

Changing Role of China in the International Politics of the Last 15 Years in Reflection to the US

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Abstract

As a result of its 30-year successful economic growth, China has been gradually reshaping its international position. After the end of the Cold War, the US has been the unquestionable hegemon in the world politics and world economy, but after the economic crisis of 2007-08, the US hegemonic power is slowly eroding, the country's capabilities in shaping world politics are decreasing and the international order, led by the US, is in disarray. On the other hand, China has made enormous efforts to reinforce its international positions over the last decade, which suits more to its growing economic power and own interests. The first part of the paper looks into the main theories on the two major powers' possible future relations. In the second and third part of the paper, theories are being examined on practical bases; on the one hand we look at their relative explaining strength using a geopolitical power index, on the other hand, we briefly analyse main events and processes in their bilateral relations of the last decade to see how their relation is formed dynamically. In the summary, the paper attempts to outline scenarios on how their relation will evolve in the future.

Keywords: *China, US, geopolitics*

1. Introduction

The discovery of the Americas led to the formation of a functioning international order for the first time. Since then – according to the geopolitical international power theories – in the international arena there has always been at least one country, which could be featured as global leader or hegemon. Modelski’s cyclical model (Modelski, 1988) consists of five cycles starting with Portugal in the 15-16th century followed by one Dutch and two British eras. The British cycles lasted till the early 20th century and followed by the contemporary American one. The cycles respectively took about 80-100 years consisting of three stages: rise, peak and fall. The core of the power according to the model is the power capability enabling the control of the world’s seas and oceans. The fall of the hegemonic power and the rise of a new great power was each time followed by a great war to control the waterways. This inevitable momentum of armed open conflict is called the Thucydides trap, a term coined by the American Graham T. Allison.

According to the model, the US started to become leading power in the First World War and took full power during and after the Second World War with the Lend and Lease and Bretton Woods agreements. Given this theoretical background, it can be assumed we witness another slow power shift currently; however, the main question is whether the US can contain China and turn back its decline in global power, as the British Empire succeeded once, or a new power, possibly China, will become the new global leader.

2. From the Thucydides Trap to the Harmonised World Order?

2.1. American Views about Relations with China

Present day's American discussions on geopolitics and international order start with the thesis that China's rise is a treat to the Asian-Pacific and global power of the US. Influential thinkers differ about the ways and modes how the US should act to reinforce its position in the international order and what the outcome can be. Chinese views are different – they perceive world politics as the continuation of domestic politics, with the main goal to sustain social stability, secure borders and continue economic development with the leadership of the Chinese Communist Party. Chinese rhetoric is openly not questioning the present international order, it only wants to reform it and have a bigger share from its governance, which could help achieve its domestic goals.

In the US, the offensive realists have the most extreme views about the Thucydides trap, in their view the open conflict is inevitable. The theory places principal stress on the security competition among great powers in an anarchical international order. The representatives of this theory are not convinced about capabilities of politicians and diplomats to manage the conflict (Mearsheimer, 2002) The theory's main representative John Mearsheimer assumes that China's rise will not be peaceful and so the US will have to counterbalance Chinese efforts to dominate the Asia-Pacific region (Mearsheimer, 2004). According to the offensive realists, the US should attempt to form different coalitions with its traditional friends and new rising powers to contain China. The representatives also assert that in any case – American success or failure – the open conflict with China is inevitable. If the containment is successful, China has to break out, while if unsuccessful, the US must intervene not to let the region be in the hands of the Chinese because that would mean undeniable decrease of American power.

The constructive realists, whose archetype is Henry Kissinger, believe that the human factor is key to maintaining the peaceful global balance of power. The main contemporary representatives think that China and the US have natural power differences which are deepened by mistrust and misunderstanding. They perceive that the main conflict between the US and China is in the Asia-Pacific region (Rudd, 2015). In the view of the Chinese, the US defies the country's rise by trying to isolate, contain, and encircle the country. The US on the other hand perceives China as seeking to push the US out of the Asia-Pacific region. According to the constructive realists the economic development of China is sustainable, so the country's influence in the Asia-Pacific region is steadily growing as well. Parallel with the rise of China in Asia, Beijing will also become a more active participant in forming and reforming the rules of the international order. Taking into consideration the above-mentioned both side should put more emphasis on diplomacy on the basis of common interests and global goals to avoid open conflict in the long run. The constructive realists perceive open conflict as highly unlikely in the short run, because China is still lagging behind the US at least a decade in military capabilities.

Important American thinkers of the geopolitical school assume that fundamental geographical capabilities set the possibilities of the rivalry between the great powers. According to them, China's capabilities are weaker than the US's, because China has 14 neighbouring countries with many conflict zones in the border regions, while the US only has two neighbours with which the country has had peace for several decades.

China is relatively poor in natural resources and fertile land compared to its population and so its economic development is very much dependent on other countries' resources (Kaplan, 2012). The main import routes to China are maritime, which are currently controlled by the US Navy, thus in case of a conflict, the US could easily cut China off

from its resource supply chain. Around 90 percent of the population and economic activity is concentrated in the Central and Eastern China, so it makes the country vulnerable to military attacks. On the other hand, the US is still the economic leader of the globe. They also claim that the US has many times reclaimed its leading position after military or economic downturns during its hegemon period, because America has the most competitive political, economic, soft power and information control system (Matolcsy, 2015). These geopolitical thinkers assume that the Chinese economic development is unsustainable, so its economic catch-up to the US is bound to slow down or stop within 10-25 years. As the Chinese economy loses its momentum, the social problems of the country will grow parallelly. They perceive that the US is in a very favourable position in the Asia-Pacific region since as China carries on its development, other nations in the region will need the assistance of the US to counterbalance China's growing power (Friedmann, 2010). The representatives do not assess open conflict between the two major powers in the short and middle term.

The so-called "stealth global power gaining model" about the US-China relations tries to identify how the Chinese intent to take the global leader position from a currently weaker geopolitical position. The main representative, Michael Pillsbury, who worked in the American administration with China relations for over two decades, has deep first-hand knowledge about the Chinese culture and way of thinking. He claims that the final goal of the Chinese Communist Party's hawk faction¹ is to take the hegemon position of the world. The Chinese are aware that as long as the US is the leading global hegemon they cannot openly question its power, so they have to implement a long-run strategy.

The theoretical framework of the "Hundred Year Strategy" goes back to the warring state period of China (247-221 BC) and it utilizes

the ancient rules of fight in the theory. In our case, it implies Beijing must use deception to keep a low profile in order to hide its real intentions. The main element of the strategy is how can China avoid encirclement and how should it behave with the hegemon and how to know when is the right time to change the balance of power. According to the author, the strategy consists of nine main strategic steps: (1) induce complacency to avoid alerting your opponent, (2) manipulate your opponent's advisers, (3) be patient – for decades or longer – to achieve victory, (4) steal your opponent's ideas and technology for strategic purposes, (5) military might is not the critical factor for winning the long-term competition, (6) recognize that the hegemon will take extreme, even reckless action to retain its dominant position, (7) never lose sight of *shi* (strategic field of power), (8) establish and employ metrics for measuring your status relatively to other potential challengers, and (9) always be vigilant to avoid encirclement or deception by others (Pillsbury, 2015). According to the representatives every time when they used the Chinese stealth strategy in a strategic simulation game against the present-day American strategy China could beat the US.

2.2. Chinese Official Foreign Policy

The directions of the contemporary official Chinese foreign policy are peaceful development of China, harmonisation of world order and a new type of great power relations. The WTO accession in 2001 gave a huge push to the development of Chinese economy through the liberalisation and market-oriented reforms of the economy. As a result of the accession, China in 2009 overtook Japan, the second greatest economy, in terms of GDP (World Bank database). The growing international mutual dependences strengthened the conviction in advanced Western countries and the US that China should be integrated deeper into the

international economic and political system because it would guarantee higher security for every actor. The peaceful development theory in 2003 gave an answer to the expectations of the Western sphere, stating that China is a responsible power. That means on the one hand that China avoids international conflicts and concentrates its efforts to its domestic economic and social development, while on the other hand it opens to the world with soft power methods and does not intend to intervene in other nations' affairs. The peaceful development theory was complemented with the theory of harmonised world order in 2005. The theory envisages a multipolar world, which is based on cooperation and it assures prosperous environment for development and conflicts are solved through diplomacy. According to this new theory, Beijing settled its main conflicts with its neighbours peacefully and developed further its economic and foreign affairs with the world's nations (Szunomár, 2012)

After the leadership change in the Chinese Communist Party and state in 2012, Xi Jinping announced the conception of a new type of great power relations (Xi, 2014). In his speech, he stated that the Thucydides trap between the US and China should be avoided by any means. In the bilateral relations, the emphasis should be put on problem-solving; however this should occur in a more balanced position of the two powers. Beijing furthermore accepted that China has duties in the world, which can be solved through consultation with other great powers, but on the other hand China is only willing to take responsibility for the world's affairs as far as its capabilities makes it possible.

To sum up China's official foreign policy directions and principles, China does not want to challenge the US's rule-based international order, it rather wants to cooperate with it; on the other hand Beijing wants the US to acknowledge China's great power position in the world and accordingly Washington should not impede the extension of China's

great power influence sphere and its ambition to deepen and widen its international relations².

3. Geopolitical Power Index

States want to be prepared for wars, and natural catastrophes. Statistical data enable them to assess their resources and capabilities more objectively and compare their performances with other states over time. Nowadays, there are many types of measurements and indexes for power, which take into consideration different aspects and use different methodologies in accordance with their basic assumptions of power. None of the indexes is perfect because the phenomenon of power is not exact and continuously changing according to our perception and technology and other parameters (Höhn, 2011).

The present section uses the Geopolitical Power Index (GPI) elaborated by the Global Intelligence Review, because GPI 2012 is an index created by an independent Mumbai-based policy think-tank. Using a proprietorial mathematical model to analyse 11 parameters (ranging from economy and governance to military and innovation), GPI measures both the ability and potential of the world's ten most important countries. The GPI ranks countries on a scale of 0-10 across eleven key criteria which constitute the ingredients of geopolitical power. Each criterion is based on five quantitative and qualitative sub-parameters with statistical weightages. These 55 sub-parameters and sub-indices with their specific weightages are analysed drawing upon a range of databases and a proprietorial methodology. GPI rankings are dynamic: a country can trend up, down or sideways. These trendlines are denoted in the accompanying chart by (+) or (-) markings; sideways trends are unmarked³.

Table 1 Geopolitical Power Index (GPI)TM, 2012
(for the period January-June 2012)

	US	China	Germany	UK	Brazil
Economy	8 (+)	9 (-)	8 (-)	3 (+)	7 (+)
Development	8	6 (+)	9 (+)	8	6 (+)
Military	9 (+)	9 (+)	5 (+)	6 (-)	4
Governance	8	2 (-)	9	6 (+)	6
Innovation	9	7 (+)	8 (+)	7 (+)	6 (+)
Geography	7	9	6	6	7 (+)
Population	5 (+)	8 (-)	4 (-)	5 (+)	7 (+)
Culture	9 (-)	7	5 (+)	6	7
Religion	6 (-)	2	4	5	4
History	5	7	4	7 (-)	5 (+)
Diaspora	5	8 (+)	4	5 (-)	4
Total score	79	74	66	64	63

	India	France	Russia	Japan	South Africa
Economy	5 (+)	5 (-)	4 (-)	4	5 (+)
Development	3 (+)	6	6 (-)	8 (-)	5 (+)
Military	6 (+)	7 (+)	8 (+)	4	4
Governance	2	4	2 (-)	5 (-)	3 (+)
Innovation	5 (+)	6 (+)	7 (-)	7 (-)	5 (+)
Geography	5	5	9	4	6
Population	7 (+)	5 (-)	5 (-)	4 (-)	5 (-)
Culture	7 (+)	6 (+)	5 (-)	7	6 (+)
Religion	7	5 (-)	4	6	5
History	7	7 (-)	5	4 (+)	7
Diaspora	7 (+)	4	4 (-)	4	4
Total score	61	60	59	57	55

Table 1 (Continued)

Source: Minhaz Merchant (2012). GPI – index by Mumbai-based policy think-tank Global Intelligence Review. All category rankings are on a scale of 0 to 10. (+) denotes positive trend in a category; (–) denotes negative trend; no marking denotes neutral trend. Highest aggregate score is 110 across 11 parameters.

First of all, the index shows clearly the significant almost 40 years of Chinese development. China is close in geopolitical power to US, but it is still behind with almost 6.5 percent, which is a substantial gap if we consider that the parameters of the index are changing slowly. According to the index, US has relative advantages in development, governance, innovation, culture and religion, while China is better in geography, population, history and diaspora. The two powers are in similar or close to similar position when it comes to economy and military.

From the index, it can be seen that the two countries have different basic features and capabilities in geography, population, and history, but both have strong positions in economy and military. According to the index, China's development has not stopped, which can be perceived by its positive marks at the development and innovation parameters. The US has better basic rates in some of the soft power-type parameters – culture, religion – but its soft power capabilities are declining. China has an advantageous parameter in soft power, that it has a strong diaspora throughout the world which can be used to foster the country's world-wide recognition and geopolitical interests.

4. The Geopolitical Dynamics between China and the US

In the previous sections, we drew up the main concepts of US-China relations and showed the relative geopolitical power in different parameters of the two powers. This section examines the factors in three

major geopolitical fields – politics, economy, national security – which can stabilize or destabilize bilateral relations. The main characteristics of bilateral relations is the deep interconnectedness and mutual dependence; on the other hand there is a huge mistrust, since both sides have suspicions over the other's strategic position and the consequences of the possible strategic moves of the other power. In this section, we look into how relations in the three fields developed from 2001 to 2016. The main question we intend to answer is whether the described processes indicate stabilization or destabilisation of the bilateral relations.

4.1. Politics

After the accession to the WTO in 2001, China has continued to widen its international relations network; at the same time China on the international scene has been perceived to be more assertive than between 1978 and 2001. The US still has a special position in the international relations system of China, for example China was one of the first countries offering financial and diplomatic assistance to the War on Terror after the 9/11 attacks. The “Senior Dialogue”, which was proposed at the 2004 APEC summit, was a cardinal step in developing the bilateral relations, because the two powers were able to settle many disputes on the forum⁴. During the first period of the Obama administration the bilateral relations improved, which resulted in the development of “The Senior Dialogue” to “China-US Strategic Economic Dialogue”. The acceptance of G-2 concept in 2008 would have meant the next level of the relations and a new framework of the global governance, but Wen Jiabao respectfully rejected the idea. Instead of it, Xi Jinping in 2012 announced “the new type of great power relations”, the main characteristics of which were drawn up in the previous section.

In analysing the last decades of bilateral relations, we can assess that the relations of China and the US has widened and deepened in accordance with the more balanced stance, but on the other hand China was not willing to accept the American G-2 proposal, which would have resulted in a more integrated bipolar model. The idea went against China's multipolar worldview. The G-2 concept would have served as a stabilising factor in the US's geopolitical position after 2008. Through this stabilization, the US could have claimed back its hegemonic position. The G-2 concept would have navigated China into an unbalanced cooperation with the US, where China would have been the smaller "equal" partner. Probably the concept would have secured Washington's hegemon power through taking advantage of its partial advantages over China. Instead of accepting the G-2 concept Beijing has announced its own conception: "the new type of great power relations". The rejection of the American idea and the proposition of the Chinese concept can be interpreted as a conceptional collision between the two leading powers with consequences in the present days.

There has been a significant structural change in the power division in China since Xi Jinping became president – the new president transformed the way of governing. In the new system, power is more concentrated compared to the former shared ruling model of Deng Xiaoping. Xi Jinping possesses the main titles of the state, namely he is the General Secretary of the Chinese Communist Party, the President of the People's Republic of China, the Chairman of the Central Military Commission, the Chairman of the National Security Commission. Beside these titles, Xi also has a substantial impact on China's foreign policy.

The National Security Commission, which is a new formation, was established in 2013 and amongst other goals its responsibility is to carry out counterbalancing decisions against the American moves weakening

the country. Beijing is aware that the global system is getting more complex so if the leaders of the country intend to manage and control the country's security and foreign policy more effectively, they need to make the decisions on a more holistic basis⁵. The features of the Commission are not settled yet because its past is very short, but according to internal information, it functions with many information distortion problems⁶. The abovementioned features lead into two directions: on the one hand, Beijing with a strong leader intends to appear unified on the international stage, on the other hand in case of a conflict, the state and the nation can act more efficiently, more coordinated and directed (Lampton, 2015).

In the recent years several global issues – secular stagnation, terrorism, immigration, global climate change – have surfaced, and the solutions would necessitate global political commitment. The representative of two great powers frequently have meetings and discuss global issues, but sometimes these meetings seem to be trapped by the great power games, despite the urgency of these global problems. However, there have been some positive signs for cooperation, for example the Paris Agreement in 2015 was signed by both sides, thus it could come into effect.

4.2. Economy

High level of interconnectedness must be mentioned among the economic stabilisation factors in the first place. The economic relations of the two countries have become very close since 1978; however, unbalanced trade resulting in Chinese surpluses contributed to tensions as well. High level of integration can be perceived in the field of division of labour, because American companies moved their production to China to take advantage of cheap Chinese labour. Many international firms relocated high value-added production to the Asian country, as China

became more and more integrated into the international system. As a result of the process China has become the “world factory” in the first decade of the 21st century.

Through the international investments, China has gained high-end knowledge and technology, which was absorbed by national companies. As the Chinese reserves grew because of their successful economic model, Chinese firms made determinate steps to acquire shares in Western companies, so nowadays important American firms are often (partially) owned by the Chinese. It is also noticeable in the bilateral economic relations that China is the sole producer of some rare resources⁷, which are essential in certain industrial sectors. In case of deterioration of the relations or an open conflict this dependence on China would temporally paralyse these productive sectors.

The main destabilizing factors in economy are intense trade relations and the long-lasting effects of the Global Financial Crisis of 2007/08. Because China’s development is based on its export-oriented economic structure, Beijing keeps devaluing the RMB against the USD, which results in a trade asymmetry in the bilateral trade. The artificially distorted RMB/USD exchange rate has been often debated between the US and China. The US expects from Chinese exchange rate liberalisation a stronger RMB and the rebalancing of the bilateral trade. On the other hand, China is not able to implement totally free-floating exchange system since if the exchange rate were appreciated, several state-owned companies would face export difficulties, which would have escalating effects in the financial sector as well. The problems of the financial system would probably impact the economic development as well, so the whole process would lay foundations for unacceptable social unrests. The American and international pressure resulted in cautious Chinese steps toward a less managed exchange rate regime and China pledged to form its exchange system gradually into a free-floating one.

The growing indebtedness of the US and China makes their cooperation more difficult. After the 2007/08 Crisis, both launched significant stimulus programmes for different reasons⁸. The programmes resulted in higher levels of indebtedness, which even limits their economic development through lower level of private investment (Summers, 2016). In China, the debt of the municipalities and the shadow banking system are the main problems while in the US, federal debt is in the focus. Problems of debt management impact bilateral relations, because China is the second largest owner of the US debt, while on the other hand US is one of the biggest investors in China. As the issue of change of economic structure and soaring level of debt will receive more attention, it will affect the Chinese reserves. That means China would spend less on buying American government securities and would use its USD-denominated reserves on managing and alleviating the economic problems of the country.

The bottlenecks and hardships of the global economic development are on the one hand managed in multilateral and bilateral forums⁹, where the US and China collectively try to solve the problems, on the other hand both sides have their own ideas about new trade integration forms and infrastructure programmes. The Obama administration coordinated its efforts in establishing new free trade agreements – Trans-Pacific Partnership (TPP), Trans-Atlantic Trade and Investment Partnership (TTIP) and Trade in Services Agreement (TiSA) – which would have resulted in formalizing the rules and regulations of trade and provided services in the concerned regions. Although the new American president withdrew from the TTP after his inauguration and the TTIP agreement talks has halted because of social and national opposition in the EU, it is sure that the American administration will relaunch the initiatives in new forms in the long run. The special feature of these initiatives is that the US excluded China from them.

On the other hand, Xi Jinping in 2013 announced the One Belt One Road (OBOR) initiative, whose final goal is to develop a Eurasian economic zone including even African countries. The main land routes of the OBOR connect China with Europe, the northern route through Russia, while the southern route is planned to go through the Central Asian countries and Turkey. The maritime route focuses on Southeast Asia reaching Africa at the shores of Kenya and Djibouti, then it reaches Europe through the Red and Mediterranean Sea. China has many times invited the US to participate in the project; however, the Americans assess the project as being too risky involving financial, geopolitical and security concerns as well.

Stability could be strengthened if the two countries were able to coordinate and involve the other party in the new global economic initiatives since due to their sheer volume these projects would influence the global economy positively. In recent years, Beijing has offered a lot of opportunities to the US to join the OBOR, while the USA has neglected the proposal and ruled out China of its own initiatives. If the processes tend to continue in a similar way, based on historical examples the intensification of conflicts is expected to ensue between the US and China¹⁰ (Luft, 2016).

In order to improve their trade positions, the Chinese have frequently subsidized their export products; their goal has been to reach substantial market share in the world market. Thanks to the subsidies and originally low production costs, China has been able to determine the dumping margin of the world market for certain strategic products that other market players were unable to compete and therefore were crowded out of the market¹¹. This Chinese strategy has affected negatively the national production capabilities of many countries, but before the 2007-08 Crisis, the global credit expansion had enabled these countries to hide the negative effects of these processes. In the currently

stagnant world economy – secular stagnation¹² – in order to preserve jobs, voices in the American society demanding higher protection of the national market and industries have become louder. If trade competition of the two major powers based on their own trade zones is further intensified, the number of protectionist measures is very likely to increase on both sides, leading to partial segregation of the world economy¹³.

4.3. National Security and Military Power

Although sometimes efforts to enhance national security and military power can destabilize regions, these are consistent elements of state's sovereignty. At the same time, we have to take into consideration a strengthening factor of stability, namely the nuclear deterrent force, which prevented the two major powers in the Cold War from an open conflict. The overwhelming majority of nuclear powers are aware that if one party submits a high-powered atomic bomb within a military clash¹⁴ it will be fatal to both sides. The nuclear force of the contemporary two major powers is not equal, the US at least has five times more atomic bomb warheads than China.

In the field of traditional warfare, both sides spend significant sums on the maintenance and continuous improvement of their armies. The US defence budget is around 600 billion USD per year according to available public military budgets information¹⁵. In China, the exact military budget amounts are handled with much greater secrecy; various estimates range from the annual 130 billion USD to over 200 billion¹⁶. For the time being, the preparedness and development of the traditional military of the two countries cannot be compared to each other. The US has a global military power based primarily on its global network of military bases and maritime and air fleet, China is primarily a regional military power with an increasing military fleet, whose focus is on the

territorial security and defence.

In the field of military alliances, it has become clear in recent years that both major powers try to tighten and deepen their relations. The US can rely on NATO in Europe, and it has close military cooperation with Japan and South Korea. In recent years, the US has made significant efforts on both continents to expand its global missile defence system and to develop the missile defence and radar capability of its allies. Although the USA has implemented its military developments primarily due to alleged Iranian and North Korean threats, neither Russia nor China accept these arguments. The two Asian countries interpret these processes as encirclement and implementation of a restrictive and offensive American strategy. For the above-mentioned reasons, China and Russia have been tightening their military cooperation in recent years, for example through joint military practices, trainings and military development. Moreover, China and Russia are also the core countries of the Shanghai Cooperation Organization (SCO)¹⁷, which has accepted the accession of India and Pakistan as full member in 2016 and plans to include Iran are on the agenda. Although the SCO operation is still in forming and the dividing lines between the participants seem to be greater than the cohesion force, it can be stated that the number, capabilities and collective power of the participating countries show a strong force even against the US and its Asian allies or the NATO.

Over the past years, there have been many news about the direction in which the parties have developed their military forces and in which areas they try to gain or have a relative advantage over each other. The US is primarily working on a global anti-missile shield and radar system with its allies whose main function is to discover and destroy ballistic missiles of the enemy as soon as possible. In developing its own armed forces, the US puts emphasis on the development of precision warfare strategy and equipment which is capable to deliver a strategic blow

within thirty minutes to any of its enemy's strategic points and routes on the globe. The above-mentioned directions are only the main goals of US military's global development. Beside these directions the cyclical development of traditional military equipment is continuously under way.

The Chinese Army is basically defensive, the focus of their national defence strategy is the active defence, i.e. China does not intend to attack any country, but if any country were to attack them, they would be able to deliver the first preventive blow. According to the strategy, China develops and deploys anti-missiles with the assistance and cooperation of Russia and spends significant resources on the development of surface warships and submarines. On the other hand, China develops a global defensive chain of maritime bases to reach out to Africa's shores. The main goal is to secure the maritime trading routes.

In present days' world politics, world economy and military arena, one of the biggest destabilizing points is the South China Sea. The brief essence of the conflict is that China considers it essential to gain dominant military and economic position in the region and to reduce US's power in order to lay solid foundation for its global power. On the other hand, the US aims to maintain its power and geostrategic position in the region. That can be achieved if the US with its allies is able to limit China's regional rise. In this case, the two great powers need new perspectives and behavioural norms in accordance with the policy of "new type of great power relations". China needs to be careful to avoid seemingly excessive assertiveness and impatience, while the US should not react over-sensitively because of the decrease in its regional power.

In recent years, China has invested heavily in the two decisive areas of modern technology: outer space and cyberspace. As these areas are the latest fields of modern warfare, less information is available on them. As far as it is public, China's space-related activities are basically based

on the development of communication-blocking technologies and anti-satellite activities. The case of cyberspace and cyber-pirating has been on the agenda of the bilateral forums; these questions have been mainly from American side, which support the assumption that the China has substantial capabilities in the field. Some national security analysts allege that China develops a complex defensive system, called Assassin's Mace (*shashoujian* / 殺手鐮), which combines traditional and modern spaces and even able to smite the US Army by targeting its weak points, namely communication and electronic devices (Pillsbury, 2015).

Overall, it can be stated that although the two sides publicly are not preparing for open conflict, they carefully consider their own strengths and the weaknesses of the other side's systems and try to conduct developments and reinforcements accordingly. The rise in defence expenditures over the recent years and the expansion and tightening of military alliances indirectly indicate that the two major powers are actually preparing for the Thucydides trap. We summarize the facts of the fourth section in Table 2.

5. Summary

The theories about the China-US relations' future range in a wide spectrum from the inevitable collision to the official Chinese foreign policy directions of peaceful development and new type of great power relations, whose main goal is to avoid collision in any case.

On the one hand, the analysed geopolitical power index showed that China has been closing in on the US, but it still lags behind in "overall power". On the other hand, China has opportunities in hard and soft power parameters, where it can develop rapidly. In the medium term, China has the capability to overtake the US's power.

Table 2 Factors Enhancing Stabilization and Destabilization in Bilateral Relations

Fields/Factors	Stabilizing factor	Destabilizing factor
Politics	Development of China's multilateral policy Bilateral- and multilateral-based global problem-solving system (economy, terrorism, climate)	G-2 and the new type of great power relations theories – theoretical conflict The South and East China Sea sovereignty problems The transformation of the Chinese political setting
Economy	High level of interdependence and interconnectedness (export-import, finance, production chains, technology and cheap labour, special resources) The symbiotic development of the global economic system (development of commercial areas, cooperative solution of global economic and financial problems and the enhancement of economic development, promotion of multilateral economic regulations)	Unbalanced commerce and USD/RMB exchange rate National/governmental debts Separate economic and trade areas and partnerships State aids and protectionism
National security	Nuclear deterrence	Growing military expenses Expansion and tightening of military alliances Arms race – development of traditional, precision arms and defence systems Competition in new spaces (cyber and outer space)

Source: Edited by author.

In the last section, the analysis showed that in politics the two major powers' concept of global order differs. The US aims to preserve the status quo, the global leader position of the country. China on the one hand accepts the present rule-based global order led by the US, but on the other hand China intends to reform it on the basis of multilateralism and more balanced relation with the US. Economically the two countries are interconnected and interlocked, they depend on each other and the global prosperity mainly is reliant on their economic development. Although there are disputes in the bilateral economic relations, it is the strongest stabilising factor. In the field of national security, the differences are huge, as the basic geostrategic goals run against each other. China intends to form the Asia-Pacific region into its core security area and in this scenario the US should have smaller role in the region. The US on the other hand has long-standing relations in the region and important strategic interests, therefore the US is keen on preserving its military hegemony in the region.

In our assessment, in short and middle term the economic relations and the differences in traditional military capabilities enable more or less stable bilateral relations with minor collisions and fluctuations. However, in the long run the geostrategic differences are so great that conflicts are predictable. The future clashes between the two great powers are most likely to occur in outer and cyber space.

Notes

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1. He claims that the faction has substantial influence on the high policy of China.

2. BRICS, New Development Bank, Asian Infrastructure Investment Bank, One Belt One Road initiative.
3. <http://blogs.timesofindia.indiatimes.com/headon/india-slips-brazil-and-germany-rise-in-2012-geopolitical-power-index/>
4. Major topics discussed on the forum: Taiwan Strait problem, war on terror, economic and financial problems after 2008 crisis.
5. Too many institutions were responsible for the foreign policy, which caused coordination problems in the administration.
6. The channels of information and responsibilities are not clear.
7. For example, alkali and rare earth metals.
8. US: financial system packages; China: economy-stimulating governmental investments.
9. G-20, China-U.S. Strategic Economic Dialogue.
10. The situation resembles very much the great infrastructure project competition of the German, British and French Empire before the First World War.
11. For example, steel, solar cells.
12. <http://larrysummers.com/category/secular-stagnation/>
13. Chinese and American economic areas or zones of the globe.
14. Maybe the only exception is North Korea.
15. Officially the Pentagon's budget has not been audited for over a decade, so we can assume that the American defence budget is higher than the official.
16. *SIPRI Yearbook 2016* (2016). According to some American estimate – Pillsbury – the Chinese annual military budget is close to 400 billion USD.
17. The SCO's main cooperation fields are the military, economy and culture and it has been in operation since 2001.

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