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# **The Conflict between the US and China**

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Taiwan is the current flashpoint in the ongoing conflict between the United States and China, so we start here.

In 1949, the Republic of China's government fled to Taiwan from the communist revolution on the mainland. Since then, both countries have had a policy of reunification, with each side aiming to overthrow the other and establish their own leadership. In 1996, Taiwan effectively gave up this claim when it held its first democratic elections, establishing itself as a sovereign country rather than a territory waiting for reunification. China, on the other hand, still adheres to a "one-China" policy and continues to aim for reunification with Taiwan, i.e. the reintegration of Taiwan. Indeed, according to [recent CIA reports](#), China is planning to be ready by 2027 to invade Taiwan. China summarises its ambition as follows:

“Resolving the Taiwan question and realizing China’s complete reunification is a shared aspiration of all the sons and daughters of the Chinese nation. It is indispensable for the realization of China’s rejuvenation. It is also a historic mission of the Communist Party of China (CPC). The CPC, the Chinese government, and the Chinese people have striven for decades to achieve this goal.

The 18th National Congress of the CPC in 2012 heralded a new era in building socialism with Chinese characteristics. Under the strong leadership of the CPC Central Committee with Xi Jinping at the core, the CPC and the Chinese government have adopted new and innovative measures in relation to Taiwan. They have continued to chart the course of cross-Straits relations, safeguard peace and stability across the Taiwan Straits, and promote progress towards national reunification. However, in recent years the Taiwan authorities, led by the Democratic Progressive Party (DPP), have redoubled their efforts to divide the country, and some external forces have tried to exploit Taiwan to contain China, prevent the Chinese nation from achieving complete reunification, and halt the process of national rejuvenation.

The CPC has united the Chinese people and led them in fulfilling the First Centenary Goal of building a moderately prosperous society in all respects as scheduled, and in embarking on a new journey towards the Second Centenary Goal of building China into a modern socialist country.

The Chinese nation has achieved a historic transformation from standing upright to becoming prosperous and growing in strength, and national rejuvenation is driven by an unstoppable force. This marks a new starting point for reunification.” — The Taiwan Affairs Office of the State Council and the State Council Information Office of the People’s Republic of China. *The Taiwan Question and China’s Reunification in the New Era*. 2022.

China’s first assertion is a principled one: Taiwan is Chinese, part of its territory over which it can decide sovereignly. This is not the end of this matter, though. For China, the stakes are high in Taiwan. The Chinese government is putting on record that it considers reunification with Taiwan “indispensable for the realization of China’s rejuvenation”. The expression “[China’s rejuvenation](#)” is a key phrase of the leadership under Xi Jinping to express China’s ambition to be a unified nation and a

world power, continuing along the trajectory of “becoming prosperous and growing in strength”. In other words, the future of China is at stake in Taiwan, as far as China is concerned. On the other hand, the consolidation and rise of China already achieved to date, is the foundation for realising this ambition. China’s rise to economic strength and political power gives it confidence in its ability to resolve this sticking point.

This, according to China, is badly needed as “external forces” thwart its attempts at resolving the Taiwan question to “halt the process of national rejuvenation” and to “contain China”, i.e. limit China’s further ascent as a world power.

The premier “external force” in the world and the power that is meant here, formulates its standpoint as follows:

“On Taiwan, our approach has been consistent across decades and administrations. As the President has said, our policy has not changed. The United States remains committed to our ‘one China’ policy, which is guided by the Taiwan Relations Act, the three Joint Communiques, the Six Assurances.<sup>1</sup> We oppose any unilateral changes to the status quo from either side; we do not support Taiwan independence; and we expect cross-strait differences to be resolved by peaceful means.

[...]

While our policy has not changed, what has changed is Beijing’s growing coercion – like trying to cut off Taiwan’s relations with countries around the world and blocking it from participating in international organizations. And Beijing has engaged in increasingly provocative rhetoric and activity, like flying PLA aircraft near Taiwan on an almost daily basis. These words and actions are deeply destabilizing; they risk miscalculation and threaten the peace and stability of the Taiwan Strait. As we saw from the President’s discussions with allies and partners in the Indo-Pacific, maintaining peace and stability across the strait is not just a U.S. interest; it is a matter of international concern, critical to regional and global security and prosperity.” — U.S. Secretary of State Antony J. Blinken. *The Administration’s Approach to the People’s Republic of China*. Speech delivered at George Washington University. May 2022

The US insists that its standpoint on Taiwan has not shifted. It has no interest in changing the status quo where Taiwan is neither recognised as a sovereign country nor incorporated into China. In saying this, it, first of all, declares its principled responsibility for this conflict which China decidedly declares an internal matter. In stating its expectation for “cross-strait differences to be resolved by peaceful means”, it marks this conflict as an international conflict under its jurisdiction. It emphasises this claim of jurisdiction by reference to “allies and partners in the Indo-Pacific” who testify that what China is planning with Taiwan is “a matter of international concern, critical to regional and global security and prosperity.” So, for the US much more than merely what flag flies in Taipei is at stake: to it the issue concerns the entirety of global security and prosperity, i.e. the US-led world order.

On the question of Taiwan, the largest and the second-largest national economies in the world confront each other. The US considers Taiwan as a case of the international order under its jurisdiction, China sees this as a sovereign matter that it can decide without interference. Both sides register that they consider this conflict to be a conflict decisive to China's place in the world and, as a consequence, the entirety of the US-led world order; and not just a mere local matter.

## 1 The American World Order

It makes sense to continue here: the world order that the US implemented after first winning the Second World War and then the Cold War – a world order for and of capitalist states.<sup>2</sup>

Capitalist states do not merely guarantee and regulate the capitalist economic order on their territories but also promote the growth of their national economies. This economic growth then fuels their power, through resources that can be taxed and a broader economic base for the money which the State issues and goes into debt in.<sup>3</sup> Thus, there is a circle where the State subordinates its actions and its power to the purpose of promoting its national economy and this growth then augments the State's power.

From the point of view of these capitalist states, a perspective beyond a country's borders starts to emerge. When capitalist accumulation functions well, when business grows, when demand for raw materials grows, and when the mountains of goods that are to be sold grow, the State notices that its territory, its population, its national wealth is too small for the growth demands of its capital.

As a consequence, the State becomes critical of itself. The limit of its authority is a limit to the capitals that it is home to. The State recognises the importance to organise growth opportunities beyond its territory.

From a capitalist state's perspective, capturing territory and people by force makes sense. It is thus not true to claim that economic development or "trade" inhibits war for the benefit of economic relations. The appeal of territories beyond a state's border to the growth of its national economy is the fundamental link between global wealth and inter-state violence.

This logic played out in times when the most powerful states were building colonial empires. After the Second World War, the US phased out this strategy.<sup>4</sup> It urged its allied colonial powers like the UK and France to release their colonies into independence. National exclusive spheres were to be brought to an end, as these contradicted the US's objective of unleashing its capital worldwide. Furthermore, since capital was lacking in all other countries, the United States offered dollar credit to all participants in the new world economic order. As a consequence, the United States participated in the successes of the worldwide upswing of capitalism after the Second World War.

This way, the United States played a decisive role in driving forward a new world economic order. Neither robbery nor direct control are the modern methods of using the world for national wealth but

merely relatively free trade in goods and services. States mutually recognise each other as sovereigns to negotiate treaties which set out conditions under which capital can engage worldwide. National success is then recorded in the trade balance, the current account and the balance of payments. However, the ultimately decisive standard is the quality of a currency. A “strong” currency is a currency that investors buy to, well, invest. It is a currency that is in high demand because it promises that lucrative business can be done in it.

Here, the United States stands out compared to all other economies in the world. First, it has had a trade deficit **since 1974**: more is imported than exported. This means that more dollars leave the US (to pay for goods from abroad) than being put back in (to pay for goods made in the US). Yet, this does not harm the US dollar. This is because the dollar is not merely used to buy/sell and invest in the US, but globally. Those dollars spent abroad by American people and businesses are to a large extent invested abroad again. When two businesses from different countries do a deal, they might and often do pay each other in US dollars rather than one of their respective currencies. Even if they do their business in one of the local currencies, it is often much harder to exchange currency X for currency Y directly than currency X to US dollars and then US dollars to currency Y, since central banks tend not to hold reserves in minor other currencies, but do hold reserves in US dollars (and other main currencies like the Euro) to facilitate international business in their own currencies.

Second, the United States also has had and continues to have a budget deficit.<sup>5</sup> It more or less “prints” dollars to finance itself, more precisely it keeps borrowing in increasing volumes and this ever-increasing borrowing does not produce doubts about its debt – called “US Treasuries”. The USA stands out with its potential for almost unlimited borrowing.

This is fortuitous because running the US is not cheap. The flip side of the US’s success on the world market is its dependence on it. The United States’ success depends on the world market because its capital is engaged globally. Its banks lend globally, its businesses buy, produce and sell across the globe and international trade is done in dollars.

As a consequence, the US is chiefly interested in maintaining this global order from which it benefits without bending the rules to its benefit. It does not need to use direct violence to reap the spoils of the world market, because its capitals compete so well on it. However, under this system thus implemented, the reasons for inter-state violence do not go away. Rather, they escalate due to increasing co-dependence of countries, winners and losers are produced and thus are reasons to “correct” losses or enforce beneficial treaties against parties who stand to lose. Here “correct” does not merely mean to secure, say, some natural resources or land by force, but something more fundamental: “correcting” the economic relations between nations, “correcting” their treaties, “correcting” the negotiation positions from which parties confront each other. The Eden of global free markets where parties recognise each other as legal persons to engage in contracts is not to be had without a constant threat of a transition to open violence that would undo it.

To protect its global order, the US claims responsibility, in principle, for all conflicts across the globe.

It aims to rule out attempts to correct the world market's results by force or – even worse – attempts at a different order of international political or economic relations.

The free world market, as the project and basis of the economic power of the USA, requires permanent and absolute superior might over the other states.<sup>6</sup> This explains why the US has a military presence in various parts of the world and claims responsibility for conflicts across the globe, settling them to maintain the order which then benefits it.

## 2 China's Ascent within the American World Order

**Table 1:** Top 10 Countries by Nominal GDP as of Q1 2024

Country	Nominal GDP (in trillions)	PPP Adjusted GDP (in trillions)	Annual Growth (%)	GDP per capita
United States	\$28.78	\$28.78	2.7	85,370
China	\$18.53	\$35.29	4.6	13,140
Germany	\$4.59	\$5.69	0.2	54,290
Japan	\$4.11	\$6.72	0.9	33,140
India	\$3.94	\$14.59	6.8	2,730
United Kingdom	\$3.50	\$4.03	0.5	51,070
France	\$3.13	\$3.99	0.7	47,360
Brazil	\$2.33	\$4.27	2.2	11,350
Italy	\$2.33	\$3.35	0.7	39,580
Canada	\$2.24	\$2.47	1.2	54,870

In 1978, the end of the communist experiment in China began, paving the way for a new era of capitalist development.<sup>7</sup> This way, the Communist Party of China reasoned, China could finally attain the prosperity and might it deserved. However, the students of Mao did not leave this development up to mere chance and foreign interests, but gradually guided the capitalist development in their country. This entails: partially open markets and special economic zones; subsidised state-owned enterprises, propping them up while they cannot quite compete yet on the world market; a rather lax approach to patent and copyright treaties to catch up with the competitors in terms of technological advancements; restrictions on businesses, especially on foreign businesses such as that foreign companies operating in China have to transfer technology to Chinese joint venture partners to increase the own economic competitiveness with foreign know-how; that the State controls the credit businesses, with

tight controls and political credit; and currency controls.<sup>8</sup>

None of this is unique, the only standout feature here is that China can maintain these measures against the protest of the leading powers on the world market, especially the US. That is, every country uses the world market to further its interests and, from this standpoint, the restrictions imposed by China are only logical for a developing capitalist economy. While China regulates capitalist accumulation on its territory according to its own priorities, it – like its rivals – then competes on the world stage under the rules there, rules arranged and maintained by the US.

With these measures China accomplished a rise to be the second largest economy in the world, see Table.9 China even managed to make the transition to exporting its capital to the rest of the world. For example, with its Silk Road project, China offers loans to other countries to set up infrastructure projects with Chinese companies.<sup>10</sup> China's rise is unique, no other "developing country" has managed anything remotely comparable. China managed to accomplish this feat relying on several unique factors: masses of people who can be both workers and consumers, a leadership that understood that capitalist development needs to be steered as sketched above, credit and investments from US capitals under conditions partially dictated by the Chinese government and a military might that allows China to not be that easily intimidated by trade partners and competitors.

Like other countries, China maintains a military and China's military is no stranger to open conflict. China has settled multiple border conflicts with military might, including against the Soviet Union in 1969. For decades, it has boasted a massive army, troops geared towards settling such land-based conflicts with neighbours. As China now increasingly relies on the world market, it also increasingly relies on controlling conditions there. Chinese capital is engaged globally, and the country has an interest in enforcing treaties and favourable conditions, especially in the Pacific region.

As a consequence, the People's Liberation Army (PLA) is being re-equipped from a mass force to flexibly deployable units. China is increasing its military might: from a much lower level than the United States, but with significantly higher growth rates in its military budget.<sup>11</sup>

Similarly, while China's nuclear warhead stockpile is significantly smaller than that of Russia and the United States, it continues to increase its offensive capabilities; and its defensive capabilities to thwart nuclear threats by other parties.<sup>12</sup>

China's stated aim for its military modernisation is to protect its interests in the Pacific. It wishes to define and defend its interests in that region. This effectively is the declaration of a multi-polar world order where the US can no longer claim to be the undisputed arbiter of every corner of the world. This is an attack on the uni-polar US world order.

### **3 America's Self-Critique**

The United States shaped the global order, its rules and institutions. Under the conditions so established, other countries have also been able to develop, which benefited the US, too. These countries represented markets, investment spheres and production sites. First, Germany and Japan rose. Now, China is emerging as a major economic power, using the rules set by the US for its ascent.

One notable aspect here is that Germany and Japan have managed to experience significant economic growth without requiring substantial expenditures on military capabilities. This is because the US has guaranteed their place in the global order, providing them with stable and secure conditions to make use of the world market. As a result, they have been able to focus on developing their economies without worrying about military threats and the associated costs of threatening their partners and rivals.

Now, the point is reached where the US is no longer the unrivalled winner in the global economy, and this has made America's decision-makers call into question the premise of its guarantee for this global order. Other countries are rising economically, which challenges the US's dominance. While the focus here is on China, as the second largest economy, US politicians, especially under Donald Trump, also worry about their European allies, i.e. rivals, who they accuse of freeloading on America's security guarantees.

Moreover, a series of crises, including financial, sovereign debt, COVID-19, and inflation, have weakened the global economy and the place of the US in it. These crises have further encouraged attempts to correct this status quo, re-establishing the US as the unbeatable champion of the system it set up and protects.<sup>13</sup>

### **4 Competition**

China's exports to the US have contributed significantly to the country's trade deficit. In addition, China has also been financing US sovereign debt and its budget deficit by buying US Treasuries with the proceeds from its exports: Chinese companies export to the US and earn US Dollars for their wares. These companies then exchange these dollars with their banks to pay their suppliers, workers, other costs and profits. These banks take these US dollars and exchange them for Chinese Yuan with the Chinese central bank. The central bank then uses these US dollars to buy US Treasures, effectively notes by the US government promising a later payment and a regular interest payment. This made China the largest creditor of the US for a while. As such, the special status of the US in the current world order depends on China.<sup>14</sup>

However, China is now trying to move its own trade away from US dollars. For example, instead of paying with US dollars, it is paying "in kind" by building infrastructure in countries exporting raw materials. Additionally, China is now doing some trade deals in Yuan.



A pillar of the US response is to strengthen its national economy, especially in the area of manufacturing, through subsidies such as in the Inflation Reduction Act.<sup>15</sup> Part of this economic strategy is to move some industries critical to the supply chain for high-tech competition to American soil. A prime example here is chip manufacture which is currently dominated by Taiwan and (to a lesser degree) China.<sup>16</sup>

## 5 Conflict

Additionally, the US responds with sanctions. The most recent sanctions began in 2018 when the Trump Administration banned US agencies from using systems, equipment and services from Huawei, a Chinese telecommunications giant. The reason given was that the company was aiding the Chinese government in its espionage activities.

Similarly, in November 2020, Trump signed an executive order prohibiting all US institutional and retail investors from investing or purchasing from Chinese companies the Department of Defense identified as “Communist Chinese military companies.” In October 2022, the Biden Administration announced there would be limits on sales of new semiconductors to China to slow down the Chinese tech sector and is in talks to cut off Huawei from all its US suppliers.<sup>17</sup>

But it remains the case that the US needs China’s massive market and manufacturing. Similarly, China needs the US: as a market and to maintain the value of its massive holdings of US Treasuries. This brewing cold war is not the US vs the Soviet Union, but a competition between capitalist rivals which rely on each other.

This is not to say, though, that these two powers are not prepared to risk it all in a full-out war. They are certainly preparing for it. In particular, Biden’s *National Security Strategy* promotes China to the primary strategic opponent, recognising the fact that it is increasingly capable of challenging US dominance:

“The People’s Republic of China harbors the intention and, increasingly, the capacity to reshape the international order in favor of one that tilts the global playing field to its benefit, even as the United States remains committed to managing the competition between our countries responsibly.” — U.S. President Joe Biden. *Foreword to National Security Strategy*. Oct. 2022

Previously, Trump’s *National Defense Strategy* expressed a similar position (while still discussing Russia as the main current strategic foe<sup>18</sup>):

“China is leveraging military modernization, influence operations, and predatory economics to coerce neighboring countries to reorder the Indo-Pacific region to their advantage. As China continues its economic and military ascendance, asserting power through an all-of-nation long-term strategy, it will continue to pursue a military modernization program that seeks Indo-Pacific re-

gional hegemony in the near-term and displacement of the United States to achieve global pre-eminence in the future.” — U.S. Department of Defense. *Summary of the National Defense Strategy*. Trump Administration. Jan. 2018

With the United States and China, two nuclear powers confront each other in the Pacific. For now, there is a big gap in their destructive potential and China’s nuclear firepower cannot match the destructive potential of the US. Its nuclear weapons do not threaten the US homeland.

Yet, with its means of mass destruction, China cannot be brought under the US’s nuclear umbrella, the security guarantee the US uses to assign its partners as objects of protection and place adversaries under an unbearable threat. China, with its own weapons, is capable of threatening the foes it defines (except the US and perhaps Russia) on its own and thus offers itself as an alternative protective power in the region.

On this basis, Beijing does not claim equality with America’s monopoly on the world order but instead seeks to secure its economic, political, and military rise in the Pacific region on its own authority. As mentioned above, this is what China means by a “multi-polar world order”. This very ambition puts it on a collision course with the US’ essential claim that its might must be unrivalled. The ambitions of these two powers are incompatible.

For China and the US, in Taiwan and elsewhere their highest properties are at stake.

## 6 European Powers

We give a brief rundown of how two European powers - the UK and Germany – position themselves towards China.

### 6.1 United Kingdom

The UK’s position on Taiwan agrees with the US position. The UK does not recognise Taiwan as a sovereign state, nor does it maintain formal diplomatic relations with it. The UK government’s **official position** is: “The UK believes that the Taiwan issue should be resolved through dialogue, in line with the views of the people on both sides of the Taiwan Strait”, which is another way of saying that it considers the question of Taiwan an international matter it gets to weigh in on rather than an internal Chinese matter, as asserted by the Chinese government. The UK government underlined its claim to a say in the matter by **sending warships through the Taiwan Strait**.

More broadly, the UK considers China under its current leadership an “epoch-defining and systemic challenge with implications for almost every area of government policy and the everyday lives of British people”.<sup>19</sup> That is, the UK considers the conflict with China to be of similar systemic importance as the US does: China’s ascent threatens the world order that the UK holds dear. However, in

contrast to the US, the UK has to accept its inferior position relative to China, it does not speak from a position of (presumed) strength. Nevertheless, with China, for the UK, too, a lot is at stake.<sup>20</sup> Indeed, similarly, to the US but not quite with the same enthusiasm, the UK defines the Indo-Pacific as a key strategic arena in the next decade (called the “Indo-Pacific tilt” in policy documents):

“In the decade ahead, the UK will deepen our engagement in the Indo-Pacific [...], establishing a greater and more persistent presence than any other European country. [...]

China’s growing international stature is by far the most significant geopolitical factor in the world today, with major implications for British values and interests and for the structure and shape of the international order. The fact that China is an authoritarian state, with different values to ours, presents challenges for the UK and our allies. China will contribute more to global growth than any other country in the next decade with benefits to the global economy. China and the UK both benefit from bilateral trade and investment, but China also presents the biggest state-based threat to the UK’s economic security.” — HM Government. *Global Britain in a competitive age: The Integrated Review of Security, Defence, Development and Foreign Policy*. 2021

The UK does identify China as a major challenge and identifies the Indo-Pacific as a focus area of its efforts in the next decade.<sup>21</sup> Like the US, the UK wishes to continue to earn from business with China, while keeping it in check. Unlike the US, the UK does not meet China on an equal footing.

That said, the UK’s main military focus remains the defeat of Russia, especially since the Russian invasion of Ukraine.<sup>22</sup>

## 6.2 Germany

On the one hand, Germany and its business community have made a fortune from China’s economic rise and Germany wants this to continue.

Unfortunately, Germany is realising that “China’s dependence on Europe is steadily declining, while Germany’s dependence on China has grown in importance in recent years.”<sup>23</sup> This calls for the same self-criticism that is being voiced in the US: We let that slide and we need to correct this.

First, in terms of economic policy: “We will strengthen the innovation, investment and competitiveness of industry in order to remain a technological leader.” In this way, the behaviour that the EU accuses China of, namely “abusing” international competition for political power, is to be maintained and strengthened as EU practice. Of course, in this context this is not called “abuse”, but “responsibility”: “Precisely because Germany is closely intertwined with China, the German government has a special responsibility for the enforcement of European economic interests.”

Second, in terms of diplomatic policy: Germany and the EU are taking a similar position to the US on Taiwan. “Within the framework of the EU’s One China policy, we support the relevant participation of democratic Taiwan in international organisations. Any change to the status quo in the Taiwan Strait

must be peaceful and mutually agreed. A military escalation would also affect German and European interests.” Germany agrees to a united China in the distant future and does not officially recognise Taiwan as its own state, but it supports Taiwan to the best of its ability to participate in international institutions below the level of the UN and thus indirectly supports it to gain recognition. On this basis, Germany then declares a ban on Chinese military action along the way.

Third, Germany and the EU currently have to rely on the US for such declarations: “Coordination with Germany’s closest partners is the basis of our foreign policy, and this also applies to our policy with and towards China; the transatlantic alliance and the close and trusting partnership with the US, including within the G7 framework, are of outstanding importance for the EU and for Germany.” The fact that Germany, together with the EU, wants to use the US to assert its interests against China puts China in a bad light once again when China finds itself in an antagonism with the US: “Germany’s security is based on the EU’s ability to act and its internal cohesion, the consolidation of the transatlantic alliance, our deep friendship with France and the close and trusting partnership with the US. China’s antagonistic relationship with the US is at odds with these interests.” With the dual aim of, on one hand, increasing its influence within NATO to have a greater say in its military conflicts and, on the other hand, gradually distancing itself from the USA over the long term to reduce its reliance on America, Germany is embarking on a new chapter with the EU.

“The Bundeswehr is a core instrument of our defence against military threats. To this end, it must be fit for war in all areas. This means that its personnel and equipment must be geared towards fulfilling its demanding missions. The yardstick for this is the readiness to fight at all times with the claim to success in high-intensity combat. This is the only way to ensure credible deterrence and peace.” — Bundesministerium der Verteidigung. *Verteidigungspolitische Richtlinien*. 2023, our translation, our translation

Until then, the German government will reiterate its assertion of being a driving force for stability in the South China Sea by “a temporary military presence in the region, including German naval cruises and cross-force participation in multinational military exercises“.

## 7 America’s Taiwan Commitments

### 7.1 Three Communiques

- **1972:** “all Chinese on either side of the Taiwan Strait maintain there is but one China”
- **1979:** the United States government declared that it would end formal political relations with the Republic of China (“Taiwan”) while preserving economic and cultural ties.
- **1982:** the United States declared its intent to continue selling arms to Taiwan and to gradually change its level of arms sales consistent with the PRC’s militarization of the Taiwan strait.<sup>24</sup>

## 7.2 Six Assurances

- The United States has not agreed to set a date for ending arms sales to Taiwan.
- The United States has not agreed to consult with the PRC on arms sales to Taiwan.
- The United States will not play a mediation role between Taipei and Beijing.
- The United States has not agreed to revise the Taiwan Relations Act.
- The United States has not altered its position regarding sovereignty over Taiwan.
- The United States will not exert pressure on Taiwan to enter into negotiations with the PRC.<sup>25</sup>

## 7.3 Taiwan Relations Act

Since the formal recognition of the People's Republic of China, the Act has defined the officially substantial but non-diplomatic relations between the US and Taiwan.<sup>26</sup>

## 8 Footnotes

1 See Appendices.

2 This section is, more or less, a brief summary of imperialism and based on *What is Imperialism?* available at <https://antinational.org/en/what-is-imperialism-talk/>.

3 See *Sovereign debt and the crisis in the Eurozone* for an introduction to sovereign debt, it is available at <https://antinational.org/en/sovereign-debt-and-crisis-eurozone-all-parts/>.

4 “After the Second World War, the United States led a fragmented world to build a new international economic order. It lifted hundreds of millions of people out of poverty. It sustained thrilling technological revolutions. And it helped the United States and many other nations around the world achieve new levels of prosperity.” — U.S. National Security Advisor Jake Sullivan. *Renewing American Economic Leadership*. Speech delivered at Brookings Institution. Apr. 2023

5 It has this in common with other capitalist powers like the UK or Germany, see sovereign debt piece referenced above or also the section titled “Sovereign Debt and Inflation II” in *Inflation* available at <https://critisticuffs.org/texts/inflation>

6 For example, the US have 11 aircraft carriers, China, India, Italy, Japan and the UK have 2 each. A single US aircraft carrier can carry 80 aircraft, **Belgium has 69 in its airforce in total (as of 1999). The UK has 222 (as of 2011)**, i.e. fewer than would fit on four US aircraft carriers. In total, the US have 3,318 combat aircraft (as of 2011).

7 “Since I began my career, the relationship between the United States and China has undergone a significant evolution. In the 1970s, our relationship was defined by rapprochement and gradual normalization. I watched President Nixon make his famous journey to China in 1972. And I heard our two

countries begin to speak to each other again after decades of silence. In the years that followed, I saw China choose to implement market reforms and open itself to the global economy, driving an impressive rise into the second-largest economy in the world. Its development was supported by assistance from the World Bank and other international economic institutions. And the U.S. Congress and successive administrations played a major role in supporting China's integration into global markets." — U.S. Secretary of the Treasury Janet L Yellen. *U.S. - China Economic Relationship*. Speech delivered at Johns Hopkins School of Advanced International Studies. Apr. 2023

8 China's exchange rate was considered by its rivals to give it an unfair advantage that allowed it to have export successes vis-à-vis the USA, prompting the United States Department of the Treasury to designate China a currency manipulator in August 2019. However, this designation was withdrawn in January 2020 after China agreed to refrain from devaluing its currency.

9 Source <https://www.investopedia.com/insights/worlds-top-economies/>

10 This is criticised by Western states as making other countries dependent on China though entangling them in debt relations. In other words, the West is criticising China for successfully copying its methods.

11 To give some examples: China's PLA has two combat-ready aircraft carriers, with the third being fitted out. Estimates expect five or six aircraft carriers by the 2030s. The Navy's confidence is such that its researchers boast about the ability to sink the US' Pacific fleet: "In a paper published in May, researchers at the People's Liberation Army-backed North University of China said a war game had shown that an attack with 24 hypersonic anti-ship missiles would sink a flotilla led by the USS Gerald R Ford 'with certainty'."

12 "Consistent with Chinese President Xi's statement at the 19th Party Congress that China's military will be 'fully transformed into a first tier force' by 2050, China continues to increase the number, capabilities, and protection of its nuclear forces. While China's declaratory policy and doctrine have not changed, its lack of transparency regarding the scope and scale of its nuclear modernization program raises questions regarding its future intent. China has developed a new road-mobile strategic intercontinental ballistic missile (ICBM), a new multi-warhead version of its DF-5 silo-based ICBM, and its most advanced ballistic missile submarine armed with new submarine-launched ballistic missiles (SLBM). It has also announced development of a new nuclear-capable strategic bomber, giving China a nuclear triad. China has also deployed a nuclear-capable precision guided DF-26 intermediate-range ballistic missile capable of attacking land and naval targets. As with Russia, despite criticizing U.S. homeland missile defense—which is directed against limited missile threats—China has announced that it is testing a new mid-course missile defense system, plans to develop sea-based mid-course ballistic missile defense, and is developing theater ballistic missile defense systems, but has provided few details." [National Security Strategy'22]

13 "Make America Great Again!" (Donald Trump's campaign 2016); "Build Back Better" (Joe Biden's campaign 2020); "But the last few decades revealed cracks in those foundations. A shifting global

economy left many working Americans and their communities behind. A financial crisis shook the middle class. A pandemic exposed the fragility of our supply chains. A changing climate threatened lives and livelihoods. Russia's invasion of Ukraine underscored the risks of overdependence." [Sullivan'23]

14 "Some see the relationship between the U.S. and China through the frame of great power conflict: a zero-sum, bilateral contest where one must fall for the other to rise. President Biden and I don't see it that way. We believe that the world is big enough for both of us. China and the United States can and need to find a way to live together and share in global prosperity. We can acknowledge our differences, defend our own interests, and compete fairly. Indeed, the United States will continue to proceed with confidence about the fundamental strength of the American economy and the skill of American workers. But as President Biden said, 'we share a responsibility...to prevent competition from becoming anything ever near conflict.'" [Yellen'23]

15 "The Inflation Reduction Act is already paying huge dividends for the American people – in the last year, dozens of companies have announced they will invest in the United States, creating jobs, supporting our economy, and bringing back American manufacturing. More than \$500 billion in investments in the United States have been announced under President Biden according to the White House. According to one report, 'nearly 80 major clean energy manufacturing facilities have been announced, an investment equal to the previous seven years combined.' From electric vehicle manufacturing to increasing production of clean energy and all the jobs and investments created as a result, states across the country are seeing the impact of this historic climate legislation." — The White House. *FACT SHEET: One Year In, President Biden's Inflation Reduction Act is Driving Historic Climate Action and Investing in America to Create Good Paying Jobs and Reduce Costs*. 2023

16 This is not necessarily going great, see e.g. *TSMC delays US chip fab opening, says US talent is insufficient*.

17 In addition, in July 2020, Chinese officials were sanctioned by the US for what it calls "gross violations of human rights" in the western region of Xinjiang and entrance into the US for named officials and their immediate families was barred. A month later, the US imposed sanctions on then Hong Kong Chief Executive Carrie Lam and ten other Hong Kong officials for "undermining Hong Kong's autonomy and restricting the freedom of expression or assembly of the citizens of Hong Kong." In December of 2020, the US imposed sanctions on the 14 vice chairpersons of the National People's Congress of China for the same reasons.

18 See *For Russia and the US, in Ukraine their highest properties are at stake* available at <https://criticuff.org/texts/ukraine-russia-usa>. Note that Trump's position seems to have shifted now and he identifies China as the main foe.

19 HM Government. *Integrated Review Refresh*. 2023.

20 Eventually, albeit with reluctance, the UK followed the US in some of the US sanctions against Chinese businesses such as Huawei in the 5G area. The UK considers itself especially responsible

for Hong Kong, its former colony and has welcomed about 160 thousand people from Hong Kong to resettle to the UK.

21 Here, it specifies the Indo-Pacific region to include India where it hopes to use its remaining foothold as a former colony.

22 See *For Russia and the US, in Ukraine their highest properties are at stake* available at <https://criticuffs.org/texts/ukraine-russia-usa>.

23 Die Bundesregierung. *China-Strategie der Bundesregierung*. 2023. All following quotes in this section are from the same document, unless marked otherwise; our translation.

24 Wikipedia. *Three Communiqués*. Accessed 30 July 2024.

25 Wikipedia. *Six Assurances*. Accessed 30 July 2024.

26 Wikipedia. *Taiwan Relations Act*. Accessed 30 July 2024.