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# Why Convergence Breeds Conflict

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## Growing More Similar Will Push China and the United States Apart

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*Mark Leonard*

**M**any fear that in the not-too-distant future, the world will be torn apart as the gulf that separates China and the United States grows ever wider. How, they ask, can a communist dictatorship and a capitalist democracy bridge the gap between them? But it is time to stop thinking that the two countries come from different planets and that the tensions between them are the product of their differences. In fact, until relatively recently, China and the United States got along quite well—precisely because their interests and attributes differed. Today, it is their increasing similarities, not their differences, that are driving the two countries apart.

The U.S.-Chinese relationship stands in stark contrast to the one between the United States and the Soviet Union, the last country to rival American power. During the Cold War, when geopolitics was above all a clash of ideologies, increasing contact and growing convergence between the two disconnected societies fostered *détente*.

But the contemporary era of international interdependence has reversed that dynamic. Today, competition has more to do with status than ideology. As a result, differences between great powers frequently lead to complementarity and cooperation, whereas convergence is often at the root of conflict. As they rebalance their economies and recalibrate their foreign policies, Beijing and Washington are increasingly fighting over shared interests. And as Sigmund Freud could have predicted, the more similar China and the United States become, the less they like each other. Freud called this "the narcissism of small differences":

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the tendency of essentially similar people to fixate on minor distinctions between themselves in order to justify hostile feelings. Of course, the two countries are hardly identical. But the chasm that divided them a generation ago has narrowed, and as they converge they are becoming more conflict-prone.

When U.S. President Barack Obama came to power in 2009, he hoped to integrate China into global institutions and encourage it to identify its interests with the preservation of the postwar, Western-led international system. But almost five years later, according to a U.S. official with whom I spoke earlier this year who is familiar with the president's thinking, Obama's attitude toward the Chinese is best described as "disappointment." According to the official, Obama feels that the Chinese rebuffed his attempt to forge an informal "G-2" arrangement during his first trip to China, in November 2009, and disagreements between Beijing and Washington on climate change, maritime issues, and cybersecurity have convinced Obama that China is more of a problem than a partner.

The Chinese, for their part, do not feel inclined to uphold a Western-led international order that they had no role in shaping. That is why, in the run-up to his meeting with Obama in June at the Sunnylands estate in California, Chinese President Xi Jinping urged the establishment of "a new type of great-power relationship"—a coded way for the Chinese to tell the Americans to respect China as an equal, to accommodate China's territorial claims, and to expect that China will define its own interests rather than support Western-led international agendas.

As the two biggest global powers indulge their neuroses, the rest of the world is getting anxious. On a range of important economic and geopolitical issues, Beijing and Washington are increasingly trying to bypass each other rather than investing in common institutions. The effect on the world will be profound. Although global trade will expand and global institutions will survive, international politics will be dominated not by powerful states or international organizations but rather by clusters of states that will flock together because they share similar histories and levels of wealth and believe their interests are complementary. These pragmatic, somewhat ad hoc groupings will seek to strengthen themselves from the inside out, and their interactions with one another will eclipse the formation of the unified, multilateral liberal order that the United States and its allies have sought to build since the end of the Cold War.



*Great powers think alike: greeting Secretary of State Hillary Clinton, Beijing, May 2012*

## THE END OF CHIMERICA

For most of the last two decades, China and the United States enjoyed an almost perfect symbiosis. Chinese savings bankrolled U.S. consumption. Chinese firms manufactured products designed and serviced by postindustrial U.S. companies. And China's inward-looking foreign policy did not fundamentally undermine U.S. hegemony. The historian Niall Ferguson and the economist Moritz Schularick deemed the two countries so intertwined that they started referring to them as a distinct entity: "Chimerica."

Insofar as it ever existed, Chimerica was made possible by the fact that even though the governing philosophies of the two states were profoundly different, they were different in the same way that a lock and a key differ. China was run according to the "Deng consensus," named after the Chinese leader Deng Xiaoping, who stepped aside in the 1990s but whose vision continued to guide the country for many years. Deng's primary goal was to maintain domestic and international stability by eschewing an ambitious foreign policy agenda and focusing instead on economic growth through exports and foreign investment. Meanwhile, the American governing credo during the 1990s rested on an interventionist foreign policy of defending stability within an American-led world order built on free trade abroad and credit-fueled

growth at home. The two visions bore little resemblance to each other, but they were also rarely in direct conflict; in fact, they were usually complementary.

Of course, during this period, Beijing and Washington did compete. But because they were starting from very different levels of power, the contest was so asymmetrical that it produced little friction. Moreover, the two powers typically pursued quite different ends and relied on very different means. In Asia, the United States concentrated on maintaining its military primacy and resisted any regional economic initiatives that it had not devised—even when they were put forward by an ally such as Japan, which proposed setting up an Asian monetary fund during the 1997-98 Asian financial crisis, an idea that Washington rebuffed. China, by contrast, sought to reassure its neighbors about its "peaceful rise" by supporting multilateral regional integration and offering them an economic stake in China's rise through trade deals. Outside Asia, Beijing and Washington managed to not step on each other's toes: the United States prioritized its relations with other advanced democracies and with energy-rich countries in the Middle East, and China focused its diplomatic energies on seeking opportunities in Africa and Latin America, regions where the United States has pulled back.

## TRADING PLACES

The financial crisis of 2008 brought the Chimerican era to an end. Sobered by their mutual vulnerability to the systemic failures that led to the crisis, Beijing and Washington vowed to rebalance their economic relationship, which both felt had become unhealthy. But as they retooled their domestic and foreign policies to adapt to the suddenly fragile global economy, they began to mirror each other in ways that encouraged more competition than complementarity.

In the economic realm, China is now moving away from its long reliance on exports and trying to stimulate domestic consumption and develop a domestic service economy. Meanwhile, the United States is bolstering its manufacturing sector, in part by promoting a cheap dollar through quantitative easing and subsidizing the automotive sector, and encouraging export-led growth through a new generation of trade deals with rich countries, including Japan and the **eu** states.

Chinese efforts to move up the value chain and American attempts to reindustrialize will lead the two countries to compete more directly,

as each moves closer to the other's traditional modes of production and consumption. For example, China no longer wants to supply the cheap parts inside an iPhone only to watch the biggest profits accrue to a U.S. company. Instead, China is encouraging Chinese firms to take their cues from Huawei, the Guangdong-based firm that has been extremely successful selling smartphones that mimic the iPhone but whose profits stay in China.

It is in their respective relations with the rest of the world, however, that the two countries are converging most dramatically—in some cases almost swapping their traditional roles. China is struggling to manage its surging global influence. Its foreign policy elites are engaged in a wholesale rethinking of Chinese strategy, questioning all the sacred cows of the low-profile approach of the Deng era, including the country's traditional aversion to intervening in the domestic affairs of other countries. This process was spurred on by the 2011 NATO-led war to oust Libyan ruler Muammar al-Qaddafi, when China was surprised to see that many developing countries favored international intervention. The pressure for a less passive Chinese foreign policy comes from Chinese companies eager for protection in dangerous overseas markets; from a small cadre of globalists who maintain that in a world where China is exposed to many hot spots, Beijing must shed its hesitance to take international action; and from hawkish Chinese policymakers and military officials who believe that China needs to be more assertive in protecting its interests abroad.

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Even if these arguments prevail, China will not be launching U.S.-style humanitarian interventions anytime soon, but its foreign-policy makers are likely to become less squeamish about intervening in the internal affairs of other countries. As Yan Xuetong, dean of the Institute of Modern International Relations at Tsinghua University and an influential hawk, put it to me, "When China is as powerful as the United States, we will have the same approach to sovereignty as the United States."

And when it comes to regional politics, hawks such as Yan are voicing doubts about whether China's economic interests should

always take precedence over its political goals. This shift might explain the government's decision in 2010 to temporarily block exports of rare-earth minerals to Japan and its decision two years later to restrict fruit imports from the Philippines during the two countries' squabbles over islands in the South China Sea. These moves were accompanied by the seeming tolerance of sometimes violent demonstrations staged by Chinese nationalists against Japanese companies with operations in China, even though the unrest has caused some of those companies to relocate to Vietnam.

In a more dramatic shift, Chinese academics are also debating whether their country should rethink its opposition to standing alli-

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ances. Last year, Yan and other hawks publicly proposed that China develop quasi alliances with a dozen countries, including the Central Asian republics, Myanmar (also called Burma), North Korea, Pakistan, Russia, and Sri Lanka,

offering them security guarantees and, for the smaller countries on that list, perhaps even the protection of a Chinese nuclear umbrella. Such moves are hardly what then U.S. Deputy Secretary of State Robert Zoellick had in mind in 2005 when he called for China to become a "responsible stakeholder" in the global order.

Bolstering China's increased international assertiveness is the growth of a more participative domestic political system in which different factions fight it out and where the Internet and especially social media have created a much livelier public sphere. In the past, Western policymakers often accused China of stoking nationalist outrage and then claiming to be constrained by it. But today, the drumbeat of Chinese nationalism seems more genuine than manufactured. During the Cold War, Western analysts held that the Communist Party was bad and civil society was good. But today, it is the Chinese Communist Party that tends to urge restraint abroad, while ordinary Chinese citizens call for more toughness.

As China considers how to expand its international influence and commitments, the United States is trying to reconcile its desire for international primacy with the war-weariness of its citizens and the risks of national indebtedness. Obama has sought to develop a model of low-cost leadership: something like an American version of Deng's approach, with the difference being that Deng tried to hide

China's growing wealth, whereas Obama is trying to hide the growing shortfall in American resources. In practice, this approach means punishing adversaries such as Iran and North Korea with economic sanctions, targeting terrorists with drones, eschewing unilateral interventions abroad in favor of "leading from behind," and establishing pragmatic relationships with powerful states such as Russia. From the Chinese perspective, the most ominous sign is that the "pivot" to Asia seems to involve mirroring Beijing's multilateral diplomacy and trade strategy. Indeed, as a Pentagon strategist told me recently, "Instead of playing chess, we are playing go," the ancient Chinese board game.

But even as China and the United States develop different ways of increasing their influence, each country is holding fast to its own form of exceptionalism. Each believes that it should be exempt from certain elements of international law and that it is destined for regional dominance in Asia. Yet it is difficult for both countries to square this faith with a sense each one has that in an increasingly interdependent world, it is on the bad end of the bargain. Americans complain about losing jobs, and the Chinese complain about losing their hard-earned savings. Washington complains that Beijing is not playing by the rules, and Beijing objects that the rules were invented by the West to keep others down. As the tensions mount, many aspects of the U.S.-Chinese relationship that both sides once saw as opportunities are looking more and more like threats.

#### DOUBLE BYPASS

During the last three decades, China has liberalized its economy, grown a middle class that numbers in the hundreds of millions, and witnessed the birth of a genuine public sphere among the more than 500 million Chinese with access to the Internet. China has been welcomed into international institutions such as the World Trade Organization (**WTO**) and the G-20 and has been treated to public declarations of respect from successive U.S. presidents. Many in Washington hoped that these changes would be accompanied by more Chinese support for the Western-led international system. But they have been frustrated to discover otherwise.

Indeed, rather than being transformed by global institutions, China has taken part in sophisticated multilateral diplomacy that has changed the global order. At the G-20, China has made common cause with

other creditor nations, such as Germany, whose side China took in 2010 when the Germans opposed a U.S.-backed global stimulus package. Washington has also been disappointed that Beijing has helped doom the Doha Round of negotiations on world trade by sitting on its hands when the talks have seemed to be in jeopardy. At the UN, China has pushed back against the spread of liberal norms: in 1997-98,

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other states voted with Washington on human rights issues before the General Assembly around 80 percent of the time; Beijing's "voting coincidence" that year, in contrast, was barely 40 percent. By 2009-10, those numbers had been nearly reversed: roughly 40 percent for the United States and nearly 70 percent for China. This turnaround was in part the result of China's winning the

support of developing countries by providing them with cheap loans, direct investment, and promises to protect them from hypothetical UN Security Council resolutions directed against them.

In response to Western frustration, Chinese scholars, such as the influential historian Shi Yinhong, have argued that the West should think not so much about "integrating China into the Western liberal order" and instead try to adapt that order "to accommodate China," as Shi told me recently. This adaptation would involve a major redistribution of formal influence within global financial and security institutions, with authority doled out to member states according not to preconceived ideas about who should rule but, as Shi puts it, to the "factual strength they respectively have and the contribution they have made." In practice, he argues, the United States would have to accept military parity with China (at least east of Taiwan), the peaceful reunification of China and Taiwan on China's terms, and a narrow but substantial span of "strategic space" for China in the western Pacific. In addition, the U.S. system of alliances would need to become "less military-centered and less China-targeted."

But regardless of what Chinese elites might prefer, the West is not yet ready to adapt the existing world order to meet China's aspirations. And rather than accepting the compromises required for a G-2 or the gridlock of the status quo, Western powers are avoiding direct

confrontations with Beijing while pursuing relationships and policies that will limit its ability to bend the international system to its will.

In recent years, for example, a group of high-income countries led by the United States and including Australia, Canada, Malaysia, and Singapore launched negotiations to create the Trans-Pacific Partnership, a trade pact that would pointedly exclude China and emphasize strong standards on state-owned enterprises, labor rights, environmental practices, and the protection of intellectual property rights. If Japan eventually joins, the TPP's membership will account for around 40 percent of global **GDP**. Even more ambitious are the recently launched negotiations over the Transatlantic Trade and Investment Partnership, a long-discussed plan to create a free-trade agreement between the **EU** and the United States, which would give the Western countries significant leverage in any subsequent trade negotiations with China.

The goal of these new arrangements is not to push China out of international trade but rather to set the rules of the road without China and then force it to accept them. The West is making parallel efforts in the security realm. The United States is trying to use the pivot to Asia to strengthen its long-standing relationships with various countries on China's periphery in order to slow Beijing's quest for military primacy in the western Pacific. And when it comes to international interventions, the West is increasingly "forum shopping": cooperating with regional organizations, such as the Arab League and the African Union, and relying on informal coalitions, such as the Friends of Syria, whenever diplomacy at the **UN** gets bogged down.

Meanwhile, China has been working just as hard to bypass the West. It has set up security institutions of its own, such as the Shanghai Cooperation Organization, which aims to counter Western influence in Central Asia, and has struck bilateral and multilateral trading arrangements with countries all over the world. China has also held regular summits with its **BRICS** partners (Brazil, Russia, India, and South Africa) and is trying to establish a **BRICS** development bank that could potentially boast a lending portfolio three times as large as the World Bank's.

## **SI MI LATERAL ISM**

In between these emerging U.S.- and Chinese-led orders stand global institutions such as the **UN** Security Council, the G-20, the International

Monetary Fund, and the World Bank. But they are often gridlocked because of disagreements among their members. So instead of socializing emerging powers into Western norms, the most that can be hoped from them is that they serve as venues for the great powers to discuss especially pressing crises: for example, the global financial meltdown of 2008 or North Korea's nuclear intransigence. Such institutional weakness and irrelevance could grow worse over time, as rather than working together to reform existing common forums, Western powers try to build "a world without China" and China and its partners try to create what some analysts call "a world without the West." Take the Transatlantic Trade and Investment Partnership's likely effect on the wro. As the Belgian economist André Sapir has pointed out, if the countries that generate nearly half of global **GDP** set up their own dispute-resolution system separate from the wro, the once-proud wro "will become like another Geneva-based organization, the International Labor Organization, a place with a beautiful view on the lake where ministers make nice speeches once a year but never take important decisions."

Instead of seeing universal multilateral institutions as indispensable, countries will lean more heavily on new networks forged between countries with similar levels of prosperity. Think of it as "similarity." One result will be a strange new form of bipolarity that will superficially resemble the Cold War more than the world of the past two decades. The differences will include a diminished United States, a smarter (and more successful) peer competitor for Washington, and stronger nonaligned countries. But the dynamics of global politics will also be fundamentally different from those which prevailed in the five decades after World War I I .

First, unlike the Cold War, this contest will predominantly be geoeconomic rather than geopolitical in nature, as a result of the rising costs of maintaining military power. Second, the U.S.-Chinese rivalry will be characterized by high levels of interdependence between the major players, owing to the intense economic interpenetration of the two countries. But policymakers in both countries will see this interdependence as a risk to be mitigated and managed, not a recipe for warm relations. The United States needs China to continue buying U.S. Treasury bills, and U.S. states compete fiercely to attract Chinese investment. Yet Washington also worries about an overreliance on Chinese capital and fears Chinese cyber-

espionage. China, on the other hand, needs to find a home for its currency reserves and needs American know-how to build a knowledge society. But Beijing fumes that the U.S. Federal Reserve's policy of quantitative easing is destroying Chinese wealth and suspects that Washington is working to foment regime change in China.

Third, while many nonaligned countries ultimately found themselves forced to choose sides during the Cold War, in the coming decades, they will be able to exploit the existence of more flexible blocs that do not demand exclusivity. The result will be a promiscuous world order in which countries will be able to make arrangements with both China and the United States.

Finally, Beijing and Washington will fight over status rather than ideology. China has so far been too weak and too defensive to articulate an alternative to the U.S.-led liberal world order, but that is set to change. China and the United States will use the same words in explaining their motivations: "order," "legitimacy," "growth," and "responsibility." But they will be, as the saying goes, divided by a common language.