

# The Age of Uneasy Peace

## Chinese Power in a Divided World

*Yan Xuetong*

**I**n early October 2018, U.S. Vice President Mike Pence delivered a searing speech at a Washington think tank, enumerating a long list of reproaches against China. From territorial disputes in the South China Sea to alleged Chinese meddling in U.S. elections, Pence accused Beijing of breaking international norms and acting against American interests. The tone was unusually blunt—blunt enough for some to interpret it as a harbinger of a new Cold War between China and the United States.

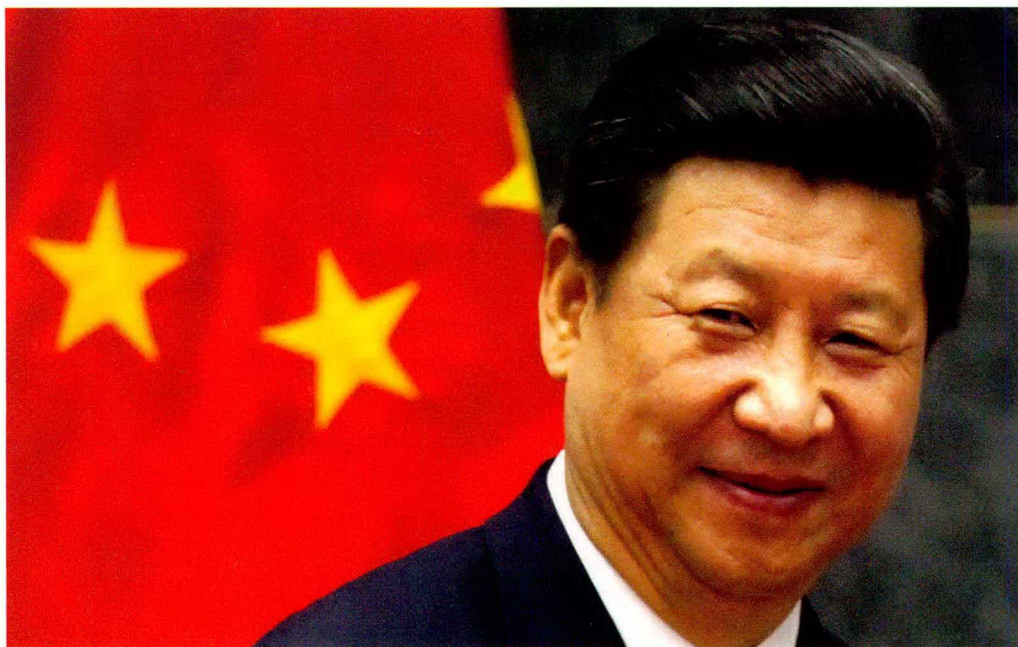
Such historical analogies are as popular as they are misleading, but the comparison contains a kernel of truth: the post-Cold War interregnum of U.S. hegemony is over, and bipolarity is set to return, with China playing the role of the junior superpower. The transition will be a tumultuous, perhaps even violent, affair, as China's rise sets the country on a collision course with the United States over a number of clashing interests. But as Washington slowly retreats from some of its diplomatic and military engagements abroad, Beijing has no clear plan for filling this leadership vacuum and shaping new international norms from the ground up.

**YAN XUETONG** is Distinguished Professor and Dean of the Institute of International Relations at Tsinghua University.

What kind of world order will this bring? Contrary to what more alarmist voices have suggested, a bipolar U.S.-Chinese world will not be a world on the brink of apocalyptic war. This is in large part because China's ambitions for the coming years are much narrower than many in the Western foreign policy establishment tend to assume. Rather than unseating the United States as the world's premier superpower, Chinese foreign policy in the coming decade will largely focus on maintaining the conditions necessary for the country's continued economic growth—a focus that will likely push leaders in Beijing to steer clear of open confrontation with the United States or its primary allies. Instead, the coming bipolarity will be an era of uneasy peace between the two superpowers. Both sides will build up their militaries but remain careful to manage tensions before they boil over into outright conflict. And rather than vie for global supremacy through opposing alliances, Beijing and Washington will largely carry out their competition in the economic and technological realms. At the same time, U.S.-Chinese bipolarity will likely spell the end of sustained multilateralism outside strictly economic realms, as the combination of nationalist populism in the West and China's commitment to national sovereignty will leave little space for the kind of political integration and norm setting that was once the hallmark of liberal internationalism.

### WHAT CHINA WANTS

China's growing influence on the world stage has as much to do with the United States' abdication of its global leadership under President Donald Trump as with China's own economic rise. In material



*Dreaming of a new world order: Xi at a news conference in Mexico City, July 2018*

terms, the gap between the two countries has not narrowed by much in recent years: since 2015, China's GDP growth has slowed to less than seven percent a year, and recent estimates put U.S. growth above the three percent mark. In the same period, the value of the renminbi has decreased by about ten percent against the U.S. dollar, undercutting China's import capacity and its currency's global strength. What has changed a great deal, however, is the expectation that the United States will continue to promote—through diplomacy and, if necessary, military power—an international order built for the most part around liberal internationalist principles. Under Trump, the country has broken with this tradition, questioning the value of free trade and embracing a virulent, no-holds-barred nationalism. The Trump administration is modernizing the U.S. nuclear arsenal, attempting to strong-arm friends and foes alike, and withdrawing from several international

accords and institutions. In 2018 alone, it ditched the Intermediate-Range Nuclear Forces Treaty, the nuclear deal with Iran, and the UN Human Rights Council.

It is still unclear if this retrenchment is just a momentary lapse—a short-lived aberration from the norm—or a new U.S. foreign policy paradigm that could outlive Trump's tenure. But the global fallout of Trumpism has already pushed some countries toward China in ways that would have seemed inconceivable a few years ago. Take Japanese Prime Minister Shinzo Abe, who effectively reversed Japan's relations with China, from barely hidden hostility to cooperation, during a state visit to Beijing in October 2018, when China and Japan signed over 50 agreements on economic cooperation. Meanwhile, structural factors keep widening the gap between the two global front-runners, China and the United States, and the rest of the world. Already, the two countries' military spending dwarfs everybody else's. By 2023, the U.S.



defense budget may reach \$800 billion, and the Chinese one may exceed \$300 billion, whereas no other global power will spend more than \$80 billion on its forces. The question, then, is not whether a bipolar U.S.-Chinese order will come to be but what this order will look like.

At the top of Beijing's priorities is a liberal economic order built on free trade. China's economic transformation over the past decades from an agricultural society to a major global powerhouse—and the world's second-largest economy—was built on exports. The country has slowly worked its way up the value chain, its exports beginning to compete with those of highly advanced economies. Now as then, these exports are the lifeblood of the Chinese economy: they ensure a consistent trade surplus, and the jobs they create are a vital engine of domestic social stability. There is no indication that this will change in the coming decade. Even amid escalating trade tensions between Beijing and Washington, China's overall export volume continued to grow in 2018. U.S. tariffs may sting, but they will neither change Beijing's fundamental incentives nor portend a general turn away from global free trade on its part.

Quite to the contrary: because China's exports are vital to its economic and political success, one should expect Beijing to double down on its attempts to gain and maintain access to foreign markets. This strategic impetus is at the heart of the much-touted Belt and Road Initiative, through which China hopes to develop a vast network of land and sea routes that will connect its export hubs to far-flung markets. As of August 2018, some 70 countries and organizations had signed contracts with China for projects

related to the initiative, and this number is set to increase in the coming years. At its 2017 National Congress, the Chinese Communist Party went so far as to enshrine a commitment to the initiative in its constitution—a signal that the party views the infrastructure project as more than a regular foreign policy. China is also willing to further open its domestic markets to foreign goods in exchange for greater access abroad. Just in time for a major trade fair in Shanghai in November 2018—designed to showcase the country's potential as a destination for foreign goods—China lowered its general tariff from 10.5 percent to 7.8 percent.

Given this enthusiasm for the global economy, the image of a revisionist China that has gained traction in many Western capitals is misleading. Beijing relies on a global network of trade ties, so it is loath to court direct confrontation with the United States. Chinese leaders fear—not without reason—that such a confrontation might cut off its access to U.S. markets and lead U.S. allies to band together against China rather than stay neutral, stripping it of important economic partnerships and valuable diplomatic connections. As a result, caution, not assertiveness or aggressiveness, will be the order of the day in Beijing's foreign policy in the coming years. Even as it continues to modernize and expand its military, China will carefully avoid pressing issues that might lead to war with the United States, such as those related to the South China Sea, cybersecurity, and the weaponization of space.

## **NEW RULES?**

Indeed, much as Chinese leaders hope to be on par with their counterparts in

Washington, they worry about the strategic implications of a bipolar U.S.-Chinese order. American leaders balk at the idea of relinquishing their position at the top of the global food chain and will likely go to great lengths to avoid having to accommodate China. Officials in Beijing, in no hurry to become the sole object of Washington's apprehension and scorn, would much rather see a multipolar world in which other challenges—and challengers—force the United States to cooperate with China.

In fact, the United States' own rise in the nineteenth and early twentieth centuries provides something of a model for how the coming power transition may take place. Because the United Kingdom, the world's undisputed hegemon at the time, was preoccupied with fending off a challenger in its vicinity—Germany—it did not bother much to contain the rise of a much bigger rival across the pond. China is hoping for a similar dynamic now, and recent history suggests it could indeed play out. In the early months of George W. Bush's presidency, for instance, relations between Beijing and Washington were souring over regional disputes in the South China Sea, reaching a boiling point when a Chinese air force pilot died in a midair collision with a U.S. surveillance plane in April 2001. Following the 9/11 attacks a few months later, however, Washington came to see China as a useful strategic partner in its global fight against terrorism, and relations improved significantly over the rest of Bush's two terms.

Today, unfortunately, the list of common threats that could force the two countries to cooperate is short. After 17 years of counterterrorism

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campaigns, the sense of urgency that once surrounded the issue has faded. Climate change is just as unlikely to make the list of top threats anytime soon. The most plausible scenario is that a new global economic crisis in the coming years will push U.S. and Chinese leaders to shelve their disagreements for a moment to avoid economic calamity—but this, too, remains a hypothetical.

To make matters worse, some points of potential conflict are here to stay—chief among them Taiwan. Relations between Beijing and Taipei, already tense, have taken a turn for the worse in recent years. Taiwan's current government, elected in 2016, has questioned the notion that mainland China and Taiwan form a single country, also known as the "one China" principle. A future government in Taipei might well push for *de jure* independence. Yet a Taiwanese independence referendum likely constitutes a redline for Beijing and may prompt it to take military action. If the United States were to respond by coming to Taiwan's aid, a military intervention by Beijing could easily spiral into a full-fledged U.S.-Chinese war. To avoid such a crisis, Beijing is determined to nip any Taiwanese independence aspirations in the bud by political and economic means. As a result, it is likely to continue lobbying third countries to cut off their diplomatic ties with Taipei, an approach it has already taken with several Latin American countries.

Cautious or not, China set somewhat different emphases in its approach to norms that undergird the international order. In particular, a more powerful China will push for a stronger emphasis on national sovereignty in interna-

tional law. In recent years, some have interpreted public statements by Chinese leaders in support of globalization as a sign that Beijing seeks to fashion itself as the global liberal order's new custodian, yet such sweeping interpretations are wishful thinking: China is merely signaling its support for a liberal economic order, not for ever-increasing political integration. Beijing remains fearful of outside interference, particularly relating to Hong Kong, Taiwan, Tibet, and Xinjiang, as well as on matters of press freedom and online regulations. As a result, it views national sovereignty, rather than international responsibilities and norms, as the fundamental principle on which the international order should rest. Even as a new superpower in the coming decade, China will therefore pursue a less interventionist foreign policy than the United States did at the apex of its power. Consider the case of Afghanistan: even though it is an open secret that the United States expects the Chinese military to shoulder some of the burden of maintaining stability there after U.S. troops leave the country, the Chinese government has shown no interest in this idea.

Increased Chinese clout may also bring attempts to promote a vision of world order that draws on ancient Chinese philosophical traditions and theories of statecraft. One term in particular has been making the rounds in Beijing: *wangdao*, or "humane authority." The word represents a view of China as an enlightened, benevolent hegemon whose power and legitimacy derive from its ability to fulfill other countries' security and economic needs—in exchange for their acquiescence to Chinese leadership.

## **BIPOLARITY IN PRACTICE**

Given the long shadow of nuclear escalation, the risk of a direct war between China and the United States will remain minimal, even as military, technological, and economic competition between them intensifies. Efforts on both sides to build ever more effective antimissile shields are unlikely to change this, since neither China nor the United States can improve its antimissile systems to the point of making the country completely impervious to a nuclear counterattack. If anything, the United States' withdrawal from the Intermediate-Range Nuclear Forces Treaty will encourage both sides to build up their nuclear forces and improve their second-strike capabilities, ensuring that neither side will be confident it can launch a nuclear attack on the other without suffering a devastating retaliation. The threat of nuclear war will also keep Chinese tensions with other nuclear-armed powers, such as India, from escalating into outright war.

Proxy wars, however, cannot be ruled out, nor can military skirmishes among lesser states. In fact, the latter are likely to become more frequent, as the two superpowers' restraint may embolden some smaller states to resolve local conflicts by force. Russia, in particular, may not shy away from war as it tries to regain its superpower status and maintain its influence in eastern Europe and the Middle East. Faced with calls to reform the UN Security Council, fraying powers such as France and the United Kingdom may seek to buttress their claim to permanent membership in the council through military interventions abroad. In the Middle East, meanwhile, the struggle for regional dominance among Iran, Turkey, and Saudi Arabia shows

no signs of abating. Across the globe, secessionist conflicts and terrorist attacks will continue to occur, the latter especially if competition between China and the United States reduces their cooperation on counterterrorism measures.

In the economic realm, export-driven economies, such as China, Germany, and Japan, will ensure the survival of a global liberal trade regime built on free-trade agreements and membership in the World Trade Organization—no matter what path the United States takes. On other matters of global governance, however, cooperation is likely to stall. Even if a future U.S. administration led a renewed push toward multilateralism and international norm setting, China's status as a junior superpower would make it difficult for the United States to sustain the strong leadership that has traditionally spurred such initiatives in the past. Differences in ideology and clashing security interests will prevent Beijing and Washington from leading jointly, but neither will have enough economic or military clout to lead on its own. To the extent that multilateral initiatives persist in such a world, they will be limited to either side's respective sphere of influence.

China's emphasis on national sovereignty, together with Western societies' turn away from globalism, will deal an additional blow to multilateralism. The European Union is already fraying, and a number of European countries have reintroduced border controls. In the coming decade, similar developments will come to pass in other domains. As technological innovation becomes the primary source of wealth, countries will become ever more protective of their intellectual property. Many



countries are also tightening control of capital flows as they brace for a global economic slump in the near future. And as concerns over immigration and unemployment threaten to undermine Western governments' legitimacy, more and more countries will increase visa restrictions for foreign workers.

Unlike the order that prevailed during the Cold War, a bipolar U.S.-Chinese order will be shaped by fluid, issue-specific alliances rather than rigid opposing blocs divided along clear ideological lines. Since the immediate risk of a U.S.-Chinese war is vanishingly small, neither side appears willing to build or maintain an extensive—and expensive—network of alliances. China still avoids forming explicit alliances, and the United States regularly complains about free-riding allies. Moreover, neither side is currently able to offer a grand narrative or global vision appealing to large majorities at home, let alone to a large number of states.

For some time to come, then, U.S.-Chinese bipolarity will not be an ideologically driven, existential conflict over the fundamental nature of the global order; rather, it will be a competition over consumer markets and technological advantages, playing out in disputes about the norms and rules governing trade, investment, employment, exchange rates, and intellectual property. And rather than form clearly defined military-economic blocs, most states will adopt a two-track foreign policy, siding with the United States on some issues and China on others. Western allies, for instance, are still closely aligned with the United States on traditional security matters inside NATO, and Australia, India, and Japan have supported the U.S. strategy

in the Indo-Pacific. At the same time, these states still maintain close trade and investment relations with China, and several of them have sided with Beijing in trying to reform the World Trade Organization.

This two-track strategy shows just how far down the road to bipolarity the world has already advanced. And the fundamental driver of this process—the raw economic and military clout on which American and, increasingly, Chinese dominance rests—will further cement Beijing's and Washington's status as the two global heavyweights in the coming decade. Whether or not the United States recovers from its Trumpian fever and leads a renewed push for global liberalism is, ultimately, of little consequence to the outcome: opposed in their strategic interests but evenly matched in their power, China and the United States will be unable to challenge each other directly and settle the struggle for supremacy definitively. As during the Cold War, each side's nuclear warheads will prevent proxy conflicts from easily escalating into a direct confrontation between the two superpowers. More important still, China's leadership is acutely aware of the benefits its country derives from the status quo, for now—it is chief among the conditions for China's continued economic and soft-power expansion—and will avoid putting these benefits on the line anytime soon, unless China's core interests are in the balance. Chinese leaders will therefore work hard to avoid setting off alarm bells in already jittery Western capitals, and their foreign policy in the coming years will reflect this objective. Expect recurring tensions and fierce competition, yes, but not a descent into global chaos. 🌐

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