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The Rise of China: Challenges, Implications, and Options for the United States

Nguyen Thi Thuy Hang*

Abstract

This paper aims to examine how the rise of China may challenge the United States as well as underlining the implications and options for the United States. It provides a thorough analysis of developments in China's path to become a powerhouse on the world stage, namely China's economic successes, military modernization, increased soft power in Asia and around the globe, and China's ambition to have an influential role in the international system. The paper employs the Hegemonic Cycle framework to establish empirical evidence of the rise and decline of the world powers since the sixteenth century. Applying this to the case of China's rise and the United States as a lonely superpower in the contemporary world politics, the paper will demonstrate that the United States needs to be prepared for both cooperating and confronting with China.

Keywords: *The United States; the rise of China; hegemonic cycle.*

Introduction

China's rapid rise in the world economy poses a geopolitical challenge to the U.S. dominant status and position in world politics. China's rising significance in the international system has been underpinned by its economic successes, military power, and soft power influence. This paper aims to point out the challenges of a rising China to the United States. It will critically evaluate three aspects of Chinese power, namely economic, military and soft power. It seeks to analyse the hegemonic cycle theoretically and empirically and apply the case of China's rise to the U.S. global hegemony. Next, it will underline that China has the potential to challenge the U.S.-led international economic order and ultimately the world's political stability. Last but not least, the paper will discuss the implications of China for the United States and highlight three options for the United States: accommodation, containment, and cooperation plus confrontation. The paper concludes that the U.S.

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relationship with China in the 21st century will be characterised by both cooperation and confrontation.

The Facts of China's Rise and Ambitions

In the 21st century, China is poised to become a superpower in world politics. By all yardsticks, it is a dominant regional power in Asia, whether in economics, military or soft power. In some decades to come, China would be able to challenge the U.S. primacy. By looking at China's economic growth, its military modernization programme, and its increasing soft power tactics in Asia and around the world, China's ongoing rise will be a significant, if not defining, factor in shaping the international system as well as the direction of U.S. foreign and security policies.

China's economic growth

China's economic reform process was initiated in December 1978 when Deng Xiaoping's economic proposals were adopted at the Third Plenum of the Eleventh Central Committee of the Communist Party. In 1979, China began implementing its economic reforms. Since then, Chinese economy has been growing fast and firmly. Before the economic reforms and trade liberalization, China had an inefficient and centrally-controlled economy. With China's opening to the global economy, foreign trade and investment flows, China has been ranked as one of the world's fast-growing economies. China's real annual gross domestic product (GDP) averaged nearly 9.71% from 1989 until 2017.¹ It is recorded by the World Bank as "the fastest sustained expansion by a major economy in history."²

Between 1981 and 2010, about 679 million of Chinese people were lifted above extreme poverty line. China is now seen as "the world's largest economy (on a purchasing power parity basis) manufacturer, merchandise exporter and importer, and holder of foreign exchange reserves." China's fast economic growth has led to a huge rise in bilateral trade relations with the United States. According to U.S. trade statistics, total trade between the United States and China rose from \$5 billion in 1980 \$578 billion in 2016.³ China is currently the United States's largest goods and trading partner.⁴ Especially, Chinese economic growth has allowed Beijing to gain all the Millennium Development Goals by 2015 and contributed significantly to the global achievement of the Millennium Development Goals.⁵

China's national wealth is impressive.⁶ It is the world leader in gross value of both agricultural and industrial outputs. In 2016, China had the world's largest reserve of foreign exchange and gold at US \$3.01 trillion.⁷

China is the world's largest exporter (US\$2 2.098 trillion in 2016) as well as importer (US\$1.597 trillion in 2016).⁸ This economic boost confers a high degree of leverage in trading. China has been the major trading partner for more than a hundred nations, including the United States, Australia, Germany, Japan, South Korea, India, Indonesia, Malaysia and Vietnam. China's substantial trade surplus allows it to be the leading country with the largest surplus in current account balance (US\$293.200 billion in 2015).⁹ Since 2008 up to 2015, China was ranked as the biggest foreign creditor to the U.S. In October 2016, China lent the U.S. government US\$1.12 trillion.¹⁰

In March 2016, China launched the 13th Five-Year Plan with a focus on increasing innovation and domestic consumption to make the economy more independent from government investment, exports, and heavy industry.¹¹ The Chinese government has indeed achieved a great success in economic reforms which have brought prosperity to millions of Chinese people and made the Chinese economy more efficient. Chinese leaders also have undermined some market-oriented reforms by reaffirming the "dominant" role of the state in the economy, a stance that threatens to discourage private initiative and make the economy less efficient over time.

China's Military Modernization

Chinese military might has been growing in pace and scope at a stupendous rate. An examination of the state of the Chinese military shows that China has invested much of its wealth into modernizing its military forces. Since the 1990s, China has shifted the focus of its military doctrine from combating a people's war under modern conditions to combating and winning a high-technology war against a modern opponent.¹² It is noted that China has not built up its military in a massive Soviet style.¹³ Instead, China has modernized its military forces selectively as indicated in 2017 Annual Report to Congress prepared by the U.S. Department of Defence:

Rather than shifting priority resources from civil infrastructure and economic reform programs to an across-the-board modernization of the PLA [People's Liberation Army], Beijing is focused on those programmes and assets which will give China the most effective means for exploiting vulnerabilities in an adversary's military capabilities. Hence, Chinese military building has a growing emphasis on the significance of the maritime security, offensive operations, long-distance mobility operations, cyber operations.¹⁴

In the U.S. report on Chinese naval modernization, it is highlighted that “China is building a modern and regionally powerful navy with a limited but growing capability for conducting operations beyond China’s near-seas region.”¹⁵ For example, Chinese naval forces have been increased both in quality and quantity. Chinese ballistic missile submarines have risen from one in 2008 to four in 2016.¹⁶ China had its very first aircraft carrier in 2012. Now, China is embarked on building more aircraft carriers. China has its first corvettes in 2014. Since then the total number of corvettes has grown rapidly. It is estimated that at least 31 corvettes entered the service by early 2017.¹⁷ Besides, China is constructing many cutters for its coast guard. Its navy has built new ships at a relatively high rate. In February 2017, *China Daily*, a state-owned media agency, stated, “In 2016, the PLA Navy commissioned a total of 18 ships, including a Type 052D guided missile destroyer, three Type 054A guided missile frigates and six Type 056 corvettes. These ships have a total displacement of 150,000 tons, roughly half of the overall displacement of the Royal Navy.”¹⁸ In addition, Patrick Mendis underlined in his article titled “The Sri Lankan Silk Road: the potential war between China and the United States”, published in *Harvard International Review*, that “China has either built or reportedly planned to construct vital facilities in Bangladesh, Cambodia, Maldives, Myanmar, Pakistan, Seychelles, Sri Lanka, and Thailand.”¹⁹ Mendis sees these strategic ports, as “a string of pearls,” strategically located along trade routes from the Indian Ocean to the South China Sea.²⁰

Moreover, China’s military expenditure has witnessed double-digit growth in the last twenty years. It rose to US\$ billion 225.71 in 2016 from US\$ billion 27.86 in 1996²¹. It seems likely that this pattern will continue.

China's increasing Soft Power Influence

The term “soft power” was coined by Joseph Nye in his 1990 book titled *Bound to Lead: The Changing Nature of U.S. Power*. Nye further developed the concept of soft power in his 2004 book *Soft Power: The Means to Success in World Politics*.²² In general, soft power can be understood as “a country’s ability to influence other countries without force or coercion.”²³ In the context of China’s economic and military growth, Joshua Kurlantzick has broadened Nye’s original definition of soft power. From his observation, soft power may be “anything outside the military and security realm, including not only popular culture and public diplomacy but also more coercive economic and diplomatic levers like aid and investment and participation in multilateral organizations.”²⁴ Nye sees soft power as an efficient foreign policy tool.²⁵

The practice of soft power, therefore, seems to be an attractive policy option for rising power like China to win hearts of other nations. In January 2006, in addressing the Central Foreign Affairs Leadership Group, Chinese President Hu Jintao stressed that Chinese international reputation and posture “will have to be demonstrated in hard power such as the economy, science and technology, and defence, as well as in soft power such as culture.”²⁶ Since then, Chinese government has invested much time and resources in increasing its soft power through the international expansion of Chinese culture.

One of the great characteristics of U.S. soft power has been the U.S. film industry. Hollywood films have been playing an important role to promote U.S. fashions and culture across the globe. China now has the world’s second-largest film industry and it is likely to surpass the U.S. film industry by 2018.²⁷ Chinese government clearly sees the potential in employing Chinese films as an additional instrument to promote Chinese soft power all over the world. Traditional Chinese culture is also going abroad. For instance, since 2007, there has been a sharp rise in China’s cultural investments in Cambodia²⁸. Zhou Liyun, director of the DHY Chinese Language Centre at the Royal University of Phnom Penh said that Chinese language schools in Cambodia have attracted many Cambodian students as China-Cambodia trade relations have expanded. He said that the centre was established in 2007 and has partnerships with Chinese universities, adding that the centre has had around 1,150 students since establishing and offers a bachelor degree in Chinese²⁹. Chinese Confucius Institute project was launched by Chinese government in 2004 in order to promote Chinese language, education and culture through the Confucius Institutes. In 2009, the Chinese government-funded Confucius Institute was set up at the Royal Academy of Cambodia. Since then it has three more branches at the Ministry of National Defence and two Cambodian universities. By the end of 2016, 512 Chinese Confucius Institutes and 1,073 Confucius Classrooms in 140 countries and regions were set up throughout the world.³⁰ They have contributed considerably to advancing Chinese image through language education and cultural activities.

Indeed, China has had a strategy to grow its soft power in the world. Chinese soft power has been promoted mainly through cultural and educational networks. With an understanding that Chinese people must share the responsibility of improving country’s image, China will continue to invest its resources in growing its soft power.

Hegemonic Cycle: Theories and Practices

The term “hegemony” has stemmed from the Greek word *hegemonikos*, which refers to a capacity to command. Oxford dictionary defines “hegemony” in terms of “leadership or dominance, especially by one state or social group over others.”³¹ Politically, this term was first used by Thucydides, a renowned Greek historian to describe the status of Athens in the mid-fifth century BC. With the largest fleet in the Mediterranean and a prosperous economy, Athens was the hegemon during that early time in human history. However, Athens’ hegemonic position was overthrown by its powerful rival, Sparta, after fighting fiercely for 27 years. Thucydides hoped that his analysis of the great hegemonic war between the Athenians and the Spartans would provide “an exact knowledge of the past as an aid to the interpretation of the future, which in the course of human things must resemble if it does not reflect it.”³² He added, “In fine, I have written my work, not as an essay which is to win the applause of the moment, but as a possession for all time.”³³

His work on hegemonic war has been the analytical foundation for many generations of scholars to develop their own research on the durability of hegemony. George Modelski is one such scholar. His 1987 article entitled “The Long Cycle of Global Politics and the Nation-State” examined the lifespan of great powers in the international system and pointed out that the cycle of hegemony begins to end when the hegemon’s legitimate control over the international system absolutely declines. According to Modelski, Portugal, the Netherlands, Britain and the United State are the hegemon since the establishment of the modern world system with the signing of Peace of Westphalia in 1648.³⁴

Modelski observed, “The average duration of known historical cycles has been something over a hundred years. Moreover, for some reason not now evident the cycles have coincided quite closely with historical centuries, so that to each recent century (e.g., the nineteenth) roughly corresponds a distinct cycle (the second British).”³⁵ He added that there are about three generations in a century, and it might be said that one generation builds, the second generation reinforces and the third generation lose control. This means that a hegemonic cycle normally includes two phases: the ascending and the descending. Based on the analysis of the hegemonic cycles of the Portuguese, Dutch and British, and that of the United States as the current hegemon in the modern world system, Modelski underlined:

The ascending phase has its sources in the disorder and disintegration from which a global war originates... The ascending phase continues for a time, on past record for a generation, only to experience a gradual exhaustion of energy. Global problems arise that remain unattended to or are taken up by rising new leaders and competitors; conflicts are generated that do not seem to yield to solutions. At some point the curve turns and begins to descend until such time as the disintegration of authority and the unrestrained assertion of narrow interests lead to a new global conflagration. The destructive aspects of this process mark the lowest point of a long descending phase.³⁶

Modelski's long cycles have been echoed by Gilpin's (1981) hegemonic transition theory, Thompson's (1988) leadership long cycle theory, and Doran's (1989a) theory of relative power cycles³⁷. These theories are mutually complementary and supportive, and this complementarity and mutual reinforcement offer historical patterns of the global authority structures of the world system and the way that the hegemony in such structures begins and ends. The past patterns underlined that the international system evolution is an increasingly complicated global political process. An international system is created when a global hegemon comes and that system collapses with the end of the global hegemon. What should be highlighted in these scholars' work is that for "the past half-millennium, that pattern or rhythm has been driven by a succession of globally-oriented nation-states."³⁸

Challenges of China's Rise for the United States

It involves complexity to define precisely all the challenges of China's rise to the United States, partly because China is so dynamic. Yet, based on facts about China, one can sketch out two main challenges that China's rise can pose to U.S. global leadership: China's challenge to the U.S.-led international economic order and China's challenge to the world's political stability.

China has emerged as an economic powerhouse in the world. China's growing economic power has enabled Beijing to impact the world's economic institutions and norms. Nothing tells us more about the future of world economy than tracing banking and financial plans on the ground. China's endeavour to become a regional and global economic power and to challenge U.S. primacy can be seen in its new initiatives, namely the One Belt-One Road (OBOR), the Asian Infrastructure Development Bank (AIIB), and the New Development Bank BRICS (NDB BRICS).

The One Belt-One Road initiative is built on China's broad geographical linkages with countries in Eurasia and the great potential for economic benefits that this large area can have, aiming at advancing China's economic cooperation with Eurasian countries.³⁹ Under the concept of "One Belt and One Road," China proposed the Silk Road Economic Belt, the 21st-Century Maritime Silk Road, China-Pakistan Economic Corridor, and Bangladesh-China-India-Myanmar Economic Corridor. These projects aim to increase trade and investment flows, enhance traffic connectivity and quality as well as financial and monetary cooperation. Many countries in the region show their interests in China's involvement in their infrastructure development as their underdeveloped transport system presents a major obstacle to their economic development.⁴⁰

The One Belt-One Road initiative can help to both expand China's economic connections with many Eurasian countries and foster China's economic influence in Eurasia. This grand project above all aims to effectively promote China's soft power in the entire Eurasian region. The exercise of Chinese economic power can help to devise Asian solutions for Asian problem. Such thinking was implied in Chinese President Xi Jinping's speech at the Shanghai Summit in 2014: "...it is for the people of Asia to run the affairs of Asia, solve the problems of Asia and uphold the security of Asia. The people of Asia have the capability and wisdom to achieve peace and stability in the region through enhanced cooperation."⁴¹

In addition, China established the Asian Infrastructure Investment Bank (AIIB) and BRICS New Development Bank (NDB) to provide financial support for the implementation of the grand design: The One Belt, One Road, and infrastructure development in Asia. With 31 % of the capital shares in AIIB and 40% of the capital shares in the NDB BRICS, China has more shares in both the banks than any other member.⁴² This means that China would have a greater voice in forming the regulations and operations of these two financial institutions. Such multilateral financial banks as AIIB and NDB BRICS could serve as a new platform for China to expand its economic power in the region and in the world. This might help Beijing to fulfil the Chinese Dream, which supposedly envisages more global responsibilities. For instance, Chinese President Xi Jinping considered the creation of AIIB as "a constructive move to undertake more international obligations, promote improvement of the current international economic system and provide more international public goods."⁴³ With AIIB and NDB BRICS, China has broken the monopoly of the World Bank and the International Monetary Fund by providing more options

for borrowers who will look for the best borrowing conditions among these multilateral banks. There has been a growing interest in AIIB. Nearly 30 countries have applied to join AIIB and 13 countries, including U.S.'s close ally Canada, have been admitted.⁴⁴ As more and more countries benefit from services provided by the China-supported banks, China's geo-economic influence is likely to grow.

The above scenario could eventually pave the way for China's rise to the status of a global economic superpower, with implications for the norms and institutions of the global economic architecture. Huiyao Wang observes, "By taking the initiative in establishing both of these new development banks, China indicates it is clearly intent on playing a greater leadership and governance role in global finance and investment."⁴⁵ China's growing economic power enables it to challenge the key rules and conventions of the global economic system that the United States has established and led since the end of the Second World War. The United States is likely to be compelled to review its financial and economic policy and its relations with the developing countries to maintain its leading role in the global economic system.

Furthermore, China's rise as a powerhouse in world politics suggests that China will seek to expand its presence and engagement in the entire Asia-Pacific region which is crucially important to U.S. geo-political interests. Mark Leonard, Director, European Council on Foreign Relations once put it forth that "If the big China story of the past few decades was about growth, exports and investments, the story of the next decade will be about the creation of a Chinese economic and political order."⁴⁶ Though Beijing has repeatedly denied that narrative that China will seek to alter the established world order, it has been widely accepted that with a mix of economic and cultural soft power, China "is determined to position China as a regional security power that will one day be able to offer Asian nations state of the art weapons technology, becoming an Asian alternative to the United States."⁴⁷ From the Chinese viewpoint, Asian people need to innovate an Asian security concept, "establish new regional security cooperation architecture, and jointly build a road for security of Asia that is shared by and win-win to all."⁴⁸

China has insisted that the greatest challenge to the Asia-Pacific's peace and stability is the United States's increased military presence in the region. For instance, China's response to the Obama administration's "rebalance" to Asia-Pacific was based on great power politics as Aaron Friedberg pointed out that the United States and China are "today locked in a

quiet but increasingly intense struggle for power and influence, not only in Asia but around the world.”⁴⁹

According to China, the real rationale behind the Obama administration’s rebalance was to dominate the region and the world. In the article titled “Goals of US ‘return-to Asia’ strategy questioned” published in *People’s Daily*, on November 18 2011, it was underlined that the U.S. return to Asia is detrimental to the region and runs against mutual interest between Washington and Beijing: “Its ‘return’ to Asia has drawn people’s attention back to a possible confrontation between itself and China.”⁵⁰

China subscribes to the view that the U.S. “should play a more constructive role in promoting the regional economic development and cooperation in multiple fields, instead of expanding its military presence to show off its irreplaceability because it has proven to be a dead end⁵¹.” China viewed the U.S. rebalance as a strategy to enhance U.S. national interests and sustain its hegemony, and warned that “it is impossible for the United States to continue to enjoy hegemony like it always has.”⁵²

In response to then Secretary of State Hillary Clinton’s article entitled “America’s Pacific Century” which touched upon the United States’s refocus on the Asia-Pacific, Wang Fei, writing in the *People’s Daily*, denied Hillary Clinton’s statement that “Asia’s remarkable economic growth over the past decade and its potential for continued growth in the future depend on the security and stability that has long been guaranteed by the U.S. military⁵³.” Fei rather contended that “the Asia-Pacific region belongs to all people of the region and it is impossible that a top U.S. official who uses the term ‘diplomacy’ everywhere does not understand this. Even if there were really a ‘Pacific Century,’ it would be the ‘Pacific Century’ of all Asia-Pacific countries’.”⁵⁴ He concluded his article with some advice for the US:

The late U.S. diplomat George F. Kennan once said that the world would never accept a single leadership centre. What people need is the democratization international relations as well as equality and win-win cooperation. It is hoped that Clinton and U.S. leaders further adapt to the transition of the times and are actually aware that the Pacific should be the ocean of the people living within and around the Pacific and will never become a “monopolized ocean” of the United States.⁵⁵

Clearly, the Obama administration’s efforts to expand engagement with the Asia-Pacific were complicated by the fact that China read these attempts as an implicit signal that the United States was seeking to contain

China's influence in the region. It seemed that Deng Xiaoping's guidelines to China's foreign policy, not seeking leadership and maintaining a low profile was not followed by the present generation of leaders in China.⁵⁶ From the Chinese perspective, the US is seeking to contain China and prevent China from becoming a significant player in world politics. China believes that America's expanded military presence in the Asia-Pacific can disturb the regional peace and stability. From a strategic perspective, China and the United States are competing for influence in the Asia-Pacific. China's rise is obviously becoming a challenge for the United States in this part of the world. If their search for influence in this region is not managed well through effective mechanisms, Asian stability and world peace will be certainly disturbed. In other words, China's rise presents a threat to the U.S.-led security architecture in Asia.

Implications of China's Rise

The rise of China has some important implications for the United States. *First*, it is assumed that Beijing's top priority is to transform its economic wealth into political influence to marginalize and undermine the United States in Asia.⁵⁷ *Second*, Beijing seems to believe that China can effectively handle the current Asian order and there is no need to compete with Washington. China and the United States have common interests in Asia. Therefore, they will seek to cooperate with each other and avoid confrontation.⁵⁸ *Third*, though China has become a powerful economy in the world, China still has various domestic issues to deal with, to name some — environmental degradation, income inequality, challenges to sustainable development, and sustenance of the Communist Party's legitimacy. This means that it is hard for China to devote its time and resources to destabilising the U.S. position in Asia. Instead, China will need to maintain good ties with the United States for the sake of its economic growth and political stability—the vital basis for the legitimacy of Communist Party in China. Undoubtedly, Chinese leaders have made great efforts to reduce frictions and improve relations with the Trump administration. For example, China gave President Donald Trump an unprecedented welcome ceremony in his recent visit to China as a confirmation of the “state visit-plus” treatment that China had promised for Trump.⁵⁹

However, Chinese leadership has been always suspicious of Washington's motivation in expanding the U.S. presence in Asia. For instance, the Obama administration's rebalancing towards the Asia-Pacific strongly reinforced Beijing's view that though the United States encourages

cooperation with China, it seeks to contain China. Washington's policy of containment aims to keep China divided and weak. This ultimately prevents China from replacing the United States in Asia as well as across the globe. As China remains suspicious of U.S. intentions, Beijing continues to enhance its military power by purchasing and developing weapons systems to encounter the United States in case Washington were to intervene in its one-China policy.

Besides, China has challenged the United States in various ways through trade agreements, political rhetoric and regional organisations which together build up a soft balance against the U.S. primacy. It is observable that Beijing's efforts are more evident in Southeast Asia and Central Asia than in such areas as the Korean peninsula, crucial to U.S. strategic interests. To explain the recent "state visit-plus" treatment in China's approach to the United States, it seems likely that Beijing sees its interests served better through a cooperative policy towards the United States. Especially, the Trump administration appeared harder than previous US governments to act strongly and effectively in the face of Chinese assertiveness and resistance. Underscoring this line of analysis, Chinese officials in 2017 still stressed the Chinese Dream of "great renewal of the Chinese nation."⁶⁰ The Chinese pursuit of this dream became a matter of serious debate among leaders and scholars in the United States. But China's rising power in Asia need not be construed as the US's loss of primacy in the Asia- Pacific region.

Options Before the United States

Facing the rise of China in the 21st century, the United States will need to rely on its main strengths in its relationships with Asian nations to sustain U.S. dominance in the region. Asian capitals have supported the U.S. security commitment and military presence in the region. Since the end of the Cold War, the United States remains actively engaged in regional security and many Asian nations have welcome the U.S. increased presence in the region. Thus, there can be three main options for the United States in the face of a rising China. The first option is *Accommodation*. As China's rise is a reality in the modern world affairs, the United States has to accept this. The second option is *Containment*. This means that the United States will need to prepare its political, military and economic tools to encircle China and prevent it from becoming a hegemon in Asia and to sustain the U.S. primacy in the region. The last option is *Cooperation plus Confrontation*. This is a combination of both option one and option two which are neither required nor desirable. The relationship between the United States and China cannot be reduced to one of

accommodation or confrontation. As there have been very real strategic differences between the United States and China, their relations will be naturally cooperative and confrontational. This implies that the United States should seek cooperation with China in some realms while avoiding conflict in others.

Conclusion

China has been rising and is likely to become the largest economy in the world. China's economic achievements are enabling it to assume an increasingly important role in world affairs. China's rise is likely to challenge the United States and the U.S.-led international order. With its economic successes, military modernization and expansion of soft power throughout Asia and the globe, China has established that it seeks to have an influential role in world affairs. Though the facts and dynamics underpinning China's fast-growing economy are overwhelming, China has not accumulated sufficient material and institutional power to be an immediate threat to the US hegemony. Furthermore, Beijing realizes that China needs a peaceful and stable international environment to fulfil its dreams and aspirations. Particularly, China's constructive integration into the global economy has led to closer interdependence between the United States and China.

Certainly, the rise of China has significant implications for US policy-makers and strategists. Based on the historical evidence and current trends in world affairs, it is suggested that the United States and China will continue to seek to work together. It is unreasonable to reduce their relationship to a pure rivalry or a true friendship. The 21st century continues to witness cooperation and confrontation between the United States and China.

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