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Chinese Threat to U.S. Economic Supremacy: Changes in Power Balance (2001-2018).

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Declaration

We hereby declare that the substance of this dissertation is entirely the result of our investigation and that due reference or acknowledgement is made, whenever necessary, to the work of other researchers.

Date: 16/06/2019

Signed: 1.

2.

Dedication: 1

First and foremost, this Dissertation is dedicated to my parents for their love and support throughout my life. Thank you both for giving me the strength to reach my dreams.

It is also dedicated to my husband, Ameer BENSaad, and my daughters, Ritadje and Layane, who have always been a constant source of inspiration during the challenge of my Dissertation.

I dedicated my humble effort to my friend Naima, and all my dearest friends.

Romaïssa BOUazzara

Dedication: 2 ---

*I dedicate this work to my loving parents, all my family members,
who gave me all the love, care and support in my whole life.*

*I would also give a special thanks to my nephew Islam for standing
by my side in every step in my life.*

*I would not forget my best friend Romáissa, and to all dear friends
and colleagues.*

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Abstract

The rapid growth of China and relative descent of the United States lead to a debating point of power transition, and more precisely the nature of the Sino- American relation, the uncertain future that will shape the history of the twenty first century, whether China will present an enemy jeopardize the U.S. supremacy or stability remains the striking feature of that relation. This requires a deeper study and analysis of the two greatest worldwide powers, especially nowadays with China massive growth and influence in which it is considered as the first competitor who will be able to threaten until now the U.S. predominance in the international world order. Therefore, this present dissertation aims to examine the different perspectives and international relation theories of China's economic threat to American supremacy with a special focus on economic interdependence and mutual strategic mistrust. The first chapter is considered with the historical background of the China-U.S. relations with analysis of their economic status, the second chapter presents the principal theories of international relations that explain and analyse the Sino- American relation also the problem of perception and misperception. Finally yet importantly, the third chapter draws attention to the future of China-US economic relations, and the most likely expected scenarios of the Sino-American relations.

List of Abbreviations

U.S. : The United States

GDP : Gross Domestic Product

MFN : The Most Favoured Nation

PRC : People's Republic of China

CPC : The Communist Party of China

NDRC: National Development and Reform Commission

GFC: The Global Financial Crisis

PBC: People's Bank of China

CCCP: Commercial Compliance and Consumer Protection

S&ED: Strategic and Economic Dialogue

PPP: Purchasing Power Parity

WTO: The World Trade Organization

JCCT: Joint Commission on Commerce and Trade

OECD: Organisation of Economic Cooperation and Development

BIT: Bilateral Investment Treaty

USD: United States' Dollars

RMB: Renminbi

FDI: Foreign Direct Investment

CIC: China Investment Corporation

M&A: Mergers and Acquisitions

PLA: The People's Liberation Army

TPP: The Trans-Pacific Partnership

CCP: The Chinese Communist Party

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General Introduction

General Introduction

After the end of the Second World War, the United States (U.S.) and the Soviet Union emerged as the two World's largest powers. Various circumstances brought them into confrontation, but the Cold War, temporarily, restructured the global order, and took America on the apex of the hierarchy. Nevertheless, less than half a century, China turned out to be the most pressing power challenging American economy.

Hence, the world today is undergoing major developments and changes. The international economic relations indicate that every country is affected by the surrounding countries, the success or failure of any country depends on the strength of its economic relations with other countries. In a world of globalization and multi polarization, all the countries become one entity and this increases integration worldwide as the case of Sino-American relations. Most researchers agreed that both China and U.S. benefits from trade and economic cooperation.

Notwithstanding, this relation has witnessed a remarkable increase, it faces many challenges, various areas of agreement, consensus, and disagreement. China becomes the world's second largest economy as it dominates manufacturing, exports and more importantly the U.S. trade deficit. Thus, tensions between the two economic countries especially the Trade War confirm the issue of Chinese threat to U.S. predominance.

Therefore, China –U.S. relation was always an important issue discussed in the American media and their policy makers, also a matter of debates among liberal and realist's schools. Today's news are almost about Trump's policies towards China especially the Trade War, which motivates us to make further researches about this topic.

Moreover, many researches had been done concern China's threat. Our task is to resolve the dispute over China's threat through studying and analyzing the different perspectives to determine whether Chinese rising star presents really a threat to American economic supremacy as the realists claim, considering the sleeping giant as an enemy jeopardizes the U.S. or

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cooperation and stability will shape the Sino-American relations, viewing China as a strategic partner as the liberals believe, taking into consideration the U.S-China economic policies and its implications from 2001 to 2018.

Hence, the following three interlinked research questions will be central to the study:

- . What are the characteristics of U.S.-China economic relations?
- . Does China's rise present a real threat to the U.S.'s economic supremacy?
- . What are the possible scenarios of these relations in the coming thirty years?

Not long ago, many scholars and researchers attempted to analyze the present as well as to predict the future scenarios. Some of them advocated the Sino-American relations have economically interdependent which necessitate stability whereas others predict an inevitable conflict between the two giants. Based on that, it is hypothesized that:

- . The U.S.-China economic relations are categorized by cooperation at the same time competitions.
- . There will be some form of power transition between the U.S. and China in the next two decades or so.
- . Trump administration's policy towards China as well as the resurgence of Sino-Russian relations are a clear threat to the U.S. hierarchy.

In that context, there are many international relation theories dealing with China's rise that can be categorized into two main schools: the Realistic pessimistic camp and the Liberals optimistic internationalism camp. Therefore, as America is the world's largest power, the economic reality of China's rise presses a challenge to America's supremacy. Thus, realists and liberals predict the future of Sino-American relation. On the one hand, Liberals believe that the conflict is not helpful to the greatest economies of the world because of their economic

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interdependence ties, which mitigate the conflict. On the other hand, each of which have to ease the tensions and work towards mutual cooperation (Goldstein). As Henry Kissinger, an American think tank and a government official, states that China's rise does not necessitate any conflict. He argues that it would better for the U.S. sharing its power with China to avoid any inevitable tension (40).

Paradoxically, China and the U.S. economic ties are too strong, china continues rise economically as well as socially, which will be as equal as America's economic power or even stronger on the years ahead (Nye). Thus, China attempts to address the world's major power, which leads to the American fall and confirm China's threat. Therefore, Realism, which is eventually contrasted to liberalism, states that China's economic rise presents a real threat to U.S. hierarchy. For that reason, competition and conflict between the two world's greatest economies are very expected on the next decades. Paul Kennedy, a British historian specialized in international relations and economic power strategies, states that often the fall or the rise of any great power is highly related to its military strength. Though, nowadays the economic growth disposes the rise or the decline of any nation (Subramanian, 66). Consequently, the Chinese economic power presents a risk to the America's international world structure.

No doubt, the power gap between the U.S. and China narrows down and the Sino-American relations based on partnership ties, at the same time there are competition signs that may destabilize the bilateral relations, which realize China threat to U.S. world's order. This dissertation, which is divided into three chapters, addresses the economic power of China and how this power would restructure the global order as well as threatens the American supremacy in the upcoming thirty years. The first chapter is concerned with an overview of the Sino-American relations from the establishment of People's Republic of China (PRC) until 2018, in parallel the U.S. economic history and how these two giants reach their status to be the two largest worldwide economic powers and competitors. The second chapter tackles the most

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important international relation theories through analysing the perspectives of the realists and the liberalists concerning China immense growth that challenge the U.S. economic predominance. Besides, this chapter covers the economic interdependence between the two countries. The third chapter shifts to figure out some implications that each script of China-U.S. relations, with a special focus on Trump administration's policy towards China and the trade war. In addition, it addresses the Sino-Russian resurgence, and how these relations threaten the U.S. affairs. This dissertation attempts to use both analytical and comparative methods to get insight into the economic bilateral relationship from 2001 to 2018.

**Chapter One:
An Overview of Sino-American
Relations**

1.1 Introduction

Sino-American relation is one of the most important international bilateral relationships. It is characterized by its complexity; as there were a lot of confrontations and collisions on one hand, cooperation and competition on the other hand, as it is said, “Instability is an important characteristic of the China-U.S. relationship and embodies the superficial nature of the friendship between China and the United States” (Yan, 130). Thus, the following chapter introduces an overview of the Sino-American relations in the past 50 years, in which, it emphasizes on the economic history of the U.S., as well as, the realities of China’s rise in order to highlight the convergence and divergence of U.S. China ties.

1.2 The U.S.’s Economic History

The economic history of the U.S. is about characteristics of and significant developments. Nonetheless, the economic growth rates of the U.S. recorded lots of slowdowns and breakdowns, that there were raised to a huge, assimilated, industrialized economy that made up the U.S. around one-fifth of the world economy. Hence, the U.S. followed four deferent stages before being the world’s largest national economy in terms of the Gross Domestic Product (GDP) (Mintz, 15–28).

1.2.1 The 20th Century’s Recessions Era

Notwithstanding, several serious recessions appeared in the early of the century such as the Great Depression of the 1930s, the government reinforced the economy by cutting taxes or spending heavily itself and by fostering rapid growth in the money supply, in which the consumers would spend more as well as encouraged spending. Furthermore, between the 1930s and the 1980s, new ideas about stabilizing economy were transformed; from the New Deal era in 1933 to the Great Society of the 1960s, home policy makers depend on financial policy to

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influence the economy. Besides, during the two world wars, the U.S. advanced better than the rest of the combatants because none of those wars was fought on the American provinces. Yet, even for the U.S., the wars meant sacrifice. At the peak of Second World War, nearly 40 % of U.S. GDP was devoted to war production because the U.S. economic products were largely made for military purposes and nearly all relevant inputs were allocated to the war effort. As there were lots of goods were restricted, wages and prices controlled and various consumer goods were no longer produced (Bentley, 97).

Nevertheless, the U.S. economic growth recorded significant turning back rates during the output crises 1957-58, when GDP fell 3.7%, following the oil crisis recessions in 1973, and a 3.1% fall from 1973-75, also GDP dropped by 2.9% in the 1981-82 recession. Recently, it occurred recessions that have included the 1990-91 downturn, when the production fell by 1.3%, and the 2001 recession fell by 0.3%. However, the worst recession in the recent decades occurred during the financial crisis of 2007-09, when GDP fell by 5.0%. Yet, the most vigorous, sustained periods of growth, took place from 1961-69, with an increase of 53%, and from 1991-2000 of 43%, also from 1982-90 of 37% (Knotek et al., 5–33).

1.2.2 The 21st Century's Serious Recessions Era

However, the U.S. economy experienced a significant improvement during the Bush and Obama administrations, the most serious recession occurs during the era; in 2000, it expanded from 31% to 52% in 2009 and 77% of GDP in 2017, which was graded forty-third highest out of 207 countries. Income inequality peaked in 2007 and decrease during the Great Recession, hitherto still classified the forty-first highest among 156 countries in 2018 (Agency, 99–121), but it was evident a bubble in stock valuations had occurred, such that beginning in March 2000, the market would give back some 50% to 75% of the growth of the 1990s. The economy worsened in 2001 with 2,3 % according to GDP and unemployment and business failures rising

substantially, and triggering a recession that is often blamed on the 09/11Attacks in 2001. Through 2001 to 2007, the red-hot housing market across the U.S. fuelled a false sense of security regarding the strength of the U.S. Economy (Baker).

In addition, in 2008, a perfect storm of economic disasters hit the country and the entire world; the most serious began with the collapse of housing bubbles in California and Florida. As consequence, by late 2008, distress was spreading beyond the financial and housing sectors and the retail sector showed major weaknesses. Because of the ongoing financial crisis, the president Barack Obama has signed the American Recovery and Reinvestment Act of 2009, a bill that \$787 billion in stimulus through a combination of spending and tax cuts. The plan is largely based on the Keynesian theory that government spending should offset the fall in private spending during the economic downturn; otherwise, the fall in private spending may perpetuate itself and productive resources, such as the labour hours of the unemployed, will be wasted (Baker).

1.3 The Reality of China's Economic Rise

Less than half a century, an economic victory has enhanced consumer choices and the Beijing Olympics probably best symbolize the strength of China's amalgamation into the international community; since 1978, China has realized a remarkable economic growth rate that shows no signs of China's economic decrease. Hence, China is clearly the largest and the fastest rising star out of the world in matter of the economic development. Consequently, to its unprecedented performance, there has been a huge economic transformation all over the world in general and China status in particular. Today, it is the world's second largest economic power, in which the leading dragon can offer a motivation for the economic growth. The study displays the economic growth of China from 1978-2017 that clearly depicts the Chinese economic improvement year on year according to the GDP (Daojiong, 179–90).

China's reforms and opening-up economy to the international economy give a birth to the current China's economic victory that concluded the meeting of the eleventh Central Committee of the Communist Party of China (CPC) concludes in 1978 Deng Xiaoping applied the open-up economy and brought gradual economic reforms (Garnaut and Song).

For that reason, many scholars state that China moved over thirty years via three different stages realizing, from one of the poorest countries to, the world's economic power challenging the U.S. economic supremacy:

1.3.1 The 1978 Reforms and Open-up Economy (1978-88)

Thanks to Xiaoping's policy, today, China interests more foreign investment than any other emerging country in the world, and trade standards keep increasing year by year. This prosperity is mostly driven by the normalization¹ of the China-U.S. relations and the globalization's powers. Nevertheless, other factors are at the heart of China's economic growth and understanding these influences will help to determine China's future. Hence, the two most evident factors responsible for China's increasing standards of trade and investment are low labour costs and the absence of workers' rights, which result a lack of protection for workers in favour of business and, in its turn, helps lower production costs (Morrison).

Year	Reform steps
1978	confirming 'four modernisations': 'Open door' policy initiated; foreign trade and investment reforms begin
1979	Limited official encouragement of the household responsibility system informally initiated in 1976
1979	Three specialised banks separated from the People's Bank (the central bank)
1984	Socialist commodity economy endorsed at the third plenum of the twelfth National Congress of the CPC
1984	Individual enterprises with fewer than eight employees officially allowed

¹ Normalization of the relationship between the US and the PRC. Originates during Nixon's presidency and is based largely upon the Three Communiqués.

1986

CPC approves comprehensive 'Economic System Reform Implementation Plan'

Table 1.1: Major reform steps in China 1978-1987

Sources: Hofman and Wu (2009); Gewirtz (2017); Bottelier (2018); Government of China official documents and publications.

However, there were increasing rates that were obvious in various sectors of economy, agriculture, industries, foreign investments and international trade market, China faced the inflation by the 1980s, where the inflation increased in 1985 and 1987, but it reached its peak in 1988. Therefore, the government passed several reforms attempting to recover the economic troubles, but, in fact, it could not solve the situation and everything became out of control that obliged them to block the reform plans (Morrison).

1.3.2 The Crises Decades: (1989-93)

China's reforms cause a rapid economic growth, and a number of economic imbalances emerged; one was poor control over money and credit supply, which led to an inflation rate of 18% in 1988-89. China's Reforms have not and could never be a miracle under their hands. They faced troubles in every step, the 1980s inflation, the Tiananmen Square's Demonstrations and the spread of the corruptions throughout the Chinese society. Consequently, the economic growth rate slowdown, according to the records of the International Bank: in 1981, it was 5.7, and in 1988 was 4.21, also in 1989 was 3.93. Those were the turning back rates because of the inflation times, as a result, the government had to block credit expansion and impose credit quotas. However, the middle and the lower classes were the ones who really suffer from the inflation as well as the reform block, they asked the government to solve the situation and to re-establish the reforms (Garnaut et al., 158).

Table 1.2: Major reform steps in China 1989-1993

Year	Reform steps
1989	Retrenchment policy; halt on reforms
1990	Stock exchanges open in Shenzhen and Shanghai
1993	16-point program introduced to fight inflation
1993	establishing a ‘socialist market economy’, paving the way for fiscal, financial and SOE reforms

Sources: Hofman and Wu (2009); Gewirtz (2017); Bottelier (2018); Government of China official documents and publications.

1.3.3 Re-establishing the Reforms (1993- 2018)

In November 1993, the third meeting of the fourteenth Commercial Compliance and Consumer Protection (CCCCP) decided to accelerate reform of the financial area by giving more independence to the People’s Bank of China (PBC) as a central bank and transforming the specialized banks into commercial banks. In 1995, the People’s Congress passed the Law on the PBC and the Commercial Bank Law, modernizing the PBC as a central bank and the specialized banks as commercial banks, in principle, though not in practice (Morrison).

Table 1.3: Major reform steps in China 1994-2017

Year	Reform steps
1994	Policy banks established; commercialisation of banking system announced
2001	China accedes to World Trade Organization
2003	CPC decision to ‘perfect’ the socialist market economy
2006	CPC establishes the goal of creating a ‘harmonious society’
2008	Stimulus program launched in reaction to the bankruptcy of Lehman Brothers and the Global Financial Crisis (GFC)
2013	emphasising rebalancing and avoiding the middle-income trap
2015	CPC decides on rule of law with Chinese characteristics
2016	emphasising innovation and productivity as drivers of growth
2017	CPC defines ‘new era’ and China’s long-term goals for socialist modernisation

Sources: Hofman and Wu (2009); Gewirtz (2017); Bottelier (2018); Government of China official documents and publications.

1.4 The Nature of Sino-American Relations

The Sino-American relations are characterized by their complexity. Before 1960, there were tensions and conflicts categorized these ties, but by the coming of American president, Richard Nixon, these relations have improved to be cooperation and partnership ties until

Donald Trump's policies towards China.

1.4.1 Richard Nixon Administration (1969-74/1974-77)

From the foundation of People's Republic of China (PRC) in 1949 until 1972, there was a strong preparedness as well as the Korean War of 1950-1953 in which China was involved in war against the U.S. However, the efforts made by the U.S. president Nixon, who was interested in balancing out international interests and great benefits to America, contributed to a great change in China-U.S. relations through the containment strategy, by considering China as a semi ally, to gain their war against Soviet Union. This was important for China's openness and economic reforms launched by Deng Xiaoping from 1978, after few years of isolations. Nevertheless, the Tiananmen Square in 1989 renewed the tension again. Moby Gao has mentioned that Tiananmen is watershed that fundamentally changed U.S. perceptions of China in general and the Chinese regime in particular (Gao, 547).

1.4.2 Carter Administration (1977-1981)

Carter administration supports of Shanghai Communiqué of 1972 played a crucial role in US-China normalization of relations, and reinforced the One China Policy², but Carter's policy did not share that interest to improve the U.S.-China relations until 'Joint Communiqué of Establishment of Diplomatic Relation' on December 1978 when the U.S. acknowledged officially the PRC (Garnaut et al., 171). Consequently, these relations were improved more especially after the opening up of the Chinese market, as well as, granting each other as 'The

² One-China Policy: Policy that states that there is only one legitimate state called 'China', despite both the PRC's and ROC's claims for the name. To have diplomatic relations with one forces states to break diplomatic relations with the other.

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Most Favoured Nation' (MFN) status that, in its turn, flourished the trade agreements (Tsuneo, 177–139).

1.4.3 Ronald Reagan Administration (1981-1989)

At the beginning of his administration, the bilateral U.S.-China relations were characterized by the rise of tensions; by establishing the arms sale in Taiwan, China feared from its huge consequences. The Chinese opposed that act and announced the ambassadors recalling in case the U.S. did not backward from Taiwan (Garrison, 79–87). On August 1982, the arms sale in Taiwan was declined that renewed again strengthening and closer bilateral ties especially in the area of commerce and economy. As a result, China became the third major trading partner by 1984 (Wang, 'US-China Trade: Insights into the US-China Relationship').

1.4.4 George H.W. Bush Administration (1989-93)

During his presidency, Bush worked out towards stabilizing and strengthening the U.S.-China relations aiming to arise the pressure on the S.U. His administration maintained to grant of the MFN status in which both of the giants would have great economic and commercial benefits, and share national interest affairs (Garrison, 122).

1.4.5 Bill Clinton Administration (1993-2001)

The duality of engagement and containment remained the strategy that the U.S. adopted after the Cold War. Clinton's administration linked the MFN tariffs with the human right status in a step of jeopardizing the renewal MFN of China status of 1994 (Garrison, 138).

Furthermore, the Sino-American relations kept improving more and more. In 1997, the president Jiang Zemin visited the U.S. and signed a 'Constructive Strategic Partnership' where they recorded new step towards more strengthening and closer ties (Frost). As Clinton said, "Personally we can agree that China and the U.S. can best achieve our hopes in the next century if we continued to build Constructive Strategic Partnership, a relationship that allowed us to make progress in the issues that mattered to our people" (qtd. in Frost).

1.4.6 George W. Bush Administration (2001-2009)

The sequential U.S. governments swerved from designating China as a 'strategic partner' within Bill Clinton administration, to a 'strategic competitor' during G.W. Bush forward. A lot factors and diverging interests affect the U.S.-China relations, such as, ideological differences, misapprehension and geo-strategic rivalry besides changing in China's domestic politics. With China's quick growth, the strategic mistrust's risk between the two giants will arise. Each of them conceives the other as an immense threat to its crucial and strategic interests (Davison, 1-18).

In 2000, the American political diplomat Condoleezza Rice wrote, "China resents the role of the U.S. in the Asia-pacific region"(45), which means that China is not a 'status quo' power but one that would like to alter the balance of power in own favour. That alone makes it a strategic competitor the Clinton Administration once called it. Aaron L. briefly unfolds it, "From the Nixon administration's first feelers to Beijing until the Tiananmen Square incident

Chapter One: An Overview of Sino-American Relations ---

and the end of the Cold War, the U.S. and China were drawn together mainly by their shared position to the S.U. For the last twenty years the two powers have been united primarily by trade”(‘Implications of the Financial Crisis for the US--China Rivalry’, 31–54). He also indicated that the 2008-2009 global financial crisis might mark the end of period, in which trade served to stabilize Sino-American relations, and the beginning of one in which it will become a source of increasing friction and conflict. That meant, after the Cold War and global financial crisis, China became the tremendous strategic competitor and the successor of the S.U.

1.4.7 Barack Obama Administration (2009-2017)

Although the huge differences between China and the U.S., there are signs of understanding the inability of the two powers to progress and strength their interests without remarkable partnership. The foundation of the Strategic Economic Dialogue (S&ED) between China and the U.S. in April 1, 2009 has contributed in opening channels and opportunities for top-notch and long-term strategic and economic interests between China and the U.S. As exchange a result of global changes and many issues as anti-terrorism, climate change, and nuclear prevention and besides non-traditional security challenges as food security, energy security and water security, which entail more China-U.S. collaboration.

The reality that there are more than 90 Sino-American inter-governmental mechanisms for collaboration which increase hopes in the future of that relation. China’s president Xi Jiping and U.S. president Barack Obama had informal summit at Sunny lands in California 7-8 June 2013. The two leaders discussed how to vanquish the differences in order to establish the newly relationship between their countries, and it has unfold that both of them requisite their collaboration more than what they did years before as there are accessible opportunities to establish ‘New Type of Great Power Relationship’ (Vu, 42). That is unsurpassed in the Sino-American relations since Westphalia.

1.4.8 Donal Trump Administration (2016-2018)

Since November 2016, when Donald Trump was elected as president of the U.S., the world was concerned about how he would change Sino-American relations that he had proposed during the presidential campaign, and how Chinese President Xi Jinping would respond. Unlike the previous American president administrations, the Trump Administration has a pessimistic view toward China. Trump reports, “We can’t continue to allow China to rape our country, and that’s what they’re doing” (qtd. in Harris et al., 5). Therefore, his administration attempt to break the Sino-American ties particularly the trade one.

1.5 Conclusion

In general, The U.S. economy has faced a lot of up and down. The major strength of the U.S. economy was and is the industrial Sector; Still the U.S. was dependent on agriculture initially, and as any other country, the U.S. economy changed from an agricultural economy to an industrial economy to be economically developed country, and one of the backbone of the world economy.

Furthermore, because several emerging countries, particularly China, have begun to close the economic gap with the U.S., the real income growth of the U.S. has slowed down. In other words, this has been due to moving the production of goods previously made in the U.S. to China where they could be made for less money to cover the cost of shipping plus a higher profit. In other cases, some countries have gradually learned to produce the same services and products that formerly only the U.S. and a few other countries could produce. Since that time, America’s supremacy has been on the decline, not because of the slow growth at home, but because the rest of the world is catching up. Nevertheless, this follows a broad historical pattern: economic revolutions occur in one part of the world, and then spread elsewhere.

Chapter Two: Interpretation of the Sino- American Relations

Chapter Two: Interpretation of the Sino-American Relations ---

2.1 Introduction

Among the essential international relation theories, which scholars most often used to understand and to analyze the Sino-American relationship, the two fundamental schools realism and liberalism. Besides its derivatives as neo-realism and neo-liberalism that are strongly related to power shift and mutual dependence that reveal the intensely staggering features of China-U.S. relations in that century. One school deeply influenced by realism based on the belief that China cannot rise peacefully, China's strategic interests are more and more conflicting with those of the U.S., and that China will ultimately attempt to displace the U.S. from the Asia-Pacific and establish its own predominance. The second school, liberals, believe that economic exchange creates shared interests in good relations between states as china and the U.S.

2.2 International Relation Theories

Realism and liberalism are among the main theories of international relations employed by scholars to clarify and examine U.S. China relations, as well as their derivatives for instance neo-realism and neo-liberalism. They are used since they are very relevant to power shift and interdependence respectively, such as China-U.S. relations.

Many prominent Western scholars, as Aaron Friedberg, Christopher Layne, and John Mearsheimer, anticipated that China and the U.S. are destined for strategic competition and conflict. They also argue China's ambitions for regional hegemony will drive most of its neighbors such as India, Japan, South Korea, Russia, Singapore, and Vietnam to join the U.S. to contain China's power (Friedberg, 'Ripe for Rivalry: Prospects for Peace in a Multipolar Asia', 5-33).

In China, while top Chinese leaders mostly play down China's regional and global

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ambitions, there is a significant segment of the mass as well as academic and policy-making circles that advocate an offensive-realist approach to dealing with the U.S. In *The China Dream*, a best-seller published in 2010 in China, Liu Mingfu, a PLA senior colonel, held that the U.S. is in decline and counseled that China should become the dominant power in Asia by the mid-21st century at the 100th anniversary of the PRC's establishment. In 2009, Martin Jacques (2016) also caused a profound academic debate as to whether China and the U.S. are well destined for an unavoidable conflict when their fortune in Asia shifts (Jacques 381–96).

On the other hand, liberals and neo-liberals such as John Ikenberry and Joseph Nye (2017) argue that China's rise can be managed and that as it rises, China will be incorporated into the Western-led international system (Ikenberry, 'The Rise of China and the Future of the West-Can the Liberal System Survive?', 2).

2.2.1 Realist and Neo-realistic Perspectives

The initial point of realism's view in international relations is based on human nature. Realists believe that human beings are innately egocentric and self-interested, in which they could compromise their moral principles to reach their goals and keep their self-interests by whatever means. They claimed that nations for the sake of their narrow national interest they could overcome their national interests of others, the world system is chaotic, lawless and self-help (Cawkwell).

Thucydides (2006) argued that the growth of Athenian power made the Spartans afraid for their security, and thus propelled them into war. In testimony to the U.S. Senate Armed Services Committee last month, Graham Allison³ reported that according to his findings, "In

³ Graham Tillet Allison: an American political scientist and professor at the John F. Kennedy School of government at Harvard, he is renewed of his contribution in the late 1960's and early 1970's to the bureaucratic analysis of decision making especially during crisis.

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12 of 16 cases in the past 500 years when a rising power challenged a ruling power, the outcome was war” (qtd. in Cawkwell). He then goes on to cite Thucydides’ assessment that the rise of Athens instilled fear in the dominant Spartans, which pushed them to war. Today, the same security dilemma’s nature that was in the past among the Athenians and the Spartans could be seen a bit on the Sino-American relations. Of course, there are differences as China and the U.S. are economically interdependent which not the case for the Athenians and the Spartans. In terms of security and strategic calculations, realist thinking does matter in the mind of decision-makers of all country, especially at times of power shifts. The Second World War, for example, appears on most lists of power transition conflicts, but to envision the competition between Nazi Germany and Great Britain as essentially being a question of differential economic growth is to ignore other obviously significant factors (Cawkwell).

In *Theory of International Politics*, which presents neo-realist argument, Kenneth Waltz argues that it is the system, which determines the behaviour of the actors, not the motivations of the actors themselves. The distribution of capabilities among states can vary; however, anarchy, the ordering principle of international relations, remains unchanged. Trying to refute neoliberal ideas concerning the effects of interdependence, Waltz identifies two reasons, why the anarchic international system limits cooperation: insecurity and unequal gains. In the context of anarchy, each state is uncertain about the intentions of others (Waltz, 165-210).

While classical realists like John Mearsheimer argue that the international system is anarchic, meaning that there is no ‘government of governments’ and no authority in the world greater than the sovereign state, neo-realists emphasize it. For neo-realists, anarchy is the systemic condition that forces states to act the way they do. The system, in other words, is the most important constraint on state behaviour, because states must act to ensure their own survival given such conditions. States have to be concerned first and foremost, with relative gains; if they fail to act within the dictates of the system, they will eventually suffer for it (Toft

381–408).

Therefore, according to neo-realists, the international system is inherently conflictual . As one state works to achieve relative gains, for example, by building up its military strength, other states are forced to keep pace. This situation, where one state cannot afford to trust another's peaceful intentions, is known as the security dilemma. Neo-realists believe that stability is best achieved when a balance of power is reached by the most powerful states in the system. In '*War and Change in World Politics*', Robert Gilpin (2015) mentioned "hegemonic war", holding that war will break out between the dominant power and the challenger(s) if they cannot settle their differences in peaceful ways.

In addition, no authority in the world greater than the sovereign state, neo-realists emphasize it. For neo-realists, anarchy is the systemic condition that forces states to act the way they do. The system, in other words, is the most important constraint on state behaviour, because states must act to ensure their own survival given such conditions. States have to be concerned first and foremost with relative gains; if they fail to act within the dictates of the system, they will eventually suffer for it. Thus, since China continues to rise and approach in strength the U.S., numerous questions strongly emerged as Will China accept the actual order established by the U.S. for nearly a century ago or will it try to displace the U.S. hegemony by force? Will the U.S. peacefully accept China's challenging power? According to both realism and neo-realism perspective, it is difficult to imagine that the power shift between the U.S. and China will ever be non-chaotic. Contrary to realistic belief, another school of thought tried to answer to the mentioned questions above the neo-liberalism (Vu, 11).

2.2.2 Liberalist and Neo-liberalist Perspectives

Neo-liberalism claims that even in a chaotic system of autonomous rational states, cooperation can highlight by the building of norms, regimes and institutions. Neo- liberals of

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the 20th century as Robert Keohane and Joseph Nye (2000), who are architects of the neo-liberal school of thought, have proposed the concept of ‘complex interdependence’ to prescribe this more sophisticated picture of global politics. They explain that complex interdependence sometimes comes closer to reality than realism. In explaining this, Keohane and Nye (2000) cover the three assumptions in realist thought: First, states are coherent units and are the dominant actors in international relations; second, force is a usable and effective instrument of policy; and finally, the assumption that there is a hierarchy in international politics (Keohane and Nye, 104–19).

Keohane and Nye (2000) argue that in international relations there can be progress and that the future does not necessarily look like the past, including power transition, if ever, between the U.S. and China. Many other China and China-U.S. relations observers such as David C. Kang (2008), William H. Overholt, Kenneth D. Johnson and Edward Burman have argued for China’s “peaceful rise”, dismissing determinism and pessimism characterized by the realist school and the power transition theory traditionally shaped by Western realist concepts of international politics (57–85). For example, Kang rejects the assumption raised by Aaron Friedberg in his article, *‘Will Europe’s Past be Asia’s Future?’*, explaining: “I wonder why we would use Europe’s past, rather than Asia’s own past – to explore Asia’s future” (qtd. in Ikenberry, ‘The Rise of China and the Future of the West-Can the Liberal System Survive’, 2). Chinese scholars such as Zhu Feng and Wang Jisi have also had similar views, demonstrating, “the misleading effect of treating Eurocentric theory and the balance of power analysis as a “universal” theory” (34–54).

Power shift theory holds that power transitions are usually accompanied by violence. Nevertheless, even in the late 19th and early 20th century when world politics were, to a certain extent, as raw as it was hundreds of years before, the peaceful change of hegemonic chieftaincy from the Great Britain to the U.S. presented the power shift theory a special case. ‘In *World*

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Politics, Organski (45) offers the following explanations:

- . The U.S. economic growth did not alarm Great Britain.
- . The U.S. did not seek world leadership.
- . The U.S. shared fundamental values and culture with Great Britain.
- . The U.S. succeed rather than overthrowing the British or Great Britain was losing control of the international order, it was grateful that the U.S. picked up where Great Britain let go.
- . Great Britain eventually became the 'loyal lieutenant' to the U.S.

In the 21st century, Can China and the U.S. peaceably repeat power shift that took place between the Great Britain and the U.S. a century ago. There are convincing signs that they can, and there are reasons that they cannot. Nevertheless, the world today is much different from what it is in the past, as today's world is already very different from what it was just a few decades ago. The trend towards more peaceful co-existence between great powers seems to overwhelm classical great power wars and conflicts, and it will probably be more consolidated in two decades' time (Organski, 43).

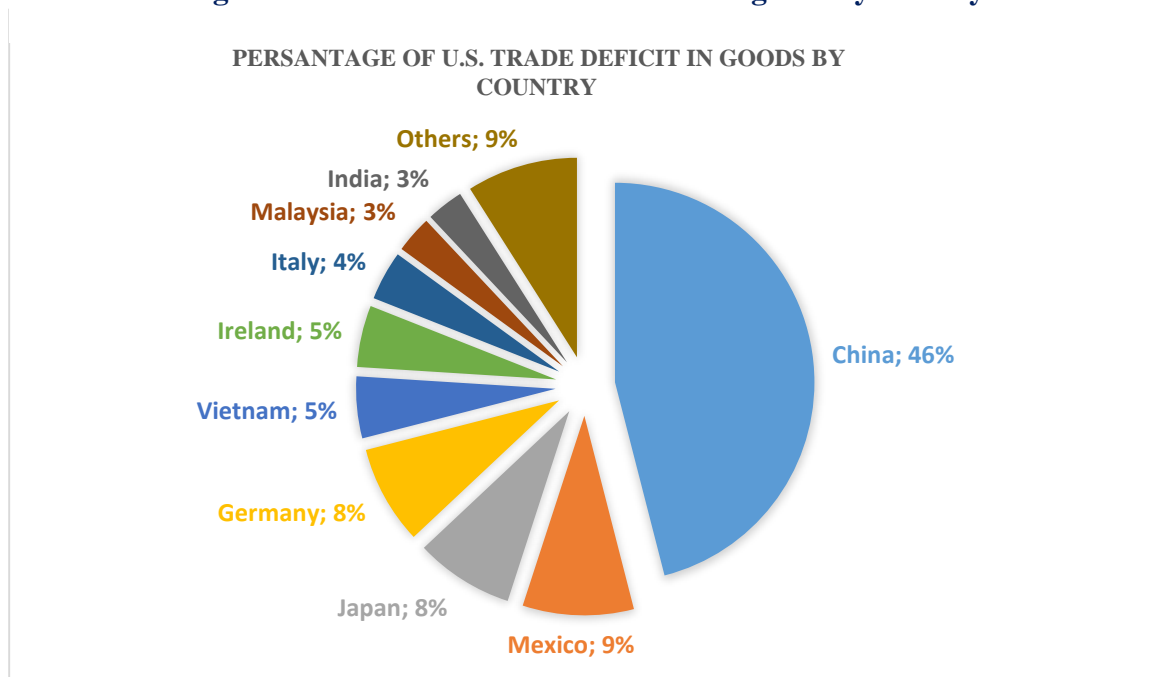
2.3 Economic Interdependence

In fact, China has elaborated into a major world economy after the 1970's economic reforms; its economic status is classified as the second largest world economy after the U.S., on the basis of the nominal dollar and Purchasing Power Parity (PPP). Interconnected with China's economic growth, the Sino-American relation evolved in progressive manner since 1978. The U.S.-China two-way trade, for example increased sharply from \$2 billion in 1979 to \$591 billion in 2014. The trade agreement granting both states MFN status, signed after normalization between the U.S. and China was reached in 1979, opened possibilities for developed trade and economic relations. According to official U.S. statistical data, China is the

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greatest source of imports for the U.S., its second largest trading partner and, after Canada and Mexico, the third largest export market for the U.S. To illustrate, Figure 1 states that the U.S. trade deficit with China is still high, and 46% of total U.S. deficit was with China in 2017, while 44.3% of total deficit was with the rest seven countries (Lawrence, 32–33).

Figure 2.1: Shares of U.S. trade deficit in goods by country



Source : Wind 2017

Moreover, Import tariffs had been reduced because of the economic reforms. The average import tariffs in China were lowered from over 50% in 1982 to less than 10% in 2005 (Wang, ‘US-China Trade, 1971-2012: Insights into the US-China Relationship’). By reducing import tariffs, therefore lowering trade barriers, China wants to attract more foreign investment because of the greater accessibility in order to make their markets more attractive for investment.

Although China-U.S. economic relation progressed, considerably, various controversial subjects and arguable matter appear during cooperation such as China’s World Trade Organization (WTO) commitments. The U.S. and China constituted two conferences in order

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to discuss major economic concerns of the two states, the U.S-China, Joint Commission on Commerce and Trade (JCCT) from 1983 and the U.S.-China S&ED, established in 2009 by U.S. President Obama and his Chinese counterpart Hu Jintao (Wang, 'US-China Trade, 1971-2012: Insights into the US-China Relationship').

In 2001, China integrated the WTO. The WTO membership caused further implementations of economic reforms inside China, with the intent to expand prosperity of the population, further liberalize trade and to reach greater integration in the world community. Every WTO member state issues a list of commitments and exemptions when joining the organization. In China's case, commitments include lower tariffs of imported goods and broader trading rights for foreign and domestic companies(Wang, 'China's Trade Relations with the United States in Perspective', 165–210). The U.S. Trade Representatives in its '2015 Report to Congress on China's WTO Compliance' indicates the intricacies of China's WTO membership such as some issues and difficulties also its impact on U.S. trade and investment relationship. Those "can be traced to the Chinese government's interventionist policies and practices and the large role of state-owned enterprises... that inevitably give rise to trade frictions"(Massey, 231). Nevertheless, the U.S. Trade Representative also pointed out determinations from the Chinese government to apply farther economic reforms and enhance "the tremendous potential of the U.S.-China trade and investment relationship" (Massey, 231). However, when discussions concerning trade problems break down to be solved, the cases could be brought to the WTO by its members' states. 7 cases against China to the WTO, whereas China brought nine cases against the U.S. to the WTO (Mahrenbach, 233-266).

After presenting the keys facts of China-U.S. economic relationship, many details are introduced on reciprocal investment and trade relations of the last 15 years. In order to introduce the development of Sino- American trade relations, data and statistics of exports and imports are presented. It shows also the trade balance deficit of the U.S. and its implications in the

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future. Nevertheless, there was always a dispute over the differences on trade among official Chinese and official American statistics. As for instance, both states agree that the U.S. trade deficit with China is huge and continue to increase. Discrepancies emerge concerning the amount of the deficit and with which pace it is increasing. Martin (2016) compares the respective figures and states that according to official U.S. statistic, the bilateral trade deficit rose from \$83 billion in 2001 to \$367 billion 2015. Chinese statistics however, show its bilateral trade surplus from \$28 billion in 2001 increasing to more than \$237 billion in 2015(Martin). The cause for different trade data are divergent statistics of U.S. imports from China.

In 2004, the JCCT decided on conducting research on the causes of the different trade statistics. The two conducted studies, released in October 2009 and December 2012, conclude that the “eastbound data” showed the greatest discrepancies, which are responsible for 80-90% of the total dissimilarities in the bilateral trade balance (Martin). The discrepancies in eastbound trade can stem from intermediary countries or regions, due to, for example, adding new values when goods are re-exported, or the last known destination is not declared as U.S. by Chinese exporters but as the intermediary country. In the following sections, official statistical data from the U.S. and China are provided to offer a full picture.

2.3.1 U.S.-China Trade Relations

Because of the normalization between the two countries, trade relations continued to progress on annual basis. When observing China-U.S relations, economic and particularly trade relations is one of the most important element in developing and enlarging cooperation and bilateral relations. According to official Chinese trade statistics, the bilateral trade of goods between the U.S. and China increased from \$80.48 billion in 2001 to \$520.75 billion in 2013, thus in only 13 years it grew 6.5 times. Compared to this data, official U.S. statistics show different numbers. The total trade of goods with China rose, according to the U.S. government,

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from \$121.46 billion in 2001 to \$562.16 billion in 2013, thus it increased by ‘only’ 4.6 times (Martin). Although the difference between the two official data sets concerning the growth of total trade from 2001 to 2013 is substantial, it does not fail demonstrating the consistent increase in trade relations.

Table 2.1: U.S. Trade in Goods with China-Official U.S. statistics

Year	Exports (F.A.S.)	Imports (C.V.)	Total	Trade Balance
2001	19.18	102.28	121.46	-83.10
2002	22.13	125.19	147.32	-103.07
2003	28.37	152.44	180.80	-124.07
2004	34.43	196.68	231.11	-162.25
2005	41.19	243.47	284.66	-202.28
2006	53.67	287.78	341.45	-234.10
2007	62.94	321.44	384.38	-258.51
2008	69.73	337.77	407.51	-268.04
2009	69.50	296.37	365.87	-226.88
2010	91.91	364.95	456.86	-273.04
2011	104.12	399.37	503.49	-295.25
2012	110.52	425.62	536.14	-315.10
2013	121.72	440.43	562.16	-318.71
2014	123.68	466.75	590.43	-343.08
2015	116.19	481.88	598.07	-365.70

Source: United States Census Bureau, 2015

Table 2.1 displays the differences in the value in details between official U.S. and Chinese statistical trade data. As stated before, in measuring the value of imports and exports, both countries use different methods. Internationally, F.O.B. and C.I.F. are the common, though not universal, methods in evaluating trade data (Martin).

Although the discrepancies in the total value of trade in official Sino-American statistics, the overall trend of China-U.S. trade relations are comparable in both countries’ data sets that displays a continuous increase in both exports and imports, at the same time, it confirm a decrease in values from 2008 to 2009. This trend can be justified by the global economic crisis, which influenced the trade in most countries (Martin).

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Though China is ‘only’ the third biggest export market for the U.S., financial and trade analyses see the possibility of China emerging to an extended trade market, in case further comprehensive economic reforms are being implemented (Elwell et al.). This claim is justified by an increased PPP of Chinese population because of China’s economic growth. Thus, with further reforms, which leads to further growth of the economy will consequently also result in an increased demand of foreign goods and services. China’s growing economy, large foreign exchange reserves (at nearly \$3.6 trillion as of August 2015), and its 1.37 billion population, make it a potentially enormous market. As of today, ‘aerospace products & parts’, ‘oilseeds and grains’, ‘motor vehicles’, ‘semiconductors and other electronic components’ and ‘waste and scrap’ constitute the major U.S. exports to China (Morrison, 7).

In addition, the amount of the value of the top five exports commodities changed significantly from 2014 to 2015, which caused alterations in the ranking. The normally first ranked commodity ‘oilseeds and grains’ had to endure a loss of 20.10%, causing a downgrading from the first to the second rank. In fact, three out of five commodities (‘aerospace products and parts’ and ‘semiconductors and other electronic components’ excluded) experienced losses in their export values from 2014 to 2015. The decrease in imported oilseeds and grains in U.S. exports to China can be explained by record harvest of oilseed products, e.g. soybean, in both countries, combined with lower prices, as well as a lower grain volume (Von Hobe et al.).

As already mention, the U.S. trade of goods deficit with China is huge and is expected to continue to increasing. As China joined the WTO in 2001, U.S-China trade enlarged, comprising a growing U.S. trade deficit. In the year of China’s accession to the WTO, the U.S. trade balance already regarded for \$-83.10 billion. Until 2015, the trade balance with China increased to \$ -365.6945 billion, it is a negative change of nearly 340% (Von Hobe et al.).

U.S political leaders were always worried about the continued increase of trade deficit.

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Major concerns of trade analysts was not just about the deficit, in fact, they take it as an indicator that bilateral trade relations are unfair for the U.S. and harming its economy. Chinese officials mentioned that the deficit is not their responsibility and ascribed to the U.S. controls on exports of advanced technology (Lawrence 36). In addition, the global supply chain was another justification presented by analysts.

Hence, for the production of one item, components from several countries are being used. In most instances, China is the final line, where the product is being congregated. Therefore, the statistics declare these products and the entire value as being from China (Lawrence, 36). The WTO estimated in a joint study with the Organisation of Economic Cooperation and Development (OECD) that “the U.S. trade deficit in China would be reduced by 25% (in 2009) if bilateral trade flows were measured according to the value-added that occurred in each country before it was exported” (Elwell et al.).

Extremely great trade deficit occurs just in bilateral trade of goods. According to the Office of the U.S. Trade Representative (2014) the service surplus of the U.S. with China was \$17.0 billion in 2012, an increase of 9.9% compared to 2011 (A. Rosen, 1). This fact supposed to let that the U.S. service excess is still existent and could have even rose.

2.3.2 U.S.-China Bilateral Investment Relations

Investment is one of the most important characteristics of bilateral trade ties and has a crucial position of growing significance of China-U.S. relation. Just as trade, investment can boost another country's economy by e.g. the creation of jobs. In order to support bilateral investments, China and the U.S. are negotiating on reaching a bilateral investment treaty (BIT). With an established BIT both countries hope for a more liberalised environment for foreign investment. Additionally, it could assist in limiting Sino-American issues on aspects such as market access and protections for intellectual property (Lawrence, 39). Economic analysts

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suggest that the BIT could not only enhance bilateral trade relations between the U.S. and China, but also have a significant, positive impact on the Chinese economy. It could lead to further implementations of economic reforms and economic circumstances, such as greater market competition in China or a more adapted use of resources, which could boost commercial growth in China (Elwell et al.). Gao Hucheng, China's Commerce Minister, stated at the S&ED summit, "With such an extensive investment relationship, it is necessary for the two sides to have an institutional environment for the protection of these investments" (qtd. in Antkiewicz and Whalley, 99-121). The details of what Gao calls an 'extensive investment relationship' is given in the following chapters.

2.3.3 Treasury Securities

The largest holder of U.S debts is China, as it possesses tremendous Treasury securities. As on September, 2015, China accumulated \$1.26 trillion, followed by Japan with \$1.12 trillion (Morrison). Being an export-based economy, China reaps U.S. dollars (USD) for exported goods, which are being changed (merchandised) into Renminbi (RMB) to cover exporters' costs, like paying workers. This exchange from USD to RMB is necessary because China's financial system prohibits payment exchanges inside China with a foreign currency (Lawrence 38). In order to guarantee a high USD rates, Chinese exporters had been bought the USD, which meant obstructing the RMB to appreciate compared to the USD and thus remaining competitive in the global trade of goods. Therefore, China pegs the RMB to the USD. Easily having the accumulated amount of USD in forex reserves does not lead to any advantages concerning the interests, for China. Rather, forex reserves are invested in U.S. Treasury securities, which count as a relatively 'safe' investment. By financing in U.S. Treasury securities, China is investing money for the U.S., guarantees the progressed consumption of Chinese products in its largest export market. In reality, China's investment in U.S. Treasury securities is a win-win spot. Not just ensuring China the buying power in the U.S., how by maintaining the RMB lower than the

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USD, economical prices in the U.S. market can sell Chinese goods. China's holdings of U.S. Treasury securities rose intensely during the first decade of the 21st century. In 2002, China held \$118.0 billion which boosted to \$1258.0 billion by September 2015 (Morrison), thus an increase of 966.10%.

Table 2.2: China's Holdings of U.S. Treasury Securities: 2002-2015 (in \$billions)

Years	2002	2004	2006	2008	2010	2012	2014	Sept.'15
China's Holdings	118.0	222.9	396.9	727.4	1160.1	1202.8	1244.3	1258.0
(%) of Total Foreign Holdings	9.6%	12.1%	18.9%	23.6%	26.1%	23.0%	21.7%	20.6%

Source: U.S. Department of the Treasury 2015.

The accumulation of U.S. Treasury securities decreased from 2010 to 2015 and by September 2015, China's holdings in percentage as opposed to the total foreign holdings slow down from 26.1% in 2010 to 20.6%.

In case of discrepancies over foreign policies and bilateral trade relations, it is feared that China can threaten the U.S. to sell an immense share of its securities, in order to achieve a more beneficial outcome. Nevertheless, as Morrison asserts, the holdings of U.S. Treasury securities display a meagre quantity of 'practical leverage'. As mentioned before, China is an export-driven economy, with the U.S. market being its biggest export shipping address. Thus, the well-being of China's economy depends on the U.S. economy being stable, healthy and growing. Consequently, selling a major share of its U.S. debt securities would harm both, the U.S.' and China's economy, and might even result in a depreciation of the USD against global currencies, which also implies that China is remaining holdings of U.S. At last, pegging the RMB to the USD diminishes a possible leverage China might have had because of holdings the U.S. debt securities (Morrison).

2.3.4 Foreign Direct Investment

Foreign Direct Investment (FDI) in China started to progress quickly because of its ‘Open Door policy’⁴ of 1978, and the opening to the global economy. More particularly, in the 80’s, China received a great amount of foreign investment (Kao, 103). Hong Kong, being the biggest foreign investor in China, invested \$92.67 billion in 2015. As stated in official Chinese statistics, the U.S. ‘only’ ranked 6th among foreign countries investing in China, with a total investment of \$2.59 billion in 2015, as it is shown in **Table 2.2**. Though, the U.S. helps significantly in China’s FDI, because of lower labour costs, compared to other Asian countries, such as Taiwan or Japan, U.S. manufacturers relocated companies and industries to China.

After economic reforms, the establishment of foreign companies and manufactures in China were legalised and foreign investors were authorised to produce and sell their goods in China (Kao, 103). For today, foreign –owned or –invested companies manufactured a considerable part of ‘made in China ‘products.

Hence, FDI in China owns a major part in the prosperity and importance of China’s export- driven economy. After China is opening to the global economy during the first two decades, investment in businesses outside China were being forbidden for Chinese companies and firms- the focus was on boosting the establishment and development of domestic companies. This stand by the Chinese government transformed in 2000 when they began encouraging Chinese companies to invest outside China. This change of attitude returned to, among other motives, in the massive accumulation of foreign exchange reserves. Even though China invested a weighty part of those in U.S. Treasury securities, they, though being said to

⁴ Open Door Policy: policy related to US foreign relations in the late 19th and early 20th century. Based on Hay’s Notes, the policy proposed to open China to trade for all countries on an equal basis, while also protecting China’s integrity.

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pose a safe investment, promised, compared to foreign investments, a relatively low profit. The huge boost of foreign investment in the U.S. in 2008, could be attributed to the establishment of the China Investment Corporation (CIC) in 2007 so as to “to seek more profitable returns on [China’s] foreign exchange reserves and diversify away from its U.S. dollar holdings.” (Morrison).

Comparing U.S. FDI in China with Chinese FDI in the U.S., the proved figures sets illustrate that Chinese FDI in the U.S. used to be inescapably smaller throughout the years. Nevertheless, as official Chinese statistics stated, this trend changed in 2011, where China’s investment in the U.S. raised to a great extent even exceeded U.S. FDI in China. Only the years 2004-2013 are displayed because those are the years where data on China’s investment in the U.S. was available. In order to compare FDI and ODI it was decided to concentrate on this time span. Official U.S. statistics on FDI with China display the same trend of a steadily growing FDI by China in the U.S. Where in the beginning of the 21st century, China’s FDI was practically not existent, U.S. data shows negative FDI flows, which indicates the outflow of investments. Chinese FDI in the U.S. began to increase and surpassed U.S. investments in China in 2011. Morrison suggests that rising foreign investments in the U.S. points to fewer foreign investment barriers in the U.S. and more liberalised regulations for Chinese investors, compared to regulations in China, U.S. investors are encountering. Morrison provides some positive as well as critical voices regarding growing Chinese investment in the U.S. He stresses that China’s foreign investment in the U.S. does not only improve the general bilateral Sino-American relations, it also creates new job opportunities in the U.S. and by that could undermine critical voices that U.S.-China trade relations is harmful for the U.S. economy and employment due to the outsourcing of labour (*China’s Economic Rise: History, Trends, Challenges, and Implications for the United States*).

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However, critics argue that Chinese FDI is mainly focused on Mergers and Acquisitions (M&A) instead of Greenfield investments, in order to create a more developed dominant and competitive position of Chinese companies. When concentrating on M&A, Chinese firms still benefit by obtaining technology and ‘know-how’, but it does not boost the U.S. economy, because no new factories are being built which would create more job opportunities.

The private consulting firm ‘Rhodium Group’ introduces annual and cumulative estimations of Greenfield and M&A transactions by China in the U.S. Their ‘China Investment Monitor’ reveals that the value of annual M&A investments in the U.S. are basically substantially higher than Greenfield investments, and increased tremendously from 2007 onwards. In September 2007, the ‘China Investment Corporation’ was founded. The reason behind the establishment of the ‘wholly state-owned company’ was to create “a vehicle to diversify China’s foreign exchange holdings and seek maximum returns for its shareholder within acceptable risk tolerance” (Chen et al., 1110). The massive holdings of foreign reserves by China are normally used for purchasing U.S. Treasury securities, which are known to be the safest investment. Nonetheless, it also does not promise any gain for the Chinese state in form of interest rates or alike. To make a profit out of its foreign reserves, the PRC established CIC so, as to invest governmental money abroad. Thus, CIC goes for big investments with a high return, like big investment funds do. They are known for investing in proven concepts where a profit is as much insured as possible. Also, CIC’s statement to invest within acceptable risk tolerance is another explanation for the increased investment in M&A rather than Greenfields (Chen et al., 1111).

2.4 Conclusion

Offensive realists like John Mearsheimer, Christopher Layne and neo-liberals like Robert Keohane and Joseph Nye (2000) alike have to use different theories from a broader

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spectrum to explain Sino-American relations. Amitav Acharya (84–101) proposed the concept of an Asian Concert of Power to engage both China and the U.S. and other major powers. Nevertheless, a multi-polar Asia may be more volatile than an order with the U.S.'s preponderance, and a concert of Asia ignores the role of small and medium powers such as Vietnam, Indonesia, New Zealand, thus fueling resistance.

In addition, once the U.S. is on the apex of the power hierarchy, it is very difficult to share or transfer power peacefully and willingly to a challenger like China which is fundamentally different from itself in terms of ideology, socio-political system, values and culture. The history of international relations since Westphalia to date suggest that more than often, power shifts were always accompanied by upheavals, conflicts or wars due to the nature of major power strategic competition and the easily committed mistakes and/or misperception by either side. Thus, in this dissertation, we utilize the aforementioned theories to analyze China-U.S. relations and to make some forecasts about the most possible scripts rather than focusing on a single theory, as each school of thought had its strong evidence.

**Chapter Three:
China's Rise Disrupting the World
Order**

3.1 Introduction

U.S.-China trade relations flourished rapidly after the re-establishing of their diplomatic relations particularly by signing a bilateral trade agreement in 1978 and providing mutual MFN treatment in 1980. Since that time, the U.S.-China trade has increased year on year. However, the issue of Trade War has become very complicated under the Donald Trump administration. On March 22, 2018, the Trump administration announced Tariffs Target China. The tariffs were imposed on the Chinese products, such as in the industrial and transport sectors, as well as goods such as televisions and medical devices, which cost at least \$50 billion, in response to what the White House claims that the Chinese theft of U.S. intellectual property and technology. As a response to, China imposes taxes on more than five hundred U.S. products that valued around \$34 billion, fuelling on concerns of a trade war between the two world's largest economies. In this context, the following chapter sets out an overview of the Trump administration, and how it contributed in the trade war's outbreak, as well as, it provides significant factors that confirm the Chinese threat to the U.S. hierarchy, particularly the resurgence of the Sino-Russian relations in the last year. Besides, this chapter portrays future predictions of the world economic power by 2050 that confirm the U.S. decline and China's economic rise.

3.2 Sino-American Relations between Cooperation and Competition

The Sino-American relations are characterized by their complexity. China presents a real economic partnership that stabilized these relations, but there are many circumstances that flue tensions between the two giants.

3.2.1 China's Strategic Competition in Peaceful Co-existence

The conventional knowledge is that China's growth will lead to a power transition

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between the U.S. and China. However, as James Morrow has argued, the international status does not change as rapidly as capabilities (Kim and Morrow, 896–922). It took the U.S. 75 years to become the first superpower in the world. For a country with so many complex internal and external challenges as China, that process may be even longer. Even if China's GDP surpasses the U.S. in the 2020s, it is likely that in the future decades; China will have not been able to match the U.S. in terms of overall strength.

Therefore, it will not challenge the U.S. directly but choose to continue to compete with the U.S. while accumulating its power until the day it can bring down the U.S. from its position. Many of the fifth-generation Chinese leaders admit that China will need a peaceful environment for development for 30 to 50 years, and that the U.S. will remain the most powerful country for at least that long. In his 2010 article in *People's Daily*, Dai Bingguo, China's top diplomat, claims that China does not seek hegemony and will never compete with other countries for leadership in the region, seek so-called joint hegemony or followed so-called Monroe Doctrine (Nye Jr, 37).

Stephen Walt (2011) argued in 'The End of the American Era' that the primacy that the U.S. enjoyed since the end of the Second World War is now over, and in the next two or three decades, the U.S. will have to accept the fact that it is just one of the great power, or *primus inter pares*. If the current economic growth rate of 7-8 percent annually continues, China's GDP will double by 2020, surpassing that of the U.S. sometime before 2030. This will allow China to further modernize and strengthen the PLA to make the U.S. think twice about intervening in any regional crisis to come to the rescue of its allies should conflicts break out. China's geo-strategic location in the Asia-Pacific is also a huge advantage over the U.S., which is an ocean away from the theatre. The anti-access and area-denial strategy employed by China also neutralizes the U.S.'s technological superiority, making it more costly for the U.S. to intervene militarily in East Asia in defence of an ally in conflict with China. China's ambitions are not to

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challenge the U.S. on a global scale, but within the Asia-Pacific where it enjoys the advantage of geographical proximity. Unlike the Soviet Union in the Cold War, China will not seek to dethrone the system and values championed by the U.S., but choose instead to increase the cost of a possible U.S. intervention in East Asia, at least the upcoming decades. To that end, China is now relatively well prepared, and it will be more and more confident (Walt, 6–16).

The 2008 U.S. National Intelligence Council's *Global Trends 2025* report predicts that, over the next two decades, the U.S. will become just *primus inter pares* (or the first among equals) in a multi-polar international system that will effectively end what was always an artificial “unipolar moment” (Trends, Viii). The U.S.'s economic power has been dented by the global economic recession, forcing it to realize and gradually accept the rise and newfound strength of China.

Nevertheless, in absolute terms, the U.S. will be able to keep its edge over China for at least another two decades; it will still lag behind the U.S. in terms of military power projection capability, a network of strong and reliable allies and security partners, virtual dominance of international economic institutions, and soft power. Chinese leaders understand very well their limits, and may not decide to challenge the U.S. directly unless an unexpected crisis at home or in the region happens, making China's decision-makers hostage to internal political calculations or nationalist sentiments. In the near future, at least until the 2020s, barring an unexpected crisis, China- U.S. relations will be characterized by both cooperation and strategic competition. At the heart of the question, while many of their strategic interests are divergent, China does not threaten the survival of the U.S., which leads many in the U.S. to question the wisdom of directly confronting China (S. P. Rosen, 1–56).

Furthermore, the growing economic interdependence between China and the U.S. means that America cannot punish China without seriously hurting itself. Too many voices in the

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U.S.'s business and political circles, even prominent and influential figures as Henry Kissinger and Zbigniew Brzezinski (2012) are questioning the rationale and sensibility of countering China. As the U.S. becomes more and more intertwined economically with China in the coming decades, voices like this will increase and have a major impact on the political discourse in the U.S, making its leaders even more reluctant to confront China. Moreover, the future of the Asia-Pacific will continue to be shaped by China-U.S. relationship, with other major powers such as India, Japan and Russia all playing more or less important role. Within this regional architecture, ASEAN's centrality will likely be maintained because no single great power, be it China or the U.S., will be strong enough to impose an order to its liking (Vu, 15).

3.2.2 U.S. China's Competition and Conflict

John Mearsheimer (1993) argued that China bears all the trademarks of a revisionist power. If China continues to rise more or less, as it has in the past three decades, well in the upcoming decade, China will be the biggest economy in the world and possess a much stronger military force that can challenge the U.S. in many aspects, particularly by its anti-access and area-denial strategy. He stated:

a wealthy China would not be a status quo power but an aggressive state determined to achieve regional hegemony. The rise of China and its increasingly assertive behaviour have reinforced realist and zero-sum thinking in the U.S. to a great extent. China, concludes Denny Roy, 'is a dissatisfied power' still trying to recover territory and prestige lost to the West. (qtd. in Roy, 161)

If this is the case, the U.S. will face a hard choice either to accept China's progress in the Asia-Pacific, or to take measures aimed at crippling China economically, diplomatically, and militarily. The history of power transitions in the world, the vested strategic interests of the U.S. in the Asia-Pacific, and the self-perceived American exceptionalism all suggest that the U.S.

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will likely opt for the latter policy option by launching a new Cold War against China.

Economically, China and the U.S. are highly interdependent. Nevertheless, as mentioned before, their economic interdependence seems to be overestimated. Aaron Friedberg (2000) writes, "As time passes, China will probably become even less susceptible to American economic pressure than it is today. Chinese exports to the U.S. may be large, but even now they are greatly overshadowed by China's exports to its Asian neighbours" (18-19). The same may hold true for the U.S., with the Europe, Canada, and Mexico largely surpassing China as important export destinations. The U.S. may cut off all commercial ties with China, ban the export of high-tech commodities and services to China, or curb investment made by Chinese companies in America. The Obama administration's April 2013 decision to ban Huawei, a Chinese telecom giant, from selling its products to the U.S. government is just an example of the increasingly frictional economic relations between the U.S. and China.

Mohan Malik (2011) argues, "domestic economic woes may leave Washington with no option but to stand up to China on the economic front, and insist that the world's largest economy play by the rules of the road ... and loosening control of its near-monopoly on rare-earth materials "(172). As perceived by China, the U.S. will probably use the Trans-Pacific Partnership (TPP) as an instrument to contain China economically or force China to play by the rules and norms detrimental to its interests. China's concern is justifiable in view of the fact that most of the core criteria of the TPP such as the protection of intellectual property rights and labour rights, transparency in government procurement, and equal treatment of State-owned enterprises and private sectors are designed to neutralize the very advantages of the Chinese economy. For its part, well before 2020, China may have managed to promote the Regional Comprehensive Economic Partnership (RCEP) as a counter weight to the TPP in order to roll back the economic sphere of influence of the U.S. in the Asia-Pacific. The U.S. will do as much as it can to convince its allies and partners to minimize their economic ties with China.

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Nevertheless, the 21st century's world is too interdependent and complicated, and given the unsuccessful history of the U.S.'s economic sanctions tactics. Countries in the region will continue to do business with both China and the U.S. while making use of the strategic competition between the two countries (Ikenberry, 'The Plot against American Foreign Policy: Can the Liberal Order Survive', 2).

3.3 Trump and the Trade War:

Prior to 2001, the American foreign policy focused prominently on assimilating China into the international community, but it differs after Beijing's emergence as a major global power. The Chinese economic power led to President Obama's 2001 that involved an embrace of China's rise to Prominent, attempting to improve Beijing into a strategic partner that did not pose a threat to the U.S. hierarchy. In contrast, the Trump administration changed totally that interest towards China by the trade war's outbreak, which results resurgence of the Russian and the Chinese ties (Fidler, 1).

At their first official meeting in April 2017, Trump and Xi Jinping pronounced the founding of a '100 day plan on trade' ,as well as a new forum called the 'U.S.-China Comprehensive Economic Dialogue' attempting to improve the trade relations. Eventually, the U.S. turned critical as China failed to provide adequate assistance in combating the nuclear threat from North Korea. On 25 May 2017, for the first time, the Ministry of Commerce of the PRC issued a report titled, 'Research Report on U.S.-China Economic and Trade Relations' that lists major concerns from both China and the U.S. sides. The main aim of that report was to enhance communication between the two countries (Wong and Chan, 507–526).

Nevertheless, the Sino-American trade war does not break down, as there are hidden purposes behind that war. In May 2018, the trump administration, expressed that China could

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not contribute in the Rim of the Pacific, an international military exercise in Hawaii that aims to limit the Chinese forces especially when Chinese-Russian ties further strengthened in 2018, which would pose a real threat to the U.S. (Fidler, 1).

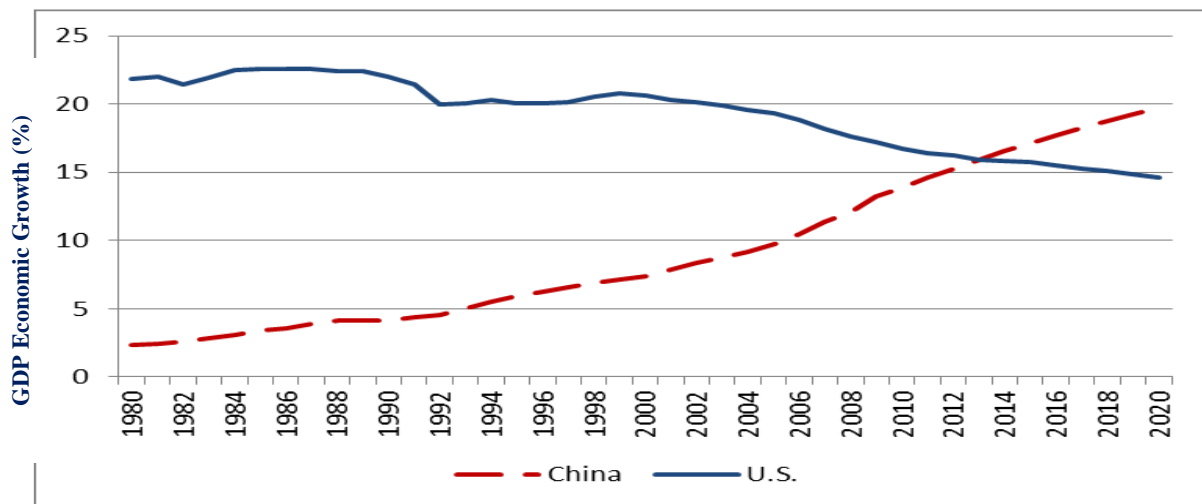
3.4 China's Economic Goals by 2050

In November 2017, president Xi's (2017) reports to the 19th Party Congress stated that China had entered a new era. He announced that, by 2050, China would turn out to be a moderately prosperous society in all respects including boosting living standards for poor and rural people, addressing income disparities, making private consumption the driver of the economy, boosting services, reducing pollution, promoting innovation and economic modernization, and improving overall living standards.

We will work faster to build China into a manufacturer of quality and develop advanced manufacturing, promote further integration of the internet, big data, and artificial intelligence with the real economy. . . . We will further reform of state-owned enterprises, develop mixed-ownership economic entities, and turn Chinese enterprises into world-class, globally competitive firms. (Xi, 263-264)

China's objectives, as it is states in **Figure 1** and **Figure 2**, are to realise average annual GDP growth of 4.8% from 2020 to 2035 and 3.4% from 2030 to 2050. It pursues to reach per capita GDP of \$20,000 by 2025, making China the highest-income country all over the world, \$45,000 by 2035 comparing 35% of U.S. levels, and \$120,000, which would be half of U.S. levels by 2050 (Xi, 263-264).

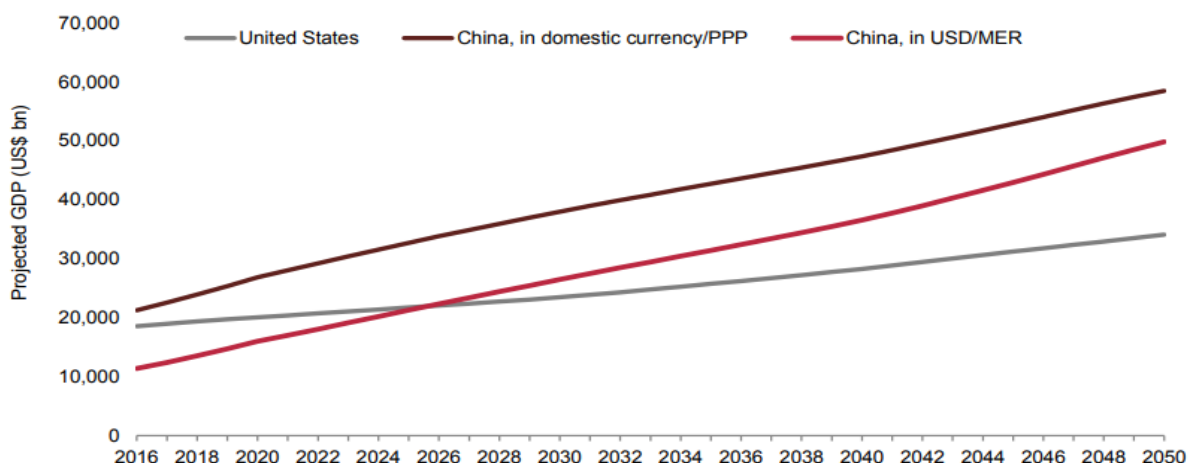
Figure 3.1: Chinese and U.S. GDP as a Percentage of Global Total: 1980-2018 and Projections through 2020



Source: IMF, World Economic Outlook, October 2017.

In addition, the report indicated that China would maintain to pursue trade and investment reforms as well as emphasized the continued importance of the state sector and the government has continued role in various economic sectors.

Figure 2.2: Projected GDP growth paths of China and the U.S. 2016-2018 and projections through 2050



Source: PwC analysis 2017.

3.5 The Resurgence of the Russian-Chinese Relations

The current Sino-U.S. trade war and military aggression in the South China Sea paints an

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uncertain picture for future relations between the two countries. At the same time, Russia and China have increased the sale of advanced military technology; collaboration unnerving to the U.S. the recent relations improvements between China and Russia as the result of U.S. foreign policy toward China. The newfound partnership seems to be one made from convenience rather than necessity; however, the two powers' international disagreements with the U.S. have bolstered a new era of economic and military cooperation. Thus, "Axis of Oligarchs" seeks to disrupt the current U.S. dominated world order, and presents a partnership that supports and appreciates authoritarianism (Cohen, 2001; Norling, 33–48).

Since Trump became president, Sino-Russian relations are re-strengthened, both economically and militarily. In April 2019, for instance, just four months after the U.S. declared it was kicking China out of its big war game, sending 3,200 Chinese troops to the participate in the exercise in Russia for its biggest war game since the Cold War. The same day the Russian war game kicked off, Xi Jinping fly to the Russia to meet with Vladimir Putin, Russian President, on the side-lines of a Russian-sponsored economic forum. Standing beside Putin, Xi expressed that China and Russia would work together to sustain peace and stability in the world (Fidler, 11).

In addition to, Last year, bilateral trade between Russia and China was up 20 percent exceeding \$100 billion, making Russia China's largest supplier of crude oil. Senior Associate Professor Stephen Nagy of the International Christian University outlines the relationship between Russia and China as being a retaliatory response to U.S.-China Policy:

China is feeling the heat, so by strengthening relations with Russia, between Xi Jinping and Vladimir Putin, the growing economic and military tie-this is a way to send a message to the United States that China does have options and Russia is a powerful option that can provide energy resources as well. . . . This is an

important indicator that both states see each other as important partners. (qtd. in Ferdinand, 841–867)

3.6 Conclusion

With Trump's determination, the envision and the unpredictability of U.S. foreign policy filled with new rhetoric. It is hard to predict the future of Sino-American relations. Room for both competition and cooperation co-exist. In the areas where competition is inevitable, ensuring that miscalculation does not prevail is of importance. Meanwhile, the Trump Administration's unpredictability in foreign affairs could increase miscalculations for its Chinese counterpart. As the rhetoric of Western interference in China's domestic affairs has been frequently deployed to justify the tightening of domestic control since the Xi Administration, China's miscalculation of the U.S. security policy might arouse greater suspicions about the US's "ulterior motives" toward China. There could be some unintended consequences. For one thing, it could unnecessarily reduce the Sino-American exchanges that have been beneficial to China's socioeconomic development.

Moreover, looking back on history, a crucial part of U.S. Cold War strategy included opening China's economy to the world. This fostered a relationship that made it possible for the two powers to strengthen their political ties and limit the economic options of the Soviet Union until its collapse twenty years later. Today, Henry Kissinger has advised President Trump to peruse a "reverse Nixon-China strategy" by be-friending Moscow to isolate Beijing. While there may be some legitimacy to this idea, it is unlikely that Russia can be a reliable partner for this purpose. Rather, finding new ways to inhibit the economic and military ties between China and Russia may be the best path forward.

General Conclusion

General Conclusion

China-U.S. relations are one of the most complex world's bilateral ties. Therefore, it is difficult to use one single theory or school of thought, to explain this relation, because of the different internal and the external factors that effect both powers and the entire world. Besides, the unpredictable events and the world's developments including the rise of other economic powerful countries, and the economic difficulties that the U.S. and China may face because of their economic systems.

Nevertheless, if China continues its economic progress, it will present a real threat to U.S. supremacy especially with the increased cooperation between Russia and China .Therefore, the U.S. president Donald Trump inflicted the issue of trade war by which he took a lot of procedures against the awakening giant .In turn China has not stood by idly. In its glorious past, China was the world's biggest economy and most powerful country for many centuries. If China successfully realizes "the China Dream" trumpeted by XI Jinping and embraced by a large portion if the Chinese population since the 18th Congress of the Chinese Communist Party (CCP), it will just return to its previous position in the region and the world. China was a regional hegemon for many centuries, so it will not be too unexpected if history repeats itself at some stage in the next or three decades.

Taking into account major factors influencing the course of China-U.S. relations. Realistic and liberals scripts are more likely scenarios that could happen. Yet, there are other scenarios besides the two scripts that were based on the realists and liberals' schools, in which other students can make further researches such as China-U.S. Condominium script, Pax Sinica in place of Pax Americana and the "Black Swan" script.

The condominium scenario is based on the belief that not all power shift must generate war, and since China is economically interdependent with the U.S., and its power is still approaching it, there is a big possibility that the two countries will find ways to really form a

General Conclusion

new type of great power relationship. The Sunnylands (California) informal summit between Obama and Xi Jinping from June 7-8, 2013 may be one of the best examples, and it is among the first efforts by the U.S. and China to stabilize their relations and to envision some form of condominium in the future should the situation require. While doubts are cast about the prospect of China-U.S. strategic cooperation, it is likely that both countries will seek to engage and cooperate with each other as long as they see that the benefits of cooperation still outweigh the costs. Although, there may not be a lot of examples of condominium model of the two great powers that are ideologically different in world politics, but there is possibility if the two countries understand that it cannot totally annihilate or negate the other.

Whereas, for the second script, they predict that the 21st century will be shaped by Pax Sinica model, and will mark the end of the western world, as the rise and the fall of powers today do not refer to its military force only, but more importantly to their economy, or predict what shape by upcoming days centuries. Consequently, it will not be too unexpected if history repeats itself at some stage in the next two or three decades. As the U.S. continues to suffer a relative decline, China's ambitions to establish Pax Sinica to replace Pax Americana in the Asia-Pacific will just become stronger. The last script that some contend is that none of these scenarios mentioned above could take place as the result of the unexpected developments, the factors that could affect whether China's future leaders will challenge or uphold the regional status quo are diverse and unfortunately indeterminate.

Furthermore, it is hard to forecast the future of the U.S, it is even harder to imagine how China will be in the upcoming years since China's system is much more opaque than that of the U.S. and China is a very big and complex country. Therefore, it is impossible for even the most capable scholars to predict how their relations will be like. All the four scenarios mentioned earlier are based on the assumption that China will get stronger and stronger economically and militarily. None of these anticipates a weak China .

General Conclusion

Nonetheless, there is also a possibility that China's rise will be short-lived, and China may go down which deprives it of the ability to challenge the U.S. in the next two decades. In the 1980s, the whole world assumed that Japan would finally surpass the U.S. and become a superpower itself. Yet Japan fell into two "lost decades" of economic recession and political deadlock right after it had reached the peak of its development. This shows that the development course of a country can be disrupted by unpredicted detours. The same may happen to China. As compared to Japan, China still has much more space for continued development. Nevertheless, it remains hard to predict how China's political and economic future will be. Another "black swan" in the power equation in the Indo-Pacific may be the rise of India in the future. While China is suffering a demographic distortion due to its one-child policy, India will have a better demographic structure by the coming year, which makes it economically competitive. Many scholars predict that India will assume the current role played by China as a rising power in the Indo-Pacific. Thus, another possibility is that the strategic frictions and competition between China and the U.S. will be dampened because China can hardly afford to "fight a two-front war" with both India and the U.S. at the same time.

Eventually, how will U.S.-China relations reflect, will probably not entirely decided by the two countries themselves, but largely it will be affected by the action and reaction of other countries in the region, especially the allies and security partners of the U.S. If the U.S. is forced by China or willing to step down from the topmost of the hierarchy of power in the Asia-Pacific and hand over the baton to China, the expected response of its regional allies and partners as well as other strategic rivals of China in Asia would mean that the future forward is very volatile.

Recommendation and Implications:

It is worthwhile to consider carrying-out extensive research that includes other possible scenarios likely to affect the results of the study. Such a study executed from one angle although there are other aspect of study. It is possible to have other countries involved in the study such as “the BRIC countries” (India Russia, Brazil, and China) which are newly advanced economic developing countries.

The research advocated the implication of analyzing international relation theories between U.S and China in analyzing other further researches, for instance The Sino-Indian relations, as the two most emerging superpowers. As it advocated its implications in making a further research concerning the new scenarios, neither realism nor liberalism, on the coming years.

Limitations of the Study:

The present study is limited to do a research during 2001-2018 analyzing the bilateral relations of U.S.-China relations with a special focus on economy, and investigating the two international relation theories, Realism and Liberalism. Any further research can go beyond this and tackle other points and examining the decline of the American power, if not the Chinese too, under the Indian’s rising Star in the coming decades.

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Résumé :

La croissance rapide de la Chine et la descente relative des États-Unis ont donné lieu à un débat intense sur la transition du pouvoir. En d'autres termes, la nature des relations Sino-Américaines et l'avenir incertain façonneront l'histoire du XXIe siècle. Cela nécessite une étude et une analyse plus approfondies des deux puissances mondiales, en particulier de nos jours avec une croissance massive de la Chine, dans laquelle elle est considérée comme le premier concurrent capable de restructurer l'ordre mondial américain. La question de la guerre commerciale, initiée par le président américain Donald Trump, a ravivé les tensions entre les deux géants, qui soulève principalement la question de savoir si la Chine représentera un ennemi mettant en péril la suprématie américaine ou la stabilité économique, reste le trait marquant de ces relations. Cette recherche est donc menée dans le but d'examiner les différentes perspectives et théories des relations internationales entre les deux pays, en mettant l'accent sur l'interdépendance économique et les stratégies mutuelles. Les conclusions de l'étude révèlent que la montée de la Chine représente une menace réelle pour la hiérarchie américaine, notamment avec la résurgence des relations sino-russes.

ملخص:

يعتبر النمو السريع للصين والتراجع النسبي للولايات المتحدة في مستوى قوة كل منهما محل نقاش لمن ستكون السلطة. بعبارة أخرى، طبيعة العلاقات الصينية الأمريكية ومستقبل هذه العلاقات هي من ستشكل تاريخ القرن الواحد والعشرين، وخاصة في أيامنا هذه أين تحتل الصين محل أقوى منافس الذي من المحتمل أن يغير الترتيب العالمي للولايات المتحدة. على هذا الأساس، قضية الحرب التجارية، المفتعلة من قبل رئيس الولايات المتحدة، دونالد ترامب، أحييت التوتر بين العملاقين، والتي تسلط الضوء على مسألة ما إذا كانت الصين تمثل عدوًا يهدد تفوق الولايات المتحدة، أو أن الاستقرار هو من سيميز طبيعة هذه العلاقات. تم إجراء هذا البحث بهدف دراسة المنظورات المختلفة ونظريات العلاقات الدولية مع التركيز بشكل خاص على الترابط الاقتصادي والاستراتيجيات المتبادلة. تكشف نتائج الدراسة أن نهوض الصين يمثل تهديدًا حقيقيًا للتسلسل الهرمي للولايات المتحدة، خاصة مع عودة العلاقات الصينية الروسية.

