



FOREIGN AFFAIRS

Rivals Within Reason?

U.S.-Chinese Competition Is Getting Sharper—but Doesn't Necessarily Have to Get More Dangerous

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In the year and a half since President Joe Biden took office, competition between the United States and China has only intensified. Rather than dismantle former President Donald Trump's tough policies toward Beijing, Biden has largely continued them, underscoring that the two powers are almost certainly headed for a protracted period of sharp and militarily dangerous strategic rivalry. But that doesn't mean that the United States and China are moving inexorably toward crisis, escalation, conflict, or even war. To the contrary, Beijing and Washington may be groping toward a new set of stabilizing arrangements that could limit—though not eliminate—the risk of sudden escalation.

Assessing the state of U.S.-Chinese relations at any given time is never easy, given the difficulty of distinguishing between what each side says about the other publicly—often for domestic political effect—and what each is actually doing behind the scenes. Yet despite the harsh and often heated

rhetoric, some early signs of stabilization have emerged, including the tentative reconstitution of a form of political and security dialogue aimed at managing tensions.

Such stabilization falls well short of normalization, which would mean restoring comprehensive political, economic, and multilateral engagement. The days of normalization have been consigned to history. But stabilization would nonetheless be significant. It would mean the difference between strategic competition that is managed through steady guardrails and competition that is unmanaged—that is, driven by a process of push and shove, primarily by each country’s military, in the hope that on any given day no one pushes too far. The question for both sides, and for the countries that are caught in the middle of this titanic struggle for the future of the regional and global orders, is what kind of strategic competition they will pursue.

TROUBLE ON THE HOME FRONT

China measures its standing vis-à-vis the United States with what it calls *zonghe guoli*, or “comprehensive national power.” *Zonghe guoli* takes into account China’s military, economic, and technological power compared with that of United States and its allies, as well as Beijing’s perception of which way third countries are gravitating. Over much of the last five years, the internal discourse of the Chinese Communist Party (CCP) has increasingly reflected the belief that this balance of power is moving rapidly in China’s favor, and that this trend is now irreversible.

Not everything has gone Beijing’s way, however, especially since Biden’s election. China’s leaders have been deeply concerned by the revitalization of U.S. alliances in both the Pacific and the Atlantic. They were taken by surprise by the rapid elevation of the Quad—which consists of Australia, India, Japan, and the United States—to summit level under Biden, which

was made possible by an escalation in China's border dispute with India. China has also been concerned by the emergence of a new security partnership between Australia, the United States, and the United Kingdom, known as AUKUS, and by Australia's decision to develop a fleet of nuclear-powered submarines. Beijing has watched with alarm as Japan has adopted a new defense policy, expanded defense expenditure, and begun to embrace the need to assist in the defense of Taiwan. China has registered similar concern at South Korea's new strategic and foreign policy posture under President Yoon Suk-yeol, who promised on the campaign trail to join the Quad and turn it into the Quint. And finally, China's "no limits" strategic partnership with Russia has, following the latter's invasion of Ukraine, deeply damaged Beijing's standing in Europe—to the point that even traditional China doves across various European capitals are now skeptical about Beijing's long-term strategic ambitions.

China also faces problems on the home front. The economy has slowed radically. This began several years ago, when President Xi Jinping started moving Chinese economic policy further to the left. The party has assumed a bigger role in the private sector, state-owned enterprises have been given a new lease on life, and the state has cracked down hard on the technology, finance, and real estate sectors. The overall result has been declining private-sector confidence, reduced private investment, diminished productivity, and slowing growth. These underlying economic problems have been turbocharged by Beijing's rolling draconian COVID-19 lockdowns in many of its major cities, which have suppressed consumer demand, disrupted both domestic and global supply chains, and further undermined the Chinese property sector, which normally accounts for as much as 29 percent of Chinese GDP. And a slowing global economy—also suffering from rising

inflation as a result of the war in Ukraine—won't help, either, given China's dependence on exports as a major driver of growth.

Despite several attempts at course correction on economic policy (but not COVID-19 policy), there is little sign of a recovery. Indeed, there are some signs of panic over China's growth numbers, not just because of the political impact of rising unemployment but also because of deeper fears that Xi's ideological reengineering of the traditional Chinese economic model may ultimately impede the country's race to overtake the United States as the world's largest economy.

In light of these trends, Beijing's current view of the world is more nuanced than its official narrative of "the East is rising, the West declining" might suggest. China still sees strategic trend lines moving in its direction over the long term. But it also sees a new set of significant headwinds—many of its own making—that it must contend with over the short to medium term. There is also the more immediate challenge for Xi of navigating China's 20th Party Congress, the politically critical conclave to be held this fall. Although it is highly improbable that Xi will face any major challenges to his planned bid for a third term as head of the CCP, it remains unclear whether he will succeed in securing all his preferred appointments to the party's next economic team, including the next premier. Nonetheless, Xi has a clear interest in avoiding surprises for the rest of the year. That includes surprises on the international front in general and in the U.S.-Chinese relationship in particular. For these reasons, Beijing therefore has an incentive to stabilize its relationship with Washington, at least temporarily, instead of allowing strategic tensions to continue to escalate. That doesn't mean China will change its long-term strategy. But it does mean China will change its tactics.

ACCIDENT PRONE

The Biden administration has watched these developments in China carefully. But it has been equally conscious of its own challenges. These include difficulty passing the U.S. Innovation and Competition Act and other legislation essential to the United States' future international competitiveness; looming political uncertainties around the midterm elections and their implications for the 2024 presidential contest; susceptibility to Republican attacks over any adjustment to U.S. China strategy that could be portrayed as weakness; military vulnerabilities in the event of a sudden escalation over Taiwan or the South China Sea, despite efforts by both the Trump and Biden administrations to close the gap in military capabilities; inability so far to offset China's growing regional and global economic footprint given the deeply protectionist sentiment in the U.S. Congress; and underlying skepticism among U.S. friends, and even formal allies, of Washington's long-term preeminence, strategic reliability, and political will to remain the world's dominant power.

For these reasons, neither China nor the United States has the political appetite for an accidental crisis or conflict. Neither side is ready for one, and both need time to deal with the vast array of difficulties and deficiencies they confront. Nonetheless, the risk of unintended escalation is real and growing. The recent dangerous interception by the People's Liberation Army of a Royal Australian Air Force P-8 surveillance aircraft over the South China Sea, which easily could have caused the Australian aircraft to crash, is just one of many examples of an incident that could have rapidly escalated into a crisis. In this case, the terms of the U.S.-Australian Defense Treaty of 1951 could well have obligated the United States to come to Australia's immediate defense if the incident had taken a fatal turn. (Indeed, it would be useful for Beijing to familiarize itself with the precise terms of the United States' military obligations to each of its Pacific allies, in case Chinese

leaders think that threatening these countries is an easy way to demonstrate military strength without risking direct escalation with Washington.)

Watching China and the United States engage in increasing levels of brinkmanship is like watching two neighbors welding away in a backyard workshop without rubber-soled shoes on, sparks flying everywhere and exposed, uninsulated cables running across a wet concrete floor. What could possibly go wrong?

MANAGED STRATEGIC COMPETITION

That is why I have previously argued in *Foreign Affairs* for what I call “managed strategic competition.” This is a deeply realist concept, not one that holds that only through better understanding of each other’s strategic intentions can relations between the United States and China improve. The core problem at present is precisely the reverse: both Beijing and Washington in fact have a reasonably accurate understanding of each other’s intentions, but for several years now they have been engaged in a strategic free-for-all with no rules of the road to constrain them. Managed strategic competition offers the realistic possibility of a set of more stabilizing, mutually agreed-upon constraints.

The concept has four basic elements. First, the United States and China need to establish a clear, granular understanding of each other’s hard strategic redlines in order to reduce the risk of conflict through miscalculation. A detailed understanding of such redlines should be reached on critical domains such as Taiwan, the South and East China Seas, the Korean Peninsula, cyberspace, and space. An understanding of each other’s redlines does not require an agreement on the legitimacy of those redlines. That would be impossible. But both sides should conclude that strategic predictability is advantageous, that strategic deception is futile, and that

strategic surprise is just plain dangerous. Each side must then build guardrails into its relationship with the other that reduce the risk of overreach, miscommunication, and misunderstanding, including by establishing necessary high-level dialogue and crisis communication mechanisms to oversee any such arrangements.

Second, having established such guardrails, both countries can embrace nonlethal strategic competition across much of the rest of their relationship, channeling their strategic rivalry into a race to enhance their economic and technological strength, their foreign policy footprint, and even their military capabilities. This race also encompasses ideological competition over the future of the international system. But, crucially, this would be managed, not unmanaged, strategic competition, reducing the risk that it could spiral into direct armed conflict. Indeed, such limited competition could in time reduce, rather than exacerbate, the risk of war, especially if more normal forms of economic engagement within the framework of managed competition were to resume.

Third, managed strategic competition should provide the political space for cooperation in those areas where national interests align, including climate change, global public health, global financial stability, and nuclear proliferation. Neither China nor the United States (nor the rest of the world) can afford for cooperation on existential global challenges to fall by the wayside. But no serious cooperation in any of these areas is likely to go very far unless the U.S.-Chinese relationship can be stabilized by the first two elements of managed strategic competition: guardrails that allow strategic rivalry to be channeled into nonlethal forms of competition. Without these elements, the political space for real-world cooperation is likely to continue to shrink.

Finally, to have any chance of success, this compartmentalization of the relationship would need to be carefully and continuously managed by dedicated cabinet-level officials on both sides. This framework would then need to be maintained with a steady hand, regardless of what domestic political or international turmoil might arise.

This may sound easy to say but impossible to do. It's worth remembering, however, that after the near-death experience of the Cuban missile crisis of 1962, the United States and the Soviet Union eventually agreed on a range of stabilizing arrangements, later entrenched in the 1975 Helsinki Accords, that enabled them to navigate another 30 years of intense strategic competition without igniting an all-out war.

BUILDING GUARDRAILS

Judging by the public fusillades between Beijing and Washington, it appears that there may not be much appetite for a stabilizing framework such as managed strategic competition. In his first meeting with U.S. Secretary of State Antony Blinken in March 2021, China's top diplomat, Yang Jiechi, let loose an almost unprecedented level of public vituperation, lecturing Blinken on "deep-seated" U.S. problems such as racism and accusing the United States of being "condescending." This exchange was matched by public broadsides between U.S. Secretary of Defense Lloyd Austin and Chinese Defense Minister Wei Fenghe in Singapore in June of this year, when Wei implied that the United States was the real "mastermind" behind Russia's war in Ukraine. Commentary in Chinese state media has been similarly incendiary, attacking the United States for its political, economic, and social failings, and claiming that Washington is engaged in a comprehensive campaign to contain Beijing solely because "Western countries led by the United States do not want to see the emergence of a

strong China, in particular a strong socialist China,” as the top CCP theorist Qu Qingshan put it earlier this month.

Beneath the surface, however, something new seems to be unfolding. In July 2021, Deputy Secretary of State Wendy Sherman met with Chinese Foreign Minister Wang Yi in Tianjin and pressed for “guardrails” to be established in the relationship. This in turn became the focus of a critical first call between Biden and Xi, which was hailed in Beijing as a highly positive signal. By the time of the two leaders’ first virtual summit, in November 2021, Biden was openly stressing “the need for common-sense guardrails to ensure that competition does not veer into conflict and to keep lines of communication open.”

Furthermore, when Blinken outlined the administration’s China strategy in a speech at the Asia Society in Washington, D.C., in May, he said that while “intense competition” between the two great powers was inevitable, this “competition need not lead to conflict.” He quoted Biden as saying that “the only conflict worse than an intended one is an unintended one,” and affirmed that “we will manage this relationship responsibly to prevent that from happening.” Later, ahead of a meeting between Blinken and Wang at the G-20 foreign ministers’ meeting in Bali, a senior administration official said the goal of the meeting was to “manage responsibly the intense competition between the United States and [China]” by putting “guardrails—so to speak—on the relationship so that our competition does not spill over into miscalculation or confrontation.”

Indeed, this public emphasis on guardrails has become a continuing feature of U.S.-Chinese diplomacy. It was particularly evident in a four-hour meeting between Yang and U.S. National Security Adviser Jake Sullivan in June, which focused on “maintaining open lines of communication to

manage competition between our two countries,” according to the White House readout. And diplomatic rhetoric may be beginning to translate into concrete action, with the two sides reopening severed working-level and high-level dialogue channels, including military-to-military talks, and even haltingly exploring the possibility of nuclear strategic stability dialogues. These are, however, very early days.

On the economic front, recent contact between U.S. Treasury Secretary Janet Yellen and Chinese Vice Premier Liu He on the state of the global economy, an agreement on accounting standards for the possible resumption of Chinese listings on the New York Stock Exchange, and collaboration between U.S. and Chinese trade negotiators at a World Trade Organization meeting on dispute resolution mechanisms all point in a positive direction. So does tentative progress within Washington and between Washington and Beijing on the possibility of reducing or removing tariffs imposed during the recent U.S.-Chinese trade war in order to combat inflation. While, in the words of the ancients, “one swallow does not a summer make,” there appears to be movement on a number of different fronts in this previously frozen relationship.

KICKING THE CAN?

So far, China has publicly rejected the language of “strategic competition”—managed or unmanaged. To accept it would go against Beijing’s long-standing mantra that its relationship with the United States should be governed by Xi’s three principles of “no conflict or confrontation,” “mutual respect” for each other’s political systems, and “win-win” cooperation. More fundamentally, however, Beijing’s unwillingness to explicitly characterize the relationship as one of strategic competition stems from the fact that doing so would confirm that China is indeed in a real-world contest for regional and global preeminence. And that would run counter to Beijing’s official line

that its global ambition is only to develop a “community of common destiny for all humankind,” not to maximize Chinese national power.

Nonetheless, China appears to be edging toward accepting the reality (if not the language) of managing its competitive relationship with the United States. Beijing might, for example, be able to accept a combination of peaceful competition and constructive cooperation within a framework of necessary strategic guardrails. In the Chinese system, far more than in the American one, the actual words used to describe a strategic framework matter because they can authorize substantive action on the part of working-level officials otherwise trapped within a linguistic cage of ideological dogma. This phenomenon is especially visible among Chinese diplomats, who have been pushed by domestic political incentives toward nationalistic “Wolf Warrior” rhetoric. An ideological reframing from above is needed to authorize less ideological and more pragmatic diplomatic activity from below.

Managed strategic competition could help stabilize the U.S.-Chinese relationship over the next decade, when the rivalry between the two superpowers would otherwise reach its most dangerous phase as they come closer to economic parity. The outlook for stabilization may be the most promising over the next six months, in the run-up to the U.S. midterms and Xi’s 20th Party Congress. But dealing with China’s (and, for that matter, the United States’) vast array of domestic and international challenges will take longer than that. If both Beijing and Washington discover that a more managed relationship helps them through the challenging period that lies immediately ahead, they may conclude that it can be useful for the longer term.

True, the strategic rivalry between the two powers would continue. And critics will argue that managed strategic competition simply kicks the can down the road. But that isn't a bad thing, especially if the alternative is a world of ever-increasing risk of crisis, escalation, or even what naive nationalists might call the cleansing and clarifying process of war itself. The last time that seemed like a good idea was 1914. And that didn't end well.

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