

[Mr. Hu Goes to Washington](#)

Will Obama reset Sino-American relations?

By Leon Hadar

This week President Barack Obama will open the doors to Hu Jintao, President of China. The visit will include an arrival ceremony, a joint press conference, and a glitzy state dinner. In addition to highlighting the importance of the relationship between the world's two largest economic powers, which have become so central to growth of the global economy and the stability of the international system, President Hu's meetings with President Obama will provide an opportunity to press the reset button on Sino-American ties.

The relationship has been strained since President Obama's visit to China in November 2009: the tensions during the UN Climate Change Conference in Copenhagen, and in the aftermath of Obama's meeting with the Dalai Lama, his decision to authorize \$6.4 billion in military sales to Taiwan. Then there have been continuing American complaints over allegations that China was manipulating its currency, Chinese concerns over U.S. naval and air military exercises with South Korean forces in the Yellow Sea, and American opposition to China's newly assertive claims to disputed waters in the East and South China Seas.

The meeting also comes as the two nations are recovering from the global economic crisis and reassessing their geo-strategic interests in East Asia and elsewhere. In Washington, Beijing, and other world capitals, there is a recognition that China, with its huge surpluses, and the U.S., with its gigantic deficits, need to cooperate in order to rebalance the global financial system and avoid another meltdown. At the same time, traditional U.S. allies in East Asia have been expressing support for continuing American military presence as a way of counter-balancing China's growing assertiveness.

So much has been said and written about the evolving strategic and economic ties between China and the U.S., with pundits drawing a variety of historical analogies to apply to what has been described the "world's most important relationship." It could determine whether the first part of the twenty-first century will see the continuing expansion of the economic globalization and international peace, or whether Beijing and Washington are doomed to relive the Cold War that had existed between the U.S. and the former Soviet Union—or worse, that the economic and military tensions between two global powers will resemble those between Germany and Britain on the eve of World War I: a rising power (Germany then; China now) that is perceived to be challenging the existing pro-status quo power (Britain then; the U.S. now).

No one expects one visit to help provide clear answers to these and similar questions, and it is quite possible that—contrary to the conventional wisdom, preoccupied with the notion that an insecure "declining" America and an overconfident "emerging" China are bound to come to blows in the near future—neither Washington nor Beijing are expecting

dramatic changes in their relationship anytime soon. In fact, Americans are trying to recover from the Great Recession and to end military quagmires in the broader Middle East, and the Chinese are managing the consequences of their dramatic and yet risky economic growth; both sides may be interested in steadying their relationship instead of rocking the boat.

The public statements made by Presidents Obama and Hu suggest that the two are hoping to stabilize the relationship and take steps to avert potential crises over issues like China's overvalued currency or Taiwan. But on both sides there are political and bureaucratic forces that *do* want to pick a fight with the other side. Chinese nationalists believe that the U.S. is trying to contain their country's rise to economic and military power by pressing Beijing to re-value the yuan and to resolve their territorial conflicts with their neighbors.

Mirror imaging these fears are the suspicions of those Americans who believe that China is using a mercantilist strategy aimed destroying the American economy while building up their military as part of an effort to get U.S. forces out of Asia. And without a clear sign that the leaders in Beijing and Washington are in control in managing the bilateral relationship, these mutual fears could force both sides into a widening insecurity trap and ignite more confrontation in the future.

This danger was on display this week on the day when—just as U.S. Defense Secretary Robert Gates was meeting with Chinese President Hu in Beijing—China's new J-20 stealth fighter took what was believed to be its maiden test flight. Reports suggested that that was an attempt by the Chinese military leaders to demonstrate Chinese might to Gates, displeasing President Hu and his political leaders, who were interested in patching things up with the U.S. and avoiding any tensions before Hu's State visit to Washington.

Similarly, while President Obama and his top aides have resisted pressure from protectionists and China bashers on Capitol Hill to punish the Chinese for refusing to revalue their currency, there is little doubt that if the U.S. unemployment rate remains high and the American economic recovery slows down, Congress will end up embracing a more confrontational approach towards China and demand that the administration impose economic sanctions on it. And that could result in an all-out trade war between the two countries. But the last thing that the Obama Administration officials need now as the U.S. economic recovery is gaining some momentum is new economic tensions with Beijing.

It is unlikely that the U.S. and Chinese leaders will be able to come up with detailed plans to rebalance the financial flows between the two economies. That will require politicians on both sides to make difficult decisions; they must change current patterns of spending and savings, making it possible to slash U.S. debt and increase Chinese domestic consumption. More likely, the visit will focus on Chinese willingness to remove existing barriers to American exports and provide stronger protection for intellectual property rights.

The U.S. and China will likely provide more specific details on how they plan to implement the 2009 Joint Statement issued by the two sides during Obama's visit to China, which committed the two governments to expand bilaterally in areas such as science and technology, clean energy, civil aviation, agriculture, public health, space science, and cultural and educational exchanges. Some progress in these areas was made in the Joint Commission on Commerce and Trade last year.

Each leader needs to come out of the summit able to demonstrate to an anxious public that the relationship between the two countries is advancing each nation's economic interests—helping to accelerate U.S. economic recovery and create more American jobs while providing more momentum for China's economic growth—and showing that the relationship does not amount to a zero-sum-game. That will most effectively diminish the influence of both the China-bashing crowd in Washington and the anti-American nationalists in Beijing.

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