

How Did U.S.—China Relations Get to Where They Are?

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[EURICS fellow, winter 2020–2021]

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When President Richard Nixon departed for China on February 17, 1972, his brief speech on the White House South Lawn voiced the hope that the difficult negotiations awaiting him in the People's Republic of China would allow succeeding generations to grow up in a world of peace. With the words "We came in peace for all mankind," President Nixon echoed the inscription left on the moon by American astronauts. Nixon's visit was the first significant step on a narrow, stony track that after a decade or so began to broaden, and eventually after twenty years emerged as a busy freeway, seemingly expanding endlessly into the vast horizon of world peace. However, as the generation of the early 1970s began to grey in the late 2010s, they found themselves locked in fierce competition with China on all fronts, while angry words were hurled from both sides of the Pacific against the backdrop of a pandemic ravaging the world.

Although current events are still too close to draw considered historical conclusions, it is appropriate to explore how the United States and China arrived at their present relationship as a new American administration is sworn in. As China continues to expand its economic, political and cultural influence around the globe, one fact—painful for many to admit—is that over the past half-century the American approach to China has not been successful. In what follows, I offer four explanations to help us understand how and why this situation arose.

Developmental Dogmas and False Assumptions

The realization that free markets and a growing middle class do not automatically give rise to liberal democracies has only gradually and belatedly dawned upon the American public. The leading rationale behind the aid delivered under the Marshall Plan—that economic growth leads to democracy—proved its worth among the OECD countries and, to an extent, after the end of the Cold War in the "third wave democracies," as Samuel Huntington called them. However, this mechanism had no impact in the People's Republic, although many seeds of nascent democracy have been identified—for example, the June 4th Incident, village committee elections, instances of civic protest, and what in Chinese political jargon are called "mass incidents." Given the growth in China's middle class, higher education, white-collar workforce, widespread car owner-



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ship, and booming urban lifestyles, the absence of democracy in China has been met with incredulity in the U.S. Narratives about totalitarianism, including prison camps, religious persecution and the upgrading of the maximum presidential incumbency period from two terms to life have only recently come to dominate the political debate once again.

On the other side of the ledger, China's reform process begun in 1978 had, within about 10 years, done away with

classical socialist, not to say Stalinist, forms of economic planning, listed prices and mandatory production quotas. The reforms instituted a market economy, albeit operating under centralized planning, thus freeing up individual economic potential. State enterprises were privatized or made autonomous (owned by state-controlled holding authorities), while private enterprises were allowed to grow very large. Infrastructural development and new technologies were drivers of growth (but were not driven by demand). To outside observers, China's economy looked like an illiberal yet "destructive—creative" form of capitalism that would ultimately break up totalitarian party rule and create a liberal democratic order in its place.

For the Chinese leadership, by contrast, the socialist political economy they were nurturing constituted a superior, rational, coordinated and balanced development strategy, a more advanced stage of scientific socialism. Private enterprise both benefited from and was co-opted by state planning; it was redefined by the terminology of "reform and development" as one of several modes of ownership that served the goals of national economic development—goals which were closely integrated with anti-poverty and human development policies tied to increasingly pro-environmental objectives.

In the United States, which had experienced Japan's economic rise some decades earlier, the belief in the market—democracy nexus prevailed. After all, Japan's form of illiberal capitalism—the term is borrowed from Kozo Yamamura and Wolfgang Streeck—with its combination of centralized state guidance and large industrial conglomerates, not only seemed to fit within the global liberal economic order, but also encompassed benign democratic practices.

Two conflicting perceptions of "self" and "other" can be discerned here: (a) free market competition, democratic norms and checks and balances versus irrational totalitari-

anism and state intervention; or (b) rational coordination and developmental planning versus chaotic, rudderless capitalism and a disorderly democracy. Each ideology predicted the instability, or the ultimate downfall or reversal of the other. Between the 1980s and the late 2010s, interactions between the United States and China took place guided by these polarized notions—positions that swelled to become a major source of discord.

Growth Dynamics

Poverty and the population boom of the 1960s and 1970s paved the way for China to become a global development engine. China could deliver an inexhaustible flow of low-wage workers fleeing from poverty and under social and family obligations to remit their scant earnings to their families in the countryside. This surfeit of cheap and willing hands facilitated unprecedented infrastructural and urban expansion. Domestic migrants worked in rural and urban sweatshop processing goods for export, joined new, advanced factories, and formed mobile work teams that built new freeways, harbors, and high-speed rail lines. Simultaneously, China reached for sophistication in engineering and the sciences.

In the United States, Europe and Oceania, the pressure for further technological development and the growing costs of unskilled labor dovetailed with the availability of cheap Chinese labor. Global value chains and trade liberalization were structured so that Chinese workers formed a cost-effective alternative to the further automation of mass production for American, European and Oceanic domestic markets, while logistics sectors rapidly reduced per-unit freight costs. Accordingly, China's international trade grew and created surpluses that were fed back into the Chinese economy.

At the same time, foreign players entered China's growing market if they agreed to share intellectual property rights (IPR) with their Chinese counterparts. Local and central government investment was coordinated to further infrastructure projects, expand education and vocational training, advance scientific and technological development, and speed up urbanization. The huge domestic migrant population and the off-shoring of foreign smartphone technology manufacturing to China gave Chinese high-tech firms a head start in mobile telephony and messaging, as well as online shopping, logistics, credits, payments, and public services. These developments consolidated China's technological advances in official news and information services, mass surveillance and social credits. In order to maximize state control and the coordination of its national development goals, China introduced a firewall, as well as systems that monitor and censor online activities and bar foreign suppliers which fail to abide by strict political protocols.

In the 1980s and 1990s, overseas investment by Chinese private and state enterprises was patchy and uncoordinated, but was increasingly given a more strategic direction by the

Chinese state in the 2000s–2010s in order to secure raw materials and consolidate markets. To gain a greater share in logistics, China brought together resources, investments and projects under the umbrella of the Belt and Road Initiative (BRI), a massively ambitious project designed to create new worldwide multilateral collaboration frameworks. Because infrastructure often creates realities and advances in development on the ground, and because investments, with appropriate diplomatic support, tend to focus minds and resolve local impasses, in my opinion the BRI has enjoyed many successes. While Chinese firms and officials sought to dispel much local resistance and resentment as the BRI unfolded, China, in the view of many, strategically created a new network of dependencies and shifted the balance of power beyond its own borders.

During Barack Obama’s presidency, American observers noted that the Belt and Road Initiative caused ever greater U.S. dependence on China (trade imbalance, mergers and acquisitions of U.S. and foreign companies by Chinese state-owned enterprises.) China was also systematically appropriating U.S. patents, designs and blueprints, threatening national security. Shying away from measures that could upset vested American interests and destabilize the WTO and other global institutions, President Obama during the climate change negotiations of 2009–2010 challenged China’s plans to count CO2 emissions only as a proportion of its constantly growing GDP. This first attempt to arouse international concerns over China’s global role was followed by refocusing military strategies to address the China challenge, President Obama sought accordingly to pivot from the Middle East to China. However, conditions in the Middle East, the extensive business dealings with China enjoyed by some U.S. politicians and their families, among other factors, held him back. Yet America’s frequent complaints about China’s behavior merely strengthened China’s resolve to have a greater say in the unfolding world order.

Strategic Repositioning

China has followed up its Belt and Road Initiative with several measures designed to secure its international sea lanes. The Chinese navy, for example, actively combatted piracy in the Gulf of Aden along the Somalian coast and established a naval base in Djibouti, in addition to naval facilities in Gwadar (Pakistan), in the Seychelles, and potentially in other ports tied to the BRI. Completing rail links to sea ports in Pakistan and Myanmar, and through Thailand and Malaysia to Singapore, as well as securing commercial use of the sea lane north of Siberia, en route to Europe, highlight China’s strategic vulnerability in the area around the Malacca Strait, the main shipping channel between the Indian Ocean and the Pacific. In response, China declared the South China Sea

national sea territory, and has established naval structures and bases there. A territorial dispute with Japan over the Diaoyu/Senkaku Islands similarly reflects China’s defense needs.

Other concerns loom large in the strategic counter-thinking of the United States and its partners in the North Atlantic Treaty Organization (NATO). As a result of global warming, the sea lane north of Siberia is set to become a much faster

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freight transit route from China to Europe and the North American East Coast, sparking unease that China will expand its presence in the Arctic and North Atlantic Region, with or without Russian support. The multiple Eurasian rail freight routes inaugurated under the BRI, linking Chinese cities with the likes of Duisburg, Rotterdam, and London, were instrumental in creating direct and more rapid trade between China and Western Europe at a time when the intra-European rail and road infrastructure between western and eastern parts of Europe is still undeveloped. China is also stepping up efforts to build a BRI route from Piraeus to Tallinn, linking Eastern European destinations from south to north. Behind these plans

is a Chinese-led initiative, *Cooperation between China and Central and Eastern European Countries*, often referred to as “17 + 1,” that involves large-scale infrastructural development with substantial Chinese state’s participation. This assortment of EU and non-EU members, NATO and non-NATO countries, as well as non-aligned states, understandably touches off alarms in NATO and the EU for it affects established collaboration, blurs allegiances, and ultimately impacts the scope of action presently enjoyed by the United States.

American and Chinese Presidents

To many observers, President Donald Trump’s tenure upset established international relationships and unleashed tensions that had built up in many contexts, including U.S.—China relations. His acerbic and unconventional style of leadership came across as impulsive, ill-tempered, and devoid of political rationality, although some commentators point out that he achieved many of the goals he set in 2016. Here, I shall trace some patterns that may help explain the changes President Trump brought to Sino-American relations.

As I have already hinted, Obama’s anxieties and ambivalence towards China were woven into myriad commitments and vested interests, and reflected his awareness of possible Chinese counteractions that would impact severely affected American nationals and companies. This limited his scope of action to the occasional show of military strength and the bringing of legal cases under international law or under

alien tort and other global jurisdiction clauses in U.S. courts, in addition to diplomatic reprisals, symbolic embargoes and similar tit-for-tat moves. In short, Obama preferred business as usual, even if the cost of doing nothing was high. Any volte-face would have constituted an embarrassing concession that America's China policy had relied on false assumptions.

President Xi Jinping's rise to power in 2012–2013 coincided with China's more pronounced ambitions for a global strategy, starting with the consultation between Xi and Obama on handling North Korea. China's offer to build a "new type of great power relationship" with the United States was met with discomfort and even outright derision across the Pacific.

President Trump's inauguration in 2017 saw him assume a radically different stance towards China from his predecessor. His idiosyncratic style of "disruptive innovation" aimed to upset the status quo and diplomatic predictability. Trump managed to undo the dispute resolution mechanisms of the WTO; made a play for mineral-rich Kvanefjeld, Greenland, that China also had its eyes on; blocked Huawei and other Chinese technology firms from taking part in building communications infrastructure in the United States and allied countries; initiated a trade war against China; and forced China to close its Houston Consulate. Rhetorically, Trump fully exploited the COVID-19 crisis in order to blacken the reputation of the Chinese government, attacking China for procrastinating in its response and for lying about the scale and severity of the epidemic, and accusing the WHO of colluding with China. These accusations enraged the Chinese authorities, exposing China's limited capacity to act swiftly and responsibly in a pandemic, as cadres, fearful of the consequences to their careers, sought to hide and contain any signs of trouble, often failing to alert the responsible author-

ities—and, in the case of Wuhan, silencing whistle-blowing physician Li Wenliang.

China responded with increasing assertiveness: "wolf warrior" diplomacy was used to counter foreign attacks, supported by displays of public outrage, in order to uphold China's "national interests and dignity," while petty retaliation, anti-foreign rallies and factitious counter-arguments were commonplace, only serving to give credence to Trump's rhetoric. Trampling notions of formal propriety and respect for the facts, Trump successfully upset China's ability to pursue its development program. However, President Xi made a significant comeback in December 2020 with his declaration at the UN that China would be carbon neutral by 2060, a pledge which gained worldwide acclaim but little reaction from President Trump.

The race to develop a COVID-19 vaccine has been likened to the race to put a man on the moon. The United States and China are now locked in a head-to-head contest to inoculate their populations. So far, results from both sides have been promising. The global importance of pharmaceutical companies—whether located in Australia, China, Europe, India, Russia, the United States, or elsewhere—indicates that U.S.—China relations are part of a larger picture that unfolds before our eyes. In an age of division and disorientation, can President Joe Biden bring calm and a new sense of hope to U.S.—China relations? Only time will tell.

[**Author's note:** This opinion essay was drafted on December 28, 2020, and finalized on January 10, 2021.]

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