Report

Sino-U.S. Relations, the Cyclical Pattern and the Unknowns

François Godement *

27 October 2013
Abstract

Sino-US relations are often described today as the most important relationship in the world, and sometimes, under the G-2 moniker, as the main factor in the international system. As China’s economy prepares to overtake the U.S. economy in size it is clear that the relationship will be ambiguous. ‘Mistrust’ is often cited on both sides as a factor, but the power balance and irreconcilable models of governance, are probably more important. Yet, it is also clear that a conflict is the least desirable outcome, and that China and the U.S. will therefore continue to contain their competition.

Sino-US relations are often described today as the most important relationship in the world, and sometimes, under the G-2 moniker, as the main factor in the international system.

The historical foundation

Their exceptional nature is nothing new. The United States entered Asia at the end of the 19th century with a different stance from Europeans. While the latter (and Japan seeking to match them) were all about creating colonies and ‘spheres of influence ’, the United States, under President McKinley, advocated in 1899 an ‘Open Door’ approach to China. The policy required China to be ‘open’ to foreign presence and trade. But the ‘Open Door’ policy also meant equal access to all foreign powers, without any sphere of influence.
America did not always live up to its claims – President Wilson greatly disappointed Chinese nationalists at the Versailles Conference in 1919 when the resulting Treaty turned over the Shandong peninsula from Germany to Japan instead of granting it back to China.

But the Hoover administration and its successor gave China a very large food aid during the great famine of the late 1920s, and supported the Republican government of Chiang Kai-shek when it reunified control against local warlords with the ‘March North’ in the same period. The United States would back China against Japan during the Pacific War, with huge military deliveries over the ‘Hump’ (the Himalayan chain and Sichuan).

Some of the debates that we see today already existed in that era. Republican China had a lobby in the press and beyond in the United States; but among China hands, there also existed considerable skepticism, based on the corruption inside the Republican regime. With the Dixie Mission to Yenan (where the Chinese Communists had their bases), a current emerged which advised an even-handed approach to the Communists. After the fall of China in 1949 and the founding of the People’s Republic, there would be considerable controversy on its causes: Republican China’s own failure or the ‘Red’ traitors.

China’s attitudes to the United States were also formed during that era. The Generalissimo Chiang Kai-shek lobbied and cajoled the U.S. Mao Zedong and the Communists were not anti-American. Zhou Enlai and the Communist representation in Chongqing during the United Front dealt with the Americans.

The Korean War – initiated by Stalin from Kim Il-Sung’s request and with Mao’s support – changed all that, with a policy of isolating China and anti-American mass campaigns in the PRC. The ‘bamboo curtain’ isolated China, which had entered the Korean War, and which helped Vietnamese communists against the United States. After the Korean armistice in November 1953, the two countries would avoid direct conflict. Famously, however, Mao sided against some of his own generals in 1965 and would not send PLA soldiers into Vietnam against the U.S. – although China lent its engineer corps and helped Soviet weapons transit to Indochina.

**From containment to honeymoon**

With the break-up of the Sino-soviet alliance between 1959 and 1963, the relations had become a triangle. China remained in the anti-American camp, denouncing a ‘pacific coexistence’, but it also opposed Soviet revisionism and would fight against the Soviet influence in the Third World. It took almost a decade for American diplomacy to avail
itself of the opportunities that the Sino-soviet split offered. The Nixon administration
needed China to press on Vietnam and end the Indochinese war. After secret meetings,
Richard Nixon made a historic visit to China in 1972 with Henry Kissinger, meeting with
Chairman Mao and laying the basis for a Sino-American understanding: it concerned
essentially Taiwan, where the Republican regime had sought refuge in 1949. China and
the United States ‘agreed to disagree’ in a communiqué. Although diplomatic
recognition was accomplished only in January 1979 under the Carter administration, the
tide had turned in Washington.

Perhaps the honeymoon in Sino-US relations was reached then, climaxing in early 1979:
after the recognition, China would be able to invade Vietnam with tacit assent from
Washington to punish the Vietnamese for their own invasion of Cambodia; China’s new
paramount leader, Deng Xiaoping, made a famous visit to the United States where he
rode a stagecoach and wore a Texan hat.

Deng’s policy towards the United States, however, was not one of alliance, but of
equidistance – judging each case according to its merits or according to China’s
interests. Soon, he also made the first moves towards the normalisation of relations with
the Soviet Union, which had stopped and were hindered by territorial conflicts.

The U.S. domestic political cycle
At the end of the Carter presidency, Ronald Reagan attacked his opponent for weakness
towards China, claiming to offer a better defense to Taiwan. After his election, he
sought to increase arms sales to Taiwan, incurring China’s wrath. The spat lasted until a
second Sino-U.S. communiqué was signed, in June 1982. It essentially linked a promise
of lower arms deliveries to Taiwan with peace and stability in the Taiwan straits: this
conditional pledge has remained a source of controversy to this day, since the PRC sees
a ceiling to arms deliveries where the United States gear their policy to the tension and
military buildup by China in the area.

From Ronald Reagan’s successful campaign of 1980 to the George W. Bush presidency in
2008, a domestic political cycle dominated Sino-U.S. relations. Each successful candidate
had criticised his predecessor’s policy towards China, and promised a tougher attitude
(for Republicans, on issues of security, and for Democrats, on trade and human rights).
The PRC has polemicized against each incoming president, until a new compromise is
found – and then it has always expressed its regrets at the departure of each president.
Thus, Reagan had campaigned for Taiwan. George Bush would initially rebalance
America’s relations towards Japan. Bill Clinton chose trade as his main approach to China
– finally granting most favored nation status. China entered the World Trade
Organization in 2001, after a failed negotiation in 1999. George W. Bush spoke during his campaign of China as a ‘strategic competitor’, and began a westward shift of the Pentagon that was halted by the September 11 attacks, in 2011. That westward shift has been resumed in 2012 under the Obama administration as the ‘pivot to Asia’, after the pull-out from Iraq and the expected departure of U.S. troops from Afghanistan in 2014.

China has played much less of a role in this political cycle. After Deng Xiaoping, President Jiang Zemin has sought a strategic relationship with the United States, limiting clashes and cooperating on major United Nations issues: China’s decision not to veto the offensive against Iraq in 2002-2003 is of course a milestone, as was the decision to sign the Comprehensive Nuclear Test Ban.

From cooperation to competition
Nevertheless, China has never halted the modernisation of its armed forces. Since 1979, military spending has always increased by more than 10% per year, except in 1978 and 2009. President Jiang presided over a new Taiwan crisis in March 1996, testing ballistic missiles around the island and declaring interdictions for shipping. The crisis ended when the United States sent two aircraft carriers to the Taiwan straits, but the PRC had made its point against any temptation to accept a declaration of independence by Taiwan.

Relations also soured because of domestic trends inside China: with the crushing of the Tiananmen protests in June 1989, the G-7 adopted sanctions of which one component remains today: the halt to any arms sales to the PRC. But the economic relationship has taken a life of its own, with a huge advantage for China: its trade surplus with the United States reached 315 billion dollars in 2012. China’s sales and trade surplus with Europe approach the same level, but with a huge difference: China reciprocates for its trade surplus by investing two-thirds of its monetary reserves (currently at 3.5 trillion dollars) in the greenback. Much of this is channeled at U.S. Treasury bonds or quasi-public bonds, and so the People’s Republic of China has surpassed Japan as the biggest foreign holder of U.S. debt. The situation is often an irritant, as sectors of U.S. opinion and the Treasury itself has accused China of manipulating its currency by sterilizing its current account surplus into foreign currency reserves. But it is also a stabilizer, as Secretary of state Hillary Clinton remarked in 2010, it is harder to argue with a partner that is a main creditor. The Sino-U.S. economic relation has become strategic, and in fact the top-level exchange between the two governments, the Strategic and Economic Dialogue, brings together security and economic issues.
Has this changed the overall perspective for the relationship? Barack Obama’s first campaign for the presidency was the first since a very long time which did not include China as a major campaign issue: in fact it was his Republican opponent, John McCain, who differed more with George W. Bush in this regard. The first term of the Obama administration started with a renewed effort to engage China. In November 2009, during president Obama’s first visit, the joint communiqué mentioned ‘core interests’ for the two countries – a key word for China which places many of its sovereign claims under this heading. And China cooperated by and large in helping to solve the great 2008 financial crisis – by launching a massive economic stimulus package to sustain its own economic growth.

But China’s strategic profile has increased constantly since that date, with a reversal of its previous policies towards the Asian neighborhood and an implicit challenge to future American supremacy in the Asia-Pacific. Since late 2009, with occasional pauses, border incidents with Japan, the Philippines, Vietnam and India have regularly occurred, while China’s ability to project forces is steadily increasing. America’s bilateral allies in the region have increasingly turned to the United States for reassurance, hedging their bets against Beijing. In appearance, China plays into U.S. hands as it almost guarantees the continuation of allied relationships between the United States and Asia. But it also embarrasses the United States, which now deploys 60% of their navy in Asia at a great cost, in a purely defensive mission. Rising nationalism in China has also become a factor. Although an authoritarian regime does not seek approval from its public opinion, individual leaders can ill afford to take an openly moderate stance, for fear of being criticised as ‘traitors’, and thus creating a harsher climate for the overall relationship.

In truth, the two countries still cooperate over a wide range of issues: China presses North Korea for moderation – but does not back its advice with sanctions of its own; the United States have moved on Taiwan, all but excluding the choice of independence by the island’s voters. America has accepted the Chinese world-wide quest for energy and raw material – opening their own doors for Chinese investment in this area recently. In fact, ten years after the Iraq intervention, China has more stakes than the United States in Iraqi oil, a situation that was unimaginable previously. China let the Libyan intervention happen without opposition, although this caused a domestic debate after China lost economic ground in the country. Its opposition to an intervention in Syria, although explained by principle, is more tied to remaining solidarity with Russia at the United Nations over these big sovereignty issues.

As China’s economy prepares to overtake the U.S. economy in size (but not in sophistication), it is clear that the relationship will be ambiguous. ‘Mistrust’ is often cited
on both sides as a factor, but the power balance and irreconcilable models of governance, are probably more important. Yet, it is also clear that a conflict is the least desirable outcome, and that China and the U.S. will therefore continue to contain their competition.

References:
3. François Godement, ‘Emergence or Re-Emergence?’