

>ASIA AND THE NEW GLOBAL (DIS)ORDER



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Image: Aerial view of primary school students writing Chinese calligraphy in Shenyang, Liaoning Province of China.



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The post-Cold War era is over, and the world may be at another historic inflection point, one in which the US-led global order is being challenged by two revisionist powers, China and Russia, who are also moving into closer strategic alignment. China is on course to become the world's largest economy and a formidable military power, one that chafes under US hegemony. While it may not want to overturn the current world order, China seeks to reshape it, especially in Asia. This includes the creation of a Sino-centric order in which all other countries put China's interests before their own. But whether China has the capabilities to achieve this goal, whether it can force regional states to accept it, and whether it can avoid conflict with America in the process remain open to question.

Introduction

A little more than a quarter of a century since the cessation of Superpower rivalry and the end of the Cold War, the world may well have arrived at another historic inflection point: the twilight of the US-led international liberal order and the dawning of a new era of global disorder in which revisionist regional powers—and a rising China in particular—take advantage of a demoralized and polarized America to challenge the global leadership Washington has exercised since the end of the Second World War.

The coming epoch, it is gloomily predicted, will be characterized by Great Power rivalry for power, influence and spheres of interest, the retreat of globalization, deteriorating global norms and proxy wars—in the words of American foreign policy commentator Robert Kagan, the world is on the threshold of a “brutal anarchy.”¹

If the global international order does indeed face a tectonic-shifting power transition, Asia will be its epicentre for one incontrovertible reason: the People Republic of China's (PRC) re-emergence as a global power to be reckoned with.

Within the short space of four decades, China's leaders have transformed the country from an autarkic economy and marginal player in international affairs into the world's largest trading nation, the second largest economy and second biggest defence spender behind the United States, and a nation that is increasingly self-confident, assertive and pro-active in Asia and around the world.

And while China has been able to achieve this phenomenal transformation by working within the current world order, it now chafes under US hegemony and

feels constrained by the system Washington created when China was waging a civil war. Today, leaders in Beijing view America as a declining power, and China as a country that is well on the way to fulfilling its manifest destiny of retaking its rightful place as Asia's paramount power.

But is the future of the world as bleak, fractious and conflict-prone as some observers predict? Are America and China really caught in "Thucydides Trap" and destined for war? Does China really seek to overturn the US-led order and assume the mantle of global—or even regional— leadership? Does it have the capabilities to do so? If China wants to lead, will other countries follow? Or can the US, PRC and other major powers work out a modus vivendi in which all players can advance their national interests in a non-zero sum game?

This essay sets out to consider these questions by exploring the evolution of Great Power relations since the end of the Cold War, China's phenomenal rise to power, Russia's re-emergence, and the future of Sino-US relations.

Post-Cold War Optimism

Twenty-five years ago, those who predicted the end of the US-led international order were few and far between. The waning of Superpower rivalry in the late 1980s and the dissolution of the Soviet Union in 1991 had ushered in an era of almost unbridled optimism, even triumphalism in the West. Francis Fukuyama's captured the zeitgeist of the early post-Cold War era with his essay "The End of History?" in which he confidently predicted the inexorable march of liberal democracy and free-market capitalism, forces that would consign competition and conflict among the Great Powers to the dustbin of history.²

And indeed cordial relations among the Great Powers, and the spread of democracy, market liberalization and globalization all suggested that Fukuyama's thesis was essentially correct.

The United States stood at the pinnacle of its economic and military power—the 'Unipolar Moment' at Charles Krauthammer labelled it.³ Russia was down—and for the foreseeable future out—but had embraced democracy and the free market, and under President Boris Yeltsin was generally pro-Western. Except for the bloody breakup of Yugoslavia, the countries of Europe were at peace and committed to their supranational European Community (EU)-building project. In Asia, there was economic friction between Japan and the United States, but no one seriously believed that Tokyo would end its alliance with the United States and break out on its own. China, meanwhile, was struggling to emerge from the international isolation which had been imposed on it following the brutal suppression of pro-democracy students in Tiananmen Square on 4 June 1989, and for the rest of the decade remained largely focused on growing its economy and improving ties with its neighbours. China was, as its paramount leader and mastermind of its economic revival Deng Xiaoping had advised, hiding its

capabilities, biding its time and never taking the lead. Besides, many observers felt that as China's economy advanced, and its middle class expanded, it would eventually democratize as other East Asian dynamos such as South Korea and Taiwan were also doing.

Enter the Post-Post-Cold War Period

Within a decade of the end of the Cold War the bubble of optimism had well and truly burst. The 2000s were bookended by the terrorist attacks in New York and Washington D.C. on 9/11 and the Global Financial Crisis (GFC) of 2007-2009. The former led to the controversial (some would say illegal), protracted and debilitating US-led military interventions in Afghanistan and Iraq, the latter to the near collapse of the global financial system and the Great Recession which lasted until the early 2010s and the effects of which continue to linger until today.

The wars in the Middle East and the GFC turned many Americans off the country's role as the world's policeman and globalization. Elected in 2008, President Barack Obama adopted a more cautious foreign policy—his critics would say too cautious—which eschewed costly and seemingly open-ended foreign military adventures. The task of the new president in the post-George W. Bush era was, according to Obama, “Don't do stupid shit.”⁴ Emblematic of Obama's cautious foreign policy was his decision in 2013 not to use military force against the Syrian regime of President Bashar al-Assad for its use of chemical weapons against civilians, despite an earlier warning that to do so would cross a red line.

“AMERICA'S DISENCHANTMENT WITH GLOBALIZATION REACHED A CLIMAX WITH THE ELECTION OF DONALD J. TRUMP TO THE PRESIDENCY IN NOVEMBER 2016.”

America's disenchantment with globalization reached a climax with the election of Donald J. Trump to the presidency in November 2016. His narrow, self-interested and transactional view of the world was the very antithesis of globalization and the role America had pursued since the end of the Second World War. In short order, Trump pulled America out of the Trans-Pacific Partnership (TPP)—an economic liberalization pact of 12 countries in the Asia-Pacific region—and the landmark 2015 Paris Climate Accord.

Many viewed the Trump administration as catalysing the end of the US-led world order. In May 2017—just four months into the Trump presidency—German Chancellor Angela Merkel warned that the EU could no longer rely on the United States (and, because of its decision to withdraw from the EU in June 2016, Britain) and would have to be responsible for its own fate.⁵

China Rising

As the United States became mired in the Middle Eastern conflicts and the financial crisis, the People's Republic of China rapidly augmented its economic power, military strength and global political influence.

Since the introduction of economic reforms in 1978, China's gross domestic product (GDP) has grown by an average of 10 per cent every year. That phenomenal economic growth has, according to the World Bank, lifted 800 million Chinese people out of poverty—the largest number of people at the fastest rate in history.⁶

China emerged from the GFC more or less unscathed and in 2010 it surpassed Japan to become the world's second largest economy. Today, China is already the world's largest manufacturing economy and the largest exporter of goods. Although GDP growth has slowed to a still impressive 6-7 per cent per year, sometime before 2030 it is predicted to overtake the United States to become the world's No. 1 economy—indeed, if one uses purchasing power parity to measure the size of its economy (as the International Monetary Fund does) China already achieved that position in 2014.

Sustained, double-digit economic growth throughout the 1990s and 2000s provided China with the financial resources to transform its once antiquated armed forces into a potent fighting force equipped with cutting-edge weaponry. According to America's Department of Defense (DoD), in 2016 China spent US\$180 billion on the People's Liberation Army (PLA), while the respected Swedish think-tank SIPRI puts the figure at US\$226 billion.⁷ According to China's official figures, its defence outlay in 2016 was US\$151 billion—the second largest in the world (behind America's gargantuan US\$573 billion defence budget) but the largest in Asia.⁸ SIPRI estimates that in 2015 China accounted for over half of all defence spending in Northeast, Southeast and South Asia (US\$216 billion versus US\$411 billion) and that its defence budget was greater than the combined defence outlay of all 23 countries in those three regions.

Although the PLA continues to suffer from serious deficiencies, and is probably several decades way from being able to match the capabilities of the US military, in the view of DoD, the Chinese armed forces are increasingly "able to project power to assert regional dominance during peacetime and contest U.S. military superiority during a regional conflict."⁹ In other words, the PLA has emerged as the strongest military force in Asia and is capable of complicating US military responses to crises in Asia—e.g. in the Taiwan Straits, South and East China Seas and on the Korean Peninsula—that could undermine US security guarantees to America's friends and allies. In a speech commemorating the 90th anniversary of the founding of the PLA, President Xi Jinping warned that while China was a peace-loving country, it had the "confidence to defeat all invasions" ;that it would "never allow any people, organizations or party to split any part of Chinese territory out of the country" and "No one should expect us to swallow the bitter fruit that is harmful to our sovereignty, security or developmental interests."¹⁰

Commensurate with economic power and military muscle has come growing self-confidence on the world stage. The GFC was a tipping point. Not only was China's economy relatively unaffected by the crisis, it convinced China's leaders that America was a Superpower in decline and that the time had come for the PRC to cast aside Deng's maxim that China should bide its time, hide its capabilities and not seek leadership, and instead vigorously pursue its national interests in Asia and across the globe.

This post-GFC Chinese self-confidence is personified in the country's strongman, Xi Jinping. Since becoming Secretary-General of the Chinese Communist Party (CCP) in 2012, and state president the following year, Xi has quickly, and some would say ruthlessly, consolidated his position at the apex of China's power structure to become the strongest Chinese political leader since Chairman Mao Zedong who ruled the country from 1949 until his death in 1976.

In a series of speeches, Xi has articulated a grand vision for the PRC—the "China Dream" which has at its heart the "Great Rejuvenation of the Chinese People"—in which China achieves the "Two 100s": a moderately well-off society by 2021 (the 100th anniversary of the establishment of the CCP) and the status of a fully developed nation by 2049 (the 100th anniversary of the founding of the PRC).

One of Xi's key initiatives to achieve the China Dream is One Belt, One Road (OBOR), unveiled in 2013. OBOR is essentially a vast infrastructure project

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 Party Congress.



involving the construction of railways, ports, highways, pipelines and airports that will deepen and enlarge China's connectivity with countries in the rest of Asia, Europe and Africa. OBOR is composed of two main geographical routes: the overland Silk Road Economic Bridge (SREB) which runs from China, through Central Asia, Russia and South Asia before reaching Europe (essentially retracing the ancient Silk Road); and the Twenty-first Century Maritime Silk Road (MSR), a series of ports that will link China with Southeast Asia, South Asia, Africa, the Middle East and Europe. China has pledged vast sums of money to realize the OBOR initiative, including US\$40 billion for the SREB, US\$25 billion for the MSR, US\$50 billion for the multilateral Asian Industrial Infrastructure Bank (AIIB) and US\$40 billion for the Silk Road Fund. OBOR has both economic and geopolitical rationales. From an economic perspective it is designed to help develop China's western and inland provinces, secure new overseas markets and raw materials, and provide an outlet for industrial overcapacity and surplus capital. OBOR's geopolitical intent is to burnish China's Great Power credentials; some see it as part of China's strategy to create a Sino-centric order in Asia.

“CHINA IS ALREADY THE WORLD’S LARGEST MANUFACTURING ECONOMY AND THE LARGEST EXPORTER OF GOODS.”

At the upcoming CCP Congress scheduled for the autumn of 2017, Xi is almost certain to be given another five years as president, and could even be made Chairman of the CCP, a title which has not been used since the Maoist era and which would allow him to circumvent constitutional term limits and extend his rule beyond 2022.

Resurgent Russia

As China continued on its upward trajectory during the 2000s, a neighbouring country was undergoing its own rejuvenation as a major player in international affairs: Russia.

For much of the 1990s Russia had been mired in economic turmoil and political stasis. At the end of the decade, however, two events occurred which were to reverse the country's fortunes. In 1999, an ailing President Yeltsin appointed an ex-KGB lieutenant-colonel, Vladimir Putin as prime minister, and a year later Putin went on to win the elected presidency. At the same time, the price of oil and other commodities—Russia's primary export—surged and the Russian economy boomed.

Putin once described the collapse of the Soviet Union as the greatest geopolitical tragedy of the twentieth century. As with many Russians, Putin felt that the West had taken advantage of Russia during the chaos of the 1990s; that it reneged on

promises not to expand membership of the North Atlantic Treaty Organization (NATO) and EU to Russia's borders; that it had stood idly by when the country suffered a serious economic crisis in 1998 (while providing financial support to Mexico); and that, most hurtful of all, the West had not treated Russia with the respect that a Great Power deserves. As the academic Bobo Lo notes, due to its size, culture and history, Russia's self-image is one of a permanent and indispensable Great Power.¹¹

Putin was intent on restoring the country's Great Power status and reasserting Moscow's hegemony over the post-Soviet space. In 2008, Russia invaded Georgia as punishment for its leaders' pro-Western orientation. Russia's armed forces ultimately prevailed in Georgia, but had performed poorly against such a small country. In 2010, Putin announced a ten-year US\$650 billion programme to modernize the country's military. With the economy buoyed by rising oil prices, Russia's defence budget almost doubled between 2010 and 2014 — from US\$58.7 billion to US\$84.5 billion—to become the third largest in the world after the United States and China.¹² In 2014, when Russia annexed the Crimea in Ukraine, Russian forces performed much better than they had in Georgia.

Russia's seizure of Crimea, and its support for separatists in eastern Ukraine—leading to the shooting down of a Malaysian airliner in July 2014—triggered a crisis in relations between Moscow and the West. The West responded to Russian aggression against the Ukraine by imposing sanctions against it— which together with falling oil prices, hit Russia's economy hard—and strengthening NATO forces in Europe. A year later, relations with the West deteriorated further when Russia intervened militarily in Syria in support of the Assad regime. During the 2016 US presidential election, Russia was a prominent foreign policy issue (more so than China) and candidate Trump spoke positively about Putin and promised to repair relations with Moscow if elected. Once in office, however, allegations that the Kremlin had interfered in the presidential election further poisoned US-Russia relations.

All agree that relations between the West and Russia have hit rock bottom and are unlikely to improve significantly any time soon. Speaking in August 2017, on the eve of new US sanctions being imposed on Russia, US Secretary of State Rex Tillerson characterized the relationship as being at an “historic low since the end of the Cold War, and it could get worse” while his boss, President Trump, tweeted that America's relationship with Russia was “at an all-time & very dangerous low”.¹³ NATO Secretary-General Jens Stoltenberg lamented that “NATO's relationship with Russia is more difficult than it has been any time since the end of the Cold War”.¹⁴ Russian Prime Minister Dmitry Medvedev called the new US sanctions tantamount to declaring a trade war on Russia.¹⁵

According to the Russian academic Dmitry Trenin, while talk of a new Cold War between America and Russia is not a useful analogy, given the fundamental clash of interests between the two countries “mutual adversity between the

West and Russia is the new normal”; that Putin is almost certain to win another six-year term in 2018, and even after he leaves office his successor is “unlikely to roll back the Kremlin’s policies enough to win a ‘normalization’ of relations with the United States.”¹⁶ As such, US-Russia relations will continue to be turbulent.

The Sino-Russian Alignment

Two important trends that have presaged the end of the post-Cold War period, and the ushering in of a more complex and contested international order, has been a rising China and a resurgent Russia. A third has been the increasingly close relationship between those two countries.

After decades of ideological and geopolitical enmity—during which the two sides clashed militarily along their land border in 1969—Russia and China normalized their relations in the early 1990s. The two countries demilitarized their border, settled their territorial disputes and lifted restrictions on two-way trade. In many ways it was a perfect match: China needed access to Russia’s vast natural resources and defence technology; Russia needed China’s money.

Under Presidents Putin and Xi the relationship has reached historic heights. In an effort to reduce Russia’s economic dependence on the West—especially Europe—and cash in on Asia’s booming economies, in 2010 Putin declared Russia’s “turn to the east.” This major foreign policy initiative was given added urgency because of Russia’s economic problems and crisis with the West over Crimea.

Soldiers of the honor guard prepare to march as people celebrate the first anniversary of the signing of the decree on the annexation of the Crimea by the Russian Federation, on March 18, 2015.



China is at the heart of Putin's "Asia pivot." Although trade between the two countries has not grown as much as had been hoped, in 2016 the value of Sino-Russian commerce had reached US\$70 billion, up from US\$6 billion in 1999 (but far short of the US\$100 billion target) making China Russia's second largest trade partner after the EU.

But unlike EU-Russia relations, Russia-China economic ties have lagged political relations which have strengthened considerably under Putin and Xi. Since the latter took office in 2012, the two leaders have met frequently and appear to have established a close personal rapport. But the growing ties between the two countries is based on more than just good personal chemistry. Far more important is the high degree of convergence between the two governments' world views. Indeed, according to Putin "Russia and China have very close or almost identical views on international developments."¹⁷ In particular, the Chinese and Russian leaders perceive US primacy in the international system to be not only inimical to their national interests but also a threat to regime survival.

A staple in both Russian and Chinese foreign policy narratives is that America is pursuing a policy of containment that is designed to keep them weak and isolated. Underlying these accusations is a shared sense of victimhood; that the West has conspired to deprive them of territory, status and influence during periods of historical weakness—China during the "Century of Humiliation" between 1839 and 1949, and Russia after the collapse of the Soviet Union in 1991—and continues to do so. As evidence, Russia points to the enlargement of NATO membership to include former Soviet republics and Warsaw Pact allies between 1999 and 2004, and the imposition of Western sanctions over Crimea. China's leaders have long accused America of trying to contain its rising power, and view the Obama administration's Asian pivot—including the TPP—as merely the latest iteration of this policy. Moscow and Beijing believe that US plans to station anti-ballistic missile systems in Eastern Europe and Northeast Asia—the Aegis Ashore system in Romania and Poland, and the Terminal High-Altitude Area Defence (THAAD) system in South Korea—are designed to undermine their nuclear deterrents. According to Chinese and Russian narratives, America's ultimate ambition is to overthrow their political systems by orchestrating "colour revolutions" such as occurred in several former Soviet states over the past decade. At a summit meeting in Beijing in June 2016, Russia and China gave vent to these concerns when they identified increasingly "negative factors" affecting global strategic stability, including US anti-missile defence systems, unilateral economic sanctions and interference in the internal affairs of sovereign states with the "aim of forging change in legitimate governments."¹⁸

As political ties between Russia and China have grown closer, so too has military cooperation between the two countries. During the 1990s, Russia was China's main arms supplier, providing an estimated US\$30 billion in jet fighters, submarines, destroyers and other big ticket items. But in the mid-2000s Russian arms transfers to the PRC declined sharply, partly because China's domestic arms

industry had achieved a high-level of self-sufficiency and technical competence, but also due to Moscow's annoyance with China for reverse engineering Russian equipment which it then sold on the international market at cheaper process. However, in 2010 Russia and China resumed discussions on defence cooperation, and these talks were given added impetus when the West imposed sanctions on Russia. In 2015 Russia announced that it would sell China its advanced S-400 surface-to-air missile system and ²⁴ SU-35 fighter aircraft (its most advanced jet fighter currently in service). The Russian and Chinese armed forces have also increased the scale, frequency and sophistication of joint military drills, and over the past few years their navies have exercised in the East China Sea, the South China Sea, the Mediterranean and the Baltic Sea.

Officially, Russia and China describe their relationship as a Comprehensive Partnership of Strategic Coordination. Neither side views a formal political-military alliance as necessary or even desirable. In any case there are still trust issues that militate against a Sino-Russian alliance. Russia is uneasy about China's growing influence in Central Asia—especially the impact of OBOR which includes several Central Asia countries—and still harbours residual concerns that Beijing ultimately seeks to recover territories in the Russian Far East that it ceded to Moscow in the nineteenth century. For its part, China is not comfortable with Russian arms sales to its two main rivals in Asia, India and Vietnam.

Despite these misgivings, the trust deficit between Russia and America, and China and America, is far greater than that between Russia and China. Thus while the two sides eschew an alliance, they have agreed to increase cooperation and coordination in international affairs and support—or at least not oppose—each other on issues affecting their core interests. Thus China turned a blind eye to Russia's occupation of Crimea (even though it violated Beijing's principle of non-interference in the internal affairs of other countries and non-support for separatist movements). In return, Russia supported China's decision to reject a legal ruling on the South China Sea dispute issued by a panel of judges in The Hague in July 2016. China has also been broadly supportive of Russia's military operations in Syria because they share the same goals—the survival of the Assad regime and the defeat of Islamic State.

“AS POLITICAL TIES BETWEEN RUSSIA AND CHINA HAVE GROWN CLOSER, SO TOO HAS MILITARY COOPERATION BETWEEN THE TWO COUNTRIES.”

Although a Sino-Russian alliance is unlikely, an ever closer relationship between the two countries will allow China to focus on its interests in East and Southeast Asia and thus complicate US interests—and those of its friends and allies—in those areas.

America and China: Destined for War?

Few observers of international affairs would disagree with the notion that the key bilateral relationship of the twenty-first century is the US-China relationship.

While Russia has pretensions to play the role of the great Eurasian pivotal power between America and China, the country's long term economic and demographic prospects are such that it will never be able to reappraise the powerful role it played during the Cold War. Moreover, neither the United States nor China view Russia as their equal. Nevertheless, it would be wrong to write Russia off. Its permanent seat on the UN Security Council, vast nuclear arsenal and formidable conventional armed forces will ensure that it remains an important player on the world stage, especially in Europe, though its political role is likely to be more disruptive than constructive. And despite Putin's "turn to the east," Russia will play a relatively minor role in Asia where its interests are largely transactional: selling arms and energy technology, and encouraging (probably in vain) Asian countries to invest in its resource-rich but massively underdeveloped regions of Siberia and the Russian Far East.

Thus, present trends appear to suggest that over the next few decades, the international system is likely to be bipolar, albeit with other powerful poles such as the EU, Russia, Japan and India (though even they will probably align with the United States or China, either fully or partially) and an asymmetric bipolarity in which America continues to be more powerful than China.

How will America and China get along with each other in this new era of bipolarity?

At present, Sino-US relations are stable and generally cooperative and productive. Unlike US-Soviet relations during the Cold War, America-China relations are underpinned by high levels of economic interdependence (in 2016 the value of US goods and services trade with China amounted to nearly US\$650 billion); and while China is rapidly modernizing its armed forces, there is no "arms race" between the two countries, nor is there overt ideological competition. Both countries recognize the vital importance of maintaining and strengthening a stable relationship so that they can avoid intense security competition, and work together to address a host of global problems which challenge them both, such as terrorism, preventing the spread of weapons of mass destruction and climate change.

Yet the relationship is beset with mutual suspicions, longstanding problems and areas of potential conflict.

Once concern in America is that China's ultimate goal is to establish a Sino-centric order in Asia in which the United States plays only a minimal or no role at all. As noted earlier, in China there is a widespread and deep-seated perception that America actively works to prevent China's rising power and influence through a policy of containment. America—especially under President Trump—has accused China of practising mercantilist economic policies, currency manipulation and

engaging in cyber-attacks and espionage on a grand scale. President Trump has berated Chinese leaders for not doing enough to reign in North Korea's nuclear and ballistic missile ambitions. For its part, China regularly accuses the US of hypocrisy and double standards, interfering in Asia's territorial and maritime disputes, emboldening separatist forces in areas such as Tibet, Xinjiang, Taiwan and Hong Kong, and trying to undermine the CCP through "peaceful evolution" and "colour revolutions".

In recent years there has been a palpable sense in both Washington and Beijing that unless the two countries overcome their mutual suspicions and manage their differences more effectively, they will inexorably slide into overt strategic competition.

In the United States—but perhaps less so in China—there has been much talk of whether the two countries can avoid the so-called Thucydides Trap. This international relations problem takes its name from the fifth century BC Athenian historian, author of *The History of the Peloponnesian War* which chronicles the conflict fought between Sparta and Athens in 431-404 BC. In it, Thucydides avers that it was the rising power of Athens, and the fear this provoked in Sparta, which made war between the two sides inevitable. Some scholars have suggested that in the twenty-first century one can substitute China for Athens and Sparta for America.

The leading advocate of this modern day Thucydides Trap is the American academic Graham Allison, who argues that while war between America and China is not inevitable, it is "more likely than not"¹⁹ Allison bases this assertion on historical research which shows that in 12 out of 16 cases over the past 500 years—such as Britain and France in the nineteenth century, Japan and Russia and Britain and Germany before World War One, and America and Japan before World War II—when a rising power has challenged an established power the outcome has been war. In Allison's view, it was Athens growing sense of self-confidence and entitlement, and its desire to alter the existing power structure (even though it had greatly benefited from it) that led Sparta to be fearful and reinforced its determination to defend the status quo. A similar dynamic, he argues, is underway between China and the United States today.

Does the Thucydides Trap accurately capture the current and future trajectory of Sino-US relations? To help address this question we must ask two additional questions: Is China intent on challenging the United States? And if it is, does it have the capabilities to successfully do so?

The current international order was created by the victorious allies—with the United States wielding decisive influence—at the end of World War Two. Although China was an ally, its place at the newly established United Nations was taken by the Republic of China (whose government had fled to Taiwan in 1949 following its defeat at the end of the Chinese Civil War); the People's Republic of China did not take over China's seat at the UN until 1972, during which time it was in

the middle of the Cultural Revolution which turned the country's foreign policy upside down. It was not until the end of the Cultural Revolution in 1976, and Deng Xiaoping embraced economic reforms in 1978, that China began to work within the system rather than against it. Since Deng's momentous decision, China has benefited immensely from the current world order, rising from an impoverished regional state to a proto-superpower in less than four decades.

"BEIJING IS DISSATISFIED WITH CERTAIN ASPECTS OF THE WORLD ORDER AND SEEKS TO REVISE THEM TO BETTER SERVE ITS OWN INTERESTS."

As a beneficiary of the post-World War Two world order—albeit as a latecomer—it would seem to make little sense for China to seek to overturn it (Russia, on the other hand, does not see itself as having been a beneficiary—in fact more of a victim—and appears more willing to overtly challenge the global order, especially in Europe). Nevertheless, as is clear from its words and actions, Beijing is dissatisfied with certain aspects of the world order and seeks to revise them to better serve its own interests. As the Chinese scholar Zhao Suisheng has argued, China is discontent with the current international order because:

... the rules represent mainly Western values, and, given political and cultural divergences, China regards many of the rules as unjust and unreasonable... Under the current order, China has not obtained rights and discourse power that can match its strength and influence. Therefore, Beijing wants changes but is suppressed by Washington.²⁰

A good example is China's dissatisfaction is its views on the 1982 United Nations Convention on the Law of the Sea (UNCLOS), an international regime which governs the world's ocean spaces. In the 1970s China helped negotiate UNCLOS, and in 1996 ratified it. In recent years, however, it has challenged some of its tenets. China has argued that its "historic rights" claim to living and non-living resources in the South China Sea—represented on Chinese maps by the so-called "nine-dash line" which covers about 80 per cent of the sea—takes precedence over UNCLOS, a position most international lawyers find untenable. When an international legal arbitration tribunal under UNCLOS was initiated in 2013 at the request of the Philippines to challenge China's claims, Beijing refused to participate in the proceedings, and when the judges comprehensively dismissed China's "historic rights" claims in July 2016, China angrily rejected the verdict and refused to abide by it.²¹ China, together with two dozen other countries, also rejects the right of foreign navies to conduct military exercises and surveillance (spying) activities in the 200 nautical mile exclusive economic zone (EEZ) off its coast, even though most countries (including the United States, which has signed but not ratified UNCLOS) consider it permissible under the agreement, and China's navy engages in the same activities in the EEZs of

other coast states, including America and Japan. China has also been accused of violating international trade regimes and agreements and taking advantage of the openness of Western economies while limiting Western companies from accessing its own market.

However, as Zhao and others concede, China is still a major beneficiary of the international order and therefore should be seen as more of a reshaper than an overturner. For a country whose international power and stature is growing, this should hardly come as a surprise.

Reshaping the international order would begin in Asia, and here the evidence is mounting that China's ultimate ambition is to be the region's paramount power. But in order to achieve that goal it seems unlikely that China will directly challenge the current paramount power, the United States. After all, even if we accept the argument that US power is declining—either relative to other countries or absolutely—America remains a global superpower without peer: it still has the world's largest economy; America possesses the most powerful armed forces and is the only country capable of projecting formidable power across the globe; and the US government can exercise international political influence like no other country. Moreover, America's obituary as a global power has been written too many times since the end of World War Two; yet it has always demonstrated a remarkable capacity for self-renewal. China has closely studied the reasons

Chinese cities reflect the modernization that the nation is experiencing.



why the USSR collapsed—systemic bureaucratic corruption, restive provinces, unsustainably high levels of defence spending and weak economic growth—and taken those lessons to heart.

Nevertheless, while China seeks to avoid challenging America head on, it is assiduously working to enervate US power and influence in Asia. Beijing does this by trying to decouple Asian countries from the US alliance system—the bedrock of American power in Asia—creating alternatives to US-led institutions—such as the AIIB and the Regional Comprehensive Economic Partnership, a competitor of the TPP—and use its growing economic power, and regional initiatives such as OBOR, to coerce regional states to adopt policies that do not challenges China’s interests.

Even if, however, China’s long-term goal is to create a Sino-centric order in Asia, is this ambition achievable?

Without question, China’s progress since 1978 has been nothing short of remarkable. But it remains an open question whether its long streak of economic growth can be sustained. The double-digit growth rates China enjoyed for several decades are now a thing of the past and, as noted earlier, GDP growth has slowed to 6-7 percent—the bare minimum, as the Chinese see it, to achieve their developmental goals. Moreover, China’s economy faces a raft of severe problems, such as rising debt levels, industrial overcapacity, capital flight and what economists call the middle income trap (where a country’s income reaches a certain level but then fails to rise). Addressing these problems will require serious reforms—reforms that could lead to massive job losses, industrial unrest and political instability. If that wasn’t daunting enough, other serious problems could also limit China’s economic growth prospects: these include demographic problems (the country’s rapidly ageing population suggests that China may grow old before it grows rich); environmental problems (pollution, deforestation, desertification, dwindling arable land and severe water shortages); endemic corruption; and ethnic unrests in areas such as Tibet and Xinjiang. Paradoxically, as China’s self-confidence on the world stage has grown, it has become more insecure at home, resulting in increasing authoritarianism under President Xi and a severe clampdown on civil society and the Internet. Although China is now the world’s second biggest defence spender, it spends more on internal security than external defence—a clear indication of where the Chinese government perceives the main threats to lie. As Susan Shirk has observed, the CCP “sees its grasp on power as surprisingly fragile.”²²

Aside from China’s daunting domestic challenges, its ambitions to sit at the top of Asia’s power pyramid faces opposition from those states below it, many of which are locked in seemingly intractable territorial and maritime disputes with China. China contests Japan’s ownership of a small group of atolls in the East China Sea known as the Senkakus to the Japanese and the Diaoyu to the Chinese. An acceleration of the dispute since 2010—which has witnessed

regular skirmishes between the two countries' coast guards—has plunged Sino-Japanese relations to their lowest ebb since ties were restored in 1972. The unresolved legacies of Japan's aggression in China during the 1930s and Second World War continues to poison relations. Tokyo and Beijing intensively compete for influence in Southeast Asia and even in Africa. Of all the countries in Asia, Japan will not accept a Sino-centric order.

“WHILE CHINA SEEKS TO AVOID CHALLENGING AMERICA HEAD ON, IT IS ASSIDUOUSLY WORKING TO ENERVATE US POWER AND INFLUENCE IN ASIA.”

Magazines featuring front pages of US President Donald Trump and China's President Xi Jinping are displayed at a news stand in Beijing

India, Asia's other great rising power, has a disputed land border with China which almost brought the two sides to blows in August 2017. New Delhi is also irked by Beijing's economic and military support for its rival Pakistan. Although trade is rising between the two countries, they remain geopolitical rivals with low levels of mutual trust.

In the South China Sea, Beijing has overlapping territorial and maritime jurisdictional claims with Vietnam, Malaysia, the Philippines, Brunei and Indonesia. The dispute has generated tensions for decades, and strained China's



relations with the region's premier diplomatic community, the Association of Southeast Asian Nations (ASEAN), as well as with other important stakeholders in the dispute such as America and Japan. A resolution of the dispute is not in prospect anytime soon.

China's breakneck economic growth has benefitted all countries across the region, and will continue to do so for the foreseeable future. But China's growing military prowess and opaque intentions has stirred considerable concern in regional capitals, fuelling strategic uncertainty, worst-case scenario thinking and rising defence spending.

“TODAY WE FACE A MORE COMPLEX, CONTESTED AND FLUID INTERNATIONAL ENVIRONMENT THAN AT ANY TIME SINCE THE END OF THE SECOND WORLD WAR.”

Being a leader requires the power to attract followers; few, if any countries in Asia appear comfortable with the prospect of a Sino-centric order, and are likely to work against it, mainly in cooperation with America but if US leadership is absent, with each other.

Conclusion

More than 25 years after the Cold War ended, it is no longer realistic to describe the time we live in as the post-Cold War era. That era—in retrospect a golden era marked by sustained economic growth in many regions, the fall of authoritarian regimes and the spread of democracy, the proliferation of cooperative multilateral forums and general stability in the international system—is well and truly over. We are now living in the post-post-Cold War era, though doubtless future historians will find a more pithy term for it.

Those same historians may well identify the 2007-2009 financial crisis as marking a critical transition point from one era to the next: the moment, historically speaking, that marked the systemic decline of America the Superpower and the arrival of China as the hegemonic challenger.

The future of Asia is, of course, far from written. And as this article has argued, although China's rise has been nothing short of remarkable, its future power should not be exaggerated. China faces a slew of tough economic, demographic, environmental and even political challenges which could, taken together, stymie its upward trajectory. Similarly, it would be equally wrong to exaggerate America's problems and write its obituary as the world's greatest power.

Nevertheless, what is clear is that today we face a more complex, contested and fluid international environment than at any time since the end of the Second World

War. Above all it is characterized by uncertainty and apprehension. America's capacity and willingness to continue to lead the global world order is being openly questioned, all the more so since President Trump entered the White House. China may well use this window of opportunity to more vigorously pursue its ambitions in Asia, including the creation of a Sino-centric order in which Beijing uses economic and military coercion to force neighbouring countries to put the PRC's interests before their own. If China's goal is indeed to push America out of Asia, can this be achieved gradually and peacefully or will the rising power and established power be drawn into conflict?

Given the destructive power of modern weaponry, and the global economic dislocation a Pacific War would bring, it is in no countries' interests to see America and China embark on a downward spiral of strategic rivalry. What mitigates the risk of this scenario coming to pass is the high levels of economic interdependence between the two countries, and the existence of nuclear weapons. Yet if America and China are to avoid Thucydides Trap, both sides will be forced to make difficult compromises and accommodations. Whether there is the political wisdom to do so remains to be seen, but it will be one of the defining issues of the first half of this century.

Notes

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