



Centre for Economic and Regional Studies of the Hungarian  
Academy of Sciences – Institute of World Economics  
MTA Közgazdaság- és Regionális Tudományi Kutatóközpont  
Világgazdasági Intézet

# Challenges

215.

June 2015

*Zsuzsanna Hegedüs*

THE PEACE AND WAR: USA-CHINA RELATIONS

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Centre for Economic and Regional Studies HAS Institute of World Economics

Challenges Nr. 215 (2015) 9. June 2015

## The peace and war: USA-China relations

Author:

**Zsuzsanna Hegedüs**

junior research fellow

Institute of World Economics

Centre for Economic and Regional Studies Hungarian Academy of Sciences

email: [hegedus.zsuzsanna@krtk.mta.hu](mailto:hegedus.zsuzsanna@krtk.mta.hu)

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## The peace and war: USA-China relations

Zsuzsanna Hegedüs<sup>1</sup>

### 1. Introduction

In the second decade of the 21st century, the biggest question is the outcome of the change in new world order. After the end of the Cold war and the collapse of the Soviet Union the US remained alone, as a sole superpower. From a military point of view the world became unipolar with a US leadership, and today it functions the same way, however, the rivals are getting closer to the United States. Concerning economic power, at the beginning of the 1990's, the USA, the European Union, and Japan built a multipolar system. Multi-polarity is already alive and well today, only the actors are changing, because the BRIC countries - with China playing the leading role - are challenging the power status quo – but only China has a real chance.

After the Second World War the United States of America became the undisputed leader of western values and norms, with the assistance of the Western-European countries. The new institutional system, not only the political one, but the economic and military ones reflect American influence as well. NATO offers safety for the transatlantic part of the globe, and the other international organizations are similarly based on “western” norms and values. After the breakdown of Soviet leadership, the power to balance that of the US disappeared. The United States had to live for about a 10-year period without an archrival, without any concrete threat, developing great self-confidence. In those times the US forgot about China as its partner, contrary to those in the second half of the Cold War. Many factors influence the historical bilateral relations

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<sup>1</sup> Junior research fellow, Centre for Economic and Regional Studies of the Hungarian Academy of Sciences Institute of World Economics, Budaörsi út 45, H-1112 Budapest, Hungary Email: hegedus.zsuzsanna@krtk.mta.hu

between China and the United States of America. One of these was the Ping-Pong diplomacy created and headed by Henry Kissinger or to a negative effect, the bombing of the Chinese embassy in Belgrade by mistake - as the Americans interpreted it<sup>2</sup>. This was the breaking point between the two states, despite the former American critics of Chinese political and social system. Then the 9/11 attacks in the USA was the first thawing point in time between them, when China condemned it as a terrorist action, changed the frozen relation a little. Since 2000 a new chapter of the Sino-American relations has opened, which we can coin as the time of the competition.

China complied with the American based institutional system very well. Its UN membership was evident<sup>3</sup> after 1971, like the IMF and World Bank, but for example to become WTO member, China did a lot to achieve the requirements. In 2001 China became the member of WTO, and since that time, nobody is able to come close to its fast-pace economic development. But in the last few years its economic growth shrank to 7,6%, which is not unique in the world, India and several developing countries are able to perform the same.<sup>4</sup>

Thereby, China started to challenge the changing world order, as an aspirant to the leadership position. Is it really so surprising? Is it true, that China would like to beat the USA, and replace it as the new superpower?<sup>5</sup> Lots of literature exists about this issue, and lots of interpretations, some speak about war, some speak about socialism spread. However, the situation is not played out yet, the world is changing, the players are playing the big game, and we are not able to predict what will happen. There are several theoretical analyses which explain the controversy or friendlier relations between the parties. I highlight only two segments of the Chinese-American relations: the economic and the military one with emphasis on the common interest and inter-dependence,

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<sup>2</sup> Steven Lee Meyers: Chinese embassy bombing: A wide net of blame, 2000, <http://www.nytimes.com/2000/04/17/world/chinese-embassy-bombing-a-wide-net-of-blame.html>, Downloaded: 15. 03. 2015

<sup>3</sup> Taiwan was one of the founding member of the UN, and until 1971 it represented China in the Security Council. According to General Assembly Resolution 2758, 1971 People's Republic of China is the lawful representation of China and the member of Security Council. <http://daccess-dds-ny.un.org/doc/RESOLUTION/GEN/NR0/327/74/IMG/NR032774.pdf?OpenElement>

<sup>4</sup>Worldbank, <http://databank.worldbank.org/data/views/variableSelection/selectvariables.aspx?source=world-development-indicators#>

<sup>5</sup> Officially China never expressed the willingness to be a superpower, like the USA. To be a superpower has several obligation, and China does not want to take over the global responsibility. The eastern power concentrates first of all its regional leading position.

which could be the basis of a warless future between them. As *Simai* wrote in his essay, economic power could be significant in the relations, because it often represents national interest and could influence the relations between the states. However, the importance of military power declined at a global level after the Cold War, but at regional level it is as much a determining factor as it ever was.<sup>6</sup>

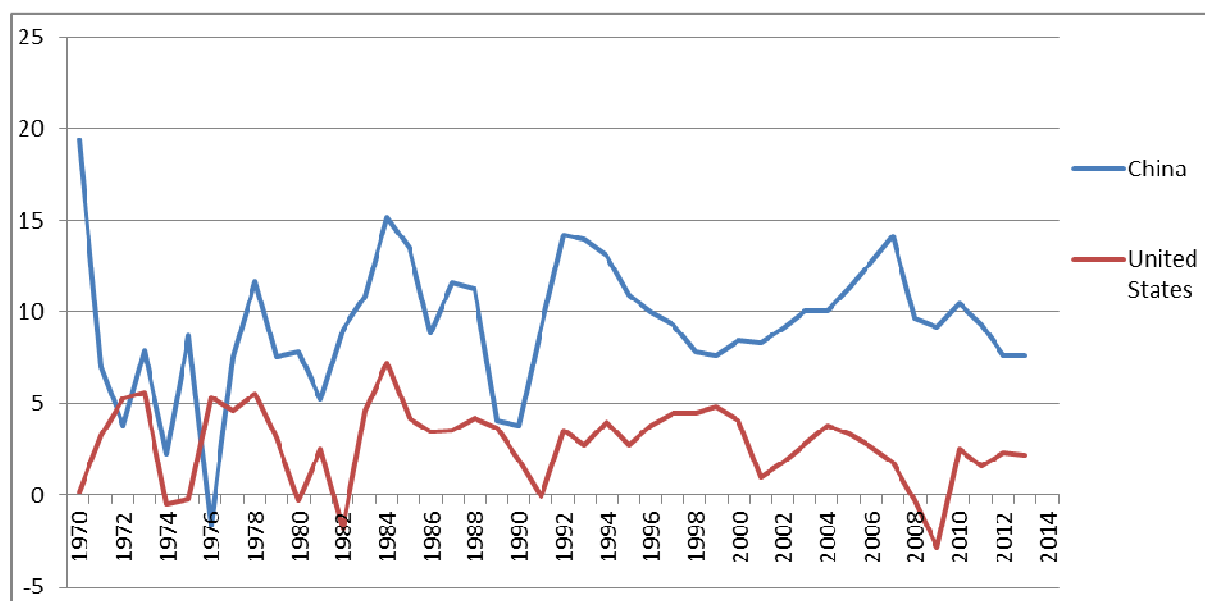
## **2. Economic relations**

At this very moment economic power is one of the most significant, despite the fact that economies are globally connected to each other, and only one ill-conceived decision could harm most of them, like in the 2008 financial crisis. The United States leads the world economy, but China is the leader of the Eastern region and a possible challenger of the global economic leadership. Both of them have significant economic power but there are several factors that make them dependent on each other. Both economies are competitive, able to influence the region and the world economy. They have typical national characteristics, but these are different. For example, the American economy is based on consumption, it has not ever been so export-oriented like the China. Here have to be mentioned, that China's export-oriented model was just the past, because nowadays the investments and consumption are the basis of the Chinese growth. China would like to strengthen the consumption, but due to historical, social and cultural background it takes time to achieve this goal. China's economic growth is not a new tendency, but in the past 60 years it has been very volatile (Graph 1). After the 1989 reforms China's economic performance is unique in the world, the US is not able to duplicate the same growth trend. On the chart is clearly visible, that the American growth rate is under the Chinese one since 1977, but the growth tendency is influenced by the same outside effects, therefore the growth and decrease periods were at the same time, except the time of 2008 financial and economic crises.

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<sup>6</sup> Simai Mihály: A hatalmi viszonyok, a világgazdaság és a katonai szektor a XXI. században, *Közgazdaság* 2012/2 pp. 33-36

**Graph 1: Real GDP growth in China and in the United States of America between 1970-2013 (%)**



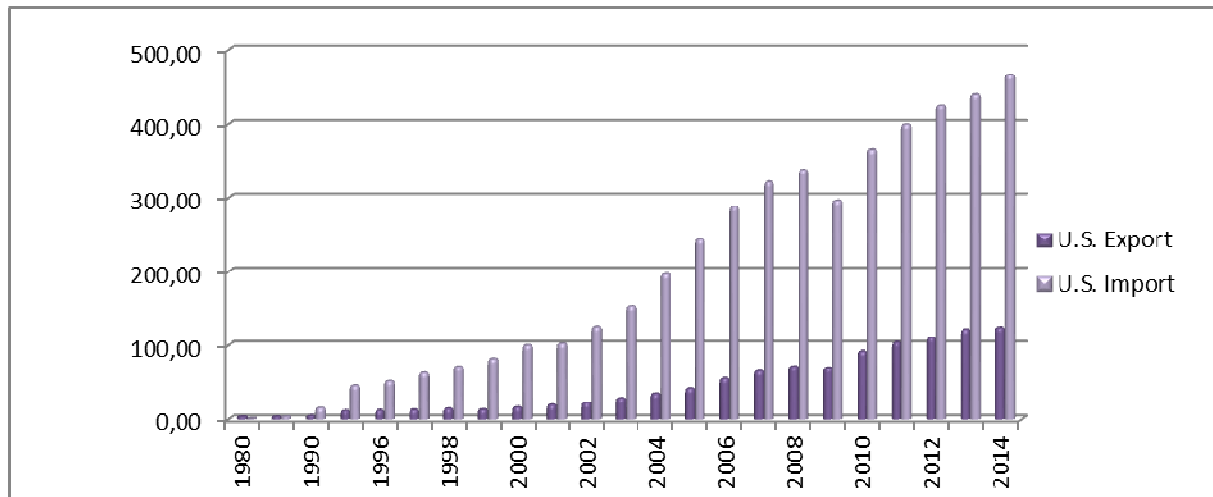
Source: Worldbank, GDP growth, (annual %) <http://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG> , Downloaded: 16. 03. 2015.

With so impressive economic growth China is entitled to say that this performance deserves a new place among the economic leading countries. Of course, the growth process was one of the greatest developments in the country's history and determines its future, but China has to fulfill serious development goals, to achieve the present US economic performance in the field of per capita GDP. During the last 25-year timeframe the USA has not had a prominent GDP growth, it averaged from 1989 to 2013 only 2.5 percent, but for China the average was 9.7 percent. U.S. growth volatility was not as great as the Chinese, the radical boom-and-bust periods happened in individual years, like in 1981, 1991 or in 2001, but then a lengthy growth period followed. According to the World Bank database China is the second largest economy in the world (if European countries are not counted as a unified European Union), behind US, but the GDP per capita in PPP data<sup>7</sup> show another picture, because from this point of view China has a lot to do to achieve the recent American figures. Despite the primarily political and social differences, the countries have thriving economic relations. As the second graph shows,

<sup>7</sup> In 1990 in the USA GDP per capita in PPP was 23954.52 in China 962.8. The same data in 2013 were 53041.98 in the USA and in China 11906.5. So the American figures were 4,5 times higher, than the Chinese ones, but comparing to the 1990's data the Chinese figures show significant improvement, because in 1990 the USA GDP per capita in PPP was 24 times higher than the Chinese. <http://data.worldbank.org/indicator/NY.GDP.PCAP.PP.CD>

in the beginning of 80's their trade relations was evanescent with US surplus<sup>8</sup>, but from the middle of the 90's a huge trade development is visible. As mentioned in the introduction, the USA is not export-oriented country, so usually it has negative trade-balance, but this balance is the highest with China.

**Graph 2: Trade between the United States of America and China between 1980-2014 (billion USD)**



Source: U.S. International Trade Commission DataWeb, Own calculations, Downloaded: 02. 03. 2015.

Source: Eurostat 2013

According to official American statistical data, in 2014 the Chinese export to the United States was 424 times higher than in 1980, however, American export to China was only 32.5 times higher.<sup>9</sup> These data show the real trade boom, sometimes by dumping goods from China to the rest of the world, from which the US is not an exception. Of course, this trade relation is based on mutual interest, but it has negative impact on both partners. China is the third largest merchandise export and import market of the USA, after Canada and Mexico.<sup>10</sup> The product mix partially changed in the last decade. Based on the U.S. International Trade Commission DataWeb the American top 5 export products to China were in 2005: oilseed and grains, waste and scrap, semiconductors and other electronic components, aerospace products and parts, resin, synthetic rubber and artificial & synthetic fibers & filament. On the other hand, in 2014 the top 5 American export product were: oilseed and grains, aerospace products and parts, vehicles, other transport products, nuclear reactors, heating machineries,

<sup>8</sup> The United States had 1,1 billion USD Chinese import against 3,8 billion USD export.

<sup>9</sup> The two nations reestablished their political and economic relations only in 1979.

<sup>10</sup> Wayne M. Morrison: China - U.S. trade issues, Congressional Research Service, 17. 03. 2015. <https://fas.org/sgp/crs/row/RL33536.pdf>, Downloaded: 05.04.2015.

electrical machinery and equipment. Consequently, the USA was able to export to China - beside the agricultural products - only finished products, mechanical and electronic special equipment. The shares of them changed from 25% (2005) to 36.36%, and give the biggest part of its export mix. Concerning the products imported from China by the US in 2005 they were computer equipment and parts, miscellaneous manufactured commodities (toys, games), communications equipment and parts, apparel, audio and video equipment and parts. Respectively in 2014 we see computer equipment and parts, nuclear reactors, heating machineries, furniture, misc. manufactures commodities (toys, games), footwear, gaiters. In its export the US moved to mechanic concentrated product, contrary to the import, which moved from technical equipment, to the lowest value-added products, like footwear, furniture during the same timeframe. It is a general trend by the export and import as well, that the top 5 trade products set out the largest part of the whole trade. For example the share of the top 5 product in the U.S. export grown from 39.88% of the total export (2005) to 48.91% (2014). The same tendency had been played in the point of the import, because the rate of the top 5 products rose from 44.23% to 63.76% in 2014.<sup>11</sup> In the trade balance minerals give just small share, but actually it is one of the most important questions in the USA. The minerals consist of rare earth metals, which are basic elements of the new traffic equipment, the latest weapon generation and also the newest communication technology equipment. The USA imports about 70-90% of these materials from China. That means that the USA has to import from China such minerals, which are indispensable to its economy, technology sector and the military sphere, too.<sup>12</sup>

In the American-Chinese economic relations the question of the governmental debt plays a significant role, since China is one of the biggest foreign U.S. treasury bond holder in the last decades. China was the second largest foreign treasury bonds owner in 2000 with its about 1% share under the foreign treasury bonds owners. Nevertheless, until 2014 this small amount rose to 7.1% overtaking Japan with its 6.8%. Thus, China became the biggest foreign creditor of the U.S. government among the 40 owner

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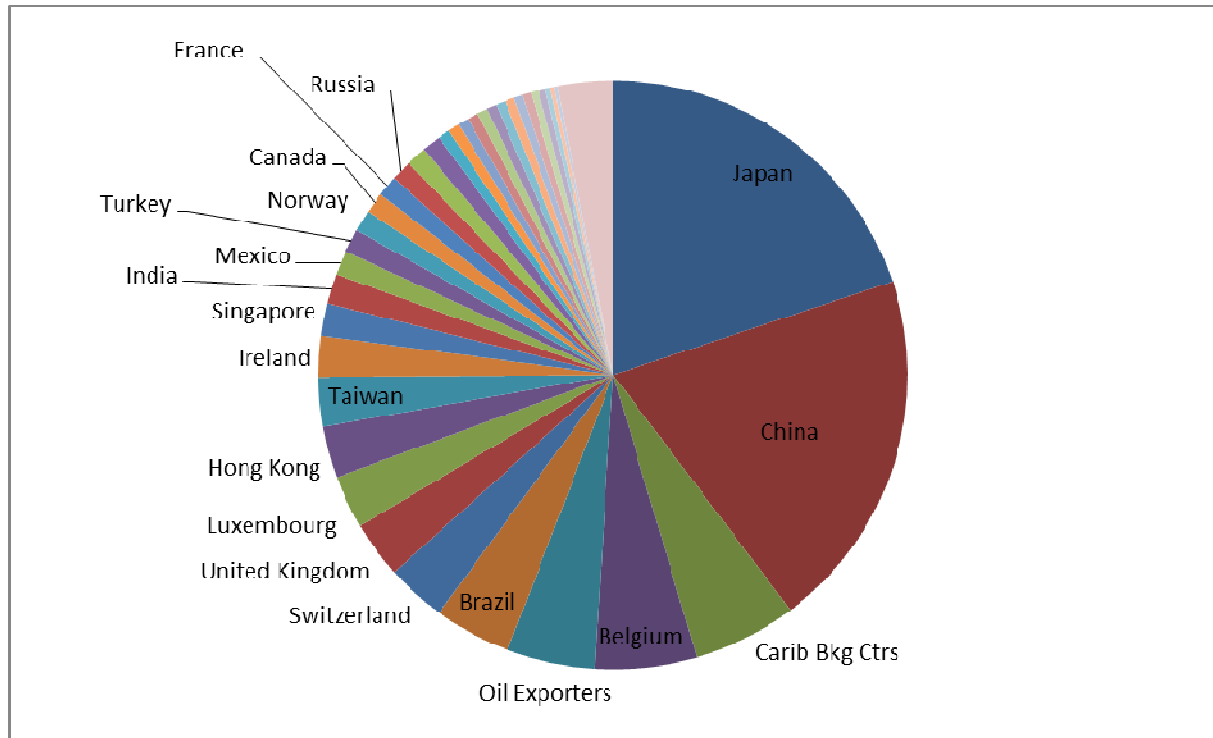
<sup>11</sup> Own calculation based on U. S. imports and exports for consumption at customs value from China by Harmonized Tariff Schedule (HTS) chapters, ranked by 2005 and 2014 data, Downloaded: U.S. International Trade Commission DataWeb, 02. 03. 2015.

<sup>12</sup> Hegedüs Zsuzsanna: "Natural security" az Amerikai Egyesült Államokban, *Nemzet és Biztonság* 2014/4. sz. pp. 22–29



nations<sup>13</sup>. But in the beginning of 2015, Japan took back its former first position and according to the official American data Japan is the biggest foreign creditor of the USA at the moment.

**Graph 3: Top 20 foreign owners of U.S. treasury bonds, 2015 February in percentage**



Source: Treasury, [www.treasury.gov/ticdata/Publish/mfh.txt](http://www.treasury.gov/ticdata/Publish/mfh.txt) Downloaded: 27. 04. 2015.

Despite the lively economic and trade relations, the partners have lot of unclear topics which could be conflict-sources between them. Both sides can list the sore points. The United States claims intellectual property theft. Just one example from this segment is the newly published Iwatch models, copies of which were available on a Chinese website after its market appearance.<sup>14</sup> In the USA there is an anti-dumping strategy in force against Chinese cheap mass-products, and faked products, however, according to the 2014 American import-mix analysis China is the biggest cheap products exporter to the States. The technology transfer could be - from an economic point of view - also a sensitive area, not to mention the military innovations.<sup>15</sup> Further controversial interest

<sup>13</sup> The 7.1% could be corrected at few percent, because the investors of Belgian Bank Centre and Carib Bank Centre are unknown.

<sup>14</sup> Leo Kelion: Cheap 'Apple Watch' copies on sale via Alibaba site, BBC, <http://www.bbc.com/news/technology-31832108> Downloaded: 23.03.2015.

<sup>15</sup> Kenneth Liberthal and Wang Jisi: Addressing U.S.-China strategic distrust, John L. Thornton China Center Monograph Series, Number 4, March 2012, pp. 27-29

between the partners is China's currency policy. According to the US Treasury Department, the Chinese national currency (RMB) is considerably undervalued, which causes a market advantage to Chinese products, and makes foreign products more expensive in China.<sup>16</sup> Chinese willingness to achieve the national currency's global currency status makes dissonance between the parties.<sup>17</sup> The American Congress tries to take official steps to force China to rebalance its economy with a moderate currency policy.<sup>18</sup> Today it looks like a long road ahead, but at the beginning of 2015 China's currency was in the top 5 in the payment currencies of the world. This way China's willingness is slowly gaining momentum, or the country gets closer to its aim.<sup>19</sup>

Naturally, China has also certain issues with the United States. The American anti-dumping process looks from the Chinese point of view as protectionism, and harms Chinese trade and national interests. Beside this, the Chinese explain the huge American foreign trade deficit against China as a political export control due to the political prejudice against China. The other complaint against the USA is that the western power has constrains on FDI, therefore USA restricts the export of certain technologies to China.<sup>20</sup> The partners are in a negotiation process about a bilateral investment treaty. It could help both of them to avoid their doubts and mistrust.<sup>21</sup>

The dialogue between the parties shows improving tendency, that means that the chance to clear the debating points between them is higher than earlier; however, there are few issues, which can worsen the relations. The U.S.-China Strategic and Economic Dialogue had already six rounds<sup>22</sup>, which constitute significant efforts to improve relations, for example China would like to establish a pilot Free Trade Zone program in Shanghai, which could secure the same conditions for foreign investors, as for native

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<sup>16</sup> Susan V. Lawrence: U.S.-China relations: An overview of policy issues, Congressional Research Service, August 1, 2013, <https://fas.org/sgp/crs/row/R41108.pdf> p. 37, Downloaded: 17. 03. 2015.

<sup>17</sup> Wayne M. Morrison: China - U.S. trade issues, Congressional Research Service, 29.08.2011 <http://fpc.state.gov/documents/organization/155009.pdf>, pp. 20-21, Downloaded: 03. 02. 2015.

<sup>18</sup> Wayne M. Morrison: China-U.S. Trade Issues, Congressional Research Service, 17. 03. 2015. <https://fas.org/sgp/crs/row/RL33536.pdf>, pp. 47-49, Downloaded: 05. 04. 2015.

<sup>19</sup> Elliott Holley: RMB breaks into top five world payments currency, Banking technology, 28 January 2015, <http://www.bankingtech.com/275212/rmb-breaks-into-top-five-world-payments-currencies/> Downloaded: 01. 04. 2015

<sup>20</sup>Kenneth Liberthal and Wang Jisi: Addressing U.S-China strategic distrust, John L. Thornton China Center Monograph Series, Number 4, March 2012, Downloaded: 15. 02. 2015.

<sup>21</sup> Wayne M. Morrison: China-U.S. Trade Issues, Congressional Research Service, 17.03.2015. <https://fas.org/sgp/crs/row/RL33536.pdf>, pp. 25-28, Downloaded: 05. 04. 2015.

<sup>22</sup> U.S.-China strategic and economic dialogue, U.S. Department of State, <http://www.state.gov/e/eb/tpp/bta/sed/> Downloaded: 06. 04. 2015.

ones.<sup>23</sup> The US-leads TPP (Trans-Pacific Partnership) and also the TTIP (Trans-Atlantic Trade and Investment Partnership) do not have direct Chinese connections, because the eastern power doesn't participate in the negotiations process. If both Partnership programs will be alive, China could be in a painful situation, because it will be out of the rules and norms setting group. According to Wayne M. Morrison's report to the Congress in March 2015 the western power does not rule out a Chinese participation in these project.<sup>24</sup> However, the USA uses every panel and opportunity, to highlight the imperfect workings of the Chinese capitalist market; therefore there are several obligations against China in the WTO.<sup>25</sup> For China, another sensitive issue is the transition from an export-oriented economic model to consumption oriented one. The experts say this process went live, and the reason of the modest Chinese economic growth (about 7%) is part of a long-term plan. This step could mitigate American trade balance losses. The Americans also fear the future, because China would like to establish a new World Bank, and lot of countries would like to join that, among others Germany, France and either Japan.<sup>26</sup>

To summarize the Chinese-American economic relations, the countries are so interconnected to each other that they are not able to act without influencing their own countries. For the USA the cheap products and the rare minerals are primary important, and for China the huge market is necessary to achieve the required economic growth. Although both of the countries have to carefully consider what steps they will do. The interdependence could be harmful to both of them, so they are not able to avoid the conflicts but they can reduce their number. RMB is an attractive currency, but the political background of China and its financial sector is not so inviting for foreigners, so to make RMB to an international currency is a long-term issue, which needs an international willing in the background. The other fact against the Chinese RMB global role is, that the RMB as the global currency could decline the export volume of China, and at the moment it would be harmful for the country. With regards to the US

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<sup>23</sup> For futher details: Wayne M. Morrison: China - U.S. trade issues, Congressional Research Service, 17. 03. 2015. <https://fas.org/sgp/crs/row/RL33536.pdf>, pp. 49-53, Downloaded: 05. 04. 2015.

<sup>24</sup> Wayne M. Morrison: China - U.S. trade issues, Congressional Research Service, 17. 03. 2015. <https://fas.org/sgp/crs/row/RL33536.pdf>, p. 1, Downloaded: 05. 04. 2015.

<sup>25</sup> Wayne M. Morrison: China-U.S. trade issues, Congressional Research Service, 17. 03. 2015. <https://fas.org/sgp/crs/row/RL33536.pdf>, pp. 40-47, Downloaded: 05. 04. 2015.

<sup>26</sup> Ian Bremmer: Bank shot America's financial leadership is being challenged by China, Time, 06. 04. 2015. p. 19

governmental debt, China has a huge share of the treasury bonds, but it is not enough to cause an American national insolvency, but enough to disturb the Americans and also to aggravate the worldwide financial disorder. This would be also China itself also harmful, so none of them could profit from such action. The last but not the least reason is the almost peaceful cooperation between the powers in international organizations, the international financial system. The international trade system is based on a U.S. lead, or earlier on a way of thinking promoted by Americans. If China would like to be an 'opinion leader' in those systems, China has to change itself or the system should be reformed, reshaped by China. It takes a long time, and China needs the help of the Americans as well, to create a livable system.

### **3. Military relations**

As mentioned in the title of the paper, the question is whether peace or war. There are several studies about the future of the American and Chinese relations. As *Yan Xuetong* wrote in *The Instability of China-US Relations* about superficial friendship and enmity theory: *"The power competition between the two nations makes it seem unlikely that China and the United States could establish real friendship during the process of China's rise. The realistic alternative, therefore, is to transform their relationship from superficial friendship to superficial enmity."*<sup>27</sup> That means, in a realistic way it is easier to imagine a war between them, than peace. However, at the end of the article the author mentions the mutual unfavorable interest, which could speed up the relations of the countries. Displeased with such a theory, the Harvard University Professor, *Alastair Iain Johnston* made his criticism against the theory and he concentrated on four stabilizing elements between the partners: better understanding, deterrence policy in all fields, the low level of ideological competition and strong economic integration could help the parties to find a solution and to find peaceful communication and relation to each other.<sup>28</sup> To see clear what kind of capabilities the countries have, the analysis of their armed forces is unavoidable. The armament of countries is a hot topic nowadays, and the countries are looking at the latest armaments developments with Argus-eyes. China

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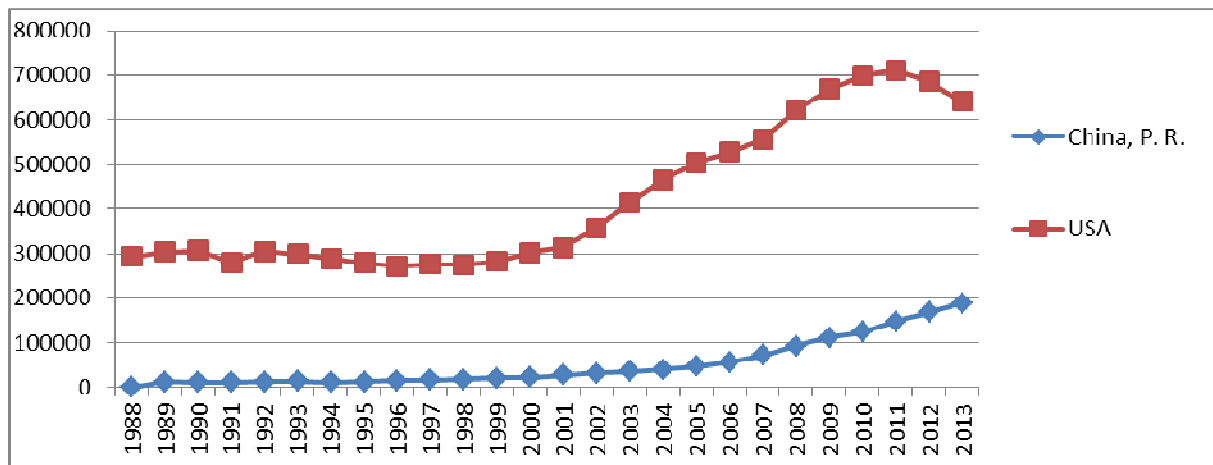
<sup>27</sup> Yan, Xuetong: The instability of China - US relations, *The Chinese Journal of International Politics*, Vol. 3, 2010, p. 291

<sup>28</sup> Alastair Iaian Johnston: Stability and instability in Sino - US relations: A response to Yan Xuetong's superficial friendship theory, *The Chinese Journal of International Politics*, Vol. 4. 2011. pp. 28-29

and The United States are not exceptions from this. The question is: what is the reason of the Chinese armament? Is it possible to have a war against the USA or it just wants to defense itself from the regional “enemies”. Could China overtake the American armament level, or just have a same quality arm forces?

On Graph 4, we can compare the American and the Chinese official military expenditures. The current hypothesis is that China is very dangerous to world peace, because its armaments trend supposes that the eastern power tries to catch up with the USA. According to the graph under, in the last 25 years the Chinese military expenditures were growing constantly. At the same time the American figures do not perform as the eastern one’s, - but the difference is not negligible between them – because for example in 1991, between 1994-1999, 2007 and after 2011 the expenditures declined.

**Graph 4: Military expenditures of the United States of America and China from 1988 to 2013 (million USD)<sup>29</sup>**



Source: SIPRI Database 2014, Downloaded: 02.03.2015.

The reasons of the declines were, the end of the successful I. Gulf War, the most peaceful period for the Americans (with the failure in Rwanda, in 2007 the stabilization of Iraq, and from 2012 the sequestration concept, which was highlighted only in 2013). So as in China the economic growth was and is stable, the central government builds up a long-term strategy how to renew, reshape and modernize the Chinese armed forces. The strategy is working, and its impact is, that the rest of the world is getting anxious from the Chinese achievements. But according to the charts the Chinese military budget

<sup>29</sup> The data are not exact, because U.S. data are SIPRI estimates, and Chinese data are highly uncertain, and these do not consist the research and development sums, which is invested into the military sector.

(with correction) is much sharper, than the American one, and it is highlighted, that the rebalancing of the American military advantage will take time, and it could be a sign from the USA to better manage their own budgetary opportunities. The problem with the Chinese armaments is not the growing Chinese military expenditures, but the fact that it is generating and in the future will generate much more sharply the so-called security dilemma in the region.<sup>30</sup> The effects of the dilemma could be mapped in the eastern region, because the old rival of China, India is aware to its military sector, not just because of Pakistan, but because of China too. According to conjectures Japan develops new nuclear arms against China, because of the unclear territorial question between them.<sup>31</sup> According to the latest Military Balance, Japan's military expenditures will be increase in 2015 by 3%, at the same time Chinese expenditures will increase by 12.2%.<sup>32</sup> Russia achieved very ambitious targets, and modernizes its armed forces beside new developments. Russia would like to increase its military budget by 3-10% compared to 2014, and with this rise, this budget will be the biggest in the last decade.<sup>33</sup> As the latest military balance database ensures the American budget twice bigger than its follower's. (Graph 5) From this picture, the security dilemma or the change in the world order is clearly visible, because of 15 top countries seven represent the so called western world, but the others are from the developing regions and most of them from Asia. China rightfully causing part of the security dilemma, because in its region Russia with its 4<sup>th</sup> place, Japan 7<sup>th</sup> place, India 8<sup>th</sup> place, South Korea 10<sup>th</sup> place could be the challenger (the three last country the most) of Chinese security.

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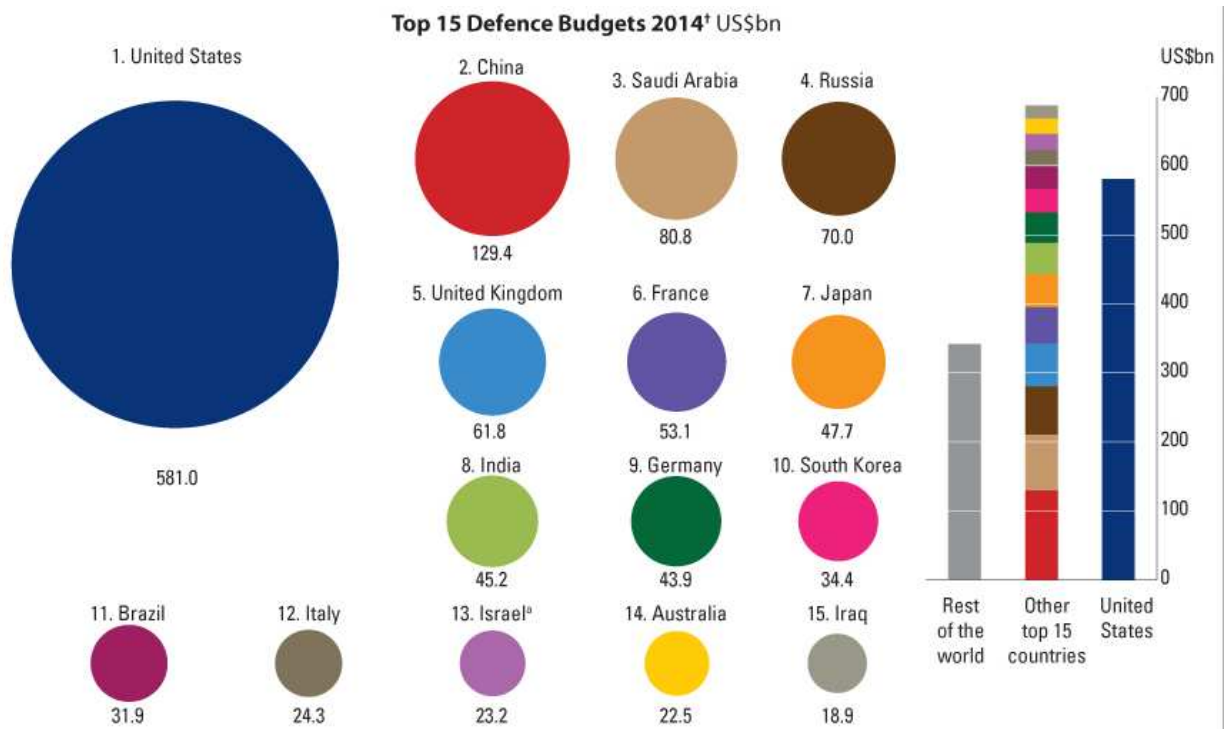
<sup>30</sup> „A security dilemma refers to a situation wherein two or more states are drawn into conflict, possibly even war, over security concerns, even though none of the states actually desire conflict. Essentially, the security dilemma occurs when two or more states each feel insecure in relation to other states. None of the states involved want relations to deteriorate, let alone for war to be declared, but as each state acts militarily or diplomatically to make itself more secure, the other states interpret its actions as threatening. An ironic cycle of unintended provocations emerges, resulting in an escalation of the conflict which may eventually lead to open warfare.”(Kanji, O. 2003. 'Security' in Burgess, G. and H. Burgess (eds.). *Beyond Intractability. Conflict Research Consortium, University of Colorado*). The IR Theory Knowledge Base: <http://www.irtheory.com/know.htm> , Downloaded: 10. 04. 2015.

<sup>31</sup> Paul Joshep Watson: Report: Japan secretly developing nuclear weapons, 18. 02. 2014. <http://www.infowars.com/report-japan-secretly-developing-nuclear-weapons/> Downloaded: 27. 03. 2015.

<sup>32</sup> The Military Balance 2015, International Institute for Strategic Studies, pp. 210-211.

<sup>33</sup> The Military Balance 2015, International Institute for Strategic Studies, pp. 164-166.

**Graph 5: Top 15 defense budgets 2014 (billion USD)**



Source: The Military Balance 2015, International Institute for Strategic Studies, <http://www.iiss.org/en/publications/military%20balance/issues/the-military-balance-2015-5ea6>, Downloaded: 19. 03. 2015.

However, China has been anxious not only from the regional powers, but of the USA as well. The first Obama administration forged ahead to find common interest between the parties. The two nations' leaders gave joint statements, in which they proclaimed to: *"Take concrete steps to advance sustainable and reliable military-to-military relations in the future"*.<sup>34</sup> This was a beginning of a joint military work in the field of diplomacy, which was followed by similar statements later, 2011, 2013.<sup>35</sup> In contrast, real life shows another piece of reality. The two countries have adversary relations due to the American Navy locations in the Pacific Ocean, which could enclose China.<sup>36</sup> Consequently, China has built its first aircraft carrier.<sup>37</sup> Seeing the Chinese development, the US developed the AirSea Battle concept and bothered with its pivot strategy. This concept

<sup>34</sup> Susan V. Lawrence: U.S. - China relations: An overview of policy issues, Congressional Research Service, August 1, 2013, <https://fas.org/sgp/crs/row/R41108.pdf> p. 15, Downloaded: 17. 03. 2015.

<sup>35</sup> Susan V. Lawrence: U.S. - China relations: An overview of policy issues, Congressional Research Service, August 1, 2013, <https://fas.org/sgp/crs/row/R41108.pdf> pp. 14-16, Downloaded: 17. 03. 2015.

<sup>36</sup> America's navy: <http://www.navy.com/about/locations.html>, Downloaded: 17. 03. 2015.

<sup>37</sup> China's first aircraft carrier starts see trials, BBC, <http://www.bbc.com/news/world-asia-pacific-14470882> Downloaded: 18. 04. 2015.

concentrated on the Persian-Gulf and the Western-Pacific, but the official American resources deny that this will be against China and Iran, and it was never mentioned in the military doctrine or strategy of the United States. In 2015 the structure of the concept changed, because the AirSea Battle will be integrated to the Joint Force Development, and the future name of its will be JAM-GC (Joint Concept for Access and Maneuvre in the Global Commons).<sup>38</sup> It means, that the American forces are focusing on not just two dimensions, but on the others as well, and the U.S. armed forces are preparing themselves for a comprehensive operation. Besides these conflict sources China has seen another offensive problem from the U.S. side. This is the weapon trade between the USA and China's challenger states. That means, the USA traditional weapon trade partners are Taiwan, Japan and South Korea, which China resents. However, the communication and the political concepts of the Chinese leadership from this point are different. China does not want to act against the USA, but in the communication field, it represents its hard power.<sup>39</sup>

The United States has also some discontent against China. One of the reasons is the Chinese coastal demand in the South-China Sea. The seabed is rich in energy resources there, and the international trade lines cut through it, too. First of all, the USA worries because of the international trade lines, but the seabed exploitation could also cause significant damages in the lines as well as in the environment. Due to the foregoing, the free access to the Exclusive Economic Zone (EEZ) won't be guaranteed. The new military training habits of the Chinese army just confirm this fear as they use the coastal territories for practice. It makes the harbors hard to achieve, and makes it difficult to follow normal trade activity, too.<sup>40</sup> Other aching point to the Americans, that China does not honor the intellectual property rights. It generated a military problem in the past, for example, when Chinese hackers had stolen the plans of the secret F-35 aircraft fighters.<sup>41</sup> These issues open a new conflict source between the partners, which is

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<sup>38</sup> Paul McLeary: New US concepts melds Air, Sea and Land, Defense News, 24.01.2015, <http://www.defensenews.com/story/defense/policy-budget/warfare/2015/01/24/air-sea-battle-china-army-navy/22229023/> Downloaded: 19. 03. 2015

<sup>39</sup> Kenneth Liberthal and Wang Jisi: Addressing U.S. - China strategic distrust, John L. Thornton China Center Monograph Series, Number 4, March 2012, pp. 13-14

<sup>40</sup> Susan V. Lawrence: U.S. - China relations: An overview of policy issues, Congressional Research Service, August 1, 2013, <https://fas.org/sgp/crs/row/R41108.pdf> pp. 16-32, Downloaded: 17. 03. 2015.

<sup>41</sup> Pierluigi Paganini, Snowden reveals that China stole plans for a new F-35 aircraft fighter, Security Affairs, 19. 01. 2015, <http://securityaffairs.co/wordpress/32437/intelligence/china-stole-plans-f-35-aircraft.html> Downloaded: 25. 03. 2015



termed cyber security. The United States developed a cyber command monitoring all the sensible fields. The official statement denies, that it is against China, but in the reality China is one of the observed countries and the biggest cyber security challenger regarding to its technological and human resource background. The American government tries to take steps against cyber-attacks and surveillance.<sup>42</sup>

General conflict source is the behavior and political diplomatic relations with the failed states. North-Korea, Syria is partner of China, but the USA deplores them.

From the military point of view, of course China and the USA have common interests as well. The key world of their relations is the peace between them. They are challenging each other, they make each other worried, but in doing so, they effectively avoid real confrontation and the possibility of a war at the moment. Both of the countries are fighting against terrorists; however with the Uyghur question the partners have a different viewpoint. Although China is not a target-country to such a kind of international terror attacks,<sup>43</sup> China convicted the 9/11 attacks against the USA.<sup>44</sup>

There could be a new common interest between the parties. That is, the Iranian nuclear program. China had and has good relations with Iran, but the USA kept it as failed state. In the last year, the USA started to communicate with Iran about its nuclear program, and China played one of the mediator roles. Therefore, it could serve as an effective cooperation between the parties, while it ended with an agreement about the Iranian nuclear program in the beginning of April.<sup>45</sup> Both countries have an interest to denuclearize the Democratic People's Republic of Korea. Beside the military challenges, China emphasized the importance of fighting against climate change, therefore the country would like to participate in the Paris-held climate summit, which could be the new Kyoto, and it seems that China would like to be part of the agreement, however Beijing (as well as Washington) keeps shifting the publishing date of their official

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<sup>42</sup> Wayne M. Morrison: China - U.S. trade issues, Congressional Research Service, 17 .03. 2015. <https://fas.org/sgp/crs/row/RL33536.pdf>, pp. 39-40, Downloaded: 05. 04. 2015.

<sup>43</sup> Exception is the Uyghur minority in China, who used to carry out terror attacks in China. Therefore China is interested, how to control the sources of the danger.

<sup>44</sup> Yan, Xuetong: The instability of China - US relations, *The Chinese Journal of International Politics*, Vol. 3, 2010, p. 273

<sup>45</sup> Office of the Spokesperson, Parameters for a joint comprehensive plan of action regarding the Islamic Republic of Iran's nuclear program Washington, DC, 02. 04. 2015, <http://www.state.gov/r/pa/prs/ps/2015/04/240170.htm> Downloaded: 10. 04. 2015.

working paper.<sup>46</sup> It is, however, a start of a good tendency. The Chinese and the American government has really carried out lot of negotiations and common work together in the last 5-10 years, trying to find common ground between them and to solve and to bring their positions closer.

#### **4. Summary**

This article was written to analyze the common and different interest of the United States and China. However, the common interests emphasize the reasons why there won't be war between the states in the near future. It is unlikely they enter a real military conflict, but in the background cyber attacks, surveillance problems, and differences of economic interest, energy source concentrations will generate problems, and conflicts but not a war. There are several attempts, which would strengthen the fear of a war, because in the past the big superpower position shifts happened as a result of wars. *Henry Kissinger*, the former State Secretary of the United States in his latest book ruled out a possibility of a war between these states, because China has a regional interest, and would like to win the leading position not just in the economic arena but also in the military one. Of course, the powers have different interests, but all-in-all, they are not able to live without each other at the moment.<sup>47</sup> *Zbigniew Brzezinski* has a similar opinion in his book, *Strategic Vision*, where he explains that the possibility of a war between USA and China is low.<sup>48</sup> From an economic point of view China has enough capacity to attack the USA, but its military capability is not enough, not to mention the interconnection between the states<sup>49</sup>.

One of the positive effects of globalization is that the two countries are so closely connected to each other, that it is not worth for them to attack each other, or to suspend the economic or financial relations. In the long run it could be possible, that China will take over the superpower role.

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<sup>46</sup> Green alliance: Paris 2015: getting a global agreement on climate change, Augustus 2014, London, <http://www.green-alliance.org.uk/resources/Paris%202015-getting%20a%20global%20agreement%20on%20climate%20change.pdf> Downloaded: 16. 03. 2015.

<sup>47</sup> Henry Kissinger: *Weltordnung*, Penguin Press, New York, 2014, pp. 244-262

<sup>48</sup> Zbigniew Brzezinski: *Strategic vision America and the crisis of global power*, Basic Books 2012

<sup>49</sup> Aaron L. Friedberg: *The Future of U.S. - China relations - Is conflict inevitable?*, *International Security* 30:2, p. 25.

The fact, that the USA lost its enormous advantage, is true, but it does not mean, that China will be the next. The present situation is, that China has lot of resources from its economic and human basis where it could challenge the USA, but for the time being China does not want to take over the leadership. China is a country capable of causing harm with its strengths and defects, and has enough time to stabilize its power. The USA has a chance to renew itself, and make reforms to save its status, but the Americans have to accept the new world order, where the differences between other states and the USA are much smaller than it was in the last century. The USA is such a strong part of the world's current political, economic, financial and military systems, that no other state could substitute it alone. Due to this reason for China it takes very long time to take over the superpower position, or it has to accept the western norms to be a leader in the working systems, or it has to modify this system to its face, but it could be achieved with hard power. Therefore, the question is open, before China and the USA there is the choice to stay on a long trip together, to lead the world, and the rest of the world could find much more interest in common work, than in conflict. China also prefer so kind of relation between them, because China officially do not want to challenge USA, just strengthen its power in the region against Japan and India, and to save issues of its interest. The responsibility of the United States is much bigger, than China would like to take over, but to share this responsibility could be also common interest of the parties. A multipolar system, what China prefers, is one of the possibilities of the result of the world order change, and despite the negative opinions, it could be realized without a war between China and the USA.

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