

## **China's Economic & Military Growth – The Effects and Consequences on the U.S.A since 2000 to 2019**

**Hedayatullah Hamidi \***

Master in International Relations, Ferdowsi

University of Mashhad

[He.hamidi@mail.um.ac.ir](mailto:He.hamidi@mail.um.ac.ir)

### **Abstract**

The rise of China from a poor, stagnant country to a significant economic power within only 28 years is often described by analysts as one of the greatest economic success stories in modern times. If the economy continues to grow at such astronomical levels, China will be in a position to surpass the United States in the next few decades. China's rise has had an immediate impact on every aspect of the united states, both in opportunities and challenges. Rising powers want to gain more authority in the global system, and declining countries are afraid of losing their dominant position. Thus, conflict, even a war, between a rising power and a declining power is likely to happen. In this sense, Westerners worry that historical tragedies will repeat between the United States and China. On the other hand, The nature of relations between the United States and China is critically important for the future of the international system. China and the United States have just experienced political transitions that allow the leaders of both countries to focus on bilateral relations free from the pressures of domestic political campaigns. US-China relations will be dealt with in the context of a potential global power transition in the future. Dealing with a rising

China is probably the most serious foreign policy challenge for the United States in the twenty-first Century. Debates rage over whether there is a “China threat,” how to measure China's military and economic power, and what is the best strategy to approach China.

**keywords:** China, Economic & Military Growth, Security, United States, US-China rivalry

### **Introduction**

The rise of China from a poor, stagnant country to a significant economic power within only 28 years is often described by analysts as one of the greatest economic success stories in modern times. Since the Chinese government launched its reforms, the economy took off with extraordinary speed for almost three decades. If the economy continues to grow at such astronomical levels, China will be in a position to surpass the United States in the next few decades. China's rise has an immediate impact on every aspect of the united states, both in opportunities and challenges (Zhou, 2008, pp. 1-3).

The rise of China to the US can be perceived as a threat or as an opportunity depending on US grand foreign policy interests and its related strategies. If the US feels comfortable living in a multi-polar world in which it is considered an equal among the major powers, China is more likely to be perceived as a partner. However, if the goal of US foreign policy is to strengthen its position as the sole superpower or even as a hyper-power, and

does not choose to recognize other significant countries, then the rise of China will be perceived as a threat (Pratiwi, Saraswati, & Muttaqien, 2018; Wang, 2003)

Sino-American foreign economic and finance relations have never been free of conflict. However, for a very long time, they could be regarded as a stabilizing factor within the bilateral Sino-US relationship, from which both sides could draw enormous benefits. US businesses made fabulous profits from exports to and investments in the Chinese market and transferred capital, management expertise, and technology. By exporting to a US market whose capacity to absorb goods appeared infinite, China in turn accumulated immense surpluses, which is reinvested in US treasury bonds and thus co-financed America's consumption-driven economic boom. That symbiotic relationship – sometimes referred to as “Chimerica” – no longer exists. Rather, the Sino-American rivalry is currently nowhere as openly confrontational as at the economic level. Loss of, what is more, both sides instrumentalise trade policy in their technology competition as well as for foreign policy and security purposes (Lippert, Perthes, & und Politik-SWP-Deutsches, 2020). Rising powers want to gain more authority in the global system, and declining countries are afraid of losing their dominant position. Thus, conflict, even a war, between a rising power and a declining power is likely to happen. In this sense, Westerners worry that historical tragedies will repeat between the United States and China (Zhou, 2008, p. 171).

As of 2021, the United States has the world's largest economy, and China has the second-largest, although China has a larger GDP when measured by PPP (IMF, 2021). The nature of relations between the United States and China is critically important for the future of the international system. Both scholars and policymakers often see the two states as potential rivals. Congress requires the

Pentagon to issue a public assessment of Chinese military power each year, a report that is generally greeted with concern. Similarly, the fact that China remains a communist autocracy leads some Americans to view its rapid economic growth with trepidation. Power transition scholars predict that a dissatisfied China could become a dangerous rival to the United States as the two approach equality in material capabilities (Lemke & Tammen, 2003) & (Fordham & Kleinberg, 2011, p. 3).

China and the United States have just experienced political transitions that allow the leaders of both countries to focus on bilateral relations free from the pressures of domestic political campaigns. However, the domestic politics of the bilateral relationship inside each country are, like the structural tensions between the established power and the rising challenger, as Washington takes new steps to assert its primacy in Asia and Beijing works to edge America out of its neighborhood. US-China relations are likely to be less stable and more prone to conflict over President Obama's second term (Twining, 2013, p. 1).

US-China relations will be dealt with in the context of a potential global power transition in the future. Dealing with a rising China is probably the most serious foreign policy challenge for the United States in the twenty-first century. Many scholars, policy analysts, and government officials in the West seem almost obsessed with *Sino-American relations, 1990–2005* 89 with China's continuing rise toward the status of great power. Debates rage over whether there is a “China threat,” how to measure China's military and economic power, and what is the best strategy to approach China (Zhu, 2006, pp. 101-102).

Many Americans think that China is seeking to become at least a regional superpower and seems ready to challenge the goal of Washington's foreign policy (Viner, 2007, p. 1). They think China is trying to drive the

United States out of Asia by a combination of military, diplomatic, and economic pressure (Boot, 2005).

### **Economic aspect**

Historically, China was one of the world's foremost economic powers for most of the two millennia from the 1st until the 19th century (Angus, 1998). Forty years ago, after a long period of economic stagnation, China was not in the world's top eight economies. Today, thanks to a breathtaking social and economic transformation that began in the late 1970s, China is on track to overtake the United States as the world's number one economy within a few decades, if not sooner. By some measures, it has already done so. We are living in what many are now calling 'The Chinese Century. China's economy is the second-largest in the world, behind only the United States. Nevertheless, after three decades of spectacular growth, China is now moving into a slower growth phase – an inevitable result of its transition from a developing economy to a more mature, developed economy. In the 1980s, 1990s, and early 2000s, China's annual GDP growth frequently exceeded 10 percent, with an estimated 2019 growth of 6.3 percent, although this is likely to be closer to 6 percent with the impact of the US-China trade war (Business, 2021).

China's rapid economic growth and emergence as a significant economic power have given China's leadership increased confidence in its economic model. Many believe the critical challenges for the United States are to convince China that it has a stake in maintaining the international trading system, which is mainly responsible for its economic rise and should take a more active leadership role in maintaining that system (WorldBank, 2017); and further economic and trade reforms are the surest way for China to grow and modernize its economy (Morrison, 2019).

An official forecast states that China will become the world's largest economy in nominal GDP by 2028. China has benefited enormously from the international political and economic system since the late 1970s. China's development is shaped by the international system and, most significantly, as an essential and active participant, China is also helping to shape the changing international system at the beginning of the twenty-first century (Zhu, 2006, p. 186).

China already has a massive economic influence in Asia (Art, 2010, p. 359). China's rise has made it the number one target of foreign direct investment in the region and the world, and this has caused US exports to decline in the region. The US export's decline can lead to the assumption that China is gaining leverage over its neighbors at the US's economic expense (Christensen, 2006, p. 105) & (Pratiwi et al., 2018, pp. 351-352).

The rapid growth of the Chinese economy and close integration of Chinese development into the global economy has been the most salient accomplishments of the reforms pursued by Chinese leaders since the death of Mao (Thoburn, 2017). China's economic modernization has had a staggering impact on the lives of Chinese people (Guthrie, 2007). It is the foundation of the legitimacy of the ruling Chinese Communist Party, the source of China's growing military power, and the main reason for China's international prominence in the early twenty-first century (Lampton, 2008) & (Zhu, 2019, p. 185).

China will overtake the US as the world's biggest economy before the end of the decade after outperforming its rival during the global Covid-19 pandemic, according to a report. The Centre for Economics and Business Research said that it now expected the value of China's economy when measured in dollars to exceed that of the US by 2028, half a decade sooner than it expected a year ago (TheGuardian, 2020). with the US withdrawal from the

Intermediate-Range Nuclear Forces Treaty with Russia (in part because China was not a party to it), the US has reportedly wanted to find a host in the Asia-Pacific region to point the previously banned weapons at China (Peck, 2019).

This parallels with one of the branches of realist theory, offensive realism, which argues that if China continues to grow economically, then it will attempt to dominate Asia in the way that the US dominates the Western Hemisphere (Clark, 2011, p. 19). At some point, China will indeed dominate Asia, particularly in economics. In 2009, China possessed more than 50 percent of the total regional trade and became the largest trade partner in the Asian region (Das, 2014, p. 217). Seeing this situation, President Barack Obama put his economic policy strategy at the center of the Asia-Pacific region and altered his trade policy to “pivot” towards Asia. He launched the Trans-Pacific Partnership (TPP) negotiations to broaden liberalization ties with eleven other Asia-Pacific members such as Brunei, Chile, New Zealand, Singapore, Australia, Peru, Vietnam, Malaysia, Canada, Mexico, and Japan. In a sense, this move will provide an economic benefit to the US and strengthen American leadership in the region, thereby counterbalancing China’s regional solid influence in Asia (Goodman, 2013, pp. 7-9).

On the other hand, under neoliberal assumptions, it can be argued that China’s rise is within the A western-oriented system that is the product of US leadership, so it is not necessarily a threat to the US interests (Zhou, 2008, p. 134). The more that China needs strong, prosperous partners worldwide, the more important that the Chinese economy will be a threat to the US and the rest of the world (Eikenberry, 2015, p. 2). Furthermore, there are profound economic ties between the US and China. China’s growth is heavily dependent on foreign direct investment and

technology from the US, which is also China’s largest export market. In turn, China’s exports give US consumers, and firms access to inexpensive goods and materials (Jones, 2007, pp. 21-22; Pratiwi et al., 2018, p. 354).

### **Security & Military aspect**

The military budget of China is the portion of the overall budget of China that is allocated for the funding of the military of China. This military budget finances employee salaries and training costs, the maintenance of equipment and facilities, support of new or ongoing operations, and the development and procurement of new weapons, equipment, and vehicles. The Chinese government said on 04 March 2021 that the country's defense spending in 2021 will rise by 6.8 percent from last year to 1.35 trillion yuan, or about 209 billion dollars (GlobalSecurity, 2021).

According to a 2004 Pentagon report, China has the world's second-largest defense budget. China's military expenditures have reached between \$50 and 70 billion, and it is that level of spending that worries the Pentagon's threat analysis. China's rapid military modernization raises questions about the purposes of this buildup. In addition, American officials have confirmed that China has deployed a long-range missile program that can carry twentyone nuclear missiles that can reach U.S. cities (Zhou, 2008, p. 175)

China is increasing its investment in missile technology. The report says that, in 2019, the PLA Rocket Force (PLARF) "launched more ballistic missiles for testing and training than the rest of the world combined." The final map shows the range of China's anti-air, anti-ship, and short-range ballistic missiles related to Taiwan. Nearly all of the island is covered from the mainland, and PLAN ships are more than capable of filling in any gaps. There are still significant differences in the quality and capabilities of Chinese troops and weapons

compared to the US. The US military has much more combat experience than the PLA (which has not fought a major war since 1979), and powerful assets like dedicated carrier task groups. The US also has several allies in the region that it has worked with extensively. The PLA also still faces challenges, such as its difficulty producing high-quality engines and dealing with corruption and infighting within the Chinese Communist Party. However the maps drive home the point of the report: China's military is a massive and modern force that is only getting stronger (Brimelow, 2020). The master narrative of "China threat theory" tends to assume that China's economic growth will lead to, or by itself is, the growth of power, and this will increase China's capability to threaten others. Realists define power as material capabilities and categorize them as latent power and military power (Mearsheimer, 2001, pp. 55-82).

In the U.S. debates on China, the balance of power was an essential concern because whether China was a threat and should be contained was often reduced to the question of whether China would be able to challenge the United States as a peer competitor (Wu, 2007, p. 117).

The United States' Indo-Pacific strategy has broadly used the surrounding countries around China to blunt its influence. This includes strengthening the bonds between South Korea and Japan (Mehta, 2019).

There is no simple way to introduce the challenges that China's strategic presence and growing civil and military capabilities pose in competing with the United States. China's capability to compete at given levels has increased radically since 1980 in virtually every civil and military area, and China has set broad goals for achieving strategic parity and superiority, although the timeframes for such goals are vague –, and neither China nor the United States has published anything like a credible unclassified net assessment of current

and future capabilities or provided details as to how each country's broad statements about strategic goals would be implemented (Cordesman & Hwang, 2021).

The ultimate goal of the People's Republic of China, or PRC, is to "develop a military by mid-Century that is equal to -- or in some cases superior to -- the U.S. military, or that of any other great power that the PRC views as a threat," the DoD's annual report to Congress said. To that end, the PRC has marshaled the resources, technology, and political will over the past two decades to strengthen and modernize the PLA in nearly every respect. Under the national strategy pressed by Chinese President Xi Jinping, the result has been that "China is already ahead of the United States in certain areas," essential to its overall aim of progressing from homeland and periphery defense to global power projection, the report said. "The PRC has the largest navy in the world, with an overall battle force of approximately 350 ships and submarines, including over 130 major surface combatants," the report said. That is compared to the U.S. Navy's current battle force of 295 ships (Sisk, 2020).

A threat to US interests can be seen in the Taiwan and South China Sea (SCS) cases where military conflict between the two countries is likely to happen (Mearsheimer, 2014, p. 5). The US wants stability in the Taiwan Strait and desires a peaceful resolution to resolve Taiwan's status. While on China's side, it is part of their core national interest to reunify with Taiwan, and they will use military force if Taiwan attempts to declare its independence (Glaser, 2011, p. 5). This is undoubtedly a threat to the US because if the US tries to deter China from using force to solve the Taiwan issue, the result would be that the PRC will be weary of Taiwanese independence. Therefore, it will cause Beijing to intensify further its military efforts around Taiwan's territory (Friedberg, 2005, p. 23).

However, the Taiwan case does not necessarily need to become a battlefield between China and The United States, as offensive realists have argued because America can do several things to avoid this from happening. First, they could clarify to Beijing that they do not have any hidden agendas and no interest in seeing the separation of the Chinese mainland and Taiwan. Second, the US military deterrence needs to remain strong in the Taiwan Strait to prevent any military attack from China while also restraining Taiwan from taking steps that China would interpret as moving toward independence. It can be assumed that the US should accommodate China's interest in Taiwan by preventing Taiwan from declaring its independence. Maintaining a robust military deterrence position within Taiwanese territory will protect US interests, defend Taiwan from China's attacks and strengthen the potentiality of peaceful resolutions (Pratiwi et al., 2018, p. 353).

## Conclusion

China's rise will lead to military and economic threats to the United States. Notably, the essential argument of "China threat theory" is that a rising China will challenge the United States, regionally or globally. We are reviewing the U.S. debates on the strategic implications of China's rise and the Chinese responses to these debates.

In the case of the contestation of power between the US and China, it can be said that by involving specific international organizations, they are restraining themselves from exacerbating the conflict based on the argument mentioned above. International organizations can propose a more liberal approach to resolve any conflict. Although the involvement of China in international organizations is considered to be new, China has never intended to show political influence in these communities. China tries to hold back its aggressiveness concerning its participation

in international organizations. For instance, in the case of the military intervention in Libya by NATO, China abstained. Therefore, we do not see any excuses for the US to perceive China's rise as a threat because of this peaceful engagement of China to specific international organizations, especially as China's cooperation in the international organizations is seen as exercising soft power through trade and foreign aid.

To win against China, the U.S. needs to remain the world's leading economic power, and American companies have to win the global competition against Chinese firms.

## References

1. Angus, M. (1998). *Development Centre studies Chinese economic performance in the long run*: OECD publishing.
2. Art, R. J. (2010). The United States and the rise of China: implications for the long haul. *Political Science Quarterly*, 125(3), 359-391.
3. Boot, M. (2005). Project for a New Chinese Century| The Weekly Standard. In: Oct.
4. Brimelow, B. (2020). What newly released Pentagon maps reveal about China's growing military reach. Retrieved from <https://www.businessinsider.com/new-pentagon-maps-show-chinas-increasing-military-power-and-reach-2020-9>
5. Business, A. (2021). China's Economy. Retrieved from <https://asialinkbusiness.com.au/china/getting-started-in-china/chinas-economy?doNothing=1>
6. Christensen, T. J. (2006). Fostering stability or creating a monster? The rise of China and US policy toward East Asia. *International security*, 31(1), 81-126.
7. Clark, I. (2011). China and the United States: a succession of hegemonies? *International Affairs*, 87(1), 13-28.
8. Cordesman, A. H., & Hwang, G. (2021). *Updated Report: Chinese Strategy and*

- Military Forces in 2021*. Retrieved from <https://www.csis.org/analysis/updated-report-chinese-strategy-and-military-forces-2021>
9. Das, D. K. (2014). The Role of China in Asia's Evolution to Global Economic Prominence. *Asia & the Pacific Policy Studies*, 1(1), 216-229.
  10. Eikenberry, K. (2015). China's Place in US Foreign Policy. *The American Interest*, 10.
  11. Fordham, B. O., & Kleinberg, K. B. (2011). International trade and US relations with China. *Foreign Policy Analysis*, 7(3), 217-236.
  12. Friedberg, A. L. (2005). The future of US-China relations: Is conflict inevitable? *International security*, 30(2), 7-45.
  13. Glaser, C. (2011). Will China's rise lead to war? Why realism does not mean pessimism. *Foreign Affairs*, 80-91.
  14. GlobalSecurity. (2021). *China's Defense Budget*. Retrieved from GlobalSecurity.org: <https://www.globalsecurity.org/military/world/china/budget.htm>
  15. Goodman, M. P. (2013). US Economic Engagement in East Asia and The Pacific. *Center for Strategic and International Studies*.
  16. Guthrie, D. (2007). The Chinese Economy: Transitions and Growth, Barry Naughton, Cambridge, MA: MIT Press, 2006. xvi+ 528 pp.£ 15.95. ISBN 0-262-64064-3. *The China Quarterly*, 190, 476-477.
  17. IMF. (2021). *The World Economic Outlook (WEO) database*. Retrieved from <https://www.imf.org/en/Publications/SPROLs/world-economic-outlook-databases#sort=%40imfdate%20descending>
  18. Jones, A. (2007). Responding to the Rise of China. *Security Challenges*, 3(1), 17-27.
  19. Lampton, D. M. (2008). *The three faces of Chinese power: Might, money, and minds*: Univ of California Press.
  20. Lemke, D., & Tammen, R. L. (2003). Power transition theory and the rise of China. *International interactions*, 29(4), 269-271.
  21. Lippert, B., Perthes, V., & und Politik-SWP-Deutsches, S. W. (2020). Strategic rivalry between United States and China: causes, trajectories, and implications for Europe.
  22. Mearsheimer, J. J. (2001). *The tragedy of great power politics*: WW Norton & Company.
  23. Mearsheimer, J. J. (2014). Can China rise peacefully? *The National Interest*, 25(1), 1-40.
  24. Mehta, A. (2019). Tension between South Korea and Japan could hurt US goals in the Pacific — and China is watching. Retrieved from <https://www.defensenews.com/global/asia-pacific/2019/08/15/tension-between-south-korea-and-japan-could-hurt-us-goals-in-the-pacific-and-china-is-watching/>
  25. Morrison, W. M. (2019). China's Economic Rise: History, Trends, Challenges, and Implications for the United States. Retrieved from <https://www.everycrsreport.com/reports/RL33534.html>
  26. Peck, M. (2019). 100 Billion Reasons Why: Why Australia Said No to American Missiles Aimed At China. *As in Australia's hundred billion-dollar trade relationship with China*. Retrieved from <https://nationalinterest.org/blog/buzz/100-billion-reasons-why-why-australia-said-no-american-missiles-aimed-china-74206>
  27. Pratiwi, F. I., Saraswati, D. P., & Muttaqien, M. (2018). Does the rise of China present a threat to the interests of the United States? *Masyarakat, Kebudayaan dan Politik*, 31(4), 350-357.
  28. Sisk, R. (2020). *China's Military Has Surpassed US in Ships, Missiles and Air Defense, DoD Report Finds*. Retrieved from Military News: <https://www.military.com/daily-news/2020/09/01/chinas-military-has-surpassed-us-ships-missiles-and-air-defense-dod-report-finds.html>

29. TheGuardian. (2020). China to overtake US as world's biggest economy by 2028, report predicts. Retrieved from <https://www.theguardian.com/world/2020/dec/26/china-to-overtake-us-as-worlds-biggest-economy-by-2028-report-predicts>

30. Thoburn, J. (2017). China's economy: what everyone needs to know, by Arthur R. Kroeber/Developing China: the remarkable impact of foreign direct investment, by Michael J. Enright: New York, Oxford University Press, 2016, xii+ 319 pp., US \$16.95 (pbk), ISBN 978-0-19-023903-9/London, UK, Routledge, 2017, xiv+ 260 pp.,£ 95.00 (hbk), ISBN 978-1-138-22815-3,£ 32.69 (pbk), ISBN 978-1-138-22816-0,£ 29.59 (ebk), ISBN 978-1-315-39334-6. In: Taylor & Francis.

31. Twining, D. (2013). The Future of US–China Relations: From Conflict to Concert. *The International Spectator*, 48(2), 12-16.

32. Viner, N. L. (2007). The Global Online Freedom Act: Can US Internet Companies Scale the Great Chinese Firewall at the Gates of the Chinese Century. *Iowa L. Rev.*, 93, 361.

33. Wang, J. (2003). China: A Challenge or Opportunity for the United States? *Journal of East Asian Studies*, 3(2), 293-334.

34. WorldBank. (2017). *China Overview*. Retrieved from <http://www.worldbank.org/en/country/china/overview>.

35. Wu, C. (2007). Barking up the wrong tree? The master narrative of 'China threat theory' examined'. *Challenges facing Chinese political development*. Lanham: Lexington Books, 111-142.

36. Zhou, J. (2008). Does China's rise threaten the United States? *Asian Perspective*, 32(3), 171-180.

37. Zhu, Z. (2006). *US-China relations in the 21st century: Power transition and peace*: Routledge.

38. Zhu, Z. (2019). US-CHINA RELATIONS: Perilous Past, Uncertain

Present. By Robert G. Sutter. *Pacific Affairs*, 92(2), 336-338.