

US Policy Adjustment toward China and Its Implications for China-US Relations

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The US policy toward China has undergone major changes recently, and the China-US relations are experiencing the most profound transformation since the establishment of diplomatic ties between the two countries. The transformation of China-US relations is accompanied by risks and challenges in many aspects, but it also reflects the trend of world development. On its way of major-country diplomacy with Chinese characteristics for the new era, China faces a major task to analyze the driving force, nature and trajectory of its relations with the US, and understand and properly manage the risks and challenges in the bilateral relationship. It is of great significance for China to actively shape a favorable external environment and safeguard the important period of strategic opportunity for its development.

Historic Changes in the US Policy toward China

On June 15, 2018, the Trump administration announced a 25% tariff on approximately \$50 billion worth of Chinese imports. The following day, China also announced a 25% tariff on an equal amount of US imports under 659 items. The world's two largest economies thus officially launched a large-scale trade war, and are both prepared for a full escalation, which, to the alarm of the world, is the first time in peacetime history of the world economy. The shocking way in which the China-US trade war

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was unveiled reflects not only an escalation of competition of economic interests between the two countries, but also, indirectly, that the China-US relations is undergoing the most profound changes since the establishment of diplomatic ties. In this sense, the China-US trade war is a prelude to the transformation of China-US relations. The driving force behind this transformation can be seen in a series of historic changes in the US policy toward China.

First, the US government and society have shifted their perception of China to the negative. The perception of China by the two major political parties and various factions, whether they are leaning left, right or remain central, are generally turning negative. Their most important consensus is that the basic judgment of the US on China's development trajectory since the establishment of bilateral diplomatic relations has been wrong.¹ The development path of China has not conformed to the long-held expectations of the US during the past decades that China would gradually integrate into the international system dominated by the US and the West.² Steve Bannon, the former Chief Strategist to President Trump, explained this in the most straightforward way, arguing that since the normalization of relations between the two countries in the 1970s, American elites had held a wrong expectation that once China became richer and more developed, its democracy would improve accordingly. During the Clinton administration from the late 1990s to the beginning of the 21st century, American elites believed that by following the international framework and rules which were established by the US and its allies from the end of World War II to the collapse of the Soviet and Eastern European bloc, China would gradually become part of the system. As a result, the US had made great efforts to grant China with the most-favored-nation status and support China's accession to the World Trade

1 Kurt M. Campbell and Ely Ratner, "The China Reckoning – How Beijing Defied American Expectations," *Foreign Affairs*, March/April 2018, <https://www.foreignaffairs.com/articles/united-states/2018-02-13/china-reckoning>.

2 "The US Debate of China Policy: We Have Misjudged China," Phoenix International Think Tank, July 4, 2018, http://pit.ifeng.com/a/20180704/58978941_0.shtml.

Organization (WTO), in an aim to help China integrate into the world. In Bannon's opinion, the actual situation is just the opposite. China's development goals run counter to the Western pre-judgment. "What we have seen in the last 20 years is a Confucian mercantilist model."³ On June 18, US Secretary of State Mike Pompeo delivered a long speech at the Detroit Economic Club, attacking China as the "most predatory economy" in the world, dismissing China's talk about "openness and globalization" as a "joke."⁴

Second, the negative trend of US perception of China echoes with the mainstream view of the international situation by the US strategic community. According to the popular view within the community, the "great-power comity" that emerged after the Cold War as an international norm has become a thing of the past, and great-power competition has again dominated today's international politics. The reason, they believe, is that authoritarian rivals have never fully reconciled with the Western liberal order, but are only forced to accept the order due to the dominant position of the US and the West. The authoritarian forces represented by China and Russia are now using their relatively enhanced power to challenge the dominance of the US and the West in geopolitically critical regions, ranging from East Asia, the Middle East, to Eastern Europe. Since the regional order being challenged is the basis of the post-Cold War system, these countries are in fact subverting this system "from the bottom up." The geopolitical revisionism pursued by China, Russia and Iran in their respective regions has made competition among major powers increasingly intense, leading to the return of Cold War phenomena such as arms race and security dilemma, and the escalation of conflicts over the international order and global rules. Although the great-power geopolitical struggle has not yet become as violent as in the 20th century, the world is returning to the historical paradigm of great-power conflicts. The US policy toward China needs to be adjusted in a

3 "Full Text of Bannon's Speech on China Affairs," <http://m.dunjiaodu.com/waijiao/2692.html>.

4 Mike Pompeo, "Remarks on America's Economic Revival," June 18, 2018, <https://www.state.gov/secretary/remarks/2018/06/283305.htm>.

strategic rather than tactic way.⁵

Third, the adjustment of the Trump administration's China policy is consistent with the changing trend of the aforementioned US perception of China in terms of keynote, strategic positioning, and tactic approaches. The US National Security Strategy released by the Trump administration at the end of 2017 and other documents subsequently released by various agencies of the US political parties, government, military, and intelligence community have affirmed that China has the ability and willingness to challenge the US hegemonic status, arguing that China and Russia are geopolitical "revisionist powers" and labelling geopolitical revisionism, "rogue states" (mainly referring to Iran and North Korea) and international terrorism as the three major threats facing the US.⁶ On the China policy, the hardliners have the upper hand both in Trump's cabinet and the Congress, while the moderates are silent. The basic tenet of the US policy toward China is that the US must give up its illusions, face challenges, and try all out to balance against China's rise. American hardliners stoutly believe that the US has the ability to win in the competition with China. Since the hardliners have an overwhelming dominance, the US policy toward China is mainly to intensify competition while also taking cooperation into consideration. There is a palpable rise in the pressure on China. For example, the US is mounting maximum pressure on China on economic and trade issues, testing China's bottom line on the Taiwan issue and the South China Sea issue, balancing against China with its Indo-Pacific strategy for geopolitical considerations, and discrediting China jointly with Western countries in terms of the international order and global governance. The main tone of the US policy toward China can be said to have shifted from "cooperation plus competition" to "full competition." Putting China-US economic and trade disputes against this background, it can be clearly

5 Hal Brands and Eric Edelman, "America and the Geopolitics of Upheaval," *The National Interest*, June 21, 2017, <http://nationalinterest.org/feature/america-the-geopolitics-upheaval-21258>; Elizabeth C. Economy, "China's New Revolution," *Foreign Affairs*, May/June 2018, <https://www.foreignaffairs.com/articles/china/2018-04-17/chinas-new-revolution>.

6 The White House, *National Security Strategy of the United States of America*, December 2017, p.25.

seen that the trade war between the two countries is essentially different from the trade war or economic disputes between the US and other countries, because the latter is mainly a competition of interests, while the former is not only about interests but also about strategy.

The above-mentioned changes in the US policy toward China have had serious negative impacts on the development of bilateral relations. The most prominent problems are twofold.

On the one hand, the China-US relations are confronted with, for the first time, the risk of failure or even loss of a “ballast stone.” Since the establishment of diplomatic relations, and even since President Nixon’s visit to China, the China-US relations have been afflicted with various structural contradictions, but in general, the overall stability of the relationship has remained intact, and the bilateral relations have continued to develop without break despite conflicts. One key factor for the long-term stability is the presence of a “ballast stone” in different historical periods. During the Cold War, the strategic need to jointly balance against the Soviet Union served this role; since the end of the Cold War, the interdependence based on economic and trade cooperation quickly became a new “ballast stone,” and played a significant role in stabilizing the bilateral relations in over 20 years. However, in the wake of the international financial crisis, when the US economy was badly hit and its domestic and external contradictions became increasingly prominent, the “ballast stone” role of economic and trade cooperation tended to weaken as imbalance in bilateral trade was further exacerbated. Upon taking office, Trump adopted the “America First” protectionist policy and began to regard China as the biggest “strategic competitor.” The trade imbalance between the two countries is thus considered as a pressing issue. If the trade dispute could be solved smoothly, economic and trade cooperation would continue to play the role of a “ballast stone” in the China-US relations; if a solution could not be found and a large-scale trade war broke out, the loss of the “ballast stone” would be inevitable, which would become a historic event that happens for the first time since the 1970s.

On the other hand, the loss of the “ballast stone” would have great implications for the future China-US relations. The most prominent issue is whether the state of “competition without breaking ties” can continue. There is a long-time popular view in China that “the China-US relations can turn neither very good nor very bad.” This view was justified in the past because it largely reflected the long-term state of “competition without breaking ties” in bilateral relations. Under new circumstances, however, it is doubtful whether this traditional way of thinking is still suitable for predicting the future of China-US relations. As the gap of strength between China and the US is narrowing and competition intensifying, the structural contradictions between the two countries are becoming more prominent. In this context, both sides need to expand cooperation and strengthen interdependence to balance against the negative effects of structural contradictions. The current China-US relations can be said to need a “ballast stone” more than ever before. If the “ballast stone” was lost now and the strong interdependence in terms of interests weakened or was even decoupled, the China-US conflicts would face lower costs and higher risks and it would be more difficult for both countries to manage structural contradictions in many areas. Considering the current situation of China-US relations, there is no problem with the judgment that the relationship “cannot turn very good,” but it is becoming dubious that the relations “cannot turn too bad either.” Generally speaking, whether the China-US relations can remain stable despite conflicts will depend on the ability of the two sides to manage disputes and appropriately handle challenges confronting the bilateral relationship.

Challenges in the Transformation of China-US Relations

Whether the China-US relations would remain stable despite conflicts depends largely on the ability of the two sides to avoid three interrelated yet different traps: the Thucydides Trap, the New Cold War Trap and the Kindleberger Trap.

The Thucydides Trap

The Thucydides Trap is a catchphrase in recent years when talking about the China-US relations. Judging from the recent developments, the old problem has taken on new connotations, and there is a greater risk of China-US relations falling into the Thucydides Trap.

First of all, the strategic objectives of both sides are becoming increasingly antagonistic. Although the Obama administration adopted the so-called Asia-Pacific Rebalance strategy from around 2010 and intensified the strategic pressure on China, its National Security Strategy still highly appraised the “unprecedented cooperation” with China and called China a “strategic partner” in 2015. In 2017, the National Security Strategy released by the Trump administration changed the positioning of China by labeling it as a “strategic competitor” and put China before Russia for the first time. The fundamental change of the US government in the definition of the nature of its relations with China reflects not only Trump’s personal perception of China but also the mainstream view of the American society on China. It is generally believed in the US government and society that the goal of national rejuvenation proposed in the 19th National Congress of the Communist Party of China is to replace the American hegemony and seek an international order led by China at the expense of the interests and values of the US and the West, which is in fundamental collision with the strategic goal of “Make America Great Again” proposed by the Trump administration. The conflict of strategic goals aggravates the potential and real confrontations in China-US relations.

Second, Trump’s position on China-US economic and trade issues, which has gone tough after vacillations, is closely related to pressure from the American public opinion. At the critical moment when Chinese Vice Premier Liu He led a delegation to the US to negotiate bilateral trade issues, Bannon called on allies through conservative media outside the White House to push the US government to take a tougher position, exerting greater criticism and pressure on Trump’s China policy; Fox News host Lou Dobbs

attacked the “globalist camp” in the White House for allowing China to steal American intellectual property and maintain a huge trade surplus with the US; *The Washington Post* published a commentary entitled “Trump’s Trade War with China Is Over for Now, China Won”;⁷ Senate Majority (Republican) Whip John Cornyn drafted a letter signed by 27 senators warning the government not to give in to ZTE on law enforcement. These attacks caused the Trump administration to turn around again and finally put forward the toughest trade policies in the past 40 years.⁸ It shows that the US conservative forces played a significant role in coercing the Trump administration to turn tough on trade with China.

Finally, if the China-US trade war continues and expands on every front, the ensuing problems will not only aggravate economic losses of both sides but also give rise to conflicts at the strategic level. If the China-US trade war means a failure of the “ballast stone” in the bilateral relationship, then the full escalation and infinite expansion of the trade war will completely decouple the two economies, and the interdependence will no longer exist. Lacking interdependence, the economic costs of conflicts are almost null, and it will be more likely that many structural contradictions between China and the US in the security field might lead to a direct confrontation. History has proven that to avoid structural contradictions between great powers from turning into conflicts, a twofold response, which contains both positive and negative elements, is the most effective: the positive measure is to expand common interests by downplaying differences, and the negative measure is to strengthen mutual deterrence. The best way to avoid the Thucydides Trap is to rely on the former, and only when interdependence fails will we resort to strengthening deterrence to avoid the Thucydides Trap. Even if resorting to deterrence can effectively avoid a hot

7 “Trump’s Trade War with China Is Over for Now, China Won,” *The Washington Post*, May 22, 2018, https://www.washingtonpost.com/opinions/trumps-trade-war-with-china-is-over-for-now-china-won/2018/05/22/aba97b3e-5ddb-11e8-a4a4-c070ef53f315_story.html.

8 “‘Get Moving’: How Trump Ratcheted Up the Trade Battle With China,” *The Wall Street Journal*, June 8, 2018, <https://www.wsj.com/articles/get-moving-how-trump-ratcheted-up-the-trade-battle-with-china-1528383547>.

war among nuclear powers, it will leave serious ramifications by falling into the Cold War Trap.

The Cold War Trap

The Cold War Trap is another major risk facing China-US relations in the future. Recently, many people in the East and West believe that the US, China and Russia have been caught in the second Cold War.⁹ Although such views and conclusions are open to discussion, many recent signs in China-US relations suggest that such concerns are not groundless.

The Cold War Trap has two basic features. First, it is closely related to the Thucydides Trap and can be said to be its by-product. The Thucydides Trap is more likely to lead to a cold war between great powers if their conflicts of interests become irreconcilable and confrontational but the two sides cannot bear the consequences of mutual destruction. Second, the Cold War Trap involves ideological factors. The ideological opposition not necessarily leads to a cold war between great powers. If there exist common strategic interests, great powers can still seek limited cooperation, such as the alliance between the Soviet Union on one side and the US and the UK on the other during World War II, and the joint counterbalance against the Soviet Union by the US and China in the 1970s. However, if there is a major conflict of interests between ideological rivals, a cold war is almost inevitable since a hot war is inconceivable. The current trade war between China and the US involves not only economic interests but also ideology and development path. On the issue of China-US trade disputes, the hardliners in the US government and society, who now gain the upper hand, are not simply struggling for interests but more importantly for maintaining the Western liberal order and value system. In this respect, the trade disputes between China and the US are essentially different from

9 Michael Lind, "America vs. Russia and China: Welcome to Cold War II," *The National Interest*, April 15, 2018, <http://nationalinterest.org/feature/america-vs-russia-china-welcome-cold-war-ii-25382>; Zheng Yongnian, "Technical Cold War and the Prelude to the China-US Cold War," *Lianhe Zaobao*, April 24, 2018, <http://www.zaobao.com/forum/views/opinion/story20180424-853336>.

the US-Europe, US-Canada or even US-India trade frictions, where their disputes are primarily about interests and are far less complex than China-US trade disputes. As a result, although the US and Europe also have different stances on trade, they have still formed a united front on a series of China-related issues in recent years: determining that China is a non-market economy which practices state capitalism where key economic entities and the allocation of market resources are either directly controlled or indirectly manipulated by the government;¹⁰ accusing China of unfair competition through restrictions on market access, forced technology transfer, and infringement of intellectual property rights; claiming that geopolitical and ideological rivals represented by China and Russia are subverting the Western liberal international order; and calling for joint efforts to prevent the expansion of Chinese influence, etc.

It is worth noting that the China-US trade war is likely to become a prelude to a cold war. “If the US hardliners want to turn China-US relations into a cold war, then this trade war can at least play two roles. First, it reduces trade interdependence between the two countries until it finally decouples. Second, the US sends signals to its allies and begins to readjust and strengthen relations with them. A cold war amid highly interdependent trade relations will cause great harm to the US. The trade war serves as a period of adjustment that gradually reduces costs. Once trade relations are decoupled, a political and even military cold war is right to begin.”¹¹ The analysis and reminder makes sense. The China-US trade war would have little impact on the stability of bilateral relations if it is limited to \$50 billion and ends with compromise from both sides; but if the trade war escalates to every aspect, it would be more likely to lead to a cold war.

The Kindleberger Trap

The third risk facing China-US relations lies in the so-called

10 Joshua Kurlantzick, *State Capitalism – How the Return of Statism Is Transforming the World*, Oxford University Press, 2016.

11 Zheng Yongnian, “Technical Cold War and the Prelude to the China-US Cold War.”

Kindleberger Trap. Charles P. Kindleberger, an American historian of world economy, is one of the founders of hegemonic stability theory in international relations studies and also one main architect of the Marshall Plan after World War II. In his view, the root of the catastrophe in the 1930s is that while replacing Britain as the world's largest power, the US failed to shoulder the responsibility of providing global public goods as did the UK, leading to global recession, genocides and a world war. In January 2017, the US scholar Joseph Nye revisited the Kindleberger Trap in an article on the European News Network, in an aim to warn the Americans that a risen China might show weakness instead of strength in that it might be unwilling to take the US role in supplying important international public goods, which would lead the world into a dangerous situation devoid of leadership and full of crises.

The theory of Kindleberger Trap has attracted attention of the international academia and the media but not so in China after it was reintroduced. Probably the Chinese do not think it is very relevant to China. In fact, if the Kindleberger Trap exists, it is a problem confronting not only the US but also China, because the theory is essentially about how the relationship between the emerging power and the established power affects stability of the world and it is to some degree complementary to the Thucydides Trap theory. If the Thucydides Trap is about how conflicts between two great powers affect global stability, then the Kindleberger Trap is about the influence of great-power cooperation and power transition on the stability of the world. Conflict and cooperation among great powers have always been two sides of the same coin and currently, these two sides are both prominent and complicated in China-US relations. With more factors of conflicts and less space for cooperation in the bilateral relationship, the practical significance of the Kindleberger Trap is even more notable. While the US is less able and willing to continue providing international public goods, China not only lacks the ability and willingness to assume this responsibility but also faces a very difficult and grim situation.

When the Trump administration repeatedly withdraws from international multilateral mechanisms, will China have the ability and necessity to fill the void left by the US? The answer is that China should neither fully accept nor reject outright. The former will incur an unbearable burden to China and the latter will expose China to accusations of “irresponsibility.” The correct practice should be considered on a case-by-case basis. On some issues China has the necessity and the ability to undertake more international responsibilities, such as promoting more open and inclusive multilateral international cooperation. On other issues, China cannot replace the role of the US: for example, on the issue of climate change, China cannot take up for the US what the Trump administration has refused to do.

In order to avoid the Kindleberger Trap, the most difficult problem facing China is not how to fill the void of public goods supply caused by US withdrawal, but how to meet the challenges from the US endeavor to reconstruct the international order. The selective withdrawal of the Trump administration from multilateral international institutions do not mean a return to isolationism, but reflect its intention to forsake the current system that does not conform to US interests and create a new system to marginalize the current one. Trump recently proposed a program of economic integration among G7 countries that features zero tariffs, zero subsidies and zero non-tariff barriers at the G7 summit, which is said to have been recognized by German Chancellor Angela Merkel. Given that G7 accounts for almost half of the world GDP (about 48%), once the program is carried out and attracts more developed economies to join, the WTO will be marginalized, and the competitiveness of China and many developing countries in the current multilateral international order will take a serious blow. How to cope with this problem is a more grave challenge to China posed by the Kindleberger Trap.

The above three risks indicate that China-US relations are undergoing a profound transformation. With a grim prospect and dramatically increasing risks and challenges for future development, there is less room for optimism.

Three Global Trends Reflected in Transformation of China-US Relations

There are many uncertainties over the prospect of China-US relations to overcome these three traps. Involving two countries with the greatest global influence, the cause and implications of the transformation in China-US relations are far beyond the logic and scope of bilateral relations, and are closely related to the current developments and trends in the world. In other words, the restructuring of the China-US relations is the product of the current world developments, and in turn will directly affect the trends of the current era, which is mainly reflected in three aspects.

Transformation of globalization

From one important perspective, the changes in China-US relations reflect the transformation of globalization. The China-US trade imbalance is not a new problem. The evolution from trade frictions to a trade war between the two sides shows a transition from quantitative change to qualitative change. Aside from bilateral factors, we cannot ignore the international context of counter-globalization. The counter-globalization wave is the result of some outstanding problems in globalization that have remained unresolved for a long time. The most prominent is that globalization has aggravated unfair social distribution and uneven development among countries. The inclusiveness which should be a property of globalization did not deliver, and the space and sustainability of this round of globalization are increasingly diminishing. The transformation of globalization becomes imperative.¹² At present, the counter-globalization movement is still on the rise, which is reflected not only in the China-US trade war but also in the intensifying US trade frictions with European countries, Canada, South Korea, Japan and India. The counter-globalization

12 Xu Jian, "Globalization in Reverse and Its Transformation," *China International Studies*, No.4, 2017, p.21.

wave, which falls and rises in different parts of the world, has led the international community to reach a consensus that the crux is not whether globalization should be transformed, but how and in what direction to transform. This shows that if handled right, the counter-globalization wave can be turned into a strong driving force for the transformation of globalization. The American withdrawal from international institutions is not to fully exit from globalization, but to reshape the norms and order of globalization and rebuild the globalization dominated by the US and the West by completely marginalizing the “no longer fair” globalization mechanisms.

However, disputes about the direction of the globalization transformation has already arisen between developed countries and emerging powers. The US, Europe, and Japan believe that the “state capitalism” represented by China has undermined fair competition in the existing globalization system. This is a key issue with implications for the fate of globalization and the direction of its transformation. It is also one of the most acute and sensitive issues in China-US trade disputes. It can be seen that there is close interaction between the transformation of China-US relations and that of globalization. If the emerging countries and Western countries, especially China and the US, can reach a consensus or compromise on this key issue, the transformation of globalization can be expected to proceed smoothly, and China-US economic and trade disputes are also likely to subside. Otherwise, the current international order of global integration represented by the WTO is almost doomed to be marginalized, which will be replaced by a fragmented international order with an integrated bloc of Western developed countries on one side, cooperative mechanisms of emerging countries on the other, plus a few regional cooperation mechanisms in between.

Global social transformation

The so-called “Trump phenomenon” is a subject that cannot be avoided in discussing the transformation of China-US relations, which

has become the epitome of rising populism in the West today as Trump's election victory is widely regarded as one of its products. How should we view the rise of populism? Is it a temporary or long-term phenomenon? The interpretation of these issues, in turn, is helpful to the analysis of the "Trump phenomenon" and the understanding of the changes and transitions in China-US relations.

In light of the current situation and historical experience, the rise of populism is not a transient or accidental phenomenon, but a product of the social transformation in the world brought about by scientific and technological revolution, especially information revolution, which in many respects might be comparable to or even more profound than the influence of the Industrial Revolution. The populist thought has become more active in Western society in recent years, but it does not mean that populism is a local phenomenon peculiar to Western society. It only reflects that the impact and influence of the new round of scientific and technological revolution on Western society precede that on other regions. Undoubtedly, the Western public opinion also catalyzes the populist sentiments.

The most typical manifestation of populism is that the public is less interested in or convinced by the lecturing of the so-called social elites. This is not because the current social elites are less capable in terms of perception and persuasion, but because of the ever-changing and extraordinarily profound impact of the new round of scientific and technological revolution, which is led by information revolution, on the modes of economic development, social communication as well as state and social governance. Among the endless ensuing problems and puzzles, some, such as whether artificial intelligence robots will in turn control human beings, are difficult even for social elites or insiders to provide a satisfactory explanation or prediction since the conditions for giving answers are not yet mature. As social elites' perception is lagging behind the times, the great social changes driven by scientific and technological revolution would usually lead to declining social authority together with

rising populist sentiments. The world has witnessed similar situation during the first Industrial Revolution, which spread from Britain to continental Europe, North America and then the rest of the world, brought the human society from agricultural to industrial civilization, and led to fundamental changes in people's way of production and living. As a result, many industries and professions familiar in the agricultural civilization disappeared or dramatically declined, and were replaced by utterly new ones that only belong to the industrial civilization. The changes lasted for decades or even centuries, bringing great impact and distortion to society and causing much anxiety and confusion psychologically and cognitively for ordinary people.

In order to solve the various problems and contradictions brought about by the social transformation, people have also undertaken arduous exploration and tried all kinds of social reform programs, in this process incurring tremendous pains and turbulence as well as violent domestic conflicts and even world wars. However, once people gradually realized and found the right way to adapt to the changes of the times, the social transformation will eventually bring progress to the human world. The profoundness and persistence of change in today's era may exceed that of the Industrial Revolution in the 19th century in many aspects. According to predictions by relevant research, over the next ten to twenty years, with the development of technologies such as artificial intelligence, dozens of traditional professions such as taxi drivers, lawyers, and security brokers are likely to disappear or decline substantially. A study by the McKinsey Global Institute predicted that by 2030, automation would eliminate more than 73 million jobs in many industries.¹³ It is an inevitable trend that various social bewilderment and upheaval will take place around the world that correspond with changes of the times. Different from the 19th and 20th centuries, the social elites' authority in the information era is diminished and the traditional media's ability to guide public opinion

13 Austan Goolsbee, "Public Policy in an AI Economy," NBER Working Paper Series, No. 24653, May 2018, <http://www.nber.org/papers/w24653.pdf>.

is on the decline. At the same time, ordinary people can communicate with the rest of the society through we-media. The populist thought thus becomes unprecedentedly active and more influential on the public opinion.

Looking at the social transformation and the associated changing social sentiments caused by the new round of technological revolution from a historical perspective, the emerging populist trend in the West does not mean that there is no solution to the chaos in the West, just as the drastic changes in the Soviet Union and Eastern Europe from late 1980s to early 1990s did not lead to the “end of history” claimed by Francis Fukuyama. In a period of great social changes, a certain degree of social upheaval is normal. From the pattern of historical development, change brings more opportunities than turbulence to a society. The society will progress and the turbulence caused by hesitation and confusion will gradually subside once we adapt to the changes. This rule of historical development is not only applicable to the changes that the current Western society is experiencing but is also of universal significance to analyzing the influence of scientific and technological revolution on the society around the world.

The social upheaval arising in the period of changes in Western society also manifests itself in China-US relations through the so-called “Trump phenomenon” and affects the development trend of the relationship. Understanding this interactive relationship between the transformation of China-US relations and the social changes driven by scientific and technological revolution would help us grasp the inevitable changing trend of bilateral relations and alert us to the enormous risks involved in the transition of the relationship. The social changes driven by the Industrial Revolution set off great turbulence, conflicts and two world wars in the 19th and 20th centuries. Whether the world can more rationally and peacefully harness the global social changes brought about by the new round of technological revolution is a joint task for all countries in the world. In particular, China and the US have special responsibilities and obligations to solve this problem.

Instability of multi-polar international politics

The third driving force behind the profound changes in China-US relations lies in the increasingly multi-polarized world. There is a popular idea in strategic circles that the US is always highly vigilant against its competitor with the closest strength. Competitors with an economy close to or reaching two-thirds of that of the US are often seen as approaching a threshold where it would face fierce suppression from the US. This idea is not iron-clad judging from the course of US international strategic development since World War II. When the US intensified its pressure on Japan in the 1980s, the size of Japan's economy was roughly two-thirds of that of the US. However, it does not apply to the outbreak of the Cold War between the US and the Soviet Union. The US economic size was more than half of the world total by the end of World War II, but the huge economic disparity between the US and the Soviet Union did not prevent the Cold War from breaking out. Nevertheless, from the logic of international competition, it makes sense that a narrowing gap between the top two countries unnerves the leading power. It is definite that the intensified disputes between China and the US are directly related to the power transition. This shows that the trend of multi-polarization of the world structure will aggravate great-power competition and increase the instability of international politics.

For a long time, the objective trend of world multi-polarization has been more often imbued with positive significance in shaping the international order. However, a multi-polarized world will not spontaneously bring about democratization of international relations, and the international order will still depend on great-power politics. History shows that if a multi-polarized world cannot build an effective international normative order, or the existing international order no longer functions in regulating state behavior, multi-polarization is more likely to bring turmoil to the world, which deserves our attention.

The pattern of great-power competition in a multi-polar world is

different from that in the unipolar or bipolar world in the following aspects. First, the great-power competition concentrates more on the balance of power, because in a multi-polar world, there are more factors that affect the balance of power and the balancing game has become more complex. Second, the great-power competition attaches greater importance to strength. Third, an expanded maneuvering space and more frequent changes of friend and foe relations will lead to a fragile and unstable system of power balance. An idealized multi-polar world based on democratization of international relations and a multi-polar world dominated by great powers are on the opposite ends of the spectrum of multi-polarization in theory. In the foreseeable future, it is highly unlikely that either scenario would happen in reality. What would really happen is somewhere between the two ends, and the question is just to which end it is closer. Considering the current situation, on the one hand, the current international normative order is weakening, and on the other hand, the trend of multi-polarization is strengthening, which means that the unrest and uncertainty of multi-polarization cannot be underestimated. This is especially important for analyzing the future trend of China-US relations.

The mainstream view on the China-US competition, whether at home or abroad, is that the general trend is still beneficial to China and time is on China's side. At the same time, however, we should pay attention to the increasing disadvantages of China in the competition. First of all, it is important to realize that the trend of multi-polarization is intensifying competition between the two countries, and especially profoundly changing the attitude of the US toward China and how it competes with China, which will complicate the environment of China-US competition. In the new context, the following factors unfavorable to China may be more prominent.

First, it is becoming more likely that the pace of China catching up with the US in terms of quantity and quality of growth would be slowed. In the context of the continuous downward pressure on China's economy and the China-US trade war, it will be inevitable in the future that the growth

rate for China's economic size to surpass that of the US will slow down, and it is unlikely for China to continue the trajectory over the past three decades. As the US and the West step up their full control over scientific and technological export to China, it will also be more difficult for China to catch up with the US in terms of economic quality. On the contrary, multi-polarization means its relative decline at most for the US, which would not easily lose its status as the No.1 power. And it is expected to remain at the top of the world in terms of innovative capacity and comprehensive national strength in the coming two decades. Second, in the power-balancing game in a multi-polar world, the US enjoys natural superiority in geopolitics, even though China and the US have their respective advantages in terms of strategic layout and operational tactics. History shows that throughout modern times, all alliances have been formed to balance against hegemonic countries on the Eurasian continent, instead of those maritime hegemony outside the continent. The absence of a counterbalance alliance against the US is not a special phenomenon in today's world. While it is uncertain in the future whether such an alliance would take shape, it is not very likely from the perspective of historical experience. Third, the US has maintained an expansive global network of alliances, which give it greater advantages in taking the initiative in the power-balancing game.

Conclusion

The US factor is what China cannot get around on its way of rise and national rejuvenation. The major changes in the US policy toward China and the profound transformation of China-US relations are of relevance to China's overall external environment, which is why we should remain vigilant and hold fast to our bottom line and objectively assess the impact of the changes in China-US relations. How to properly manage the risks and challenges, stabilize the overall bilateral relations and maintain an important period of strategic opportunity for China's development is the greatest challenge confronting the major-country diplomacy with Chinese

characteristics for the new era at present and in the coming years ahead.

The world is experiencing changes that are unprecedented in the past hundred years. The adjustment of US policy toward China and the transformation of China-US relations are both the product and an important part of the historic changes. The inherent relationship between China-US relations and the world situation has shed some important insights. The inevitable transformation and changes of China-US relations reflect the trend of world development and the tide of history. Whether we like it or not, we must face the changes that are happening in China-US relations with composure, take a positive attitude toward the opportunities and challenges that may arise, and channel the transition of the bilateral relations to a healthy direction.

The three major risks in the transformation of China-US relations and the trend of world development reflected in the process embodied an essential change in the bilateral relationship, which is that competition and cooperation between the two countries no longer concentrate on the balance of interests in terms of market and resources but on the future direction of the international order and the international system. This is a major change. The history of international relations since modern times shows that in an established inter-state system, competition among major powers is inevitable, but conflicts are usually avoidable. However, “most major wars among great powers over the past three centuries have all been caused by a rising power seeking to change the norms and institutions of international politics.”¹⁴ The practical significance of the historical experience is that when China and the US regard each other as opponents in terms of international order, how to avoid conflicts while intensifying competition becomes a more complex and pressing problem. In other words, judging from historical experience, if the two sides cannot reach a consensus or compromise on where the world should be heading, it will become increasingly difficult to avoid conflicts. This also explains why there are rising negative and pessimistic sentiments

14 Kristol Coker, *The Logic of the Conflict of Great Powers - How to Avoid War between China and the United States*, translated by Qing Songzhu, Xinhua Publishing House, January 2016, p.36.

about the future China-US relations in strategic communities of both countries.

However, an emphasis on historical experience and the risk in the transformation of China-US relations is not to raise pessimism, but to seek an effective way to avert great-power conflicts. In view of the complexity in China-US relations, “conflict and confrontation are not necessarily the inevitable outcome of China-US relations, whilst differences and competition are not the entirety of the China-US relations.”¹⁵ To avoid conflicts, China and the US must strengthen communication and seek consensus on the direction of the international order and of the world. Over centuries of global modernization, China and the US are regarded as “world powers that have followed different paths, but are both pursuing modernization of national governance.”¹⁶ Although the paths to modernization of the two countries have their own characteristics, there are still some deep-seated commonalities, space for mutual learning, and necessity and urgency of exchanges. Xi Jinping’s proposal of equality, mutual learning, dialogue and inclusiveness between civilizations¹⁷ has special significance for China-US relations and is the only way for both sides to seek consensus on the international system. Positive progress in this respect, once made in the future, will be of great significance to maintaining a stable overall relationship, dissolving various risks in the transformation of bilateral relations, and guiding a healthy and orderly adjustment of the international order. Certainly, this requires that both China and the US approach each other’s experience, achievements and culture with a more positive view and from a higher political and philosophical standpoint, rather than focus merely on differences or amplify each other’s defects and problems. 

15 Wang Honggang, “Sharing the Best Practices in Governance between China and the United States: A Preliminary Analysis,” *Contemporary American Review*, No.1, 2018, p.19.

16 *Ibid.*

17 “Carrying Forward the Shanghai Spirit to Build a Community with a Shared Future - Remarks by H.E. Xi Jinping at the 18th Meeting of the Council of Heads of Member States of the Shanghai Cooperation Organization,” June 10, 2018, http://xinhuanet.com/english/2018-06/10/c_137244587.htm.