ESSAY

Despite U.S.-China rivalry: why escalation or a new world order is unlikely?

Talking to each other to keep tensions manageable: an American delegation visiting Beijing

The rivalry between the US and China is the new norm in international relations. It will last for decades. But it is unlikely that the global system will split into two completely separate and only marginally connected systems, as was the case during the Cold War conflict between the US and the Soviet Union. Neither the U.S. attempt to diversify to mitigate China risks nor the Chinese strategy of greater self-reliance to mitigate U.S. risks will work.

Of course, some parts of the global system have begun to separate, especially in high-technology areas. That has led to complications. Globalization is certainly under pressure, and will slow down and become patchy. But it is very unlikely that it can or will be completely reversed.

This reality has been acknowledged by the shift in Western rhetoric from "decoupling" to more focused "de-risking." The Chinese concept of "dual circulation" has always acknowledged China's continued dependence on the world while seeking more self-reliance.

China's economic interests lie with the West

Chinese Premier Li Qiang has repeatedly emphasized that China wants and needs foreign investment, by which he means primarily Western investment.

Developing countries are important as sources of natural resources, to be sure. But poor countries are poor markets and do not have the technologies China needs. China's main economic interests are in the U.S., Europe, Japan, South Korea, and the West in general. This will remain the case for the foreseeable future. And it is in these countries that concern about China's behavior is greatest.

The Chinese diplomatic and propaganda apparatus portrays the country as the champion of the "global South," and Beijing's standing is indeed higher in the so-called "Third World" than in the West. The PR machinery was in full swing during the recent Brics summit in Johannesburg, where original members Brazil, Russia, India, China and South Africa agreed to expand the group to include Saudi Arabia, the United Arab Emirates, Egypt, Iran, Argentina and Ethiopia.

This was portrayed as a victory for China, and not just in the Chinese media.

Conflicts among the Brics states

But the Brics states, both in their original and expanded composition, are hardly a group based on convergence of interests. Rather, the Brics states are an expression of a vague mood of ambivalent dissatisfaction with the current, Western-style international order. Enlargement will not lead to greater cohesion of interests within the Brics states. This is because there is a border dispute between India and China. Egypt and Ethiopia are at odds over Chinese-funded dam projects on the upper reaches of the Nile. And Saudi Arabia and the United Arab Emirates are deeply concerned about Iran.

We emphasized this incoherence because, apart from Russia and Iran, all Brics members have a strong economic interest in the current world order.

And China, Russia, and Iran excluded, most value their security relationship with the West. They do not see the Brics network as an alternative to these relations, precisely because of their problems with each other. The Brics countries, or developing and emerging economies in general, will not have a significant impact on the competition between the United States and China.

Beijing will continue to pursue its own interests assertively

Continued interdependence with Washington and the West, however, will not prevent Beijing from confidently and often aggressively pursuing its territorial claims as well as other international interests. No Chinese leader, and certainly not Xi Jinping, will want to look weak. This is especially true with respect to Taiwan.

China will never renounce the use of force against Taiwan, but reunification by force is not Beijing's preferred option. The Chinese People's Liberation Army lacks the experience to launch an amphibious operation that would have to be larger than the Normandy landings nearly eighty years ago. Moreover, China has not fought a war since 1979. This makes forcible reunification a gamble that no Chinese leader can afford to fail.

Reunification is at the heart of the nationalist narrative of a century of humiliation, rejuvenation, and realization of the "Chinese dream" through which the Chinese Communist Party legitimizes itself. No Chinese leader could survive a failed operation against Taiwan even if the Communist Party remained in power.

Two scenarios would force China to fight

But there are two scenarios in which China must fight, even if it believes it will lose, because no Chinese leader can survive if it does not fight under these circumstances.

The first is given if Taiwan were to revive its nuclear weapons ambitions. Fortunately, this is very unlikely.

Second, Taiwanese domestic politics could take an unexpected turn. Although we do not believe that any Taiwanese politician would be foolish enough to unilaterally declare Taiwanese independence, unfortunately this is not a low-probability scenario.

There is little support among the Taiwanese public for either extreme of reunification or unilateral independence-most Taiwanese want the status quo-but there are two disturbing trends.

First, Taiwan's will to defend itself has steadily declined over the past twenty years. And we are not sure that the shock of Russia's invasion of Ukraine was enough to stop or reverse that trend.

Second, at the same time, there has been a rise in Taiwan's sense of entitlement that anyone-the U.S. or Japan or the West in general-must come to its defense.

The confluence of these two trends may lead to risky political behavior, especially as presidential elections will be held next year in both Taiwan and the United States. The interplay of these two political dynamics will increase uncertainty.

The uncertainty is further magnified by the fact that no one - not even Beijing - is sure where the red lines will be drawn. That there are red lines is certain, but barring an unlikely unilateral declaration of independence, we will not know where they lie until they are crossed. Nevertheless, a deliberately unleashed war is not imminent. Rather, the risk is one of unintended escalation.

China is to blame for many countries working more closely with the U.S.

Chinese President Xi Jinping's foreign policy record over the past decade is anything but stellar. It is more China's failure than the skill of U.S. diplomacy that is responsible for such developments as Quad, Aukus, the recent summit between Japan and South Korea, and the quiet shifts in defense relations of some key Asean member states toward the United States.

The Ukraine case has underscored the importance of regional balances and the crucial role of the United States in them. But this should not obscure the fact that the U.S. has changed: After the end of the Cold War, the U.S. does not face an existential threat anywhere, and despite its strategic rivalry with China, it is shifting from an approach of direct intervention to one of "offshore balancing."

In this role, the U.S. remains vital, but will become more transactional in the way it calculates its interests. It may be crude transactionalism, as during the Trump administration, or more polite and consultative transactionalism, as practiced by the Biden administration, but it is still transactionalism.

Competition determines the international order

Countries and companies will have to learn how to deal with these new challenges. It is a fundamental mistake to believe that the international order is necessarily unchallenged or even peaceful. In the second half of the 20th century, it was competition that determined the order.

For a brief and exceptional period of about twenty years beginning in 1989, this fundamental reality was eclipsed by the overwhelming dominance of the United States. That exceptional period will not be repeated.

Now we have returned to a more normal period of world history. And therefore, the uncertainties we face are, in the words of former U.S. Secretary of Defense Donald Rumsfeld, "known unknowns." The essential prerequisite for navigating the current strategic environment is calmness and composure.