The New York Times | https://www.nytimes.com/2026/01/21/opinion/us-china-cold-war-tariffs-trump.html

NEWSLETTER

David Wallace-Wells

America Is Waving the White Flag in the New Cold War

Jan. 21, 2026

By David Wallace-Wells
Opinion Writer

What a difference a year makes.

Last January, as Donald Trump stormed back into the White House, spoiling for a trade war and backed by an army of credentialed China hawks, it seemed a pretty safe bet that his return would mean an escalation of America's great power rivalry with Beijing, what foreign-policy people had long since taken to calling, loosely, the New Cold War.

In 2026, the country is in a remarkably different place geopolitically. China may loom in the background, but in the foreground we've had an unlawful military operation in Venezuela, an explicit play to take over Greenland and bully Europe, and threats against hostile governments in Cuba and Iran. A year of hostility toward Canada has driven that country into China's arms — our brotherly neighbor and most loyal ally breaking formation with us and striking an electric vehicle trade deal that looks like such a departure, it's been described as "making China great again."

Some of these actions may be motivated by great power rivalry. In others, perhaps, history is intervening and scrambling grand plans, and in still others we may be seeing the consequences of sheer diplomatic incompetence and shortsighted bluster. But another possibility is in the mix, too: that we are entering a new phase of a new cold war, one in which other global priorities have displaced a bipartisan Beltway obsession after more than a decade of steadily escalating conflict with the world's other leading power.

After first making an aggressive show on tariffs, the Trump administration has quickly retreated from the trade war, such that tariffs on China are now lower than those the U.S. imposed, for some reason, on India. The administration has also loosened artificial intelligence chip export restrictions that were imposed, nominally, on national security grounds. The National Security Strategy that inspired all the talk of a "Donroe Doctrine" relegated China to a secondary priority, devoting much more time to the homeland, the border and the culture wars of Western Europe.

If you'd like, you can divine a China logic behind the operation in Venezuela and the pursuit of Greenland. But when asked whether America's unilateral action meant that China should feel empowered to move on Taiwan, Trump said casually that it was up to President Xi Jinping to decide. He struck a similar note when asked about the decision to open Canada to Chinese electric vehicles by Prime Minister Mark Carney, who this week delivered a stemwinder of a speech at Davos declaring the American-led rules-based liberal order — which he acknowledged was always partly a self-serving fiction — was dead. The speech earned a standing ovation. And when asked about Carney's deal with Xi, Trump said it was a "good thing" that America's nearest ally had instead made a deal with our longtime adversary. In fact, Trump added, "that's what he should be doing."

Is this détente? Time will tell, but for now at least it marks a cool-down. And the story is bigger than our capricious president and his eternal desire to mesmerize us with surprise shows of smash-and-grab power. Over the last year, among foreign policy thinkers well outside of Trump's orbit, there has been what the China commentators Jeremy Goldkorn and Kaiser Kuo identified as a "vibe shift," with an intuitive rivalry with the world's other great power giving way to a complicated tangle of attitudes held together by simple awe. For a long time, American thinking about China was driven by hawks who insisted that the rival must be defeated, however defeat was defined. That perspective is still common; in fact, just last week, the China scholar Leland Miller, who recently served on Congress's U.S.-China commission, described the possibility that the Chinese would cure cancer as a "nightmare scenario." But what had been a broad consensus has fractured, with many more policy wonks beginning to ask instead whether we might ever catch up, and contemplating the possibility that, while the future is enormously uncertain, the answer may well be no.

You may already know the broad outlines on green tech: China is now installing roughly two-thirds of the world's new wind and solar capacity each year, manufacturing inputs to the green transition at such scale and driving down the cost of such components so quickly that the developing world is now rushing to buy them at breathtaking speed. China manufactures 60 percent of the world's wind turbines and in 2024 installed nearly 20 times as much wind power as the world's second largest installer; it commands more than 70 percent of global production for E.V.s; and, despite relatively good news in the battery sector for the United States, China produces approximately 90 percent of that global market, too. If you measure the progress of civilization by its electricity production, then China is racing well ahead of the rest of the world.

American hawks, eying the future of warfare, often complain about the disparity in drone manufacturing, with China producing about 70 percent of the world's commercial drones and, according to American defense analysts, superior military versions as well. (The Times's recent editorial series Overmatched is a very good showcase of these anxieties.) The gap in robotics is another sore spot, with China installing almost nine times as many robots as the United States did in 2024. China has much less military experience than America does, as critics of American military adventuring like to point out. But just last year the United States failed to achieve real victory against the Houthis (though the defeat was often downplayed), and periodically, we hear about military planning exercises, which suggest that the Pentagon cannot find a way, even in a war game, to prevail in a conflict over Taiwan.

Every China watcher has a favorite talking point. A year ago you heard economic patriots emphasizing the American advantage in A.I., but China seems to have effortlessly almost eliminated it: Last fall, Jensen Huang of the American chip powerhouse Nvidia said that China was poised to win the A.I. race, before softening his official position. Chinese companies ran nearly one third of all clinical trials in 2024, up from 5 percent just a decade ago, and the total value of drugs licensed globally from China has grown 15-fold in just the last five years.

There are those who fret over China's massive research and R&D spending, and its new appeal for international researchers and its rapidly growing share of top scientific publications. A certain kind of hardware geek likes to highlight the Chinese advantage in shipbuilding: By tonnage, more commercial vessels were built by China's state-owned Shipbuilding Corporation in 2024 than the United States has managed to construct in total in the 80 years since the end of World War II.

And then there is the country's astonishing pace of urbanization, with the number of people in Chinese cities more than doubling — from 450 million to over 900 million — just since 2000. If you worry over our housing crisis, and especially if you blame the slowdown in American construction for it, you may be startled to hear that more than two-thirds of all Chinese housing has been built since the turn of the millennium — and that more than 90 percent of Chinese own their own homes.

Maybe the built environment offers the most obvious contrast: all those high-speed rail lines, miles-long bridges and elevated roadways snaking through skyscraper cities. And a kind of latent China envy has animated much of the liberal reform movement known as "abundance." The law professor David Schleicher has been a central figure in the academic wing of that intellectual coalition; when he was asked what kinds of infrastructure projects might excite enough American popular enthusiasm to justify federal exemptions from the country's restrictive regulatory and bureaucratic culture, he answered, "Think of whatever China's doing, and then imagine it on an American scale: a giant new subway system, a new big highway, a big transmission system, big pipelines."

The economic historian Adam Tooze likes to talk about the coming of a second China shock, an inverse of the first, this time with Westerners begging to be integrated into Chinese supply chains. But we may already be living through a different kind of shock, a decade long, in which American wonks and policymakers hardly know what sense to make of a rival power rising so suddenly. And seeming to humiliate the American imperium along the way.

In certain ways, this shock blinds us to the shortcomings of any "Chinese century" thesis. And however futuristic the cityscapes of the Pearl River Delta look, those shortcomings are many. Ironically, the American vibe shift on China is that it has taken hold just as the Chinese future has begun to look more uncertain, too.

In the big picture, China's population is already shrinking, with recently released data showing truly shocking declines in the birthrate and some longer-term projections suggesting that by the end of the century it may not even be much larger than that of America. As the economics commentator Noah Smith suggested in response, China may have already peaked — not just for population but for "the robots, the electric cars, the bullet trains, the air taxis, the buildings covered in LEDs, the bubble tea chains and the fast fashion and the pay-with-your-face apps and Xi Jinping's stupid book in every office."

The Chinese economy may still be growing faster than the American one, and though nominal U.S. gross domestic product is higher, certain adjustments can make China's economy rate out as larger. But China is growing much more slowly than it used to, even according to official data, with less official estimates looking considerably bleaker, and many structural problems obvious to observers both domestic and foreign. Progress in high-tech industries has not produced windfall profits but something like the opposite, with competition producing bankruptcies alongside innovation and shrinking margins even for surviving firms. The youth unemployment rate is terrifically high, and young Chinese adults do not seem to be ecstatic future-forward hustlers, exactly. Instead, they're exhibiting the same Gen Z patterns familiar in the United States and across Western Europe: exhaustion, nostalgia, frustration and despair.

And there are some intuitive explanations for the spectacular scale of Chinese infrastructure buildout that do not credit some unique Chinese advantage, cultural or otherwise. About 15 years ago China reached roughly the per capita G.D.P. threshold that the United States hit in the 1960s, during the buildout of the interstate highway system, when American know-how and state capacity made its imperious engineering the envy of the world.

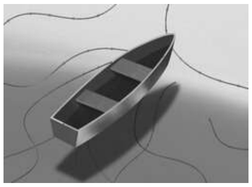
I don't pretend to know how it will all shake out, on the global stage or even in the halls of Washington think tanks. But after a decade of steady intensification, America's story of its rivalry with China has taken a turn, with Beltway hysteria giving way to something more subdued, uncertain, even insecure.

Two decades ago, many Americans assumed that the Beijing model could not sustain a challenge to American hegemony without collapsing under its internal contradictions and shortcomings. One decade ago, China hawks began to fret that much more needed to be done to box out the rising power. And though it still isn't consensus and there is still plenty of competitive hysteria, over the last year we've begun to hear many more wondering whether the race has already been lost.

This shift is pretty disorienting for a country as cocky as this one, as Kuo wrote recently in the Ideas Letter, in an essay he called "The Great Reckoning." "We have witnessed not merely the rise of another great power, but a fundamental challenge to assumptions long embedded in Western thought — about development, political systems, and civilizational achievement itself," he wrote. "We simply haven't yet found the intellectual courage to face it."

Or perhaps we are just now beginning to — some growing fatalistic, others envisioning a world defined less by imperial rivalry than by balance, others by lashing out against old allies and former adversaries in a desperate performance of strength against those we remain confident we can intimidate and overwhelm.

We Can’t Diet and Exercise Our Way Out of the Next Pandemic



To Understand America’s Border Surge, You Have to Look Elsewhere

The Haves and Have-Nots Are, Once Again, at War