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Are We in a New Cold War?

By Loro Horta

SYNOPSIS

In recent years, [some analysts](#) have referred to the growing rivalry between China and Russia on the one hand, and the United States, on the other, as a new Cold War or a second Cold War. Depicting this great power rivalry as another Cold War will detract from the complexities and strategic implications of the contestation. This can have dire consequences as wrong analogies can lead to wrong policies.

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There are numerous factors that make the current great power rivalry quite different from the Cold War that took place from 1947-1991 between the United States and the Soviet Union and their respective allies.

China More Affluent than the Soviet Union

The most obvious of these is the fact that China is a far more powerful and affluent country than the Soviet Union ever was. The Soviet economy was a centrally planned economy; highly inefficient and trading mostly with similar economies in Eastern Europe and in the developing world such as Cuba and Angola. Soviet trade with noncommunist states was minimal.

China's economy on the other hand could be described as [state capitalism](#) characterised by strong state intervention and control over strategic sectors such as energy, communications and security related industries. While the Chinese state plays a major role in regulating the economy, the private sector is also significant. China is home to the largest [number of billionaires](#) while hundreds of private Chinese companies operate on a global scale. There was never a Soviet Jack Ma, let alone a Yang Huiyan, until 2021 Asia's [richest woman](#).

China's Interests more than Ideology

While there is an ideological dimension to the current rivalry between the United States and China/Russia, it is not as relevant or as critical compared to the Cold War when the rest of the world was by and large aligned with either the Western bloc or the Soviet bloc. Unlike the Soviet Union, today's China goes beyond the desire to expand and spread communism. The strategic interest of China is more than shoring up leftist or communist regimes around the world.

Presently, China is the largest trading partner of more [than 120 countries](#). Its largest trading partner is in fact its main rival, the United States, and despite simmering political tensions and tit for tat tariffs between them, bilateral trade in 2022 [reached US\\$538.8 billion](#), the highest since 2018.

All the major US allies, such as the EU, Japan, South Korea and Australia, have China as their main trading partner. Before the COVID-19 pandemic, China was the biggest lender to countries in Africa and Latin America, regions once dominated by the West. China's foreign and economic policies are broad in nature, and are motivated by [pragmatism](#) and profit, not ideology. This partly explains why China has done little to assist anti American regimes in Latin America such as Cuba and Nicaragua.

Soviet aggression in Europe during the Cold War and the creation of Soviet-style regimes in eastern and central Europe paved the way for the emergence of the North Atlantic Treaty Organization (NATO). Today, the EU has refused to follow the US in an openly confrontational policy towards China, preferring instead a [middle ground](#) policy to engage China on some issues while confronting it on others such as human rights. While China's assertiveness in the South China Sea and on Taiwan has led to a reinvigoration of US alliances, it is unlikely that an Asian NATO will emerge.

China More Militarily Powerful than the Soviet Union

Militarily, China is emerging as a far more formidable power than the Soviet Union ever was. China now possesses the world's [largest navy](#), which is still expanding rapidly. China also possesses the world's largest Coast Guard, fishing fleet, merchant fleet and is the [biggest shipbuilder](#) on earth. The Soviet Union was, for most of its existence, an isolated land power, containing itself – by imposing outmoded restrictions on travelling and on foreign investors – as much as it was contained by the US.

Conclusion

From this roundup, it is clear that the current geopolitical contest between China and Russia on the one hand, and the United States, on the other, is far more complex than that of the Cold War. As such, US strategies to deal with China and Russia must be different from those that it used to confront the Soviet Union if they are to be successful.

A US [containment](#) policy alone would not work as most countries, including its allies, will not support it. Even countries like Indonesia, which has a long history of suspicion and animosity towards China, have been reluctant to [jeopardise relations](#) with Beijing.

While there has been an increase in domestic control and in restrictions on foreign investments, China is unlikely to take the Soviet road. As its Belt and Road Initiative ([BRI](#)) demonstrates, China has no plans to isolate itself from the world. Indeed, it has plans to take on the world. However, should China choose to turn inward and to adopt more of the Soviet way, it will be doing its opponents a favour.

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