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Research Report

United States and China on a collision course: The importance of domestic politics for the bilateral relationship

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SWP

SWP Research Paper

Hanns W. Maull, Angela Stanzel and Johannes Thimm

United States and China on a Collision Course

The importance of domestic politics for the bilateral relationship

Stiftung Wissenschaft und Politik
German Institute for International and Security Affairs

SWP Research Paper 5
May 2023, Berlin

- No other bilateral relationship has comparable significance for the future of the international order as that between the United States and the People's Republic of China.
- Domestic political and social structural factors have a significant influence on the conflict behaviour of the two states. These factors are contributing towards the deterioration of the bilateral relationship and making it crisis-prone.
- Vulnerabilities arise from the interdependencies between the two societies and economies. An awareness of this fact can provide an incentive for cooperation. Efforts made to avoid the risk of escalation can also promote cooperation.
- Both states are dependent on a functioning international order. However, this insight is all too easily overshadowed by the conflictual aspects of the bilateral relationship.
- This is the task — and at the same time an opportunity — for German and European policy, which should strengthen European participation in world governance to gain more weight and exert a moderating influence on China and America.

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United States and China on a Collision Course
The importance of domestic politics for the bilateral relationship

No other bilateral relationship is as significant for the future of the international order as the one between the United States and the People's Republic of China. Relations between Russia and the West also harbour potential dangers to world peace, such as those resulting from a possible escalation of the war in Ukraine and the respective nuclear weapons capabilities. But Moscow does not have sufficient economic or political clout beyond its destructive military means to proactively shape the international order. As a consequence of its war against Ukraine, Russia's power and influence are declining and its dependence on China will increase. De facto Moscow is already a junior partner in its "strategic partnership" with Beijing.

Against this background, this study aims to analyse the dynamics of US-Chinese relations and extrapolate into the future. The working hypothesis is that, even though the conflict is conditioned as well as constrained by the structure of the international system, specific outcomes are shaped by domestic and societal factors.

Two guiding questions are at the heart of the study:

- What is the underlying dynamic of the bilateral relationship, what risks does it entail, and what are its consequences for the international order and for German and European foreign policy?
- How can German and European foreign policy deal with the competing demands of China and the United States and influence the relationship in accordance with its own interests? How can Germany and Europe best leverage their influence?

The study draws the following conclusions:

- The United States' China policy and China's America policy reflect deep historical patterns on both sides of constructing one's own international role and the perception of each other, and these policies are structured by the respective political systems.
- Normative-ideological aspects as well as power and security policy motives have increasingly over-

shadowed economic interests and incentives for cooperation in recent years.

- The cooperative management of bilateral relations through diplomacy and dialogue is diminishing, and the momentum of confrontational behaviour is increasing. This also reduces the opportunities for others — such as Germany and the European Union (EU) — to influence the conflicting parties.
- In light of the escalation risks in the US-Chinese relationship and its significance in overcoming global challenges, it is nevertheless important for German foreign policy to use all available means to influence America and China and to expand its own possibilities for exerting influence.

The goal of German foreign policy must be to maintain and advance the existing international order, which is being challenged by China and Russia. In this endeavour, the United States is Germany's and Europe's most important ally. Whether Germany and Europe can act effectively will depend on their ability to integrate China (and, if necessary, America) into this international order and to advance it in line with the fundamental aims of German foreign policy.

Introduction: The importance of the US-China relationship

In the perception of the European public, Russia's brutal attack on Ukraine has been the overwhelming challenge of the past year, pushing everything else into the background. In China, however, the war is perceived as a mere regional conflict. The United States is intensively engaged in supporting Kiev and coordinating the West's response to Moscow's aggression. But Washington is being careful not to let the Russian threat distract too much from the more important challenge in the medium term: No other bilateral relationship plays a comparably important role for the future of the international order as the one between the United States and the People's Republic of China.

Research design and central question of the study

Most analyses of the relationship between the United States and China focus on two factors: the structure of the conflict and shifts in power relations. According to this view, both sides are trying to assert their interests in the conflict; to this end, they are striving to improve their own relative power position through domestic efforts ("internal balancing") or through the mobilisation of allies ("external balancing") and then, on this basis, to shape bilateral relations with the help of diplomacy and military measures (such as deterrence, the threat or use of force). The main determinants are the structure of the conflict, the power relations and the interaction between the two states and their allies.

This view is not wrong, but it is incomplete; it leads to a reductionist assessment of the relationship, which we want to supplement and correct by adding the respective domestic perspectives on the conflict.[1] The most important omission in traditional accounts concerns the structure of the conflict, which is not a given but is based on both sides on social constructions of reality, shaped by collective societal attitudes with deep historical roots. The political elites use corresponding perceptions of conflict to secure domestic support for their own claims to power.[2] In order to adequately understand the dynamics of the conflict, we must therefore take into account the respective conflict perceptions in America and China and their historical background.

Seen like that, many characteristics commonly attributed to the nature of the conflict are in fact shaped by domestic politics. The social construction of the conflict may at times be consistent and universally accepted; however, there can also be considerable differences within the respective societies and their foreign policy elites about how to assess the conflict. Moreover, even if there is agreement about the nature of the conflict, there may be different views about the best course of action. If such differences exist, they need to be resolved among the foreign policy elites.

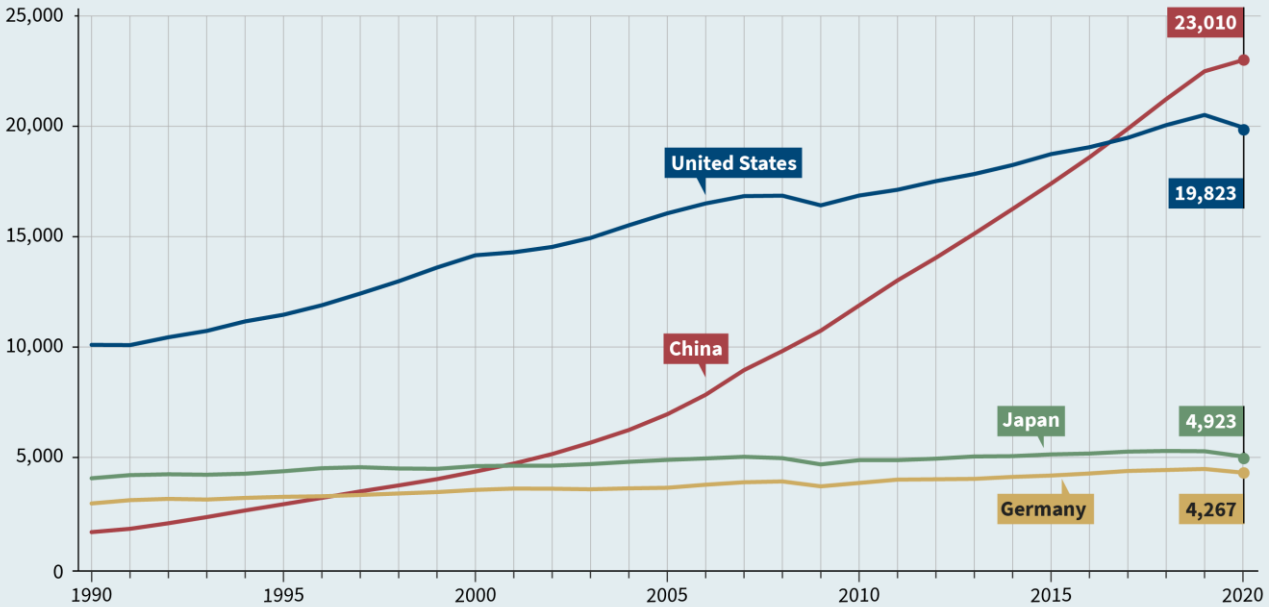
1 See, however, Kevin Rudd, *The Avoidable War. The Dangers of a Catastrophic Conflict between the US and Xi Jinping's China* (New York, NY: Public Affairs, 2022), 56ff.; Kenneth Lieberthal and Wang Jisi, "Addressing U.S.-China Strategic Distrust" (Washington, D.C.: Brookings Institution, March 2012), https://www.brookings.edu/wp-content/uploads/2016/06/0330_china_lieberthal.pdf (accessed 2 November 2021). In these studies, great importance is attached to the respective perception of the other side.

2 See, e.g., David Shambaugh, *Beautiful Imperialist. China Perceives America, 1972–1990* (Princeton, NJ: Princeton University Press, 1991); University of Southern California, USC US-China Institute, *American Perceptions of China. How Have American Attitudes towards China Changed?* (3 March 2022), https://china.usc.edu/american-perceptions-china (accessed 19 January 2023); Douglas G. Spelman, ed., *The United States and China: Mutual Public Perceptions* (Washington, D.C.: Woodrow Wilson International Center for Scholars, Kissinger Institute on China and the United States, 2011).

Figure 1

GDP of selected countries

in billions of constant 2017 international US dollars (purchasing power parity)



as of 30 November 2022

Source: World Bank, Indicator: NY.GDP.MKTP.PP.KD

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The China policy of the United States as well as China's America policy — and thus also the bilateral relations — are thus filtered considerably by domestic politics. The aim of our study is to better understand these conflict dynamics through a systematic analysis of their domestic component. This should also help to identify ways to influence the conflict in a constructive and moderating way.

China's rise and its future prospects

Over the last 50 years, the geo-economic and geopolitical balance of power in the world has shifted from West to East and from North to South. This trend was driven to a large extent by the unprecedented economic growth in China, which began in 1978 with Beijing's reform and opening-up policy.

China has benefited most from this power shift, as the figures on pages 8 to 11 show. They also reveal the extent to which the People's Republic has profited economically from the favourable conditions of a largely open economic world order. In 1990, the Chinese economy was not even one-sixth that of the United States and barely more than half that of Germany (adjusted for purchasing power). Thirty years later, China's economic output was about five times that of Germany and well ahead of the United States. This remarkable growth was based on a specifically Chinese version of the export-oriented growth strategy pursued in East Asia after the Second World War, first by Japan and then by other (emerging) countries such as South Korea and Taiwan.

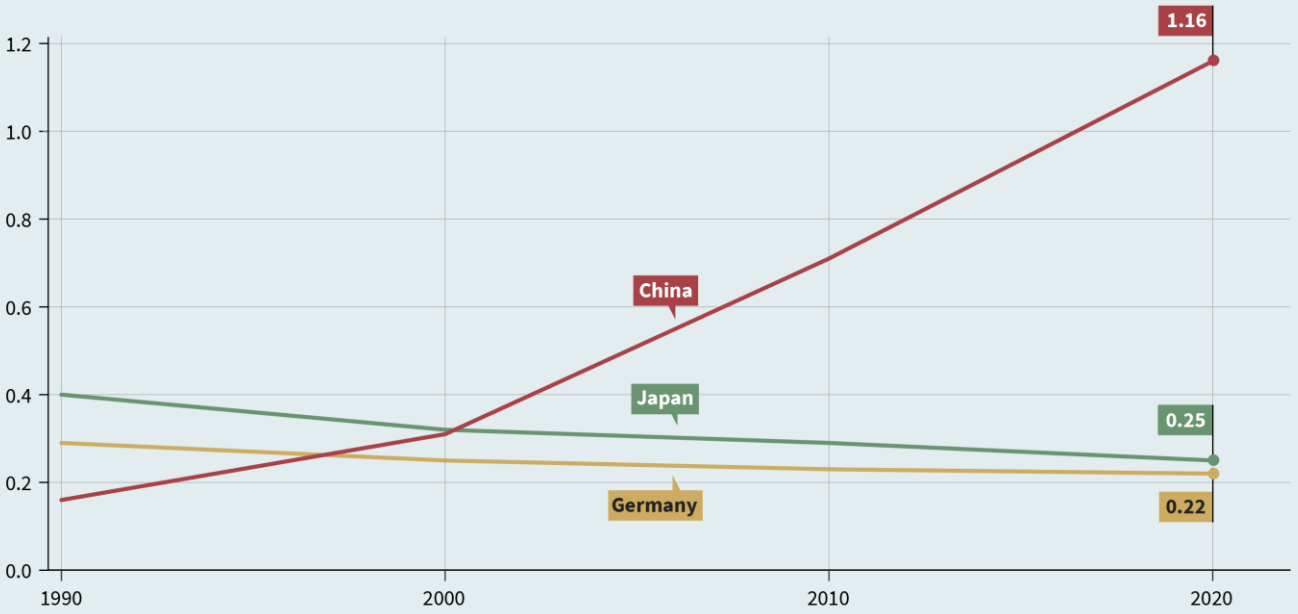
The strategy involved the systematic development of export industries through direct investment by Western and Asian companies. Especially after the People's Republic joined the World Trade Organization (WTO) in 2001, this inflow experienced a remarkable upswing: China became the "workbench of the world" and the largest export nation. Export earnings have been the main driver of the country's impressive development since 1980. The figures shown here describe this upswing in comparison with Germany, Japan and the United States for the period from 1980 to 2020, using some key data on the development of gross domestic product (GDP), direct investment inflows and foreign trade.

A direct consequence of this economic development has been a growing imbalance in America's bilateral trade relations. In the 1980s and 1990s, the

Figure 2

GDP of selected countries, relative to that of the United States (United States = 1)

based on data in constant 2017 international US dollars (purchasing power parity)



as of 30 November 2022
Source: World Bank, Indicator: NY.GDP.MKTP.PP.KD

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United States' high trade deficit with East Asia had already triggered tensions in the relationship with its ally Japan; over the last two decades, it has strained relations between the United States and China. This is because a considerable portion of Chinese exports have flowed into America's seemingly insatiable consumer market. It was not least American companies such as Apple and Walmart that were responsible for these shifts in trade flows.

This development was made possible by China's deft management of the national economy under party leader Deng Xiaoping (until his death in 1997) and Prime Minister Zhou Rongji (1998–2003).[3] The country also benefited from the Western deregulation and liberalisation strategies of the 1980s and 1990s, which opened up great sales opportunities for Chinese exporters in the industrial centres of America, Europe and East Asia, as well as worldwide, and at the same time brought huge capital flows to China. This brought growth, technology transfer and new jobs to the country, as well as drastically increased tax revenues.

Economic growth and industrial modernisation allowed the People's Republic to massively upgrade its armed forces. This was the last of the "four modernisations" proclaimed by Deng Xiaoping. The figure and table on page 44 (Annex) illustrate the growth and future prospects of China's military power in an international comparison.

China pushed for the modernisation of its army after witnessing the "revolution of military affairs" introduce new technologies, which had enabled the United States to quickly defeat Iraq in the 1991 Gulf War and Serbia in the 1999 Kosovo conflict.[4] The People's Republic initially imported weapons systems from Russia, but then increasingly developed its own arms. The "reverse engineering" of imported technology as well as espionage enabled this transition.

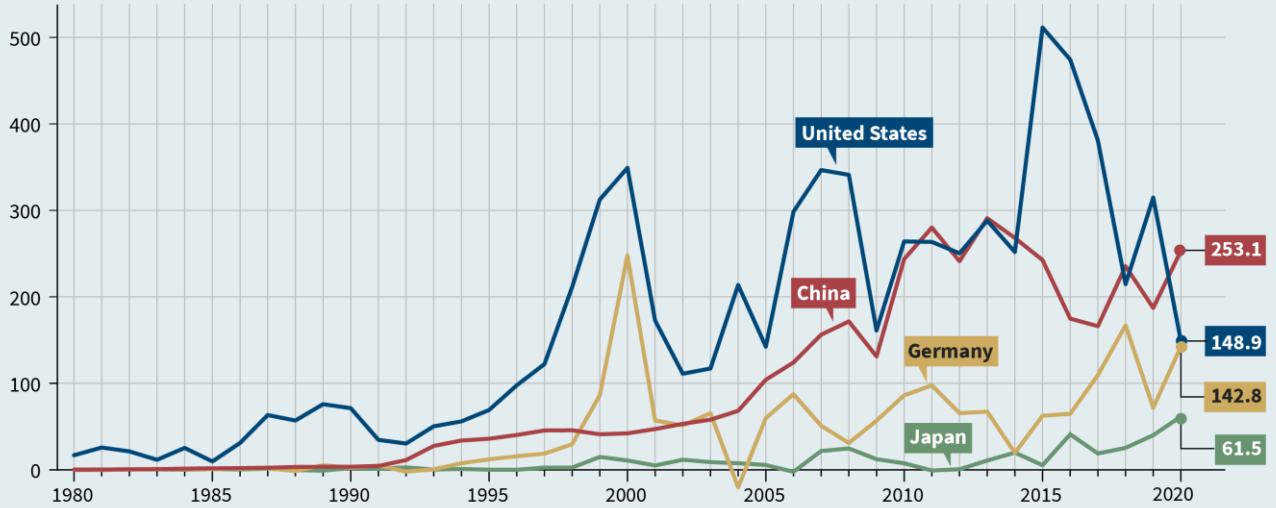
3 François Chimits, Jacob Gunter, Sebastian Gregor and Max J. Zenglein, *Is This Time Different? The Structural Economic Reform Challenges for Xi's Third Term* (Berlin: Mercator Institute for China Studies [MERICS], 2022).

4 Sophie-Charlotte Brune, Sascha Lange and Janka Oertel, *Military Trends in China. Modernising and Internationalising the People's Liberation Army*, SWP Research Paper 1/2010 (Berlin: Stiftung Wissenschaft und Politik, February 2010), https://www.swp-berlin.org/en/publication/military-trends-in-china (accessed 16 March 2023).

Figure 3

Foreign direct investment capital inflows

in billions of US dollars at current prices



Source: World Bank, Indicator: BX.KLT.DINV.CD.WD

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China focussed its defence industry above all on shifting the strategic balance of power in East Asia in its favour. This strategy has affected US forces stationed in the region and its naval forces operating in the Western Pacific within the "Second Island Chain" (see map on pp. 14—15). Missiles have played an important role, including the long-range and accurate DF-21D ballistic missiles, which pose a direct threat to American aircraft carriers.[5]

Structural causes of bilateral tensions

Against the background of the power shifts outlined above, we identify three structural factors that caused the bilateral relationship between America and China to deteriorate in the last decade.[6] The first factor is the imbalance in trade relations and, related to this, in capital flows between the two economies. The second is the intensifying competition for dominance in East Asia and the Indo-Pacific.[7] Beijing's increasingly assertive — in both tone and substance — foreign policy since around 2010 not only in the South China Sea, but the entire East Asia region, has been key.[8] The opposition of the Chinese leadership to the West and the critical reassessment of China's intentions by Washington's foreign policy establishment reflect the third factor: the systemic antagonism between the liberal-democratic United States and the Leninist one-party state of China.

The end of the Soviet Union strengthened the Chinese Communist Party's (CCP) concern that the West wanted to undermine the People's Republic and

5 Missile Threat. CSIS Missile Defense Project, "*Missiles of the World*, DF-21 (CSS-5)" (Washington, D.C.: Center for Strategic and International Studies [CSIS]), https://missilethreat.csis.org/missile/df-21/ (accessed 26 August 2022).

6 Heribert Dieter, *Die ungewisse Zukunft der deutsch-chinesischen Beziehungen. Pekings Autarkiestreben und seine aggressive Außenpolitik machen eine Kurskorrektur in Berlin erforderlich*, SWP-Studie 23/2021 (Berlin: Stiftung Wissenschaft und Politik, December 2021), doi: 10.18449/2021S23v02.

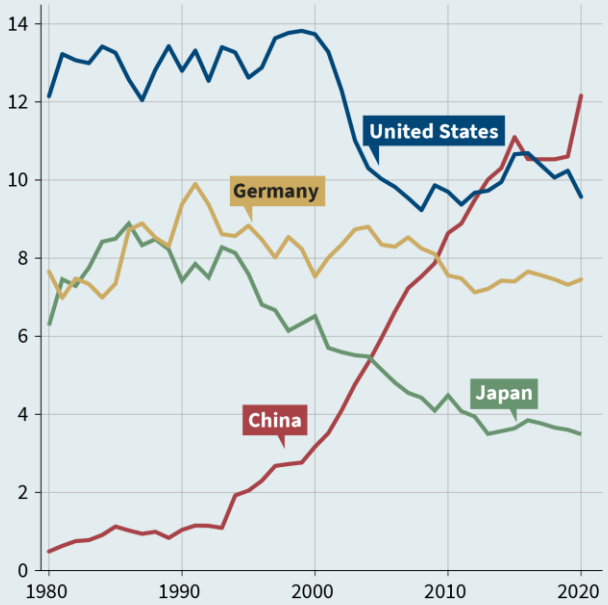
7 See Felix Heiduk and Gudrun Wacker, eds., *From Asia-Pacific to Indo-Pacific. Significance, Implementation and Challenges*, SWP Research Paper 9/2020 (Berlin: Stiftung Wissenschaft und Politik, May 2020), doi: 10.18449/2020RP09.

8 Jack Thompson, "China, the US, and World Order", in *Strategic Trends 2020. Key Developments in Global Affairs*, ed. Center for Security Studies (CSS) (Zurich: Swiss Federal Institute of Technology Zurich, 2020), 11—30, https://css.ethz.ch/content/dam/ethz/special-interest/gess/cis/center-for-securities-studies/pdfs/ST2020.pdf (accessed 29 August 2020).

Figure 4

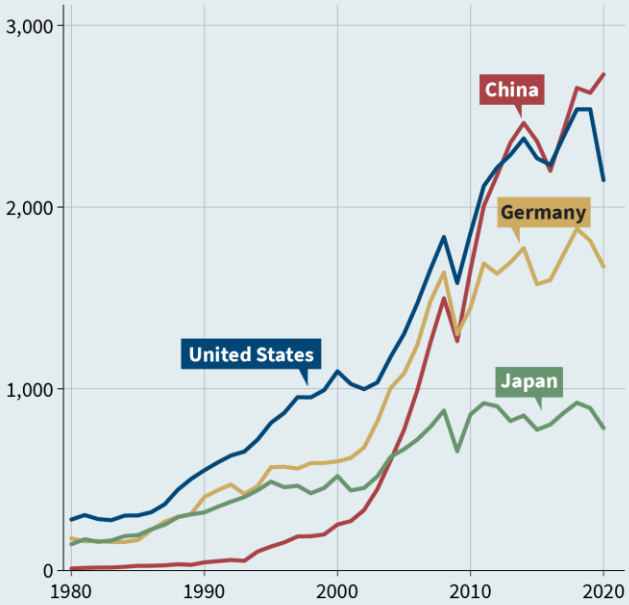
Exports of goods, selected countries

Share of world exports in per cent



Source: World Bank, Indicator: NE.EXP.GNFS.CD

in billions of US dollars at current prices



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destroy the existing political order. At the same time, Beijing saw the global financial crisis of 2008/2009 as evidence of an existential crisis of the Western system and the inevitable decline of the United States as a world power.[9] In the United States, on the other hand, a new view of China prevailed in the second half of the last decade. According to this view, the country was a strategic adversary of America, and hopes that China would peacefully democratise and liberalise as a result of growing prosperity and closer ties with the West were now deemed naive.[10]

These three structural factors make the bilateral relationship highly conflictual. In contrast, there is a fourth factor that points in the direction of cooperation: the mutual vulnerabilities that result from the highly connected and interdependent nature of both countries' relations with each other and the world. Unlike during the Cold War, when economic exchange between the two blocs was very limited, America's and China's economies are so closely linked that the neologism "Chimerica" has been coined to describe their interdependence.[11] An abrupt and complete end to this "codependency",[12] which C. Fred Bergsten once described as the economic equivalent of a nuclear stalemate, would have catastrophic consequences for the two countries and the global economy.[13] Nevertheless, in recent years Washington and Beijing have been trying to reduce the dependencies and vulnerabilities that result from the economic ties. The buzz-

9 Jisi Wang, "The Plot against China? How Beijing Sees the New Washington Consensus", *Foreign Affairs* 100, no. 4 (2021): 48—57.

10 Kurt M. Campbell and Ely Ratner, "The China Reckoning. How Beijing Defied American Expectations", *Foreign Affairs* 97, no. 2 (2018): 90—100.

11 Niall Ferguson and Moritz Schularick, "Chimerica and Global Asset Markets" (Berlin, 2007), https://www.jfki.fu-berlin.de/faculty/economics/persons/schularick/chimerica.pdf (accessed 17 February 2022).

12 Stephen Roach, *Unbalanced: The Codependency of America and China* (New Haven, CT, and London: Yale University Press, 2014).

13 C. Fred Bergsten, *America in the World Economy. A Strategy for the 1990s* (Washington, D.C.: Peterson Institute for International Economics [PIIE], 1988); Ian Bremmer, "Welcome to the New World Disorder", *Foreign Policy*, 14 May 2012, https://foreignpolicy.com/2012/05/14/welcome-to-the-new-world-disorder/ (accessed 19 January 2023).

words here are "dual circulation"[14] and "supply chain resilience".[15]

In another form of existential interdependence, both sides now have nuclear deterrence capability. As China builds up its nuclear forces, the two countries approach a balance of terror — as existed between the United States and the Soviet Union during the Cold War.[16] It would be prudent for Washington and Beijing to moderate their hostile behaviour and push for limited forms of cooperation such as arms control to minimise the likelihood of nuclear war.

America and China are also highly vulnerable to global risks such as climate change and the proliferation of weapons of mass destruction. Such risks can only be effectively mitigated through broad international cooperation, for which collaboration between America and China is not a sufficient, but nevertheless a necessary condition. Both states thus depend on a functioning international order. However, this insight is all too easily overshadowed by the tendency toward conflict in the bilateral relationship.

Differences and similarities in a complicated relationship

Although it is commonplace to note that domestic and foreign policy cannot be viewed in isolation from one another, this insight is not taken seriously enough. Any analysis of a bilateral relationship should take into account the respective domestic political conditions. The above-mentioned structural conditions define the (normative as well as material) divergences and commonalities of interests between America and China; domestic factors influence how the resulting tensions are dealt with.

Domestic determinants of foreign policy include the political institutions and decision-making processes; the motivations, personality and struggle for influence of key actors; as well as the respective foreign policy identity, which in turn is shaped by the history, culture and political order of a country. The tensions between America and China, which increasingly impact world politics as a whole, cannot be adequately understood without looking at the respective guiding foreign policy concepts and their historical, cultural and social roots.[17]

Both the United States and China claim the role of world power for themselves alone, which is why they are caught up in a dangerous rivalry.

In order to assess the future prospects of this complicated relationship, a comparative perspective is useful. Besides the obvious differences in domestic political systems, there are less obvious but equally important similarities and parallels. To illustrate this with an example: A crucial dimension of the conflicts between China and the United States concerns the different governance models, which imply a "systemic rivalry", that is, a competition between two opposing political systems. But this would not even come into play if both sides were not equally convinced of being (or in China's case wanting to become) a world power.

At the same time, both the United States and China actually claim such a role as a world power — at least in the future — for themselves alone, which is why they are caught up in a dangerous rivalry. As long as neither of the two states is willing to share this position, the self-image and sense of mission of the two lead to a fundamental struggle for supremacy in global politics, which a priori have nothing to do with the different political systems. Even a democratic China (or an authoritarian-populist America) would be an-

14 Hanns-Günther Hilpert and Angela Stanzel, *China – Winning the Pandemic… for Now. The People's Republic Is Exuding Strength, But Can They Keep It Up?* SWP Comment 1/2021 (Berlin: Stiftung Wissenschaft und Politik, December 2020), doi: 10.18449/2021C01.

15 Bettina Rudloff, *Wirtschaftliche Resilienz: Kompass oder Catchword? Welche Fallstricke und Folgeeffekte die EU im Krisenmanagement beachten muss*, SWP Studie 1/2022 (Berlin: Stiftung Wissenschaft und Politik, February 2022), doi: 10.18449/2022S01; Department of Homeland Security/Federal Emergency Agency, "Supply Side Resilience Guide" (2019), https://www.fema.gov/sites/default/files/2020-07/supply-chain-resilience-guide.pdf (accessed 28 February 2022).

16 Kathrin Hille, "US and China Are Not Ready to Talk about Nuclear Arms Controls. China Wants to Tackle Growing Risk of Nuclear Conflict but Is Reluctant to Curb Its Nuclear Weapons Programme", *Financial Times* (online), 12 January 2022, https://www.ft.com/content/c591d7e1-00f0-44d2-98f9-49f2574d2c37 (accessed 28 February 2022).

17 On identities and their translation into foreign policy "role concepts", see Sebastian Harnisch, Cornelia Frank and Hanns W. Maull, eds., *Role Theory in International Relations. Approaches and Analyses* (Abingdon: Routledge, 2011).

tagonistic to the other side.[18] The conflict over status has an offensive and a defensive side. The claim of being a world power is accompanied by the fear that the rival wants to undermine this position. In the discourses within society, such ideas of threat can be exaggerated to the point of paranoia by the respective government in order to mobilise support for its own foreign and security policy agenda.

Examples of such portrayals of the enemy can be found in the discourses between government and society in America as well as in China. How these discourses play out, how pluralistic they are and what effect they have, however, depend on the characteristics of the respective political system. In the case of China, mass communication consists of centrally controlled propaganda that reflects the party position. In the United States, pluralism and diversity of opinion exist, although changes in the media landscape make nuanced and fact-based discussions about China more difficult. Social media in particular contribute to this with their bias toward emotion and lack of moderation.

The respective foreign policy identities thus shape bilateral relations, which in turn consist of the interplay between two foreign policies.[19] In the case of both America and China, the focus is on a historically based exceptionalism — that is, the assumption that one's own history is unique, thereby implying a higher moral purpose, both for the present and the future.

Foreign policy is domestic policy in several respects. First, foreign policy decisions are also the result of domestic negotiating processes; they reflect the rules and procedures of the respective governments and political systems. Second, foreign policy depends on domestic political support in order to mobilise the necessary financial, human and ideational resources. Finally, foreign policy can be instrumentalised to justify a government's or political elite's hold on power. It then becomes a tool to settle domestic political disputes. The extreme case of activating society for foreign and security policy aims is war; it takes massive and emotionally charged mobilisation to get people to risk their own lives and those of many others. Nationalist and other ideological arguments as well as the corresponding conceptions about the enemy have historically played an important role. In the US-Chinese relationship, too, there are negative stereotypes and emotional nationalism at play on both sides.

Finally, since the end of the 2000s, domestic political changes have taken place in both the United States and China, the significance of which goes far beyond the changing of individuals, political parties or elite factions. In the United States, society is increasingly polarised. The roots of this can be traced all the way to the founding of the United States — to that "peculiar institution" of the slave economy. The process of coming to terms with this past is slow and leads to new controversies. Partisan polarisation began in the 1970s and accelerated when, with the end of the Cold War, the external threat that had held internal divisions in check vanished. Today, ideological attitudes largely correspond with party loyalties and are increasingly central to an individual's identity. American political institutions depend on compromise, so this type of ideological fragmentation, economic and social inequality, and the erosion of democratic norms are eroding the cohesion and capacity to act for a common purpose.[20]

In the People's Republic of China, social change in the wake of rapid economic development caused inequality to intensify massively. There was considerable economic and social turmoil, to which the party seemed to have no convincing solutions.[21] Under CCP leaders Jiang Zemin and Hu Jintao, a "crisis of governance" emerged at the beginning of the century. In this situation, the party decided to grant extensive powers to the new leader. Power was to be concentrated at the top of the hierarchy in order to increase the party's capacity to act.[22] This transformed the order within the framework of the one-party state, but it has not yet led to a solution for the internal challenges facing the CCP.[23]

18 Reinhard Wolf, "Auf Kollisionskurs. Warum es zur amerikanisch-chinesischen Konfrontation kommen muss", *Zeitschrift für Politik* 59, no. 4 (2012): 392—408.

19 Gilbert Rozman, "The Sino-U.S. National Identity Gap, Australia, and the Formation of an Asia-Pacific Community", *Asian Survey* 54, no. 2 (2014): 343—66.

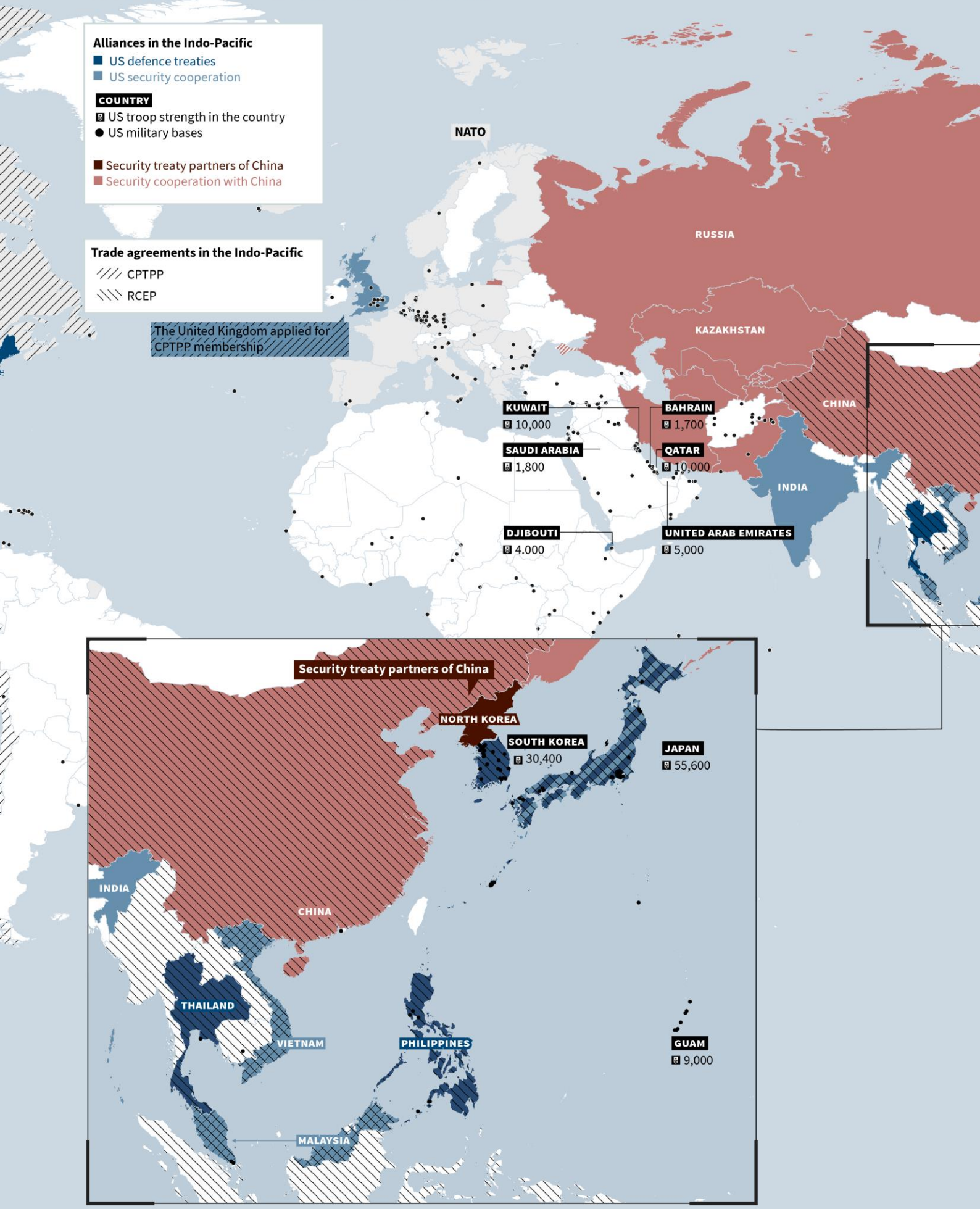
20 Jacob S. Hacker and Paul Pierson, *Winner-Take-All Politics. How Washington Made the Rich Richer – and Turned Its Back on the Middle Class* (New York, NY et al.: Simon & Schuster, 2010).

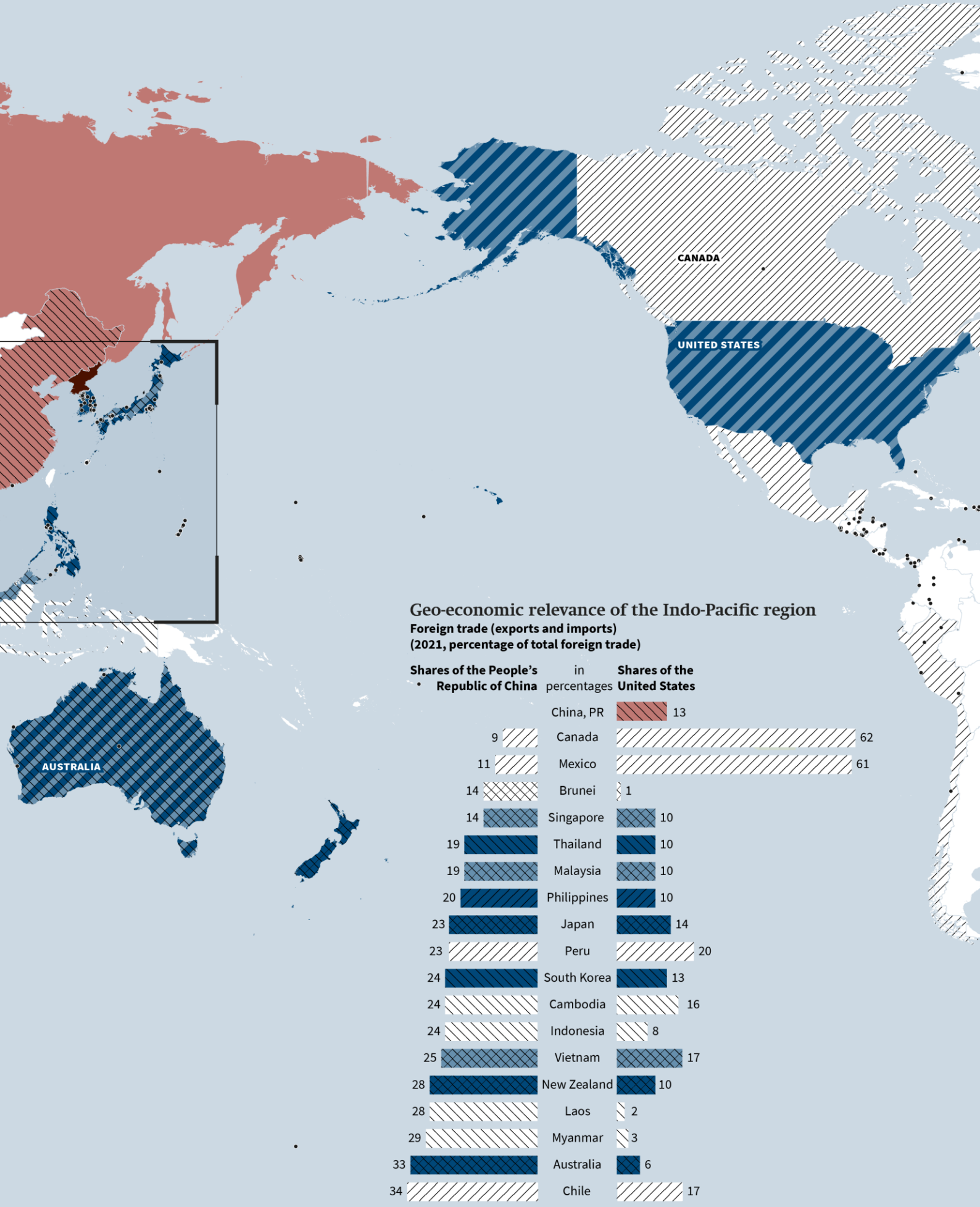
21 Matthew C. Klein and Michael Pettis, *Trade Wars Are Class Wars. How Rising Inequality Distorts the Global Economy and Threatens International Peace* (New Haven, CT: Yale University Press, 2020).

22 Richard McGregor, *Xi Jinping: The Backlash* (Sydney: Lowy Institute, 2019).

23 See the analyses of the Policy Institute of the Asia Society and the Rhodium Group: *The China Dashboard*, available at https://chinadashboard.gist.asiasociety.org/winter-2021/page/overview (accessed 28 February 2022), and Chimits et al., *Is This Time Different?* (see note 3).

The United States and its allies in the Indo-Pacific




CANADA
UNITED STATES
AUSTRALIA
Geo-economic relevance of the Indo-Pacific region
Foreign trade (exports and imports)
(2021, percentage of total foreign trade)
Shares of the People's Republic of China
in percentages
Shares of the United States
China, PR 13
9 Canada 62
11 Mexico 61
14 Brunei 1
14 Singapore 10
19 Thailand 10
19 Malaysia 10
20 Philippines 10
23 Japan 14
23 Peru 20
24 South Korea 13
24 Cambodia 16
24 Indonesia 8
25 Vietnam 17
28 New Zealand 10
28 Laos 2
29 Myanmar 3
33 Australia 6
34 Chile 17

Stages in the deterioration of relations

Under President Barack Obama, Washington initially tried to improve relations with Beijing by addressing areas of tension. These included the American trade deficit with China, Chinese cyber-espionage operations and Beijing's activities in the South China Sea. The goal was to deepen cooperation with the People's Republic wherever possible. The first summit meeting between Obama and leader Xi Jinping in June 2013 in Sunnylands, California — an informal encounter in a relaxed atmosphere — seemed promising. Optimists expected a fundamental turnaround in bilateral relations and compared the meeting to that of Nixon and Mao in 1977.[24] The two presidents agreed to develop "a new type of great-power relationship" on an equal footing.

One goal of the summit was to reduce the "strategic distrust"[25] between the two powers and to build trust. To achieve this, both sides agreed to practice self-restraint with respect to cyber espionage activities and jointly support a corresponding initiative of the United Nations (UN). Both agreements were concluded during Xi's first official state visit to Washington in September 2015.[26] China then held back on cyber espionage activities in the United States for about 18 months, after which the United States noticed another even more intense and systematic wave of attacks.[27] The Chinese, in turn, criticised cyber attacks by the United States — for example on the telecommunications company Huawei — as not being conducive to creating trust.

China's activities in the South China Sea were another reason for the Obama administration's growing disappointment. In September 2013, the People's Republic began to extensively claim land on islands and reefs. By mid-2015, the area of these uninhabited entities had been expanded by around 800 hectares — more than the total area of similar measures by all other littoral states combined. The artificial islands were then — contrary to Xi's personal promises to Obama — enhanced with civilian and military infrastructure[28] to reinforce China's claim to large parts of the entire South China Sea, a claim that is not supported by international law.

From China's perspective, these activities constituted the exercising of its sovereign rights in the South China Sea, which it regarded as part of its maritime territory. At the same time, Beijing saw them as legitimate countermeasures against a US strategy that — according to Chinese understanding — aimed to prevent the People's Republic from becoming a world power. According to this strategy, the country was to be systematically contained and constricted by the American military presence in the region and a network of military alliances.[29]

The US government considered Beijing's militarisation of the South China Sea to be a breach of trust. In response, it adjusted its Asia-Pacific policy.[30] Central elements of this "pivot to Asia" were the strengthening of the American military presence in the Pacific, intensifying military and diplomatic cooperation with regional allies — including Japan, Australia and India — and negotiating an ambitious free trade project, the Trans-Pacific Partnership (TPP). In addition, since October 2015, the United States has repeatedly sent warships on "freedom of navigation" operations (FONOPs) to the South China Sea. The government in Beijing has viewed these operations as acts of military aggression. The change of course in the US Asia-Pacific policy confirmed fears that Washington was pursuing an encirclement strategy against China.

The reorientation of US policy towards China, which President Obama had initiated against the backdrop of "strategic distrust", continued under his successor, Donald Trump. This further added to the tensions between the two states. The escalation resulted from geopolitical competition throughout the Indo-Pacific region, bilateral trade and economic relations, and Chinese human rights violations and

24 Dong Wang, "The Xi-Obama Moment. A Post-Summit Assessment" (Seattle, 21 October 2013), https://www.nbr.org/publication/the-xi-obama-moment-a-post-summit-assessment (accessed 2 November 2021).

25 Lieberthal and Jisi, "Addressing U.S.-China Strategic Distrust" (see note 1).

26 Nicole Perlroth, *This Is How They Tell Me the World Ends: The Cyber-Weapons Arms Race* (New York, NY et al.: Bloomsbury Publishing, 2020).

27 Ibid., 282.

28 Douglas H. Paal, "Obama Tests China's Xi on South China Sea" (Washington, D.C.: Carnegie Endowment for International Peace, 30 June 2016), https://carnegieendowment.org/2016/03/30/obama-tests-china-s-xi-on-south-china-sea-pub-63177 (accessed 13 December 2022).

29 On the Chinese perspective on the conflict in the South China Sea, see, e.g., Fu Ying and Wu Shicun, "South China Sea: How We Got to This Stage", *The National Interest,* 9 May 2016, https://nationalinterest.org/feature/south-china-sea-how-we-got-stage-16118 (accessed 19 January 2023).

30 Kurt M. Campbell, *The Pivot. The Future of American Statecraft in Asia* (New York, NY: Twelve, 2016), 197—207, passim.

cyber attacks. However, the Trump administration withdrew from multilateral projects such as TPP to contain China; instead, it relied on unilateral measures. It increased the number of FONOPs and imposed a wide range of economic sanctions on China. The Trump administration's actions and negotiations were focussed on the bilateral trade deficit with China, but instead of forging coalitions against Beijing, they also targeted allies.[31] Moreover, Washington initiated an ideological campaign against China claiming that "[t]he free world must triumph over this tyranny".[32]

President Joe Biden's China policy also saw the People's Republic primarily as a strategic rival.[33] The new administration adopted from its predecessor the sceptical assessment of China and its foreign policy goals, but unlike the unilateralist Trump administration, it relied on cooperation with allies. In areas such as climate or non-proliferation policy, where Washington and Beijing pursued similar — or at least compatible — goals, it showed a willingness to cooperate.[34] With the declarations adopted by the Group of Seven (G7) summit and the North Atlantic Treaty Organization (NATO) in spring 2022, efforts to find common positions between the US and its allies vis-à-vis China bore fruit.[35]

As viewed from China, the different approaches of recent US administrations were only variations on a single theme: the goal of undermining the CCP's claim to power.

31 T. J. Pempel, "Right Target; Wrong Tactics. The Trump Administration Upends East Asian Order", *The Pacific Review* (2019), 1—23; Ashley J. Tellis, "U.S.-China Competition for Global Influence", in *Strategic Asia 2020*, 3—43, https://www.nbr.org/publication/the-return-of-u-s-china-strategic-competition/ (accessed 19 January 2023); Peter Rudolf, "The Sino-American World Conflict", in *Strategic Rivalry between United States and China. Causes, Trajectories, and Implications for Europe*, ed. Barbara Lippert and Volker Perthes, SWP Research Paper 4/2020 (Berlin: Stiftung Wissenschaft und Politik, April 2020), 9ff., doi: 10.18449/2020RP04; Peter Rudolf, *Kollektive Gegenmachtbildung – US-Chinapolitik unter Präsident Biden*, SWP-Aktuell 2/2022 (Berlin: Stiftung Wissenschaft und Politik, January 2022), doi: 10.18449/2022A02.

32 Michael R. Pompeo, "Communist China and the Free World's Future. Address by Secretary of State Michael R. Pompeo at the Nixon Library" (Yorba Linda, 29 July 2020), https://www.nixonfoundation.org/2020/07/event-recap-secretary-pompeo-nixon-library-2/ (accessed 19 January 2023).

33 See the keynote address by Secretary of State Antony Blinken on 26 May 2022 at George Washington University: Antony J. Blinken, "The Administration's Approach to the People's Republic of China", https://www.state.gov/the-administrations-approach-to-the-peoples-republic-of-china/ (accessed 19 January 2023).

34 Ashley J. Tellis, ed., *Strategic Asia 2020*, Strategic Asia (Seattle, WA: National Bureau for Asian Research, 2020); Keith Crane et al., *Modernizing China's Military. Opportunities and Constraints* (Santa Barbara, CA: RAND Corporation, 2005), https://www.rand.org/content/dam/rand/pubs/monographs/2005/RAND_MG260-1.pdf (accessed 15 July 2022).

35 The Leaders of the Group of Seven (G7), *G7 Leaders' Communiqué* (Elmau, 28 June 2022), https://bit.ly/3Nllnej (accessed 17 March 2023); *NATO 2022 Strategic Concept*, adopted by Heads of State and Government at the NATO Summit in Madrid, 29 June 2022, https://www.nato.int/strategic-concept/index.html (accessed 19 January 2023).

US policy towards China

The United States' foreign policy identity: Not giving up on American primacy

In the United States, the rise of China is seen as a fundamental challenge to the world order and America's position as the dominant power. This perception is the result of a historically grown understanding of America's role as a global leader that is anchored in the national discourse and widespread among foreign policy elites.[36] According to this view, the country is the guarantor of the "rules-based order", or the "liberal international order", which is not only beneficial for the US, but for the world as a whole.[37] In this discourse, American interests and universalist goals often are not clearly distinguished.

This understanding of the United States' role in the world is based on a specific national identity, referred to as "American exceptionalism", whose roots can be traced to the era before US independence.[38] The founding myth of the United States as a republic founded through rebellion against repression and based on liberal values has led to a sense of a historical mission. After the Second World War, Washington created a multilateral system of international organisations and rules that reflected American priorities and stabilised international politics. Despite the conflict with the Soviet Union involving numerous proxy wars in the Global South, the model proved successful from the US perspective, and after the end of the Soviet Union, the United States saw no reason to question the concept of hegemonic stability.

Based on this exceptionalist identity and the success of the Pax Americana, the United States also justifies its status as an Asian-Pacific hegemon whose alliances serve to maintain the balance of power in Asia. This role as a security provider for its allies — explicitly for Japan and South Korea, somewhat less explicitly ("strategic ambiguity") for Taiwan — is largely undisputed in the United States and is also welcomed by the governments of the respective partner states.

President Trump broke radically with the traditional liberal-internationalist approach. His election was a symptom of the declining consensus on a foreign policy of liberal hegemony and his presidency an accelerator of the crisis of American leadership. Nevertheless, those voices in the country's establishment that argue that the United States should give up its claim to leadership remain in the minority.

Perception of China in the United States

In recent years, elites and the broader public in the United States have come to believe that China poses a threat to American interests and national security. The approach of hoping for a liberalisation of the Chinese system by forging close economic relations is seen as a failure — indeed, it is said to have enabled China to catch up with the United States.

The foreign policy elites

There is now a consensus in the US Congress that this threat can only be countered with economic and military strength.[39] Both Republicans and Democrats are

36 Joseph R. Biden, "Why America Must Lead Again. Rescuing U.S. Foreign Policy after Trump", *Foreign Affairs* 99, no. 2 (2020): 64—76. See also The White House, *National Security Strategy* (October 2022), 7, https://www.whitehouse.gov/wp-content/uploads/2022/10/Biden-Harris-Administrations-National-Security-Strategy-10.2022.pdf (accessed 19 January 2023).

37 See Alexander Cooley and Daniel Nexon, *Exit from Hegemony. The Unravelling of the American Global Order* (New York, NY: Oxford University Press, 2020), 18ff. Cooley and Nexon point to the link between the theory of hegemonic stability in the academic context and political conceptions of American leadership.

38 Hilde Eliassen Restad, *American Exceptionalism. An Idea That Made a Nation and Remade the World* (London: Routledge, 2015).

39 Christopher M. Tuttle, "Foreign Policy Bipartisanship's Mixed Blessings", *Council on Foreign Relations* (blog), 31 May

taking an increasingly confrontational stance towards China. Neither party wants to be accused of weakness.[40]

In the summer of 2022, a number of Republican members of Congress supported the controversial Taiwan visit by Democrat Nancy Pelosi, then Speaker of the House of Representatives.[41] The new Republican House speaker Kevin McCarthy, together with a bipartisan group of lawmakers, met with Taiwan's President Tsai Ing-wen in the United States in April 2023. Bipartisan majorities were again obtained for the CHIPS and Science Act — a bill to make the United States more competitive with China in the high-tech sector, among other things by subsidising semiconductor manufacturers.[42]

China as a rival and a threat – this narrative is increasingly gaining ground in the US strategic community.

Biden's advisors share the perception of China being the greatest geopolitical challenge in the medium term.[43] The current US administration's National Security Strategy states that the People's Republic is "the only competitor with both the intent to reshape the international order and, increasingly, the economic, diplomatic, military, and technological power to advance that objective".[44] Secretary of State Antony Blinken calls China the most serious long-term challenge to the international order.[45]

The government's position is part of the broader discourse of Washington's foreign policy elites. In the strategic community of think tanks and policy institutes, the narrative of China as a rival and a threat is becoming increasingly prevalent, despite a wide variety of voices still found in academia.[46]

The analyses of conservative or Republican-affiliated think tanks (such as the American Enterprise Institute and the Heritage Foundation) differ from those that lean towards the Democrats (such as the Center for a New American Security and the Center for American Progress) perhaps in tone, but hardly in substance. The Brookings Institution, the Council on Foreign Relations and the RAND Corporation, which consider themselves non-partisan, also operate within this China policy mainstream.

Only the libertarian Cato Institute and the relatively new Quincy Institute for Responsible Statecraft take a fundamentally different view. The authors of Cato emphasise the positive effects of free trade with China for the American economy. The Quincy Institute's (QI) criticism of the prevailing approach is somewhat broader and more general. The Institute's East Asia Program page states:

> "China presents a challenge to U.S. interests in some important areas and an opportunity for cooperation in others — particularly in addressing climate chaos. QI opposes Washington's tendency to inflate the threat of a rising China. Rather than futilely seeking to sustain military dominance in East Asia, QI develops concepts and pathways for the U.S. to pursue a stable balance of power in the region, based in deeper diplomatic and economic engagement."[47]

The Quincy Institute is funded by donors and foundations from a broad political spectrum that includes

2022, https://www.cfr.org/blog/foreign-policy-bipartisanships-mixed-blessings (accessed 17 June 2022).

40 Phelim Kine, "'Tough on China' Gains Traction as Electoral Test", *Politico*, 10 February 2022, https://www.politico.com/newsletters/politico-china-watcher/2022/02/10/tough-on-china-gains-traction-as-electoral-test-00007570 (accessed 14 February 2022).

41 Jacob Knutson, "McConnell, 25 Senate Republicans Say They Support Pelosi's Taiwan Trip", *Axios* (online), 2 August 2022, https://www.axios.com/2022/08/02/pelosi-taiwan-trip-senate-republicans (accessed 19 September 2022).

42 On the CHIPS and Science Act, see below p. 26.

43 See, e.g., Rush Doshi, *The Long Game. China's Grand Strategy to Displace American Order* (New York, NY: Oxford University Press, 2021); Ely Ratner et al., "Rising to the China Challenge. Renewing American Competitiveness in the Indo-Pacific", 28 January 2020, https://www.cnas.org/publications/reports/rising-to-the-china-challenge (accessed 19 September 2022); Melanie Hart and Kelly Magsamen, "Limit, Leverage, and Compete: A New Strategy on China", 3 April 2019, https://www.americanprogress.org/article/limit-leverage-compete-new-strategy-china/ (accessed 19 September 2022).

44 The White House, *National Security Strategy* (see note 36), 8.

45 Blinken, "The Administration's Approach to the People's Republic of China" (see note 33).

46 See Marco Overhaus, Peter Rudolf and Laura von Daniels, "American Perceptions of China", in *Strategic Rivalry between United States and China*, ed. Lippert and Perthes (see note 31), 16—19.

47 Quincy Institute for Responsible Statecraft, "East Asia", https://quincyinst.org/category/east-asia/ (accessed 19 January 2023).

the conservative-libertarian Charles Koch Foundation as well as the left-liberal Open Society Foundations.[48]

The American public

The US public now also regards China as a security challenge. Between February 2020 and February 2021, the number of US citizens who perceived China as the "greatest enemy" of the United States doubled from 22 per cent to 45 per cent, according to Gallup polls.[49] Sixty-three per cent viewed the economic power of the People's Republic as a critical threat — an increase of 17 percentage points within two years. According to a 2020 survey by the Chicago Council on Global Affairs, 55 per cent considered China to be a "critical" threat, and another 40 per cent an "important but not critical" threat. Among both elites and the broader public, threat perceptions are higher among Republicans than Democrats, and highest among Republican leaders.[50]

Two narratives in particular have contributed to the deterioration of China's image among the US public. The first is based on the perception that the country's economic rise has come at the expense of American jobs. Many blame China for the decline of jobs in the United States, especially in manufacturing, as a result of the relocation of production to Asia.[51] Indeed, traditional criticism of free trade from the left is converging with a new populism that Donald Trump has introduced to the Republican platform. His criticism of China for exploiting the United States was a major factor in Trump's election in 2016.

The second narrative holds Beijing responsible for the Covid-19 pandemic. As the country of origin of the novel Corona virus, China's handling of the epidemic lacked transparency, especially in the first weeks after the outbreak, making it difficult to effectively combat the spread of the virus. During the 2020 presidential election campaign, Trump blamed Covid-19 solely on China, not least to distract from his incompetent pandemic management.[52] As a result of the president's constant attacks, which consistently referred to the "Chinese virus", the number of racist incidents against members of Asian minorities skyrocketed in the United States.[53] As a consequence, successive Secretary of State Antony Blinken felt obligated to condemn racist anti-Asian attacks in his May 2022 policy address on China.[54]

Organised interests: The private sector

Large parts of the US private sector do not want to give up their profitable business with China. After the Trump years, they hoped for a normalisation of trade relations.[55] Yet, every company operating in China is forced to adapt to the conditions there. For Apple, currently the world's most valuable company, China is both an important production site and a lucrative

48 Beverly Gage, "The Koch Foundation Is Trying to Reshape Foreign Policy. With Liberal Allies", *The New York Times* (online), 10 September 2019, https://www.nytimes.com/interactive/2019/09/10/magazine/charles-koch-foundation-education.html (accessed 20 September 2022).

49 Mohamed Younis, "New High in Perceptions of China as U.S.'s Greatest Enemy", *Gallup*, 16 March 2021, https://news.gallup.com/poll/337457/new-high-perceptions-china-greatest-enemy.aspx (accessed 11 March 2022).

50 Craig Kafura et al., *Divisions on US-China Policy: Opinion Leaders and the Public*, 1 February 2021, https://www.thechicagocouncil.org/research/public-opinion-survey/divisions-us-china-policy-opinion-leaders-and-public (accessed 16 June 2022).

51 Robert E. Scott and Zane Mokhiber, "Growing China Trade Deficit Cost 3.7 Million American Jobs between 2001 and 2018. Jobs Lost in Every U.S. State and Congressional District" (Washington, D.C.: Economic Policy Institute, 2020), https://www.epi.org/publication/growing-china-trade-deficits-costs-us-jobs/ (accessed 14 March 2022); Carl F. Bergsten, *The United States vs. China. The Quest for Global Economic Leadership* (Cambridge, UK/Medford, MA: Polity, 2022), 194—98. According to Ryan Hass, China's relative economic growth has been mainly at the expense of the EU and Japan, not the US. Ryan Hass, *Stronger. Adapting America's China Strategy in an Age of Competitive Interdependence* (New Haven, CT, and London: Yale University Press, 2021), 37—38.

52 Sascha Lohmann and Johannes Thimm, *Verletzliche Staaten von Amerika. Die Covid-19-Pandemie als Hypothek für die Zukunft*, SWP Studie 24/2020 (Berlin: Stiftung Wissenschaft und Politik, November 2020), doi: 10.18449/2020S24.

53 Jin Kai, "How Trump Fueled Anti-Asian Violence in America", *The Diplomat* (online), 8 June 2021, https://thediplomat.com/2021/06/how-trump-fueled-anti-asian-violence-in-america/ (accessed 19 January 2022); Eva Oer, "Anti-Asian Hatred in the US: No More Being a Victim", *taz* (online), 24 March 2022, https://taz.de/Antiasiatischer-Hass-in-den-USA/!5840396/ (accessed 31 March 2022).

54 Blinken, "The Administration's Approach to the People's Republic of China" (see note 33).

55 See, e.g., Maurice R. Greenberg, "We Want to Rebuild U.S. Relations with China", *The Wall Street Journal* (online), 7 July 2022, https://www.wsj.com/articles/we-want-to-rebuild-us-china-relations-trade-business-economic-growth-antony-blinken-foreign-policy-11657141306 (accessed 8 July 2022).

market. Apple stores the data of Chinese customers on servers in the country itself — where they are not safe from being accessed by the authorities — and implements Beijing's censorship requirements in its own App Store.[56] Time and again, the Chinese government has succeeded in preventing American companies from criticising it by threatening them with market exclusion.

Although most companies prefer trade with China to be as unrestricted as possible, certain sectors benefit from protectionist measures such as safeguard tariffs and domestic subsidies.[57] Import tariffs, for example, help the American steel industry, and semiconductor manufacturers can count on subsidies under the CHIPS and Science Act. Some US companies also use the argument of Chinese competition to fend off inconvenient regulations in the United States. The big American technology companies, which are increasingly being targeted by regulatory agencies and Congress because of their market power, are trying to avert antitrust measures by arguing that stricter regulations would harm their competition with China in achieving technological supremacy.[58]

The American perception of the conflict

The starting point for many American analyses is the assessment that the United States has been too lenient towards China in the last two decades.[59] In particular, the hope that China's integration into world trade would also lead to political liberalisation turned out to be misguided.[60] Instead, in this view, China has exploited the goodwill of the United States to develop its capabilities to challenge America.

In contrast to the Trump administration, the Biden administration recognises that coordination and cooperation with China are necessary to deal with transnational and global problems. Frequently mentioned policy areas are the battle against climate change, health policy, arms control and maintaining stability in international financial markets. Beyond these, however, the relationship between Washington and Beijing is increasingly marked by power competition.

The securitisation of competition

From the US perspective, competition with China has economic, military and technological dimensions that are closely linked. In economic relations, US criticism of China focusses on practices that distort competition. For example, the Chinese model of state capitalism allows its own companies — with tacit acceptance or active help from the state — to ignore intellectual property rights and acquire technological know-how through forced technology transfer or economic espionage.[61] In addition, state-owned enterprises are subsidised; by keeping prices low, they can force international competitors out of the market, as has happened in the photovoltaic sector.

Given Beijing's advances in economic development and military spending, technological superiority is becoming the central battleground in the arms race between America and China. Here, too, the People's Republic is catching up. The authors of an analysis for the Belfer Center for Science and International Affairs at Harvard University conclude that the era of American military primacy is irrevocably over.[62]

56 Jack Nicas and Daisuke Wakabayashi, "Inside Apple's Compromises in China: A Times Investigation", *The New York Times* (online), 17 May 2021, https://www.nytimes.com/2021/05/17/technology/apple-china-censorship-data.html (accessed 25 October 2022).

57 Janan Ganesh, "America's Political and Business Elites No Longer Agree on China", *Financial Times* (online), 19 October 2021, https://www.ft.com/content/77bb9c77-2e4b-4169-bfd6-615eeb95be23 (accessed 22 October 2021).

58 Kiran Stacey and Caitlin Gilbert, "Big Tech Increases Funding to US Foreign Policy Think-Tanks", *Financial Times* (online), 1 February 2022, https://www.ft.com/content/4e4ca1d2-2d80-4662-86d0-067a10aad50b (accessed 14 February 2022).

59 Kurt M. Campbell and Ely Ratner, "The China Reckoning. How Beijing Defied American Expectations", *Foreign Affairs* 97, no. 2 (2018): 90—100. For a countervailing critique, see Fareed Zakaria, "The New China Scare. Why America Shouldn't Panic about Its Latest Challenger", *Foreign Affairs* (January/February 2020), https://www.foreignaffairs.com/articles/china/2019-12-06/new-china-scare (accessed 19 January 2023).

60 Bob Davis, "Can Engagement with China Ever Work?", *Foreign Policy* (online), 24 April 2022, https://foreignpolicy.com/2022/04/24/china-review-engagement-economy/ (accessed 6 May 2022).

61 See a speech by the FBI Director: Christopher Wray, "Countering Threats Posed by the Chinese Government Inside the U.S.", 31 January 2022, https://www.fbi.gov/news/speeches/countering-threats-posed-by-the-chinese-government-inside-the-us-wray-013122 (accessed 27 September 2022).

62 See, e.g., Graham Allison and Jonah Glick-Unterman, *The Great Military Rivalry: China vs the U.S.* (Cambridge, MA: Belfer Center for Science and International Affairs, Decem-

Info box: American self-censorship in sport and entertainment

In 1996, two film studios drew the ire of the Chinese authorities. The films in question were *Kundun* and *Seven Years in Tibet*, both of which dealt with the life of the Dalai Lama. Since then, Hollywood has avoided topics that could irritate Beijing.[a] However, the example of the 2022 film *Top Gun: Maverick* shows that American studios increasingly have to take into account criticism at home of this kind of self-censorship. In the original 1986 film *Top Gun*, the pilot Maverick, played by Tom Cruise, wore a Taiwanese flag on his jacket. In the sequel, the flag was initially left out. After the Chinese company Tencent, which was originally involved, pulled out of financing the film, the flag was reinserted.[b]

Dealing with China is also an issue in sport. In 2019, a manager of the Houston Rockets basketball team voiced criticism of Beijing's actions in Hong Kong on Twitter. In reaction, the Chinese state broadcaster CCTV (China Central Television) stopped carrying National Basketball Association (NBA) games. The NBA estimated the resulting loss at 400 million US dollars. In 2021, basketball player Enes Kanter of the Boston Celtics attacked Xi Jinping's policies in Tibet on Twitter; he also wore shoes with slogans on topics such as Tibet, the Uyghurs and Taiwan for several games. Chinese providers suspended broadcasts of Celtics games, and Kanter received little playing time after that. NBA games resumed on Chinese television again in March 2022. The athletes hold back on criticism in order not to lose their contracts with sponsors.[c]

a Erich Schwartzel, "How Brad Pitt Got Banned — and Mickey Mouse Nearly Was — from China", *The Washington Post* (online), 27 March 2022, https://www.washingtonpost.com/history/2022/03/27/china-brad-pitt-disney-sony/ (accessed 25 October 2022).
b "A Tale of Two Top Guns", *The Journal* (Podcast of *Wall Street Journal*), 1 June 2022, https://www.wsj.com/podcasts/the-journal/a-tale-of-two-top-guns/83a9cc37-429f-4ff0-aaf9-8eab5d4b93e7 (accessed 25 October 2022).
c Mark Fainaru-Wada and Steve Fainaru, "NBA Owners, Mum on Troubled China Relationship, Have More Than $10 Billion Invested There", *ESPN* (online), 19 May 2022, https://www.espn.com/nba/story/_/id/33938932/nba-owners-mum-china-relationship-more-10-billion-invested-there (accessed 25 October 2022).

ber 2021), https://www.belfercenter.org/publication/great-military-rivalry-china-vs-us (accessed 4 February 2022).

In order to compete successfully, research on advanced technologies is central, as they are the foundation for a competitive economy as well as for military superiority. Important fields include the development of a high-speed mobile internet (5G), quantum computing, semiconductor production, artificial intelligence (AI), biotechnology and green energy.[63]
Universities and private research institutions are also increasingly caught up in the Sino-American conflict, as they are the main drivers of research and development. As part of the "China Initiative" introduced by the Trump administration to combat security threats from China, the Federal Bureau of Investigation (FBI) took criminal action against academics accused of concealing contacts with Chinese institutions. Academics of Chinese origin felt exposed to general suspicion. As a result, more and more of them are emigrating to China.[64] In response to unsuccessful indictments and accusations of discrimination, the Justice Department under President Biden tightened the requirements for initiating such criminal investigations. Nevertheless, the affected researchers suffer from this lack of certainty.[65]

Democracy vs autocracy

The antagonism between the United States as a democracy and authoritarian China, which seeks to control all aspects of its people's lives, has been elevated under the Biden administration and further clouded bilateral relations. Over the past decade, repression

63 Graham Allison, Kevin Klyman, Karina Barbesino and Hugo Yen, *The Great Tech Rivalry: China vs the U.S.* (Cambridge, MA: Belfer Center for Science and International Affairs, December 2021), https://www.belfercenter.org/publication/great-tech-rivalry-china-vs-us (accessed 4 February 2022).
64 Yu Xie et al., *Caught in the Crossfire: Fears of Chinese-American Scientists* (Asian American Scholar Forum, 21 September 2022), https://arxiv.org/pdf/2209.10642 (accessed 27 September 2022).
65 Sha Hua and Karen Hao, "U.S.-China Tensions Fuel Outflow of Chinese Scientists From U.S. Universities", *The Wall Street Journal* (online), 22 September 2022, https://www.wsj.com/articles/u-s-china-tensions-fuel-outflow-of-chinese-scientists-from-u-s-universities-11663866938 (accessed 27 September 2022); Aruna Viswanatha, "Justice Department Shifts Approach to Chinese National-Security Threats", *The Wall Street Journal* (online), 23 February 2022, https://www.wsj.com/articles/justice-department-shifts-approach-to-chinese-national-security-threats-11645646452 (accessed 27 September 2022).

against dissidents and minorities has increased sharply, while at the same time Beijing has disregarded Hong Kong's autonomy and centralised all decision-making power in the person of Xi Jinping. These tendencies fuel the American view that conflict with China is not just a classic great power rivalry, but a struggle between systems.[66] The fact that Beijing has so far refused to condemn Russia's war of aggression against Ukraine further confirms this impression.

Whereas President Trump largely ignored the human rights situation in China,[67] the Biden administration has sharply criticised the corresponding conditions. Government officials such as Secretary of State Blinken have called the treatment of the Uyghurs "cultural genocide".[68] Biden initially committed to making the defence of democracy worldwide against authoritarian tendencies a cornerstone of his foreign policy — as the Summit for Democracy held in December 2021 made clear.[69] In the meantime, the administration has clarified in the National Security Strategy that the United States will also cooperate with non-democratic countries if they are interested in a stable rules-based order.[70]

Conditions for the acceptance of China's rise

One question that remains unanswered in the American discourse is whether there are conditions under which Washington would be prepared to accept China catching up with the United States — or even surpassing it — as a global hegemonic power. The key is what expectations the United States has about the intentions of the Chinese leadership are for the future world order. As long as the view dominates that China harbours revisionist intentions, the United States will do everything in its power to prevent China's rise. This exacerbates the security dilemma between the two powers.[71] Other interpretations of China's intentions are clearly in the minority in the current discourse.[72] The National Security Strategy states:

> "[Russia and China] concluded that the success of a free and open rules-based international order posed a threat to their regimes and stifled their ambitions. In their own ways, they now seek to remake the international order to create a world conducive to their highly personalized and repressive type of autocracy."[73]

America's exceptionalist understanding of its role suggests that it would have a problem with any competitor that might challenge American hegemony. The experience of the 1980s, when American elites reacted with similar alarm to the possibility that democratic and pacifist Japan could overtake the

66 Such is the view of Doshi, *The Long Game* (see note 43), 4; see also Graham Allison, who refers to John K. Fairbank: Graham Allison, *Destined for War. Can America and China Escape Thucydides's Trap?* (Brunswick [Victoria]: Houghton Mifflin Harcourt, 2017), 110.

67 For example, Trump did not want to release a statement on the 30th anniversary of the Tiananmen Square massacre. In a phone call with Xi Jinping, he described the protests in Hong Kong as an internal Chinese affair, and at a meeting during the G20 summit in Osaka, he even encouraged the leader to intern the Uighurs in camps. John Bolton, *The Room Where It Happened. A White House Memoir* (New York, NY: Simon & Schuster, 2020), 309—12.

68 John Hudson, "As Tensions with China Grow, Biden Administration Formalizes Genocide Declaration against Beijing", *The Washington Post*, 30 March 2021, https://www.washingtonpost.com/national-security/china-genocide-human-rights-report/2021/03/30/b2fa8312-9193-11eb-9af7-fd0822ae4398_story.html (accessed 24 July 2022).

69 See Rudolf, *Kollektive Gegenmachtbildung* (see note 31). Information on the Summit for Democracy at https://www.state.gov/summit-for-democracy/.

70 The White House, *National Security Strategy* (see note 36), 8—12.

71 On China's assumed intentions to replace US supremacy, see Paul Heer, "What Biden and Blinken Got Right on China", *The National Interest* (online), 3 June 2022, https://nationalinterest.org/feature/what-biden-and-blinken-got-right-china-202782 (accessed 24 July 2022).

72 In the academic-theoretical debate, offensive realists as well as adherents of liberal theory, including neoconservatives, see China as a rival. See John J. Mearsheimer, "The Inevitable Rivalry: America, China, and the Tragedy of Great-Power Politics", *Foreign Affairs* 100, no. 6 (2021): 48—58; Robert Kagan, "The Price of Hegemony: Can America Learn to Use Its Power?" *Foreign Affairs Magazine* (online), 6 April 2022, https://www.foreignaffairs.com/articles/ukraine/2022-04-06/russia-ukraine-war-price-hegemony (accessed 20 April 2022).

73 The White House, *National Security Strategy* (see note 36), 8—9.

United States economically, supports this conclusion.[74]

The US foreign policy decision-making process

In the United States, the president determines the direction of foreign policy. To deal with China, the executive branch has a variety of diplomatic, economic and military tools to draw on. In addition to the Department of State, the Department of Defence and the National Security Advisor, the Department of Commerce and the US Trade Representative play important roles in formulating the US strategy towards China.

Members of Congress have a penchant for "sideline foreign policy", as Nancy Pelosi's visit to Taiwan in the summer of 2022 showed.

Congress constrains the executive primarily through budget legislation. But it also shapes the political debate by holding hearings, passing resolutions and cultivating its own relationships abroad. The extent to which members of Congress influence US-China relations with their own agenda was demonstrated by Nancy Pelosi's visit to Taiwan in early August 2022. Despite being a key ally of President Biden as House speaker, she made the trip against the administration's advice, causing considerable tension with Beijing. China responded with military manoeuvres and sanctions against Taiwan. With the separation of powers, senators and members of Congress often follow their own foreign policy agendas, complicating a coherent strategic approach.

Congress is also the forum where the public and organised interests can make their voices heard. Yet the influence of the wider public on Washington's China policy is limited, as voters generally do not make their electoral choices based on foreign policy. With its growing protectionism, however, US policy is responding to a certain demand among the voting public. Members of Congress also react to the demands of interest groups and lobbyists, as they have an enormous need for campaign donations. Organised business interests with financial clout, such as the US Chamber of Commerce, have traditionally had a lot of access to members of Congress. However, due to the securitisation of China policy and the growing resentment concerning free trade, the business lobby has lost some of its clout. Still, it is likely to make its voice heard when measures such as tariffs, export bans and sanctions are implemented.

Decoupling and containment as strategic tools

After an initial phase characterised by continuity, the Biden administration is now taking steps towards creating tougher US policy on China. In contrast to the rather impulsive and incoherent approach of the Trump administration, a number of measures launched in 2022 are coming together to form a coherent strategy.

The CHIPS and Science Act

In August 2022, Congress passed the CHIPS and Science Act; it signals the return to an active industrial policy.[75] In part a response to Beijing's "Made in China 2025" initiative, the goal of the legislative package is to increase American competitiveness in the high-tech sector. The first element, the CHIPS Act, provides 52.7 billion US dollars to incentivise the production of semiconductors in the United States. Of this, 39 billion US dollars are earmarked to encourage computer chip manufacturers to expand domestic production through financial incentives such as subsidies, loans, credit guarantees and tax breaks. A total of 13.2 billion US dollars are allocated to fund research and development as well as training in the relevant fields. The idea is to make the country less dependent on suppliers in Asia.[76] Semiconductor manufacturers such as Intel, TSMC and Samsung have already announced that they will set up new production plants in the United States.

The second element of the package, the Research and Development, Competition, and Innovation Act, provides another 170 billion US dollars for innovation

74 See, e.g., George Friedman and Meredith LeBard, *The Coming War with Japan* (New York, NY: St. Martin's Press, 1991).

75 Public Law No. 117—167, https://www.congress.gov/bill/117th-congress/house-bill/4346/text (accessed 19 January 2023).

76 Victoria Cooper, "Explainer: The CHIPS and Science Act 2022" (Sydney: United States Studies Center, 11 August 2022), https://www.ussc.edu.au/analysis/explainer-the-chips-and-science-act-2022 (accessed 2 November 2022).

in relevant areas. These include AI, semiconductors, quantum computing, robotics, communications technology, biotechnology and green energy. It will also support education in science, technology, engineering and mathematics (STEM) to meet the high-tech industry's demand for qualified personnel from the domestic labour market. The law has three goals. First, it is intended to improve the resilience of the American technology sector against supply shortages; second, in line with the "Foreign Policy for the Middle Class" approach, it is meant to strengthen domestic manufacturing by providing well-paying jobs;[77] and third, it is supposed to increase technological competitiveness vis-à-vis China. The CHIPS and Science Act was passed with a bipartisan coalition.[78]

New export controls for advanced semiconductors

On 21 October 2022, the Biden administration announced new export controls on certain types of advanced semiconductors. After a long and unsuccessful effort to prevent processors sourced from the United States from being used for Chinese military technology, the US government introduced a licensing requirement for the export of some semiconductors. The most advanced chips, which have large computing capacities and high data exchange rates and are suitable for networking processors to create supercomputers for sophisticated AI models, are particularly affected.[79] The controls are extensive: They affect the chips themselves, but also the software, components and machines needed to develop new chips. They target technology that China cannot easily produce on its own in the immediate future. Although the measures are aimed at the most modern chips, which are needed to advance AI, the many uses of semiconductors and the complexity of the specifications will probably have unintended consequences. European exports of the goods in question are also affected based on the Foreign-Direct Product rule, which makes any product made with US technology subject to US regulation. Additionally, the US government has managed to get the Netherlands and Japan to agree to abide by US export controls.

Decoupling and containment

With the CHIPS Act and the export controls on semiconductors, the Biden administration is beginning to implement two concepts that until now have been mainly theoretical: decoupling and containment. Since the United States has not succeeded in changing Beijing's behaviour though engagement and trade, there has been a debate about the extent to which the US economy should decouple from China. One aspect is the degree to which it should actively try to prevent China's technological progress and resulting economic rise.

At one end of the spectrum are those who believe that the current practice puts the United States at a disadvantage and permits its replacement as the leading economy by China. Derek Scissors of the neoconservative American Enterprise Institute, for example, calls for a partial decoupling, since neither trade incentives nor punitive measures have succeeded in changing Chinese policy.[80] The proposed measures include import controls on products from China whose production was made possible by intellectual property theft or subsidies, as well as stricter controls on the transfer of sensitive technologies. He also recommends using subsidies to reshore supply chains for security-related goods, and to restrict American investments in China — both direct investments and those in the form of capital investments.

In contrast, scholars of more business-oriented think tanks argue that free trade and economic cooperation are beneficial for both sides. Researchers at

77 Salman Ahmed et al., *Making U.S. Foreign Policy Work Better for the Middle Class* (Washington, D.C.: Carnegie Endowment for International Peace, 23 September 2020), https://carnegieendowment.org/2020/09/23/making-u.s.-foreign-policy-work-better-for-middle-class-pub-82728 (accessed 25 January 2022); The White House, "Remarks by President Biden on America's Place in the World", 5 February 2021, https://www.whitehouse.gov/briefing-room/speeches-remarks/2021/02/04/remarks-by-president-biden-on-americas-place-in-the-world/ (accessed 2 November 2022).

78 In the Senate, the vote was 64 to 33, https://www.senate.gov/legislative/LIS/roll_call_votes/vote1172/vote_117_2_00271.htm, in the House of Representatives 243 to 187 https://clerk.house.gov/Votes/2022404 (accessed 19 January 2023).

79 See on this and the following: Gregory C. Allen, "Choking Off China's Access to the Future of AI" (Washington, D.C.: Center for Strategic and International Studies [CSIS], October 2022), https://www.csis.org/analysis/choking-chinas-access-future-ai (accessed 26 October 2022).

80 Derek Scissors, *Partial Decoupling from China: A Brief Guide* (Washington, D.C.: American Enterprise Institute, July 2020), https://www.aei.org/research-products/report/partial-decoupling-from-china-a-brief-guide/ (accessed 24 March 2022).

the libertarian Cato Institute warn against abandoning the goal of free trade due to fear of China.[81] Carl Bergsten of the Peterson Institute for International Economics argues for maintaining the open, interdependent economic and trade system. He calls for a policy of "conditional competitive cooperation" between the United States and China and warns against protectionist tendencies.[82]

Through a combination of export controls and subsidies for domestic production, the Biden administration has taken an important step towards a partial decoupling. At the same time, it is an attempt to contain military advances by China. The term "containment" was a cornerstone of American strategy in the Cold War; it referred to the goal of limiting Soviet influence in other states.[83] With regard to China today, the aim is to prevent third countries from being blackmailed by one-sided economic dependence on China or from following the Chinese authoritarian development model. Moreover, the goal is to prevent China from surpassing the United States' military power by employing modern Western technologies. Export controls contribute to the latter. Because the term "containment" implies a will to hinder China's economic development more generally, the US government avoids it. Instead, it insists that it is not attempting to deny the People's Republic economic growth or a rightful place in the international order.[84] Yet, China believes that that is exactly what Washington is doing.

While Asian countries want to dismantle trade barriers, the United States is concerned with protecting domestic jobs.

The National Security Strategy emphasises that the United States wants to avoid creating any new blocs or to force other states to take sides. Regardless of regime type, according to this logic, many countries have an interest in a rules-based, open and stable order. The National Security Strategy takes three things into account. First, by no means are all states in East and South-East Asia democracies, and framing the US-China rivalry as a confrontation between democracy and autocracy does not help to draw their governments closer to the United States. Second, even America's democratic allies in the region — such as Australia, New Zealand, Japan and South Korea — are so strongly linked with China economically that decoupling from China is not an option. And third, Washington is currently unwilling to grant Asian states better access to US markets through free trade agreements, even though that could reduce their dependencies on China and allow the United States to set its own standards for technology, labour law and environmental protection. Demands from Asia to dismantle trade barriers conflict with American efforts to protect domestic jobs in accordance with the "Foreign Policy for the Middle Class" approach. Despite differing positions within the administration, protectionist approaches prevail, not least because many manufacturing jobs are located in swing states that carry particular weight in US elections.[85] To compensate for the lack of trade liberalisation vis-à-vis Asian states, the US government is trying to foster cooperation through an Indo-Pacific Economic Framework, which focusses on specific policy fields such as digital technology, supply chains, climate policy, infrastructure and labour standards.

81 Scott Lincicome and Alfredo Carrillo Obregon, *The (Updated) Case for Free Trade*, Policy Analysis, no. 925 (Washington, D.C.: Cato Institute, 19 April 2022), https://www.cato.org/policy-analysis/updated-case-free-trade (accessed 20 April 2022).

82 Bergsten, *The United States vs. China* (see note 51).

83 The founder of the term "containment", George Kennan, referred to the political and ideological influence of Soviet communism; later, the concept was also used to justify violent interventions. See George F. Kennan, "Containment Then and Now: Containment: 40 Years Later", *Foreign Affairs Magazine* (online), (Spring 1987), https://www.foreignaffairs.com/articles/1987-03-01/containment-40-years-later (accessed 12 April 2022).

84 Blinken, "The Administration's Approach to the People's Republic of China" (see note 33).

85 According to Politico, Asia Coordinator Kurt Campbell, Commerce Secretary Gina Raimondo, Treasury Secretary Janet Yellen and Secretary of State Antony Blinken want to tie Asian countries more closely to the US through trade relations. Trade Representative Katherine Tai and some members of the White House Council of Economic Advisers prefer protectionism in favour of American jobs. Bob Davis, "Biden Promised to Confront China. First He Has to Confront America's Bizarre Trade Politics", *Politico* (online), 31 January 2022, https://www.politico.com/news/magazine/2022/01/31/biden-china-trade-politics-00003379 (accessed 15 March 2022).

Domestic conditions of foreign policy

American analysts emphasise the importance of dealing with America's domestic problems in order to compete successfully with China.[86] In two ways, "foreign policy begins at home."[87] The first aspect concerns the problem-solving capacities of the political system. The combination of political institutions that require compromise and strong partisan polarisation has made it difficult to address problems and enact the necessary reforms. Even routine tasks such as passing the budget, raising the debt ceiling, confirming appointed officials or ratifying international agreements are negatively affected by partisan politics. The result is gridlock.

Secondly, for America's international reputation, it matters whether US democracy lives up to its ideals. Social inequality, persistent structural discrimination against minorities and double standards in law enforcement and the justice system undermine the credibility of its exceptionalist claims. The role of money in politics, a political system that is biased towards rural states, and a blatantly political and increasingly activist Supreme Court have the effect that political outcomes often do not reflect the majority position of the electorate.[88] These issues damage America's reputation abroad and diminish the advantage that it enjoys over China in terms of soft power.[89] Furthermore, observers warn that the loss of trust in democratic processes in the United States has reached a level that threatens the stability of the constitutional system. Donald Trump's refusal to acknowledge his electoral defeat and allow a peaceful transfer of power has led many Republican voters and officials to question the integrity of elections altogether. At the same time, Republicans in state legislatures try to secure their majorities through methods that contradict democratic ideals.[90]

Little prospect of a change of course

The prevalence of hawkish positions on China in both parties suggests that, under a Republican president, America's China policy would not fundamentally change. The only theoretically conceivable, but highly unlikely, option for a change in direction would be a president who implements a type of isolationism that Trump and his sympathizers have articulated with respect to Russia vis-à-vis China.[91] Were such a president willing to abdicate any claim to a global leadership role or the defence of human rights and America's allies, a type of arrangement based on a nationalist-protectionist consensus with China would be possible. The consequences for America and the world would be hard to imagine.

America's perception of Europe

The current US administration is acutely aware that the United States needs allies in the competition with China. A central forum for transatlantic cooperation is the Trade and Technology Council, which was set up under Biden to coordinate trade and technology policy between the EU and the United States. Al-

86 Allison, *Destined for War* (see note 66), 212—13; Hass, *Stronger* (see note 51), 7, 9, 40.

87 Richard Haass, *Foreign Policy Begins at Home. The Case for Putting America's House in Order* (New York, NY: Basic Books, 2014).

88 Angela J. Davis, *Policing the Black Man. Arrest, Prosecution, and Imprisonment* (New York, NY: Vintage, 2018); Martin Gilens and Benjamin I. Page, "Testing Theories of American Politics: Elites, Interest Groups, and Average Citizens", *Perspectives on Politics* 12, no. 3 (2014): 564—81; Laura Bronner and Nathaniel Rakich, "Advantage, GOP", *FiveThirtyEight*, 29 April 2021, https://fivethirtyeight.com/features/advantage-gop/ (accessed 24 July 2022); Ezra Klein and Kate Shaw, "The Ezra Klein Show: How to Understand the Supreme Court's Shift to the Right", *New York Times*, 1 July 2022, https://www.nytimes.com/2022/07/01/opinion/ezra-klein-podcast-kate-shaw.html (accessed 24 July 2022).

89 Richard Wike, Jacob Poushter, Laura Silver, Janell Fetterolf and Mara Mordecai, *America's Image Abroad Rebounds with Transition from Trump to Biden. But Many Raise Concerns about Health of U.S. Political System* (Pew Research Center, 10 June 21), https://www.pewresearch.org/global/2021/06/10/americas-image-abroad-rebounds-with-transition-from-trump-to-biden/ (accessed 25 July 2022); see also Robert Manning and Mathew Burrows, "The Problem with Biden's Democracy Agenda", *War on the Rocks* (online), 27 July 2021, https://warontherocks.com/2021/07/the-problem-with-bidens-democracy-agenda/ (accessed 3 February 2022).

90 Richard L. Hasen, "Identifying and Minimizing the Risk of Election Subversion and Stolen Elections in the Contemporary United States", *Harvard Law Review Forum* 135 (2022): 265—301.

91 Majda Ruge and Jeremy Shapiro, "Polarised Power: The Three Republican 'Tribes' That Could Define America's Relationship with the World" (European Council on Foreign Relations, 17 November 22), https://ecfr.eu/article/polarised-power-the-three-republican-tribes-that-could-define-americas-relationship-with-the-world/ (accessed 21 November 2022).

though both sides officially emphasise that the body is not directed against China, the close coordination on issues such as standards and supply chains must clearly be seen against the background of the Sino-American rivalry.

Washington is aware that Germany has an important voice in the EU as the strongest economic nation. At the same time, Americans are sceptical as to whether Germany correctly assesses the risks arising from the dependence of its export economy on the Chinese market. For this reason, Berlin's attempts to promote a more moderate approach to China are met with suspicion. The German government's behaviour is seen at best as a naïve adherence to the "liberalisation through engagement" approach, at worst as the dominance of short-term economic interests over principled or strategic considerations. There have been a number of occasions in the recent past to cause irritations in the US relationship with Germany and the EU. For example, in December 2020, shortly before Biden took office, the EU concluded negotiations with China on a Comprehensive Investment Agreement, and in November 2022, the German Chancellor travelled to Beijing on a purely bilateral basis — without representatives of the EU or other member states and as the first Western head of government following Xi Jinping's confirmation at the CCP Congress.

China's policy towards the United States

China's foreign policy identity: The Chinese dream

China's worldview is historically sinocentric. The country lives under the impression that it has been deprived of its claimed central role in the world. Since the Opium Wars of the 19th century and the subsequent humiliation by Western imperialism, China has perceived itself as a victim. After the founding of the People's Republic in 1949 and under the new communist leadership, the country saw itself confronted with an American containment policy. To this day, this narrative of victimhood serves the CCP as a justification for China's need to return to its previous strength. In 1978, Beijing proclaimed the "independent foreign policy of peace" *(duli zizhu de heping duiwai zhengce)*, which officially continues to today and claims that the People's Republic is prepared to cooperate with everyone in foreign policy. This sets it apart from the "zero-sum" *(linghe)* approach, on which the US alliance system is supposedly based. Linked to this thinking is the idea of a multipolar order, in which American dominance is balanced by other powers. According to Weggel, in the 1980s the idea "that reduced power influence of the two superpowers would promote beneficial multipolarity [...] began to run like a common thread through the foreign policy discourse".[92] The starting point for Chinese conceptions of the international order is thus its own claim to be a world power that has to overcome the United States' hegemonic position — just like the Soviet Union's before 1990.

Permanent alliances are not part of the Chinese worldview. CCP leaders traditionally view alliance systems directed against others negatively. In the Chinese narrative, NATO is a "relic of the Cold War" *(lengzhan chanwu)*, as its sole purpose is to contain the threat of expansionist states. This explains the People's Republic's unwillingness — at least formally — to form true alliances. Officially, China has "no alliances, only friends"; "friendships", however, serve only its own interests and are not based on common concepts of values and order. Even the rapprochement between Washington and Beijing following the initiative of US Secretary of State Henry Kissinger at the beginning of the 1970s was motivated on both sides strictly by geopolitical considerations; from the Chinese point of view, only its own security interests mattered, and ideological aspects were secondary.

Patience has been the maxim of Chinese foreign policy since Deng Xiaoping famously argued: "Hide your strength and bide your time" *(tao guang yang hui)*. He meant that China would have to focus on its own development before it would be able to, with increasing prosperity, reshape the world order according to its own interests. Even though China and the United States were able to expand their economic cooperation and agree in principle on common concerns, the relationship remained fraught with incomprehension and distrust. According to Shambaugh, mutual relations were shaped by the perspective of the "beautiful imperialist", which included cycles of friendship and enmity.[93]

Xi Jinping's inauguration as party leader and head of state in 2012/13 marked the beginning of a new stage for China's role in world politics. Xi's famous words of the "Chinese dream" propagate in essence China's "return" to a position of dominance in East Asia and a respected power globally. Xi thus abandoned Deng's maxim of restraint. In his view, China's rise also entitled it to a new status as a global player — beyond the earlier notion of a "partial power", according to which China did not yet have the influence

92 Oskar Weggel, *Geschichte Chinas im 20. Jahrhundert* (Stuttgart, 1989), 365 (author's translation).

93 Shambaugh, *Beautiful Imperialist* (see note 2).

befitting a world power.[94] Xi's "Chinese dream" is arguably at odds with Beijing's former path of "peaceful development". The concept of the "peaceful rise of China" *(zhongguo heping jueqi)* was coined in 2003 by then President Hu Jintao to counter international concerns about the country's rising power.[95]

China's perception of the United States

Even before Xi took office, China's foreign policy discourse (like the one in the United States) was increasingly characterised by the question of an intensifying conflict between the leading world power and its closest competitor. At the latest since the global financial crisis of 2008, in Beijing's eyes, America's decline and China's rise to superpower status were inevitable. According to this interpretation, the unique character of Chinese state capitalism had protected the country from the crisis. This was seen as evidence of the superiority of "socialism with Chinese characteristics" and of the need for China to reorient itself towards state capitalism. As early as 2011, the hardliner Yan Xuetong argued for a bigger Chinese role on the world stage — even in rivalry with the United States — in his *New York Times* op-ed "How China Can Defeat America".[96]

During a visit to the United States in 2012, then prospective president Xi spoke of a "new type of great power relations in the 21st century". He envisaged China and the United States being equal powers in a G2 world.[97] In 2014, Xi expanded this idea of a world order with China and the United States at the centre to include the concept of "great power diplomacy with a Chinese character" *(zhongguo tese daguo waijiao)*, which aims to change "great power relations" to the advantage of China.

In China, the narrative of the decline of the West and of American hegemony dominates debates.

According to this approach, great power relations are cooperative as long as both sides respect the core national interests of the other. In China's case, these are (1) the stability of the political system, that is, the preservation of the Communist Party's control, (2) China's territorial integrity, including Taiwan, Hong Kong and in other areas that are disputed internationally and (3) the continuation of its own economic and socialist path. Safeguarding these core interests has become an ironclad principle of Chinese foreign policy under Xi, combined with the expectation that the United States will respect them.[98] From China's point of view, differences between the two great powers do not rule out cooperation and common goals, but Beijing also emphasises that closer cooperation must not come at the expense of China's core interests.[99] At the same time, China apparently broadens the definition of its interests continuously, making it increasingly difficult to distinguish conflict from cooperation.

According to the prevailing opinion in China's current political establishment, Sino-American relations are playing out on a global level, with the weight gradually shifting from the United States to China. Despite the dominant narrative of America's decline, China increasingly perceives the United States as a threat. China's self-isolation during the Corona pandemic and the debate mostly contained within the Chinese echo chamber, American foreign and security policy is almost exclusively interpreted as an attempt to contain China's rise.

China's perception of the conflict

The Chinese concur that China is in a systemic conflict with the United States and the rest of the West. First and foremost, Beijing is intent on proving that

94 See David Shambaugh, *China Goes Global: The Partial Power* (New York, NY: Oxford University Press, 2013).

95 A year later, the expression was corrected; from then on, one spoke only of "China's peaceful development" instead of its "rise".

96 Yan Xuetong, "How China Can Defeat America", *The New York Times*, 20 November 2011, https://www.nytimes.com/2011/11/21/opinion/how-china-can-defeat-america.html (accessed 19 January 2023).

97 Peter Rudolf, *The Sino-American World Conflict*, SWP Research Paper 3/2020 (Berlin: Stiftung Wissenschaft und Politik, February 2020), 9, doi: 10.18449/2020RP03.

98 See Ian Bond, François Godement, Hanns W. Maull and Volker Stanzel, *Rebooting Europe's China Strategy*, Special publication (Berlin: Stiftung Wissenschaft und Politik, May 2022), doi: 10.18449/2022Special01.

99 See Chen Dongxiao, "China-U.S. Strategic Collaboration: Four Cases and Their Lessons", in *China-US Focus* (Shanghai: Shanghai Institutes for International Studies, 16 January 2021), https://www.chinausfocus.com/d/file/202101/591844ec7653405ec5f73e5dc5bce50b.pdf (accessed 19 January 2023).

the ideology of the CCP, "Chinese-style socialism", offers the more promising system for China. This does not (yet) necessarily mean that there is an elaborate Chinese strategy to destroy democracies abroad or to export autocracy globally. However, China's feeling of being under threat from the United States and its allies is steadily intensifying. This increases the need for Beijing to defend the CCP's claim to power and its ideology.

Competition and systemic superiority

The American military presence in Asia is central to China's view of the conflict, contributing to its perception of a threatening security environment. Xi's vision of a strong military — part of his "Chinese dream" — results from the conviction that, at least in its periphery, China's military might must exceed that of the United States. The Chinese army's priority is therefore to steadily expand its capabilities to actively defend the maritime space in East Asia and the Pacific. China's perception about the strength of its own armed forces seems to coincide with the American assessment. According to an analysis by the US Naval War College from 2021:

> "The Chinese leadership recognizes both the remarkable strides that have been made in modernizing the Chinese military, as well as important continuing weaknesses. Chinese analysts agree with American counterparts that Chinese capabilities are far more formidable immediately offshore than they are in more distant locations."[100]

According to its own understanding, China must not only be able to compete in this conflict militarily, but also in all other domains in which the United States appears superior. Some Chinese experts, such as American analysts, see the real battlefield of the great power rivalry in the competition for modern technologies. China is trying to be the market leader and set new standards in fields such as AI and digitalisation (including 5G technology) or in technologies that can be used militarily (such as hypersonic weapons). China is pushing ahead with the development of its own capabilities related to national security, for example in basic research on key technologies such as semiconductors and new materials used in aerospace or biomedicine. US pressure on selected Chinese companies such as Huawei and concerns about losing access to American technologies are also driving Beijing to become more self-reliant and competitive as quickly as possible.

Technological and economic independence as well as superiority in key sectors have become priorities for the CCP. Finally, China's rise as a global economic power has reinforced the belief in Beijing that its impressive economic achievements must be attributed to the country's authoritarian system. As such, the trade conflict with the United States is understood in China as systemic in nature as well. In order to prove the strength of its own system, the Chinese leadership is under constant pressure to deliver economic success.

The ideological conflict

Xi Jinping seems to increasingly perceive the United States and the West as an ideological threat to China. Since coming to power in 2013, he has been trying to reduce Western, and especially American, influence across the board.[101] Xi rejects Western ideas and vehemently pushes the indoctrination of Chinese society using both communist and his own ideology ("Xi Jinping's Thought"). Chinese foreign policy is also becoming more ideological, as two prominent examples show.

The first concerns the relationship with Russia. Moscow and Beijing are united first and foremost by their hostile views of the United States and of the liberal-democratic model based on freedom, equality and individual self-determination. While upon taking office Xi called for a "new type of great power relations" with the United States, he described Russia as China's "most important strategic partner". Today, according to Beijing, this partnership is "better than an alliance". Ideologically, China, together with

100 Eric Heginbotham, *Chinese Views of the Military Balance in the Western Pacific*, CMSI China Maritime Report no. 14 (Newport, RI: U.S. Naval War College, China Maritime Studies Institute [CMSI], 2021), 1, https://digital-commons.usnwc.edu/cgi/viewcontent.cgi?article=1013&context=cmsi-maritime-reports (accessed 19 January 2023).

101 See the confidential "Document No. 9", November 2013: "Communiqué on the Current State of the Ideological Sphere" *(Guanyu dangqian yishi xingtai lingyu qingkuang de tongbao)*, which warned against "Western" concepts such as constitutionalism, universal values, neoliberalism, press freedom, civil society and against their spread in China.

Russia, seems to be bracing itself for a world order evolving towards rival blocs.

The second example concerns Chinese ideology on the Taiwan issue. This issue currently poses the greatest risk of escalation between China and the United States. Xi is striving to unite Taiwan with mainland China before the end of his term and by 2049 at the latest. Until then, Xi's vision is to "restore" China's great power status. So far, he has not renounced Beijing's official objective of achieving "peaceful reunification". It therefore appears that the leadership in Beijing wants to avoid a military invasion, at least as long as it believes it can incorporate the island in other ways. That includes increasing attempts of military intimidation as well as making efforts to isolate Taiwan politically and economically. Beijing is well aware of the economic costs and political risks of an invasion.

The question is whether (or for how long) China will remain pragmatic. After all, according to Xi, the "Chinese dream" can only be realised if Taiwan is incorporated into the People's Republic by the middle of the century. On the Taiwan question, Xi seems to ultimately place an ideological course of action above pragmatism. From Beijing's point of view, the more support Washington signals for the island, the greater the tensions over the Taiwan question become. There is growing concern in China that the United States could grant Taiwan a new status, illustrated by Beijing's warnings to the United States — and also to countries such as Germany — not to cross any "red lines". The overarching concern is that Taiwan must remain part of China. Yan Xuetong noted in a May 2022 article on Beijing's stance on the Ukraine war that China would not actively support Russia's invasion (leaving unmentioned that it does not publicly condemn it either). However, according to Yan, "one thing that might shift Beijing's calculus and push it to side with Russia is if the United States provides military support for a Taiwanese declaration of de jure independence."[102]

The Chinese foreign policy decision-making process

At the top of the decision-making structure for China's foreign policy is the Standing Committee of the party's Politburo, which is situated above the government institutions.[103] Due to its large membership, the CCP is also subject to the influence of groups and sectors that do not belong to the power elite; according to Schmidt, however, "in crisis mode — i.e. in the case of threat perception, high decision-making pressure with insufficient information, as well as tensions in strategic fields of foreign policy (relations with major powers, Taiwan) — [...] decision-making procedures continue to be highly centralised and dominated by individual leaders or a narrow decision-making circle". As Schmidt goes on to write, the Chinese leadership deliberately "obscures what goes on in the innermost leadership circle when it comes to foreign policy decisions, the media cannot report on it, interviews of those involved on internal matters do not exist".[104]

One-man regime Xi Jinping

Under Xi, the role of the CCP extends even further into the administration. Instead of separating the state and the party, Xi strengthened the party's dominance over the state as soon as he took office. In the process, the military leadership was also subordinated to the party leadership (or both placed in one hand), as was already the case before 1949 during a state of war. According to Nösselt et al.: "Key reform components such as the top-level design *(dingceng sheji)*, the upgrading of some of the (small) leading groups to commissions, and the enshrinement of the party's leadership role in the revised state constitution in March 2018 signal that the Chinese Communist Party is once again moving towards increased intervention in and control of the state."[105] The aforementioned small leading groups allow the top level to exercise

102 See Yan Xuetong, "China's Ukraine Conundrum. Why the War Necessitates a Balancing Act", *Foreign Affairs*, 2 May 2022, https://www.foreignaffairs.com/articles/china/2022-05-02/chinas-ukraine-conundrum (accessed 19 January 2023).

103 See Dirk Schmidt, "Die Außenpolitik der Volksrepublik China", in *Die Volksrepublik China – Partner und Rivale*, ed. Jürgen Kerwer and Angelika Röming (Wiesbaden: Hessische Landeszentrale für politische Bildung, 2018), 107—48.

104 Ibid., 116—17 (translation by the authors).

105 See Nele Noesselt, Ulrike Gansen, Martin Miller and Jonas Seyferth, "Constitutionalisation Processes in Chinese State Theory: Top-Down Orchestration of Institutional Reforms", *The German Journal on Contemporary Asia* 152/153 (2019): 2.

direct control over key policy areas. "Checks and balances" — to the extent that they ever existed, in the sense of mutual control between constitutional organs and those in power (here: the party) — thus evolved under Xi into merely a check of the party on the state apparatus.

Add to this the centralisation of political decision-making in the person of Xi. On top of his posts as president, party chairman and commander-in-chief of the troops, he also chairs several important small leadership groups. The constitutional 10-year limit on presidential terms was lifted in 2018, and during the 20th Party Congress in autumn 2022, Xi secured his confirmation as general secretary for another five years. The large-scale anti-corruption campaign that Beijing has been pursuing since the end of 2012 serves not least to disempower political opponents. Since then, Xi has filled all top posts with his closest political allies. With respect to appointments to high-ranking positions, loyalty and ideology seem to count more than competence. This too was illustrated by the past Congress. A rule requiring party cadres to retire at 68 notwithstanding, Xi secured seats in the Politburo for two of his loyal companions: leading ideologist Wang Huning and then Foreign Minister Wang Yi. Meanwhile, one of the few remaining top politicians who stand for "reform and opening up" (Beijing's former slogan), Premier Li Keqiang, left in March 2023. Li Qiang, who became notorious for his disastrous leadership during the Shanghai pandemic lockdown, was chosen as his successor. Moreover, Xi was able to enshrine his ideology and long-term leadership role in the constitution.

Xi has expanded the party's vertical power as well as his personal power to such an extent that he no longer seems to be constrained by either the party or the military. It is therefore increasingly difficult to gain insights into the decision-making processes of Xi and the CCP leadership. Moreover, if no one in Xi's ever-shrinking circle of confidants dares to openly criticise him, this could lead to catastrophic decisions.

The influence of the elites on Xi

Within China, the political class — senior officials, academics, etc. — does not set the party line but has always helped to shape it. Such influence seems to be almost non-existent under Xi. The party dictates the content of research and education, and there is hardly any room for open discussion among Chinese intellectuals. Dissenting academics are often slandered in the party-run media and risk professional ruin. A growing number of Chinese scholars, including the mainstream left-wing intellectuals, are turning against Western-inspired ideas and propagating Xi's worldview instead. The resurgence of authoritarian ideas and anti-Western statism in China[106] has also been fuelled by crises in the democracies, which have contributed to the impression that they are in decline, while China is prospering.

There also seem to be reservations about Xi Jinping's America policy in high-ranking circles.

The foreign policy discourse is increasingly being shaped by the party narrative that the United States is trying to contain China's rise and the power of the CCP. Nevertheless, some subtle signals from within the country indicate that Xi's US policy is being met with reservations in high-ranking circles. Opinion pieces by prominent Chinese intellectuals have been increasingly critical since 2020. For example, Yuan Peng, who heads a think tank affiliated with the Ministry of State Security, warned that China is not yet powerful enough to create a bipolar world.[107] To achieve Xi's 2049 goals, he said, China must "liberate its thinking and seek the truth through facts". According to Yuan, the Chinese mantra "the East rises and the West declines" *(dong sheng xi jiang)* is not about "China's rise and America's decline". Rather, he says, it is only a kind of momentum and trend, as the non-Western world, represented by China, is indeed rising and developing, whereas the Western world, represented by the United States, is experiencing a very serious institutional crisis.[108]

Such an opinion can be understood as an indication that some political decision-makers in China consider the signals that Beijing is sending to the United

106 See Jilin Xu, "The Specter of Leviathan: A Critique of Chinese Statism since 2000", in *Rethinking China's Rise* (Cambridge: Cambridge University Press, 2018), 20—60.

107 Yuan Peng, "Xinguan yiqing yu bainian bianju" [The New Corona Pandemic and a Century of Change], *Aisixiang*, 17 June 2020, http://www.aisixiang.com/data/121742.html (accessed 19 January 2023).

108 Yuan Peng, "Zhongguo weisheme bu jieshou meiguo 'cong shili diwei chufa' de duihua?" [Why doesn't China accept US dialogue "starting from its position of strength"?], *SINA Finance*, 21 October 2021, https://finance.sina.com.cn/review/hgds/2021-10-21/doc-iktzscyy0932586.shtml (accessed 19 January 2023).

States to be too negative and are therefore striving for more nuance. In 2020, Dai Xu, a general in the People's Liberation Army who is considered one of the most prominent military hardliners, already expressed a similarly moderating view. He advocated that China should take stock of its relative weaknesses compared to the United States and act accordingly.[109]

The relationship between party (line) and the apparent opinion of the political class on the current Ukraine war is also noteworthy. Beijing's official rhetoric has become increasingly confrontational in the course of the war. For example, it said that the United States and NATO were not only responsible for the Russian invasion, but were deliberately adding fuel to the fire.[110] At the same time, there were opinion pieces written by Chinese intellectuals suggesting that not all the country's opinion leaders support Russia's war.[111] One voice implied that Chinese Russia experts have no more influence on Beijing's policy towards Moscow.[112]

The Chinese public

Under Xi Jinping, the Chinese leadership uses the high-tech tools at its disposal to control public opinion in China as much as possible and to seal it off from the outside world. It has been more difficult to access credible information on public opinion, at least as far as anything beyond the official party line is concerned. As an SWP study from 2020 states, "official statements and public media representations are closely controlled, while academic publications are either subject to self-censorship or are intended to convey certain political messages to the other side."[113] Social media debates can occasionally provide insights into the mood of Chinese society, if they are not immediately deleted by censors; they are also a window into the opinions of those Chinese who work or study abroad.

Because Chinese society has less and less access to international sources of information, opinions on foreign policy issues are increasingly shaped along the CCP's predetermined narrative. In particular, the dissemination of criticism of the Chinese state from abroad is suppressed. This isolation of civil society from the outside world is not without consequences. Surveys show, for example, that the Chinese public believes that China's image abroad is much better than is actually the case.[114] The question is whether this misperception is shared by the Beijing leadership — after all, self-deception is not uncommon in closed regimes. In any case, the likelihood that the CCP is being criticised by the public for its foreign and security policy is low, even if it is risky. As available surveys show, the majority of the population welcomes the more self-confident behaviour of the new global power China vis-à-vis the old world power America.[115] The leadership may run the risk of not being able to control the growing nationalism in society that is unleashed by increasing isolation, "re-education", indoctrination and mobilisation. There are also no longer any "checks and balances" in the relationship between the party and public opinion.

Strategies and instruments of Chinese foreign policy

China is not only demanding a say in the existing world order, but also its transformation, in order to legitimise and assert its own national values and interests. Today, according to Godehardt, Beijing is primarily concerned with "making the changing world order and the Chinese one-party state more compatible".[116] China strategically uses economic and policy tools to expand its influence — which it understands to be at the expense of American supremacy.

109 Dai Xu, "2020 dui meiguo 4 ge xiangbudao de 10 dian renshi" [Four surprises and ten insights on the US in 2020], *Sina Finance*, 8 May 2020, https://k.sina.com.cn/article_5395803974_1419d6f4601900yoga.html?from=finance (accessed 26 January 2023).

110 See Yan, "China's Ukraine Conundrum" (see note 102).

111 For example, Hu Wei, "Possible Outcomes of the Russo-Ukrainian War and China's Choice", *US-China Perception Monitor,* 12 March 2022, https://uscnpm.org/2022/03/12/hu-wei-russia-ukraine-war-china-choice/ (accessed 19 January 2023).

112 Interview of the author with a Chinese Russia expert via video conference on 8 March 2022.

113 Strategic *Rivalry between United States and China*, ed. Lippert and Perthes (see note 31), 13.

114 See "The Pulse: Chinese Public Opinion", *U.S.-China Perception Monitor*, September 2021, https://uscnpm.org/the-pulse/#q1-tcc-riwi (accessed 19 January 2023).

115 For example, surveys by the U.S.-China Perception Monitor or the Pew Research Center.

116 See Nadine Godehardt, *Wie China Weltpolitik formt. Die Logik von Pekings Außenpolitik unter Xi Jinping*, SWP-Studie 19/2020 (Berlin: Stiftung Wissenschaft und Politik, October 2020), 5, doi: 10.18449/2020S19.

Foreign policy instruments

The CCP's most obvious foreign policy instruments in recent times have already given China more weight in the existing world order. These include the strategic placement of personnel in international organisations to use them to its advantage.[117] Through its office holders in the UN and the World Health Organization (WHO), China is able to exert influence on a variety of policies and shift the normative balance in its favour.[118] For example, the work of the UN Human Rights Council or — as now in the pandemic — WHO is severely restricted by Beijing. China also uses its influence to strategically shape and dominate the narrative on the international order.[119]

Under Xi Jinping, China is showing its will to lead. It wants to offer a "Chinese solution to global problems", as Xi put it in 2016, for example the "China model" or the Belt and Road Initiative. But Beijing also presents its own foreign policy as a model for other countries — and as an alternative to the Washington-led international order. In Asia, China is already taking on the role of a regional power, for example within the Shanghai Cooperation Organisation and with the founding of the Asian Infrastructure Investment Bank. Recently, Beijing has offered two other alternative global models: a "global development initiative" (2021), which at its core envisages the establishment of a "global development community of destiny", and a "global security initiative", which Xi announced in April 2022.

Finally, China is seeking international support and allegiances while forging informal alliances. Among its more than 50 "strategic partnerships", one may be actually based on similar — maybe even identical — strategic interests: the one with Russia that Beijing has called the "comprehensive strategic partnership of coordination" since 2011.[120] In contrast, despite close cooperation, neither China's "strategic all-weather partnership" with Pakistan nor its 1961 alliance with North Korea (the People's Republic's only formal one) are alliances in which the respective countries develop joint strategies.

Economic policy instruments: Selective decoupling

Since Xi came to power, China has been pursuing national economic autonomy. The most important instrument to achieve this is the "dual circulation" strategy, which was presented at a meeting of the Politburo Standing Committee in May 2020.[121] The aim is to support China's massive domestic market, strengthen domestic demand and build robust supply, distribution and consumption chains internally so that the country is less vulnerable to external economic pressures. That includes improvements in the capacity to innovate, mastering new technologies and making scientific advancements to reduce China's dependence on foreign high-tech products. On the other hand, China continues to rely on "external circulation" — openness and a strengthening of its own economy through foreign trade and investment.

In a military conflict over Taiwan, China wants to be less vulnerable to sanctions than Russia is in the Ukraine war.

Considering the global economic interdependencies, Beijing is not under the illusion that China is ready to totally "decouple" itself in the short or medium term, even with advancing "internal circulation". The high level of economic interdependence between China and the United States is likely the main reason why the Chinese leadership has no interest in escalating the conflict with Washington for the time being. In the long term, however, the People's Republic could at least partially decouple from the international financial and economic system in order to pursue its political and geostrategic aspirations

117 Foreign Affairs Committee (UK), *In the Room: the UK's Role in Multilateral Diplomacy* (London, 17 June 2021), https://publications.parliament.uk/pa/cm5802/cmselect/cmfaff/199/19902.htm (accessed 19 January 2023).

118 For example, CCP officials already head four of the 15 UN specialised agencies, more than any other country (the US heads two, Germany none).

119 See Godehardt, *Wie China Weltpolitik formt* (see note 116).

120 See "China's Diplomacy: How Many Kinds of Major and Minor Partner 'Relations' (huoban guanxi) Does China Have?", *David Cowhig's Translation Blog*, 2 April 2021, https://tinyurl.com/2n6qa728 (accessed 19 January 2023), or: Quan Li and Min Ye, "China's Emerging Partnership Network: What, Who, Where, When and Why", *International Trade, Politics and Development* 3, no. 2 (2019): 66—81, https://www.emerald. com/insight/content/doi/10.1108/ITPD-05-2019-0004/full/html (accessed 19 January 2023).

121 The strategy was included in the 14th Five-Year Plan, China's central economic plan, in March 2021, consolidating its high-level status.

without great economic risks and costs. For example, there are attempts by China to make itself independent of the financial transactions system SWIFT, even though it is a long way off from reaching that goal. Such efforts indicate that Beijing may want to prepare itself in the event of a military conflict over Taiwan. If it comes to that, it does not want to be hit as hard by Western sanctions as Russia is currently in its war against Ukraine.

Domestic conditions of foreign policy

The more Beijing's domestic and foreign policy decisions are linked to the CCP's and Xi Jinping's grip on power, the more the party must demonstrate that the course it has set is always right. In doing so, the party leadership seems to be speculating that China's capabilities will continue to grow (despite potential crises) and that a China-centred global order will be more welcomed by others than a US-centred one. However, this optimism has been put into question by recent development, especially in 2022. Declining economic growth, the war in Ukraine and China's pandemic development, which in late November led to unusually violent protests against the government's "Zero Covid" policy across the country, have presented the CCP with new challenges.

Growth as a source of legitimacy for rule

Xi's economic policy signals that the focus is not on "reform and opening up" but on communist party rule. For example, Beijing introduced new restrictions on the real estate sector, cracked down on heavily indebted state-owned companies (such as real estate developer Evergrande) and imposed harsh penalties on domestic tech giants (including e-commerce operator Alibaba) for "anti-competitive behaviour". Such measures illustrate that the CCP leadership is increasingly willing to accept diminishing economic returns and increase risks in order to tighten its grip across the board. At the end of 2021, party interventions in the real estate and technology sectors caused Chinese stock markets to plummet.

At the same time, the Chinese economy has slowed since the beginning of 2022 due to the Corona pandemic — a development that has taken the leadership by surprise. In response to the virus outbreaks, local authorities enforced the "Zero Covid" policy set by the party's leadership. The sometimes drastic measures affected consumption and production and disrupted global supply chains. The Russian invasion of Ukraine also brought great uncertainty for China's economic growth. Western sanctions had a noticeable impact on the international economic and financial system, among other things through rising commodity prices. Dingding Chen, founder of a Chinese think tank, spoke of a crisis in Chinese companies in an interview at the end of March 2022.[122]

The influence of reformers and (partly also corrupt) interest groups, who insist on a further opening of the country, is gradually waning. The logic of Xi's economic policy can also be seen as an alternative to the concept of "Wandel durch Handel" (change through trade). It is about withdrawing from a potentially contaminating interdependence and co-evolution in favour of a stronger self-centredness. The pandemic has only intensified the country's self-isolation. Economic prosperity remains important as a source of legitimacy, but China's leadership now seems to consider the party to be strong enough to set aside growth and economic equality as legitimising factors in favour of nationalism and an offensive foreign policy.

Foreign policy as a source of legitimacy of rule

Against the background of this new concept of legitimacy, international prestige is becoming increasingly important for Beijing. The existing disputes between China and the United States (as the only power on an equal footing) will therefore continue to become more salient, including the case of Taiwan. Beijing's unprecedented show of military force in August 2022 in response to US politician Nancy Pelosi's visit to Taipei showed the volatility of the dispute. Although China did not allow the crisis to escalate, the episode illustrated that Xi may indeed have to legitimise his rule through a forced reunification of Taiwan with the mainland. In China, parts of the political class as well as the public were reportedly disappointed with the limited measures taken against Taiwan, suggesting that Xi may well have domestic support for a more escalatory path.

122 Emperor Kuo, "Gauging Beijing's Position in the Russo-Ukrainian War", *SupChina*, 24 March 2022 (Sinica Podcast with Dingding Chen), https://supchina.com/2022/03/24/gauging-beijings-position-in-the-russo-ukrainian-war/ (accessed 19 January 2023).

Meanwhile, China's "friendship" with Russia may damage its standing in the world and Xi's own reputation. Should his strategic partner in Moscow not emerge victorious from the Ukraine war or act unpredictably, the security and economic risks could hamper China's own rise.

The current trend in Chinese foreign policy poses a severe risk in the great power conflict with the United States. Since Beijing interprets the deterioration of Sino-American relations solely as the result of America's policy of containment, there is little room left to shape the relationship in a cooperative manner. It is unlikely that China will change its position with regard to the Ukraine war. Apart from its ties to Russia, Beijing does not expect a condemnation of the war to significantly improve relations with America, as Washington would not abandon its containment course towards China.[123]

China's perception of Europe

According to the Chinese reading, the United States is trying to force the EU and other allies into a bloc against China in the context of great power rivalry. Consequently, Beijing is looking with suspicion at the new German and EU strategic approaches, for example towards the Indo-Pacific. But Beijing is also very much aware that European capitals, including Berlin, constantly emphasise that the increasing engagement in the region is not directed against China. From the Chinese point of view, therefore, the United States is only partially succeeding in bloc-building. An editor of the Chinese *Global Times* interpreted Chancellor Olaf Scholz's visit to Beijing on 4 November 2022 as a sign of China and Germany unequivocally rejecting the United States' push for decoupling, and as "a clear rebuttal to the US' attempt to drive a wedge between China, Germany and Europe to ultimately preserve its hegemony".[124] What Scholz said on topics such as decoupling or forming blocs was supposedly "the strongest rejection to date" of America's China policy by a Western leader.[125] Such interpretations show that, on the Chinese side, political decisions in Europe are primarily assessed in terms of whether Europeans are moving away from the United States and towards China.

Despite their waning influence on Chinese decision-makers, Germany and Europe still have some opportunities to influence Beijing. The 20th Party Congress made it clear that the Chinese leadership is focussing on economic independence and technological competition. To achieve this, China must promote areas such as science and technology, and this will not succeed without international exchange. In view of the current restrictions in the United States, cooperation with Europe has become increasingly necessary for China. Europe remains an attractive partner to China and its voice may still carry some weight in Beijing. Europeans should thus continue to work towards a constructively critical dialogue with China, but they must also be prepared for the fact that, against their hopes, China will not play the role of a responsible actor on the world stage.

123 See Xuetong, "How China Can Defeat America" (see note 96).

124 Wang Cong, "Scholz Unequivocally Rejects Decoupling, but Actions Will Speak Louder", *Global Times*, 6 November 2022, https://www.globaltimes.cn/page/202211/1278857.shtml (accessed 19 January 2023).

125 Ibid.

Conclusions and recommendations

The future of the US-Chinese relationship is of paramount importance for the international order and for German and European foreign and security policy for three reasons. Firstly, there are risks of escalation in this relationship, up to and including a world war, which must be contained. Secondly, these two world powers essentially determine the nature of international cooperation in regional and functional contexts of crisis and order. Where Washington and Beijing succeed in agreeing on a common approach, the chances for broad international agreement improve. Conversely, bilateral tensions can prevent international cooperation if one of the two countries uses its veto power, as is currently the case in nuclear arms control.[126] Thirdly and finally, German and European foreign policy will come under pressure to position itself and support one of the two sides; at the same time, Germany and Europe face the challenge of moving the US-Chinese relationship towards de-escalation and increased international cooperation.

Our analysis of US-Chinese relations suggests that the possibilities for Germany and the EU to exert direct influence on Washington's or Beijing's policies are limited. This is especially true for China's foreign policy decision-making process. But even the more open and pluralistic system of the United States can only be influenced by external actors with great effort, and not unless they join forces with other countries as well as allies with the United States. The most important prerequisite for influencing both world powers is that Europe builds up the negotiating power and the ability to shape events in the service of pursuing clear strategic objectives. On one hand, diplomatic dialogue with both governments should explore the possibilities for a change in perspective and the negotiation of compromises to diminish the threat of a dangerous escalation between America and China. On the other hand, it is important to communicate one's own positions clearly, unambiguously and consistently to prevent misconceptions. Indirect opportunities for influence arise through multilateral coalitions with like-minded states and, in the case of the United States, through cooperation with partners in the country itself. In addition, the mentioned risks also require German and European policy-makers to step up their efforts and cooperate more closely with other states in order to mitigate America's and China's deficits in dealing with global challenges and providing global public goods.

Germany and the EU are affected by the US-Chinese conflict in many ways. Therefore, they must continually decide if and how they can cooperate with one side or the other — or both — or stand up to pressure. The consensus on norms and values among the liberal democracies is a crucial pillar for international cooperation. As long as America behaves as a liberal democracy, the transatlantic ties (as well as those with other liberal democracies) form an important framework for cooperation; they establish a depth and quality of cooperation of their own that is inconceivable with the People's Republic of China. But even within this pluralistic security community of liberal democracies, power relations and one-sided dependencies matter; fundamental domestic political changes in the United States, which cannot be ruled out, could affect the special bond of the community of values. In the context of international governance, Europe is the only major actor with a consistently multilateralist orientation.

Systemic rivalry, competition and partnership

An important finding of our analysis is that the conflict between America and China has two

126 Brian G. Carlson, "Die chinesisch-russische Kooperation im Bereich der nuklearen Abschreckung", *SIRIUS* 6, no. 1 (2022): 185—200 (196—97).

analytically distinct dimensions. On the one hand, it is a great power conflict in which two states are struggling for global supremacy. On the other hand, it is about the competition between two different political blueprints for organising societies — each of these relates to its own community, but also claims global relevance, with far-reaching consequences for intergovernmental relations and the international order. The first design is based on the idea of the freedom and dignity of the individual, the other envisions the nation as a community of destiny represented by the political leader to whose leadership it must submit. In the one case, the domestic consequences are civil rights, the rule of law and pluralism, and on the international level, a liberal-democratic multilateralism based on international law. The alternatives are authoritarian or even totalitarian regimes characterised at home by indoctrination, control and violent subjugation, and internationally by exclusive zones of influence, a limited willingness to cooperate and give up sovereignty, and the prevalence of power over law in international relations.

The second dimension of the American-Chinese antagonism is essential for German and European foreign and security policy. As it is confronted with this great power rivalry, Europe has no choice but to assert its independence and sovereignty as best as it can. Even in the best case, the result would not be another great power such as America, China or Russia, but a different kind of great power, another pole whose strengths and policy options differ fundamentally from those of other powers. As a multilateralist great power, the EU is committed to an international order in line with liberal-democratic principles and rules, interdependence and open markets, cooperation and peaceful competition.

In practice, partnership, peaceful competition and systemic rivalry — the three aspects on which the EU has based its China strategy — will be closely intertwined in relations between China and the West. Even in the face of such an obviously global challenge as the SARS-CoV-2 pandemic that called out for international cooperation, the great powers acted against each other as much as partners in providing global public goods. Alongside partnership came competetion for markets and rivalry between the respective political orders.

In their cooperation with China, but also with America, Germany and Europe can no longer afford to neglect the realities of systemic rivalry and the power implications of partnership and competition. The war in Ukraine should have made clear that interdependence may imply vulnerabilities that governments must limit. Germany and the EU should create political institutions and instruments that enable them to examine economic, scientific and cultural cooperation for any vulnerabilities, but also for their own potential for influence. In doing so, they should seek cooperation with like-minded states such as the United Kingdom, Japan, Canada and Australia.

Transatlantic unity and global solidarity of democracies

The Ukraine war has shown the importance of unity among the transatlantic alliance vis-à-vis Russia. It is equally important for the EU and the United States not to let themselves be divided in the conflict with China. The great power rivalry between China and the United States is connected to the systemic conflict of the People's Republic with a transatlantic community of democratic values and shared interests. Beijing's endorsement of the Russian invasion of Ukraine suggests that the systemic rivalry between China and the United States could one day lead to a similar scenario in the Indo-Pacific region. The Chinese leadership has carefully followed the West's united and decisive response to Moscow's war of aggression and will draw lessons for its own strategy in East Asia. China's behaviour in the Ukraine war indicates the dividing lines in future geopolitical disputes. On the one hand, there is a group of authoritarian and totalitarian powers in Eurasia, which includes China and Russia and their partners; on the other hand, there are the United States and its allies, which are situated on both flanks of the Eurasian continent (see map, p. 14). Thus, the central framework for institutionalised cooperation against Russia and China is no longer just the transatlantic alliance but the network of the United States and its allies in Europe and Asia. This became clear at the last two G7 summits and the Madrid NATO summit in June 2022, which invited the heads of state and government of Japan, South Korea, Australia and New Zealand.

America and Europe

In the context of US-China relations, there are three central problems in the transatlantic relationship:

1) America's China policy is increasingly dominated by the rivalry between the two great powers. This finding applies irrespective of which party is in power, so it will hold even in the case of Republican victories in the 2024 presidential and congressional elections. A change is only likely if the Unites States experiences such serious political upheavals that it can no longer fulfil its international leadership role.

The current US administration under President Biden is trying to avoid excessive confrontation with China and to limit the risks of conflict. It is also seeking solidarity with its allies and favours a policy based on multilateral formats and international organisations. The *"Zeitenwende"* in international relations supports the West's unity. In the face of the threat posed by Russia's war in Ukraine, old issues of contention were set aside (such as the dispute over the 2 per cent target for defence spending by NATO members) or receded into the background (such as disagreements over data protection). Moscow's ruthlessness shocked Germany and Europe and raised awareness of their vulnerability to supply interruptions, especially in energy. At the same time, it drove home the risks of economic dependence on China, which in Germany's case are even more extensive than vis-à-vis Russia.

At the same time, the sanctions imposed on Russia make it difficult to adjust trade relations with China. If the Russian export market disappears, the Chinese one becomes more important. Moreover, there is a danger that the securitisation of more and more policy fields will strain America's relationship with its partners in Europe and Asia. The United States will expect solidarity from its allies and make uncomfortable demands of Germany. In response, it will be necessary to forge the broadest possible coalition of like-minded states and to enlist allies within the United States itself for a less confrontational course. With regard to China, it will be important to articulate clear strategic objectives and to pursue them consistently. The willingness to cooperate should not obscure the dangers that exist in relations with the People's Republic.

2) The concept of "peaceful coexistence" as a competition of different systems below the level of war could offer a starting point for shaping America's and China's foreign policy strategies in a way that minimises the risks of confrontation. But the manifold global and regional challenges that call for cooperation make it necessary to advance from strategies of coexistence to co-evolution. The goal must be for the two powers to adjust to each other and to the growing need for collective action in dealing with global problems. At present, it is hard to see how either the United States or China might reorient their foreign policies so fundamentally, let alone in mutual coordination. The American premise that no country — at least no undemocratic state — may surpass the United States is unacceptable to China.

3) The future of American democracy remains uncertain. In this situation, everything possible should be done from the outside to strengthen those forces in the United States that stand for the preservation of democracy and the liberal international order. To this end, efforts should be intensified to further develop the division of labour between the United States and its allies; the European side is called upon to assume more tasks and responsibilities in the transatlantic burden-sharing.

Even within the partnership with the United States, power is important. Influence presupposes power, whatever its basis may be. In this sense, Europe should seek cooperation with like-minded states in Asia and Oceania that — although they belong to the camp of Western democracies — do not want to have to choose between the United States and China, and are willing to exert a moderating influence on the American attitude towards the People's Republic. To achieve this, we propose the establishment of a joint 10+10 format of foreign and defence ministers within the emerging "G10", in which the G7 states cooperate with Australia, New Zealand and South Korea. First, these states should coordinate their China policies to collectively strengthen their negotiating position vis-à-vis Beijing; second, they should jointly plan how the division of labour between America and its democratic allies could be improved; third, with such a G10, the United States would be even more strongly integrated into a group of states that could have a moderating influence on Washington's China policy and gradually increase American acceptance of China's economic rise. Moreover, this would strengthen Germany's and Europe's negotiating position vis-à-vis China as well as America and create a fallback network in case the United States is no longer available as a democratic partner for domestic reasons.

China and Europe

The Chinese market is and remains of great importance for many German and European companies. A general economic decoupling from the People's Republic is not in the interest of Germany and Europe; moreover, cooperation with China is indispensable in order to be able to cope with diverse global challenges such as climate protection, pandemic control and disarmament. However, Germany and Europe must learn not only to pursue particular economic interests in their exchanges with China, but also to consider the geopolitical implications of their relations. The question is how cooperation with Beijing will affect Europe's position in the world in the longer term.

China's interests — also vis-à-vis Europe — are primarily guided by securing the regime's power internally and expanding its influence externally. Germany's and Europe's geostrategic interests are based on European values, norms and concepts of order. This requires them to stand up for the norms and rules of international law. In doing so, it should always be made clear that the intent is not to oppose China's rise in world politics or work towards regime change. The sole concern should be with Beijing's violations of international rules and norms and, accordingly, with China behaving as a "responsible stakeholder" — a reliable member of the international community.

To this end, new cooperation models should be explored with Beijing that enable more effective cooperation, for example on economic issues, global problems and engagement within international organisations. In doing so, Germany should itself act according to international rules, that is, practice what it preaches. Double standards and thus the loss of credibility must be avoided. At the same time, Germany and Europe must prepare themselves for the eventuality that Beijing crosses red lines — in which case cooperation with the country would have to be discontinued, even if this entails high costs. The basis of German and European relations with China has always been the premise that a change in the status quo between the People's Republic and Taiwan may only be achieved peacefully and with the consent of a democratic majority on the island. German and European foreign and security policy has a responsibility to reduce the risk of escalation on this issue. For should Beijing attempt to subjugate Taiwan by force, this would have far-reaching consequences for security in the region and for the international order.

Sanctions against the Chinese regime are appropriate to exercise solidarity with allies such as Australia and South Korea who are subjected to subversive or intimidating measures by China. Germany and Europe would have to reckon with counter-sanctions by Beijing in such cases, which would negatively affect their market position in China. However, the costs and risks of such measures must be weighed against the overriding, elementary goals and values of German and European policy.

A prerequisite for this is a clearly formulated, joint strategy on China, such as the one currently being devised by the German government. Only with a common strategy is it possible to comprehensively assess the relationship with China and to shape it in the sense of one's own objectives. It would make sense here to have political steering committees at both the national and European levels in which the multiple dimensions of bilateral relations are assessed and policies coordinated. Specifically, we propose that Germany's and Europe's policies towards China be entrusted to a steering group that could ensure a long-term strategic course. This body, in which all ministries responsible for individual aspects of bilateral relations should be represented, should be located at the Chancellor's Office (analogous to the Federal Security Council) or, at the European level, in the EU Commission.

Germany's responsibility: Conclusions for Berlin's foreign policy

The *Zeitenwende* proclaimed by the German government must be quickly and fully acted upon with all its implications. It is the only way for Europe to assert itself in the struggle of the great powers and to help preserve an international order that corresponds to basic liberal-democratic values. Specifically, we draw the following conclusions from our analysis:

- Germany must realistically assess its foreign policy position. The belief in change through trade and dialogue — long cultivated by Berlin in its foreign policy towards Russia — has triggered deep mistrust among Eastern European partner countries. They are concerned that Germany might sacrifice the interests of Ukraine and its eastern NATO partners for its own good (business) relations with Russia. There are similar reservations about Germany's relations with China.

- Germany must get to know and understand its partners (such as America) and adversaries (such as Russia and China) better and in a more unbiased way. This is a question of knowledge and makes it necessary, not least, to critically review Germany's policies towards America, Russia and China over the last two decades. This review should also be taken up by the Bundestag.
- Germany's strength traditionally lies in its ability to mobilise like-minded partners. As a middle power, it can strive for a concentric multilateralism, at the centre of which should be a G7 expanded to a G10 as the authoritative coordination and steering hub. The traditional pillars of the EU and NATO would remain the foundations of this concentric multilateralism. Taiwan should be closely linked to such a G10, while respecting the One China principle.
- To the extent that Germany contributes to strengthening Europe's security and stability in its geopolitical environment (Eastern Europe, Southern Mediterranean, Africa), it also contributes to a security order in the Indo-Pacific underwritten by the United States. To increase its share in the West's collective burden, Germany agreed to higher investments in the Bundeswehr and a bigger German contribution to the Western alliance in Europe. These commitments now need to be implemented quickly and effectively. However, in line with their capabilities, Germany and the EU should also contribute more to the security and preservation of the rules-based international order in the Indo-Pacific.
- Germany's economic strength and its role as a trading power give it special influence within the EU's foreign economic policy. To uphold multilateralism in trade policy, Germany should work towards strengthening the WTO and enabling the EU to join the Comprehensive and Progressive Trans-Pacific Partnership (CPTPP), which brings together 11 Asia-Pacific states. The Transatlantic Trade and Technology Council, in which America and the EU coordinate their trade and technology policies vis-à-vis China, should be expanded to include the Asia-Pacific partners in the G10 context, and then also strengthened institutionally.
- As a multilateralist middle power, Germany can shape China's environment by helping to strengthen, defend and reform the liberal order through international partnerships. This can be done, for example, in the context of reforming the UN decision-making mechanisms, in filling leadership positions in international organisations or in defending liberal principles in the UN Human Rights Council. To this end, Germany and the EU must effectively support developing and emerging countries by helping them, on attractive terms, to develop their infrastructure and protect against the impacts of climate change.
- The effectiveness of liberal-democratic multilateralism will depend on the extent to which like-minded countries practice solidarity in the standoff with their main antipodes, China and Russia. If solidarity is to be more than mere rhetoric, it will come with a price tag. It will require self-restraint and include costs linked to politically sensitive issues of burden-sharing. We propose that a solidarity fund be set up within the framework of the G10 to serve as a common instrument against Chinese economic sanctions. At the same time, we suggest holding regular meetings of foreign and defence ministers at the G10. In this format, strategies towards Russia and China could be coordinated.

Abbreviations

AI	Artificial Intelligence
CCP	Chinese Communist Party
CCTV	China Central Television
CMSI	China Maritime Studies Institute
CPTPP	Comprehensive and Progressive Trans-Pacific Partnership
CSIS	Center for Strategic and International Studies
CSS	Center for Security Studies (ETH Zurich)
EU	European Union
FBI	Federal Bureau of Investigation
FONOP	Freedom of Navigation Operation
G7	Group of Seven
GDP	Gross Domestic Product
IISS	International Institute for Strategic Studies
NATO	North Atlantic Treaty Organization
NBA	National Basketball Association
OECD	Organisation for Economic Co-operation and Development
PIIE	Peterson Institute for International Economics
PwC	PricewaterhouseCoopers
QI	Quincy Institute
SIPRI	Stockholm International Peace Research Institute
SWIFT	Society for Worldwide Interbank Financial Telecommunication
TPP	Trans-Pacific Partnership
UN	United Nations
WHO	World Health Organization
WTO	World Trade Organization

Annex: Possible development of US and Chinese arms expenditures

How dramatically China's arms expenditure has risen since the 1990s can be seen by comparing the actual development with forecasts made by the RAND Corporation in 2005. At the time, the US think tank published estimates of China's defence expenditure by 2025, most of which fell well short of the real growth in Chinese military spending.[127] The main reason for this was that the study massively underestimated the growth potential of the People's Republic over these two decades.

How might China's defence spending develop in relation to America's in the future? The following calculations assume that the tensions in the Sino-American relationship will remain. The projections include only two parameters: Assumptions about the development of economic performance in the two countries (measured by GDP) and about the share of defence expenditure in GDP in per cent.

GDP development until 2050

For the United States, we assume an average annual growth rate between zero and 2.5 per cent until 2050. The most favourable growth path is based on the assumption that far-reaching political reforms will enable American society to develop its innovative strength and benefit from a positive demographic situation. As an average rate, we assume annual growth of 1.5 per cent — a value that is based on existing long-term projections, such as those by PwC from 2017 or the OECD from 2021.[128] This growth path is in line with recent forecasts. Our third scenario assumes that the United States will fail to address its policy deficits. In the second half of the period to 2050, the damage of global climate change as well as domestic dysfunctionalities would erode the (meagre) growth gains of the first half, resulting in zero growth.

In the case of the People's Republic, we assume slower GDP growth. This is supported by the rapid ageing of Chinese society and the declining potential for development, but also by the consequences of climate change. In turn, the political path the country takes is likely to play an important role. If there is a liberal reorientation, this could generate additional growth drivers. An upper limit of 5 per cent average growth, a medium development path of 3 per cent and a lower limit with a rate of 1 per cent therefore seem plausible — although here, too, problems would tend to become apparent more dramatically in the second half of the period.

Evolution of military expenditure as a share of GDP

For the United States, the assumption is that the future share of defence spending in GDP should be roughly in line with the past since the turn of the century; we therefore estimate a share of 4 per cent of GDP (in 2021 it was 3.5 per cent). An increase above 4 per cent is unlikely, given the US national debt. On the other hand, it seems plausible that the share could decline, given the problems of US society and the national budget. Our alternative assumption therefore assumes an average value of 3 per cent of

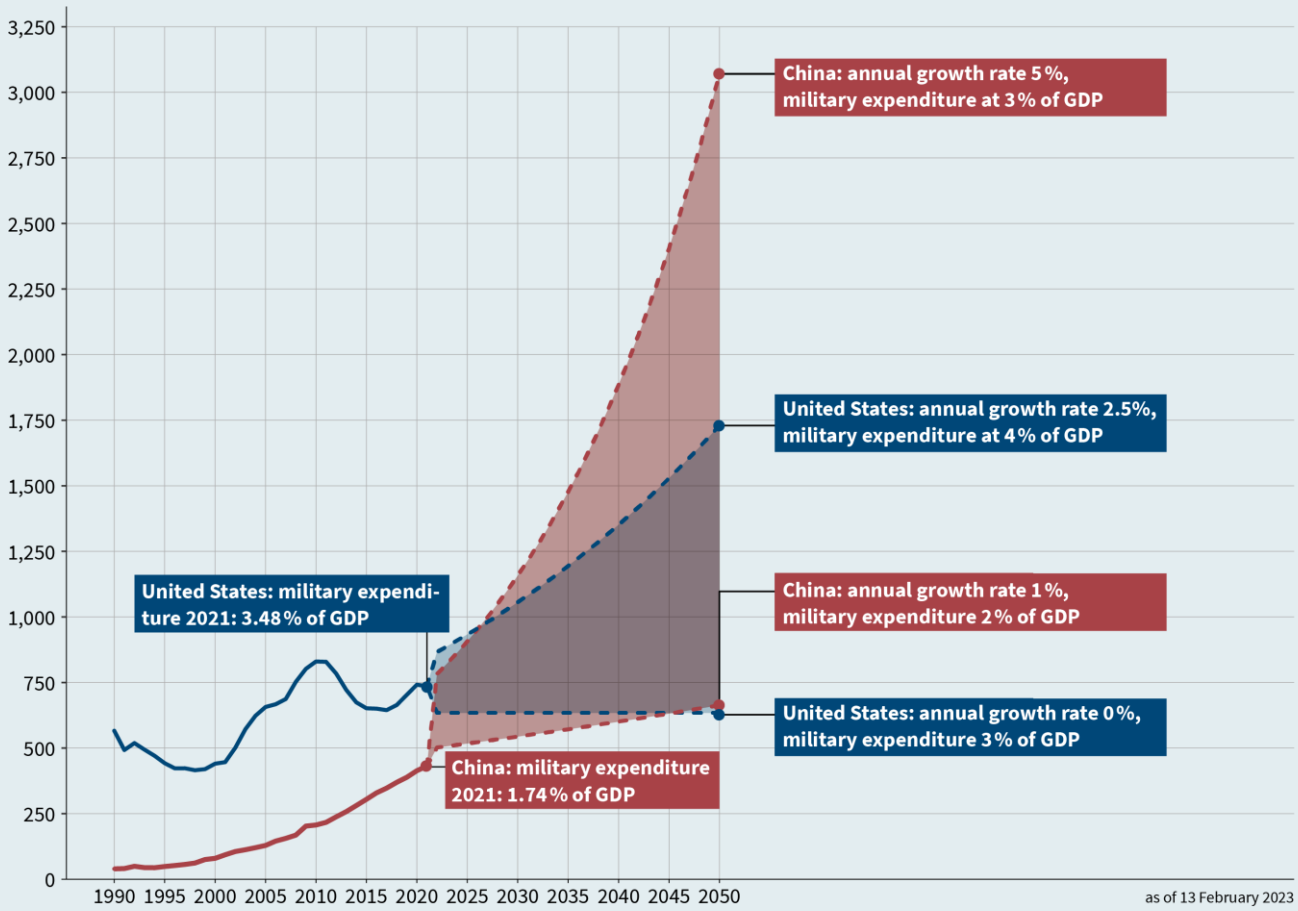
127 Crane et al., *Modernising China's Military* (see note 34).

128 John Hawksworth, Hannah Audino and Rob Clarry, *The Long View. How Will the Global Economic Order Change by 2050?* (PriceWaterhouseCoopers, 2017), https://www.pwc.com/gr/en/publications/assets/the-world-in-2050.pdf (accessed 19 January 2023); OECD data after: https://bit.ly/3Vm0rGb (accessed 19 January 2023).

Figure 5

Scenarios for defence expenditures to 2050

in billions of constant 2017 international US dollars (purchasing power parity)



World Bank, Indicator: NY.GDP.MKTP.PP.KD
United States: military expenditure at between 3 and 4 per cent of GDP, with average real growth rates between 0 and 2.5 per cent
China: military expenditure at between 2 and 2 per cent of GDP, with average real growth rates between 1 and 5 per cent
Straight lines: actual historical military expenditure, based on SIPRI Military Expenditure Database 2021, https://www.sipri.org/databases/milex

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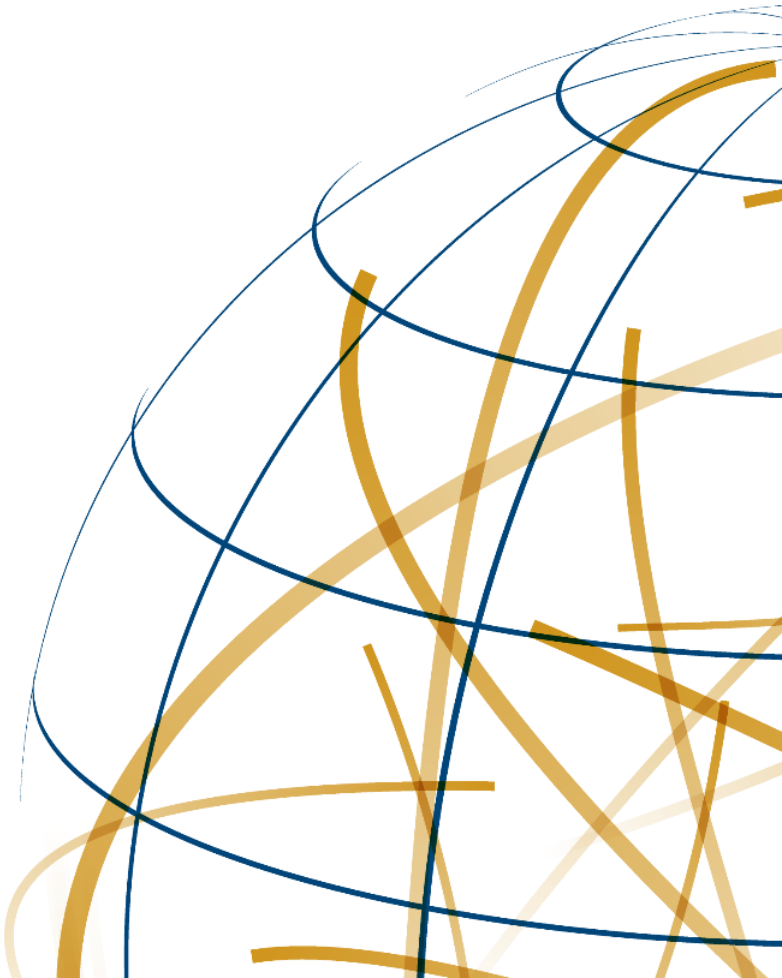
Table

Development of defence spending, in billions of current US dollars

	1980	*1990*	*2000*	*2010*	*2020*
World	366.0	713.0	742.0	1,648.0	1,929.0
United States	143.7	325.1	320.1	738.0	778.2
China	n.a.	9.9	22.2	105.5	252.3
Germany	25.1	39.8	26.5	43.0	52.7
Japan	9.7	28.8	45.5	54.7	49.1

Source: SIPRI Military Expenditure database, https://milex.sipri.org/sipri

GDP. In the case of China, the share of military expenditure in GDP is estimated at between 1.3 per cent (IISS)[129] and 1.7 per cent (SIPRI)[130] for the last decade. Our calculations are based on two alternative assumptions: 2 per cent and 3 per cent of GDP. These higher values assume that tensions with America continue to rise and China's growth rates decline, which paradoxically would probably increase rather than decrease the CCP leadership's fixation on security issues. The results of these calculations can be found in Figure 5 (p. 44). The scenarios indicate that China's defence spending may be significantly greater than that of the United States by 2050, depending on assumptions.

129 The Military Balance, various issues, available at https://www.iiss.org/publications/the-military-balance/ (accessed 27 April 2023).
130 SIPRI Military Expenditure Database, available at https://milex.sipri.org/sipri (accessed 27 April 2023).