



Enhancing the Economic Relationship between China and the United States

By Rudy deLeon February 20, 2014

During the joint dialogue between the Center for American Progress and the China-U.S. Exchange Foundation in Beijing, China, the economic relationship between China and the United States was a key topic of discussion. In addition to a full discussion at the track II dialogue, our delegation also engaged in a rich exchange with Chinese Vice Premier Wang Yang on the need to identify new win-win policies that recognize the importance of economic growth in both countries and provide a level playing field where all compete on an equal footing.

Professor Laurence J. Lau, a distinguished economist of considerable standing in both China and the United States, presented a detailed paper on how the new model of U.S.-China major power relations might impact the economic perspectives of both countries. Professor Lau's paper is published separately in its entirety.

Bilateral discussions on new model relations and U.S.-China economic ties are unfolding at a time when both nations are facing new economic challenges and opportunities at home. One thing that the U.S. and Chinese experts all agreed on in our recent dialogues is the importance of engaging and supporting the middle class in both nations. In China, the middle class is just now emerging, and middle-class expansion could bring more than 600 million new consumers into the global market and help China build an entirely new model of economic growth for the 21st century.

Americans are engaged in their own debate on economic growth, global trade, and the pressures and opportunities for the U.S. middle class. Even as the American automotive sector recovers, new technology and innovation is integrated into all sectors of the economy. As new sources of domestic energy become available, the American middle class is still struggling to recover ground lost after the 2008 recession.

Yet Americans recognize that fair trade policy and bilateral agreements are part of the solution for middle-class economic growth. Professor Lau and the American

participants recognize the complexities on both sides of creating policy solutions. As Andrew Stern, a Senior Fellow at Columbia University, noted during the dialogue:

In both countries there are internal political considerations and suspicions that need to be overcome. If we are to build a new model of major power relations we need to confront them head on.

The economic component of U.S.-China major power relations will be an essential element in our thinking and demand that both sides bring forward innovative and balanced ideas into the debate.

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