

Lesson Plan China

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Purpose:

Big Concept:

- The rapid development of China presents challenges and opportunities for America.

Essential Questions

- What are the economic challenges that China presents to the U.S.?
- What are the economic benefits that the U.S. can enjoy from an emerging China?
- What security issues does China present to the U.S.?

Rationale:

Students will understand what effects the emergence of China has on their life.

Materials:

Handout – American Interests in China (any article covering the different issues that China creates will be sufficient. I chose this article because its length and vocabulary fit my students' abilities. The core of this handout came from a Southern Center for International Studies website: http://www.southerncenter.org/ea_dec05_lesson5.pdf I modified the article to fit the needs of this lesson.)

Handout – Chart of Chinese challenges and opportunities.

Activities:

1. Students will read the attached handout either as a homework assignment or during class.
2. Students will work with a partner to fill out attached chart.

Assessment:

- As a class we will go over the charts and discuss the issues in the articles.

Grade Adaptation:

This lesson was created for 11th grade Economics class unit on international trade. I included the security issues to demonstrate to students that relations between countries have to be considered in contexts outside of purely economic interests.

This lesson would work with minor modifications for a Government class studying international relations or a Modern American History class.

American Interests in China

Economy

For American companies, China is a huge and booming market, and for American consumers, it is a source of inexpensive goods. American high-tech companies benefit from Chinese demand for their goods, from semiconductors to X-ray machines. Chinese goods are produced so inexpensively that the average price of clothing and shoes in the United States has dropped by 10 percent over the last ten years.

One of the main reasons that trade with China attracts so much attention is the huge transpacific trade imbalance. In the first half of 2005, the United States imported 88.2 billion dollars in goods from China, but only exported 15.7 billion dollars in American goods. Chinese exports to the U.S. are not only substantial but also inexpensive. Thousands of Chinese factories produce goods so cheaply that inflation has slowed worldwide. International manufacturers must match low Chinese prices in order to sell their goods, which ultimately benefits consumers. Often these manufacturers keep their prices low by relocating in countries that have a cheap labor supply which cost jobs in the original country.

Some Americans argue that the Chinese keep their goods cheap by unfair practices. One of these practices is China's monetary policy. Chinese goods must be bought with the Chinese yuan. So, in an ideal free market with a flexible currency, high demand for Chinese goods would create high demand for the Chinese yuan. In this situation, it would take more U.S. dollars to buy the yuan, and Americans would need to spend more dollars to buy Chinese goods.

However, before summer 2005, China fixed the value of the yuan against the dollar. Thus, the yuan's value never rose; it always took the same amount of dollars to buy Chinese products and increased demand never drove up the yuan's value (and in turn Chinese prices). After two years of pressure, mainly from the U.S., China loosened its currency ties in July 2005, and has let the yuan float within a very narrow band. Although the change is small and is not expected to affect China's exports, it is seen as a victory for the U.S. and raises hopes that eventually China will fully pursue a free-market policy.

While China's major economic advantage is its cheap labor, its human capital is improving at a remarkable rate. Universities in China issue about 160,000 advanced degrees every year – four times as many as in the U.S. These universities now rival the quality of universities in the U.S.

These graduates allow high tech companies to set up shop in China further reducing the higher income jobs back in the home country.

There are other factors that challenge a closer U.S.-China economic relationship. Copyright laws on intellectual property present another contentious issue. The U.S. wants China to enforce copyright laws, and to crack down on the pirating of such things as CDs, DVDs, and games. Sometimes pirated material is made available even before its release date.

Another sensitive issue in the relations between the two countries is the difficult human rights situation in China. Some human rights campaigners in China argue that as memories of Tiananmen Square fade, so too does foreign concern with human rights in China. For example, in 1993, the U.S. officially opposed China's 2000 Olympics bid on human rights concerns. In

2001, the U.S. stayed neutral on China's 2008 bid, hoping that the Olympics would further integrate China into the world economy.

Security

President Clinton's trip to China in the summer of 1998 helped warm relations and improve economic ties between the two countries. On the other hand, at the turn of the century tensions over such issues as human rights and Taiwan were aggravated by allegations of Chinese nuclear espionage in the U.S., the May 1999 accidental NATO bombing of the Chinese embassy in Yugoslavia, the April 2001 standoff over the collision of a Chinese fighter jet and a U.S. surveillance plane, and the Bush administration's efforts to develop a national missile defense. The massive May 1999 anti-American protests in Beijing, which followed the bombing of the Chinese embassy in Belgrade, were encouraged by the Chinese government and showed the complexity of U.S.-Chinese relations.

The U.S. is wary of China's growing military might. In its July 2005 evaluations, the Pentagon said that China is focused on being a regional power in Asia and on deterring Taiwanese independence. For this reason, China wants to improve the efficiency and capability of its conventional forces and, according to the Pentagon's estimates, might be spending \$90 billion a year on defense, three times more than it claims and enough to make it the third largest military budget in the world after the U.S. and Russia. U.S. Defense Secretary Donald Rumsfeld has called the growth of Chinese defense spending a threat to Asian stability. However, the U.S. is pursuing practical engagement with China on security issues, with Admiral William Fallon, Commander of U.S. forces in East Asia, saying he would like to be able to "just pick up the telephone" and call his Chinese counterpart.

Another contentious issue in the U.S.-China relations is the status of Taiwan. The U.S. has long practiced "double deterrence," deterring Taiwan from declaring independence and deterring China from invading Taiwan. American forces and aircraft carriers in the Pacific deter China from invading Taiwan. On the other hand, a U.S. official refusal to recognize Taiwan as a sovereign entity deters the island from declaring independence. Although the United States has no mutual defense treaty with Taiwan, it extends special protections to the island, and the Taiwan Relations Act requires the U.S. to aid Taiwan in case of attack from China. In 2005, China passed an antiseccession law declaring it would use force should Taiwan declare formal independence. The United States has called the law "unhelpful."

China has been also a strategic partner for the U.S. by seeking peaceful resolutions to the North Korean nuclear crisis and the conflict between India and Pakistan. Also, the September 11, 2001, terrorist attacks on the U.S. brought another rapprochement in U.S.-China relations as the two countries found a common enemy in terrorism. China soon

expressed support for the U.S.-led war on terrorism and has since provided assistance, mainly by sharing intelligence. However, China has been willing to challenge the America's foreign policy goals. For example, China has been assisting Iran nuclear development much to the frustration of U.S. officials.

Chart American Interests in China

From the article identify the most important four economic conditions and two security conditions and fill out the chart below.

Description of condition	How does this condition effect the U.S.?	What is a possible policy option the U.S could pursue to address this condition?	How does this condition effect you personally now or in the future?