawder, Roberta Rampton: *U.S.-China trade conflict could take years to resolve: Kudlow*, September 6, 2019 / <https://www.reuters.com/article/us-usa-trade-china-meetings/us-china-trade-conflict-could-take-years-to-resolve-kudlow-idUSKCN1VR1S7>

importance of this. This is a major economic security issue, this is a major human rights issue and maybe, most of all, it's a major national security issue." <sup>4</sup>

### **The meaning of Kudlow's statement**

Kudlow's remarks should be taken seriously since he distinguishes himself from his boss by two things: a) he can think and b) he can articulate coherent sentences. His statement is an official acknowledgment how silly Trump's famous statement has been ("*Trade Wars are easy to win*"). However, the purpose of this article is not to make jokes about the 24/7 clown who evokes mockery and ridicule nearly on a daily basis.

True, Kudlow's analogy with the Cold War between U.S. imperialism and the Soviet Union is only partly correct since the USSR was not an imperialist power. It was rather a degenerated workers state where a Stalinist bureaucracy dictatorially ruled a country which had its economic basis in planned, non-capitalist property relations. <sup>5</sup> It was only after the collapse of Stalinism in 1989-91 that the USSR ceased to be such a degenerated workers state. <sup>6</sup> During the 1990s Russia experienced a traumatic process of capitalist restoration and social decay which, however, resulted eventually in its emergence as a new imperialist Great Power. <sup>7</sup> In contrast, China was able to combine the restoration of capitalism in the 1990s with the continuation of the dictatorial state apparatus led by the "Communist" Party. <sup>8</sup>

However, one should not expect a Marxist class analysis of an economic advisor of the U.S. monopoly bourgeoisie!

We think that Kudlow's statement is remarkable since it reflects a full acknowledgment of the deep, systemic character of the Global Trade War and its long-lasting nature by a serious representative of

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<sup>4</sup> Quoted in The Associated Press: White House Adviser Compares China Trade Talks to Cold War, Sept. 6, 2019, <https://www.nytimes.com/aponline/2019/09/06/us/politics/ap-us-white-house-china-trade.html>

<sup>5</sup> For the Trotskyist theory of the Stalinist states we refer to Leon Trotsky: *The Revolution Betrayed* (1936), Pathfinder Press 1972. The RCIT's analysis is summarized in chapter II in our book Michael Pröbsting: *Cuba's Revolution Sold Out? The Road from Revolution to the Restoration of Capitalism*, Vienna 2013, <https://www.thecommunists.net/theory/cuba-s-revolution-sold-out/>. See also Yossi Schwartz: *Was the People's Democratic Republic of Yemen a Deformed Workers State?* August 2015, <https://www.thecommunists.net/theory/south-yemen/>

<sup>6</sup> We have analyzed the restoration of capitalism in various places. See e.g. Michael Pröbsting: *Cuba's Revolution Sold Out? The Road from Revolution to the Restoration of Capitalism*, August 2013, RCIT Books, <https://www.thecommunists.net/theory/cuba-s-revolution-sold-out/>; see also chapter VI (dealing with capitalist restoration in North Korea) in the above mention book Michael Pröbsting: *World Perspectives 2018: A World Pregnant with Wars and Popular Uprisings*; concerning capitalist restoration in China we refer to Michael Pröbsting: *The Great Robbery of the South* (Chapter X).

<sup>7</sup> See on this Michael Pröbsting: *Russia as a Great Imperialist Power. The formation of Russian Monopoly Capital and its Empire*, Special Issue of *Revolutionary Communism* No. 21 (March 2014), <https://www.thecommunists.net/theory/imperialist-russia/>

<sup>8</sup> See on this Michael Pröbsting: *China's transformation into an imperialist power. A study of the economic, political and military aspects of China as a Great Power*, in: *Revolutionary Communism* No. 4, <http://www.thecommunists.net/publications/revcom-number-4>; see also a document which we published in our predecessor organization LRCI: *Restoring Capitalism in China* (2000), <https://www.thecommunists.net/theory/restoring-capitalism-in-china-2000/>

U.S. imperialism. It reflects that Washington is fully aware of the fact that China has become a Great Power able to challenge the imperialist hegemon which dominated the capitalist world for nearly ¾ of a century! It reflects that U.S. imperialism considers China as a worthy rival which it expects to be capable of resisting the pressure of Washington for at least a decade.

This mean, translated into the language of Marxism, that Washington recognizes the fact that China is not a weak capitalist state but rather an imperialist Great Power.

### **The failure of many socialists to understand the China Question**

In other words, leading representatives of U.S. imperialism are capable to understand what many socialists still fail to recognize! It is a regrettable fact that a number of Trotskyist organization still refuse to recognize the imperialist nature of China but rather claim that it would be something qualitative weaker (e.g. a semi-colonial or sub-imperialist state). Hence they believe that China is a weaker power than Japan, Germany of France despite the fact that China has become the undisputed number one or two in the fields of economic power, trade, capitalist monopolies, billionaires, etc. <sup>9</sup> (See the Tables in the Appendix.)

It is high time for these comrades to correct this significant error! As we have said numerous times, the precondition for a correct understanding of world developments lies in recognition of the imperialist nature not only of the old powers – the U.S., Western Europe and Japan – but also of the emerging imperialist powers, China and Russia. Such a recognition, in turn, is the precondition for Marxists to take a consistent revolutionary and anti-imperialist stance in conflicts between the Great Powers like the U.S. and China.

Consistently thought through, a position which views China and Russia as semi-colonial or sub-imperialist states would obligate socialists to side with these powers against the U.S., Japan or the European Union. Indeed, some Semi-Stalinists and so-called “Trotskyists” arrive to such pro-Eastern social-imperialist conclusions. Such people are lost for the cause of socialism as they have crossed the barricades and serve an imperialist class enemy.

Fortunately, a number of socialists refuse such devastating tactical conclusions and oppose siding with Moscow and Beijing. However, they justify this by claiming that no serious conflict between the U.S. and China (or Russia) would exist. However, it is increasingly impossible to defend such a misconception. The reality of the new Cold War – as we can see in substantial economic sanctions, tariffs, armament race, military provocations etc. – confirms the Marxist thesis of the accelerating rivalry between the Great Powers!

True, Washington, Beijing, Brussels, Moscow and Tokyo often collaborate against the international working class and the oppressed people. However, there exists no united “super-imperialist” world alliance. This is a misconception originating from the German revisionist Karl Kautsky against which Lenin sharply polemicised. In fact, we rather see an irremovable antagonism between the imperialist

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<sup>9</sup> For a critique of the analysis of China and Russia by various Trotskyist organizations see the chapters IX-XI in our above mentioned book “Anti-Imperialism in the Age of Great Power Rivalry”.

Great Powers which unavoidable results in repeated clashes and conflicts between the U.S., China, EU, Russia and Japan. In the long run, such antagonism between the Great Powers could result in World War III if the international working class does not succeed in time in overthrowing the capitalist class.

Recognizing these dynamics of the world situation is essential for all socialists and constitutes a crucial basis for uniting the revolutionary forces today in the struggle for a socialist future that will liberate humanity from the heel of the imperialist powers in both the East and West!

## Appendix

**Table 1. Great Powers' Share in Aggregate GDP and Exports of Goods & Services, 2016 and 2018** <sup>10</sup>

	<i>(Percent of total for world)</i>		
	<i>GDP (MER, 2016)</i>	<i>GDP (PPP, 2018)</i>	<i>Exports of Goods &amp; Services (PPP, 2018)</i>
United States	24.6	15.2	10.1
China	14.8	18.7	10.7
Japan	6.5	4.1	3.7
Germany	-	3.2	7.6
France	-	2.2	3.6
United Kingdom	-	2.2	3.4

**Table 2. National Composition of the World's 2000 Largest Corporations, 2003 and 2017 (Forbes Global 2000 List)** <sup>11</sup>

	<i>2003</i>		<i>2017</i>	
	<i>Number</i>	<i>Share</i>	<i>Number</i>	<i>Share</i>
USA	776	38.8%	565	28.2%
China	13	0.6%	263	13.1%
Japan	331	16.5%	229	11.4%
United Kingdom	132	6.6%	91	4.5%
France	67	3.3%	59	2.9%
Canada	50	2.5%	58	2.9%
Germany	64	3.2%	51	2.5%

<sup>10</sup> The first column represents figures for GDP measured by Market Exchange Rate (MER) in the year 2016. Figures for Germany, France and UK are not available in this statistic. (Source: Eurostat: The EU in the world 2018 edition, p. 68). The second and third column represent figures calculated in Purchasing Power Parities (PPP) in the year 2018. (Source: IMF: World Economic Outlook: Growth Slowdown, Precarious Recovery, Washington, April 2019, p. 135)

<sup>11</sup> Forbes Global 2000 List (2017), <https://www.forbes.com/global2000/list/45/#tab:overall>

**Table 3. The Rich and the Super-Rich by Country, 2018** <sup>12</sup>

Country	Wealth Range (in Million US-Dollar)					
	1-5m	5-10m	10-50m	50-100m	100-500m	500+m
United States	14,520,885	1,855,679	902,736	50,144	19,253	1,144
China	3,094,768	235,858	132,701	10,113	5,690	708
Japan	2,627,845	125,377	51,947	2,478	1,027	71
United Kingdom	2,247,529	124,244	56,535	3,125	1,422	117
Germany	1,985,627	127,157	63,678	4,078	2,042	203
France	2,002,967	99,252	42,117	2,087	886	64

**Table 4. World Nuclear Forces, 2018** <sup>13</sup>

<i>Country</i>	<i>Deployed Warheads</i>	<i>Other Warheads</i>	<i>Total Inventory</i>
USA	1,750	4,435	6,185
Russia	1,600	4,900	6,500
France	280	20	300
China	–	290	290
UK	120	80	200

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<sup>12</sup> Credit Suisse Research Institute: Global Wealth Databook 2018, October 2018, p. 125

<sup>13</sup> SIPRI Yearbook 2019, Armaments, Disarmament and International Security, Summary, p. 11