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The East-West Conflict: Rethinking U.S.–China Bilateral Relations and Economic Rivalry

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Dedication

I thank Allah Almighty for the strength and patience He has given me to accomplish this work.

To my parents; thanks to their dedication and sacrifices I reached where I am.

To all my family for their support.

To my friends and colleagues.

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First, I praise the almighty ALLAH as many as He has created, as large as the expansion of His Realm, and as heavy as the weight of His Throne, and as varied His blessings have been, without a divine intervention this work would not have been possible.

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ABSTRACT

Since the Opium Wars of the 1840s to the 1989 "massacre" in Tiananmen, Sino-American relationships have bounced like some kind of pendulum. Therefore, the relationship between the United States and China are now on the verge of either stabilizing or worsening just at crucial defining moment. This research tracks and explores how two distinctive cultures interacted and clashed dramatically. In addition, it examines at the occasional collaboration and intensity of competition between the two nations the United States and China. This also discusses the connection between Chinese and U.S. domestic policies and their international behavior. Furthermore, the tension here is as serious as it gets, how would the United States handle this relationship in a way that maintains its strategic cooperation and engagement with Beijing on a steady path, but still in order to protect its national security interests and its international status, and thus what make this rising trade tensions between the U.S. and China escalate to be a "Trade War". This study offers a logical interpretation for competing political ideologies to develop and dissolve the relationship's obstacles, therefore the development within each society's views of the other; and continuing disagreements on contentious topics. furthermore, how U.S. policymakers could perhaps aim to achieve a global order that involves a powerful China which contributes positively, while also making plans for a worst-case scenario of China's alleged threat of much more aggressive and destabilizing behaviors in what is called Trade War.

Keywords: Opium Wars, Tiananmen "massacre" of 1989, Sino-American relationships, National Security Interests, U.S. policymakers, global order, Trade War.

LIST OF ABBREVIATIONS

WW II	World War II
USA	United States of America
U.S.	United States
NATO	North Atlantic Treaty Organization
SOEs	State-owned Enterprises
SEZ	Special Economic Zone
GDP	Gross Domestic Product
OECD	The Organization for Economic Cooperation and Development
IMF	International Monetary Fund
PPP	Purchasing Power Parity
CIEP	The Council on International Economic Policy
FDI	Foreign Direct Investment
ROC	Republic of China
KMT	Kuomintang
PRC	People's Republic of China
PLA	The People's Liberation Army
WTO	World Trade Organization
NSS	National Security Strategy
IP	Intellectual Property
UBO	The Ultimate Beneficiary Ownership
NGOs	Nongovernmental Organizations
USAID	U.S. Agency for International Development

DRL	Bureau of Democracy, Human Rights and Labor
PNTR	Permanent Normal Trade Relations
MFN	Most-Favored-Nation
USTR	The United States Trade Representative
FIRRMA	The Foreign Investment Risk Review Modernization Act
ECRA	The Export Control Reform Act
USD	United States Dollar
IPR	Intellectual Property Rights
BRI	The Belt and Road Initiative
UK	United Kingdom
UN	United Nations
SASAC	State-owned Assets Supervision and Administration Commission
CPC	The Communist Party of China

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General Introduction

The conflict between the United States and China has become the most important bilateral relationship in the 21st century. The repercussions spread throughout virtually the entire globe, thus affecting any country that trades internationally. However, the trade between the United States and China has always held a very integral position in the worldwide market. They are bound to have some effects on the rest of the East as well as the West.

The United States and China are clearly not allying. They share no overriding security interests or political values, and their conceptions of world order fundamentally clash. For 70 years the U.S. has been the leading power in eastern Asia. Its existence has raised a variety of international rivalries, territorial conflicts and unresolved historical issues.

The economic emergence of China also might destabilize the equilibrium. The challenge is to remodel the regional order to accommodate U.S. power while respecting China's legitimate interests. Moreover, this research is undertaken to investigate the economic clash between the two which is growing to become a Trade War.

Statement of the Problem

This research will investigate how far the U.S. and China are willing to go in this massive economic clash. It also focuses the spotlight on the tremendous rise of Chinese economy, and becoming the World's Second-largest Economy. Thus, the state when China has become the largest U.S. foreign creditor in September 2008. In this regard, the present research is an attempt to investigate the motif that makes this rising trade tensions between the U.S. and China escalate to be a "Trade War", and also the historic dimensions of this dispute?

Research Questions

The major shift in U.S.-China relations, which for decades had overcome major differences and gaps between the capitalist democracy of America and the Leninist autocracy of China, in order not only to live in peace and coexist but also to stabilize the world economy. Thus, the research is going to investigate the impact of East-West Conflict on U.S.–China Bilateral Relations and Economic Rivalry. Hence, it is an attempt in light of the following questions:

- What is the chronology of U.S.-China Relations?
- Is this trade rivalry going to be affected once this balance (between China and the U.S.) is broken?

Furthermore,

- Has this rivalry some historical roots in regards to some political factors in China (The leading Communist Party of China)?
- Had the conflict between the East and West other origins in diverging views of how global trade should work?

Hypotheses:

In this research work, we will examine the following hypotheses:

- We suppose that the trade war between the U.S. and China has roots in the historical conflict between East and West and intensified by rival political theories of both countries.

- It is hypothesized that the trade war may not generate the results anticipated by President Donald Trump and it could be prevented by addressing the international trade imbalances and conducting sustainable and productive strategic communications.

Moreover, it is hypothesized that if U.S. economic rival is politically allied with the American government, the economic tensions would not promote to a Trade War.

The present research targets multiple aims. One is about showing how and why the U.S. and China are competing in this economic clash, with what tools, on what issues, and at what costs. In an attempt to uncover if the Chinese and American policymakers try to think more creatively about strategies to address the challenges of this "Trade War". This research is undertaken to investigate the reasons and the main historical factors behind U.S.–China bilateral economic rivalry.

Regarding methodology, the present research will be based on the descriptive method of research following the characteristics of qualitative research by collecting quantifiable data to be used for descriptive and statistical analysis of the U.S.-Chinese dispute. It will examine a variety of relevant books, official documents, papers and articles dealing with the current research topic. We will also look at the studies made scholars and researchers on this subject relating to the U.S. economic foreign policy towards China and its making behind the conventional political setting involving all three branches of government and a complex array of governmental institutions and agencies. Furthermore, throughout this enormous combination of primary sources such as official government documents and statements, and secondary sources which including books, articles and so on. The current study integrates a method of describing and evaluating critical data starting from general to the specific. The present research is going to apply the eighth edition of the MLA manual of style.

The present dissertation is divided into three chapters. The two first chapters are devoted to the historical and theoretical framework in an attempt to trace the most important events and factors that shaped the current clash until the expression of Trade War have emerged. The third chapter is devoted to the analysis of East-West Economic Rivalry and the probability of the U.S.-China conflict as an Ideological One “Even as A Clash Between Civilizations.”

This project proposes a unique opportunity to document an ongoing issue happening presently, and about the most important to the twenty-first century as the clash between the U.S. and China. Additionally, this project is interesting in the sense that it helps history and international relations students to understand the U.S. economic foreign policy. Moreover, it is a suggestion to provide an overview regarding U.S.–China bilateral relations and economic rivalry.

Chapter One: China's Rising to the Challenge, and Implications for the United States

Introduction

Relations between countries have been complex and vary from positive to very negative. That nations have therefore taken a cautious stance toward one another as a possible competitor, yet has preserved an extremely close economic relationship. Sino-American relationships, Chinese-U.S. relations or the relationships between the U.S.-China relations, correlate to entanglements between both China and the United States from the 18th century onwards. Traditionally, relationship between the two nations have been relatively peaceful with certain phases of open confrontation, and now U.S. and China have common economic, political, cultural, and security concerns and interests.

1.1. The East-West Conflict in Historical Perspective: Origins and Dimensions

The conflict between east and west had its origins in views of a multiple aspects that shape civilization, which is reflected on the way of life and also on the pattern of power. However, after World War II, this rivalry dominated the international affairs. Thus, the East-West divide has become a manifestation of the antagonism between the two major forces that will decide the shape of the post-world war II and the demands of security and prosperity of these two pole powers. The rivalry between the U.S. and China has been expanded and worsened as a result of their inability to narrow their differences and also to agree on resolutions mainly of world's political problems of law and order. As a result, they collided over any unresolved post-war problem, especially those concerning Asian countries and issues. Thus, the danger of global catastrophe emerged with the advent of the nuclear technologies, as E. Karl observes:

the Chinese scientific community to pursue aggressively the development of atomic and hydrogen bombs. Through the political upheavals of Maoist rule, the nuclear physics research groups had not been disrupted. The withdrawal of Soviet advisors might have been a blow to Chinese atomic research, but since Khrushchev had long since reneged on his pledge to help China get the bomb, Soviet advisors had not been involved directly in the endeavor. (E. Karl 114)

Another internal aspect to the dispute went beyond the competition between comparing political views. Conflict has emerged between those groups that directly or indirectly gained some benefit from the conflict, roughly the military and industrial structures, and those who fell victim to it or had to pay the price in terms of loss of position. Therefore, that really brings the dispute for both East and West much beyond original roots to the place of a deeply founded social and political existence and reality. It also resulted in opposition, determined by internal social and political factors to both U.S. and China this opposition generated towards the dismantling of the potential for international relations.

1.2. The Rise of The American Imperialism

After the Second World War, the U.S. rose to the position of being the world's foremost power. Strategically the U.S. had become the greatest military power in the world, supreme both at sea and at the air. In addition, it is true to say that the Americans sought to establish their influence worldwide, with the aim of spreading their views regarding liberal democracy in all parts of the world in the sake of opening up markets which would be extremely benefiting in order to keep them remaining the world's largest economic forces. The German news weekly *Der Spiegel* noted:

Never before in modern history has a country dominated the earth so totally as the United States does today ... America is now the Schwarzenegger of international politics: showing off muscles, obtrusive, intimidating ... The Americans, in the absence of limits put on them by anybody or anything, act as if they own a "McWorld". (Follath 163)

However, such expansion was of an imperialist nature only to the extent that countries in partnership with the U.S. were skeptical to offer resistance or to form oppositional alliances, even during the immediate post-war period. The Europeans had to put pressure on the U.S. to maintain its presence there. The most positive outcome was U.S. military involvement in the integrated forces of NATO as the result of strong European persuasion, to which the American Government finally failed to resist with great reluctance.

American superiority only began to be effective at the end of the 1960s, mainly in the area of military weapons and technology, which in the cold war era has indeed become the cornerstone of the nation's foreign policy. Nevertheless, Chinese leaders frequently stress the desire for stable ties. The Foreign Minister Yang Jiechi noted in the 40th Anniversary of Nixon's visit to China:

Because of globalization, nations have become more interdependent, and the U.S. and China share wide-ranging interests as well as responsibilities. The development of U.S.-China relations bears great import not only on the welfare of their citizens but also on world peace, stability and prosperity. (Jiechi 149)

American world power mainly relied on the willing cooperation of its partners and allies; thus, had only limited capacity to expand gradually, but with U.S. economic and strategic strength it was ideally suited to spreading its liberal-democracy philosophy. While at the same

time acquiring various strategic allies in the most vital areas of the world, such as the Middle East, Africa and the southeast of Asia.

1.3. The History of China's Economic Development

Before 1979, Beijing maintained a centrally planned economy beneath the leadership of Mao Zedong. A large proportion of the nation's economic output was monitored and controlled by the government, which set goals for production, controlled prices, and allocated resources throughout most of the economy as E. Karl noted:

Mao grudgingly recognized that the nationwide scarcity of resources required central distributive controls and the new democratic transition to socialism required firm Party leadership. (E.Karl 86)

Several of the individual household farms in China were collectively owned by large communes during the 1950s. The central government made large-scale investments in material and human resources during the 1960s and 1970s in order to promote rapid industrialization. As a result, approximately three-fourths of manufacturing output was performed by centrally controlled, state-owned enterprises (SOEs) in accordance with existing centrally established output targets by 1978. Publicly owned businesses and foreign-invested companies have been oftentimes legally prohibited. Angus Maddison (2007) claims that the main objective of the Chinese Government would be to make China's economy self-sufficient. Normally international trade was limited to certain goods that cannot be manufactured or obtained in China. Such policies created economic distortions. Although most key aspects of the economy had all been owned and managed by the central government, there are very few market frameworks for the efficient allocation of resources, and thus there was limited motivation for businesses, workers

and farm workers to become more productive or even to be more concerned with the quality of what they produce, because they were focused exclusively on the production goals that they had set by the authority.

1.3.1 China's Economy Prior To Reforms

Wayne M. Morrison is specialist in Asian trade and finance claims that in beginning of 1979, Several economic reforms were initiate by China. The national government decided to launch price and ownership benefits for farm workers which motivated farmers to sell portion of their crop production on the free market. The government also established four special economic zones all across the shoreline to attract foreign investment, increase exports and import high-tech products into China, as Garnaut, Song and Fang noted:

Foreign investment has also been a major source of the international diffusion of technology and knowhow. China's early openness to foreign investment, initially through Special Economic Zone (SEZ), saw it rapidly become the major center of global manufacturing growth. In the early decades of China's opening, foreign invested firms were the major source of Chinese trade and output growth. While Chinese foreign investment policy restricted foreign ownership shares in most activities that serviced the domestic market (commonly to 50 per cent or less in joint ventures with local enterprises), investment was welcomed as a source of international knowhow and technology and an agent of export growth. (Garnaut, Song and Fang 563)

Additional reforms, which proceeded in phases, attempted to decentralize economic policymaking in various sectors, particularly trade. Regional and local governments were granted

economic control over different companies, which were normally authorized to operate and compete on free-market principles, rather than under the control and supervision of state planning. Furthermore, citizens have been empowered to start their own businesses. Several coastal areas and regions have been designated as open cities and development zones, allowing them to engage with free-market reforms and to provide tax and trade opportunities to bring in foreign investments. Additionally, state price controls on a large variety of goods were gradually eliminated. Trade liberalization was also a cornerstone to the economic success of China.

1.3.2 China's Economic Growth: 1979-The Present

After economic reforms were implemented, China's economy has significantly expanded faster than during the pre-reform era and has attempted to avoid significant economic shocks and disturbance. From 1979 to 2018, China actually managed to double the size of its economy almost every eight years. This has indicated that China's estimated yearly real GDP is around 9.5%. The global economic recession that started in 2008 which has affected the Chinese economy considerably. Beijing decided to implement an economic stimulus package of \$586 billion, mainly directed at financing infrastructure and softening monetary policies to increase bank lending. Such policies allowed China to fight the effects of the sharp drop in demand for Chinese products worldwide. Chinese Academy of Social Sciences through Deng Yingtao notified:

We cannot count on developed countries to offer genuine, generous aid. Leaving aside ideological, political and economic factors, there is tacit agreement among them to maintain and reinforce the unjust world order representing their common interests. This is the best way to perpetuate their dominance; no matter how fierce the quarrel among themselves, they will always unite to make war on

the developing world. It is wholly naive to expect them, except a small number of politician, to help developing countries grow. (Yingtao 86)

However, several economists predict that China's economic growth might slow further if the U.S. and China proceed to impose punitive trade measures upon one another, such the tariff hikes that have resulted from U.S. action under Section 301 tariffs from 10 per cent to 25 per cent on \$200 billion worth of Chinese imports and China's retaliatory measures in response to the United States. The Organization for Economic Cooperation and Development (OECD) forecasts that tariffs throughout all exchanges between the U.S. and China have been increased, and that will decrease China's real GDP by 1.1 per cent in 2021-2022 compared to the OECD's economic baseline forecasts. (OECD 109-112)

1.3.3 Causes of China's Economic Growth

Economic experts widely connect much of China's rapid economic growth to two major factors: the first a large-scale investment in capital, funded by massive domestic savings and foreign investment, and second a rapid growth in productivity. Those two factors seem to go together hand in hand. Economic reforms have resulted in higher economic productivity which has improved production and raised resources for additional economic investment. As Garnaut, Song and Fang observes:

Various forms of economic responsibility systems were established within individual enterprises to promote efficiency, with differential wage rates instituted for different kinds of work and levels of productivity. The development of individual and collective enterprises was fostered to supplement state enterprises; foreign trade and investment were expanded and technological

exchanges with foreign countries promoted. These steps were revolutionary, given the institutional and ideological tradition up to that point. (As Garnaut, Song and Fang 98)

China has traditionally maintained a strong savings rate. After reforms started in 1979, that included decentralization of the economic development, Chinese household savings have accelerated the growth and savings for enterprises. China's gross savings as a percentage of Gross Domestic Product (GDP) is also the highest among major economies. The significant degree of domestic savings has allowed China to support high investment rates, since the domestic saving are the superior and the predominant financing source of investment. Indeed, China's gross domestic savings far outweigh its domestic investment rates, rendering China a massive net global lender.

However, as technological progress in China begins to converge with major developed countries, i.e. by adopting foreign technology, its level of productivity gains, and thus real GDP growth, might slow dramatically from its historical level unless China becomes a major center for advanced technology and innovation and imposes modern, comprehensive economic reforms. Morrison (2019) claims that The Chinese Government plans to allow China to pass the high-income threshold by 2025. This is primarily to be done by making innovation a significant source of potential economic growth. Some U.S. economists or rather skeptics argue that innovation growth in China will be difficult to accomplish, particularly if it is driven primarily by the state and imposes new further limitations on foreign firms.

The Chinese government has also expressed its willingness to shift away from its current fast-growing economic model at whatever cost towards more "smart" economic growth, which aims to reduce dependency on energy-intensive and high-polluting industries and focus mostly

on high-tech, green energy and services. China has already shown its desire to achieve more balanced economic growth. (8-9)

1.4. U.S. View Regarding the Rise of Chinese Economy

The Chinese rapid economic growth has caused many scholars to wonder whether and when China will overtake the U.S. as the world's leading economic power. The true size of the economy in China has been the subject of widespread debate between many economists. Consequently, many economists from the International Monetary Fund (IMF) argue that the use of nominal exchange rates to exchange Chinese data into U.S. dollars Does not completely represent the actual essence of the economy and living conditions in China compared to the United States.

Nominal exchange rates simply reflect the prices of foreign currencies with regard to the U.S. dollar, and yet these measures exclude variations in goods and services prices across countries. To be explicit, one U.S. dollar converted for domestic currency in China will purchase more goods and services there than in the United States. This is because the prices of goods and services in China are usually much lower than in the United States. Paradoxically, goods and services prices in Japan are usually much higher than in the United States and China. Therefore, one dollar converted for local Japanese currency will buy less goods and services there than in the United States. Economic experts seek to establish estimates of exchange rates based on their real buying power compared to the dollar to allow more reliable country-wide comparisons of economic results, commonly referred to as Purchasing Power Parity (PPP). Blackwill and Tellis notes a great example of the U.S. primary assumption of China:

Because the American effort to ‘integrate’ China into the liberal international order has now generated new threats to U.S. primacy in Asia—and could result in a consequential challenge to American power globally—Washington needs a new grand strategy toward China that centers on balancing the rise of Chinese power rather than continuing to assist its ascendancy ... [There must be] the clear recognition that preserving U.S. primacy in the global system ought to remain the central objective of U.S. grand strategy in the twenty-first century. (Blackwill and Tellis 4)

Morrison (2019) assumes that China’s rapid economic growth and emergence as a major economic power has given China’s leadership increased confidence in its economic model. In his own assumption most experts claim that the primary challenges facing the United States are to persuade China to sustain the international trading system, what could be ultimately responsible for its economic growth, and which should play a much more effective role in sustaining this mechanism; and two further economic and trade reforms are the certain way for China to grow and modernize its economy. Furthermore, there are differences of opinion on the most efficient way of dealing with China on serious economic issues. Some endorse a strategy of engagement with China throughout different forums. Others endorse a more balanced engagement approach whenever is possible, connected to a more aggressive use of the World Trade Organization dispute resolution process to counter China's unfair commercial policies. Some, who consider China a rising threat to the U.S. economy and the global trading system, support a policy of trying to contain China’s economic power and using “punitive” measures, such as increased tariffs under Section 301, to either counter the negative impact of China’s industrial policies on

U.S. firms or force China to adjust a discriminatory policies the same as 2025 Made in China initiative. (Morrison 35-38)

1.5. Major Influences on The U.S. Economic Foreign Policy

Freeman Jr. claims that most scholars may agree that every country's foreign economic policy derives from its national interests, which bring great importance to the prosperity of its own economy. These interests include establishing sustainable and very well-paid jobs, maintaining reasonable price stabilization, achieving maximum economic growth, and the creation of social safety nets to provide "shock absorbers" towards the unavoidable disturbances in all economies. (Freeman Jr. par.8-15)

The United States is facing a sequence of complex obstacles, urgent risks and promising prospects from its relationship with the global economy. Such obstacles, threats, and opportunities face both the U.S. economy as it attempts to maintain growth and stability at acceptable standards and U.S. foreign policy as a whole as well as the role of the country around the world as Pastor noted that trade policy is defined as:

the sum total of actions by the state intended to affect the extent, composition, and direction of its imports and exports of goods and services. And at that level of policy, the Council on International Economic Policy (CIEP) identified the objectives of U.S. trade policy as “multilateralism, nondiscrimination, and freer trade.” (Pastor 71)

Additionally, U.S. foreign policy and therefore national security are benefiting immensely from the advantages of globalization to other nations. For over a half century, major economic and trade partners have not waged war with one another. No nation has ever

accomplished sustainable economic growth without engaging with the global economy, a historical truth of great significance in the fight against terrorism, including the terrorist implications of massive unemployment in poor nations and countries across the world which have failed. At such stage, despite the relationships between both the United States and most of its conventional, particularly European partners so triggered by disputes regarding Iraq and much more broadly "United States unilateralism"; productive major new global trade and investment would also might help bring back U.S. to a broader international connection to a significant degree. (Meltzer and Shenai 16-22)

In the post-war era, the U.S. could reasonably assume that all the other main players in the global economic system practically had a similar tendency: Western Europe, Japan, Canada, and a few others on specific issues. Of course, there were also bitter and extended conflicts with Japan in particular. But still the differences dominated: Most of the big players were high-income, market-based economies and political democracies that had massive stakes in a thriving global economy and relied on the United States for their protection.

1.6. China Influence

Even more dramatically, China has become the new growing pole and chief driver of global trade expansion. China has already become the world's third largest trading country and provided the largest stimulus to world trade of any country even the United States during 2000-2003. Moreover, after implementing outward-looking economic reforms in 1978, China's economy flourished nine fold with exchange rates estimated at parity of buying power, And has become the world's second largest economy with currency trading at market rates, ranked sixth yet going to go up to fourth over the next few years following the U.S., Japan and Germany.

Its exports development in 2003 alone was more than the gross of India trade level. It accounted for almost half the increase in total global demand for oil in 2002-2003. It already has the third largest stock of inward Foreign Direct Investment (FDI) in the world. It also has the world's third largest Foreign Direct Investment (FDI) i.e. Stock of inward, exceeding the U.S. as the main destination for these investment flows in 2003, and to accumulate an inflow that same year alone greater than the total FDI flow to India from its very independence in 1947. (Morrison 14-18)

Conclusion

In conclusion, U.S.-China dispute seems to be anything but unavoidable, and the Asia-Pacific region is experiencing significant tensions. Such tensions are indeed the product of historical enmity, cultural difference and deep ideological divergence, not even to include suspicions fueled by geopolitical, economic competitiveness and the strongly linked "security dilemma." Notwithstanding alarming indicators of heightened rivalry, this fraught relationship remains the most critical bilateral relationship of the 21st century worldwide.

Chapter Two: U.S.–China Economic Rivalry

Introduction

This thorough review of historical and current influencing factors of Sino-American relationships has been followed since The Empress of China arrived in Guangzhou in 1784 until leader Xi Jinping, to a complete growing tension over salient conflicts between the two nations. Moreover, since China's rapid rise to high-power rank, the U.S.-China relation is now one of the world's most influential foreign relations today, driving its phenomenal economic development since the late 1970s due to China's shift to a market economy.

2.1. Timeline: U.S. Relations with China

The United States and China constantly made the national news, and yet they still do. Here is just a continually updated overview of its most important historical developments:

2.1.1. The Beginning of The Relations “1784 Empress of China Arrives in Guangzhou”

In August 1784, Connection between the U.S. and China began when The Empress of China traveled to Guangzhou, a region in southern China. According to the U.S. Historian Department of State Office, in the 18th century, all trade was operated through Guangzhou with the western nations. In 1784, China denoted the creation of a new nation into the lucrative trade in porcelain, tea and silk. As Bevis noted:

The Empress of China was the first vessel to sail from the United States to China, arriving in Guangzhou (Canton) in August of 1784. The super-cargo Samuel Shaw had been appointed as an unofficial consul by the U.S. Congress

but he was unable to make contact with Chinese officials or gain diplomatic recognition for the United States. (Bevis 16)

Numerous Americans arrived in China, but just about 50 years later. In February 1830, the very first American missionaries to come landed in Guangzhou. Two Protestant ministers have been on the ship, Reverends Elijah Bridgman and David Abeel, which were sent by the American Council of Foreign Missions Commissars. Bridgman had researched the Chinese history and culture thoroughly before joining. The very first medical missionary was Dr. Peter Parker, who came to Guangzhou once more in 1834. He built a small clinic in the foreign section but soon expanded in what became the Guangzhou hospital due to the large number of patients.

Chinese travelers arrived in the U.S. around the same time Americans arrived in China. Three Chinese sailors landed in Baltimore, Maryland in 1785, stranded by a merchant ship on shore. They have arrived from Guangzhou but after landing there was no record of what happened to them. Chinese history and culture first entered the United States in 1839, when a Philadelphia trader, who had been trading with China for 12 years, carried a great collection of paintings, artifacts, botanical samples, and more. The trader, Nathan Dunn, has arranged a museum in Philadelphia for his own collection to give visitors a glimpse of life in China. (U.S. Department of State, Office of the Historian par.1-7)

2.1.1.1. “1839-1949 Century of Humiliation”

To better understand the U.S.—China relationship, we do need to look at the past of China and relationships with the other countries of the world, including those not specifically involving the United States. China's "Century of Humiliation," the era from 1839-1949 when China lost vast parts of land to foreign forces, is the paradigm that several Chinese still see as the

position of China in the international community. And the "Century of Humiliation" actually started in 1839 with the Opium War. (Kaufman 1-2)

Great Britain fell in love with Chinese tea, silks, and other products and wanted to broaden trade to obtain more of those products. These attempts were refused by the Chinese before the British suggested something that the Chinese cannot refuse "opium". Great Britain started selling opium to China as well as the Chinese soon became addicted. In 1838, the Chinese emperor appointed Commissioner Lin Zexu to Guangzhou to terminate the trade in opium. (Kaufman 2-8)

2.1.1.2. 1839-1842 Opium War

Lin Zexu requested the British hand over their stock of opium to be ruined and finally the British agreed. The British therefore left Guangzhou to Macao, but the dispute over such incidents ended up sparking war the following year. This was the beginning of the Opium War between Britain and China. (U.S. Department of State, Office of the Historian par.10)

2.1.1.3. 1844 Treaty of Wangxia

The Wangxia Treaty was signed by the U.S. and China in 1844, representing the start of formal relations between the two nations. Secretary of State Daniel Webster appointed Congressman Caleb Cushing to China in 1843 to strike a deal with the Qing (the dynasty that has been in power since 1644). Cushing was denied entry to Beijing, and while awaiting in Macao, he started to give up hope for negotiations. Just when Cushing was preparing to depart and return to the United States, Qi Ying, the Qing negotiator, complied with all the proposals offered by the United States. The treaty gave China the most favored nation status to the U.S. and offered

numerous privileges to the Americans in China. (U.S. Department of State, Office of the Historian par.12)

2.1.1.4. 1858 Treaties of Tianjin

The United States acquired further rights in China, after China and other foreign powers formed the Tianjin Treaties. The new treaties and agreements in 1858 created further ports for international trade and settlement, and increased foreign investment advantages. The Qing court also approved the establishment of temporary diplomatic offices in Beijing. As Wang noted:

The Sino-British Treaty of Tianjin and the Agreement containing Rules of Trade and Tariff did not involve much negotiation. Less than one month elapsed between Emperor Xianfeng's authorizing of negotiations for the Treaty of Tianjin on May 29, 1858, and the conclusion of the fifty-six-article treaty on June 25. In the case of the Rules of Trade and Tariff, the negotiations in Shanghai lasted only twenty-four days, from October 14 to November 8, 1858. (Wang 17)

China Analyst Alison Kaufman describes the sacrifices throughout the “Century of Humiliation” in three sections: "the loss of power over its internal and external environment, the loss of territory and the losses of international prestige and dignity." (Kaufman 4)

Today, several Chinese see such losses as injustices which need to be rectified. They accuse Western imperialism for all these previous humiliations, which they still associate with America today, notwithstanding its origins in the 1800's British imperialism. (Kaufman 10)

2.1.2. Rising Tensions and The Fall of The Qing Dynasty

Anti-foreign sentiment rose among the Chinese in the late 1890s, despite the optimistic open-door mentality of the Americans. The Boxer Rebellion gained popularity in China for its anti-foreign and anti-Christian sentiments, originally called after the martial artists who began the movement. A popular slogan for Boxers was: "support the Qing, destroy the foreigner" (Cohen, Paul A. 47). The Boxers attacked all immigrants in their legations, such as missionaries and embassy staff, several of whom went into hiding. In 1900, the Boxer Revolution was defeated by several countries, including the U.S. joint the military power. The United States Marines played a significant role in the protection of legations and in the defeat of the Boxers. In 1901, foreign nations pressured the Qing to sign a treaty named the Boxer Protocol where it forced the Qing court to compensate foreign countries more than \$330 million in reparations, dramatically weakening the already struggling Qing Dynasty. The United States eventually used their portion of the reparations to support Chinese student's scholarships to study in the U.S. (U.S. Department of State, Office of the Historian par.29-36)

2.1.2.1. 1905-1906 Anti-American Boycotts

Anti-foreign sentiment kept on growing. Thus, Anti-foreign sentiment quickly has become anti-American sentiment. From 1905-1906, Shanghai, Beijing and other great China cities started to boycott U.S. companies and goods, illustrating China's increasing nationalism. (U.S. Department of State, Office of the Historian par.32)

2.1.2.2. 1911 Fall of The Qing Dynasty

The Qing Dynasty introduced a series of reforms and constitutional changes in an attempt to reinforce their declining authority. At the very same time, the government pulled a series of

loans from foreign nations to finance the expansion of railroads in China. Despite or maybe because of these reforms, government discontent has exploded as rebellions have erupted across China. The Qing Dynasty collapsed in the fall of 1911. (U.S. Department of State, Office of the Historian par.36)

2.1.3. 1911 Establishment of The Republic of China (ROC)

During the October 1911 Wuchang Rebellion towards the Qing, the Qing Dynasty collapsed and the Republic of China (ROC) was officially established. The Republic's founding party was the National People's Party, also referred to as the Kuomintang or (KMT). As Tubilewicz observes:

After the 1911 revolution, the newly established Republic of China (ROC) promulgated the Provisional Constitution of the Republic of China in 1912, China's first modern constitution. The Provisional Constitution provided for the separation of powers and protected the freedom of both citizens and private ownership. (Tubilewicz 49)

So, while the leadership of the Republic switched hands many times in its early years, the existing leadership still demonstrated its dominance in the military. In 1925, Chiang Kai-shek (Jiang Jieshi) became KMT leader which is by far the most well-known leader of the Nationalist Party.

2.1.4. The Chinese Civil War: “1949 People’s Republic of China (PRC) Established, Nationalists Retreat to Taiwan”

In 1946, a year after the fighting with Japan ended, the Civil War resumed. Though in 1945 the United States government under the Truman administration managed to negotiations between the Nationalists and the Communists, war exploded once more in early 1946. President Truman signed off on providing assistance to the government of Chiang Kai-shek, but even then, the United States remained largely out of the Chinese Civil War. The Communist Party, headed by Mao Zedong, won the Civil War in 1949, and founded the People's Republic of China (PRC) in mainland China. The Nationalists were forced to withdraw to Taiwan under the leadership of Chiang Kai-shek. Especially considering the failure of the KMT, the United States has proceeded to consider the Republic of China as China's legitimate government. That limited U.S. diplomatic ties with the new PRC government for several years to come. (U.S. Department of State, Office of the Historian par.66-69)

2.2. Rapprochement

Since the 1960s, the policy makers of the United States and China have continued a high-level of diplomatic communication. Both nations have settled or postponed their most important points of disagreement of the dispute.

2.2.1. 1965 Immigration and Naturalization Act

Congress approved the Immigration and Naturalization Act in 1965 allowing additional Asian Immigrants. Chinese immigration has risen dramatically. However, The United States stopped economic assistance to Taiwan in the same year, as Taiwan's economy was growing exponentially by itself. (U.S. Department of State, Office of the Historian par.83)

2.2.2. 1971 Ping Pong Diplomacy

Relationships progressed further as a result of what came to be known as Ping Pong Diplomacy. The U.S. and China sent ping pong team members in April 1971 to participate in the World Table Tennis Championship in Japan. Later, the Chinese government actually invited and welcomed the U.S. ping pong team to China, and they agreed to it. The invitation indicated China's willingness to establish friendly ties with the U.S. That same day U.S. team received a welcome for their arrival in Beijing, President Nixon eased China's trade embargo. In exchange, less than a week later, China eased its U.S. trade embargo. (U.S. Department of State, Office of the Historian par.90)

2.2.3. 1972 President Nixon Visits China

President Nixon's 1972 visit to China was a historic turning point in the U.S.-China relation. In July 1971, National Security advisor to President Nixon, Henry Kissinger secretly decided to visit Beijing to plan for the next year's President Nixon's visit, speaking with senior officials such as Premier Zhou Enlai. Nixon's visit finished 25 years of the two nation's separation. The trip achieved a dual purpose to strengthen ties and open the U.S. - China discussion and gain advantage against the Soviet Union. Nixon managed to meet Mao Zedong and Zhou Enlai during their eight-day trip to Beijing, Hangzhou and Shanghai. After the visit finishes, the United States government and the PRC released the Shanghai Communique, in which both parties agreed that moving towards normalizing diplomatic relations will be in everyone's long term interest. (U.S. Department of State, Office of the Historian par.93)

2.2.4. 1978 U.S. And China Establish Full Diplomatic Relations

Shortly after taking office in 1977, President Carter reinforced the Shanghai Communique objectives. In December 1978, a joint communique was published by the PRC and the U.S. government creating complete diplomatic ties. President Carter accepted the terms of the draft "One-China" policy proposed by the PRC, and the United States dissolved official diplomatic ties with Taiwan. The One-China policy says that despite declarations by the two rival governments, the PRC and the ROC, there is only one China. It ensures that in order for the U.S. or any other country to have diplomatic ties with the PRC, ties with the ROC must be broken. However, later in 1979 Congress passed the Taiwan Relations Act enabling for sustained U.S.-Taiwan ties without clear breach of the One-China policy. On 1 January 1979 both nations declared that diplomatic ties would be officially established. (China daily 2009)

2.2.5. 1980 Reform and Opening Up

In 1980, Deng Xiaoping initiated a sequence of social and economic reforms aimed at improving the conditions of Chinese citizens, such as opening China to overseas investment, decollectivizing farming, and encouraging people to own businesses. As Wang observes:

Establishment of diplomatic ties between China and the U.S. was also good for peace and stability in the Pacific region and other parts of the world. It was a good move in order for China to develop relations with other countries and to open a new page in its diplomacy. It was also conducive to China's improvement of relations with other countries, where U.S. attitude was important. (Wang 110)

Major companies rushed into China to exploit new business opportunities. From here, the two countries had growing connections: in 1984, President Ronald Reagan has become the third U.S. president to visit China, since Presidents Nixon and Ford. In the 1970s and 1980s, China entered a variety of international organizations such as the Asian Development Bank, the World Bank, and the IMF. China has at last become more engaged with the global community. (U.S. Department of State, Office of the Historian par.102)

2.3. Hiatus in Relations

The U.S. and China on far too many occasions failed to reach mutual agreement on a variety of trade treaties and foreign economic policies. Consequently, the increasing tensions among both United States and China and whether the scenario might intensify into a full-blown military confrontation. If both parties persisted pursuing more escalation measures throughout previous events and crises.

2.3.1. 1989 Tiananmen Square Incident

The People's Liberation Army placed restrictions on the thousands of students manifesting on Tiananmen Square, Beijing, on June 4, 1989. The students protested for a variety of reasons such as transparency and accountability to the government, free expression and the media, and democracy. The PLA opens fire, killing approximate hundreds to a thousand students. That has created an international outrage. The United States reacted strongly by placing trade sanctions on China and stopping sales by the military. While a break in relations was triggered by the Tiananmen Square Incident, the Sino-U.S. relationships in a few years, started to slowly change. Chinese President Jiang Zemin went to visit the U.S. in 1997, a Chinese leader's first visit in more than a decade. In exchange, the coming year, President Clinton went to visit

China to try to discuss Taiwan. The visits were indications that relationships were once again developing, but it took some other hit in 1999. (U.S. Department of State, Office of the Historian par.107)

2.3.2. 1999 U.S. Bombing of Chinese Embassy in Belgrade

On the day of a NATO interference in Yugoslavia, the United States bombs unintentionally the Chinese Embassy in Belgrade on 7 May 1999, killing at least three and wounding twenty. The bombing was supposed to strike a storage unit containing ammunition, but NATO's maps were out of date. Though President Bill Clinton instantly issued an apology and claimed that the bombing was a mistake, Chinese media postponed publishing the apology and anti-American protestors arose across China as some Chinese targeted U.S. property particularly the U.S. embassy in Beijing. (U.S. Department of State, Office of the Historian par.116)

2.4. Tensions in the 21st Century

Relations between the U.S. and China during the past two decades had already been defined by a sequence of ebbs and flows. This shift has greatly contributed to debate whether United States and china have already become enemies, even opponents, in some kind of a brand-new Cold War.

2.4.1. 2001 U.S.-China Aircraft Collision

In April 1, 2001, the U.S. Marines military plane crashed under routine monitoring with a Chinese jet off the coast of China. The U.S. plane took out an emergency landing in Hainan, China. All 24 U.S. crew survived however in the accident the PRC pilot died. The U.S. plane and

crew were arrested and detained until April 11. It is uncertain which government, if there are any, was responsible for the incident and the crisis has spread rapidly. (Sanger and Rosenthal 1)

2.4.2. 2001 China Joins WTO

Fears about possible economic instabilities significantly grew as China's economy expanded. In October 2000, President Clinton ratified the U.S.-China Act 2000 giving Beijing substantive regular trade connections with the U.S. In September 2001, after promising to comply with a number of international requirements, China was officially invited to join the World Trade Organization. (U.S. Department of State, Office of the Historian par.117)

2.4.3. 2008 China Becomes Largest Holder of U.S. Debt

In 2006, China has become the second largest trading partner of the United States after Canada. In September 2008, China exceeded Japan becoming the largest holder of U.S. debt. Since July 2013, China seemed to have \$1.3 trillion in U.S. debt. In 2010, China has become the second world's largest economy after the U.S. and is predicted to overtake the U.S. around 2027 (Fisher par.1-2). As Goh noted:

China became the largest holder of U.S. debt: its holdings of official U.S. debt stood at 46 per cent in 2008, and peaked at \$1.175 trillion in October 2010. China also edged out the World Bank as the largest lender to developing countries in 2009-10. (Goh 114)

In addition to economic matters, there have been many political disputes between the U.S. and China. For instance, in 2012, Chen Guangcheng, a Chinese political dissident facing supervised probation for his controversial human rights campaign, managed to escape and sought

refuge at the U.S. Embassy in Beijing. American negotiators have met with Chinese authorities, and Guangcheng has become to the U.S. as a law student at New York University, where he lives. The problem was resolved by authorizing Guangcheng to move to the U.S. as a student instead of a political dissident.

2.4.4. 2011 U.S. Pivots to Asia

Secretary of State Hillary Clinton declared the "pivot" of the United States from the Middle East to Asia, in 2011. (Lieberthal par.6-7) This included spending U.S. resources in military, economic and political activities in the Asian-Pacific region. China has grown towards becoming a powerful country that controls the attention of the world; and it is much more essential than ever to develop a frequent dialogue.

2.4.5. 2013 Sunnylands Summit

In June 2013, President Xi Jinping and President Barack Obama met for the first time at the Sunny lands Summit. Sunny lands, a massive property in Rancho Mirage, California, offered a comfortable atmosphere for both presidents to discuss key issues such as North Korea, cyber security, and climate change.

Considering positive overtures and proposals of a “new-type great power relationship,” (Price par.7-9) a concept suggested by Chinese leaders, there have been a range of enormous variables that still trigger tension between the United States and China. As Maass noted:

In June 2013, President Xi Jinping met with President Barack Obama at the Sunnylands summit. Xi used the concept of the "new model of major country relations". And suggested the Pacific Ocean was big enough for both countries.

The U.S. did not adopt the concept, although it referred to cooperation. (Maass 223)

For instance, if the territorial conflicts in the East and South China Seas between Japan and China were to escalate into war, The United States might devote itself in protecting Japan, which would seriously harm the relationship with China. The complicated relationship between China and Taiwan is indeed a source of friction between the U.S. and China, as well as violations of human rights by China.

The U.S. relationship with China may seem mutually advantageous whereas others believe that ties are weakening with the increasing rivalry and interdependence. China is playing a much more important role in regional and global affairs, and this may cause unforeseen harm or support to the U.S.-China relations. Whatever the case, U.S.-China ties history plays a significant role in shaping relationship status nowadays. Through China's increasing dominance and influence in the global community, ties between the U.S. and China have become further critical than ever before in maintaining both nations' prosperity and security. (Monroe 10)

2.5. The Current Status of U.S.–China Relations

Competitiveness controlled the relationship during most of the Trump Administration and domains of collaboration diminished. The 2017 National Security Strategy (NSS) defines both Russia and China as intending "to undermine American authority, influence, and interests, seeking to weaken American prosperity and security" (whitehouse.gov 25). To press China to adjust its economic practices, the United States has implemented tariffs on nearly half of U.S. imported products from China and expected to put tariffs on the remaining imported goods on September 1, 2019, and December 15, 2019. United States tariffs and escalatory tariffs for China

had already reformatted global supply chains and especially hit U.S. farmers and manufacturers hard. The conflict was not sorted out by twelve rounds of discussions. (crsreports.congress.gov 1-5)

2.5.1. Trade and Economic Relations

Political and economic ties between the United States and China have massively grown over the past three decades. In 2018, China seemed to be in terms of products – the biggest trade partner to the U.S, the third biggest export market, and the main source of imports. China is indeed the biggest international holder of Treasury securities to the United States. Nevertheless, the trading relationship has been continuing to rise progressively fraught.

The Administration of Trump opened an investigation regarding China's intellectual property (IP) practices, advancing technology, subsidies and spurring innovation in 2017. Starting in 2018, the Trump administration implemented tariffs on Chinese imports worth more than \$250 billion. During the first half of 2019, tariffs seemed to have led to a severe contraction in U.S.-China trade. On 1 August 2019, President Trump claimed that, starting on 1 September 2019, the U.S. would implement 10 per cent tariffs on almost all the remaining imported goods from China.

Subsequently, his administration excluded some products from the 10 per cent tariffs and postponed the implementation of tariffs on other products, although on 23 August 2019, the President also expressed his intention to increase the tariff rate on other goods from 10 per cent to 15 per cent. The President has clearly stated occasionally what some analysts define as an ambivalence regarding the trade relationship. Corresponding mostly to continuing enormous size of the U.S. trade deficit with China, the president said on August 1, 2019, “If they don’t want to

trade with us anymore, that would be fine with me. We'd save a lot of money.” (Lawrence, Campbell, Fefer, Leggett, Lum, Martin and Schwarzenberg 11-13)

2.5.2. Trade

According to U.S. trade data U.S. Bureau of Economic Analysis, Department of Commerce, in 2018 U.S. products and services exported to China amounted \$178.0 billion (7.1 per cent of maximum U.S. exports), whereas imported goods from China totaled \$558.8 billion (17.9 per cent of total U.S. imported goods). As a direct consequence, the general bilateral deficit seemed to be \$380.8 billion, up from 2017 by \$43.6 billion (12.9 per cent). (Lawrence, Campbell, Fefer, Leggett, Lum, Martin and Schwarzenberg 13)

2.5.3. Trade in Goods

U.S. exports of products to China amounted to \$178.0 billion in 2018, down 7.3 per cent (\$9.4 billion) from 2017. The amount of imported U.S. products from China during the same timeframe was \$540.4 billion, increasing 6.8 per cent (\$34.4 billion) since 2017. The decline in U.S. exports and the growth in U.S. imports led to an increase in the bilateral trade deficit of \$43.8 billion (11.7 per cent), totaling \$419.6 billion. Exports to China represented for (7.2 per cent) of all U.S. exports of products, whereas imports from China registered for (21.1 per cent) of all U.S. imports of products. In 2018, the main exports of U.S. products to China have been capital goods, this does not include automobile vehicles (\$52.9 billion or 43.8 per cent of U.S. products shipments to China), manufacturing supplies (\$40 billion or 33.1 per cent), and automobile vehicles and parts (\$10.4 billion or 8.6 per cent). Household products, this does not include food and automobile (\$248.2 billion or 45.9 percent of U.S. products imported from

China), manufacturing supplies (\$55.6 billion or 10.3 per cent), and automobile vehicles and parts (\$23.1 billion or 4.28 per cent), have been leading U.S. products imported from China.

China also imposed retaliatory tariffs for most agriculture and food products coming from the U.S. The tariffs allegedly attributed to the rapid overall decrease of such exports to China (especially U.S. soya beans) in 2018. Total U.S. agricultural exports to China totaled to \$9.1 billion, down 53.0 per cent from 2017, whereas the amount of U.S. agricultural purchases from China totaled to \$4.9 billion, up 8.9 per cent from 2017. China's proportion of total U.S. agricultural exports decreased from 14.1 per cent in 2017 to 6.6 per cent in 2018. (Lawrence, Campbell, Fefer, Leggett, Lum, Martin and Schwarzenberg 13-14)

2.6. Investment

It can be subdivided into two major sub-categories:

2.6.1. Foreign Direct Investment

Regarding an increase in U.S. Foreign Direct Investment (FDI) in China following the admission of the PRC into the World Trade Organization (WTO) in 2001, investment rates stayed relatively poor. The regulatory regime for foreign investment in China, mixed with strategies or procedures that benefit state-owned enterprises (SOEs), has historically restricted the sectors available to – and the level of – foreign direct investment. Chinese FDI in the United States has decreased since 2016 among trade disputes, a U.S. vetting process with newly extended range for monitoring such foreign investments for the consequences on national security, and narrower Chinese capital outflow regulatory requirements.

As stated by the U.S. Bureau of Economic Analysis, Total U.S. FDI flows to China in 2018 the recent year in which the statistics are available, were \$7.6 billion (down 22.9 per cent from 2017), in spite of the fact that the Chinese total FDI flows to the U.S. were minus “-\$754 million compared to \$25.4 billion in 2016, i.e. “asset divestitures” as outflows surpassed inflows. In addition, China’s FDI stood at \$116.5 billion (up 8.3 per cent from 2017), whereas that of China in the U.S. stood at \$60.2 billion (up 3.7 per cent), on the Ultimate Beneficiary Ownership (UBO) basis. China accounts for around 2.0 per cent of the U.S. total FDI stocks internationally. (Lawrence, Campbell, Fefer, Leggett, Lum, Martin and Schwarzenberg 14-15)

2.6.2. China’s Holdings of U.S. Treasury Securities

In May 2019, nearly three-fourths or \$1.1 trillion of China's complete U.S. private and public assets are Treasury securities, which investment companies usually consider to be safe assets. Chinese possession of these securities has reduced in past years from its maximum of \$1.3 trillion in 2011. Nonetheless, both in dollar terms (up over \$1 trillion) and as a percentage of total international holdings (up from 8.5 percent to 17.0 percent), so they remain considerably higher than in 2002. China surpassed Japan in 2009 to be the largest foreign holder of Treasury securities. (Lawrence, Campbell, Fefer, Leggett, Lum, Martin and Schwarzenberg 15)

2.7. U.S. Foreign Assistance in China

Since 2001, United States support activities in China have been aiming at maintaining civil rights, rule of law, democracy and environmental initiatives and encouraging sustainable growth and conservation of the environment, and maintaining native culture in China's Tibetan regions. The United States government does not offer assistance either explicitly to Chinese Nongovernmental Organizations (NGOs) or to PRC government agencies. The department of

State's direct recipients and U.S. Agency for International Development (USAID), Grants were predominantly from nongovernmental organizations (NGOs) and universities based in the U.S.

Between 2001 and 2018, the United states government offered nearly \$241 million for initiatives in China conducted by the Bureau of Democracy, Human Rights and Labor (DRL) of the State Department; \$99 million for Tibetan initiatives; \$72 million for the PRC's rule of law and environmental contributions; \$43 million for healthcare programs in China centered on HIV/AIDS protection, care, and medication and counting the proliferation of pandemic diseases; and \$8.0 million for criminal justice reform. DRL initiatives throughout China have endorsed the development of the rule of law, civic society, government transparency, government participation and Internet freedom and privacy. Peace Corps volunteers have been involved in environmental conservation awareness initiatives since 1993, and have been teaching English as a second language in China. Congress has assigned funds to the Tibetan populations since 2015 (\$6 million). Since 2018 Congress has given an extra \$3 million a year to improve Tibetan exile community's institutions and governance. (Lawrence, Campbell, Fefer, Leggett, Lum, Martin and Schwarzenberg 17-19)

2.8. Normalized Trade Relations Between the U.S. And China

Congress made the crucial decision in 2000 to expand "permanent normal trade relations," or PNTR to China. The constancy of PNTR status, as discussed by economists Justin Pierce and Peter Schott, made a massive difference: Without PNTR, there was still a risk that China's preferential access to the American market would be withdrawn, which in effect prevented U.S. companies from expanding their dependency on Chinese manufacturers. The investment floodgates were opened with PNTR in hand, and U.S. multinational companies

operated hand in hand with Beijing to develop new China-centric supply chains. As Christopher H. Philips the president of National Council for U.S.-China Trade stated:

The signing Of the U.S.-China-Trade Agreement in July was the most significant of the many steps the Administration has taken this year toward normalization of economic relations with the People's Republic of China. The passage of this Trade Agreement by the House a Representatives and the Senate will be the most constructive action the Congress can take in the further removal of obstacles to normal trade relations between our two countries. With the headlines stressing how the Chinese will benefit from this agreement because of lower tariffs for their goods, the public may not fully understand the very real benefits passage of the agreement will confer on American export business and on the U.S. economy. Both exporters and importers will be aided by passage of the Agreement. (Philips 94)

Under the 1974 Trade Act, China was declared a non-market economy with the Soviet Union as well as other socialist states. Intrinsicly, MFN's "most-favored-nation" status can only be issued within certain prerequisite. In 1980, the U.S. conditionally gave MFN status to China, as ties between the two nations thawed. Nevertheless, that status might have to be reviewed periodically, which offered an annual incentive for Chinese opponents in Congress to criticize the wisdom of doing so. In the 1980s and 1990s, a pact of economic nationalists, human rights defenders and anti-communists tried to deny MFN status to China annually. Every year the partnership was defeated by many who argued that by freeing up the U.S. market to the Chinese imports, the U.S. would gradually drive Beijing toward multi-party democracy, economic

liberalism and a refusal of hegemonic designs, forecasts that have not actually been carried out. (Salam par.1-10)

2.9. Rising Trade Tensions Between the U.S. And China: A Trade War?

The economic relations between the U.S. and China have managed to reach a crucial phase. The United States has raised tariffs on Chinese imports worth \$250 billion over the previous years and China has responded by raising tariffs on U.S. exports. Presidents Trump and Xi decided at the G-20 leaders' meeting in November 2018 to settle the trade conflict within 90 days, by 1 March 2019, although this deadline has indeed been extended. (Meltzer and Shenal 6-7)

The United States is concerned that such bilateral trade disputes are underpinned by particular practices intrinsic to China's economic system that consistently shift the playing field in advantage of the Chinese firms globally and domestically. Improvement on particular trade matters would demand that China meet its obligations to the World Trade Organization (WTO) and implement other reforms that are likely to focus on issues of state influence over the economy. As Hong noted:

The growing trade tension between the U.S. and China is another symptom of larger underlying complex issues-political, economic and technological dimensions in liberal international order. On the initial level, the tension shows in the areas of trade. This further extends to the areas of finance, politics and even "military conflicts". However, the rivalry implications for global hegemon between U.S. and China deserve careful attention. China's 'belt and road initiative' reaffirms its identity as not only a rising but also an "ancient Great Power" to

reclaim its influence to immediate neighbors and the larger world everywhere.

(Hong 60)

Therefore, future trade regulations are required to tackle the economic policies of China that are not protected by WTO obligations, particularly in areas like those of state-owned enterprises (SOEs), digital trade and several subsidies. Such concerns also emerge at a time of a growing U.S. concerns regarding threats to national security raised by China, especially with regard to technology access. (Meltzer and Shenal 6-9)

2.9.1. The State of The Bilateral Economic Relationship

In order to determine what may represent a sustainable economic relationship afterwards, it may be important to clarify the benefits and costs of United States business and investment with China. The U.S.—China economic partnership provides further advantages to the U.S. than what is generally known. Latest data, for instance, indicates that U.S. exports to China provide about 1.8 million jobs in departments such as services, farming, and capital merchandise. Even so, trade with China has already contributed to job losses in certain U.S. sectors especially low-wage manufacturing. Notwithstanding these prices, the administration's persistent attention on the bilateral deficit is not really a significant yardstick for measuring U.S.-China commerce or its effect on jobs.

The U.S. trade deficit is mostly a result of limitations on U.S. imports than a consequence of the poor U.S. domestic savings rate that demands foreign capital to finance U.S. domestic investment requirements and development in U.S. government debts. In fact, the trade deficit may not compensate for the practices of U.S. and Chinese firms in each country, a measure that indicates that the U.S. sells more to China than contrariwise. However, the economic impacts of

the bilateral trade partnership are quite real. China's economic policies already threaten to affect the U.S. service and knowledge economy. As described in the United States Trade Representative (USTR) Section 301 document, infringement and coercive technology transfer of intellectual property (IP) as well as other inequitable trade practices in China risk high-wage jobs and high-value-added industrialization in the United States. The role of government in enforcing such measures, with the wider goal of replacing U.S. dominance in high-tech industries, tends to make such Chinese policies even more concerning. (Meltzer and Shenal 2-5, 8-12 and 16-20)

2.9.2. Unilateral U.S. Action

Basically, how the United States behaves in its rivalry with China can be defined by the measures the U.S. implements at home. Aside of concentrating on its own competition across domestic policies, which are beyond the range from this strategic brief, the United States could perhaps closely track accessibility to U.S. products through foreign direct investment and exporting restrictions, and then use tariff policies aligned with the WTO appropriately to reduce the damage to American companies from China's economic practices. As Crane observes:

Unilateral U.S. action against China would cause a severe blow to U.S. exports to China. In addition to a possible loss of \$14.4 billion in U.S. exports, loss of the Chinese market would have a significant impact on some of our most competitive industries—agriculture, aircraft, heavy equipment, machinery, telecommunications and chemicals. And, with our Western allies keeping the door open for many of their goods to China, the hard-won U.S. market share could disappear overnight, resulting in lost jobs in the export sector of the U.S. economy and an increase in the trade deficit. It would be truly ironic if the net result of the

last few year's hard-won Chinese market opening commitments expanded business for European and Japanese competitors because U.S. companies are effectively excluded from the market by a U.S.-China breakdown. (Crane 204)

Through the legislation of the Foreign Investment Risk Review Modernization Act (FIRRMA), that accompanied the Export Control Reform Act (ECRA) of 2018, the United States has indeed achieved developments domestically in resolving technology transfer matters. Whereas firms today generally determine which technologies to pass overseas, it is essential to carefully enforce FIRRMA/ECRA to make this a consideration for U.S. policy and also to consider the national security risks that may not be adequately addressed in private sector decisions on the technology transferred to China. (Meltzer and Shenal 7-9, 20-22).

2.9.3. A Trade War?

There is a complicated economic partnership between the United States and China, which had already brought risks and benefits to the U.S. Although several U.S. manufacturers and customers undoubtedly benefited billions of dollars from the partnership, intensified consequences of employment in industrialization have been severe, and fears regarding the Chinese IP "intellectual property" exploitation and forced technology transfer are increasingly threatening the U.S. knowledge-based industry. Which happens to make these emerging issues even more troubling is really the state's position in China's economy that consistently steers the playing field nationally and domestically in advantage of Chinese companies. Moreover, the use of economic policy by China and influence over SOEs and the distribution of invisible supports has now become much more of a concern for the United States, since China has oriented its efforts on controlling other technologies and replacing U.S. dominance. Such economic

activities, in relation to increasing cyber-theft of U.S. technologies and IP, also boost the U.S. national security concerns. As Lau noted:

It is perhaps still too early for the full effects of the trade war to show because the reduction of export orders received as a result of the trade war will not seriously affect production until late 2018 or early 2019. There is also the possibility that China's exporters accelerated production and delivery in order to beat the deadlines for the imposition of the new tariffs ... the negative impacts are manageable even under the worst scenario of total cessation of exports of goods subject to new U.S. tariffs (Lau 85).

Except for the prevalence of trade tensions between the U.S. and China continues for a prolonged amount of time, bilateral trade and cooperation is bound to drop significantly, which will be a wastage for both forces. The United States and China have quite a tremendous chance to level the game between the two biggest economies in the world to guarantee not only development and sustainability for both nations but also for the global economy and the international trading system. (Andelman par.1-8)

Conclusion

China's increasing role in the international economic system, as well along with latest economic instability and stagnation in united states and Europe, had already resulted in tremendous supposition that we are in the initial phases of a switchover in power relations, however its effect on the international power balance continues to remain highly controversial. Nevertheless, it is probably impossible for the U.S. nowadays to disregard China with frequent reports of product outbreaks showing that the overwhelming preponderance of goods sold in

America were indeed manufactured in China. Combine this with the fact that China is moving ahead in research into science and technology and is driven by an economic boom.

Chapter Three: East-West Rivalry Revisited

Introduction

Relationships worsened dramatically under President Donald Trump, whose administration deemed China a strategic competitor, and eventually initiated a trade war against China. The trade war, however, ended up causing economic damage among both parties as well as helped lead to a diversion of trade flows aside from both United States and China. Besides that, there have also been critiques about the use of tariffs as well as the negative macroeconomic effect of the trade war on U.S. companies and enterprises. On the other hand, the Chinese government accused the U.S. government for triggering the dispute and said the U.S. actions have made talks impossible. In addition, the trade war seems to have a harmful influence on the world, and also the true objective of the U.S. government is to restrict, stifle and suppress the development of China.

3.1. Trump's Economic Policy Towards China's "Tariffs"

The conflict has already seen the United States and China raise tariffs on each other's products worth hundreds of billions of U.S. dollars. U.S. leader Donald Trump has repeatedly accused Beijing of unfair trade practices and infringement of copyright law. There is, however, a feeling in Beijing that United States is seeking to restrain its growth as an international economic force.

3.1.1 Background of The Recent U.S.-China Trade Tension

The conflict over trade disputes between China and the U.S. goes all the way back to a period before Trump actually ever thought about being the next U.S. President. Under the Presidency of President Barack Obama, China has been questioned in 16 occasions over matters

of damaging substance dumping on the American market, export bans on rare earth elements, overcapacity in the solar panel and metal industries, and excessive taxation on American steel and automobiles. However, the method to addressing these problems varied considerably from the most previous trade conflict. President Obama endorsed a many-sided trade deal, involving state-owned enterprise laws, currency manipulation concerns and updated environmental and labor standards policies and procedures. (Felbermayr and Steininger par.1-5)

After Beijing's "Made in China 2025" development plan was released in late 2015, conflicts between both the two powers started increasing. The strategy, which details Beijing's revised industrial economic agenda, has indeed been perceived in the United States as China "doubling down" over the controversial topic of state participation in the economic system. Throughout the following election year, the then Republican presidential candidate Donald Trump focused on the increasing domestic issues by turning a renegotiated Sino-American trading relationship into a fundamental part of his foreign policy agenda (Institute for Security & Development Policy 1-8).

Trump determined to defend the jobs of the Americans from Chinese competitiveness and with inflammatory comments he intensified conflicts. Following Trump's inauguration, such campaign pledges were slowly converted into U.S. policy. In spite of the tense ties, during the first months of 2017, Leaders Trump and Xi took action towards normalization of relations, deciding to draw up a 100-day plan to settle trade conflicts. The combined forces led to a bilateral agreement, such as the reciprocal setting up of major markets for certain goods as beef, card payment systems, credit rating agencies and financial services. (Nordin, Krishna, da Costa and Hayato 2-3)

Trump's administration launched the new American National security Strategy in December 2017. The plan defined China as a revisionist force with aims "anti-U.S. values and interests," and stressed that the U.S. should explicitly fight any unfair trade practices from now on, labeling it as economic aggression. Soon afterwards, the United States Trade Representative investigation regarding Steel found that the proliferation of cheap steel and aluminum shipments is undermining domestic demand and the U.S. Homeland Security. Which allowed President Trump to carry countermeasures and extensive tariffs were implemented on all but a few of trading partners by March 2018. The act triggered escalatory actions by a variety of states, even allies, thereby establishing a broader tariff dispute. (Nordin, Krishna, da Costa and Hayato 3)

3.1.2 Trump's Tariffs: Timeline of Events

President Donald Trump 's Tariffs upon China have included a variety of events and turning points that formed and shaped what is characterized as a Trade War.

3.1.2.1 July 2018: Tariffs Begin

2018 – July 06, day one of China-specific tariffs introduced, with a tariff of 25 per cent on 818 Chinese goods imported. China struck back against 545 American goods by placing a tariff of 25 per cent. The trade war had become the greatest one in the post-World War II era by this point. (Wallace par.1-5)

3.1.2.2. August-November 2018: Tariff War Escalates

August 2018 China filed two additional WTO charges relating to U.S. import safeguard duties. The Trump's administration decided to implement a 25 per cent hike in tariffs on Chinese products worth another 16 billion USD. On August 23, the second session of tariffs was levied

from both parties, despite China demanding a further WTO discussion on U.S.-imposed latest tariffs.

On September 17th 2018, a third session of tariffs worth USD 200 billion, levied on China. China therefore created a 60 billion USD retaliatory tariff list. The trade war at such phase had begun to test the limits of China's ability to respond with equal tariffs. China issued the first White Paper on the situation, with its official stance. (United States Census Bureau par.1-6)

3.1.2.3. November 2018: Trade Talks at G20 Summit / 90-Day Truce

2018 – October, November and December: the negotiations were revived by Presidents Xi and Trump ahead of the G-20 summit. In exchange, China agreed to buy a significant amount of American products to reduce the trade imbalance, the two decided to carry a permanent 90-day truce. By mid-December, Beijing had briefly raised obstacles for the U.S. electricity, automobiles and soy. There has been no shift to corresponding on the American side, moreover the U.S. announced that if no agreement was reached before the conclusion of the 90-day truce period they might implement additional tariff hikes. (Carter and Xin par.1-9)

3.1.2.4. The First Half Of 2019

Trade negotiations continued, as Trump declared in late February that the 90-day truce it would prolong from its original date of March 01. Soon afterwards China prolonged the suspension of new tariffs on American cars and car parts to indefinite period of time. While the negotiations proceeded with negligible progress, the Trump's administration announced a rise in tariffs on Chinese products for another 200 billion USD to maximize leverage on China to strike

a settlement. The tariffs were introduced in May when it became clear that there is no agreement within reach (Nordin, Krishna, da Costa and Hayato 5).

3.1.3. “Phase I” Agreement

The Phase I trade deal decreases certain U.S. tariffs on Chinese products, which is projected to substantially increase Chinese imports of American agricultural, fuel, and industrial products. A few of the most notable points from the 94-page deal are:

3.1.3.1. Tariffs

The United States decided not to pursue with the tariff rise of 15 per cent to Chinese products valued 160 billion dollars, planned for December 15, 2019. This might decrease tariffs on 120 billion Dollars of Chinese products from 15 per cent to 7.5 per cent on September 01, 2019. Progress in future talks is dependent on further decreases from the U.S. side. China has rescinded retaliatory tariffs scheduled for 15 December 2019. (Nordin, Krishna, da Costa and Hayato 7)

3.1.3.2. Trade Deficit and Currency Manipulation

In the next couple of years, China has offered to buy more U.S. goods and services estimated about 200 billion Dollars. That is projected to double U.S. shipments to China, particularly in the fields of agricultural products, oil, pharmaceutical products, and services. Statistics for U.S. shipments to China are predicted at 40 billion Dollars a year, from the latest 24 billion Dollars in 2017. The United States has excluded China from its blacklist of currency manipulators, with a part of the arrangement stressing the significance of market-based values of foreign-exchange rates. The document comprises obligations between the parties not to

participate in competitive devaluation, to acknowledge each other's monetary policy and preserve clarity with regard to the same. (Nordin, Krishna, da Costa and Hayato 7)

3.1.3.3. Intellectual Property

The contract specifics involve greater legal protections for Chinese trademarks, patents, copyrights and strengthened online violation procedures. The agreement contains China's promises to remove any influence on foreign firms to move technology as a prerequisite of market access to Chinese companies. What included are specific Chinese obligations to openness, justice, due process in administrative procedures and technology transfer and authorization at market environment are also included. (Nordin, Krishna, da Costa and Hayato 8)

3.1.4. Analysis of The Recent U.S.-China Economic Relations

The trade conflict between the United States and China seems to be the result of several fundamental unresolved problems, many brought to the surface by Donald Trump's Presidency. Such fundamental disputes over "unfair trading conditions" and claimed theft of Intellectual Property Rights (IPR) slowly escalated throughout 2016 and 2017, escalating in July 2018 to a quite full-scale war on trading. Primary efforts by both parties to resolve problems in 2017 failed to fix thoroughly the issues, and country-specific tariffs were eventually applied. (Xinhua par.1-5)

This initiated four phases of 'eye for an eye' tariffs, along with several stages of discussions and complaints at the World Trade Organization (WTO). Finally, both parties signed a Phase I agreement. Experts draw suspicion from the 94-page agreement, perceived as a major compromise on China's side. Doubt was raised not only of the willingness of China to meet the Agreement's specifications, but also about the comprehension and fulfillment of the different clauses. The trade war is not really a matter of stand-alone issue, as it overlaps with many other

points of disagreement between both the United States and China. (Nordin, Krishna, da Costa and Hayato 7-8)

On the market front, the trade war primarily affected United States, with several specific essential products being more expensive. Such significant fields such as automotive manufacturing, technology and agriculture have also been badly affected, pushing the U.S. federal government to intervene to assist in certain sectors of the economy. In China, though the conflict mainly impacted exporters who may have slowly lost access to their greatest single markets, as export development has slowed. China might have witnessed a decrescent demand from consumers and the overall trend toward poorer economic development has proceeded. (Nordin, Krishna, da Costa and Hayato 10)

Certain Asian economies, like Hong Kong and South Korea, were entangled unwillingly in the trade war's crossfire. Their extreme dependency on trading between both the two superpowers and their heavily interlinked supply chains makes them especially vulnerable. Others, like Vietnam and Taiwan, have harvested some notable benefits from the conflict-caused trade diversions, witnessing an increase in manufacturing and direct investment. The new demand from the United States is pretty important for many smaller economies in Southeast Asia. Nevertheless, the degree to which they will maintain those benefits in the long term remains uncertain. It requires experience and time to develop the infrastructure and abilities required to able to compete with China, and also the trade dispute may eventually be settled. (Nordin, Krishna, da Costa and Hayato 10-11)

It is doubtful that the reduction of tensions between both parties will lead to better global economic climates, as when the World Bank expects little change in the 2020 global economic

growth rate. Discussions for a Phase II settlement are strongly dependent on Phase I compliance as well as other pending trade-war implications (Sherman par.1-13).

3.2. Rethinking the Trade War: Trade War from The Point of View of East-West Conflict

The core elements of East-West relationships are demonstrated in the commercial policy measures and strategies for each camp. In fact, economic relations have played a crucial role in what might be known as the East-West Conflict due to its vital contribution to foreign policy.

3.2.1. Ideological Differences

One which question if rivalry for power and influence might be less intense from an American perspective, or whether the effects for the global hegemony status of the United States would be far less problematic if China had been a liberal democracy. That being said, the rivalry for prestige is interconnected with an ideological antagonism and hostility. That is not the center of the U.S.-Chinese dispute, as in the situation of the East-West conflict. As just a recall, Communist ideology totally dominated any lasting coexistence and harmony with the U.S. capitalist system, and eventually unavoidable global triumph of communism would be seen as a confirmation of the Soviet Union's survival. That dimension is absent in the dispute between China and the United States. The perspective of China is "nationalist rather than internationalist." (Arne par.1-6)

However, in Sino-American relationships, the human rights situation in China has been a source of tension; but as far as China's development was not seen as a global threat, but since there is optimism that China might liberalize, the nation would not be seen as an ideological antagonist in the United States. The ideological factor has been always quite noticeable from a

Chinese point of view, because Western values of liberal democracy and freedom of speech endanger the Communist government's ideological hegemony (Kania par.1-11).

Considering latest U.S. discussion threads, some may have the assumption that perhaps the ideological collision between both the American and Chinese regimes is from a similar magnitude to that between Soviet communism and Western democracy. It might be theorized that the economic prospering "authoritarian capitalism" of China might achieve global echo at such a point where there is weakening of trust in the institutional hegemony of "democratic capitalism." In such a case, friction of geopolitical influence is combined with an antagonism of an ideological structure.

China is also described as an 'existential' danger to the U.S. and the global order. Stephen Bannon, the former adviser to Trump, has raised China to "the biggest strategic danger ever encountered by the U.S" due to the "rapidly militarizing totalitarian". He is among the founders of the new "Committee on the Present Danger," that, as its ancestors directed against the Soviet Union in the 1950s and 1970s, in attempts to increase public awareness for this current threat and prepare a strategy of containment which ultimate aim is to terminate communist order in China. There may be no chance of harmony and coexistence as long as the Communist Party is in control: this was one of the core values of the Committee on the Present Danger. (Rogin par.1-5)

3.2.2. Power Transition Theory

The emergence of China in Asia, and progressively globally is the essential geopolitical calamity threatened the U.S for some time. Combining a growing tremendous power into the global system, as contemporary experiences signify, is really not an easy matter. These countries continue to extend the scale of their operations in the attempt to preserve raw materials, military

bases and markets, come into conflict with other forces throughout the process of such expansion, even though the rising forces may not follow a hostile, reactionary, or threat-prone foreign policy. China have widened its operations and enterprises in various countries, notably in the wake of the Belt and Road Initiative (BRI). China is enhancing its force projection strengths to protect such investments and communication sea lanes. The development of the Chinese navy is a threat for the U.S. as the dominant global naval force as well as its "maritime supremacy". (Khong 161-164)

3.2.2.1. Power Shifts Pose A Considerable Risk to The Stability of The International System

Power shifts represent a significant threat to the equilibrium of the global system, unless an agreement is reached between both the rising power and the currently dominant force. That seems to be the situation, at least, if only one embraces two theories rooted throughout the "realist" concept of foreign relations: the theory of power transition and the theory of power cycles. Both of these are modern variants of Thucydides understanding of the Peloponnesian war as an unavoidable consequence of the growing power of the Athenians causing fear in the Spartans and pushing them to go to war. It is thus considered the source of "hegemonic wars" theory. A nearly equal allocation of power can be seen in today's power transfer theories as causing war, an unequable conflict, on the other hand, as encouraging peace. This may be focused on the assumption that variations in cultural, economic, social and political modernizing among countries contribute to shifts in the distribution of power and also that the possibility of war is highest when a unsaturated challenger threatens the major power in the global system, the

controversial question would be whether the challenger takes up arms or if the major power starts a precautionary battle.

The theory of power transition may also be located in certain historical-structural theories which seeks to explain the evolution of the present state system via cyclic processes. Hegemonic wars, i.e. conflicts between both the hegemonic force and the competitor over the global system's dominance and order, seem to be the product of the growing gap between both the global system's political structure and the current distribution of power, that traditionally shifts due to irregular growth mechanisms. (Gilpin 200,203-204)

Differences in the power transition theory are also seen in the discussions in the U.S. and influence China's perception of rising. Throughout the Chinese debate, comprehension of the risks involved with Beijing's rise in power is indeed expressed. It is defined, like the American specialist debate, by realistic views "particularly offensive realism" and power transition concepts. It may be commonly anticipated in the Chinese strategic discussion that the United States, as being the most powerful nation in the world, would use its leverage to maintain its position and advantages and prohibit China from growing exponentially. (Layne 103-105)

Power transition theories are troublesome, and are contradictory in their conceptual quality. Nevertheless, they are not only theoretical and abstract notions but also "political structures." They function as a frame in this sense, and thus influence perceptions. Frames place evidence in perspective and arrange the stream of events. We help to identify issues and determine their triggers. They present guidelines for reviewing developments, providing alternatives and setting limits to a debate. Throughout this sense they make a contribution to create a political reality (Entman 4-6).

From Chinese point of view this position no more correlates to the growing strength of the nation and the fall of the U.S. By the way, in China, the U.S. is seen as a “revisionist” force which has tried to change the global climate since the end of the clash between East and West (Scobell and J. Nathan par.1-5).

3.2.2.2. East-West Dispute: Major Forces Rivalry as Narrative

If someone considers official documentation and speeches as a guideline, the predominant opinion in the U.S. is that China is completely "revisionist." The expectation that perhaps the inclusion of China into global institutes and the global economy might enable it a credible partner have turned out to be false. Instead, Russia and china both seek to form "a climate that is diametrically opposed to U.S. principles and desires." (Wohlforth 40-41)

Additionally, the 2017 National Security Strategy notes that both forces "contest our geopolitical advantages and attempt to shift the global order for them." According to Pentagon, China "aims for near-term and eventually international preeminence of Indo-Pacific regional supremacy." As per the Pentagon, China aims for near-term and eventually international supremacy of Indo-Pacific territorial dominance." As State Secretary Pompeo put it, "China wants to be the dominant economic and mili-tary power of the world, spreading its authoritarian vision for society and its corrupt practices worldwide". As such comments show, the administration of Trump focuses strategy in dealing with China on "worst case" expectations regarding the leadership's long-term intentions in Beijing (whitehouse.gov 25-27).

The strategic rivalry and the ideological dispute with a centralized and expansive China may be handled aggressively according to Trump administration. As Vice President Pence stated, Washington intends to "to reset America’s economic and strategic rela-tionship with China, to

finally put America first." Obviously, the administration of Trump considers the partnership with China is a "zero-sum logic". The notion that perhaps the escalation of relations might favor both parties is still farfetched to major players in this government. In negotiating with China, it has now ended with the prior U.S. strategy (whitehouse.gov par.85-92).

News of a new period of great rivalry in power as well as the supposed collapse of the prior strategy by President Obama had indeed began. American discussion started to be influenced by the vision of an "assertive China." Under Obama, however, the White House sought to control the discussion and directed the Pentagon never to employ the phrase "great power rivalry", because it might convey the appearance that the United States and China were undoubtedly on a clash trajectory (Harding 116-118).

3.2.3. Structures of the East-West Dispute Syndrome

Present disputes in U.S.-China interactions are frequently viewed as some kind of contemporary "Cold War"; or that the Cold War is being used as a manual to illustrate the gaps between both the Sino-American and the U.S.-Soviet Clash. Nevertheless, American-Chinese relationships include certain aspects that, despite all their disagreements, indicates a specific similarity to the Cold War or, perhaps more specifically, the East-West dispute syndrome incorporating geopolitical and ideological antagonism, safety problem, weaponry rivalry and friction for global influence. However, as with any analogy, the latter is problematic and of limited use (Edel and Brands par.1-10).

3.2.3.1. East-West Dispute Status

The dispute between the United States and China is centered on a global and regional status rivalry, within a world system marked by an increasing bipolarity. The global system is

usually considered as bipolar by the end of the Second World War as well as the dissolution of the Soviet Union. Although power resources were by no means divided proportionally between the U.S. and the Soviet Union, there has been significant gap within these two nations as well as the remaining forces. If we comprehend bipolarity in terms of power distribution in the global order, we may speak of the current bipolarity, although there is definitely no equality of power between both U.S. and China (Maher 497-503).

However, compared to the Cold War, the conflict between the U.S. and China is not really an animosity between two totally distinct conflicting political forces but perhaps a rivalry for dominance within a globalized international system where the two forces are extremely economically entangled. With regard to investment in commodities, China was America's first trading partner in 2018, the third biggest export market for American goods and the primary source of imports. The United States takes the top spot of purchasers of Chinese goods for China. Also, there is a greater level of "economic interdependence" between both economies that has evolved as a consequence of an almost radical shift in industrial production organization since the early 1990s, components produced in China are often used in several U.S. items. Bilateral obligations also emerged since China held the largest proportion of U.S. Treasury bonds for a long period of time before Japan overtook it in July 2019. (Lynn par.1-7, 11-27 and 35-44)

3.2.3.2. China's Increasing Influence Fueled U.S. Concerns: "The Dominant Superpower May Lose Its Place"

The actual and predicted rise in influence in China may have caused concern in the U.S. that it could lose its position as the overwhelmingly dominant foreign superpower. Yet status often corresponds to material gains. In the longer term, China challenges not just the position of

the U.S. as the sole superpower, but mostly the consequent advantages and economic benefits, the essence and scope of which in academic debate are examined very differently. If China would become the world's predominant economic, cultural, political, and technological force, it might, as the U.S. worries, lay down specific standards and rules and create some kind of "illiberal sphere of influence." If that were to exist, it may no longer guarantee U.S. security, prosperity and stability to the same degree as before. The concern is that the U.S. will no more be the unchallengeable, undisputed and unquestionable number one, that the U.S. currency might be less valuable as the global reserve currency, and also that the nation will no more be appealing to the economic foreign direct investment that actually protect U.S. sustainability and prosperity. In such circumstances, the U.S. will see its freedom of action curtailed and reduced (Wohlforth 28-32, 48-54).

3.2.4. Trump Administration Has Marked the Dispute with Beijing As an Ideological One: Just as A "Civilizations" Clash

The administration of Trump does have an ideological stylization of the dispute with China, also as a clash amongst "civilizations." China needs nothing but to "reorder the world". Such a perception appears to be playing down the possibility that China requires a "coherent ideology with international appeal" and therefore that Chinese reforms and policies are still not aimed at creating regimes that has its own political nature and ideological orientation, as once did the Soviet Union. Under Xi Jinping, the Chinese government transmit a sort of "Chinese model" for emerging and developing nations, challenging liberal democracy as a political principle. The governance model of China could be appealing to authoritarians or authoritarian regimes (Ward par.1-15).

The economic prosperity of China, indeed is centered on clear and unique preconditions, a massive internal market, a surplus of labor, an authoritarian ability of the government to innovate, and practical improvising. China is assisting multiple dictatorships, exporting monitoring technologies and exerting pressure on opposing critics outside the country. But that does not lead to a fight towards democracy and a scheme to disrupt democratic regimes. Furthermore, it might be anticipated that the U.S. side would gradually advance its argument of a political dispute against “liberal democracy” and "digital authoritarianism", as it may rally semi-permanent domestic political aid for an expensive strategy of confrontation with China (Chen par.1-6).

3.2.5. U.S. Tries to Stop Other Governments from Forming More Economic Relations with China

The U.S. is attempting to prevent several nations from further forming economic relations with China. In infrastructure projects with China, Washington have alerted Israel toward paritätspating. Especially concerning would be the possibility of the State-owned Shanghai International Port Group controlling the Haifa port. Washington would be no less worried regarding the current collaboration of the UK with the Chinese nuclear corporation China General Nuclear that as per the U.S. is passing military-use equipment and technology. Secretary of State Michael Pompeo alerted the Leader of the country towards extending economic ties with China after his visit to Panama. Washington is presumably anxious that Panama might become a "bridgehead" to China's increasing Western hemisphere regarding the economic implications. China ships depend heavily on the Panama Canal, participates in a variety of construction projects in Panama. While the Panamanian government declared in June 2017 that it might cut

off diplomatic ties with Taiwan, the U.S. started to concentrate on the involvement of China there. Soon afterward the Dominican Republic and El Salvador followed several suits (Wong par.1-20).

In the Sino-American fight for power, Africa is seen as the "new front." From the perspective of the Trump administration, Beijing is attempting to make African nations obedient to Chinese demands by debts, bribes, and suspicious contracts. Presenting the "new Africa strategy" in December 2018, therefore the security advisor John Bolton alerted against all the "predatory" activities of China in Africa (whitehouse.gov par.1-25). Just before he left office, UN Ambassador Nikki Haley attempted to block the appointment of a Chinese diplomat as UN Special Representative for the Great Lakes in Africa. There might have been doubts that perhaps the Chinese would use their unique UN position to increase the Chinese regional influence. However, there is genuine concern at the rising influence of China within the UN. China tries to put its very own diplomats in leadership roles within the United Nations. In regards, Beijing has significantly increased its role in UN goodwill initiatives, particularly financially and in terms of staff. As a consequence, the U.S. has started to investigate Chinese presence within the UN and other foreign institutions (Lynch and Gramer par.1-16).

3.3. Capitalism Revisited: China's Economy Versus the Political Theory of Communism

During the last few decades, only modest political changes have indeed been witnessed in contrast with the unprecedented economic transformations in China. However, Beijing had already made a great stride towards being a "capitalist" market economy. It also has managed to

open itself up to foreign trade and investment and started competing overseas with the major international investment.

3.3.1. "IS CHINA GOING CAPITALIST?" The Discussion on The Membership of Independent Businessmen to The Communist Party of China

The Communist government, throughout the view of many analysts, appears to have reached an unspoken arrangement with the Chinese people after the 1989 Tian'anmen Incident. The Communist Party might produce ongoing economic miracles; however, the public have to follow the rule of a single entity. This "negotiation," unofficially sealed after the iconic trip south of Deng Xiaoping, has held surprisingly well. Chinese economy has seen sustainable economic development and living conditions have continued to increase for most Chinese people. And this has also put the government under tremendous pressure to maintain the economic boom. At the very same time, many productive private entrepreneurs have become disenchanted with government policies. Some assumed the government offered little services; the banking and stock markets worked for the advantage of state-owned corporations, not the private sector (Coble 1-2).

Nevertheless, whereas the new generation of private entrepreneurs played a significant role in the dynamic and rapid economic growth in China, many have been dissatisfied with the government's treatment to them. With the reform of the economy, investing in Hong Kong or abroad has become simpler for entrepreneurs to smuggle assets out from the People's Republic of China. In this sense there is a need to earn the trust of private businessmen and keep the economy's growth, that Jiang Zemin expressed his desire to welcome capitalists to the party. (Coble 3)

Among the most challenging issues in the 1980s and 1990s for all these businessmen would be that the changing "rules of the game" that managed to make their accumulated wealth an enticing target. Local leaders might implement the "squeeze" for as much as the Maoist ideology or rhetoric exists. As David L. Want has noted:

Economic reform has given officials a whole new range of power in the area of regulation of private business in such matters as business licenses and taxation... The judicial system is perceived as corrupt, and regulatory agencies administer laws and regulations haphazardly (Want 278).

Therefore, authorities in Beijing would have to determine. Should it offer political standing to private businessmen? And if they were to be considered as active representatives of the community which contributes to the economic growth of China or were, they simply the ones who oppressed the working populace? The businessmen would not be safe in their property or positions as long as the latter's rhetoric or ideology existed (Coble 3-5).

3.3.2. How Does China Differ Significantly?

Capitalism essentially consists of three entities: private ownership of the factors of production, wage-labour and the market. Post-1978 reforms in China though, are now on the right course. In spite of all the privatization and openness that has proceeded to foreign firms, experts think that one of the major points of economic democracy, social regulation of investments, seems to be in force in China.

3.3.2.1. Competitive Markets

Products and services businesses are now of vital importance in China. Companies buy commodities, raw materials and equipment from suppliers through the market system, and sell their goods to customers and other companies; and the atmosphere where these entities work is generally free of government regulations. In China, the market is now controlled by nearly 95 per cent of the prices of consumer products. For instance, in main industries such as energy, utilities, financial intermediation, and communications, the government still has monopoly power or sort of semi-monopolies. However, the State-owned enterprises (SOEs) that are technically responsible for the vast majority of production in such sectors respond to market opportunities and thus are profit-driven. Which indicates that we might have made great strides since before the earliest 1990s, when SOEs still carried a lot of the social costs associated with the transformation into a market economy (Nasser 661-662).

3.3.2.2. Social Class Structure

China's industrialization process is very far from complete. The vast majority of the country is still not a working-class, for China is indeed a semi-agrarian community. Minqi Li's (2008) claims that the Chinese social structure can be characterized into three significant social factions: the working-class people, highly qualified and semi-skilled wage laborers in which the salary comes essentially from wage-labour; the semi-proletariat, low skilled workers in urban areas who therefore do seem to be migrant labourers who spent part or even the majority of their lives in rural areas or the countryside.

Typically, the semi-proletariat could not live on wage-labour alone and thus must participate in all kinds of minor commodity production as well as other illegal activities in order

to stay afloat; Moreover, there also the 'peasants,' agricultural goods producers (farmers), which often spend some of their time doing non-agricultural jobs. That is besides possessing their own farmland, they might also earn portion of their earnings through rural manufacture. Finally, the 'middle class' includes several strongly qualified urban technicians, managers, engineers and workers (Nasser 662-664).

3.3.2.3. Social Control of Investment

China has been well recognized because of its total capital formation levels, which are well beyond average. It may also be fairly obvious that most of the double-digit growth in China over the past Three decades has been driven by investment that has become the economy's "backbone". In addition, investment was said to be very large in China, as the parallel to high investment levels is a prolonged reduction to private household consumption that would correlate quite directly to the living standards of citizens than GDP per capita. China's state-owned enterprises reportedly accounted for the most of the recent growth in investment.

In China, however, "privatization" since before the 1990s may more often than not intended releasing share market stocks and/or different types of joint ventures, and therefore not surrendering management privileges, assigning management, disposing of properties, planning strategies to private employees, even though the government may not be the outright majority owner of the assets of the company in question. The economy's environment, it really seems, has still been imbued with party politics, because the Chinese Communist Party has all the power to select most of the leading managers and executives of major firms, even though they are not majority-owned by the government.

In conclusion, the state may have in fact increased its financial influence across the largest and most important corporations over the last few years. In 2003 it formed SASAC (State-owned Assets Supervision and Administration Commission), the unique committee strictly under State Council which regulates the rights of ownership of state-owned enterprises on behalf of the state, which included the selection of executives, managers and the approval of sales of assets and mergers (Nasser 664-667).

3.3.3. The Chinese Economy Vs. Chinese Political Theory of Communism

From Command Economy times China must have made great strides. Markets work highly competitive in almost all of the industries and labour is highly commodified, notwithstanding flaws in the migration of labor between rural and urban centers. Nevertheless, China is still not completely a capitalist economy and also does not necessarily imply that it will become.

China is unique; just like the Communist Party of China (CPC) would want it to be, it is still "Socialist with Chinese Characteristics." Because of the unfinished proletarianization of its labor force, mostly still consisting of peasants, it is not quite a fully-fledged capitalist economy; and that probably no longer be true. However, if we were to nominate a particular condition upon which China is still not capitalist, then it will be in its capital management. As we have already seen, the Government has always had direct or indirect influence and control over all of the greater portion of debts and investments in the country's economy.

In a better word, though China seems to be no longer a well-planned economy, the government to this day still exerts enormous power by allocating massive state resources and

controlling a vast and hugely profitable SOEs that continue to dominate major economic industries and sectors.

Ultimately, it may have been argued that perhaps the internal dynamics of capitalism, where it often matters, in large firms and organizations — are still absent due to the current fact that somehow the controlling privileges of all the most significant companies reside with only the government, which might have certain objectives besides making profits. In other words, big business is suffering from theoretically arbitrary government interference that undermines the basic essence of capitalist markets. We address the problem through which we called that China can become a capitalist economy, but it has not yet fully crossed the bridge to capitalism, that is of course, if it wants to do so (Nasser 667-668).

Conclusion

To conclude, the U.S. and China are in fact the two biggest economies in the globe, and have also been essential pillars for the international economy so far, as they embody four unique ideologies. The ultimate consequences of the trade war era as well as what follows it indeed, have greatly harmed both the American economy and the Chinese economy despite addressing the fundamental economic issues that the trade war was intended to address. It also has triggered and induced economic damage in many other nations, whereas some countries would benefit from excessive production to fill the gaps. This has also brought destabilization in the stock market. In addition, governments all over the globe took measures to mitigate some of the harm done by the economic conflict.

General Conclusion

America's foreign policy today covers a wide range of functions and issues. It involves the creation and maintenance of diplomatic relationships with other nations and global organizations like both the United Nations and the Organization of American States. In addition to that the relationship between the U.S. and China is shifting and transforming fundamentally. The United States and China are increasingly engaged in an intense and expensive trade war which might undoubtedly not provide enough foundation for long-term stability, even if properly addressed throughout negotiations.

Nevertheless, the United States and China have arrived at perhaps a turning point that requires asking and attempting to answer some fundamental questions about how the two got here and where the relationship might go. And thus, what are the sources of the current tensions. With this relationship entering its fifth decade, although with China emerging as a major global superpower, almost all of the drivers of this relationship are changing and moving it in a much more competitive strategic direction, although some of the conventional attributes and strengths of the relationship are declining or even weakening.

Beijing's issues and problems to the U.S. either were bilateral or national, even though China continues to grow and modernize, U.S. policymakers did not really believe that rapid economic growth was an imminent danger. Consequently, they assumed that the U.S. would have flexibility to readjust if China's strategies started to shift; and then at that particular point in time, U.S. Government benefited from China's economic growth, but due to economic rivalry, it's being elevated day by day and it can cast serious consequences on the nearby developing counties, disturbing the whole channel of World Trade System.

The Chinese Government has a part to play to ensure the resolution of the trade war between both sides. First, it must be in a stronger place and able to adopt to the standards and guidelines provided by the federal government of the United States. Secondly, it really should undertake keynotes on all of the U.S. resources and ensure that it would have played a significant role in guaranteeing both countries have a win-win strategy. The United States also must ensure that tariffs as well as other fees on imported products and services manufactured by China are reduced. When tariffs and many other fees are lowered, the two parties would have a balanced and efficient economy.

Crucially, in the brief period of the "trade war" declaration, we notice that U.S. companies which are more reliant on exports to and imports from China have lesser stock and bond returns yet a greater risk. These results demonstrate that the mechanism of U.S. trade with China is far more complicated than the simplified view of global trade which motivated Trump's trade war against China.

Ultimately, the trade war between the United States and China is the consequence of long-standing trade divergences which seem to be unable to be resolved by the two nations throughout official channels. Moreover, a return to the negotiation table is also necessary for both nations. Each country needs to convey its "bottom lines" effectively and to understand one another's signals correctly and properly.

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ملخص

منذ حرب الأفيون في أربعينيات القرن التاسع عشر "1840" الى غاية مجازر ساحة تيانانمن نهاية الثمانينيات "1989" وخلال سنوات عديدة، العلاقات الدبلوماسية الأمريكية الصينية عرفت عدة حلقات من التوتر. ولذلك العلاقة بين الإثنين الآن في منعرج حاسم إما على حافة التآزم أو دخول فجر جديد من الاستقرار. البحث الحالي سيسلط الضوء على الصدام والحوار الدراماتيكي بين هاتين الثقافتين. إضافة لذلك أيضاً هاته الدراسة ستتطرق لمساعي التعاون وكذا حساسية المنافسة بين الولايات المتحدة الأمريكية والصين الشعبية. كما أنه سيتم تداول ملف السياسة الداخلية للدولتين وما قد يترتب عنه من تبعات وأثار على مستوى السياسة الخارجية نحو الطرف للطرف المقابل. ضف الى ذلك أن التوتر في المسألة الحالية قد بلغ أوجّه، فكيف للولايات المتحدة أن تتعامل مع هذه العلاقة بوسيلة تمكنها من المحافظة على تعاونها الاستراتيجي في ارتباطاتها مع بيكين على مسار ثابت ومعتدل، لكن في نفس الوقت مع حماية أمنها القومي ومكانتها العالمية الرائدة بين دول العالم، إضافة لذلك ما الذي قد يجعل من التوتر التجاري الحالي بين الولايات المتحدة والصين يتصاعد نحو حرب في التجارة. إن البحث الحالي يستعرض تفسيرات منطقية لأيدولوجيات سياسية وحكومية متنافسة ليشرح بالمعوقات التي تتحدى هاته العلاقة بين الطرفين. وبالتالي تطور وجهات النظر ضمن كل مجتمع حول الآخر يمكن أن يوجب الخلاف حول مختلف المواضيع المتولدة في كل مرة. ومن جانب آخر كيف يمكن لصناع القرار في الولايات المتحدة أن يحاولوا السعي لنظام عالمي يضمن المشاركة الفعالة للصين بشكل إيجابي، وفي نفس الوقت يجهزون سيناريوهات وخطط في حال قامت الصين بتهديد استقرار الاقتصاد العالمي ضمن ما يسمى بحرب التجارة المتبلورة بين الطرفين.

الكلمات المفتاحية: حرب الأفيون، مجازر ساحة تيانانمن، العلاقات الأمريكية الصينية، الأمن القومي، صناع القرار،

النظام العالمي، حرب التجارة.