

**T. C.**  
**ISTANBUL KULTUR UNIVERSITY**  
**INSTITUTE OF GRADUATE STUDIES**

**STRIVING FOR SUPERIORITY BETWEEN U.S. AND CHINA: THE RIVALRY  
LEADING TO THE TRADE WAR (1978-2020)**



**Master of Arts Thesis by**  
**OSMAN SELMAN KAYHAN**  
**1103020045**

**Department: International Relations**

**Programme: International Relations**

**Supervisor: Prof. Dr. Mensur Akgün**

**SEPTEMBER 2021**

**T. C.**  
**ISTANBUL KULTUR UNIVERSITY**  
**INSTITUTE OF GRADUATE STUDIES**

**STRIVING FOR SUPERIORITY BETWEEN U.S. AND CHINA: THE RIVALRY  
LEADING TO THE TRADE WAR (1978-2020)**

**Master of Arts Thesis by**  
**OSMAN SELMAN KAYHAN**  
**1103020045**

**Date of submission: 17 September 2021**

**Date of defence examination: 28 September 2021**

**Supervisor and Chairperson: Prof. Dr. İbrahim Mensur Akgün**

**Members of Examining Committee: Prof. Dr. Çağdaş Üngör**

**Asst. Prof. Dr. Ahmet Cemal Ertürk**

**SEPTEMBER 2021**

Üniversite : İSTANBUL KÜLTÜR ÜNİVERSİTESİ  
Enstitüsü : Lisansüstü Eğitim Enstitüsü  
Dalı : Uluslararası İlişkiler  
Programı : Uluslararası İlişkiler  
Tez Danışmanı : Prof. Dr. Mensur Akgün  
Tez Türü ve Tarihi : Yüksek Lisans – Eylül 2021

### KISA ÖZET

#### AMERİKA VE ÇİN ARASINDAKİ ÜSTÜNLÜK ARAYIŞI: TİCARET SAVAŞINA GÖTÜREN REKABET (1978-2020)

Osman Selman Kayhan

Amerika ve Çin arasındaki ilişkiler Uluslararası Ekonomi Politikaları açısından zorlu bir süreçten geçmektedir. Bu sıkıntılı süreç, dünya düzenini barışçıl ve istikrarlı bir şekilde sağlama konusunda kaygılandırıcı bir etkiye sahiptir. Çin'in 1978 ekonomik reformları ve modernizasyon sürecini takip eden hızlı büyümesi, gelecekteki politikalarına yön verecek önemli bir durumdur. Çin'in bu ani büyümesi bazı engellerle karşılaşsa da ülkenin dünya politikasına etkisi hala üst düzeydedir. Bundan dolayı Amerika ile Çin arasında 1978 ekonomik reformları sonrasında başlayan dostluk yerini şüpheci yaklaşımlara bırakmıştır. Amerikan yetkililere göre yükselen Çin'in izlediği politikaların ardındaki gerçek niyet gizemini korumaktadır. Bu yüzden ikili ilişkilerdeki geçişler oldukça önemlidir.

Soğuk Savaş sonrasındaki değişen güç dinamikleri iki ülkenin de politikaları üzerinde önemli bir etkiye sahip olmuştur. Çin'in beklenmedik derecede başarılı bir ekonomik ilerleme kaydetmesi ülkenin mevcut olan dünya düzeninde mi yoksa kendi ulusal çıkarlarına yönelik mi politika izleyeceği sorularını akıllara getirmiştir. Amerika'da mevcut olan Çin algısı özellikle Tiananmen Meydanındaki olayların güç kullanılarak bastırılmasıyla negatif yöne evrilmiştir. Bu süreçten sonra ortaya çıkan Çin tehdidi algısı ülke genelinde önemli bir popülerite kazanmış ve birçok makaleye konu olmuştur. Her ne kadar bu tehdit algıları söylev durumunda olsa da önemli akademisyenlerin ve halkın büyük çoğunluğunun desteğini arkasına alması Amerika devletinin karar alıcı mekanizmalarına bir baskı oluşturmıştır. Ancak Amerika hükümeti Çin'i

**direkt olarak karşısına almanın iki ülkenin de zararına olacağını düşündüğünden stratejik ortaklığı daha uygun görüp bu yönde politikalara yönelmiştir. Ancak Çin'in devam etmekte olan hızlı büyümesi stratejik ortaklık politikalarına olan eleştirileri arttırmıştır. Çin tehdidi algısının çeşitli teorilerle desteklenmesi ve Çin'in artan ekonomik ve askeri bütçeleri söylevlerin gerçeğe dönüşme ihtimalini kuvvetlendirmiştir.**

**Bu süreç Çin'in hızlı büyümesinin dünya düzeninde bir tehdit oluşturup oluşturmayacağı sorularını akıllara getirmektedir. Amerika'nın yükselen Çin'e karşı ortaya çıkan tehdit algılarına nasıl reaksiyon vereceği, politikalarını bu doğrultuda şekillendirip şekillendirmeyeceği önemli bir hal almıştır. Bu çalışma Uluslararası ekonomi politikaları ve teorileri çerçevesinde Çin ve Amerika'daki ekonomik gelişmelerin ne gibi sonuçlar doğuracağını, Çin'in 1978'den beklenmedik yükselişi ve ülkeye karşı başlayan tehdit algılarının ne denli gerçeği yansıttığını ve bu algıların Amerika'nın politikaları üzerinde etkisi olup olmadığını araştırmaktadır.**

**Bu çalışmada güç geçişi teorisi, ofansif realizm teorisi ve Thucydides Tuzağı teorisi kullanılmıştır. Bu teoriler kullanılarak Çin'e karşı yükselen tehdit algılarının ne denli bir teorik arka plana dayandığı araştırılmıştır.**

**Ek olarak bu çalışma iki süper gücün dünya düzenini koruma bağlamında ortak bir paydada buluşması gerektiğini ve iki tarafında yararına olacak ve istikrarı koruyacak politikalar üzerinde uzlaşmaları savunulmaktadır.**

**Anahtar Sözcükler: Ekonomi Politikaları, Reformlar, Çin Tehdidi, Ekonomik İlişkiler, Teoriler, Modern Dünya Politikası, İkili İlişkiler**

**University : ISTANBUL KULTUR UNIVERSITY**  
**Institute : Institute of Graduate Studies**  
**Department : International Relations**  
**Programme : International Relations**  
**Supervisor : Prof. Dr. Mensur Akgün**  
**Degree awarded and Date : Master of Arts – September 2021**

### **ABSTRACT**

#### **STRIVING FOR SUPERIORITY BETWEEN U.S. AND CHINA: THE RIVALRY LEADING TO THE TRADE WAR (1978-2020)**

**Osman Selman Kayhan**

The relations between the United States and China is going through a difficult period in terms of International Political Economy. The adversity leads the world into apprehension regarding the peace and stability in the world order. The rapid growth of China following the 1978 economic reform and modernization process was a critical determinant for their future policies. Despite the obstacles which decelerate the sudden growth of China, the impact of the country to the world politics was still outrageous. Therefore, the favorable amity between the United States and China in the aftermath of the economic reforms turned into agnosticism. As the real political intention of the rising China was mysterious to the United States officials, the process of transition in the relations was critical.

The changing power dynamics after the end of the Cold War had a significant impact on the policies of the countries. The unexpectedly successful rise of China brought about many questions in relation to their intention whether they will follow policies in line with the status quo or their own national interests. The China perception in the United States evolved into a negative perspective following the tragic event in the Tiananmen Square where the demonstrations were surpassed in a violent way. The China threat perception gained a significant popularity across the country and was mentioned in scholarly articles. Even though the China threat perceptions appeared to be only as discourses, the fact that it was supported by the public and scholars was critical in order to have impact and pressure on the policymaking mechanism of the United States. However, the United States was not in favor of taking a negative stance against China considering their increased impact in the world politics. In this line, the government of the United States followed a strategic partnership policy.

**However, the ongoing rise of China increased the criticism against the engagement policies of the United States. The fact that China threat discourses were supported by the theoretical frameworks and increased military expenditures proved that the discourses may turn into reality.**

**This process brought about questions regarding rise of China and the possible threat to an existing world order. The reaction of the United States, in this case, is critical whether they shape the policies towards China in line with the threat perceptions or continue to follow moderate policies. The study focusses on unexpectedly successful rise of China started in 1978 and how the threat perceptions reflect the reality in addition to the impact of the perceptions on the U.S. policymaking.**

**This study analysis the theoretical backgrounds of the issue by using power transition theory, offensive realism theory and the Thucydides Trap. Additionally, the study suggests that ensuring the existing world order through bilateral talks would be in favor of the both countries since the stability of the system provides peaceful environments.**

**Key Words: Economy Politics, Reforms, Economic Relations, Theories, Contemporary World Politics, Bilateral Talks**

## **TABLE OF CONTENTS**

|                                                                       |           |
|-----------------------------------------------------------------------|-----------|
| <b>1. INTRODUCTION.....</b>                                           | <b>1</b>  |
| <b>2. PROBLEM FORMULATION.....</b>                                    | <b>9</b>  |
| <b>3. THEORIES.....</b>                                               | <b>9</b>  |
| <b>4. ROAD TO CHINA THREAT PERCEPTION.....</b>                        | <b>11</b> |
| <b>5. CHINA THREAT DISCOURSES.....</b>                                | <b>17</b> |
| <b>5.1. The Evolution of ‘China Threat’ in the United States.....</b> | <b>26</b> |
| <b>5.2. China Threat: Discourse or Reality.....</b>                   | <b>28</b> |
| <b>5.3. ‘China Threat’ in the 21<sup>st</sup> Century.....</b>        | <b>31</b> |
| <b>5.4. Economic Threat from China.....</b>                           | <b>42</b> |
| <b>6. THE FORTHCOMING DANGER: TRADE WAR.....</b>                      | <b>65</b> |
| <b>7. CONCLUSION.....</b>                                             | <b>77</b> |
| <b>BIBLIOGRAPHY.....</b>                                              | <b>82</b> |

## **TABLES**

|                                                                                               |           |
|-----------------------------------------------------------------------------------------------|-----------|
| <b>Table 4.1. Rate of growth of agricultural production (% p.a.).....</b>                     | <b>12</b> |
| <b>Table 5.1: Balance of Power Sheet Between the United States and China (1990-2000).....</b> | <b>20</b> |
| <b>Table 5.2: ‘Threat Theory’ articles in Chinese journals, 1994-2004.....</b>                | <b>41</b> |
| <b>Table 6.1: U.S.-China Trade in 2018.....</b>                                               | <b>71</b> |

## **FIGURES**

|                                                                                                                           |           |
|---------------------------------------------------------------------------------------------------------------------------|-----------|
| <b>Figure 4.1: Chinese annual real GDP growth: 1979-2018 (percentage change).....</b>                                     | <b>15</b> |
| <b>Figure 5.1: Contribution of Foreign Companies to China’s Exports.....</b>                                              | <b>43</b> |
| <b>Figure 5.2: China’s Surplus to the United States and Deficit to Its<br/>East Asian Trade Partners.....</b>             | <b>44</b> |
| <b>Figure 5.3: GDPs of China, Japan and the United States (1989-2005).....</b>                                            | <b>45</b> |
| <b>Figure 5.4: GDPs of China, Japan, and the United States Based on<br/>Purchasing Power Parity (PPP), 1989-2004.....</b> | <b>46</b> |
| <b>Figure 5.5: Defense Budgets of the United States and China, 1998-2005.....</b>                                         | <b>47</b> |
| <b>Figure 5.6: U.S. Trade Deficit in 2017 (\$ Billion).....</b>                                                           | <b>64</b> |
| <b>Figure 6.1: U.S. Imports of Goods by Customs Basis from China (\$ Millions).....</b>                                   | <b>67</b> |

## **1. INTRODUCTION**

The relations between the United States and China have not been stable for years. The changing power dynamics along with the interests of the countries had impact on their policies towards each other. In this line, the positioning of the countries was the main determinant. For instance, before President Richard Nixon, there were no diplomacy established between the United States and China for 25 years. Though, with the Nixon's visit to China in 1972, the diplomatic relations started again along with the critical talks regarding the sensitive issues such as Taiwan issue. President Nixon's visit led his successors to visit China and establish formal ties between the two countries.

The relations between the United States and China during the Cold War period were optimistic. Given the fact that the United States was planning to appeal China to become partners by using the 'Soviet danger' card, the relations between China and the United States were stable and not problematic. Furthermore, the United States was following the policies of China closely. Especially, after Mao Zedong, the modificatory policies led by Deng Xiaoping were supported.

The United States was supporting China to be active in the market. Given its high population and strategic positioning, China was a critical regional and international actor in the world politics. Moreover, the reformist policies of Deng Xiaoping, brought sensational results in a short term. The productivity of the country reached to high numbers which affected the GDP in a positive way. The policies in line with the price reform, agricultural regulations and foreign direct investment accelerated the growth of China and evaluated by other states as overachievement. Even though the extreme rise of China brought mobility to the market, given its high population and capacity, the skepticism level towards China's possible positioning in the world politics was not an ignorable asset. The mutual attachment between the United States and China increased with the new open-door policy of China. The moderate policies of the United States towards China played a critical role on the gradual rise. As the economic boost of China reached to a high level, the criticism towards the government regarding the

China policies began. Given China's communist regime and its high population, skepticism toward the country was substantial. The critical question here was whether China will follow the status quo or be aggressive to determine its positioning.

The growth rate of China was a result of an exceptional period. The reforms availed beyond expectations and led the country to a significant position in the world politics as well as in the market. Furthermore, China achieved an important title by being a significant investor in the world market. The foreign direct investments in Africa, for instance, was a critical indicator that China will become a giant power in the international politics. These actions of China were followed by the United States closely and caused deterioration in the China perception of the government. Though there were outrageously successful policies in the international level, the domestic issues such as Tiananmen Square incident affected the perception in a negative way. The militarily surpassed demonstration in Tiananmen Square altered the positive approaches towards China. The respect and emulation from the world to the China for their successful economic reforms led by Deng Xiaoping started in the previous decade were demolished. Additionally, the decisive intervention of Chinese government to the demonstration was a sign that China will not abandon its communist regime despite the desire of western countries including the United States.

China, given its extreme growth and decisive domestic policies, started to be perceived as a threat in the world politics. The deteriorated China perception in the United States was discussed more frequently. As a consequence, the new China perception caused discourses in the country. In fact, China's positioning in the world politics was evaluated with skepticism in the United States even before the discourses appear in 1990s. However, when the exceptional rise of the country continued with its projects along with the militarily surpassed demonstrations, the perception towards China evolved from skepticism into 'China threat' concept. The new China perception in the United States was critical determinant in the U.S. policymaking. The public in the United States was highly affected from the recent domestic aggression that Chinese government imposed. In this regard, 'China threat' notion appeared to be on the agenda in the early 1990s. China threat discourse (C-TD) can be attributed to the group of literature which shows the rising positioning of China as a threat to other countries. Although, the C-TD was only a group of literature, it had an important impact on the

bilateral relations. The Chinese side criticized the discourse claiming that it would cause problems with the neighboring countries. Nevertheless, the discourse was quite popular especially after the Cold War period when the curiosity about the rise of China and its possible path were at peak. In the United States, the containment and engagement dimensions of the debates on China were mainly based on the different approaches on how to perceive the extreme rise. The debates on China within the frame of the concept of 'China threat' were significant since the impact of the public and scholars was not ignorable.

The quick evolvement of China from a humble country to a giant brought about critical concerns within the United States. On one hand, the media and public focused on the China threat notion and on the other hand, it was not easy to abandon the strategic relations with China. Apart from this malady, the dimension of the China threat discourse can be derived from different subjects. As a result of its economic growth, China increased its military budget as well. The military spending of China worried the United States as it can be interpreted in line with a threat to the security of East Asia along with the predominance of the United States in the region. The China threat discourse is a critical subject for the United States. Particularly, after the Cold War the subject gain more importance as China had the capacity to threaten the existing world order regardless of their intention. Though, China was not in the position of a threatening country nor has the intention of overtaking the world order. Nevertheless, the increased potential of the country possessed a danger and perceived as possible threat since the intentions can be deteriorated when a state gains power.

In the United States, the policies towards China were under the impact of the 'China threat' perception regarding the published articles and media coverages. On the other hand, the government did not want to take fully against stance to China despite the public and scholars' China perception in the early 1990s. 'Bush often chose to deal pragmatically with governments of various stripes, regardless of ideological differences or the severity of domestic opposition to the regime in question. Bush's foreign policy also emphasized the desirability of encouraging the formation of regional power balances in various parts of the world, including Europe, the Middle

East, and Asia.’<sup>1</sup> President Bush was aware of the ‘China threat’ phenomenon despite his strategic policies towards China. His successor Bill Clinton also followed similar policies. However, the stable relations were disrupted with the presidential election in Taiwan. China was not in favor of the United States to legitimize the election. On the other hand, China was firing missiles around Taiwan in order to make its presence felt. Such military actions of China were supporting the China threat discourses that reflect China as a potential threat given its recent military expenditures.

The China threat discourses continued in the 21<sup>st</sup> century despite the U.S. government’s normalization steps regarding the trade relations with China. In 2001, China joined the World Trade Organization. Although the relations seemed to be getting better with the help of the United States, the China threat discourse ‘trend’ was continuing with slower momentum since the focus was more on the war on terrorism policy following the brutal event of 9/11 attacks. This unfortunate event brought China and the United States together since China was suffering from similar events as well.

The growth of China continued gradually towards the end of first decade of the 21<sup>st</sup> century. Moreover, the growth of the country was not only related to economy. China decided to increase its military spending given the reason to provide a territorial integrity and security since they are now more on the global stage and may be an aim to outside threats. China’s global presence that was strengthened with the economic and military expenditures followed by the sport scene with hosting the World Summer Olympics providing China to be on the world stage even more than before. The same year, China became the largest foreign creditor of the United States by surpassing Japan. The achievements of China along with its growing GDP, accelerated the concerns regarding the China threat perception in the United States. The second decade of the 21<sup>st</sup> century was critical for the bilateral relations since China accelerated its growth and became even more threatening power than the first decade. Additionally, China was not affected from the economic crisis in 2008 as critically as the United States was affected. This situation brought the two superpowers closer in terms of the power gap. In 2011, the United States decided to increase its investment, and diplomatic movements on the Asia Pacific region to control China’s supremacy in the

---

<sup>1</sup> Skidmore and Gates, ‘After Tiananmen’, 514-39

region and prevent it from being a danger. This move of the United States was not welcomed with pleasure in China. The United States was accused of trying to control the East Asia Region under the name of a new defensive strategy by Obama administration. The footsteps of 'China threat' were even more distinct and Obama administration was aware of that. In line with this view, the Obama administration announced a policy called 'Pivot to Asia' in order to control the East Asia region and restrict the possible expansionist policies of China. In response, China announced a project called Belt and Road Initiative which was a global infrastructure development strategy. The project was considered to be a new silk road.

The retaliatory moves between the United States and China were the forthcoming danger of greater conflicts. In 2012, as the trade deficit reached to an all-time high, the Obama administration felt obliged to put the situation in order. The United States accused China over the issue of the restriction of exporting some earth metals in China claiming that the approach of China was against the international trade norms. This controversial step was a significant turn in respect to the trade tension between the 'greatest' and the 'second greatest' economy.

The concern of the United States over the military practices of China in the South China Sea was a crucial component of the 'China threat' ideology among the policymakers. The militarization of China in the disputed area was possessing a danger and the United States was not in favor of such military presence.

The presidential term of Donald Trump was witnessed a critical turmoil. The 'China threat' perception evolved into greater concern in the U.S foreign policy in the direction of President Trump's viewpoint. Donald Trump's China perception was triggering greater conflicts. President Trump put down a marker. He revealed the aggressive policies towards China since he was quite disturbed from the fact that the trade deficit between the U.S. and China was escalating. President Trump was accusing China for commercial activities which were not legally conducted. Furthermore, he attributed the rise of China to their manipulative strategies in the market. These claims drew a sensational reaction by China. The tension on trade escalated quickly. Trump announced his debatable tariff decision on the Chinese imports sweeping at least \$50 billion. His tariff strategy over China was including many products from aluminum to steel and restrict some of the Chinese investments

in the U.S. Not long after these decisions, China took retaliatory measures. The largest economies of the world came across and the danger of destructive 'Trade War' found voice in the international world. The following months, trade war tension escalated with broader range of products affected by the tariff policy of the two sides. The trade dispute brought two countries on the edge of uncharted waters. Although the arguments of China threat discourse remained inconclusive with the amicable attitudes of Xi Jinping, the aggressive policies of the Trump administration in response to recent trade numbers escalated the tensions. The situation turned into a retaliatory tariff war. The imposed tariffs by two countries dragged the economies and world order into chaos.

The second decade of the 21<sup>st</sup> century is considered as the turning point in respect to the relations of United States and China. The good relations were deteriorated under the trade talks. And the Trump administration's aggressive policies until the 'Phase One' deal in 2020 were the primary reasons. The Phase One deal eased the relations on a small scale with relaxing some of the tariffs. With this significant deal, the China threat perception was paused.

The China threat discourses started in the United States in 1992 affected the bilateral relations through the scholars' perception even though they were just discourses. However, these discourses became popular in the country and based on theoretical approaches as well. The theories supported the China threat perception. The theoretical frameworks were shaping around the question of whether China will follow the status quo or not. In this case, the power transition theory is a narrative that can be merged with China threat discourse. The theory was introduced by Abramson and Kenneth Organski in 1958. Main fundamentals of the theory are related to the idea of hierarchic order and not segregating the governance of international order from domestic policies. According to the theory, the satisfaction level of the nations with the existing international order is a key determinant regarding the peaceful world. Furthermore, the theory emphasizes that the dominant nation is supported by the satisfied powers in the system. However, the peaceful world order maintained by the hegemon becomes unstable if a rising dissatisfied nation close the power gap with the hegemon and challenge the status quo. In the case of China threat, the theory of power transition does not fully support the idea that China is actually a threat. However, it focusses

more on the intentions of the rising China and the components of the extreme growth as the power gap between the United States and China is still huge. Hence, a threat is not the case since the intention of China was to carry its growth on within the existing international system rather than challenging and risking it. Another example to the theoretical framework in line with the China's rise is the offensive realist thought. The theory of offensive realism belongs to the neorealist school. It argues that the main actors in the world politics are great powers and having offensive military capability is natural since states are never sure about the intentions of the other states regarding the international politics. In the case of China's rise, the offensive realists emphasize that no matter how innocent they look, their intention will be deteriorated as they keep growing. John J. Mearsheimer, a political scientist from the realist school of thought, based his argument on the offensive realism and emphasizes that 'if China continues to grow economically, it will attempt to dominate Asia the way the United States dominates the Western Hemisphere. The United States, however, will go to enormous lengths to prevent China from achieving regional hegemony. Most of Beijing's neighbors, including India, Japan, Singapore, South Korea, Russia, and Vietnam, will join with the United States to contain Chinese power. The result will be an intense security competition with considerable potential for war. In short, China's rise is unlikely to be tranquil.'<sup>2</sup>

The rise of China can be interpreted with different dimensions and it seems that the rise can possess a danger to the status quo led by the United States. Eventually, the 'intention' is the main asset for the futuristic policy predictions. In line with these changeable power dynamics, Graham Allison came up with the question whether the United States and China can escape from the Thucydides trap. "It was the rise of Athens, and the fear that this instilled in Sparta, that made war inevitable."<sup>3</sup> This famous quote shows the correlation between the case of U.S.-China and Athens-Sparta case. Graham Allison also points out that the underlying definition of the term can be attributed to Thucydides. The main argument of the term Thucydides Trap can be summarized as when a rising power possess a threat to a hegemonic power, it generally results in a war. In the case of U.S and China, the Thucydides trap has legit

---

<sup>2</sup> Mearsheimer, 'Can China Rise Peacefully?'

<sup>3</sup> Thucydides, 'A Comprehensive Guide to the Peloponnesian War', 16.

explanations according to Graham Allison. In the article on 'China-US Focus', Graham Allison clarifies his argument. 'Is China rising or risen? The answer is yes. How is this rising China impacting the U.S.? The answer is in every way possible.'<sup>4</sup>

Although, there were different theoretical frameworks and interpretations, the situation between the United States and China depend on the 'intention'. Even though, Graham Allison traced back his idea to a famous historian and his arguments, the theoretical studies remain inconclusive as a result of bilateral relations of the countries. The policies of China indicated that the country will not challenge the status quo and focus on its growth within the existing system. The response from the Chinese side to Graham Allison is related to a will for cooperation. China desired to build a great power relationship with the United States. Therefore, the theoretical ideas regarding the danger of the rise of China remained as a 'theory'. It can be inferred that the theories in the context of U.S.-China relations performed a duty of being catalyst as no solution through the arguments were reached. The main reason behind this is the perspective of the superpowers regarding how they see the world. The situation of zero-sum in the game theory is the critical idea that shapes the perspective of the countries. According to the zero-sum, one state's gain is equivalent to another's loss. It explains that the United States and China did not want to risk their positionings in the world and focus on their survival within the existing system.

In the case of U.S and China relations, there are realities and discourses. C-TD perceives China as a threat while Chinese policymakers were not intended to possess a threat and survive under the existing world order. In this thesis, I will give a brief background on the rise of China started in 1978. I will analyze the impact of the rise of China on the U.S. policymaking within the frame of China threat discourse which was supported with theoretical explanations. By giving a brief summary of the economic reforms which allow China to grew and became 'threat', I will analyze the evolvement of China threat discourses in the United States started in 1992. In this regard, I will answer the research question of 'How do China threat discourses have impact on the U.S. policymaking towards China?' After the theoretical and empirical

---

<sup>4</sup> Allison, 'Escaping the Thucydides Trap'

analyses, I will conclude the thesis with the end of Trump administration term which witnesses ups and downs regarding the bilateral relations and China threat perception.

## **2. PROBLEM FORMULATION**

The unexpectedly rapid growth of China changed the power dynamics and the perceptions. The new perception in the United States was debated in the scholarly articles and mass media. The China threat perception which got popular in the post cold war period was debated regularly. Although, they started as discourses, the debates and published articles had impact on the policymaking of the United States.

Correspondingly, the research question of the thesis will be related to the correlation between the China threat perceptions and their impact on the U.S. policymaking. I will base my thesis on the question of 'How do China threat discourses have impact on the U.S. policymaking towards China?'. To conduct the study, I will refer to figures and tables related to my subject. The figures and tables will be taken from official websites where databases are stored. Additionally, I will include parts of interviews from the scholars who have significant research articles about the subject.

To create a more comprehensive research, I will benefit from the secondary data which includes journal articles and books.

## **3. THEORIES**

The international relations theories provide an explanatory background to the subjects regarding the policies of the governments. In my thesis where the center is related to the China threat perception, I will argue the theoretical explanations and their effectiveness on the solution of arguments. The theories I will use to conduct a theoretical background are Power Transition Theory, Offensive Realism Theory and the Thucydides Trap.

Power transition theory is related to nature of war within the frame of the status of hegemonic power and its decline. The declining of the hegemonic power leads us to the power transition theory as the international world order immediately requires a leading

power in order to maintain the ongoing system. The creator of the theory, Kenneth Organski, published this theory on his book 'World Politics' in 1958. According to A.F.K. Organski, the imbalance of national capabilities is required in order to avoid from the probability of war. He claims that the even distribution of economic, political and military capabilities leads the international system to a deadlock and the danger of war occurs. His concerns over the distribution and redistribution of capabilities that may lead to a war is an underlying factor for this theory. 'He takes the view that the concept of peace that builds upon equality and a balance of power belongs to the thinking about international politics in the first phase. In the second phase, the doctrine of the balance of power should, however, be considered an atavism employed by political leaders to legitimize highly divergent kinds of policies. Differences in timing and pace of industrialization lead to the formation and disruption of international hierarchies, in which the major powers are the most actively involved, either as defenders or as challengers of the status quo.'<sup>5</sup>

In the case of U.S. and China power dynamics which were under the impact of China threat discourses, the theory stands with the idea of satisfaction or dissatisfaction. According to the theory, the satisfaction level of the rising power is a critical determinant. In the case of U.S. and China, the critical point in order to keep the stability is the attitude of China. The theory argues that the stability in the world system is the most significant asset and it is possible with an international ruler, a hegemon. In this regard, the military capabilities are the main determinant. Therefore, when we base the power transition theory upon the military capabilities of China, the power transition in the short term seems unlikely. Furthermore, the theory gives importance to the intentions of the states. When it comes to intention, the Chinese government is following moderate policies. Instead of challenging the existing world order and risking the ongoing economic growth, China is in favor of continuing its growth within the system. Therefore, the power transition ideas remain as theories.

The theory of offensive realism which belongs to the neorealist school of thought argues that states seek for maximizing their capabilities and influence through dominance and hegemony. Offensive realism claims that the nature of international system requires states to be aggressive and dominant. The theory supports the existence of great powers and grand

---

<sup>5</sup> Houweling and Siccama, 'Power Transitions', 87

them with the title of power revisionists. The main assumptions of the offensive realism can be associated with the classical realism thought. The anarchical structure of international system is the common ground. Offensive realism argues that the main actors in the world politics are great powers and having offensive military capability is natural since states are never sure about the intentions of the other states regarding the international politics. Additionally, the theory legitimizes the use of different strategies in order to maximize the benefits of the state as well as their survival.

The offensive realism theory legitimizes the increased defense expenditures of China which was perceived as a threat. On the contrary to the power transition theory, the offensive realism is against relying on the intention of states as the world system is anarchic.

The Thucydides Trap also provides significant ideological background. The notion coined by Graham Allison in 2012 had an outstanding impact and got popular in the international politics. Even Xi Jinping used the term and proposed great power relations in order not to get trapped. The theory argues that the changing power dynamics caused by the rising power create fear in the hegemon.

#### **4. ROAD TO CHINA THREAT PERCEPTION**

Deng Xiaoping who has served for the country before and took part in the prior reformist ideas became the new leader of the Communist Party of China in 1978. Nearly two decades earlier of his leadership, Deng Xiaoping came up with the idea of economic reforms however his ideas were interrupted with Mao's unsuccessful cultural reform attempts. From 1978 on, Deng Xiaoping had the chance to apply what he believes. His ideological framework was in line with market-oriented economy instead of Mao's state central strategies. Deng Xiaoping's decisive attitude played a critical role on China's presence in the international world politics. Furthermore, all the economic achievement of China can be traced back to the ideology of Deng Xiaoping. In this matter, Deng Xiaoping can be considered as the originator of the modern, powerful China. Deng immediately started to impose his ideas of market economy instead of wasting his time on opposition's criticism. He allowed small businesses in the market and support them. His idea was increasing the productivity as much as possible. 'Deng Xiaoping' was restored to the pinnacle of power

at the right movement in history, taking advantage of the cold war between the United States and the former Soviet Union, the global economy, which was struggling to recover from stagflation, and talented overseas Chinese communities willing to help. He also opened up China for foreign investment and technology, offering designated regions as special economic zones (SEZ), capitalist enclaves in which foreign investors could operate their businesses as if they were at home.’<sup>6</sup> The new strategies brought significant advances to China regarding the economic boost. The regulations in the agriculture were critical as it played a key role on the GDP.

**Table 4.1: Rate of growth of agricultural production (% p.a.)**

|                                                 | 1973–8 | 1978–83 |
|-------------------------------------------------|--------|---------|
| Gross value of agricultural output <sup>a</sup> | 3.93   | 8.99    |
| Grain production                                | 2.28   | 4.08    |
| Grain yield/sown ha                             | 2.39   | 5.43    |
| Grain output/head                               | 0.89   | 2.75    |
| Cotton production                               | –4.48  | 16.56   |
| Cotton yield                                    | 3.94   | 10.31   |

<sup>a</sup> Constant Prices.

Source: K. R. Walker, ‘Chinese agriculture during the period of the readjustment, 1978–83’,

China Quarterly, Dec. 1984, No. 100, p.803.

As table 4.1 shows, the growth in agriculture was more than double in a short period of time which allows GDP to increase accordingly. Additionally, the price reform, open door policies and rural market reforms were other crucial developments in line with the rise of China. All these reformist movements paved the way for China to be perceived as a new possible threat to existing world order which was ruled by the United States after defeating

<sup>6</sup> Moak and Lee, ‘China’s Economic Rise’, 9

the Soviet Union in the Cold War. The foreign direct investments of China were critical asset on their growth. Especially opening up strategy of the country played a key role on having an effect on the world market. For instance, the investments of China in Africa were significant due to the fact that it was an indicator for the future policies of China. As the time passed and remarkable economic developments were practiced, the confidence within the Chinese government increased and the capabilities of China were considered to set high. In 1980s, the United States was the most important ally of Chinese government. Given the fact that the support from the United States and the own capabilities of China were enough to develop rapidly, the regional cooperation idea was not popular. Moreover, the problems with the neighbors regarding the independence ideas were essential barriers on the way of consensus. For instance, the problems in the Taiwan strait was an obstacle to actualize any regional movement.

After the end of the Cold War, the world dragged into a different system that requires cooperation. International institutions, governmental organizations became popular with the idea of globalization. The significance of the growing economies increased, and regional institutions gained importance. Hence, the Chinese approach to the regional cooperation was altered. The officials started to consider the advantages of joining a regional coopetition. 'Although economic regionalism was no longer rejected as unambiguously bad, the challenges it posed were generally seen to outweigh the opportunities it made available. This was especially true if regional institutions became inward-looking (i.e., economic blocs), but skepticism over formal, inter-state cooperation of any orientation continued to run strong.'<sup>7</sup>

The skepticism of China to the economic regionalism can be derived from different reasons. However, the most significant reason was related to the strategic plans of the United States. The United States was in favor of the system of economic regionalism. This strategical policy of the United States caused concerns in China regarding the regional power balances. To strengthen its hegemonic power, the United States was supporting the idea of economic regionalism and establishing the regional institution. Thereby, the competitiveness among countries increased and this would help the United States to maintain its hegemonic status consequently. Moreover, the United States tended to impose

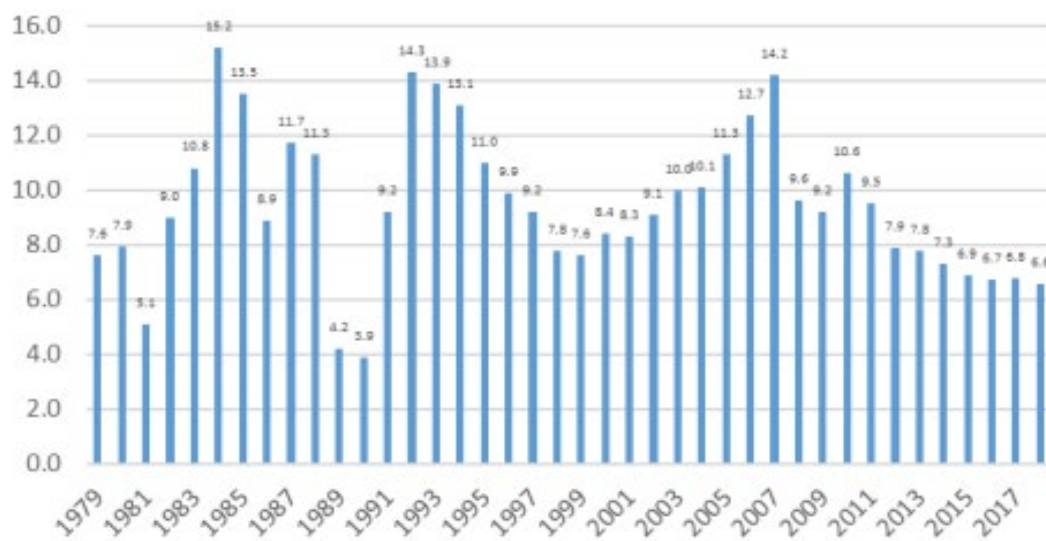
---

<sup>7</sup> Moore and Yang, 'China, Apec and Economic Regionalism' 365.

strategies in line with the multilateralism rather than bilateralism following the end of the Cold War. The aim of the United States, in response to the policy alteration, was related to controlling an organization that will be founded in the Asian region.

Asia-Pacific Economic Cooperation was established in 1989, in response to the growing economies in the region. The accession of China, after two years from the establishment, to the cooperation was essential in terms of economic regionalism ideology. Moreover, China decided to join the cooperation in order to pave the way for their accession to World Trade Organization. Although the main idea of China was related to the desire for World Trade Organization, APEC played a key role on China's policy in response to regional stability. Asia-Pacific region was considered the most dynamic commercial territory regarding the raw materials and critical roads. Therefore, the economic relations with the neighbors were significant for China given the fact that the trade disputes with the United States brought about from time to time. Additionally, the impact of China in the region was outstanding due to its rapidly growing economy. On the other hand, the strategy of the United States related to the Asia-Pacific Economic Cooperation was a remarkable asset for the bilateral relations. The aim of the United States was to raise the competitiveness and benefit this in the international market. Moreover, the ideological framework of the United States was shaped with the idea of controlling the APEC within the frame of its own interests. Taking all these into consideration, China's active role in the international politics continued in line with its new extrovert approaches.

Moreover, the rise of China continued gradually until the 1989. The Tiananmen Square incident which had serious repercussions disrupted the rise as well as the GDP increase. The Tiananmen Square incident was a student-led demonstration against the corruption within the government. As the participation to the demonstrations increased, the situation had to be surpassed by People's Liberation Army. The military intervention to the protests drew extremely negative reactions from the world since the intervention caused thousands of deaths. This situation affected not only the rising reputation of China but also its economic boost. As the figure shows, the disruption due to the incident was noteworthy.



**Figure 4.1: Chinese annual real GDP growth: 1979-2018 (percentage change)**

**Source: IMF, World Economic Outlook Database, April 2019**

The figure 4.1 indicates that the Tiananmen Square incident had a crucial impact on the Chinese economy since many countries including the United States imposed punitive sanctions. Additionally, the military intervention to the demonstrations raised many critical questions. With its decisive policies and aggressive intervention to the demonstrations, Chinese government shouted out its commitment to the existing regime.

Although there were punitive sanctions towards China, the disruption of the economic growth was short dated. As figure 4.1 shows, the annual GDP growth of the country started to increase in the following years of the Tiananmen incident. The rise of China was not ignorable and its possible effects to the world politics were significant. Hence, the countries imposing sanctions to China were worried about the possible repercussions. George H. W. Bush, in this regard, felt obliged to take actions against the human rights violations of China regardless of his pre-existing strategical partnership policies. The China policies of the Bush administration was criticized by the media and public given the fact that there was an obvious human rights violation by Chinese government.

Despite the pressures from the media and public, Bush administration was in favor of moderate policies towards China as the growth rate of the country was followed closely. In

this regard, the rapid growth of China was welcomed with suspicion. The suspicion was about the use of power. The United States was not sure of the path of China whether they use their rising power in line with the status quo or revisionist principles. On the other hand, the situation of choosing a path was not different on the Chinese side. The relations with the world's greatest power were crucial. There was a possibility that the national interests of China may be altered in line with the relations since the United States were the hegemonic power and had a huge impact on the world politics. Chinese policy makers were in favor of moderate policies towards the United States since these policies would be the best for the future interests of the country.

Nevertheless, the negative perception of the public and media towards China continued. Many scholars in the United States perceived China's rise as a threat to the world order and to the dominant characteristics of the United States in the international politics. Furthermore, China recovered from the negative effects of the Tiananmen Square incident in a short period of time and carried its growth on. Therefore, the China threat perception expanded across the United States and many articles along with the media coverages were published. The China Threat discourse was the outcome of the concerns over the rapid growth of China, yet the policies of the Bush government was redundantly moderate.

The United States, after the Second World War, had acquisitions about the world politics. They no longer rely on the principles of balance of power for the national security. Instead they manage the relations by themselves as a great power. In respect to this ideological framework, they shape their foreign policies. However, the changing status of the countries such as the rapid growth of China required the United States to reshape their policies accordingly. The sudden developments of a certain country play a key role on the politics. "The uneven development of world powers specifically the relative decline of the United States seemed for a while to be confirmed by facts. Many argued in the 1980s that the rise of Japan and Europe and the loss of the economic and technological edge by the United States proved the theories of uneven development and imperialistic decline. Moreover, this view was supported by criticisms by scholars, the media, and politicians alike in the United States itself."<sup>8</sup>

---

<sup>8</sup> Zhang, 'American Hegemony' 87.

## 5. CHINA THREAT DISCOURSES

The rise of China was a hot topic in the world politics. Given its gradual economic boost, China gained significant reputation across the world. Additionally, the economic rise of the country was followed by military modernization. This initiation of China was followed closely given its unique governance. China was the largest communist country in the world and its political system was different in accordance with its regime. The questions related to China's rise and its military modernization were in line with the intention of China. The path that China would follow was a key concern of the countries. Given its military advancement and brutal intervention in the Tiananmen Square incident, China started to be perceived as a threat by some countries. The decisive military intervention of China in the Tiananmen Square was the foreshadow of a strong communist regime. Furthermore, the ongoing growth rate which reached to double-digits were supporting the Chinese government. However, the extreme rise of China brought about many questions regarding the future policies and positioning of China in the world politics. In the United States, the Chinese economic and military advancements were followed closely. Although George W. H. Bush and his successor Bill Clinton were following a policy towards China regarding the strategical partnership, the media and scholars were not in favor of such attitudes. Given the fact that the perception of China in the United States was affected negatively because of the Tiananmen Square incident, the debates over the policies towards China were the hot topics. In this regard, the government's desired policies towards China was not coherent with the majority in the congress. 'The end of the Cold War ushers in a more pluralistic environment for the making of U.S. foreign policy. These changes complicate the president's task in building domestic support for a coherent foreign policy and, on balance, weaken presidential authority in favor of Congress and contending societal groups.'<sup>9</sup>

The considerable idea here is that the strategic alliance of the United States and China could be deteriorated to a different perspective since the Soviet Union was eliminated from the world politics. The attitude of China and the path that they would choose were critical in this respect. The question was whether China considers a political liberalization or confines itself to economic liberalization. 'The continuation of market reforms under Jiang Zemin,

---

<sup>9</sup> Ibid, 3.

who took over as secretary general of the CCP after Tiananmen, demonstrated a continued commitment to opening the Chinese economy to trade and investment. Meanwhile, the collapse of communism in Eastern Europe suggested an inevitable path towards democratization. Despite recurring tensions in the bilateral relationship in the 1990s, the Clinton administration advocated for China's greater participation in the global economy, culminating in Chinese membership in the World Trade Organization (WTO) in 2001.<sup>10</sup>

Moreover, the reformation in the economy and military was crucial for China. As Ross H. Munro indicated in his article that, 'with the collapse of the Soviet Union and the prevailing pacifist mood in Japan, China faces no serious threat for the first time in centuries. Indeed, no East Asian country alone could conceivably confront China today. Nevertheless, Beijing has increased military spending by more than 50 percent since 1989.'<sup>11</sup>

'Since the early 1990s, the theme of a rising China has become pervasive in the U.S. analysis of China. Although this phenomenon is economically driven, what worries Americans more is the extent to which China's economic power can be translated into military might that can be used to challenge the dominant position of the United States as the military superpower. In this regard, the analysis of China's military capability has become an increasingly popular occupation inside and outside the U.S. government.'<sup>12</sup> The debates were derived not only from the possible threat through military advancements but also the harsh attitude of the China to surpass the issues like in the Tiananmen. 'The US, for example, is not threatened by British nuclear weapons because of shared values and alliances, one could argue. The Chinese military, however, was seen as a threat in the wake of the People's Liberation Army (PLA)'s violent crackdown on protesters in Tiananmen Square (1989), the PLA Navy's conflict with the Philippines in the South China Sea (1995,1997) and Japan in the East China Sea (1996), nuclear weapon tests (1995), and the PLA's firing of missiles around Taiwan (1995-96). These military actions, as well as the PRC's 1992 law that asserted Chinese sovereignty over large sections of the East China Sea and the South China Sea, were taken as evidence of a belligerent and expansionist China.'<sup>13</sup> In this regard, the China perception was shaped in line with the threat notion particularly in the United States. The China threat discourse was a critical subject for the

---

<sup>10</sup> Segal and Gerstel, 'Degrees of Separation' 6.

<sup>11</sup> Munro, 'Awakening Dragon' 10.

<sup>12</sup> Wang, 'China: A Challenge or Opportunity' 293.

<sup>13</sup> Callahan, 'How to Understand China' 701

policymaking. Even though the government of the United States was in favor of moderate policies towards China, the perception of threat did not have an ignorable impact in the country. The reaction of China to this discourse was sceptic. ‘The term “China threat theory” is often used to refer to a group of literature that treats a rising China as a threat to other countries. For the Chinese government and populace, “China threat theory” itself is a threat: it is believed to have been mostly produced in the United States by media, scholars, and politicians unfriendly to China, and it can poison China’s relationships with its neighbors and the United States.’<sup>14</sup> Consequently, the China threat perception was criticized in China as it tarnishes the bilateral relations.

China threat discourse gained popularity in the United States through media, debates among scholars. The media side of the China threat discourse was mainly held on the television programs where the debates and interpretations of journalists and scholars were published. Scholarly impact of the discourse appeared in the articles which pointed out the gradual rise of China and its possible repercussions. Finally, the government policymaking side of the discourse was shaped through official meetings and debates in the congress. The escalating China threat trend in the United States was a hot topic in China. The interpretation of the Chinese side about the discourse which became a hot topic after the end of the Cold War was quite accusative. According to the Chinese side, China threat discourse in the United States was a misleading project involving insincere intention. In this regard, the concept of China threat was evaluated from a different perspective in the Chinese written and visual media. The Chinese media was attributing their idea to the comparative supremacy of the United States in the field of economy and military. Given the United States still had a huge gap with China in terms of power dynamics, the so-called China threat discourse was not reflecting the reality. As the table 5.1 shows, the difference between the United States and China regarding the GDP and military spending were exorbitant during the times when China threat discourse was the hot topic. It can be interpreted from the table 5.1 that the capacity of China was not enough to compete with the United States that moment and their intention was in the same direction as well.

---

<sup>14</sup> Chengqiu, ‘Barking up the Wrong Tree’

**Table 5.1: Balance of Power Sheet Between the United States and China (1990-2000)**

|                           | United States  | China          |
|---------------------------|----------------|----------------|
| GDP                       | \$9.9 trillion | \$1.2 trillion |
| GDP per capita            | \$34,870       | \$890          |
| Military spending         | \$396 billion  | \$42 billion   |
| Strategic nuclear weapons | 7,200          | 250            |
| Armed forces              | 1.49 million   | 2.40 million   |

*Sources: World Bank Group, Data and Statistics ([www.worldbank.org/data/countrydata/html](http://www.worldbank.org/data/countrydata/html)); Center For Defense*

*Information ([www.cdi.org](http://www.cdi.org)); U.S. Department of State, Bureau of Verification and Compliance, 1990-2000*

*WMEAT Report ([www.state.gov/t/oc/rls/rpt/wmeat/99\\_00](http://www.state.gov/t/oc/rls/rpt/wmeat/99_00)); Stockholm International Peace Research Institute (SIPRI),*

*Facts of International Relations and Security Trends ([www.sipri.org/index](http://www.sipri.org/index)).*

Even though the statistics show the huge gap regarding the economy and military, there were no consensus in the U.S. government on China's possible paths which may challenge the U.S. militarily and economically. Some claimed that the economic rise of China can be associated with military advancement as well given the fact that the Chinese government's military spending increased over years. However, catching up the United States is a slight chance if not impossible. Being the main actor of the Cold War, the United States did not hinder its military advancements. The high technology they used for the military resources was not compatible. In this regard, even though China boosted its economy and increased its military spending, it is not a high chance that it could cope with the military capabilities of the United States. This situation was critical since the economic improvement may misguide many people in China. The open-door policy of China was relatively a new approach. Prior to this policy, the introverted policy of China resulted in inefficacy regarding the technological advancements.

Since China could not cope with the United States in terms of military, the strategical moves of China could cause problems for the United States and their interests. For instance, a well-planned intervention of China to the Taiwan strait could thwart the strategic goals of the United States. On the other hand, the question of 'why would China try to challenge the

United States despite the previous cooperative partnership and its inadequate strength?’ is significant. To answer this question, it is important to consider the foreign policies in conjunction with the domestic policies. The common approach in the United States emphasizes this consideration. The common approach states that the domestic structure of a country could lead their foreign policy accordingly. For instance, when a government imposes on policies to its citizens in a way that is incompatible with the human rights then there is a high possibility that the government was in favor of a similar strategies for their foreign policies. This ideological framework possesses a threat to the national security of any country. Taking the communist system of China into account, the domestic policies of Chinese government were previously convicted with the intervention in the Tiananmen Square which was totally incompatible with the human rights. In addition to the brutal acts of the government, the communist political structure was sympathetic to the structure in the United States. However, as mentioned before, the military strength of the United States is a vital asset in this regard. The defensive modernization of the United States could cope with any danger regardless of their military capabilities. The military elements which were equipped with the latest technology provided the United States safety and forced the possible threats to reconsider their moves. ‘US defense modernization has sustained the ability to deter Chinese use of force to challenge the regional order. Although the PLA dominates China’s land borders, its navy remains grossly inferior to the US Navy. It continuous to depend on small coastal administration and coast guard ships for its maritime activities in disputed waters in the South China Sea, and its antipiracy activities in the Gulf of Aden consist of unsophisticated operations conducted by very few ships.’<sup>15</sup> The insufficient capacity of China’s naval forces was significant for the United States in order to secure the national interests in the overseas.

Nevertheless, the China threat discourse in the media continued to be a hot topic in the American scholarly debates and it was based on three main field. The main aspects of the discourse were shaped in line with economic, military and ideological dimensions. Though, the military dimension of the discourses can be attributed to the economic since the economic boost of the country was the main reason behind the higher military expenditures. With an increased budget in defense and armament, it is believed that China possess a threat in the East Asia region along with a threat to the presence of the United States in the region.

---

<sup>15</sup> Ross, ‘US Grand Strategy’ 27

Secondly, the economic aspects of the 'China threat' can be stemmed from unfair practices regarding the market economy. China was criticized for releasing cheap commodities in the market allegedly and forcing producers from different countries to lose their share from the market. As a result, the unemployment rate in these countries was increasing. Finally, the ideological aspects of the discourse can be merged with the regime of the government. The ideological dimension of the threat suggests that the communist structure of China may challenge the values and cultures of the western world.

The China threat discourse comprised of the three main aspects and these aspects were shaped around crucial questions. The main background of the questions was related to the possible outcomes of the rise of China. Accordingly, the response to the outcomes and how to handle these repercussions were the following questions. These questions reached to peak curiosity after the Cold War given the exorbitant economic rise of China. In this period, the China threat was evaluated with the binary of containment-engagement. The features of the containment dimension were derived from the need for balance of power idea following the end of the Cold War when the power shifts gained importance. On the other hand, the engagement dimension emphasizes a different approach towards the need for balance of power. Apart from the containment dimension, engagement dimension focusses more on the pacifying effect of economic interdependence.<sup>16</sup>

The China threat theory was supported by other international relations theories as well. The power transition theory from the realist school of thought, for instance, has arguments which can be related to the China threat perceptions. Power transition theory was introduced by A.F.K. Organski in 1958. The main assumptions of the theory include the idea that there is a hierarchical order in the world politics. Additionally, the theory correlates the power competition with the net gains through the cooperation or conflicts.

Power transition theory identifies the arguments that cause satisfaction or dissatisfaction. Since the fundamentals of the theory lie behind the idea of a rising power and hegemon, the level of satisfaction is a critical asset. A.F.K. Organski clarifies his argument with some observations. In this regard, the domestic development of a country is the most significant asset for them to be a player in the

---

<sup>16</sup> Richardson. 'East Asian Stability'

world politics. When we look for the correlation between the positioning of China and the Organski's observation, it can be inferred that the domestic development in China following the economic reforms led by Deng Xiaoping is outstanding. The gradually increasing numbers in the GDP also support the argument that China's internal development is at significant level. The reason paying attention to domestic development for the power positioning in the world politics can be stemmed from the idea that a nation's satisfaction level and rates can be differed from one another given the fact that the size of the countries is different. Another fundamental observation is related to the dominance. As a matter of fact, the theory emphasizes that the international system is led by the dominant power in the world politics. Additionally, there are always powers that grow within the system. In case of a dissatisfaction of the growing power, the conflict is inevitable and power transition may occur. The critical point in the case a possible power transition of the United States and China can be stemmed from the intentions of China as a rising power. Moreover, power transitions can be peaceful or violent. The question here is that whether China will be assertive to overtake the hegemon position of the United States or carry its growth on the existing international system as long as the United States will not pose a threat to them.

The answer to the question of possible power transition can be attributed to a significant aspect of the theory. The system stability is the critical asset for peaceful world order. In order to keep the stability, power transition theory argues that there needs to be an international architect. In our case, the United States as hegemon is the one. As challenges to the existing order lead the world to instability, according to the theory China's reliable policies towards the status quo would bring stability and avoid dragging the world to new conflicts. Furthermore, the attitude of the United States is also critical for the process of possible power transition or managing the power dynamics. Since power transition theory argues that the moderate attitude of the declining hegemon towards the dissatisfied rising power lowers the possibility of intense conflicts, the policies of the United States government regarding the power transition perspectives play a key role on the future positionings of the countries.

In this regard, it is significant to take the China threat perceptions into account whether the disaster scenarios impact the policymaking in the United States. Since many

scholarly debates were built on the danger that might come from China within the context of China threat, managing the power transition theory's arguments in the light of China threat discourses would be a challenge for the government of the United States. Nevertheless, the bilateral talks play the most significant role here since the intentions are the main asset. In response to the China's possible challenge to the United States, the power transition theory argues that the military capabilities of the countries are the determinant. Hence, the war is not likely in a short period of time given the gap between the military capacities of the United States and China. In fact, regardless of the power gap, the situation of a military conflict is not high probability. The intention of China is rather peaceful. The country reveals this intention regarding the cooperation instead of risking their ongoing growth.

Another significant theoretical approach in line with the China threat is offensive realism. In 2001, the American political scientist and scholar John Mearsheimer proposed the theory which could provide a significant theoretical base for the ongoing China threat discourses. In his book 'The Tragedy of Great Power Politics', Mearsheimer interpreted the rise of China through the offensive realism theory.<sup>17</sup>

The theory of offensive realism which belongs to the neorealist school of thought argues that states seek for maximizing their capabilities and influence through dominance and hegemony. Offensive realism claims that the nature of international system requires states to be aggressive and dominant. The theory supports the existence of great powers and grand them with the title of power revisionists. The main assumptions of the offensive realism can be associated with the classical realism thought. The anarchical structure of international system is the common ground. Offensive realism argues that the main actors in the world politics are great powers and having offensive military capability is natural since states are never sure about the intentions of the other states regarding the international politics. Additionally, the theory legitimizes the use of different strategies in order to maximize the benefits of the state as well as their survival.

Nevertheless, the theory shapes its arguments in accordance with the modern world. In this regard, the great powers do not necessarily seek for the title of being strongest. However, their aim is to be a hegemon in the region regardless of the hegemony idea which rule the

---

<sup>17</sup> Mearsheimer, 'The Tragedy of Great Power'

whole world since the global hegemony in the modern world does not go further than ideals. Given the changing power dynamics in the new world order, it is almost impossible to sustain the strength among the significant players.

Taking its main assumptions into consideration, the offensive realism legitimizes the budget increases of China along with paying attention to the China threat discourses. On the contrary to the power transition theory, the offensive realism argues that the states cannot rely their policies on the intention of others as the world system is anarchic and there may be aggressive competitors which could alter their intentions in line with their national interests. John Mearsheimer points out in the article 'China's Unpeaceful Rise' published in *Current History* that in a world where other states might have malign intentions as well as significant offensive capabilities, states tend to fear each other. The fear is compounded by the fact that in an anarchic system there is no night watchman for states to call if trouble comes knocking at their door.'<sup>18</sup> However, the intention is a whole different concept since it changes through the power dynamics and bilateral talks.

Nevertheless, it would not just be a prediction to infer that China would desire to be a regional hegemon given its policies with neighboring countries and assertation in the South China Sea. In the case of U.S. and China, possible competition as the outcome of China threat discourses, the existence of the United States in the Asia region would not be welcomed by China as regional hegemons would not be in favor of having peer competitors. From the perspective of the United States, even though the current positioning of China poses not an extreme danger, if the gradual growth of the country continues in the following decades, it is highly probable that China will be in the position that the offensive realism argues. Thereby, the ambition for the further dominance would come naturally. In that scenario, it would be an expected outcome to see more assertive China in the Asia region with higher military expenditures and exercises. In brief, as John Mearsheimer stated in the interview conducted by [open.canada.org](http://open.canada.org), the interests of the countries will lead to a conflict and probably to a war. In the case of China, there are two reasons to be worry about. First, China is a revisionist power that has assertive demands from the neighboring

---

<sup>18</sup> Mearsheimer, 'China's Unpeaceful Rise' 160.

countries. And the second is related to the way China perceives nationalism as the country experienced issues and have been victimized in the past.<sup>19</sup>

### **5.1. The Evolution of ‘China Threat’ in the United States**

The rise of China after the economic reforms of 1978 was a quick and exceptional process. Along with domestic improvements, China extended its network outside of the country in direction of its newly adopted open door policy. In this regard, the closer relations with other countries allowed China to be an even more significant player in the world politics. Additionally, the investments in Africa were critical as they were the covenants of more economic yields. Taking all these developments into account, the position of China in the international relations were getting stronger. This rapid growth was not expected by many countries including the United States. The situation was a worrisome issue within the United States. Especially eliminating the Soviet Union from the world politics at the end of the Cold War, the United States could act imprudently as the most serious rival was gone.

Even though there were skeptical approaches towards the position of China in the United States prior to 1990s, the China threat discourses can be traced back to 1992 when Ross H. Munro published the idea in his policy review article. The article was a response to the rapid economic growth of China and its possible consequences through the Munro’s view. In his article, Ross Munro warned the United States that the extreme rise of China may turn them into an expansionist power. Moreover, if this scenario comes into reality, the challenge that the United States face would be outrageous. Ross Munro argued in his Policy Review article that there would be a critical confrontation between the United States and China in terms of the strategic interests and that the United States should alter its China policy from concentrating on human rights issues to the economic interests of the United States. Though, he emphasized that the United States should not take a certain stance with either engagement dimension or containment dimension of the China threat theory in order not to draw negative reactions and causing tensions.<sup>20</sup>

---

<sup>19</sup> Legare-Tremblay, ‘Why China Will not Rise Peacefully’

<sup>20</sup> Ibid, 18

Munro's points were related the containment and engagement dimension of the perceptions as the China threat consideration was captured by these dimensions according to scholars' answers to related questions. The containment dimension was focusing more on the need for balance of power given the fact that after the Cold War the power shifts are critical and determinant. On the other hand, the engagement dimension disagrees with the containment dimension regarding the balance of power and focusses on the effect of economic interdependence. The critical point here is that how the countries evaluate these dimensions. David Shambaugh points out in the article 'Containment or Engagement of China?' that the western policy of engagement will be treated suspiciously. That the implicit policy goal of engagement is to transform China's international and domestic behavior based on rules and norms largely set by Western nations and organizations is not lost on the Chinese. The Chinese leadership, Foreign Ministry, military, and international relations institutes strongly suspect that engagement is merely a form of 'soft containment' or 'peaceful evolution'.<sup>21</sup> In this regard, the cooperation ideas do not seem realistic to China. It can be inferred from the article of Shambaugh that the cooperation of China is possible only if it is related to the national interests of country. Additionally, the view of China to the engagement policy prevents the idea to go further. The government in China was evaluating the engagement dimension as a subversion policy. On the other hand, the containment dimension increases the doubts in China regarding the western contradiction to communist regime in the country. Shambaugh emphasizes that the containment policy would work directly against Western desires to improve human rights, stimulate civil society, and pluralize politics in China. All leverage would be lost, and China would have no incentives to cooperate in these or other realms.<sup>22</sup>

Scholars' perception of China threat can be derived from their ideological background and can differ from one another. In the case of China threat perception, there is no common ground. There are proponents of the China threat perceptions as well as opponents of them. In this study, I will analyze the 'China threat' phenomenon within the frame of related discourses and its actual impact to the U.S. policymaking.

---

<sup>21</sup> Shambaugh 'Containment or Engagement of China' 180.

<sup>22</sup> Ibid

## 5.2. China Threat: Discourse or Reality

Given its economic rise, the increased impact of China in the world politics is a clear fact. This fact was stressed once again as IMF ranked China as the 3<sup>rd</sup> largest economy based on the statistics in 1993. With these official statistics, the China threat discourses which started in 1992 with the article of Munro continued to be a hot topic in the United States. As the data show, the growth of China continued in the meantime. In this regard, the studies related to China threat perception increased accordingly. The main concerns over the China threat perception were related to the security of East Asia as well as the exceptional economic growth. Many studies on the security of East Asia were conducted. For instance, Aaron Friedberg's article "Ripe for Rivalry: Prospects for Peace in a Multipolar Asia" focuses on the uncertainties about the new multipolar world order after the cold war.<sup>23</sup> He compared the multipolar system emerged in Asia with the one in Europe. His perception regarding the new multipolar system emerged in Asia is shaped by power battles and uncertainty given the fact that domestic and economic factors were weak in Asia in early 1990s. Considering the uncertainty and power battles perception, the possibility of China to create problems to the East Asian security is not an ignorable concern. Denny Roy, a scholar and the member of East-West Center, also contributed to the debates on the East Asian security. Moreover, his views can be merged more with the China threat argument.<sup>24</sup> He argues that the possibility of China to be a hegemon in the Asian region is a high possibility in comparison to the possibility of Japan claiming this role. He based this argument on the idea that the economic advancements of China will lead them to be more assertive and less cooperative. As a result, the new superior role of China will impact their domestic and foreign policies which will reward the country to be a hegemon in the region.

In addition to the economic advancements of China, the harsh military reactions of the country were enforcing the claims on the China threat ideas. The role of the People's Liberation Army in the Tiananmen Square incident was a critical example on this issue. Additionally, the military exercises of China near Taiwan as a response to the presidential election in 1996 was the examples of China's urge of using military assets.

---

<sup>23</sup> Friedberg, 'Ripe for Rivalry' 5.

<sup>24</sup> Roy, 'Hegemon on the Horizon' 149.

Denny Roy, in his other book “The ‘China Threat’ Issue: Major Arguments”, points out that the China threat perception is mainly derived from the military interventions of China, the existing regime and economic advancements.<sup>25</sup> On the other hand, for the scholar who were against the idea of ‘China threat’ were relying their argument on the idea that China’s economic development may lead them to a democracy and the interdependency of the country in the market may turn them into a cooperative partner. Richard Bernstein and Ross H. Munro predicted in their article published in 1997 that given their different regime and gradual rise of its economy in addition to its size, China would eventually face with the United States in the 21<sup>st</sup> century to become a hegemon.<sup>26</sup>

While the China threat discourses were gaining popularity with the newly published articles and debates in the media, the reality of the China threat idea was not possible to differentiate from the scholar articles. This reflected on the policy of Bill Clinton who was the president after the Cold War period. Even though he criticizes his predecessor Bush for his moderate China policy, the economic and military advancements of China pushed the Clinton administration to alter their policy towards China and re-shape it in line with the China threat perception. The Clinton government did not want to take harsh steps against China not to awake the ‘dragon’.

The policy change of the Clinton Administration towards China was critical. The significance can be stemmed from the impacts to the American foreign policies as well as the Chinese view of the Clinton administration. The new strategic partnership moves of the United States were in favor of Chinese officials. The Chinese side was convinced that the Clinton administration might take cooperative steps for the bilateral relations. The reversal of the Clinton administration was critical and interpreted as the reemergence of the old American view stating that even though the regime in China is ruthless, the United States had to deal with the repercussions. This ideological background can be traced back to early 1970s. The only difference was that in 1970 the promotion for democracy for Chinese regime was put aside regarding to gain support and be allies with China against the Soviet

---

<sup>25</sup> Roy, ‘The China Threat’ 758

<sup>26</sup> Bernstein and Munro, ‘China I: The Coming Conflict’ 18

Union. The policy of 1990s, given the fact that no Soviet danger remained, was related to economic interests.

On the other hand, the new moderate policies of the United States were expected to lead the Chinese administration to take further steps on the human rights issues. Though, the Chinese officials previously remarked that linking the economic issues to human rights may cause disruption of the further negotiations. In this regard, China took a firm stance by taking the reversal American policies into account. The change in the policy of the United States was triggered the danger of human rights problems throughout the Asian region. The United States administration was clearly acknowledged that the economic benefits were the priority over the human rights issues for them. This ideological policy was the weak side of the United States administration as the other Asian trading partners could use the threat of cutting the economic ties with the United States in case of an intervention to the humanitarian issues within their territories.

The presidential period of Bill Clinton was critical given the fact that the post-cold war environment and China's rapid growth clashed. The Clinton term witnessed many significant foreign policy alterations. 'The most important lesson learned by Beijing and Washington in the first Clinton term were strategic in character. Both learned that their bilateral relationship was not simply about trade, technology, or promoting individual rights. Rather, the relationship was about war and peace.'<sup>27</sup> It can be inferred from the presidential term of Clinton that the strategical approach towards China brought about different dimensions to the bilateral relations. However, the perception of China threat at the end of the first presidential term of Clinton remained as a crucial matter. Furthermore, in the second term of the Bill Clinton presidency, the China threat debates were intensified with the developments such as the entry of China to World Trade Organization and the repercussions of the American bombing of the Chinese embassy in Belgrade.

---

<sup>27</sup> Lampton, 'China and Clinton's America' 1099.

### 5.3. 'China Threat' in the 21<sup>st</sup> Century

In the 21<sup>st</sup> century, the debates on China threat perception continued and gained more theoretical background. In 2001, John Mearsheimer put forward the idea of offensive realist theory in his book *The Tragedy of Great Power Politics* and proposed that it could provide a theoretical basis for the China threat perceptions.<sup>28</sup> John Mearsheimer suggests, in the direction of realist school of thought, that the great powers' main goal is to survive in the anarchic system. As a matter of course, the great powers have military capability which could be able to possess offensive acts. Additionally, the intention factor is not a notion to build one's policy on. States cannot be sure about the intention of others especially in the anarchic international world politics. Hence, the states try to maximize their security in order to be an actor of the world politics along with ensuring their survivals. As a consequence, when the great powers were in the intention of maximizing their security, they also maximize the relative powers to ensure the survival. In this regard, these great powers pave the way to be hegemons in the international politics. In the case of China, although the intentions play a critical role on the determination whether China is a threat or not, the countries determine the possible threats through the offensive capabilities of the rivals instead of their intentions. Since the military expenditures of China rose along with their aggressive military exercises, the China poses a threat regardless of their real intention.

The common point of the articles above is that the rise of China generates a threat among its neighbors and possess a challenge to the United States in its presence in the East Asia region. Among these articles, for instance, David Shambaugh focused more on the intention of China while offensive realist John Mearsheimer drove forward the capability. It can be inferred from these authors' analyses that the East Asian security is a changeable matter in line with the policy of the United States and its military presence in the region. In this respect, the bilateral relations with China play a critical role on the issue of East Asia security. From the authors' perspective, the impact of rising China can be both regionally and globally.

In some cases, the proponents of China Threat Discourses can be differentiated from one another. These differentiations mainly based on whether China poses a danger by

---

<sup>28</sup> Ibid, 24.

bringing about a regional issue such as Taiwan conflict or on the global extend. However, it is also possible to challenge the United States on the global extend while using the regional issues at the first place. Richard K. Betts, for instance, points out this possibility by stating that China, Japan, or Russia that grows strong enough to overturn a regional balance of power would necessarily also be a global power that could reestablish bipolarity on the highest level.<sup>29</sup>

In the 21<sup>st</sup> century, the China threat perception continued. Furthermore, the U.S.-China relations became the most prominent world politics subject. The ongoing rise of China increased the worries within the United States. Although the debates on China threat issue continued in the 21<sup>st</sup> century, the government of the United States was in favor of building closer relationships with China. This approach brought the two superpowers to a normalization period. The normalization period and more active stance of the China in the world politics starting in the 21<sup>st</sup> century was critical. The advancements of China were not limited with the economic well-being. The military advancements were also significant. These developments in China pushed the United States to pursue relative gains towards China. The previous acquirements from the bilateral relations with the engagement policy of the Clinton administration were essential to build policies upon the new partnership. Even though Clinton administration's prior policy was regarding to take a position against China, the tide turned, and many negotiations were made given the fact that business associates in the United States put pressure on the Clinton administration. The importance of China to the business sector in the United States was essential. Since the Chinese officials were aware of the situation, they did not step back about their policies. However, the Clinton administration had to reverse their policies in line with the strategic partnership with China. Moreover, the 21<sup>st</sup> century started with the most critical agreement between the United States and China. In his last days as President, Clinton took a crucial step on the relations with China by signing the U.S.-China Relations Act of 2000. This act was extremely significant due to its articles. China was granted a permanent status of Normal Trade Relations which was the substitute of the MFN status. Since the act remarked that China was complying with the human rights norms, the Clinton administration was criticized for this move. However, the background idea of the closer relationship with China was highly related to the economic interests of the United States, Bill Clinton stated. Hence,

---

<sup>29</sup> Betts, 'Wealth, Power and Instability' 74

the United States played a key role on the China's accession to the World Trade Organization. This altered policy of the United States can be associated with backgrounds of Power Transition Theory. The theory suggests that if the rising power was not satisfied with the international order, the power transition process may start since the ability of the hegemonic power to maintain the world order declines. In this sense, the move of the Clinton administration regarding to cooperate with China instead of competing was in line with the idea of maintaining the hegemonic status of the United States. Instead of following an aggressive policy which may cause to create an expansionist China, a moderate policy was chosen. China was also in favor of this policy as the capabilities to compete with the United States especially in term of the technological advancements were not possible. According to Abram Fimo Kenneth Organski, the power distributions were critical as they were the main determinants of the war and peace ideology. In his power transition theory principles, A.F.K. Organski mentions that the main strategic goal of the hegemonic power should be avoiding the impact of the rising power. Given this principle, Clinton administration decided to get China onside to prevent the aggression that may lead to a transition in the power. Even though the policies of the Clinton were in line with ensuring the superpower status of the United States, he was criticized harshly. However, the dissatisfaction about the policy towards China was not a surprising issue. As the history repeats itself, the Clinton administration was criticized for their policy towards China likewise he criticized his predecessor George W.H. Bush.

During the presidential election campaign of 2000, the Clinton administration was drawing negative reaction and faced accusation for detracting the position of the United States in the world politics by giving extreme privileges to China. Even though the disputable decisions of Clinton were shaped in line with the economic interests of the United States, the contrary reactions remained present. During his presidential campaign, George W. Bush, was addressing the strategic partnership policy of Bill Clinton and criticizing it with severe attitude. The Republican candidate George W. Bush was stating that the strategic partnership policy of Bill Clinton was not supported by the Republicans. His idea regarding the relations with China was directing him to the completely opposite policy. He stated that China could only be the strategic competitor of the United States. However, as his predecessors did, he had to moderate his ideas after winning the election and noticing how

important China was to the United States not only for the economic issues but also for the public and scholars' debates regarding the China threat perception.

The unexpected economic rise of China was dragging the country into being a significant player in the world politics. Given its domestic and international developments, it was not a surprising matter that the country was seen as a danger to the world order in case of any dissatisfaction. In this regard, the 21<sup>st</sup> century was critical period for the bilateral relations of the two superpowers and managing the new world system after the end of the Cold War. The 21<sup>st</sup> century was critical not only because of the international developments but also regarding the domestic issues. The September 11 incident in the United States was a critical turning point for the foreign policy view of the country. The new policy 'war on terror' was introduced and got support across the world. The war on terror policy was supported by China as well and this support from China brought about new dimension to the bilateral relations. However, the China threat perception continued with a slower momentum. The crucial point here is that how the Bush administration were seeing the importance of relations with China. In this regard, there were some revelations regarding the political idea of George W. Bush at his university since he was studying Asian Poetry. 'Overall, there is enough sufficient to make a case that Bush had a deeper grasp of U.S./China relations, and had thought more strongly and deeply about China, than is popularly assumed. Bush's agenda on China can therefore be interrogated as a consciously built construct. Three case studies – ABM treaty negotiation, WMD cooperation and North Korea engagement – can be used to test his construct.'<sup>30</sup>

The China threat perceptions seem to have an effect on the foreign policies of the Bush government regardless of the support from China on the war on terror policy and mutual goodwill. In this regard, the Anti-Ballistic Missile (ABM) treaty which was signed in 1972 was critical to measure the reaction of Chinese side. The Bush administration was in favor of the withdrawing from the treaty and its impositions. However, the treaty was essential for China especially after the end of the Cold War. Even so, the Bush administration took further steps regarding the treaty paying no attention to the reaction of China. To prevent from the potential attacks, the United States believed that mutual assured destruction (MAD) was the best way. Moreover, the advancements regarding the missile technologies

---

<sup>30</sup> Guy, 'Towards a new Understanding', 65.

were the main reasons for the Bush administration to withdraw from the treaty. The administration believed that building a defense system was far more reliable to the national interests than not expecting an attack from the rivals. All these counter treaty approaches of the Bush administration was quite concerning for China. Chinese officials feared that the advancement of the United States regarding the missile shields could affect the Chinese missiles targeting Taiwan. Furthermore, building these shields may cause severe problems between China and Taiwan since the desire for independence by Taiwan would increase. Such possibilities were unacceptable for China regarding the authority of CCP along with the national sovereignty and territorial integrity. Additionally, Chinese officials stated that the missile shield concept would harm the stability of the world order. However, the decisive policy of the Bush administration was successful, and China accepted further talks about the issue. This achievement of the Bush administration was a proof of effective policies despite the prior concerns. The 21<sup>st</sup> century started good regarding the U.S.-China relations. Even though small incidents disrupted the relations for a while, the general atmosphere of the negotiations was relatively positive. One of the incidents regarding the bilateral relations was the collision of the EP-3 plane of the United States with the Chinese fighter near the coast of China in April 2001. This incident was critical and had to manage well to maintain the bilateral relations since the U.S.-China political negotiations were considered as the most important partnership at the time. The collision was brutal and caused the death of the Chinese pilot. However, the pilot of the EP-3 managed to land the plane on the Chinese military base. Since the incident was under interrogation, the crew of the U.S. plane was detained. Although this approach could have some serious repercussions regarding the U.S.-China bilateral relations, the releasing of the crew after 11 days removed the tension.

The EP-3 incident was a critical matter regarding the China threat debates. Although the positive steps from both sides appeased the possible conflicts, the debates on China using its military power appeared on the agenda again after the intervention in Tiananmen and military exercises near the Taiwan strait. However, the United States approached to the issue delicately. 'After the E-P3 incident, the Bush Administration did make some efforts to control its damage to the relationship. President Bush sent Secretary of State Colin Powell to Beijing in July 2001. During the visit, the two countries agreed that it was important to avoid such conflicts in the future and pledged to improve relations between

the two countries.’<sup>31</sup> In addition to the positive steps, the strategic competitor title of the China was lifted by the United States. Nevertheless, the view of the Bush administration towards China did not changed fundamentally. The skeptic polices towards China continued. The major improvement regarding the bilateral relations occurred after the 9/11 terrorist attacks in the United States.

The terrorist attacks to the United States in September 2001 were a series of brutal incidents which caused thousands of deaths. The incident was a critical turning point for the United States regarding its domestic and international policies. ‘The terrorist attacks of 9/11 did indeed change American global priorities. The invasion of Afghanistan and the War on Terror had ramifications for all aspects of America’s global engagement and US/China relations were no exception.’<sup>32</sup> It was argued before that the plane collision incident earlier in 2001 was crucial regarding the bilateral relations between the United States and China and caused different assumptions. However, the 9/11 terrorist attacks were an outstanding sequence of events that change the political environment of the United States dramatically. Given the fact that China’s approach to the United States was extremely cooperative, the relations improved accordingly. The War on Terror policy of the Bush administration was highly supported by China since the Xinjiang region of China was dealing with problems regarding the Muslim mass. The United States and China established further cooperation in line with the counterterrorism talks. The events of 9/11 were tragic and brutal. On the other hand, the repercussions regarding the bilateral relations with China were positive due to supportive approach of China. The significant role of China in the international and regional politics increased. Even though the prior policies of the Bush Administration were evaluating China as a strategic competitor, the cooperative approach of China changed the views. China became a security collaborator and a significant partner of the United States. In addition to the partnership, the events happening in Iraq and the war on terror agenda of the United States provided China more critical role on the maintaining the security in Asia region. The policy of the United States towards China, in this regard, was essential. The new role of China with the permission of the United States was related to take a responsibility in the global world order. In the policy of the United States, China’s rise was welcomed only if the Chinese administration takes responsibility to maintain the world

---

<sup>31</sup> Qingguo, ‘One Administration, Two Voices’, 23

<sup>32</sup> Guy, ‘Circling the Middle Kingdom’, 57

order. By the Chinese side, the policy of engagement of the United States was welcomed positively since this policy allowed China to get recognition for its interests as a growing power. However, China did not want to rely on the cooperative policies of the United States entirely. Given the fact that the willingness of the United States about sharing the 'international architect' position was relatively weak, China required certain policies on their way to be more influential in the world politics. In this regard, the requests of China related to the engagement policy included more responsibilities in the world politics. Due to its growing economy and global interests, China wanted to take more actions regarding the international relations. To put into practice the political aims, China had to maintain the strong ties with the United States. 9/11 attacks were the significant events that strengthen the relations. Following the attacks, the APEC summit in Shanghai gave a chance to the leaders of both countries to get together for further talks. The attendance of the President Bush was highly gratifying for the Chinese officials since the terrorist attacks were relatively new. The positive atmosphere of the Summit in respect to the bilateral relations of the United States and China was significant. 'In his meeting with President Jiang Zemin in Shanghai in October 2001, President Bush thanked China for its clear and firm support for the Americans. He stressed that his Administration attached high importance to US-China relations. He also said that China was by no means an enemy of the United States. On the contrary he viewed China as a friend.'<sup>33</sup> The attitude of the President Bush was the foreshadow of the further cooperation.

In addition to the stronger ties in the relations with the United States, China took crucial steps in order to become a strategic player in the world politics. With the help of the United States, China became a member of the World Trade Organization in December 2001. This membership was so important for China on their way to become an economic giant. The process of membership accelerated the growth of the Chinese economy and the trade volume increased drastically. However, some problems can be derived from the accession to WTO. For instance, the pressures from the organization along with the less flexibility regarding the principles of the World Trade Organization could affect China in a negative way. This scenario gets even worse if the economic rise of China remains stable or

---

<sup>33</sup> Ibid, 36.

decreases. In this respect, it was critical for China to balance its policies with the norms of WTO accordingly.

The accession to WTO was a critical turning point for China regarding the economic ideals of the country. As the economic boost of the country required more involvement in the world politics, the policies of China were shaped accordingly. The accession to WTO was one of the policies. However, China was aware that, the active participation to the global and regional issues was essential to sustain its growth. In this regard, the participation in the G8 was critical given the fact that it was shaped with the most powerful countries. As it was a great reputation to be in G8, the desire of China was highly influential. Additionally, the G8 summits were critical since the global problems were being discussed among the powerful countries and proposed solutions. Taking the worldwide significance into account, in 2003, China was invited to a conference which will be held during the G8 summit. This was critical invitation regarding the position of China. The participation of the President Hu Jintao to the G8 summit was a significant picture for China to be on the world stage with the superpowers.

The attempts of Chinese policies within the frame of increasing its global influence were diverse. However, the most important policies were towards the United States. The Chinese administration's steps towards the United States were in line with the recent engagement policy. China wanted to make sure that the United States was still acting in accordance with the policy. To maintain the engagement policy, China had to deteriorate all the negative attitudes within the United States. To achieve this, the focus of Chinese policies was the Congress where most of the opposition to China was born. Nevertheless, the first term of the Bush administration was associated with critical policies which paved the way to strategical partnership. The United States and China worked closely on the world politics with the active involvement of China. During this term, the leaders of the both countries visited each other quite often to talk over significant issues. In terms of trade, the numbers were the highest in comparison to the volumes in history of both countries. The normal trade relations status and WTO accession of China played a key role on the keeping up with the United States. The cooperation between the both countries was essential. The approach of China after the 9/11 attacks led two countries to have closer ties within the frame of war on terror policies. On the other hand, there were disagreements on the delicate subject Taiwan. The policies of the Bush Administration towards Taiwan were the main conflicts

between the United States and China. The steps that Bush administration took regarding the allowance of official contacts with the authorities in Taiwan and the perpetual exchanges of the officials of both countries were causing problems in the bilateral relations of the United States and China. Additionally, the military sales to Taiwan was considered as a move against the national security of China. Even so, the relations at the first Bush term was relatively good given the fact that China's attitude towards the United States was not threatening. Chinese Administration knew how significant the United States was for China on its way to integrate itself to world politics mechanism. Thus, China avoided policies which may damage the position of the United States in the international politics. After the 2003 APEC meeting, President Bush stated that the cooperation with China was significant and thanked the Chinese President for his collaboration. In 2004, the relations between the United States and China remained stable. The regular talks of the presidents regarding the world politics and commercial ties were actualize. 'In 2004, there were also new presidential elections. Once again Asia did not form an issue during these elections and President Bush managed to win convincingly against Senator John Kerry. His victory also meant a strengthening of the Republican majority in Congress. This result was to the relieve of the Chinese leadership, who were content with the bilateral relations under Bush administration.'<sup>34</sup> The following year was not a favorable term for the Bush administration regarding the domestic policies. Handling the war on terror policies did not go as planned. Additionally, the domestic issues were discomforting the Bush Administration. Even the failing of the management of hurricane Katrina later that year increased the negative reactions towards the White House. The relations with China, on the other hand, remained stable. Given its increasing power in the world politics, China was considered as a responsible stakeholder by the United States. China was expected to integrate countries like Iran and North Korea into the world politics.

On the other hand, the China threat discourses continued to be a hot topic regardless of the upturn of the bilateral relations following the 9/11 incident. The debates over the China's position and the help of the United States to China which brought significant gains, such as the membership to WTO, criticized in the written and visual media. The 'China threat' trend which started in the early 1990s continued in the 21<sup>st</sup> century with variety of debates and articles. To analyze the China threat perception in the United States, it is also significant

---

<sup>34</sup> Ballegeer, 'The United State of America's China Policy'

to look at the issue from the Chinese side. The Chinese response to the China Threat discourses can be varied from the views of different scholars. However, the interpretations in China regarding the China threat discourses were mostly in line with the anti-China thought instead of focusing more on the political side of the claims. The containment dimension of the China threat discourses was criticized more rather than the other aspects since the main argument of the Chinese authors were related to the worries over the assimilation of China by the United States in order to keep its hegemon position in the world politics. The different approaches from the authors in China can be found regardless of their same outcomes. For instance, Sha Qiguang argues that both the engagement and containment dimensions of the China threat theory had similar outcomes which is related to changing the China and its policies which accelerated their stance in the world politics. Qiguang interprets that even the mentioned engagement policy serves to the containment idea and can be named as a soft containment. In this regard, it can be inferred from the scholars' approach that the subject China threat was criticized more than its assumptions.

35

China was in the opposition of the Western security studies which using military and economic statistics of China in order to title them with the next superpower in terms of economy and military. The reason for not to be in favor of shown as next superpower can rely on the idea that China did not want to overcome by languor. In this regard, the scholarly articles in China mostly refuses the statistics used to show the advancements of China in many fields. Instead, they respond with their own set of statistics to show that China is still a 'backward developing country' with a relatively modest military that merely is being modernized for defensive purposes.<sup>36</sup>

Chinese responses to the China threat discourses in the United States were mainly opposed and perceived as a set of fabricated discourses. Herbert Yee and Zhu Feng mentions in a chapter of the book 'Chinese Perspectives of the China Threat: Myth or Reality?' that the China threat theory is the fabrication of Westerns who are clinging to 'Cold War thinking' in a post-Cold War world. They tell us that Americans need to recognize the error of their 'enemy deprivation syndrome' that created a China threat to replace the Soviet threat. Those who see China as a potential threat thus are making

---

<sup>35</sup> Qiguang, 'China Threat Theory', 119

<sup>36</sup> Ibid, 19

both empirical and theoretical errors.<sup>37</sup> The Chinese responses to the threat perception argues that the rise of China is not the problem, but the disaster scenarios are. The scholars in China criticizing the discourses in a way that they put obstacles for China to gain foreign investors and tarnishing the reputation of the country in the eyes of neighboring countries. Surprisingly the published texts in the United States regarding the China threat perception was outnumbered by the texts published in China regardless of the idea that the discourses started in the United States. In the 10-year period starting from the 1994, the texts published in China regarding the China threat theories reached to 200 different studies.

**Table 5.2: ‘Threat Theory’ articles in Chinese journals, 1994-2004**

| Year/topic      | China threat | Islamic threat |
|-----------------|--------------|----------------|
| 1994            | 5            | 1              |
| 1995            | 3            | 1              |
| 1996            | 16           | 1              |
| 1997            | 24           | 1              |
| 1998            | 10           | 0              |
| 1999            | 16           | 1              |
| 2000            | 16           | 0              |
| 2001            | 10           | 0              |
| 2002            | 26           | 0              |
| 2003            | 49           | 0              |
| 2004 (1st qrtr) | 15           | 0              |

Source: China Economic Journals Database, August 2004

As the table 5.2 above shows, the number of the China threat articles starting in 1994 regained momentum in the 21<sup>st</sup> century. It can be inferred from the table that while another hot topic of Islamic threat was not debated in the articles, the subject whose origins were Western countries drew more interest. Although, the Chinese responses to the China threat perception in the United States were similar, some of the articles segregate from others as

<sup>37</sup> Herbert and Zhu, ‘Chinese Perspective of China Threat’, 21.

they point out insightful arguments. For instance, Xiao Gongqin looks from a different perspective to the concept of Chinese nationalism in ‘A criticism of Western Conservatives’ ‘China Threat Theory’. As a response to most of the western scholars whose ideas were related to perceiving China as a threat, Xiao focusses on different dimension. According to him, the nationalism in China has two features. The first one is related to the western pressure and the second emphasizes that it has no religions background. Therefore, the impact of the Chinese nationalist sentiment can be related to the pressures from outside world that China faces. In this regard, the Chinese nationalism will not end up threatening the rest of the world.<sup>38</sup> Xiao also points out that the transition to the market-oriented system was critical for China as it dragged Chinese nationalism to a more rationalist sphere. Therefore, the nationalism in China evolved into a different dimension.

The Chinese responses to the China threat perception were highly contradictory and most of them focusses on the negative sides of the discourses rather than intensifying the debates on the specific issue. Furthermore, some scholars interpreted the discourses appeared in the United States as a fabrication in order to tarnish the reputation of developing China. However, the discourses based their arguments on the rapid growth of Chinese economy and the military exercises.

#### **5.4. Economic Threat from China**

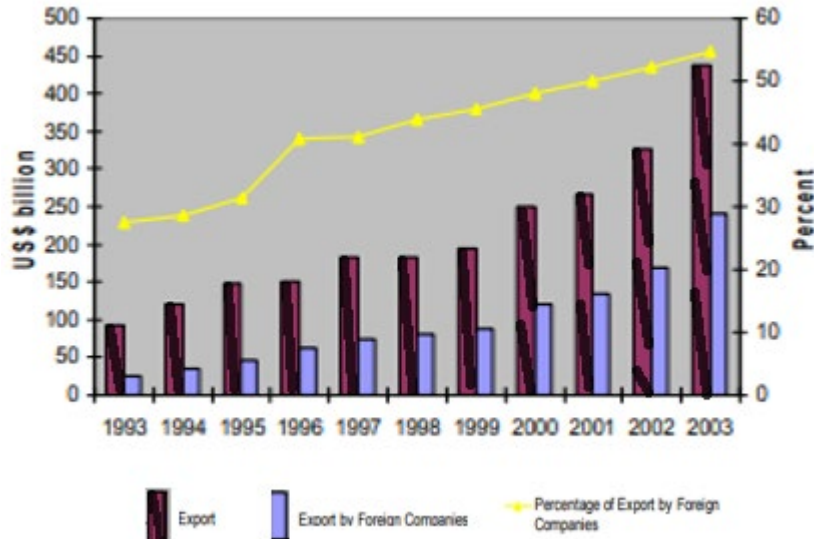
The economic advancements of China were outstanding and unexpectedly successful given its different regime and high population. China overcame many steps and reached to a title of economic superpower in a short period of time. The open-door regime was a great success for China. In this regard, the economic investments exceeded the country and went worldwide. The investments in Africa, for instance, were critical indicator about the policies and economic developments of the country.

The China threat discourses were highly influenced by the economic growth of China and the danger it may cause. Although some scholars pointed out that the power gap between the United States and China is still huge and there will be no threat for a few decades, some

---

<sup>38</sup> Gongqin, ‘A Criticism of Western Conservatives’, 19

scholars emphasized the impact of power growth could trigger the expansionist ambitions of states. However, the growth of China was gradually increasing with the help of its exportation rate. The foreign direct investment inflow to China was reached to outrageous numbers by following policies which made the processes easier. Hence, many companies across the world including the American ones contributed to the Chinese market. In this regard, China advanced its economy through the exportation with the contribution of foreign companies. As figure 5.1 shows, within the 10-year period after 1993, the export rate of China increased drastically with the contribution of foreign companies. Another significant reason behind these numbers can also be related to the companies in the neighboring countries. Most of the neighboring countries of China moved their production units to the coast of China to benefit from the better prices and lower salaries for the labor force. Moreover, by moving the units to the Coastal China, the companies increased their chances to work with the American market. Hence, the bigger proportions of the increased numbers shown in the figure 5.1 can be attributed to the neighboring countries.



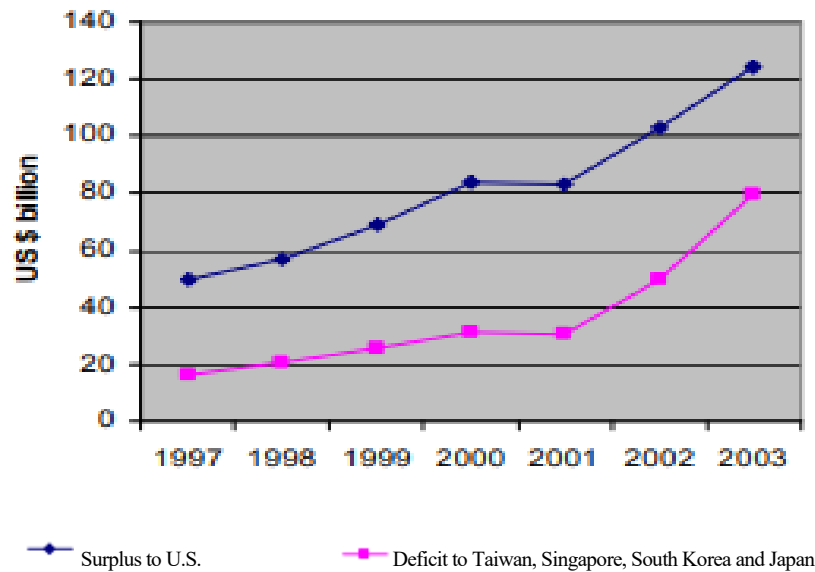
**Figure 5.1: Contribution of Foreign Companies to China's Exports**

Source: China's National Bureau of Statistics, [www.stats.gov.cn](http://www.stats.gov.cn)

The economic advancements of China with the help of foreign companies accelerated the impact of the country in the world politics. As the export rate of the country increased, the

trade surplus to the United States which will generate critical problems later grew accordingly.

As the figure 5.2 indicates, there is a connection between the surplus to the United States and deficit to mainland China's trading partners in the Asia.



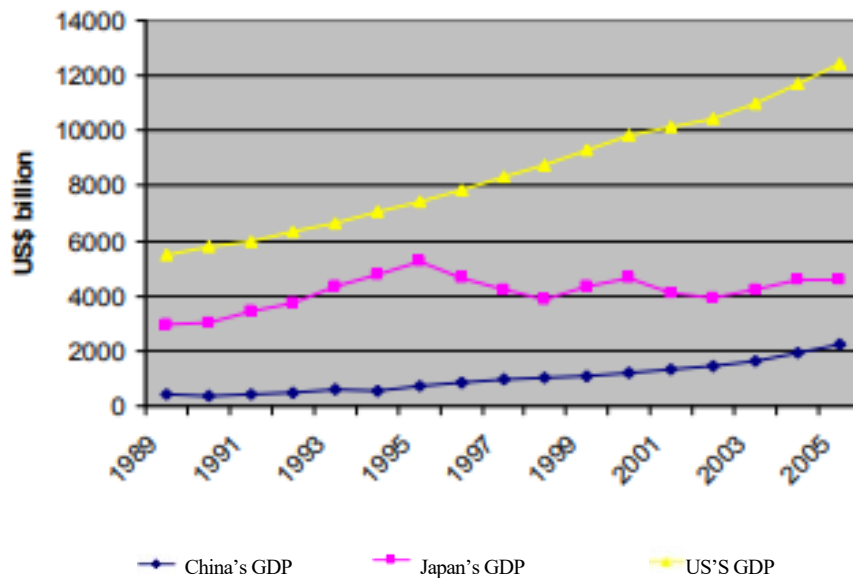
**Figure 5.2: China's Surplus to the United States and Deficit to Its East Asian Trade Partners**

**Source:** Data on China's surplus to the United States: U.S. Census Bureau, Foreign Trade Division, Data Dissemination Branch, Washington, D.C. 20233

Data on China's Deficit to Taiwan, Singapore, South Korea and Japan: China Statistical Yearbook, 1998-2004

China with its significant amount of labor force was playing a critical role in the production chain across the East Asia. As a result of this, it is not a surprising fact that the advancements in the production units accelerated the economic growth of China. Hence, the advancements in the economy brought about a growth in the power of China which can be related to the increased China threat perceptions. The growth of power can be associated with not only the assets regarding the international politics but also with the domestic achievements. In this regard, the gross domestic production level of the country plays a key role on the determination of internal developments.

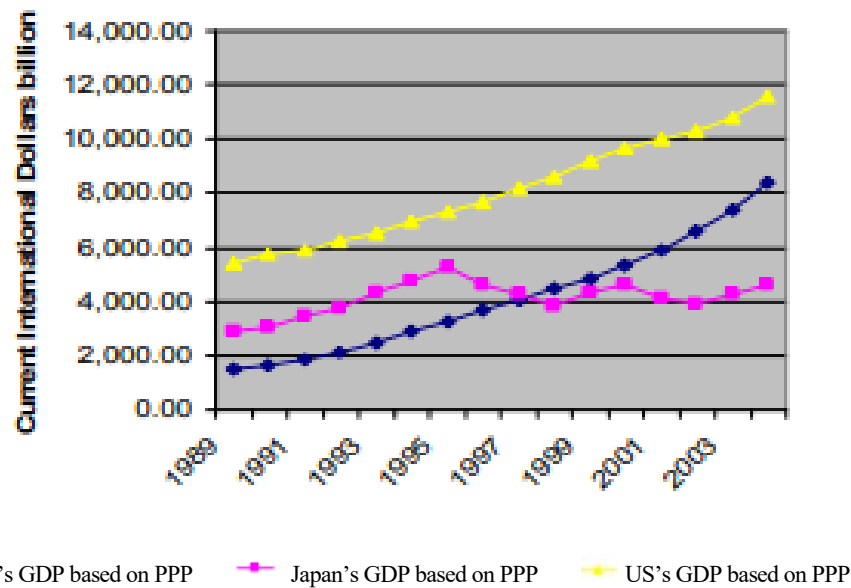
Figure 5.3 shows that there is still a huge difference between the GDP of the United States and Japan in comparison to China's in the period until 2005.



**Figure 5.3: GDPs of China, Japan and the United States (1989-2005)**

Source: International Monetary Fund, World Economic Outlook Database, September 2006,  
[www.imf.org](http://www.imf.org)

Although it can be inferred from the figure 5.4 that the GDP level of China to its major competitors Japan and the United States seems relatively lower, the gap in terms of the purchasing power parity is getting lower at the end of the 20<sup>th</sup> century. Furthermore, as the figure 5.4 points out, the GDP level of China based on the purchasing power parities surpassed the Japan's at the end of the 20<sup>th</sup> century.



**Figure 5.4: GDPs of China, Japan, and the United States Based on Purchasing Power Parity (PPP), 1989-2004**

Source: : International Monetary Fund, World Economic Outlook Database, September 2006, [www.imf.org](http://www.imf.org)

The surpassing of Japan in terms of the purchasing power parity was a critical asset for China and the perception towards the country. Since it was the indicator of a developing economy, the threat perception against China strengthen. Another significant asset at this point is related to the conversion of the economic developments of China to a military development. Since the concerns over the China threat were built on the military aggressiveness of China along with the economic developments, the increased defense budget of China was evaluated within the frame of the discourses. However, the gap between the defense budget of the United States and China was outrageous. This was the matter that most of the Chinese responses based their ideas on. For many scholars the China threat is not a realistic subject to build a policy on given the huge power gap between the countries.

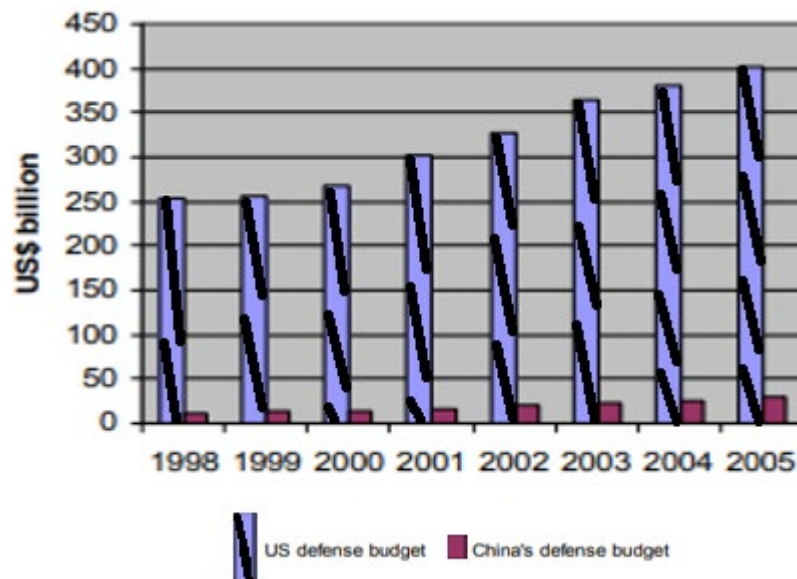


Figure 5.5: Defense Budgets of the United States and China, 1998-2005

Source: Global Security website, [www.globalsecurity.org](http://www.globalsecurity.org)

As the figure 5.5 shows, the difference in the defense budgets of the two countries is extreme even though the gap is getting smaller. However, the possibility of China to catch the United States in terms of the defense budgets does not seem possible in the near future.

The figures showing the correlations of China threat and economic advancements were until the first couple years of the 21<sup>st</sup> century. The rest of the first decade, the China threat ideas continued to be a hot topic regardless of the U.S. government's eagerness to be in strategic talks with the Chinese government. In September 2006, both Presidents decided to create a Strategic Economic Dialogue in order to upgrade the bilateral economic negotiations. Establishing the Strategic Economic Dialogue was critical for both countries. Criticizing the economic agenda at the highest office levels provide both countries to take actions in order to facilitate to decision making mechanism. The significance of the dialogue for the United States can be linked to the global financial crisis. Since the domestic demand crashed in the United States, the effects of the global financial crisis were outrageous. To reduce the damage, it was critical for the United States to make external adjustments which accelerate the market again. In this regard the importance of the Strategic Economic Dialogue was a crystal-clear fact. Additionally, the trade imbalances

were discomfoting the United States given the fact that Chinese economic growth was in the process of sustainable growth.

Furthermore, the discomfort of the United States regarding the imbalance of trade with China was accompanied with the military spending of the Chinese administration. In 2007, China stated that they increased their military spending by 18%. The increase in the military expenditures was followed with anxiety by the United States. Immediate reaction came from the Vice President Dick Cheney. He remarked that the military spending of China does not reflect the ideals of peaceful rise. In response to this, Chinese side claimed that increasing in the military budget was for security reasons and could only be associated with national security and territorial integrity. However, the discomfort of the United States was not relieved. Since the rapid growth of China was going on along with the military advancements, the situation became worrying for the United States given the fact that China threat discourses were still a hot topic in scholarly debates. Moreover, the discourses remained not only as theories but also had crucial impact on the policymaking since a conservative group in the congress believed that the strategic partnership with China is a big mistake and is against the American interests to help China grow. However, the policies towards China did not alter fundamentally given the fact that economic crisis and America's presence in the middle east within the frame of war on terror policy.

The election campaigns of the US presidential election of 2008 were focused on issues regarding the global economic crisis and military invasions of the United States. However, the candidate Barack Obama was in favor of implementing critical policies regarding the Asia in general China in particular. Even though some critical approaches made by Barack Obama, such as currency adjustment of China, the general policy of him was in line with the cooperation. Barack Obama was the first president who was not criticizing the Chinese policy of his predecessor rather he constructed his policies on the Bush administration's engagement policy. Given his childhood periods, Obama was in close relationship with Asian region. Spending his teenage years in Indonesia gave him a chance to have a closer look at the developments in Asia. Thus, the election of Barack Obama reasoned positive reactions in the Asian region. Due to Barack Obama's closer ties to Asia, the election of him generated positive atmosphere within the markets of China expecting him to sustain Bush Administration's structural policies. The closer relationship of the United States and China in Bush Administration was linked with the War on Terror policy along with the

commercial partnership. However, Barack Obama criticized the prior foreign policy for paying too much attention to Middle East in the context of War on Terror. Barack Obama's intention was to focus more on Asian region particularly China. He was in favor of fostering the economic cooperation with China and maintain the close relationship. Thus, in the very first phone call of the president of China and Barack Obama, the subject was related to economic cooperation. One of the fundamental reasons why the President Obama was following a closer policy towards China can be derived from the fact that the role of China in the world politics is even critical than before. Since President Obama was aware of the situation of a possible threat which may come from China, he did not want to take a fully against stance against the second biggest economy in the world.

On the other hand, the global recession at the time was affecting the market economies and the reducing demand in the market of the United States was a critical problem. At the time of the global recession, it was extremely significant to manage the possible damages and foresee the market positioning in order to maintain the balance. 'China weathered the financial crisis much better than the United States and other great powers, increasing its confidence in international interactions. But the crisis also worried Chinese elites about the sustainability of a domestic growth model that was so reliant on export markets and large infusions of capital.'<sup>39</sup>

Given the fact that China was on a sustainable economic growth after the 1978 economic reforms except a certain period after Tiananmen Square incident, the economic recession was a danger that could disrupt the economic growth. Thus, being in an interaction with the United States to deal with the economic recession was significant and necessary for mutual benefits. Since the Obama administration's policy was also in line with the partnership, the bilateral dialogues were expected to be effective. In this respect, the aim was in favor of further development through international institutions. Even though the global recession was the core problem of the countries, the climate problems were also playing a key role on the policies. The initiation of the previous administration's Strategic Economic Dialogues was sustained in the Obama Administration as well. Additionally, the dialogues became more comprehensive under the name of U.S.-China Strategic and Economic Dialogue. US Secretary of State Hillary Clinton played a key role on the bilateral

---

<sup>39</sup> Christensen, 'The Obama and Asia', 28.

negotiations. In this respect, the year of 2009 was subject to frequent visits. The February of 2009 was the beginning of a sequence of visits in order to balance the positioning of the United States. Hillary Clinton started her visits with the Asian countries including China in order to clarify the Obama Administration's intention of creating closer ties. Hillary Clinton's approach towards ongoing human rights issues were critical as she stated that the economic and security issues were the priorities and their administration will not let any other issue to disrupt the priorities. In this respect, the Deputy Secretary of State and political advisor James Steinberg acknowledged that the United States respect the economic rise of China and support it. However, he added, the rise should not possess any danger to the existing international world order in terms of security. The statements of Steinberg regarding the engagement policies of the United States were in line with the mutual benefits rather than the necessity. He did not want Chinese side to perceive the approach of the United States as a weakness.

The closer policy of the United States to China continued through the visits. After couple weeks from the critical statements of the Deputy Secretary of State, President Obama visited China. During his visit, essential issues including economic recession, nuclear proliferation were discussed. The cooperative policies were updated. The first year of Barack Obama as a President of the United States was built on the recent upgrades of the Bush Administration. Additionally, even closer ties were aimed given the number of visits of both President Obama and Hillary Clinton to the Asian region. The economy policy of the United States along with the security issues were the main targets of the Obama administration. However, the Obama Administration was also responsible with the climate change matters given the fact that the United States was the leading country on the dangerous gas emissions related to its industrial infrastructure. On December of 2009, there was a congress in Copenhagen related to the climate change. Climate change issue was one of the most essential policies of the Obama Administration. President Obama believed that the threat of the climate change is unignorable matter due to its possible repercussion. His administration was highly in favor of working with China to solve the problem as efficient as possible. However, Chinese approach to the requirements was relatively noncooperative. Chinese administration was not leaning towards the idea of reducing the emissions acknowledging that it may cause an industrial inefficiency. The attitude of the Chinese Administration caused unrest and paved the way to even more serious disagreements.

‘President Obama began to take concrete measures long supported by U.S. and international environmental activists who had been thwarted by and strongly opposed to the Bush administration’s approach to climate change and the environments. Against this background, China’s position as the world’s largest emitter of greenhouse gases and its otherwise poor to mediocre record in protecting the environment loomed larger than in the past in the calculations and debate of U.S. and international environmental activists, associated media, and international governmental organizations.’<sup>40</sup>

In this respect, the prior positive approach of the Obama administration towards China disrupted. The noncooperative policies of China along with ignoring the environmental issues generated negative reactions on both state and public level. The public in the United States was annoyed with the policies of China that was ignoring the global issues but its own growth. The United States administration, additionally, was complaining about Chinese attitude given the fact that the responsibility of China in this matter was the highest. Along with the global issues, the market in the United States started to be uncomfortable with the trade policies of China which became inconsistent. The prior open-door policy of China which allows foreign investors to the Chinese market was altered and the requirements were tightened. Taking all these negativities into consideration, the bilateral relations of the United States and China started to be tense.

On the other hand, the ongoing China threat discourses were presenting logical arguments regarding the incorporative attitude of China and their ambition about the trade policies. The year of 2010 was critical regarding the negative end of previous year. The attitude of China annoyed the public and the U.S. administration. In response to the Chinese noncooperative approach along with the public pressure, the United States decided to actualize the meeting with Dalai Lama. The meeting was postponed several times because the strategic relations with China wanted to be maintained. In February 2010, the first meeting with Dalai Lama was held in Washington. The meeting was criticized severely by the Chinese administration. After the meeting, President Obama announced the agreement on the arm sales to Taiwan which was \$6.4 billion worth. Along with the meeting with Dalai Lama, President Obama started to take the actions which were hindered previously due to the close relations with China. The actions against China were including human

---

<sup>40</sup> Sutter, ‘The Obama Administration’, 81.

rights violations, currency manipulation and the policies on Iran. The policies towards Iran was critical as it was related to nuclear proliferation. The request of the United States from China was to be in a cooperation to prevent Iran to create a nuclear bomb. However, China's concern was more regional since the territorial concerns over the Chinese coasts increased. Territorial disputes with the neighbors over East and South China Sea were critical.

In brief, the year of 2010 was problematic regarding the bilateral relations of the United States and China. The gradual change in the policy of Obama administration towards China in line with the China's noncooperative approaches to the global and regional issues dragged the bilateral relations to the deadlock. Additionally, the currency adjustment of China along with its trade restrictions to the American based companies increased the tension. The closer policy of the United States towards Asia generated unrest in China even though the intention of the United States was settling the territorial disputes. In respect to its intention, the United States arranged meetings. Along with China, Indonesia was another significant power in the region. Thus, United States conducted closer ties with Indonesia to provide territorial settlement. 'The shift of Obama's foreign policy in Asia is likely to be part of orchestrating US hard and soft power -smart power- to uphold US primacy in the region. Indonesia and wider Southeast Asian region as well as regional multilateralism are important to attain this goal.'<sup>41</sup> The United States believed that having a closer ties and influence on Indonesia will limit the assertive policies.

One of the critical developments in 2010 was regarding the economic position of China. The rapid growth of China led the country to the second largest economy position by surpassing Japan. This new entitlement of China showed that the discourses regarding the China threat are merit. This situation of China worried the United States concerning the title of the World's Largest Economy. Since China got off rather lightly from the economic recession, their growth created the difference with other large economies. It was a great chance for China to catch up with the greatest powers since the United States was affected from the recession severely. Taking these developments into account, the Obama administration decided to take an active role in Asia to decelerate the Chinese impact regionally and globally.

---

<sup>41</sup> Rahawestri, 'Obama's Foreign Policy in Asia', 109.

Regardless of the intention of China on the issues of a future power transition, the United States did not want to give an opportunity to Chinese government. Therefore, the Obama administration decided to follow stricter policies in the Asian region to ensure their positioning in the world politics. The critical step regarding this idea was taken in November 2011. The secretary of state Hillary Clinton led the most critical policy change of the Obama administration. The new policy was mentioned in the Foreign Policy Magazine and called 'pivot' to Asia. Moreover, the change was not only in the ideas but also in the team as well. Obama administration's team which was responsible with the policies regarding China resigned. The team including the advisor Steinberg was playing a key role on the China policy of the United States administration. In this regard, it was predictable that the policy will change thoroughly. The new policy plan of the United States did not break out in the administration. The plan for more Asia oriented policy can be traced back to earlier when the United States started to decrease its presence in the Middle East. The Middle East policy can be associated with the new Asia policy since the reorientation towards Asia required more involvement.

The reason for the policy change towards Asia was related to China's positioning in the world politics and the China threat perceptions. It can be inferred from this alteration that China possess a danger and has impact on the policies of the United States even though the Chinese side did not indicate that they were planning to be an international architect. However, the global recession which hit the United States very badly affected the policymaking of the United States. The government had to be deliberate as the scale of the recession was extreme and the market economies were under pressure. The United States did not want to give a possibility and a weakness sign to China as the Chinese economy was not affected from the recession as badly. As a matter of fact, the growth of China continued. The advancement of China worried many nations mostly the neighboring countries and the world's largest economy the United States. Moreover, the concerns were focused on the tendency of Chinese administration towards military advancements. Using their economic growth regarding the military ambitions was the worst scenario. To maintain the security and decelerate the growth of China, the United States had to apply policies accordingly. In this regard, the pivot towards Asia was essential. As a matter of fact, the pivot policy of the United States was not different from previous policies entirely. However, the difference was more about the focus. The new policy aimed that following

the regional issues from closer perspective and involve immediately when necessary. The reaction of Chinese administration to the pivot policy was uncertain. It was essential for China to read intention of the United States. In his speech after the APEC summit, President Obama clarified the intention stating that the military presence in the region will be reinforced.

The year of 2011 witnessed critical policy changes regarding the bilateral relations of the United States and China. The initial engagement policy of the Obama administration altered to stricter policies and more involvement in the Asia region. The pivot policy of the Obama administration aimed at balancing the aggressive assertiveness of China in the region and sustain the influence of the United States in the region. Another crucial reason for adopting the new pivot policy was related to military reasons. Chinese naval advancements and practices in the South China Sea worried the neighboring country as well as the United States. The aim regarding the military advancements was mainly derived from the concerns over the possible coalition of Asian countries against China. However, the United States interpreted the advancements not in favor of national security but aggressiveness for superiority. In response to the military assertiveness of China, the United States decided to take actions accordingly. By developing a new defense system and sending naval reinforcement to the Pacific, the United States ensured the peace and security in the region. The reaction of China towards the counter policy of the United States was essential. 'China remains suspicious of the Obama administration's strategic pivot to Asia. A month after its official pronouncement, the Chinese defense ministry denounced the policy as a product of Cold War thinking. Chinese leaders also foresee a revival of Sino-U.S. rivalry that will increase friction and conflict in the region.'<sup>42</sup>

On the other hand, the changing power dynamics in the world politics regarding the rise of China and relative decline of the United States after the economic recession brought about theoretical dimensions. In this regard, the American political scientist Graham T. Allison came up with the term 'Thucydides Trap'. The term was used by Graham Allison in the article for the Financial Times which was published in 2012. The idea behind the term Thucydides Trap can be related to the rivalry between the Athens and Spartans about twenty-five hundred years ago. Graham Allison based his

---

<sup>42</sup> Renato, 'The Obama Administration's Strategic Pivot to Asia', 331.

theory on the quote from Thucydides who stated that the rise of Athens caused fear in Spartans and the war became a likelihood matter. The correlation between the issue of centuries ago and today's can be derived from the power rivalry. Basically, the theory builds its background on the idea that if a great power's position was threatened by an increasing power, the war between these powers are inevitable. With the G. Allison's words 'Thucydides' Trap refers to the natural, inevitable discomobulation that occurs when a rising power threatens to displace a ruling power...[and] when a rising power threatens to displace a ruling power, the resulting structural stress makes a violent clash the rule, not the exception.'<sup>43</sup> To consolidate his argument, G. Allison initiated a case study about the similar power rivalry issues and ended up with a confirmatory result. According to the case study, out of the 16 similar rivalry in the history, 12 of them resulted with war. According to Allison, the Thucydides Trap's formation depends on two factors: "the rising power [China]'s growing entitlement, sense of its own importance, and demand for greater say and sway, on the one hand, and the fear, insecurity, and determination to defend the status quo this engenders in the established power [United States] on the other."<sup>44</sup>

The theoretical studies of Graham Allison were critical as his ideas were popular in the scholarly debates. Moreover, the term coined by Allison was even referenced by Xi Jinping. He used the term and stated that the way out from the Thucydides Trap is building new great power relations. For the Americans, the correlation between the ancient case and US-China rivalry became a worrisome issue which will be on their minds.

Apart from the theoretical approaches, the Obama administration's stricter policies in the Asia was continuing within the frame of Pivot to Asia despite the criticisms from Chinese side.

In 2012, the policy was evaluated by China and interpreted as the America's isolation policy of the Chinese assertiveness in the region. Even though the pivot policy of the Obama administration caused tension, China's move towards Iran and other strategic countries like North Korea and Syria was relieved the relations. There was a request of the

---

<sup>43</sup> Allison, 'Destined to War', xv.

<sup>44</sup> Dong Yu, 'The Myth of the Thucydides Trap'

United States from China regarding the diminishing of oil purchases and nuclear infrastructure element sales. In this regard, China's move of cutting its oil purchases off from Iran was the indicator of working coordinately with the United States. The bilateral trade relations, on the other hand, was more problematic in 2012 in comparison to regional issues.

The year of 2012 witnessed critical alterations regarding the trade volumes of the United States and China. The decline in the power of the United States in comparison to rising China forced the Obama administration to take measures in order to maintain the hegemonic status in line with the China threat ideas. In this regard, Obama administration decided to take stricter steps since the 2012 election campaigns of the candidate Mitt Romney was mostly criticizing the soft policy of Obama administration. To strengthen his hand, President Obama focused more on the weak sides of his administration. In this regard, one of the core problems was the trade deficit with China which reached the highest of all time at the end of 2011. The reports of the previous year's financial statements regarding the commercial relations with China were disappointment for the Obama administration. Thus, President Obama perceived this situation as the priority and investigated the Chinese commercial activities. In this sense, the United States took an action along with Japan and European Union claiming that the restrictions regarding the exportation of certain metals were against the international norms. To discuss the issue, the United States requested for consultation with China at the WTO. The base of the complaints of these countries were the export limitations of China which causes relocation of the multinational firms involuntarily. These assertions of the countries generated unrest in China and interpreted as an unfair action and violating the acquisitions.

Furthermore, the Obama administration kept its strict trade policies towards China. In response to the restrictions of China, Obama decided to impose tariffs on Chinese products to decelerate the deficits. This decision of the Obama administration was opposed by China by claiming that such actions were inconsistent with the commitments made in the G-20 meeting. The commitments were related to trade protectionism that maintain the unfair commercial activities including outrageous tariff impositions. However, rapid increase of the trade deficit with China pushed the United States towards taking actions to rebalance. The effects of the global economic recession played a key role on the imbalance since the United States was overcome with the consequences. On the contrary, China maintained its

trade surplus and even chased for further investments from the United States and other countries. Additionally, China replaced its foreign exchange holdings in the government securities of the United States. The extraordinary amount of these holdings was criticized by the United States since their effect to the inflation was predicted to be negative. Although China was advantageous to hold its assets in the U.S. securities, the administration was not in favor of confronting with the United States. Given the fact that national party congress in China will be held later that year, the focus was more on the domestic policies rather than debating with the United States.

The National Party Congress of China was expected to bring changes in the several bodies of the government and the expectations were met. The Congress witnessed the most critical and comprehensive changes in the government. In addition to many replacements, the policy of the new government was shaped in line with the principle of rejuvenation idea. The main replacement in this regard was the presidency. Xi Jinping replaced Hu Jintao and immediately delivered a speech in line with the rejuvenation of China. On the other hand, the policy of the new government towards the United States was critical. The year of 2012 showed that the pivot policy of the United States caused China to be more assertive in the region and avoid cooperation. It was understood that the cooperation and agreement of both countries were limited in accordance with their regional and economic interests. Although President Obama was criticized in his policies, he won the 2012 elections against the Republican Mitt Romney. In the aftermath of the elections, President Obama changed his administrations body that was conducting the policies towards China. Moreover, Hillary Clinton also resigned for the preparations of the presidency for the next election term. In his second term, the policies of the United States were kind of a riddle. Pivot to Asia policy that was conducted with the efforts of former Secretary of State Hillary Clinton generated tensions in the bilateral relations with China.

The new Chinese administration and the beginning of the new chapter of Obama administration were expected to be built on consensus. In this regard, in the aftermath of the elections of 2012, Obama administration declared that they will follow more comprehensive policy towards Asia by placing more than half of the US naval forces into Pacific along with the air forces. These declarations showed that the consensus regarding the Asia policy of the United States was a slim chance. Nevertheless, the bilateral meeting of the world's two largest economies was expected to guide the new relations. The first

interaction was related to the nuclear tests of North Korea. In this matter, each country was in favor of imposing stricter sanctions against North Korea. The consensus in this matter was significant given the fact that beginning of the relations started with cooperation. Even though the nuclear proliferation issue was significant, the upcoming meeting in California was the main event that revealed the new relations.

The critical meeting between two leaders were held in 2013 at the Sunnylands in California. The summit was essential regarding the exhibition of the new policies of new administrations. It was considered as one of the most critical meetings since it was expected to direct the relations either to the negative perception of to the positive. Many issues were discussed in the summit. The issues that reached to consensus were related to objecting the nuclear program of the North Korea and climate change issues. Even though there were cooperation in the many fields, Xi Jinping and Obama differed in the subject of Taiwan which was a long-lasting problem between two countries due to the delicacy of the issue for China. Furthermore, the Chinese President was in favor of new type of relations including the establishment of a great power relations. The ongoing policy of China in the 21<sup>st</sup> century about taking an active role in the world politics dragged Xi Jinping to decide on this new body. Given its rapid growth and title of world's second largest economy motivated the Chinese administration to shape a newly established dialogues with the United States under the roof of two superpowers. On the other hand, despite the positive outcomes of the summit, the respective policies of both administrations generated problems in the bilateral relations. The main cause was related to the militarization of the United States in the East Asia Sea. The reinforcement of the United States was not welcomed by China. Moreover, Chinese administration declared that all the activities of the air forces had to be reported to China. These requirements generated tensions in the relations. China stated that the issues happening in Asia were the interests of Asian countries. The new Chinese administration was in favor of excluding the United States in the region in order to maintain national security and keep the territorial desires alive. Since China started to intensify its existence in the South China Sea, the administration did not want the United States to prevent these actions. The reclamation desires on the islands located nearby South China Sea led China to take more actions and sent military vessels into the region. Even though these approaches of China were not in favor of the U.S. policy, the statements of

the President Obama regarding the One China policy relieved the tensions. Obama declared his administration's support towards the One China policy.

On the other hand, the motivated Chinese administration initiated a new project called Belt and Road initiative. It was a critical initiation that would increase the impact of China in the region again. The initiative was a global infrastructure development strategy that involves nearly 70 countries and be likened to the former silk road project. The new development strategy was seen as a response to the America's Pivot to Asia policy. The both countries tried to prove their strong presence in the region. However, the Pivot to Asia policy of the United States was evaluated from a different perspective by some scholars. It is argued that the policy did not directly aim at the Chinese danger in the region. Instead, it was for the neighboring countries to ensure their security and remind them the America's impact and strength in the region. Nevertheless, the policy of the United States had an impact on both the neighboring countries and China.

The year of 2015 was essential regarding the unsolved issues in South China Sea. The military actions of the Chinese administration created unrest in the United States. The most serious statement from the United States regarding the Chinese presence in the South China Sea was made in the Shangri-La Dialogue. The U.S. Secretary of Defense Ashton Carted warned China over the issue of island-building in the South China Sea. He consistently remarked that the United States was against the idea of further militarization in order to maintain the national security in the region.

'In 2016, the Obama administration continued implementing its "pivot" to the Asia-Pacific, muddling the waters in the South China Sea, and decided to deploy the THAAD system in the Republic of Korea, creating new troubles for China-US relations.'<sup>45</sup>

Nevertheless the new presidential election year of 2016 was a stable year regarding the United States-China bilateral relations. The noncooperation related to South China Sea continued. In brief, the second Obama term was full of ups and downs. The pivot policy of the United States towards Asia continued despite the controversial Chinese attitudes. Under these circumstances, the new presidential election was essential in order to direct the relations to a different path. The winner of the elections was Republican Donald Trump.

---

<sup>45</sup> Wenzhao, 'China-US Relations in 2016',

The interpretation of the result was mainly titled as a surprising victory of Donald Trump. His harsh criticism to the Obama administration's policy towards China was the indicator of his possible competitive approach to China.

The pivot policy of the Obama administration was significant in respect to the bilateral relations with China. The policy generated unrest in the Chinese side since the United States declared its intention regarding more involvement in the region in order to maintain the security. The last actions of the Obama administration were shaped in respect to the assertive presence of China in the South China Sea. Since the tensions between two superpowers over the regional issues increased, the presidential election of the United States was critical to foresee possible policy alterations. In his presidential election campaign, Donald Trump was focusing on the mistakes in foreign policies that have been done by the Obama administration. In his campaign, he was stating that he is to uncomfortable with the current foreign policy which allows other countries to manipulate the United States' reputation on many fields including trade. He was criticizing the previous administration's trade policies towards China in the context of unfair privileges.

The 'America First' political ideology of the President Trump led him to take offensive actions. In line with the America First policy, the probability of the power transition was not acceptable for him. In this regard, President Trump's first actions were related to take stricter measures in order to maintain the hegemonic status of the United States. As the power transition theory suggests, the transition is inevitable if the hegemonic power declines in front of the rising power. However, the principles of the power transition theory cannot be actualized in a peaceful way unless the hegemonic state will be in favor of it. Taking the political principles of President Trump, the power transition between the United States and China seemed impossible. The power transition theory was against the aggressive attitude of Donald Trump. In this regard, he preferred offensive policy to decelerate the rapid growth of China and the trade deficit between two countries. This preference was different than the previous presidents who thought that the cooperative approach towards China would be in favor of the United States to maintain the hegemonic status of the country and avoid the power transition idea.

Donald Trump's counter trade policy towards the other countries can be traced back to 1980s when Japan was boosting its economy with the commercial activities. He, at that time, consistently remarked that the tariff policies of the United States should be reviewed

in order to hamper other countries from misusing the positioning of the United States. Tariffs oriented trade policies were the main arguments of his presidential election campaign. According to Trump, increasing trade deficit with China was in the center of the problems. He was harshly criticizing China for its unfair trade practices which affect the positioning of the United States in a bad way and create trade deficits. His though remarks without hesitation made an overwhelming impression in the public. 'Elections in the United States are often marked by belligerent rhetoric regarding foreign affairs, but the style Trump chose was exceptional in its virulence, reminiscent of the Cold War. For the average American, suffering from years of stagnant wages in real terms and the loss of manufacturing jobs, China is now viewed as a more potent threat than Russia, a fact Trump has leveraged for his own purposes.'<sup>46</sup>

The China threat theories which can be traced back to 1990s in the United States had a huge impact on the policies of Donald Trump. Since the discourses based their arguments on the economic evolvement of China, the Trump administration was investigating the activities of the Chinese government in the international market. Given the escalating trade deficit between the United States and China, the Trump administration followed an aggressive policy in terms of the commercial relations. The threat that China may pose can be attributed to the economic development of the country. Thus, the Trump administration was paying extra attention to the bilateral relations with China in terms of the trade activities.

In this respect, relations with China in general and trade in particular were in the center of Trump's foreign policies. Moreover, the criticism of Donald Trump towards China can be derived from one field to another. Another criticism of him was related to allowing China to enter World Trade Organization. According to him, China's accession to WTO was a mistake given the fact that it caused high rate of unemployment.

Taking Donald Trump's harsh attitude towards China into account, it was predictable that the future bilateral relations will be worrisome. Although previous presidents altered their view of China after they became president, the stance of Trump was different. His ongoing opposition regarding the unfair trade activities of other countries was giving clues about the policy he would follow. Donald Trump's presidency, as expected, started with debates.

---

<sup>46</sup> Orion and Horesh, 'Report, Institute for National Security'

Before his inauguration, Donald Trump received a congratulatory phone call from the President of Taiwan. This contact was the first direct interaction in this level since 1979. Although it was just a congratulatory call, it generates unrest in China. Nevertheless, Trump remarked that his commitment to the policy of 'One China' can differ regarding the interactions with China. This move of him was interpreted as a warning to China. 'One China' policy was the most essential ideology of the Chinese administration. Thus, the pivot policy of the Obama administration was criticized for being contradictory to One China policy. Likewise, Donald Trump was also in favor of adopting opposed policies. 'President Trump, however, seems to not be following the footprint of Barack Obama's rebalancing to Asia strategy in dealing with China. His "America first" thinking redefines the purpose and rationale of America's China policy as well as the overall strategy toward the region and world affairs.'<sup>47</sup>

Donald Trump's most critical component of election campaign was the regulation of trade affairs. Therefore, his actions regarding the commercial activities were waited impatiently. Donald Trump was opposed to some organizations and partnerships claiming that they misuse the reputation of the United States along with causing unemployment. In this respect, at the very first office day, President Trump withdrew the United States from Trans-Pacific Partnership. Moreover, he remarked that even the World Trade Organization was not an extreme necessity for the United States and lowered its role in the organization. The contrary policies of the Trump Administration were critical. However, they were subject to harsh criticism given the fact that the advancements of the United States were boosted with such organizations. After the Second World War, the United States became a prominent power regarding its military and economic advancements. The military power of the United States remained as the most advanced one in relation to its technological developments. 'While its military power remains by far the most formidable, its global economic leadership has been seriously eroded by the rise of the rest, the global financial crisis, and political decay at home. Trump's decision to pull out of the Trans-Pacific Partnership further undermines U.S. global economic influence.'<sup>48</sup>

Even though Donald Trump's moves were perceived as undermining the global influence of the United States, his 'America First' ideology addressed him to lower the interactions

---

<sup>47</sup> Weixing, 'Trump's China Policy', 61.

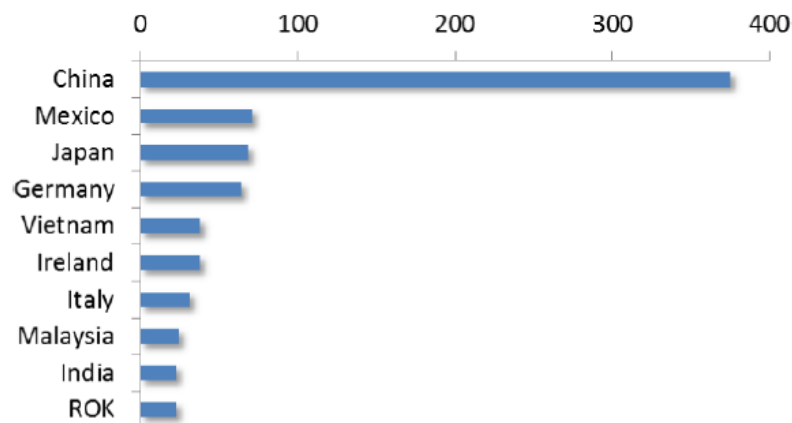
<sup>48</sup> Tao, 'China-U.S. Relations', 5.

with the organizations. He believed that the priorities of the United States had to be chased before thinking globally. The ideology of the Trump administration was to adjust the issues with the power of the country regardless of global institutions. In this respect, he created the National Trade Council. The council played a critical role on the trade policies of President Trump as he consistently remarked in his speeches that the trade policies of his administration will be adjusted. President Trump's decisions regarding the withdrawal from the TPP and its lowered role in WTO were debatable. However, the nominations of him to the critical positions made tremendous impact in the country. Especially the nomination of Peter Navarro to the head of the newly established National Trade Council was generated harsh critics not only in the country but in China as well. The reasons of the critics were derived from Peter Navarro's prior attitude to China on commercial issues. He was known for his contradiction to China. Moreover, he was the author of 'Death by China' movie and the book which he gave a black eye to China. Along with Trump's harsh criticism to China in his election campaign, the appointment of Peter Navarro indicated that the policies of the United States were subject to be built on anti-China ideology.

On February 9<sup>th</sup>, President Trump had a significant phone call with Xi Jinping. Two leaders talked over strategical policies and trade issues. The atmosphere of the phone call was unexpectedly positive just as the outcomes. President Trump remarked the commitment of the United States to the 'One China' policy. This cooperative move of Donald Trump was contrary to his prior speeches and accusations. Nevertheless, the commitment of the United States generated pleasure in China and built a positive base for the meeting of two leaders in Florida for a summit in April. The summit was significant given the fact that many critical subjects were discussed. The most outstanding outcome was the 100-day action plan to settle the bilateral economic cooperation. After the summit, the declarations were in line with the consensus. Donald Trump and Xi Jinping remarked that they achieved tremendous progress in the relations. The unexpectedly positive approach of Trump administration towards China revealed a question whether the positive moves of President Trump were a strategy, or he altered his attitude. The decisive character of Donald Trump was addressing the public to the first option. Even in his election campaign and nomination, he took side against China. Moreover, Donald Trump proclaimed that the trade practices of China was one of the most essential problems to solve. Though, the cooperative approach of President Trump was a significant strategy on his policy towards North Korea

and its increasing nuclear capacities. The strategic idea of Trump was related to convince China to take severe sanctions on North Korea in respect to its nuclear advancements. President Trump expected China to cooperate with the United States and help to stop North Korea's obstinate behaviors. In addition to his cooperative approach, President Trump declared that his administration would not label China as a currency manipulator.

The accusation to China regarding the concept of currency manipulation was one of the most outstanding claims of President Trump during his election campaign. The renounce of him about not labeling China a currency manipulator showed that the meeting in Florida was crucial to designate the policies. Such that, on his social media account, Donald Trump indicated his appreciation for Xi Jinping on his effort to cooperate related to nuclear problems in North Korea. Even though the bilateral relations improved in relation to the mutual attitude towards North Korea, trade issues remained as an essential subject. By the end of 2017, the trade reports showed that the deficit with China was on an extreme level. As Figure 5.6 indicates, in comparison to the other countries, trade deficit with China seems the main problem for the United States.



**Figure 5.6: U.S. Trade Deficit in 2017 (\$ Billion)**

**Source: U.S. Census Bureau**

As a matter of fact, trade deficit with China was a long-standing problem. Therefore, in his election campaign, Donald Trump emphasized this problem consistently. In this regard, he accused China for being currency manipulator and intellectual property theft. However, in

his first year in the office, Trump administration altered its prior aggression to China since cooperation was in favor of both countries. Meetings and phone calls provided a smooth atmosphere to the bilateral negotiations. Nevertheless, the trade practices of China continued same as before. The aggressive policy of the United States towards China, in fact, regarding its unfair trade practices was not completely changed but postponed. Taking the latest trade reports into account, Trump administration decided to put the trade deficit problem on the agenda again. In this regard, the year of 2018 was significant. To determine the direction of the bilateral relations, Trump administration's attitude was critical.

## **6. THE FORTHCOMING DANGER: TRADE WAR**

Trump administration felt obliged to take actions regarding the trade deficit with China as the numbers escalated tremendously. As a matter of fact, the situation can be interpreted as returning to the prior policies of President Trump. Due to the necessary cooperation, the trade policies of the United States against China were postponed. In 2018, these policies re-emerged in line with the official numbers.

The security issues of the United States were the prior concerns of the Trump administration. 'Unlike the political/security issues, there were no signs by the end of 2017 that the president's protection-oriented approach to trade policy had evolved. He and his cabinet members often referenced an interest in negotiated new bilateral trade agreements. However, their aggressive approach to existing agreements like NAFTA and KORUS, hostility to the WTO process, and the White House's laser-like focus on trade imbalances, has kept potential trading partners in Asia at arms-length.'<sup>49</sup> In particular, the attitudes towards China was critical given the fact that two countries were the major trading partners. In respect to the bilateral relations with China, the trade deficit issue became the major focus in 2018. President Trump started to give signals about returning to his election campaign promises. The unremitting trade deficit pushed him to act against China. Thus, his administration accused China on a wide range issues including currency manipulation, misuse of exchange rate regime, violate the norms of WTO and causing global financial problems. Moreover, the Trump administration attributed these accusations to undermining the US security. Since the priorities of the Trump administration can be

---

<sup>49</sup> Lohman, 'Year One of the Trump', 43.

derived from the security and trade issues, the linkage between these two problems was critical.

Policies of the Chinese administration regarding the exchange rates were criticized by the United States. Trump administration was opposed to the undervaluation of yuan by Chinese officials. In fact, this undervaluation of yuan was considered as the core problem in respect to the trade deficit. ‘When a currency is overvalued or undervalued, the exchange rate is said to be misaligned. Therefore, exchange rate misalignment is the deviation of the actual exchange rate from its long-run equilibrium level as determined by economic ‘fundamentals’’.<sup>50</sup>

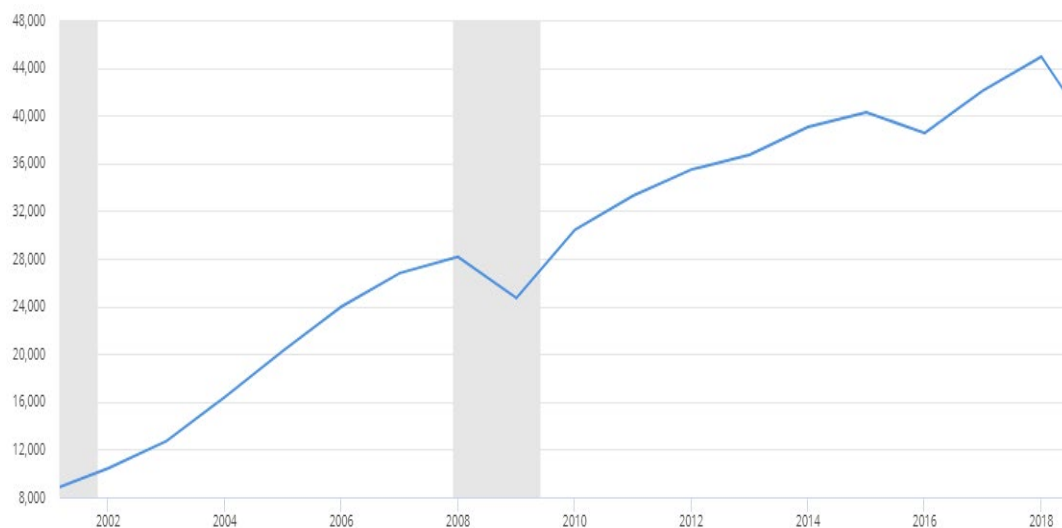
In this regard, measuring the misalignment is not an easy subject since it requires estimations which are not observable. However, what was known for sure that the value of yuan was at its strongest in the beginning of 2018. Taking the misalignment of yuan into account, Trump administration attributed the deficit to the currency policies of China. His famous election campaign accusations re-emerged as he prepared to declare China as currency manipulator. However, he was suggested not to strengthen China’s hand with uncertain claims since the Chinese administration had legitimate reason to controvert responsibilities about the international devaluation of its currency. Apart from the currency issues, the subsidies to the Chinese exporters that were provided by the government and unfair tariff policies also created unrest in the Trump administration. In order to balance the trade deficit, according to the President Trump, the solution was to restrict China’s export by imposing high tariffs. Additionally, keeping China specialized only in the low value-added segments was critical rather than allowing them to advance in high value-added segments. The reason for this critical idea of the United States was to maintain its supreme power in the global market by keeping the flow of high value-added products in reserve. On the other hand, the aim of China was to become superior in the world politics. In this respect, their ‘Made in China 2025’ strategy which includes advancements in many ranges of fields along with the economy was essential. In response to this aim, Trump administration followed policies to prevent China achieving these advancements given the fact that it would cause even more trade deficit and increase tensions.

---

<sup>50</sup> Moosa, ‘The US-China Trade Dispute’

Although the tremendous trade deficit between the United States and China was certain, there was an incoherency with the numbers given the different calculation of China. Chinese government interpreted the numbers declared by United States as misinformed due to the involvement of Hong Kong. Chinese statistics did not involve the exports of Hong Kong to the United States. Nevertheless, the trade deficit between the United States and China remained problematic regardless of the Hong Kong's export volumes. The ongoing increase in the imports of Chinese products along with the high tariffs caused the deficit to escalate.

As Figure 6.1 points out, the imports from China is gradually increasing. The increase in the imports had a direct impact in the trade deficit given the fact that the tariffs imposed by the United States were far less than the Chinese tariffs.



**Figure 6.1: U.S. Imports of Goods by Customs Basis from China (\$ Millions)**

**Source: U.S. Census Bureau of Economic Analysis**

In this understanding, the imposed tariffs were critical to decrease the deficit, Trump administration figured out. Therefore, the trade policy towards China shaped in relation to increasing tariffs. Trump administration started to impose 30% higher tariffs on the solar panels and 20% higher tariffs on washing machines imports from China which were 8% of the total need. To justify this move, along with the China's unfair trade practices, the United States accused China for stealing the U.S. technology and intellectual property. The new

severe tariff policies of the Trump administration increased incrementally. In March 2018, Donald Trump announced increasing tariffs on aluminum and steel imports from all countries. The share of the Chinese steel in total American need was 3%. In late March, President Trump ordered an investigation to control the tariffs on Chinese goods. He attributed this investigation order to the Section 301 of the Trade Act of 1974 and stated that the new tariff policies were a response to the long-lasting unfair trade practices of China. With these severe statements and accusations regarding the theft of the US intellectual property, President Trump lighted the touch paper with China. The Trade War was closer than ever before depending on the Chinese approach.

The response from China was essential as it would either escalate or defuse the tension. China perceived the new tariff policies of the United States as an attack to the economy. In this respect, retaliation was the only option. Based on this, China decided to regulate its imposed tariffs as well. By imposing punitive tariffs on 128 American products, China responded the United States at the risk of escalating the trade tensions. The policies of the United States and China regarding the punitive tariffs showed that the reciprocal moves were subject to continue. A day after imposing the punitive Chinese tariffs, the US Trade Representative's office released an initial list of more than thousand proposed products and remarked that the products were subject to new added tariffs up to 25%. The responses were successive. The day after the release of the initial list by USTR, following the statement of Chinese Ambassador Cui Tiankai regarding the 'fight back' decision, China's Customs Tariff Commission of the State Council agreed on a plan which includes imposing additional tariffs of 25% which was the same amount as the U.S. agreed on against China. The products that were subject to new tariff regulations were ranged from industrial products to nourishment. Soybean was one of the products affected from the tariffs. Imposing tariffs on soybean was critical given the fact that it was the main exportation component of the United States to China. Nevertheless, President Trump did not step back on his punitive policies. In addition to the tariffs, he targeted ZTE claiming that the Chinese technology company violated US sanctions. In this respect, Trump administration banned doing business with ZTE for seven years. The retaliatory moves had direct effect on the economies and the consistent attitude of the both sides were vicious. Thus, the United States and China officials met in Beijing for further trade talks and appease the tension. However, since the request from the Trump administration regarding lowering the trade

deficit by \$200 Billion within two years was denied, no solution was reached. After a week, further trade talks were scheduled in Washington with the participation of Vice Premier Liu He and Xi Jinping. The second meeting was in a more moderate atmosphere and soothed the tension for a while. In this respect, The United States and China decided to put the punitive tariffs on hold. Moreover, Chinese officials stated that they were agreed on reducing the trade deficit with the United States fractionally. Notwithstanding the consensus, Trump administration returned to its punitive tariffs policies after a week remarking that another 25% of tariffs would be imposed on Chinese goods. In June 15, the list of the products affected by the tariffs were announced along with the date of entry into force. President Trump's consistent policies that escalated the tensions were criticized by Chinese administration since several trade talks were organized to reduce the damage. Though, China remarked that the continuation of punitive tariffs from the United States would cause counter maneuver. In this regard, China revised its list of products that affected by new tariff policies. The new list included 545 products different than the initial list of 106 products.

The competitive policies of the United States and China in relation to protectionism damaged not only the bilateral relations but also commercial activities with other countries. Consequently, the domestic economy also suffered from the retaliatory measures. 'Protectionism increases operating costs for firms in import destination markets, reduces the purchasing power of consumers, reduces the rate of return on capital and leads to lower investment. Employment falls as businesses downsize and slack in the labor market depresses wages and spending.'<sup>51</sup> Therefore, the continuation of the trade tension between the United States and China would cause serious damages for both countries.

Despite the apparent danger, the US Custom and Border Protection (CBP) started to collect the designated tariffs on more than eight hundred products. Following the implementation of new tariffs, the USTR announced another list of Chinese products subject to additional 10% of tariffs which were revised to 25% after a month. In response to this, China proposed additional tariffs that range from 5 percent to 25 percent on 5,207 products. Although the tariff impositions rights seemed legitimate, there were complaints by China. Chinese administration issued a complaint with the World Trade Organization regarding the tariffs

---

<sup>51</sup> Chen and Tan, 'Modelling the Economic Impact', 215

on solar panels. It was remarked that the tariff policy of the United States on solar panels was against the rules of WTO and caused problems in the international market. In August 22, 2018 the officials from US and China arranged another meeting to talk over escalating trade tensions. However, there were no major consensus due to uncompromising attitudes of both sides. The though approaches of both sides reflected on the media as well. President Trump blamed China on ripping the United States off with misusing the advantage of free trade rules. On the other hand, China criticized President Trump by stating that his moves can be related to the concept of trade bullying and damaged the global market. Nevertheless, in September additional tariffs on thousands of products were imposed by two sides. Retaliatory tariff impositions continued consistently. In October, US Vice President Pence made a critical speech on the administration's approach towards China. He stated that the policies of the United States shaped in line with the idea of competition rather than cooperation. His statements showed that the Trump administration was decisive on the punitive tariff impositions. In addition to the conflict in trade, Pence pointed out different subjects. He remarked the unrest of the United States regarding the military aggression of China in the disputed territory nearby South China Sea. Reiterated accusations about stealing the intellectual property rights continued. China condemned these accusations and warned the United States on their policies that harm the bilateral relations. The G20 meetings of November was essential as Donald Trump and Xi Jinping planned to discuss the commercial issues on the sidelines. The discussion soothed the ongoing tension for a while. Trade talks in the official level continued after the G20 via phone calls. After the efforts of both sides, by the beginning of December, the agreement on a 'ceasefire' was reached in order not to escalate the tensions. Although the tensions reduced in relation to the trade talks, US Justice Department triggered the bilateral relations to be problematic again. The Justice Department accused Chinese electronics company Huawei and its Chief Financial Officer for violating the norms. With the request of the United States, Canada arrested Meng Wenzhou, the Chief Financial Officer of Huawei. This issue was perceived as a crucial political incident. The move of the Trump administration was criticized even in the United States given the fact that fighting with technological giants would harm not only the place where it based but the places where it exists and operates. 'Although Trump administration's actions securitizing and politicizing the Huawei case might help to draw the battle lines with China and Huawei more clearly, they first harm the principles of global supply chains and internationally connected

innovation ecosystems. The economic consequences of this harm will be borne together by all nations, but because of the United States' former role as the creator and protector of the rules, it is likely that the U.S. national interest will be hurt the most.<sup>52</sup>

The Huawei case was the last critical incident of the year 2018. The second year of the Trump administration was witnessed critical retaliatory measures regarding the trade disputes. The escalating tensions with the imposed tariffs on thousands of products affected the economy of the both sides. Along with the United States and China, other trading partners were suffered from the tension since the appeal of investment in these countries was disrupted along with the problems in global supply chains. From the perspective of the United States, even though they imposed greater tariffs to China, the process was handwringing. As Table 6.1 indicates, the deficit between the United States and China exceeded \$380 Billion despite the punitive tariffs.

**Table 6.1: U.S.-China Trade in 2018**

|                                      | <b>U.S.\$ (billions)</b> | <b>% Change from 2017*</b> |
|--------------------------------------|--------------------------|----------------------------|
| <b>Total U.S. Exports to China</b>   | 178.0                    | -4.5                       |
| Exports of Goods                     | 120.8                    | -7.3                       |
| Exports of Services                  | 57.1                     | 2.0                        |
| <b>Total U.S. Imports from China</b> | 558.8                    | 6.7                        |
| Imports of Goods                     | 540.4                    | 6.8                        |
| Imports of Services                  | 18.3                     | 5.1                        |
| <b>Total Balance (Deficit)</b>       | -380.8                   | 12.9                       |
| Balance on Goods (Deficit)           | -419.6                   | 11.7                       |
| Balance on Services (Surplus)        | 38.8                     | 0.6                        |

Source: U.S Bureau of Economic Analysis, Department of Commerce.

Note: \*not adjusted for inflation.

The year of 2019 was critical in terms of bilateral relations under the effect of trade disputes. The first couple months of the year witnessed many meetings held in Washington and

<sup>52</sup> Huppenbauer and Chuanyang, 'Perspectives on the Global Economic Order', 36.

Beijing. The meetings were held in a cooperative atmosphere in order to reduce the damage of the trade tensions. In fact, the 90-day truce that was agreed on the beginning of December 2018, played an essential role on the cooperative approaches. In this respect, the leaders of the both countries gave speeches in line with the truce and did not escalate the tensions. As a result of the meetings, China took significant steps on their imports from the United States and assured the Trump administration that significant number of products including soybean will be imported. On February, President Trump announced that the temporary truce was subject to extension due to the cooperative attitude of the Chinese administration. On the other hand, the trade deficit continued to increase. In March, the U.S. Department of Commerce announced that the trade deficit with China in 2018 reached to \$621 billion. The statement by the Department of Commerce overshadowed the ongoing truce between the two countries. Moreover, Chinese technology company Huawei issued a legal process with the United States. The company sued the United States in response to the ban that restricted the U.S. federal agencies to use the Huawei products. The legal process compounded the aggressive campaign of the Trump administration. In this respect, President Trump warned other countries about the danger of using the Huawei products claiming that the company may be used by China to spy on critical data. Nevertheless, Chinese administration continued its ongoing positive policies with the suspension of additional tariffs which was considered as an obstacle to the cooperative trade talks.

Apart from the legal issues and statements, due to the ‘Two Sessions’ meeting held in China, bilateral trade talks were on hold in March. In China, Two Sessions meetings were the main political events of the year. The progressive trade talks continued in April. In this regard, US Treasury Secretary Steve Mnuchin remarked that the United States and China agreed on establishing enforcement offices in order to observe the status of the trade deals. Despite the efforts to maintain the nonaggressive policies, the trade talks broke down with the decision of President Trump to impose additional tariffs on \$200 billion worth products. Following this decision, he made another decision regarding the additional tariffs of 25% on \$325 billion worth. The new tariffs covered almost all Chinese products. President Trump attributed his decision to the Chinese administration’s attempt to abuse the goodwill of the United States. On the other hand, the Huawei case created an intensified conflict. In this regard, the U.S. Commerce Department added the company to the foreign entity blacklist. The latest actions taken by the American government pushed China to take

counter measures. Chinese Ministry of Commerce, in this respect, announced that the counter measures will be taken unarguably. After 3 days of discussing within the Chinese government, the decision on increasing tariffs on \$60 billion worth American products was made. After this move, it was foreseeable that the punitive policies of the United States would continue. In this sense, the US Commerce Department upgraded its 'entity list' with the addition of five new entities. Hence, the new five entities were required to get approval from the US government prior to their commercial activities with the American suppliers.

As the tensions increased again due to the retaliatory measures, the next in-person meeting gained high importance. The G20 summit in Osaka was an opportunity to talk over the trade issues in a broader sense. Two leaders criticized the ongoing disputes. Surprisingly, President Trump backed down from his punitive tariff policies and announced that his administration decided to hold back on tariffs. Moreover, he stated that the restriction on the Huawei company will be lifted. He attributed this decision to the attitudes of the US companies that were in favor of carrying on business with Huawei. Following this decision of President Trump, his incoherent tariff policies continued. In this respect, the administration announced an exemption list from the tariffs which seemed as a goodwill. However, the very next week, President Trump threatened China with imposing tariffs on another \$325 billion worth products. Additionally, in the beginning of August, Trump administration labelled China as currency manipulator. Even though President Trump revived this issue persistently since his candidacy for the presidential elections, the designation applied in his second year of presidency. The designation was critical and carried the tension one step forward. In response to this move, Chinese administration warned the United States stating that this action would cause disorder in the international market. Moreover, China decided to restrict some companies from purchasing the US products along with imposing additional tariffs on \$75 billion worth US products.

In September 2019, previously planned tariffs came into force. Although the moves were retaliatory, China filed a report to the WTO regarding the aggressive tariff policies of the United States. Though, the United States argued that the tariff policies cannot be judged by the WTO and continued its decisive policies. Taking the perpetual tariff impositions into account, the economic growth of China disrupted. In this respect, The People's Bank of China had to make a move regarding the reserves to maintain the value of yuan in the international market. PBOC announced that the decision on reducing the reserve

requirement ratio by 0,5 percent reduction was made. This decision was showing the effect of the trade war that China and the United States were involved. Taking the damage to economic growth into account, China announced that it decided to exempt 16 categories of US imports from tariffs. As a result of this, President Trump announced on his social media account that the US administration agreed on delaying the planned tariffs from October 1<sup>st</sup> to October 15<sup>th</sup>. Donald Trump attributed his move to the China's decision on exemption as well as the 70<sup>th</sup> anniversary of the PRC. Moreover, in late September, the United States released a list of 437 Chinese goods that were exempt from tariffs. Given the latest goodwill indicators, both sides decided to have a meeting on October 10. The meeting was critical in terms of the future trade relations. After the two-day long meeting, President Trump announced that the negotiations ended with 'Phase 1' agreement. According to the agreement, China required to purchase around \$50 billion US agricultural products every year in addition to publishing a guideline about country's currency management and intellectual property rights. In response to this, Trump administration delayed the planned tariffs that would go into force on October 15<sup>th</sup> once again.

'Phase 1' agreement was essential for minimizing the damage that caused by the retaliatory measures. Thus, the United States and China agreed on discussing the reduce and lift the tariff impositions in phases. In this respect, Chinese Ministry of Commerce remarked that the rolling back tariffs was possible only if the principles of 'Phase 1' deal were followed.

Amid the intensified trade talks, the United States signed a debatable bill regarding the human rights issues in Hong Kong. According to the act, the United States was authorized to sanction individuals who are responsible for the human rights violations in Hong Kong. The move of the United States was condemned by Chinese officials. In response, China suspended US warships to visit Hong Kong in addition to the several sanctions on US based organizations.

The December of 2019 was essential given the fact that two leaders planned to meet to talk over the details of 'Phase 1' trade deal. China and the United States announced on 13<sup>th</sup> of December that the initial agreement on 'Phase 1' was reached. As a result, the United States agreed not to impose the previously planned tariffs on \$160 billion worth products. In response, China guaranteed the United States that the Chinese administration increase the purchase of US products by \$200 billion over the next two years. The 'Phase 1' deal started

to take effect immediately. Both countries loosen the measures and gave speeches in favor of dropping the hardline attitudes.

Due to the election year and recent increase of cooperative moves in relation to trade war, the year of 2020 was a critical term. ‘Phase 1’ trade deal negotiations brought moderate political environment. Thus, two days before officializing the trade deal, the United States took another important step by officially dropping the currency manipulator label of the United States. The move was perceived as a goodwill gesture. In January 15, the long-lasting negotiations came to an end and the United States and China signed the ‘Phase 1’ trade deal. The trade deal was essential to ease the trade war that damaged the economies of the both countries along with the international market. As a result of the deal, some of the tariffs imposed by the United States on Chinese imports were relaxed. Additionally, China agreed to purchase additional \$200 billion worth of US products. Though, the deal did not cover all the tariffs imposed on the Chinese products. \$250 billion worth of products remain out of the deal. Moreover, the extensive subsidies of the Chinese government to the exporters were not mentioned in the deal even though the subsidies were severely criticized by President Trump earlier. According to the Trump administration, the subsidies by government were one of the main reasons regarding the unfair trade practices of China.

The trade deal was an essential tool to ease the trade war. However, the damage was occurred already. Based on official figures, two days after the ‘Phase 1’ deal, BBC published the news regarding the pace of the economic growth of China. ‘China’s economy grew last year at the slowest pace in almost three decades. Official figures show that the world’s second largest economy expanded by 6.1% in 2019 from the year before – the worst figure in 29 years.’<sup>53</sup> Although the trade deal and negotiations eased the tension between two countries, the outbreak of coronavirus disrupted the ongoing positive atmosphere. President Trump accused China of the outbreak claiming that the Chinese government acted inadequately to take measures. In his speeches regarding the outbreak, President Trump kept accusing China and call the virus as ‘Chinese virus’. Despite the consistent claims of Trump regarding the source of the virus, Chinese government did not

---

<sup>53</sup> BBC, ‘China’s Economic Growth’

accept the allegations. Consequently, the outbreak caused unrest between two countries that were on the process of 'relaxation'.

On the other hand, the biggest discomfort of the President Trump, the trade deficit between the United States and China started to decrease with the tariff impositions. Based on the data from the Commerce Department of the United States, Reuters published an article about the current situation of the trade deficit. 'The U.S. trade deficit fell for the first time in six years in 2019 as the White House's trade war with China curbed the import bill, keeping the economy on a moderate growth path despite a slowdown in consumer spending and weak business investment.'<sup>54</sup> Nevertheless, China continued to follow the principles of the trade deal by reducing the tariffs on \$75 billion worth of goods. Furthermore, a tariff exemption list that covers 696 American goods were published to support the purchases. The lists were updated throughout the first half of the 2020 and bilateral talks over the phone reaffirmed the principles of 'Phase 1' deal. However, the second half of the year brought uncertainties regarding the purchases amid the coronavirus pandemic as the USTR prioritized the medical purchases over the commitment to the Chinese products in line with the trade deal.

As of July, Chinese government passed a new national security law for Hong Kong. In line with the commitment to the reciprocal goodwill, President Trump signed an executive order to end the special status of Hong Kong regarding the commercial activities. Even though there were moves in line with the reciprocal goodwill, Trump administration did not fully abandon its prudent policies towards China. In addition to the accusations regarding the outbreak of the coronavirus pandemic, the Trump administration continued to claim that the Chinese government ignored the intellectual property theft. In this respect, the United States ordered China to close its consulate in Houston due to the suspicions about intellectual property theft and espionage. In response, China closed the consulate of the United States in Chengdu and warned the United States over the concerns that the ongoing bilateral relations would be damaged if the aggression related to blaming the consulates continues. In this respect, U.S. Secretary of State Mike Pompeo delivered a crucial speech regarding the recent policies towards China. He stated that the engagement policy with China failed due to the ongoing unfair trade practices and human rights

---

<sup>54</sup> Mutikani, 'The U.S. Trade Deficit'

violations. Another reason for this hardline speech was related to not fulfilling the commercial pledges of China. By the first half of the year, China purchased less than a quarter of the targeted amount. Even though the hardline speech of Pompeo, by the end of August, there was an optimistic approach by the two countries after holding another trade talk and the review of the prior 'Phase 1' deal. The commitments to the trade deal were declared once again under the condition of fulfilling the pledges.

Donald Trump, however, did not abandon his aggressive policies on China in his final weeks as a president. His perception about China being a competitor rather than a partner came to light in the last days 2020. The U.S. Commerce Department, in this regard, added many Chinese companies to the trade blacklist of the country. Semiconductor Manufacturing International Cooperation (SMIC), the largest chipmaker in China, was one of the companies that was blacklisted. The aggressive attitude of the Trump administration reflected on the visa issues as well. Around 90 million members of the Chinese Communist Party were faced tighten rules to grant a visa. Moreover, with the executive order signed by President Trump, Americans were prohibited to invest in shares of Chinese companies with ties to the People's Liberation Army. The move of the Trump administration was condemned by China and vowed to take measures in response. The tide turned with the final actions of the Trump administration. The positive political and commercial environment that was created with the 'Phase 1' deal altered.

In brief, by the end of 2020, the United States and China achieved only the half of the targeted volumes of commercial activities. This outcome showed that the targets were unrealistic even though it created a moderate bilateral tie for a while.

## **7. CONCLUSION**

The rapid growth of China in the aftermath of the 1978 economic reforms and modernization process was a significant determinant for the future policies of the country. The successful initiation of Deng Xiaoping brought China to next level with a gradual increase in the GDP. Due to its high population, the labor force in China helped the country to be productive. Given the deterioration in the isolated and outdated policies, the new policies of China accelerated the reputation of the country. The open-door policy and more active role in the international politics allowed China to interact with other nations in order

to ensure mutual gains. Similar to every regime alteration process, the transition of China to modern policies was troublesome.

Given the fact that the rapid growth of China continued with high numbers and intensified its impact in the Asian region, the officials in the United States were felt uncomfortable. Taking the significant impact of the country into account, the favorable amity between the United States and China in the aftermath of the economic reforms and modernization process turned into agnosticism. The reason to become agnostic was related to the uncertain intention of the rising power China regarding the question whether they follow the international rules and norms or adopt an aggressive policy to direct the world order for their own interest. The uncertainty led the United States to revise the bilateral relations accordingly and the change in the bilateral relations was critical in terms of the future political and economic partnership. Even though the aftermath of the economic reforms was highly positive for China, there were obstacles too. The Tiananmen Square Incident, for instance, disrupted the positive environment within the country and gave the United States a chance to impose sanctions.

The deterioration in the relations led both the United States and China to follow strategical policies against each other. In this regard, the end of the Cold War was a significant determinant since the United States came out victorious with its advanced technology and military power. To cope with the United States, China followed decisive policies regardless of their weaker technological assets. The response of the Chinese government to the challenges was immediate in order to sustain the growth and maintain the reputation of the country.

On the other hand, the developments in China were a hot topic in the written and visual media in the United States. The changing power dynamics in the Asian region in general and China in particular were debated in line with its impact on the U.S. policymaking. The economic initiations and modern policies of China led them to be in the position where the country became a critical player in the world politics. With unexpectedly rapid growth, China drew attention from all over the world. The rise of China in a short period of time was an unexpected situation in the international politics. The rise had impact on the perception on China and its future positioning. In this regard, the scholarly debates in the mass media related to the rise of China and its possible consequences for the world order became popular. After the post-cold war

era, the scholarly articles and debates on the media drew sensational attention under the concept of 'China threat'. Although the debates started as discourses, it had a significant impact on the policymaking. Even though the pressures from the public and scholars did not have a direct impact on the political decisions, the atmosphere they created was essential. Furthermore, there were policymakers in the congress who were not denying the reality of the discourses.

Though the gap is huge between the United States and China in terms of military and technology capacity, the debates over the China threat issue continued as most of them aimed the future possibilities. On the other hand, the United States followed strategic bilateral relations with China regardless of the pressure from the public. In the 21<sup>st</sup> century, the engagement policy continued, and this policy had criticism. The tragic event of 9/11 changed the political atmosphere in the United States fundamentally. The country adopted a whole new foreign policy in line with the idea of war on terror. The policy decelerated the momentum of China threat ideas since China took a closer stance with the United States' new policy on terror.

Nevertheless, the impact of rising China continued. The economic recession in the first decade of the 21<sup>st</sup> century was critical for the United States since the country hit by the economic problems very badly. Since China handled the recession in a successful way, the economy of the country kept growing on the contrary of the U.S. economy. The situation brought about even more trade deficit problems between the two superpowers. The China threat through the ongoing economic developments of China was taking effect in the world politics. To decelerate the deficit with China, the United States took significant steps against the trade practices of China. In the term of Obama administrations, a pivot to Asia policy was announced in order to ensure the security of the China's neighboring countries. As a response, China initiated an infrastructure project which includes 70 countries. The retaliatory initiations accelerated the density of the bilateral relations. The trade deficit that reached to all time high in the second decade of the 21<sup>st</sup> century was critical. The United States took measures in order to reduce the deficit. The measures reached to peak when Donald Trump became the president. His aggressive policies towards China were the signals of future conflicts. The sanctions and retaliatory measures increased the tension and the danger of greater conflicts was a matter of record. The conflicts regarding the trade practices brought

bilateral relations to a new dimension. After long-lasting retaliatory moves, both sides reached to an agreement in 2020 by signing the Phase 1 deal.

On the other hand, the theoretical approaches also supported the idea of China threat discourses. The Thucydides Trap, a term coined by Graham Allison provides arguments related to the changing power dynamics. G. Allison argues that a satisfaction level of the rising state is a critical asset. For more theoretical background, the power transition theory provides related arguments. The theory based its arguments on the stability ideas. In order to keep the stability in the world order, the need of a hegemon is crucial, the theory argues. Another point that the theory emphasizes is related to the domestic developments. The internal developments pave the way for being a regional hegemon first. In the case of China, the developments and reforms started in the 1978 are significant in order to be an essential player in the region. Another theory related to the rise of China and its threat perceptions is offensive realism. The theory legitimizes the idea of maximizing power as states are never sure about each other's intention. Furthermore, as the theory interprets the system as anarchic, the conflicts are inevitable in case of changing power dynamics.

In my opinion, although the theoretical explanations have legit arguments, it does not comply with the reality. The offensive realism and power transition theories differ from each other about the concept of intention. The arguments that power transition theory suggest can be perceived as a more realistic one considering the strong ties and destructive military capabilities of the countries. From my point of view, the offensive realist thought against relying on the intentions is old-fashioned approach. In the modern world, where the countries were bound by the bilateral talks and agreements, it is not likely to act arbitrarily. As a matter of fact, the possibility of certain changes is not a slight chance. Donald Trump, for instance, brought different dimension to the relations with his extreme 'rhetoric' and measures against China.

In brief, although some of the theoretical arguments have legit explanations regarding the China threat and changing power dynamics, they mostly remained inconclusive given the approaches and speeches given by the leaders. The positive attitude of Xi Jinping, for instance, was critical in order to foresee the possible future positionings. He revealed that the intention of China will not be assertive and pose threat to the existing world order. It can be inferred from his speeches and policies that China is not

dissatisfied with the world order nor in the intention of challenging the status quo. The aim of China is to grow in the existing system in order not to risk its ongoing growth and drag the world to another deadlock. Therefore, the theories did not generate answers to the China threat perception and possible power shifts. However, they supported the China threat perception and had a catalyst impact on them.

Besides the theoretical frameworks, the China threat discourses were proved to be right from time to time. The Pivot to Asia policy, the measures taken by Trump administration regarding the trade were significant examples of the China threat perception. Nevertheless, the intentions of the leaders played the key role on the direction of international politics.



## BIBLIOGRAPHY

Allison, Graham. 'Escaping the Thucydides Trap', March 2019  
<https://www.chinausfocus.com/foreign-policy/escaping-the-thucydides-trap>

Allison, Graham. *Destined for War: Can America and China Escape Thucydides's Trap?* New York: Houghton Mifflin Harcourt. 2017, pp. xv–xvi.

Ballegeer, Alexander. *The United States of America's China Policy under the Bush and Obama administration: A Taiwanese case study.* Faculté des sciences économiques, sociales, politiques et de communication, Université catholique de Louvain, 2020. Prom.: Atanassova, Elena. <http://hdl.handle.net/2078.1/thesis:24979>

BBC. "China's Economic Growth Hits 30-year Low." 17 January 2020  
<https://www.bbc.com/news/business-51144892>

Bernstein, Richard and H. Munro, Ross. "China I: The Coming Conflict with America," *Foreign Affairs*, vol. 76, no. 2, 1997, pp.18-32.

Betts, Richard "Wealth, Power, and Instability," winter 1993/1994, pp. 74.

Callahan, William A. "How to Understand China: The Dangers and Opportunities of Being a Rising Power." *Review of International Studies* 31, no. 4 (2005): 701-14.

Callahan, 'How to Understand China', 701.

Castro, Renato. "The Obama Administration's Strategic Pivot to Asia: From a Diplomatic to a Strategic Constraintment of an Emergent China?." *Korean Journal of Defense Analysis*. 25. (2013) 331-349.

Chengqiu Wu, 'Barking Up the Wrong Tree? The Master Narrative of China Threat Theory Examined', 2007, pp. 111-42

Christensen, Thomas J. "Obama and Asia: Confronting the China Challenge." *Foreign Affairs* 94, no. 5 (2015): 28-36.

CHUANYING, LU, NICOLAS HUPPENBAUER, Matthew P. Goodman, Chen Dongxiao, Nigel Cory, Peter Raymond, William Reinsch, Stephanie Segal, Mark Sobel, Nicholas Huppenbauer, Lu Chuanying, Lu Xiankun, Ye Yu, Zhang Haibing, and Zhang Ming. *Perspectives on the Global Economic Order in 2019: A U.S.-China Essay Collection.* Report. Center for Strategic and International Studies (CSIS), 2019. 36-39

Dong Yu, Yao. 'The Myth of the Thucydides Trap: Examining China-U.S. Relations, October 16, 2015 <https://harvardpolitics.com/thucydides-trap/>

Friedberg, Aaron. "Ripe for Rivalry: Prospects for Peace in a Multipolar Asia," *International Security*, vol. 18, no. 3, winter 1993/94, pp. 5-33

Houweling, Henk, and Jan G. Siccama. "Power Transitions as a Cause of War." *The Journal of Conflict Resolution* 32, no. 1 (1988): 87-102.

Hu, Weixing. "Trump's China Policy and Its Implications for the "Cold Peace" across the Taiwan Strait." *China Review* 18, no. 3 (2018): 61-88.

Lampton, David M. "China and Clinton's America: Have They Learned Anything?" *Asian Survey* 37, no. 12 (1997): 1099-118.

Legare Tremblay, Jean-Frederic. 'Why China Will Not Rise Peacefully', February 2014.  
<https://opencanada.org/why-china-will-not-rise-peacefully/>

Lohman, Walter. "YEAR ONE OF THE TRUMP ADMINISTRATION'S POLICY: Uncertainty and Continuity." *Southeast Asian Affairs*, 2018, 43-58.

Mearsheimer, John. 'Can China Rise Peacefully?', October 2014.  
<https://nationalinterest.org/commentary/can-china-rise-peacefully-10204>

Mearsheimer, John J. "China's Unpeaceful Rise." *Current History* 105, no. 690 (2006): 160-62.

Mearsheimer, John. 'The Tragedy of Great Power Politics' (New York: W. W. Norton & Company 2001).

Mearsheimer, 'The Tragedy of Great Power Politics'.

Moak Ken, and Miles Lee. *China's Economic Rise and Its Global Impact*. New York: Palgrave Macmillian, 2015, p.9.

MOORE, THOMAS G., and DIXIA YANG. "CHINA, APEC AND ECONOMIC REGIONALISM IN THE ASIA-PACIFIC." *The Journal of East Asian Affairs* 13, no. 2 (1999): 365.

Moosa, Imad. *THE US-CHINA TRADE DISPUTE: FACTS, FIGURES AND MYTH*. Cheltenham, UK: Edward Elgar Publishing, 2012.

Munro, Ross H. "Awakening Dragon: The Real Danger in Asia Is Coming from China." *Policy Review* (1992): 10.

Munro, 'Awakening Dragon', 10.

Mutikani, Lucia. "U.S. Trade Deficit Narrows in 2019 for the First Time in Six Years." Reuters. February 5, 2020. <https://www.reuters.com/article/us-usa-economy/u-s-trade-deficit-shrinks-in-2019-for-first-time-in-six-years-idUSKBN1ZZ1WP>

Orion, Assaf, and Niv Horesh. Report. Institute for National Security Studies, 2017.

Qingguo, Jia. "One Administration, Two Voices: US China Policy during Bush's First Term." *International Relations of the Asia-Pacific* 6, no. 1 (2006): 23-36.

Qingguo, 'One Administration, Two Voices', 23.

Rahawestri, Mayang A. "Obama's Foreign Policy in Asia: More Continuity than Change." *Security Challenges* 6, no. 1 (2010): 109-20.

Richardson, James "East Asian Stability," *The National Interest*, no. 38, winter 1994-95.

ROBERTS, GUY. "CIRCLING THE MIDDLE KINGDOM: GEORGE W. BUSH AND CHINA 1999 – 2003." *Australasian Journal of American Studies* 30, no. 1 (2011): 57-71.

Roberts, Guy. "TOWARD A NEW UNDERSTANDING OF GEORGE W. BUSH'S CHINA ENGAGEMENT: CASE STUDIES OF GEORGE W. BUSH'S FIRST TERM CHINA POLICY." *Australasian Journal of American Studies* 33, no. 2 (2014): 65-83.

Ross, Robert S. "US Grand Strategy, the Rise of China, and US National Security Strategy for East Asia." *Strategic Studies Quarterly* 7, no. 2 (2013): 27.

Roy, Denny. "Hegemon on the Horizon? China's Threat to East Asian Security," *International Security*, vol. 19, no. 1, 1994, pp. 149-168

Roy, Denny. "The 'China Threat' Issue: Major Arguments," *Asian Survey*, vol. 36, no. 8, 1996, pp. 758-71

Segal, Stephanie, and Dylan Gerstel. *Degrees of Separation: A Targeted Approach to U.S.-China Decoupling – Interim Report*. Report. Center for Strategic and International Studies (CSIS), 2021. 6-18.

Shambaugh, David. "Containment or Engagement of China? Calculating Beijing's Responses." *International Security* 21, no. 2 (1996): 180-209. Accessed September 6, 2021. doi:10.2307/2539074.

Shambaugh, "Containment or Engagement of China? 180.

Sha Qiguang, "Dui xifang meiti sanbu 'zhongguo weixie lun' de pingxi" [Comments on the "China Threat Theory" Spread by the Western Media], 2000, pp. 119.

Skidmore, David, and William Gates. "After Tiananmen: The Struggle over U.S. Policy toward China in the Bush Administration." *Presidential Studies Quarterly* 27, no. 3 (1997): 514-39

Skidmore, 'After Tiananmen' 514.

Sutter, Robert. "THE OBAMA ADMINISTRATION AND CHINA: POSITIVE BUT FRAGILE EQUILIBRIUM." *Asian Perspective* 33, no. 3 (2009): 81-106.

Tan, Deborah H. Y., and Chen Chen. "Modelling the Economic Impact of the Sino– US Trade Dispute: A Global Perspective." In *The Chinese Economic Transformation: Views from Young Economists*, edited by SONG LIGANG, ZHOU YIXIAO, and HURST LUKE, 215-36. Australia: ANU Press, 2019.

Tao, Xie. "China-U.S. Relations during the Trump Administration: Mixed Signals, Increased Risks." *Asia Policy*, no. 24 (2017): 5-12.

Thucydides, *The Landmark Thucydides: A Comprehensive Guide to the Peloponnesian War*, ed. Robert B Strassler (New York, NY: Free Press, 1996), 16.

Wang, Jianwei. "China: A Challenge or Opportunity for the United States?" *Journal of East Asian Studies* 3, no. 2 (2003): 293-333

Wenzhao, Tao. "'China-US Relations in 2016.'" China-US Focus. Published on January 3, 2017. <https://www.chinausfocus.com/foreign-policy/china-us-relations-in-2016>

Xiao Gongqin, A Criticism of Western Conservatives' "China Threat Theory, no. 5, 1997, pp. 19-23

Yee, Herbert and Feng, Zhu 'Chinese Perspectives of the China Threat: Myth or Reality?', in *The China Threat*, pp. 21-42

Zhang, Baohui. "AMERICAN HEGEMONY AND CHINA'S U.S. POLICY." *Asian Perspective* 28, no. 3 (2004): 87-113.