

Disorder under heaven

America and China's strategic relationship

After seven decades of hegemony in Asia, America now has to accommodate an increasingly powerful China, says Dominic Ziegler. Can Donald Trump's administration manage that?



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THE LAST TIME China considered itself as powerful as it does today, Abraham Lincoln was in the White House. At that time, and against the mounting evidence of Western depredations, the emperor still clung to the age-old belief that China

ruled all under heaven, a world order unto itself. It never had allies in the Western sense, just nations that paid tribute to it in exchange for trade. Both China and “the outside countries”, he wrote to Lincoln, constitute “one family, without any distinction”.

Today, after a century and a half that encompassed Western imperial occupation, republican turmoil, the plunder of warlords, Japanese invasion, civil war, revolutionary upheaval and, more recently, phenomenal economic growth, China has resumed its own sense of being a great power. It has done so in a very different world: one led by America. For three-quarters of a century, America has been the hegemon in East Asia, China’s historical backyard.

But now China is indisputably back. New towers have transformed the skylines of even its farthest-flung cities. An ultra-modern network of bullet trains has, in a few short years, shrunk a continent-sized country. China’s new power rests on a 20-fold increase in economic output since the late 1970s, when pragmatic leaders set in train market-led reforms. Over the same period the number of Chinese people living in extreme poverty, as defined by the World Bank, has fallen to 80m, a tenth of what it used to be. China is the world’s biggest trading nation and its second-biggest economy after America. There is hardly a country in the world to which it does not matter, either as a source of consumer goods or as a destination for commodities, capital goods and investment.

On all these counts, China wants—and deserves—a greater role in East Asia and in the global order. America has to make room for it. But the task will require wisdom and a subtle balance of firmness and finesse on both sides. A first indication of what to expect was on display at a summit between Xi Jinping and Donald Trump on April 6th and 7th at Mar-a-Lago, the American president’s Florida golfing resort. Though little of substance was discussed, Mr Trump hailed the bilateral relationship as “outstanding” and Mr Xi declared there were “a thousand reasons to get the China-US relationship right”. Neither mentioned the cruise-missile strike

America had just launched against a Syrian air base. Nor was there any talk of imminently imposing tariffs.

For all the superficial bonhomie at the summit, the two countries see things very differently. China's system of politics, both bureaucratic and authoritarian, has helped economic development at home, but is alien to American notions of democracy. American policymakers have traditionally seen liberal democratic values and an emphasis on human rights as factors that legitimise and strengthen the international order. Chinese policymakers see them as Western conspiracies to foster the kind of colour revolutions that brought down authoritarian former Soviet regimes, and might attempt to do the same in China.

Chinese strategists consider the country's rapidly modernising armed forces as essential for protecting the sea lanes on which its prosperity and security depend. They think a powerful navy is needed to keep potential adversaries from China's shores and stop them from grabbing Chinese-occupied islands. They also suspect that America's massive military presence in the Asia-Pacific region is designed to check China's rise.

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American strategists, by contrast, say their country must keep a presence in the region because Chinese hard power unsettles America's friends in East and South-East Asia. In the past few years China has challenged Japan



over the Japanese-controlled Senkaku Islands (which the Chinese call the Diaoyu Islands), and carried out extensive construction works to build bases and runways on disputed rocks and reefs in the South China Sea. Those American strategists

suspect China of wanting to turn the vast sea into a Chinese lake; and, more broadly, of seeking dominance in East Asia and overturning the existing order.

A rock and a hard place

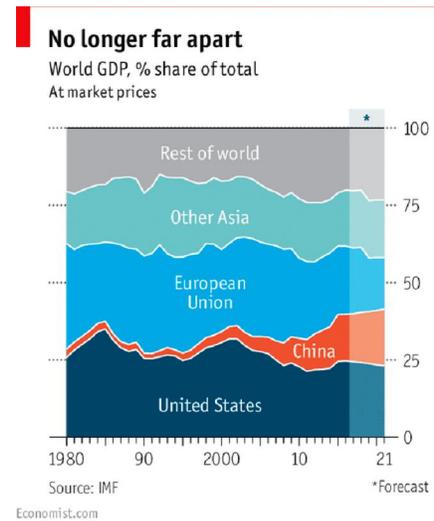
America has long sought to prevent any one power having hegemony in Asia, whereas China wants to keep potential adversaries far from its shores. Somehow, they have to find a way of accommodating each other's overarching goals, as Henry Kissinger explains in his classic book on statecraft, "World Order". Peace hangs on the outcome.

That peace cannot be taken for granted. In much of East Asia, history is unfinished business. Taiwan, to which the Nationalist losers in China's civil war fled in 1949, is a thriving and peaceful democracy. Yet China's Communist Party sees its sacred mission as bringing Taiwan back into the motherland's fold, and reserves the right to use force to do so. American guardianship of the island is meant to ensure that China never dares. But as Chinese might grows and American commitment appears to wane, the room for miscalculation grows. Soon after his election Mr Trump even seemed to be calling into question America's endorsement of the "one-China policy"—China's insistence on the polite fiction that Taiwan is part of China.

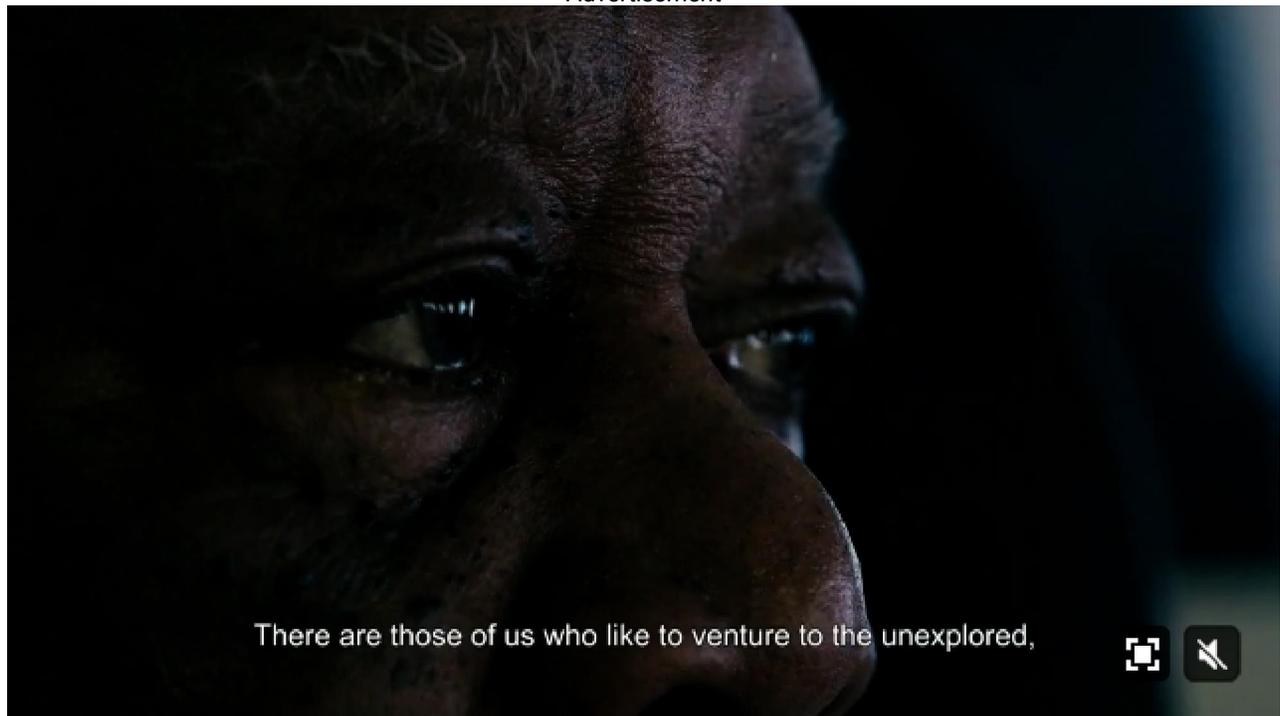
A potentially more imminent flashpoint in the region is the Korean peninsula, divided since the end of the second world war. North Korea, ruled by a family mafia now in its third generation, has a broken economy and an ill-trained army. But it has poured money into nuclear programmes that threaten South Korea, unnerve Japan and before long will also pose a threat to America. North Korea exasperates China's leaders, yet they feel they must show solidarity to a former ally against America in the bloody war North Korea launched in 1950. China would rather have a nuclear North Korea under Kim Jong Un than a failed state sending millions of desperate refugees across the Chinese border. Above all, it is troubled by the idea of a unified, democratic Korea with American troops next door. At Mar-a-Lago, Mr Trump asked Mr Xi for ideas to deal with the threat from North Korea, but his missile strike in Syria made it clear that America might act alone against the North.

Handling Mr Kim's belligerence—and the regime's eventual demise—will be a huge test of great-power co-operation.

Yet conflict between China and America is not inevitable. Both sides want to avoid it and can adjust accordingly. It helps that habits of co-operation have become established over four decades of Chinese market reforms, which could not have happened without American security guaranteeing China's external environment. This is the world's most important bilateral economic relationship today, with combined annual trade adding up to \$600bn and investment in each other's economies totalling around \$350bn.



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China has no missionary zeal or ambitions to export revolution, nor indeed any grave ideological misgivings about the current order, which it resents chiefly because it does not have a greater say in running it. Ensuring more of a role appears

to be the chief mission of Mr Xi, China's paramount leader since 2012. He has accrued more authority to himself than any leader since the late Deng Xiaoping, and is now gingerly putting forward a model for greater global leadership which party theorists are starting to call the "China solution". At one level, this is about practical matters, such as investing in Central Asia to reduce poverty. At another, it is about opposing American dominance. China, Mr Xi told a conference in February, should "guide international security" towards a "more just and rational new world order". That kind of language is redolent of the old imperial Chinese virtues. But whereas China's previous experience of power was of ruling all under heaven, it now has to accept being merely one great power among several. America, for its part, has never had any experience of ceding as much influence and authority as it may have to do to China in future.

An already fraught relationship has become more so with Mr Trump's election as president. For seven decades America's grand strategy has rested upon three pillars: open trade, strong alliances and the promotion of human rights and democratic values. It is not clear to America's friends in Asia to what extent Mr Trump, with his disdain for diplomatic process, a protectionist streak and a narrow "America first" definition of the national interest, is prepared to uphold those three pillars. As Michael Fullilove, head of the Lowy Institute, a think-tank in Sydney, puts it, Mr Trump is "an unbeliever in the global liberal order and a sceptic of alliances. And he has a crush on authoritarians."

Mr Trump's victory came as a huge shock to China's leaders. They hate unpredictability and would have much preferred Hillary Clinton, the devil they knew. It also came at an inconvenient time for the Chinese. Mr Xi is focusing on a crucial five-yearly Communist Party congress later this year. He appears set on consolidating his grip on power, against a backdrop of an unsettling credit bubble and economic growth that has slowed sharply from a peak of 10% a year to just 6.5%.

For the most part, China has concealed its alarm over Mr Trump behind studied caution. “When you see 10,000 changes around you,” Chinese leaders told Kevin Rudd, an Australian former prime minister and China hand, citing one of their language’s countless proverbs, “ensure you yourself don’t change.” China’s leaders have decided to wait and see. But behind the scenes they have been trying hard to influence Mr Trump, working mainly through his son-in-law, Jared Kushner, a property developer with Chinese ties.

The Chinese also soon grasped the new president’s transactional approach, prompting them to dispatch Jack Ma, the boss of Alibaba, an e-commerce giant, to meet him. He promised that his firm would generate 1m jobs in America. Soon afterwards trademark applications to protect the Trump brand in China that had languished in the courts for years were suddenly granted. Cause and effect are impossible to disentangle, but Mr Trump has certainly toned down his pre-election anti-China rhetoric.

Looking into the abyss

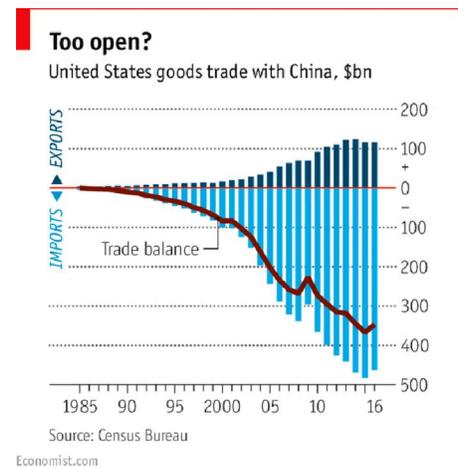
Yet deep, abiding uncertainties about the two countries’ relationship remain, not least over trade, which for three decades has underpinned relations between the two countries. Mr Trump appears to view trade not as mutually beneficial to all parties but as a zero-sum game, and gives short shrift to the post-war multilateral trading system. One of the first things he did after coming to office was to cancel the Trans-Pacific Partnership (TPP), a free-trade agreement among 12 countries in the Asia-Pacific region (though not China)—a big blow to America’s economic role in Asia.

More broadly, the world view of some of Mr Trump’s advisers encompasses a Manichean expectation of conflict. They claim that China is so set on strategic rivalry with America that military conflict is inevitable, and argue that the best way to protect the national interest is to spend more

money on the armed forces and less on diplomacy. Such people do not have a monopoly on the internal debate about America's strategic relationship with China, any more than they do on trade. As this special report went to press, an alternative approach to trade, involving a robust multilateralism, was gaining favour. Meanwhile James Mattis, the defence secretary, on his first trip to Asia in early February urged care when challenging Chinese construction in the South China Sea with military force, and emphasised the primacy of diplomacy over military action in resolving differences.

Mr Mattis, a well-rounded former general, is what Washington's seasoned hands call one of the administration's "grown-ups", but there are precious few of them. The secretary of state, Rex Tillerson, a former oil boss, was counted among them, though question marks have since been raised about his Asia diplomacy. And although every new administration takes time to fill vacant posts, the gaps in the Trump foreign-policy team, especially on the Asia desks, are alarming. Among other things, almost all the Republican party's seasoned Asia hands, who during the Obama years were working in think-tanks, universities or the private sector, swore before the election that they would never serve under a President Trump. Some have since swallowed their pride and moved closer to the new administration, but Mr Trump's henchmen have long memories when it comes to criticism of their boss.

Many observers still hope that, once an unusually chaotic new administration sorts itself out, it will revert to a policy that flows recognisably from America's seven decades of experience in Asia. But that is far from certain. Some of the administration's leading members hold seemingly irreconcilable views on American policy in Asia. Perhaps that reflects broader American disagreement about global roles and responsibilities. Yet the president himself seems unaware of



the lack of any comprehensive strategy in Asia, and that problem may persist. A Republican Asia hand who served under both Ronald Reagan and George H.W. Bush explains that “I don’t get a sense of a learning curve with Trump. So I don’t expect things to get any better.”

Amid all this uncertainty about Mr Trump’s policy in Asia, the two chief risks for the region appear almost contradictory. The first is that, after an initial honeymoon with Chinese leaders, an increasingly aggressive stand by the new administration raises Chinese hackles while failing to reassure America’s Asian friends. The second is that American policy in Asia becomes half-hearted and disengaged, again unsettling Asian friends and perhaps emboldening China. The consequences in either case might be similar—shifting power dynamics that require rapid adjustments, risking instability and even regional turmoil. Hope for the best, but prepare for disorder under heaven.

Disorder under heaven
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