

Case Study

Sino-US relations

1. Read the following sources and answer all the questions which follow.

Source A

History shows that access to financial clout is essential. Experts pinpoint the transition from European to American dominance in the early twentieth century when the United States became the world's biggest lender and – like China today – a manufacturing superpower. Under Washington's lead, the United States went on to create the United Nations and to found International Monetary Fund, as well as liberalising trade. These three elements are characteristic of the world order established after the Second World War. China is currently living through a similar situation to the one experienced by the United States during the interwar period: industrial expansion and access to an almost unlimited amount of financial muscle. If this is so, does this not suggest that the Asian country is treading the same path towards overturning the current status quo and laying the foundations for a new world order?

Extract from a book entitled China's Silent Army by Cardenal and Araujo

Source B

China's export-led growth miracle could not have achieved its extraordinary success starting in 1980s without the external demand from the American consumer. China also relied heavily on the US dollar to anchor its undervalued currency in order to boost its export competitiveness. The United States, for its part, drew greatly on cheap goods made in China to boost the purchasing power of hard-pressed, income-constrained consumers; it also relied on surplus Chinese saving to help fill the void of the world's largest shortfall of domestic saving and took advantage of China's voracious demand for US Treasury securities to help fund massive budget deficits and subsidize American interest rates.

In the end, however, this codependency was a marriage of convenience – not love. Frictions have developed between the two partners over a range of issues, including trade and currency tensions, geostrategic security frictions, intellectual property and cyberhacking disputes. And just as the psychologist would predict, one of the partners has decided to go its own way. And that, of course, is China.

Extract from an article published in Yale Global Online

Source C

Despite signs of a slowdown in the Chinese economy, General Motors posted record first-half sales in China, where GM sales now have surpassed the total number of vehicles the company sells in its home market of the United States.

GM and its Chinese joint venture partners saw sales surge by 10.6 percent during the first half of 2013, to nearly 1.6 million vehicles, an all-time record that positions it as the booming Asian nation's No. 2 automotive manufacturer. It sold just over 1.4 million vehicles in the U.S during the same period.

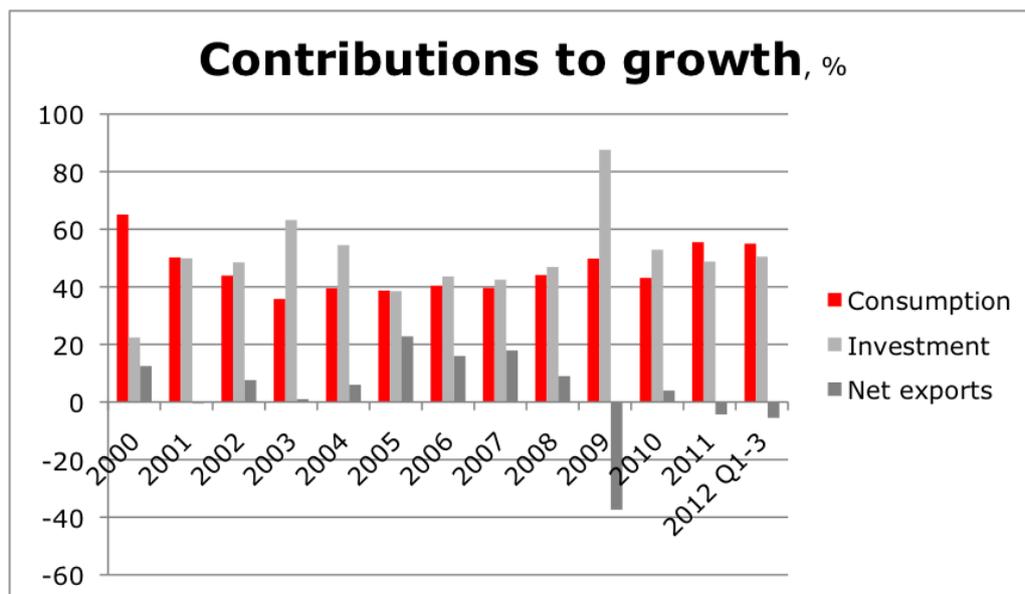
GM is not the only American maker outpacing the growth of the overall Chinese market. Rival Ford set its own record for the first half, with sales surging 47 percent there and demand up 44 percent in June.

While several makers have yet to report their final numbers, it appears that the two American makers significantly outperformed the overall Chinese market. Passenger car sales for the first half are expected to be up 14 percent, with June growth a more modest 10 percent year over year, according to domestic industry sources. "We have seen strong vehicle demand across China, particularly in the midsize, upper-medium, luxury and SUV segments," said Bob Socia, president of GM China, who noted that June demand was up 10.6 percent from the previous high of 236, 207 units a year before.

Socia forecasts that Chinese demand for GM passenger cars and commercial vehicles will "remain robust through the end of the year." That suggests that China will remain the maker's largest market for the near-term future, despite the ongoing revival of U.S automotive demand.

Extract from an article published in CNBC online

Source D



A table taken from a report in The Economist charting the different contributors to the growth of the Chinese economy

Source E

Anger has simmered over the South China Sea among China and neighbouring countries, such as Vietnam and the Philippines, which have argued about existing territorial claims and mineral rights underneath them.

Some of those nations have also built up a few new artificial islands as well.

But of the governments participating in land reclamation, Carter singled out Beijing for particular criticism.

"One country has gone much further and much faster than any other, and that's China. China has reclaimed over 2,000 acres, more than all other claimants combined and more than in the entire history of the region. And China did so in only the last 18 months." Many of China's artificial islands are much closer to other countries' mainland shores than they are to its own.

Carter called for an immediate stop to land reclamation by all nations and a stop to the militarization of the existing ones.

A report on comments passed by Ashley Carter, US Defence Secretary during the Shangri-La Dialogue in 2015

Answer **all** the following questions.

- 1 (a) How useful are Sources B and D in allowing us to assess the significance of trade on relations between China and the United States? [6]
- (b) Using Sources A, C and E, assess the view that Sino-US relations are more confrontational rather than cooperative? [9]
- (c) Assume you are an academic in a Chinese research institute offering advice to the Chinese government. Using information from Sources A to E and your own knowledge, assess the possibility of conflict breaking out between China and the United States. How do you suggest China should develop its policy towards the United States? Give reasons to support your answer. [15]

Section B
Essay Questions

Answer **two** questions from this section.

EITHER

- 2 To what extent are the CCP's attempts to revive Confucianism successful? [25]

OR

- 3 How important is having a huge working population important for China's economic success? [25]

AND EITHER

- 4 How useful are economic factors in determining Sino-Japanese relations? [25]

OR

- 5 Assess the view that ideology is no longer relevant in maintaining the legitimacy of the CCP. [25]

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