

## China-U.S. relations at the onset of 2009 – a Hungarian view

(abstract)

The Chinese-American relations extending to various fields of the international arena constitute an essential element of the global environment for all the other nation-states, including Hungary, to which they have to adapt.

This study attempts to assess the situation and draw some conclusions about the possible future course of events based on their dynamics – starting, as a point of reference, from the reactions of both China and the U.S. to the global economic (financial) crisis, with the „watershed” events of 2008 in the background. These events include the Tibetan revolt in March, the Sichuan earthquake in May, the Beijing Olympic Games in August as well as the year-end presidential elections in the U.S. followed by a significant change in the policies of the American administration, with far-reaching domestic and international impact on both countries as well as throughout the world.

Considering the global imbalances of trade, finance, technology, culture, military and other factors of comprehensive national power between China and the U.S., as well as internal and external pressures resulting from structural anomalies in „American-style capitalism” and „socialism with Chinese characteristics”, it seems to be self-evident that neither China nor the U.S. can carry on in the same way as they have done in the past 30 years. Statistical data, analyses from Chinese and American think-tanks and political statements on both sides reveal certain tendencies towards a fundamental economic policy shift, namely that China tries to balance the decrease of foreign market demand by increasing domestic consumption, infrastructure development and social services, while the U.S. relies on methods of indirect central intervention in the form of government aid to financial businesses, disguised as „stimulation packages”. Behind these approaches there is a tacit agreement concerning the upholding of Chinese contribution to the maintenance of international trust in the value of American state bonds and other financial investments in dollar denomination.

With the strengthening of interdependence between the two powers, the U.S. is beginning to consider China as a „genuine” strategic partner, which was demonstrated during the Strategic Economic Talks in December, 2008 as well as during the Defence Policy Coordination Talks in February, 2009. The two sides are reinforcing their cooperation in such areas as finance, energy, environment protection, scientific research and development and international crisis diplomacy. They are even cooperating on military matters. „After repeated trials and errors, China and the United States finally found the only correct road, which is mutual respect, equality and constructive cooperation, in promoting bilateral relations” – Premier Wen is alleged to have said in a February on-line meeting with netizens.

This does not mean closing the eyes to obvious disagreements between the U.S. and China. Those disagreements are reflected in heated debates about Taiwan and Tibet, human rights, Sudan, full sovereignty over unilaterally declared special economic zones, the manipulation of currency rates, the transparency of defense budgets etc.

In spite of these controversies, it would be a grave mistake to overlook the fact that what has been going on in the U.S. is not only a change of government, but also a political shift of strategic significance, affecting the bilateral relations with China to a large degree. This transformation of American strategy vis a vis China is favorable to Hungary, because it allows more room for manoeuvre in the EU-U.S.-China „Bermuda-triangle”.