

SPECIAL REPORT

Disorder under heaven: Avoiding the trap

What America and China must do to head off a clash

The best hope is a balance of restraint, force and legitimacy[Print edition](#) | [Special report](#)

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A MUCH-DISCUSSED recent study led by Graham Allison of Harvard university highlighted the dangers looming when a rising power challenges a ruling one, as when Athens challenged Sparta in ancient Greece. A rising power gains a growing sense of its entitlement and importance, often fed by past grievances and slights. This makes the established power feel insecure and all the more determined to defend the status quo. “When a rising power is threatening to displace a ruling power,” Mr Allison writes, “standard crises that would otherwise be contained, like the assassination of an archduke in 1914, can initiate a cascade of reactions that, in

turn, produce outcomes none of the parties would otherwise have chosen.” This is the Thucydides Trap, named after the Athenian historian who first pointed to it. The Harvard study concluded that in 12 out of the 16 historical cases in the past 500 years that it examined, the outcome was war.

It may be a consolation that both Xi Jinping and Shinzo Abe have mentioned the Thucydides Trap as a cautionary comment on Chinese-American rivalry. But the leader of the status-quo power in Asia, Donald Trump, almost boasts about his ignorance of history. Besides, even when the protagonists are forewarned, there is still great scope for getting it wrong. It is a feature of the trap that defensive behaviour by one party—such as China’s building airstrips and the like on reefs in the South China Sea—is seen as aggression by the other.

In the Harvard study, when war was avoided it was thanks only to “huge, painful adjustments in attitudes and actions on the part not just of the challenger but also the challenged”. At the heart of this must be efforts to establish durable patterns of co-operation. For America and China, two areas are likely to be key: trade and North Korea.

Trade and the problems of access to China’s vast market cause the West understandable frustration. Two decades ago foreign businesses were cheerleaders for China to become part of the world economy (it eventually joined the World Trade Organisation in 2001). Today the mood among foreign businesses in China has turned to disenchantment.

Tariffs on China’s imports of goods are low, but in an economy dominated by state giants, outsiders are shut out of too many sectors, including government procurement. In industries which the Chinese government considers sensitive, the obstacles are written or unwritten rules. In other areas, such as cloud computing, Western companies fear to tread, because they are worried about the safety of proprietary technology or data. China’s latest initiative, “Made in China 2025”, is a blueprint for creating national champions in advanced manufacturing, promising government subsidies and investment in ten “strategic” industries. Other countries have similar plans. The difference is that foreign companies are not so shut out of them.

These are legitimate grievances, but the best hope of dealing with them is for America to pursue them vigorously within the multilateral system. If the United States were to go outside the framework of the WTO, or even shut access to its own

markets, it would risk immense harm both to the bilateral relationship and to the global trading order.

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North Korea raises even bigger challenges. The pace of its missile and nuclear development appears to be quickening. Last year Kim Jong Un's regime launched a missile from a submarine, a first. In early March it test-fired a cluster of rockets in preparation, it said, for attacking American bases in Japan. Later that month, in another first, it conducted a comprehensive test of a first-stage rocket

for an intercontinental ballistic missile. A sixth nuclear test is thought to be in the works.

China, like America, wants North Korea to abandon its nuclear programme. At the UN it has signed up to an American-led sanctions regime against the North. It has a tangled history with its small, snarling neighbour. Officially the two countries are still allies, but China is furious about the North's truculence. Still, it displays an astonishing inability to see things from anyone else's point of view. In particular, it has thundered against South Korea's plans to install an American anti-missile system, Terminal High Altitude Area Defence (THAAD), designed to shoot down attacking North Korean missiles, claiming that the system's radar will allow America to look deep into its own defences. It has organised consumer boycotts of South Korean goods and entertainment to punish its neighbour. That sends an unnerving message to the region: that its relatively petty issues trump real concerns over the North Korean threat.

A better approach would be to share concerns over North Korea and work together on contingency plans. That requires wisdom and patience. The same goes for the broader relationship between China and America, which in Henry Kissinger's words requires "a subtle balance of restraint, force and legitimacy". A balance of power defined primarily in military terms will, he insists, "shade into confrontation". If the Thucydides Trap is to be avoided, the search for partnership has to begin. The meeting between Mr Trump and Mr Xi at Mar-a-Lago earlier this month was a start. But it will come to nothing unless co-operation is put at the heart of relations between the two countries.

Something to build on

A rich basis for such co-operation is already in place (see chart), and perhaps widely underappreciated. Almost half of all foreign buyers of American property are Chinese, as are one-third of the nearly 1m foreign students in America. China can trace one-third of its GDP to foreign investment, much of it American. And Starbucks opens a new branch in China every 15 hours. A large part of the world wants America's president both to understand and care about such things.

Yet China's likely trajectory in the coming years will make co-operation harder, not easier. Mr Xi's rule is proving more authoritarian than that of his predecessors, resources continue to be poured into military spending, and a slowdown in China's debt-fuelled economy may render politics more brittle and make an ugly jingoism a tempting diversion.

Many Americans will question why their country should cede ground. It would certainly be wrong to retreat in the face of threats of force. In other areas, however, if China seems willing to shoulder responsibilities, America should respond. For instance, rather than allow China to nurture resentment at being shut out of running Western-led institutions such as the IMF and the World Bank, why not offer to incorporate China's new Asian Infrastructure Investment Bank into the global institutional order?

That is where the wisdom comes in. China must show it too, by acknowledging that Asia wants the American presence to continue, and that its own security and prosperity also depend on it. Above all, both America and China need to remember that the alternative to co-operation is confrontation.

This article appeared in the Special report section of the print edition under the headline "Avoiding the trap"

Disorder under heaven

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America and China's strategic relationship

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China and United States

Selected comparisons, 2016 or latest

	China to US	US to China
Exports, \$bn	382.5*	115.8 [†]
FDI stock, \$bn	109.4	240.9
Foreign residents, '000	2,148 [‡]	71.5
University students, '000	304	22
Visitor arrivals, m	2.6	2.1

Sources: Census Bureau; Rhodium Group; IEE; NBS; NTTO *As reported by China Bureau; Rhodium Group; IEE; NBS; NTTO [†]As reported by US Bureau of Economic Analysis [‡]Foreign-born

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