



FOREIGN AFFAIRS

China Is Sabotaging the World That Enables Its Rise

Beijing's Risky Bet Against the West

BY ENRICO FARDELLA AND SERGEY RADCHENKO

July 15, 2026

ENRICO FARDELLA is a Professor at University of Naples "l'Orientale," Adjunct Professor at Johns Hopkins University (SAIS-Europe) and Associate Director of the Guarini Institute for Public Affairs at John Cabot University.

SERGEY RADCHENKO is a Professor at Johns Hopkins University (SAIS-Europe).

Following the back-to-back state visits to China in May by U.S. President Donald Trump and Russian President Vladimir Putin, many U.S. and European commentators noted that the summit meetings yielded little of real substance. But from a Chinese perspective, that didn't matter. What mattered were the visuals, broadcast in the Chinese state media: like the emperors of old, Chinese leader Xi Jinping was receiving tribute missions from the most important foreign potentates. In symbolic terms, the visits reinforced Beijing's narrative that China has overtaken its rivals and is once again at the center of the world.

Underlying this triumphant vision is the Chinese claim that where the Soviets mismanaged socialism and the Americans corrupted capitalism, only China has discovered the formula capable of reconciling state authority with market dynamism and restoring international harmony.

But this nationalist story risks obscuring a fundamental historical reality: China's rise has not happened outside the systems its rivals built, but through Beijing's skillful exploitation of them. In its early decades, Communist China relied on the Soviet Union to help construct its foundations. And ever since Deng Xiaoping's "reform and opening" policies connected China to the world economy in the late 1970s, China has used its access to Western markets to forge itself into an economic and military superpower.

Yet Beijing seems strikingly unaware that its continued success depends on the U.S.-led order. In recent years, Beijing has consolidated its control over supply chains and acquired unprecedented leverage over its trade partners. It has also become increasingly brazen in its bid for industrial dominance, brushing off complaints in Europe and the United States that its overproduction is undermining their industries. For example, at the World Economic Forum session in Dalian in June, instead of acknowledging that China relies on the willingness of (mainly Western) countries to continue absorbing the Chinese surplus, Chinese Premier Li Qiang asserted that China is simply more competitive because it invests in innovation. Beijing's failure to acknowledge, let alone address, its overcapacity problem has driven China's key trading partners—all of them major Western economies—to the point of exasperation.

For now, it may seem that China has the upper hand, having secured a dominant position in a number of key global industries and supply chains. European countries in particular have been weakened by Chinese competition, and the failure of the EU to muster a unified strategy toward Beijing risks eroding its internal economic, and even political, cohesion. But the long-term outcome may be very different from what China's leaders assume. Growing frustration with China is already prompting the United States and Europe to take stringent countermeasures to protect their industries. Beijing is thus overlooking the defining paradox of its

own success: China's rise remains tied to the openness of the economies it hopes to surpass. Its road to a post-Western order still runs through the West.

ASCENDANCE DEPENDENCE

A great power's ambitions are reflected in the way it perceives its place within the world. Since the founding of the People's Republic of China in 1949, China's strategic ambition has been to restore the country to what its leaders regard as its rightful place at the center of the international order. In this worldview, Western hegemony represents the principal obstacle to the return of Chinese civilization to its natural centrality and, with it, to the restoration of global harmony.

Yet Beijing did not pursue this objective by rejecting existing international orders outright. Instead, it first exploited them to accelerate China's rise and then progressively challenged them from within as its own power expanded. Both the Soviet- and the U.S.-led orders were treated as a means to an end and used pragmatically and selectively to maximize political and economic gains even while preserving and widening China's space for maneuver.

Nowhere has this strategy been more evident than in China's participation in the Western liberal order. Deng's "reform and opening" entailed a pragmatic decision to exploit the liberal order for China's benefit. From the 1990s onward, however, even as Beijing deepened its integration with the world economy, Chinese leaders increasingly came to view American primacy as the principal long-term obstacle to China's national rejuvenation. They feared that sustained engagement with the West could encourage political liberalization and ultimately undermine the Chinese Communist Party's monopoly on power.

Beijing therefore embraced a dual strategy: exploiting the openness of the existing order while gradually eroding its foundation. Under Xi, this

tendency became even more explicit. Take the Belt and Road Initiative, the enormous international economic development and infrastructure program launched by Beijing in 2013 and now extending to more than 150 countries. By connecting developing and advanced economies—including some in Europe—through a vast China-centered network, underpinned by Chinese standards, supply chains, and financial networks, Beijing has sought to shift the center of gravity of the international economy away from the institutions that have underpinned U.S. leadership since World War II.

The rapid growth of China's economic and political influence has also reinforced the conviction among Chinese leaders that U.S. hegemony over the international order was entering a period of irreversible decline. In recent years, Xi has publicly adopted the mantra, “the East is Rising, the West is declining” (东升西降), but the intellectual foundations of the slogan can be dated to the 2007–08 global financial crisis, which many Chinese analysts interpreted as evidence of the structural weaknesses of the Western liberal order.

Since late 2025, viral Chinese memes such as the “American kill line”—the idea that ordinary Americans are living one crisis away from collapse—have helped spread the perception in China of U.S. economic, social, and political decline. For many younger Chinese facing a slowing economy and fewer opportunities, stories of American decline provide reassurance that China's problems are temporary while the West's are structural.

Meanwhile, Chinese strategists and foreign policy experts portray the West as morally and politically exhausted while presenting China as a source of stability, order, and civilizational renewal. Scholars such as Jin Canrong of Renmin University in Beijing assert that the world's center of gravity is progressively shifting from the transatlantic region toward Asia,

particularly China. Indeed, this argument has gained some traction across the non-Western world, in countries as dissimilar as Cambodia, Zimbabwe, Iran, and even Saudi Arabia, where some political elites have portrayed Western liberalism as intrusive, hypocritical, or exhausted while presenting China as a partner of stability, sovereignty, and development.

The Chinese argument has also gained a foothold among some segments of Western societies. Leaders such as Hungary's former Prime Minister Viktor Orban and Slovakia's Prime Minister Robert Fico have portrayed China as a model of stability and a strategic alternative to Western liberalism, while in France and Italy influential business and political circles have long advocated closer ties with Beijing as a source of economic opportunity and strategic autonomy. Even in Germany, where attitudes toward China have hardened, parts of the industrial establishment continue to favor economic engagement over confrontation. Recurrent tensions between Trump and European leaders—over trade, defense spending, NATO, and tariffs—have further strengthened Beijing's perception that the transatlantic relationship is fragile and that Europe may eventually seek greater distance from Washington.

In Beijing's view, China can supplant the U.S.-led order not by direct confrontation but by outlasting and out-adapting the United States, and, over time, persuading a growing number of states that Chinese leadership offers a more legitimate basis for international order. In Xi's strategic calculus, the so-called Thucydides Trap can be avoided precisely because the United States is expected to weaken internally before any catastrophic conflict becomes unavoidable. Buttressing these assumptions is Beijing's belief that China can succeed in ways that its Soviet analog could not: where the Soviets failed because they proved incapable of sustaining the economic and ideological struggle needed to defeat the United States, China, by harnessing "Socialism with Chinese Characteristics," has the

civilizational depth, political resilience, and economic dynamism necessary to supersede American hegemony and shape a new global order.

Yet China's glorious narrative has a fundamental blind spot. The success of China's rise has overwhelmingly depended on the existing order for access to aid, technologies, expertise, and ultimately markets. Unlike the Soviet Union, China has never constructed a comprehensive alternative order capable of replacing the institutions underpinning the U.S.-led international system. Instead, it has relied on the openness of the existing order while gradually challenging its rules and institutions from within. As a result, the more that China is able to weaken the liberal order that enabled its rise, the greater the risk that it undermines the very foundations on which its own prosperity still depends.

BITING THE HAND

China's leadership is not entirely unaware of the large-scale economic distortions the country's export-driven rise has produced. In recent months, leading Chinese economists and former central bankers have converged on the idea that China's main economic challenge is insufficient domestic demand. They argue that China's investment-led growth model has resulted in excess savings, weak household consumption, and chronic demand deficiencies. There is a growing consensus across their writings that unless Chinese household income rises and consumption assumes a larger role in growth, China will continue to generate excess production and excess savings, thus sustaining huge current-account surpluses and reinforcing dependence on foreign demand.

Yet Chinese economists are mostly silent about China's dependence on foreign markets' willingness to absorb its excess output and savings. Many of their foreign counterparts, by contrast, converge on a similar domestic diagnosis but also point to the profound international consequences of

China's imbalanced economy. For example, Michael Pettis, a Beijing-based economist, has long argued that suppressed consumption and excess domestic savings have forced China to export both goods and capital, requiring other economies—historically, above all, the United States—to absorb Chinese surpluses through trade deficits and capital inflows.

European analysts are now extending this argument to the EU. By diverting excess Chinese production toward European markets—a practice that has been accelerated by U.S. efforts to reduce dependence on Chinese imports—Beijing could expose the EU to rising deindustrialization pressures and deflationary competition. Left unaddressed, these dynamics will lead to higher unemployment, widening social inequalities, and growing economic insecurity, fueling support for nationalist and far-right political movements across Europe.

Already, Beijing's approach has accelerated protectionist responses from both the United States and Europe. In Washington, a bipartisan consensus has emerged around the need to reduce dependence on Chinese supply chains and to counter the effects of Chinese subsidized overcapacity. And in Brussels, the European Commission has decreed the current state of EU-China economic relations as "unsustainable." Europe is now mulling sweeping coordinated measures, aimed at addressing China's challenge in systemic terms.

Even countries outside the West are beginning to follow suit. While it competes with the United States in high-tech industries, China continues also to aggressively support low- and mid-tech Chinese manufacturing, constraining the growth of countries like Brazil, India, Indonesia, and Turkey. This has already led to policy responses, with India expanding trade-defense instruments and investment screening mechanisms vis-à-vis Chinese firms, and Brazil and Turkey intensifying anti-dumping investigations and debating safeguards for strategic industrial sectors.

Similar trends can be observed in Indonesia, where policymakers have increasingly sought to reduce dependence on imported Chinese manufactured goods and strengthen domestic value chains.

The more Beijing seeks to increase industrial dominance, the more it fuels protectionism, de-risking strategies, and fragmentation of the very international economic system that has enabled its rise. China's economic model now appears trapped in a self-reinforcing contradiction: the mechanisms that sustained its extraordinary ascent are simultaneously generating the international resistance and systemic fragmentation that will constrain future development.

MOST FAVORED DUMPING GROUND

Thus far, Beijing has dismissed U.S. and European concerns as an attempt to blame China for their own economic difficulties. Chinese officials argue that the country's trade surplus is not the result of domestic unbalances but of genuine comparative advantages and the voluntary choices of Western consumers and businesses. From this perspective, Western resistance to Chinese industrial expansion is merely a futile attempt to obstruct an irreversible shift in the global balance of power. The implication is unmistakable: the United States and Europe should adapt to China's rise rather than seek to constrain it.

Beijing's response reflects a subtle but significant attempt to transform China's identity: from an anti-hegemonic power challenging an existing order to a de facto hegemonic actor seeking acceptance of the new hierarchy it has asserted. But Beijing's expectation that the rest of the world will indefinitely accommodate an ever-deepening dependence on Chinese industrial capacity is unrealistic. If China continues on its present course, the backlash against its industrial hegemony will only intensify. At best, China can delay the inevitable adjustment by making diversification away from Chinese supply chains more costly for its trading partners. At

the same time, Beijing can try to erode support for tougher trade and investment policies by leveraging access to its vast domestic market and mobilizing foreign firms and political constituencies that continue to benefit from economic engagement with China.

Still, despite the growing pressure on European economies, Europe may find it more difficult than the United States to push back against China. As Michael Pettis and Enrico Fardella have argued, the European Union remains structurally vulnerable to continuing to absorb China's imbalances. The eurozone combines export-driven surplus economies such as Germany and the Netherlands with more import-dependent economies in Southern Europe, creating a divergence of interests over economic relations with Beijing. China can therefore transform external economic leverage into internal European political divisions. The prospect of retaliation against highly exposed sectors—not least Germany's automotive industry, but also luxury goods, machinery, and advanced manufacturing—has further weakened Europe's ability to adopt a coherent economic strategy toward China.

The growing dispute between Brussels and Beijing reflects the need for a better European strategy. The European Commission is increasingly seeking to strengthen its capacity to manage external imbalances and protect Europe's economic stability. But China views continued access to the European market as strategically vital. As the United States moves to limit China's access to its market and reduce strategic dependence on Chinese imports, Europe is becoming the last major dumping ground for China's surpluses. If trade imbalances with China persist, they will continue to generate debt and accelerate deindustrialization, speeding up the political fragmentation already visible across the continent.

It should be noted that Beijing has not been entirely unresponsive to these concerns. It has repeatedly promised to strengthen domestic demand,

introduced limited measures to support consumption, and softened parts of its diplomatic messaging to reassure foreign governments and investors. Yet these adjustments remain far too modest to change the underlying problem: China continues to privilege production over consumption, industrial policy over household income, and export expansion over genuine domestic rebalancing.

China thus risks deepening its dependence on external demand for its surplus at the very moment when the world is becoming less willing to absorb it. And so, Beijing's pursuit of global industrial dominance will likely prove self-defeating. Rather than facilitating a smooth transition toward a post-American order, it may well erode the global conditions that have sustained China's rise. The most urgent challenge confronting China's leadership may not be how to surpass the West but how to rebalance its economy before the world forces it to.

CHANGING THE MODEL

If Europe and the United States decisively reassert control over their external accounts, China would face a fundamental constraint: the external markets for its excess production would be closed off. Other advanced economies are unlikely to offer alternative markets, while most developing countries lack the financial capacity to sustain the deficits required. Under such conditions, China would sooner or later be forced to reconfigure its economic model at home.

In principle, this could produce the most constructive outcome for all sides. A successful reorientation of China's growth model would require a substantial transfer of income toward Chinese households, boosting consumption, reducing domestic inequalities, and making growth less dependent on exports and industrial investment. These redistributive policies would ensure that a larger share of the gains from economic growth accrues to ordinary households rather than to businesses, local

governments, and state-favored sectors. Paradoxically, to safeguard the long-term well-being of its people, China may have to become more socialist again: this time, not by socializing production but by socializing prosperity.

Such a shift would also ease tensions with the United States and Europe, reduce global imbalances, and weaken the logic of Beijing's beggar-thy-neighbor economic nationalism. In practice, however, changing China's economic model would be an immense undertaking. Moreover, in order to raise household income significantly as a share of GDP, China's leaders would need to make a corresponding reduction in the resources currently controlled by businesses and local governments, a shift that would be economically and politically costly for Beijing.

If Beijing's immediate problem is how to persuade the world to continue absorbing its excesses, its longer-term challenge is finding a path to prosperity that no longer depends on them. If the immediate question for the United States and Europe is how to regain control over their external balances and rebuild their productive economies, their own longer-term task is figuring out how to engage China in redefining its rise in a manner that is more compatible with a sustainable international order.

Ultimately, the future of global economic stability may depend on China's willingness to reconsider the logic that has underpinned its ascent. Since 1949, the Chinese Communist Party's anti-hegemonic strategy has been remarkably successful in reshaping the international environment and creating space for China's extraordinary rise—an achievement rooted above all in the hard work, discipline, and resilience of the Chinese people. Yet history offers a cautionary lesson. Great powers encounter danger when they cease to view success as the product of contingency and effort and begin to view it instead as the expression of historical destiny. If Beijing falls into this trap, and refuses to heed Western warnings, it will

trigger a vicious trade war that will leave the world much worse off, and the dream of China's national rejuvenation in tatters.

Copyright © 2026 by the Council on Foreign Relations, Inc.

All rights reserved. To request permission to distribute or reprint this article, please visit [ForeignAffairs.com/Permissions](https://www.foreignaffairs.com/Permissions).

Source URL: <https://www.foreignaffairs.com/china/china-sabotaging-world-enables-its-rise>