

Opinion **US-China relations**

America should aim for competitive coexistence with China

The relationship between the two superpowers is fraught but manageable if the US plays its cards right

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Joe Biden and Xi Jinping agreed to resume military communications at their meeting this week © Doug Mills/The New York Times/AP

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Despite the meeting between presidents Joe Biden and Xi Jinping in California this week, at which the two leaders agreed to resume military communications, [relations](#) between the US and China remain fraught. Some Americans refer to a new cold war, but China is not like the USSR. The US had no economic interdependence with the Soviets, whereas it has half a trillion dollars in trade with China.

While partial decoupling (or “de-risking”) on security issues is useful, total economic decoupling would be extremely costly and few allies would follow suit. More countries count China than the US as their leading trade partner. Meeting the China challenge will thus require a more complex strategy.

Other aspects of interdependence, such as climate change and pandemics, obey the laws of physics and biology, which also make decoupling impossible. No country can solve these transnational problems alone. For better or worse, the US is locked in a “co-operative rivalry” with China. This is not like cold war containment. Allies and partners such as India are assets that [China lacks](#), and the combined wealth of the democratic allies will far exceed that of China (plus Russia) well into this century.

If the US expects to transform China in a way similar to the collapse of the Soviet regime at the end of the cold war, it is likely to be disappointed. China is too big for America to invade or for it to coerce domestic change — and the reverse is true, too. Neither China nor the US poses an existential threat to each other unless we blunder into a major war.

The most apt historical analogy is not Europe after the second world war, but Europe before the first. Taiwan could be a flashpoint as the Balkans were then. The US should help Taiwan defend itself, but within the context of the successful “One China” policy that Richard Nixon and Henry Kissinger created in the early 1970s. We should expect low-intensity and economic conflict, but America’s strategic objective should be to avoid escalation.

Such a strategy is feasible because the US has major geopolitical advantages, and China is unlikely to displace it as a leading power. Geographically, the US is bordered by two oceans and friendly neighbours, while China has territorial disputes with India, Indonesia, Japan, Malaysia, the Philippines and Vietnam.

A second American advantage is energy: the shale oil and gas revolution has transformed the US from an importer to an exporter. China, on the other hand, is highly dependent on energy imports passing through the Gulf and the Indian Ocean. The US also has a demographic advantage with a workforce that is likely to grow over the next decade, while China’s working-age population peaked in 2015. And while China excels in some subfields, America remains at the forefront in key sectors such as biotechnology, nanotechnology and information technology.

China has [impressive strengths, but also serious weaknesses](#). For example, the solution to its demographic decline is to increase productivity but total factor productivity has been dropping, and tight party control of the economy is stifling entrepreneurial energy in the private sector.

But while the US holds good cards, a misguided strategy could yet lead it to play its hand poorly. For example, a future Trump administration could discard the aces of alliances and international institutions or severely restrict immigration. Former Singaporean prime minister Lee Kuan Yew once told me he did not think China would surpass the US because of the latter’s ability to draw on the talents of the entire world. Given its ethnic nationalism and party state, this kind of openness is not possible for China.

Washington’s strategy towards Beijing should be to avoid either a hot or cold war, co-

operate when possible and marshal its assets to shape China's external behaviour. This can be done through deterrence and a strengthening of both alliances and international institutions.

The key to the first island chain off China's shore is Japan, a close ally of the US, which has troops stationed there. At the same time, the US should offer assistance to poor countries currently being wooed by China's Belt and Road Initiative. Above all, America must maintain domestic openness and protect democratic values. International polls show that the US wields much more "soft" power of attraction than China. And its military power of deterrence is welcomed by the many countries that want to maintain friendly relations with China but do not want to be dominated by it. America should focus on a strategy that holds more promise for us than a replay of the cold war.

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