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*Decoding US-China Relations:
Three Perspectives*

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Decoding US-China Relations: Three Perspectives

- **Misunderstanding of International Leadership Disputes and the Prospect of Sino-US Relations**, By ZHOU Fangyin
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Griffith Asia Institute, Griffith University

Griffith was the first University in Australia to offer Asian Studies to undergraduate students and remains a pioneer in this field. This strong history means that today the Griffith Asia Institute can draw on the expertise of some 50 Asia-Pacific-focused academics from many disciplines across the university. Our Strategic Vision is to promote greater interest in and awareness of Australia's changing region and its importance to Australia among the public, universities, policy makers and the media. The Griffith Asia Institute produces innovative, interdisciplinary research on key developments in the politics, economics, societies, and cultures of Asia and the South Pacific. By promoting knowledge of Australia's changing region and its importance to our future, the Griffith Asia Institute seeks to inform and foster academic scholarship, public awareness, and responsive policy making. The Institute's work builds on over 40 years of Griffith University tradition of providing cutting-edge research on issues of contemporary significance in the region.

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Project Introduction

How to understand China's rise and its implications for Asia and the world is an imperative task for both scholars and policy makers. China has become the second largest economy next to the United States since 2010. China is also the major trading partner for over 140 countries in the world. As United States-China relations will define the next century, it is essential to build mutual understanding for policy makers. If strategic distrust is a major obstacle in US-China relations, as Kenneth Lieberthal and Jisi Wang have suggested, deepening our understanding of Chinese perceptions and views on international relations will be a crucial task for bridging the perception gap and mitigating the strategic distrust between the two nations.

This project aims to make sense of China's rise in world politics through examining Chinese International Relations (IR) scholars' perceptions and debates on key issues in international relations and Asian security. This project will deepen our understanding of Chinese scholars, especially regarding how they perceive world politics and how they can impact Chinese policy making via internal debates. There are two parts in this project. First, we organize and conduct onsite surveys of IR scholars at the annual conference of the Chinese Community of Political Science and International Studies in Beijing. Second, we examine the internal debates among Chinese scholars over international politics, Asian security, and Chinese foreign policy.

With generous support from the MacArthur Foundation (grant No. 16-1512-150509-IPS), the Griffith Asia Institute is able to successfully collaborate with Tsinghua University's Institute of International Relations to carry out the survey research as well as conduct the research project on the Chinese IR debates through expert conferences and other academic exchanges. This working paper series will feature major Chinese scholars' analyses of internal debates and our survey findings.

We appreciate your comments and suggestions very much.

Kai He and Huiyun Feng (Co-Chief Investigators, Griffith University)

Xuetong Yan (Lead Project Collaborator, Tsinghua University)

Misunderstanding of International Leadership Disputes and the Prospect of Sino-US Relations

Abstract

We are currently facing increasing security competition between the United States and China. This is particularly reflected in the American government's perception of the nature of Sino-US relations. This paper argues that conflictual means will not help resolve the US economic problems or difficulties. Overall, China is not a security threat to US homeland security and China-US competition, to a large extent, remains at the level of international leadership competition. A major misunderstanding exists about the means of competition between the US and China over international leadership. For one thing, international leadership as one source of national interest serves national economic and security interests to a significant degree, but it will not overtake them. China and the US cannot establish effective international leadership through mutual confrontations.

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This Working Paper Series presents papers in a preliminary form and serves to stimulate debates and discussions among scholars and policy analysts. The views expressed are entirely the authors' own.

Misunderstanding of International Leadership Disputes and the Prospect of Sino-US Relations

ZHOU Fangyin

With continuously increasing comprehensive power, together with expanding international influence, China plays an increasingly important role in upholding global governance and international order. What international status will China seek? How will the China-US relationship develop; will there be tensions, to the point of irreversible conflict over international leadership? These are questions of both theoretical and empirical significance.

Some realists take a zero-sum game approach to the interests between big powers. For them, the incessant rise of China is closing the power gap with the US, further intensifying the security competition between the two powers. Conflicts might arise either because the rising power is unsatisfied with the status quo or the hegemon will take preemptive action out of concern for its own future status.¹ Some scholars try to look for a decisive link between a power transition and the outbreak of a great war. In recent years, these discussions have evolved into the well-known “Thucydides Trap” argument.²

In general, great power conflicts are about interests. On this basis, even though some major wars take place during power transitions, it does not mean that power transitions by themselves will necessarily lead to wars. It is rather that, during power transitions, there are no effective management mechanisms over interests. Moreover, other factors, including unintended consequences or third party factors, all contribute to war.

It is normal in international relations that different powers have different interests. What is more important is whether the China-US interest competition is irreconcilable.

Without a doubt, because of globalization, with the global supply chain’s deepening division of labor, a highly mutually dependent relationship has developed between China and the US. And since they are both facing challenges from globalization, China and the US have many mutual interests. At the same time, being the two largest powers, they also have many conflicting interests. Those that stand out include competition over differing security interests, economic interests, and potential international leadership.

¹ One the power transition theory please see A.F.K. Organski and Jack Kugler, *The War Ledger* (Chicago: University of Chicago Press, 1980); Dale Copeland, *The Origin of Great Wars*, translated version (Peking: Peking University Press, 2008). Translated by Huang Fuwu.

² Graham Allison, *Destined for War: Can America and China Escape Thucydides’s Trap* (Boston: Houghton Mifflin, 2017). For different views on Thucydides’s Trap, see D.A. Welch, “Why International Relations Theorists Should Stop Reading Thucydides,” *Review of International Studies*, 29(3) 2003:301-319.

It is normal in international relations that different powers have different interests. What is more important is whether the China-US interest competition is irreconcilable. With China's increasing power, and the shrinking power gap between China and the US, are tensions destined to rise between these two countries? To discuss these questions we will begin with an analysis of the differences in China-US interests.

ECONOMIC INTERESTS, SECURITY INTERESTS OR THE INTERNATIONAL LEADERSHIP STRUGGLE

A question worthy of discussion is which aspect of contested interests is most irreconcilable, thus more likely to lead to serious China-US confrontation. Will it be over economic interests, security interests or the struggle for leadership?

Presently, the economic question is developing into a highly confrontational factor. After Trump took office, this trend became ever more obvious. The Trump government slogan is "Make America Great Again". From an international perspective, China is the reason why America is no longer great, and the Chinese challenge to America is concentrated in the economic area. The White House's National Trade Commission head, Peter Navarro,

Therefore, China-US economic discussions have become highly politicized. The competitive aspect of the China-US economic relationship will continue to intensify in the future.

announced that America's assistance in China's entry into the WTO was its greatest mistake. America's Trade Representative Office submitted a report to Congress in January 2018, concurring

that America was wrong in supporting China's entry into the WTO.³ The December, 2017, *National Security Strategy of the United States of America* ranked promoting America's prosperity as number two of its four core interests, stating that "economic security is national security" because a strong economy supports American power.⁴ American media was full of statements such as "China stole American jobs" and "China stole American intellectual property and harmed the American economy".

The Trump government's strong emphasis on the economic question has to some extent caused conflict between the US and China to flare up, resulting in economic confrontation in a strategic sense. Therefore, China-US economic discussions have become highly politicized. The competitive aspect of the China-US economic relationship will continue to intensify in the future.

However, we must acknowledge that the China-US economic interdependence is very real, and that it will be difficult to cast off or reverse. Even if China and the US launch a limited economic war, both sides will incur heavy costs. For the US, it is not worth the costs. For Trump's repeatedly-mentioned goal of revitalizing the American economy, external relations

³ United States Trade Representative, 2017 Report to Congress On China's WTO Compliance, January 2018, p. 2.

⁴ The White House, *National Security Strategy of the United States of America*, Dec 2017, p. 17.

will have some effect. However, the most essential level is America's domestic economic policy, including encouraging technological innovations, improvement of infrastructure, the training of human capital and high quality labor force, putting in place proper financial and taxation policies to create a conducive environment for entrepreneurs, reinvigorating manufacturing industries and so forth. In addition, if domestic economic strategies are ineffective, using war and conflict will not solve the US's long-term problems, especially in terms of restoring the people's faith in the American economic model.

To sum up, although with the US push, China-US economic competition has intensified, economic questions can always be negotiated and eventually settled. In this regard, the Chinese government has demonstrated a pragmatic and flexible attitude. The Trump government's position on the economic question is also very pragmatic in nature. Its stand on specific economic issues is not rigid, but rather responsive to cost-benefit calculations. The somewhat high-sounding tone and actions are perhaps an attempt to assume a political pose. It is also a diplomatic strategy. From a mid and long-term perspective, the China-US economic question can be decided and settled on economic grounds. China and the US will not be trapped in conflict over economic competition.

Next is the nature of the China-US security interests. At present, the China-US security relationship is moving further towards zero-sum. A deeply-rooted notion in the US is that the post-WWII international order and prosperity depended on American leadership role and its dominating military power. The 2017 *National Security Strategy of the United States of America* presented China and Russia as revisionist countries that attempt to build a world countering

the Chinese government has demonstrated a pragmatic and flexible attitude. The Trump government's position on the economic question is also very pragmatic in nature.

American values and interests. Furthermore, China is trying to replace the US in the Indo-Pacific region, recasting the regional order.⁵ The January 2018 public edition of the *National Defense Strategy Report* reinforced this notion even more strongly, defining China as a "strategic competitor" and stating that the central challenge to American prosperity and security has emerged from these revisionist countries' long-term rise and strategic competition. It further contends that China in recent times is seeking hegemony in the Indo-Pacific region in the hope of replacing the US in the future and achieving global primacy.⁶

This notion that China is trying to push the US out of the Western Pacific, and in the end supplant its leading position, is very attractive to many US government officials and analysts. Even those American observers who do not share this view believe that maintaining America's leadership position is a guarantee against future uncertainty. The implied prerequisite

⁵ The White House, *National Security Strategy of the United States of America*, Dec 2017, p. 25.

⁶ Department of Defense of the United States of America, *Summary of the 2018 National Defense Strategy of the United States of America*, Jan 2018, p. 2.

is that the US should ensure it has the upper hand in any major military or political confrontation with China.⁷ The achievement of this goal can very easily lead to pressure on China's legitimate security requests—thus raising the tension in bilateral security relations.

Overall, from a Chinese perspective, the US is manifestly exaggerating the level of threat China poses to it. In the China-US relationship, it is actually China that faces greater uncertainty and insecurity. Moreover, in the military domain, over the long haul, China without doubt is in a weaker position. For China, the security goal is defensive. Of course, China has made some strategic and tactical adjustments, which to a certain degree have changed its passive defense to a more active defense posture, but the fundamental strategic situation in the China-US security relationship has not seen a qualitative change.

At present, China's military strength is increasing steadily. Its influence in the Asia-Pacific is definitely growing. But this does not constitute a threat to the US itself. From a military and national territorial security perspective, the US is a very secure country, and the most secure of the great powers. China actively seeks to have a “no conflict, no confrontation”

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military security relationship with the US. Despite being a power with a relatively credible nuclear second-strike capability, China has absolutely no intention of threatening American territory, therefore, a large-scale military conflict directly

between the US and China is unimaginable. The January 2018 National Defense Strategy Report also points out that the national defense strategy's most far-reaching goal is that China-US military relationship will be firmly established on a transparent and mutual non-aggression basis.⁸

The China-US competition over security interests to a large extent reflects a competition over security influence. The military build-up is not directly targeting a war between the two countries, and is not set on the imagined inevitable war between the two major powers. The US Pivot strategy and the current military security cooperation based on the Indo-Pacific framework are mainly aimed at containing Chinese spreading influence in Asia and the Asia Pacific.

In the last year or two, from the American perspective, the severity of China-US competition has clearly increased. On this basis, the American government has adjusted its strategic position *vis-à-vis* China and most definitely regards it as a core long-term threat. In economic terms, given China's rapid economic development, the absolute economic strength of the US will continue to rise, and its economic relationship with China will be very beneficial

7 Shi Wen, “Overtaking American Leadership in the West Pacific: A Necessity in Stabilizing China-US Balance”, in *Contemporary American Debates [dangdai meiguo pinglun]*, No. 2, 2017, pp. 61–77.

8 Summary of the 2018 National Defense Strategy of the United States of America. p. 2.

to its own growth. The US is dissatisfied with China in the economic realm, basically not because of China's economic development per se but rather because it challenges American international leadership and it affects the attractiveness of its economic model. However, China's economic development is not achieved at the cost of reducing the speed of US economic growth.

From a security perspective, China most definitely does not constitute a real and urgent security threat to America. This is blatantly obvious to the US. What worries the US is China's rising security influence in the Asia-Pacific region and its effect on the faith and trust in American security guarantees from American allies and security partners. The security competition between China and the US is in large part regional competition for security influence.

If China-US competition is largely economic in nature or is mainly security competition, then it is hard to explain why, in the last couple of years, US views of China-US competition have changed so much. After all, the growth in China's economic strength has been a long-term and steady process since 2012, and although it has enjoyed a continuous medium to high rate, the GDP growth has dropped from 9.5% in 2011 to 8% and below, in the last couple of years to a steady 6.5% to 7%.

If we understand China-US competition as competition over international influence, it is far easier to understand the change in US policy. From this perspective, some in the US see the rapid international uptake of the Belt and Road Initiative (BRI), the advocacy and establishment of the Asian Infrastructure Investment Bank (AIIB), the increased impact of China on global governance, and China's efforts to contribute Chinese wisdom and design to the international community as challenges to America. During the establishment of the Asian

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Infrastructure Investment Bank, some saw the attitudes of some of America's important allies such as England, Australia, and South Korea as having a symbolic meaning.⁹ From the US government's perspective, America's international influence is a core American interest.¹⁰

To many Americans, one reason why China's rise is hard to accept is not related to its rise in economic strength, nor is it any sort of international security threat to the US. It is, instead, an assault on American international leadership. The real or imagined China-US leadership competition is in large part responsible for the rise in tension between the two powers.

⁹ David Dollar, China's rise as a regional and global power: The AIIB and the 'one belt, one road,' 15/07/2015, <https://www.brookings.edu/research/chinas-rise-as-a-regional-and-global-power-the-aiib-and-the-one-belt-one-road/>.

¹⁰ The White House, National Security Strategy of the United States of America, Dec 2017, pp. 4, 37-42

THE MISLEADING NATURE OF THE NOTION OF CHINA-US LEADERSHIP COMPETITION

At present, many quite naturally feel that there is a China-US struggle over international leadership.¹¹ Many Americans believe that the most basic challenge in China's rise is that China wants to take up international leadership. Or, to phrase it more euphemistically, China is attempting to rely on its own power superiority to establish a Chinese-led international order that is different from the current one.¹² Those who see China's challenge to the US over international leadership as very serious, on one hand exaggerate the urgency of China's attempts to seize it and on the other hand employ a high level of zero-sum thinking in their perception of international leadership. However, is the international leadership struggle really so fierce, so important, so irreconcilable? Do China and the US have to engage in high-level competition over it, including even taking military action to resolve it? In our view, the assertions that this competition exists are highly misleading as reflected in the following points:

First, is international leadership of absolute significance to a great power? Is the struggle over international leadership overshadowing other interests? Or is it part of the considera-

In the case of China, the goal determined in October 2017, during the 19th National Party Congress, was to comprehensively establish a moderately prosperous society, realizing the first hundred-year goal, and on this foundation, make China a wealthy, strong, democratic, civil, harmonious country — as well as a beautiful, modern and strong socialist one.

tion over economic interests and security interests? Is a state sacrificing, to a large extent, economic and security benefits for its pursuance? Or is a state pursuing international leadership in the service of economic and security interests? If the latter is the case, then the significance of international leadership is not that essential, thus the US tepid attitude towards world

leadership prior to WWII is understandable. Moreover, the fact that during "Pax Britannica" not all great powers were trying to supplant Britain also makes sense.

This, to a great extent, leads us to ask what interests China and the US are seeking on the international stage. In the case of China, the goal determined in October 2017, during the 19th National Party Congress, was to comprehensively establish a moderately prosperous society, realizing the first hundred-year goal, and on this foundation, make China a wealthy, strong, democratic, civil, harmonious country — as well as a beautiful, modern and strong

11 Trump's China policy adviser claims that China has long treated the US with strategic cheating, and the Chinese true strategic goal is to reduce the US leadership role around the world. See Michael Pillsbury, *The Hundred Year Marathon: China's Secret Strategy to Replace America as the Global Superpower* (New York: St. Martin's Griffin, 2015).

12 This view is not only popular inside the United States, but also among US allies. The Australian government issued its new "Foreign Policy White Paper" in November 2017, in which it is clearly stated that Australia benefits significantly from the US-led liberal international order, but this order is under attack. Please see Australian government, 2017 Foreign Policy White Paper, p. 21.

socialist one.¹³ The construction of a modern China has, for a long time, been the firm, long-term central goal of the Chinese government. As early as 1987, in the Report of the Third National Party Congress, the Chinese government issued the “three steps” strategic plan. The third step was to raise the per capita gross national product to middle-developed country level by mid-21st century, making the people better off and basically realizing modernization. The 19th National Party Congress Report, in accordance with changed circumstances, adjusted the development goals for the next 30 years by enriching the content, but the overwhelming emphasis on modernization remained the same from the previously set goals.

As for the US, its international leadership is closely linked with its economic and security interests, which include general advantage in an American-arranged international economic order and institutions that benefit the US economically through the dollar’s special place in international finance. American dominance in international order also reinforces its national security. At the same time, however, American dominance of international order also incurs a cost in maintaining its international leadership. For the US there is a question of balancing the long-term costs and benefits of maintaining this position. International leadership by itself is most definitely not the overpowering goal.¹⁴ Even for an America accustomed to being the international leader for a long time, the importance of international leadership on its own is far from overshadowing economic and security concerns. On the contrary, it is to a large extent of subordinate importance. This is very clear in Trump’s foreign policy changes.

As for the US, its international leadership is closely linked with its economic and security interests, which include general advantage in an American-arranged international economic order and institutions that benefit the US economically through the dollar’s special place in international finance.

In general, both China and the US are very large countries. From a macro perspective, their domestic concerns take precedence over external matters. Neither is likely to sacrifice national economy or security for the sake of international influence. Otherwise, they will suffer not only economic and security damage but also social and domestic political problems.

Moreover, is the struggle over international leadership directly unfolding between China and the US? Is leadership only visible as a direct struggle between major powers, or is it constructed between leading countries and other nations?

13 Xi Jinping, “Secure a Decisive Victory in Building a Moderately Prosperous Society in All Respects and Strive for the Great Success of Socialism with Chinese Characteristics for a New Era.” Report to the 19th National Party Congress, 27 October, 2017. http://www.xinhuanet.com/english/special/2017-11/03/c_136725942.htm

14 Not only the scholars who support strategic retrenchment under diminished US power, but also those who are against American strategic retrenchment work under such logic. See Stephen Brooks, G. John Ikenberry, William Wohlforth, “Don’t Come Home, America: The Case against Retrenchment”, *International Security*, 37 (3), Winter 2012/13, pp. 7–51.

If leadership is of material substance, whoever possesses it has it, and contesting it has its value and meaning. If it is not material, but something that needs to undergo a social interaction process between a potential leading country and the led countries to construct it, casting aside other countries while the two great countries contest it, it then becomes illusionary.

The assertion of China-US competition over international leadership is somewhat misleading. It can easily lead to associative imagination, that international leadership is something there to grab. If the US gets it, it is in America's hands, but it could also be snatched from America's hands by China. This greatly simplifies international leadership, but it is definitely not in accordance with reality.

Related to this question is another: if there were no contestation from China, would the US have international leadership? Or, if the US did not stop China, would China be able to get it? The answers to these two questions are not necessarily straightforward. International leadership to some extent exists as an interactive relationship when a country claims to have it and other countries recognize this claim. Leadership does not have a concrete existence, nor can it be easily transferred from one country to another.

In the international system, the change in the relative strength of countries and the

Crucial for a country that wants to achieve and keep international leadership is how it acquires the support of a definite number of countries.

transition in international leadership are two different matters. For the prediction by some that there will be a peaceful transfer of power between China and the US, even if it has already happened, is

only a change in the power capability between the two. By itself, it does not represent a transfer of international leadership.

Third, leadership is a stable and constructed relationship between a leader country and countries that recognize this leadership. Being the strongest in the system is an advantage although it is not a sufficient factor, nor, sometimes is it even a necessary one.

Crucial for a country that wants to achieve and keep international leadership is how it acquires the support of a specific number of countries.¹⁵ In today's international system, this frequently comes down to a great power being able to reliably tolerate and protect the interests of follower countries and provide appropriate support for their policy ideals, speak for them in the international sphere, uphold their standpoints, lessen international pressures on them, as well as attain their understanding, acceptance and respect. At the same time, the great power must manifest a certain degree of strategic self-restraint so that the other countries can be at ease as followers and do not have to be wary of the great power itself as the target of defense. In addition, international leadership behavior is not

¹⁵ For a discussion on this issue please see also Stefan A. Schirm, "Leaders in Need of Followers: Emerging Powers in Global Governance", *European Journal of International Relations*, 16 (2), 2010, pp. 197–221.

the same as an international leadership position. The latter is founded on a stable relationship and the ensuing mutually stable predictability.

If China plans to become an effective international leader, it must obtain the recognition of the majority of countries and the stable support of most of them. To a great power, being able to obtain the support of a sufficient number of countries will somehow signify leadership to a certain extent. If it only has material power, but fails to win the recognition and support of willing followers, it will be difficult for it to become real leader in international society.

From this perspective, a phenomenon somewhat worthwhile paying attention to is that the US is less willing to uphold its international position, with its attention turning more inward on their own domestic economic situation. Some of the US allies clearly hope that the US will continue to lead the international and regional order. This is especially true of Australia. It is a reflection of America's previous success in establishing the international order under its leadership and constructing its relationship with followers.

Fourth, international leadership itself is definitely not zero-sum but instead it is a rich and complicated concept.

In this multilateral world with its many problems in different areas, there can be different leaders. Leadership can be with single countries, several countries or international organizations. In some domains, it may not always be clear who the leaders are, instead, leaders may be changing from time to time.

In the past few years, China's comprehensive power has been number two in the world, and it has peacefully and constructively achieved a fair amount of international influence in the world. China has widely implemented the "Belt and Road Initiative"; set up the Asian Infrastructure and Investment Bank; and participated broadly in international organizations such as the United Nations, the G20, APEC, the Shanghai Cooperation Organization, BRICs and so forth. These efforts have represented China's agenda, offered China's knowledge and wisdom, and built up China's voice. All of these reflect comparatively strong international leadership ability. The past few years of practice have shown us that it is misleading to focus simply on exploring the international leadership question between China and the US.

If China plans to become an effective international leader, it must obtain the recognition of the majority of countries and the stable support of most of them.

Last, it is worth noting that even from an optimistic perspective, in the future it will be difficult for China to exercise the kind of leadership that the US practiced in the 20 years following the Cold War. The leadership position achieved by the US was a result of many fortuitous and advantageous conditions. It will be very hard to replicate these in the future. Our future world will not be unipolar, but rather complicated, which will place considerable restraint on great powers in their international roles.

Although China will play an increasingly significant role internationally, that role will likely be functional, regional, most likely in economic development, and finding solutions to the problems faced by international society. These activities will display features such as non-interference in other countries, and they will be non-coercive in means, non-institutional to a large extent, and leadership will be somehow service-based. Without

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doubt, this sort of leadership position will have diminishing attraction for the existing leader in the international system, but perhaps it will be welcomed by other countries and be constructive to the international system.

To the extent that future international leadership has the aforementioned characteristics, it will have a positive impact on the China-US relationship. This strongly implies that in the long run the causes of competition between the US and China will not be irremediable. We can keep a relatively optimistic view about this prospect.¹⁶

¹⁶ This long-term vision is not disregarding the possibility of deterioration of US-China relations in the next few years, with bilateral competition intensifying, but these two trends are not contradictory. On the analysis of US-China security pressure increase, please see Sun Xuefeng, "China's Security Strategy in the Era of China-US Strategic Competition", in *Strategic Decision Research [Janlue juece yanjiu]*, Issue 2, 2018.

China's Security Strategy in the Age of US-China Strategic Competition

Abstract

The first National Security Strategy and US Defense Strategy of the Trump administration clearly put forward that strategic competition between countries has already overtaken terrorism as America's most important national security concern and positioned China as a strategic competitor. Although Trump's "America First" principle will bring some uncertainty to its management of strategic competition among great powers, it cannot change the overall situation of intensified strategic competition between China and the United States. If the United States does not encounter other major external security threats over the next five years or in the longer term, China will face even greater challenges in managing this strategic competition effectively. In the process it should be the strategic direction for China to continue its efforts to steadily ease the "rising power dilemma" and adopt a gradual strategy commensurate with its own growing strength.

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This Working Paper Series presents papers in a preliminary form and serves to stimulate debates and discussions among scholars and policy analysts. The views expressed are entirely the authors' own.

China's Security Strategy in the Age of US-China Strategic Competition

SUN Xuefeng

The US Designates China as a Strategic Competitor

Following the 2008 Global Financial Crisis, the pace of China's growth accelerated significantly. In terms of economic power, its 2010 GDP jumped to second highest in the world, narrowing the gap with US GDP. According to the World Bank, in 2016 China's GDP was US\$11.2 trillion, which was 60.2% of America's, compared to one-third in 2009.¹ In terms of military strength, China's military expenditures jumped to second highest in the world in 2008. According to the Stockholm International Peace Research Institute data, China remained in second place in 2016 with its military budget 36%² of that of the US. In 2008 the proportion was 14%.³

Accompanying China's increasing comprehensive power has been its strategic influence. Early in 2010, the China-ASEAN Free Trade Area was formally established and the autumn of 2013 saw the proposal for the "Belt and Road Initiative". In May 2017, the Belt and Road Forum was successfully held in Beijing with over 1500 delegates, including heads of state and national leaders from 29 countries, and 130 national and over 70 international organizations in attendance.⁴ Prior to this, the Asian Infrastructure Investment Bank was formally established in 2015, the first multilateral financial organization that China had advocated; 57 countries participated in its planning.⁵ At the same time, China started to take more active policy initiatives to address peripheral security problems. The struggles in the Mischief Reef and Diaoyu/Senkaku Islands, and the constructions in the South China Sea all made headway.⁶

Accompanying China's increasing comprehensive power has been its strategic influence.

1 https://data.worldbank.org.cn/indicator/NY.GDP.MKTP.CD?year_high_desc=true.

2 "Trends in World Military Expenditure, 2016", April 2017, p. 2, <https://www.sipri.org/sites/default/files/Trends-world-military-expenditure-2016.pdf>.

3 SIPRI Yearbook 2009, Summary, p. 11, at <https://www.sipri.org/sites/default/files/2016-03/SIPRIYB09summary.pdf>.

4 Yang Jiechi's Media Interview on "Belt and Road," at the BRI Forum's Summit meeting, 2017/05/18, <http://www.beltandroadforum.org/n100/2017/0514/c24-332.html>.

5 "The AIIB is formally established with the first batch of projects expected to be approved mid-next year," 25 December 2015, at http://www.xinhua-net.com/fortune/2015-12/25/c_1117583857.htm.

6 For a detailed discussion, see Zhou Fangyin, 2016, "The Principles of Changing International Orders and Strategies for Making Efforts", *International Political Science [guoji zhanlue kexue]*, Issue 1: 46-48; Liu Feng, 2016, "China's East Asian Security Strategy Transformation and Causes", *International Political Science*, 3: 46-51.

As China's power was on the rise and its influence expanding, the US chose to thwart it via different means, including reiterating that the Diaoyu/Senkaku Island was covered by the US-Japan Security Treaty, and sending a carrier group and strategic bombers near China's South China Sea to cruise the territorial waters and airspace.⁷ It installed the THAAD anti-missile system in South Korea, making its nuclear policy more aggressively directed against China.⁸ The first "*Nuclear Posture Report*" issued by the Trump administration strongly emphasizes that in developing nuclear and non-nuclear capability, China challenges American supremacy, so the US needs a carefully planned counter-strategy.⁹

In the December 2017 "*National Security Strategy*" of the United States, there is more systemic analysis of the Chinese strategic challenge. It is reported that since the end of the Cold War, the US has been trying to include China into its post-Cold War international

The return of American security strategic focus to major power security competition and on China as a strategic competitor reflects a common recognition of diplomats, analysts and strategists.

order but did not realize the goal. China and Russia compete actively with the US and its allies, particularly over geostrategic advantages to change the international order to one more favorable to them. In the Indo-Pacific, China is

seeking to replace the US by selling the China model of economic development, and reshaping regional order. The report emphasizes that China and Russia are challenging American power, influence and interests, and encroaching upon American security and prosperity.¹⁰

The January 2018 US "*National Defense Strategy*" further emphasized that security competition among states and not terrorism has become the top national security concern of the United States, and listed China as a security competitor. The report reiterates that with its economic and military rise, China will continue its military modernization to quickly achieve hegemony in the Indo-Pacific, and replace the US to take up world leadership. Therefore, security competition with China and Russia is the most important long-term strategic goal for the Department of Defense.¹¹

The return of America's security strategic focus to major power security competition and on China as a strategic competitor reflects a common recognition of diplomats, analysts and strategists. In fact, during the Obama administration, there was an emerging recognition among key members of the two parties that the US was not in full recognition of the strategic assertion of China and Russia. Therefore, Trump's NSS and *National Defense Strategy*

7 Sun Xuefeng, 2018, "United States Leadership in East Asia and China's State by State Approach to Regional Security", *Chinese Political Science Review*, 3(1): 104.

8 Wu Riqiang, 2017, "How Can China and the US Avoid Nuclear Arms Race", in *Contemporary America Debates [dangdai meiguo pinglun]* Issue 2: 40.

9 Li Bin, 2018, "Nuclear Weapons Once Again Become a Tool For American Hegemony," *Global Times* 01/26.

10 National Security Strategy of the United States of America, pp.2, 25, 27.

11 Summary of the 2018 National Defense Strategy of the United States of America, pp. 1-2.

were welcomed by strategists, diplomats and analysts from both parties.¹²

On the other hand, some scholars also point out that by emphasizing America First, Trump may not have listed great power strategic competition as a top threat. For example, in his first State of the Union address, Trump stressed that the major national security threat is not major power competition but immigration, terrorism, and North Korea. The data shows that Trump's SOU speech mentioned immigration threat 813 times, North Korean threat 463 times and terrorist threat 366 times, while great power competition only received 14 mentions.¹³

Therefore, for these scholars, in the US there are actually two sets of national security strategies, one is the Trump Strategy, while the other emerges from the American national security strategy team. The two run parallel to each other.¹⁴ Although we cannot judge Trump's strategic focus by simply looking at the number of times the relevant variables are mentioned, there is no denying that Trump's "American First" principle has indeed significant impact on the implementation of major power security competition strategy.

there is no denying that Trump's American First principle has indeed significant impact on the implementation of major power security competition strategy.

China-US Strategic Competition and "America First"

In the essence of the "America First" principle, maintaining international order is no longer America's core foreign policy goal. Trump's chief goal is to enhance America's material interests, especially its economic interests, to the extent that he regards its economic security as its national security.¹⁵ To achieve this, in Trump's first year as president, balancing trade became his primary concern. For example, at the 2017 APEC leaders' summit Trump did not systematically expound his Asia-Pacific policy but emphatically demanded balanced trade between the US and the Asia-Pacific nations, and stressed that they would no longer be allowed to take advantage of America.¹⁶ In November 2017, while visiting Japan, Trump publicly criticized Japan's unfair trading practices and emphasized that Japan-US trade was definitely not free and mutually beneficial.¹⁷

12 Wu Xinbo and Da Wei, eds. 2018, *Explaining the Trump First Year*, p. 90, Thomas Wright, "Trump Wants Little to Do With His Own Foreign Policy—The Clash between America First and the Global Shift to Great-Power Competition," 01/31, https://www.theatlantic.com/amp/article/552002/?_twitter_impression=true.

13 Thomas Wright, "Trump Wants Little to Do With His Own Foreign Policy."

14 Thomas Wright, "Trump Wants Little to Do With His Own Foreign Policy"; Wu Xinbo and Da Wei, eds., 2018, *Explaining the Trump Year*, p. 89.

15 "President Donald J. Trump's Foreign Policy Puts America First," 2018/01/30, <https://www.whitehouse.gov/briefings-statements/president-donald-j-trumps-foreign-policy-puts-america-first/>.

16 Da, Wei, 2018, "What changed in the position of the Asia Pacific in the US strategic chess game?" 23/01, https://www.thepaper.cn/newsDetail_forward_1963988.

17 "Trump accuses Japan of unfair trade during his visit to Japan," 2017/11/06, <http://www.ftchinese.com/story/001074944>

Afterwards, when he met with the South Korean leader, he again explicitly stated that the US persistently has trade deficits with many other countries in the world, a situation that Americans greatly dislike. For the US, the US-South Korean Free Trade Agreement is a failure and is not in America's interest.¹⁸

Trump's high priority on economic interests also pushed him to pressure American allies to take up more defense responsibility and shoulder more costs. In November 2017, during his meeting with Japanese leaders, Trump expressed his disappointment with Japan when Japan failed to shoot down a North Korean rocket that flew over its territory, and he emphasized that Japan could purchase American weapons to face up to nuclear North Korea and its own national security interests.¹⁹ During the 2017 NATO conference, Trump criticized NATO countries for not investing adequately in defense, and for their major debts, therefore emphasizing the need to increase their defense budget.²⁰ What is more important, Trump did not reiterate Article 5 of NATO on collective defense promise, and broke a protocol since 1949 that the US President will promise on this issue. However, two weeks later, Trump publicly expressed for the first time that the US under his administration will abide by the American promise to NATO Article 5. However, his refusal to speak on this issue still came as a big shock to the NATO allies.²¹

What is more disappointing to America's allies is that the America First principle implies US foreign policy is disconnecting from its own values. In May 2017 US Secretary of State,

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Rex Tillerson, publicly announced that Trump's America First principle was to separate US policies from its values.²² This way of thinking largely breaks away from the US tradition from WWII of forming

alliances and the international order. Since WWII, not only has the US provided relatively reliable security protection for its allies, it has also attempted to mould common grounds and values among them, which has enabled a high level of strategic cooperation with the majority of allies and played a key role in preserving and extending its international leadership.²³ It

18 Trump: The US-South Korea Free Trade Agreement is a failure for the United States, 2017/1/07, <http://www.yicai.com/news/5366767.html>

19 Mark Landler and Julie Hirschfeld Davis, 2017, "Trump Tells Japan It Can Protect Itself by Buying U.S. Arms," 11/06, <https://www.nytimes.com/2017/11/06/world/asia/trump-japan-shinzo-abe.html>

20 "NATO Summit: Trump Asks Member States to Pay More Military Expenses," 26 May, 2017. <http://www.bbc.com/zhongwen/simp/world-400,55302>

21 Rosie, Gary, 2017 "Trump Declines to Affirm NATO's Article 5," 05/25, <https://www.theatlantic.com/international/archive/2017/05/trump-declines-to-affirm-natos-article-5/528129/>; Lu Jiafei and Zhou Erjie 2017, "Trump Expressed Support for NATO Article 5 for the First Time," 06/10, http://www.xinhuanet.com/world/2017-06/10/c_1121120320.htm

22 "Remarks to U.S. Department of State Employees," 2017/05/03, <https://www.state.gov/secretary/remarks/2017/05/270620.htm>.

23 Alder, Emanuel and Vincent Pouliot, eds., 2015, *International Practice*, translated by Qin Yaqing, Sun Jisheng and Wei Ling, pp. 181-182.

was formally out of concern for the legitimacy of America's role as international leader that former US Assistant Secretary of State Tom Malinowski publicly criticized what Tillerson said was the most ignorant remark he ever heard a Secretary of State utter.²⁴

The events of the last year clearly indicate that "America First" has weakened America's strategic credibility with its allies and prompted its East Asian allies to take the initiative to improve or stabilize their strategic relationship with China. For example, Japan has signaled to China the relaxation of bilateral relations in spring 2017. In May the LDP's Secretary General, Toshihiro Nikai, led a team to attend the Belt and Road Forum.²⁵ On September 28, Japanese Prime Minister Abe attended a Chinese National Day celebration hosted by the Chinese Embassy at which he stressed that Japan would strive to host the trilateral dialogue among Chinese, South Korean and Japanese leaders before the end of the year. This was the first time that Abe had attended a Chinese National Day celebration as Prime Minister, and the first time in 15 years that a Japanese PM had done so.²⁶ In January 2018, on a visit to China, the Japanese Foreign Minister, Kōno Tarō, stated that China-Japan relations were on road to improvement, and he hoped that the two countries could deepen their mutual trust and strive for a stable, friendly, cooperative bilateral relationship in view of the overall situation.²⁷

Another example occurred in the latter half of 2017, when South Korea grasped the opportunity to improve its relationship with China. On October 30, Foreign Minister Kang Kyung-wha stated in Parliament that the ROK government's decision not to join the US-led missile defense system still stood. The security cooperation among South Korea, Japan and the US would not develop into a trilateral military pact, and South Korea, China and the US needed to undertake effective strategic communication.²⁸

"America First" has weakened America's strategic credibility with its allies and prompted its East Asian allies to take the initiative to improve or stabilize their strategic relationship with China.

In mid-December, during a visit to China, South Korean President Moon Jae-in expressed to Chinese leaders his intention to seek a new beginning for China-South Korean relations. Before his arrival he had accepted an interview from China's CCTV channel during which

24 Borger, Julian, 2017, "Rex Tillerson: 'America First' Means Divorcing Our Policy from Our Values," 05/04, <https://www.theguardian.com/us-news/2017/may/03/rex-tillerson-america-first-speech-trump-policy>.

25 "Ministry of Foreign Affairs Spokesman Confirmed that the United States and South Korea Will Send Representatives to Attend the 'One Belt, One Road' International Cooperation Summit Forum," 2017/05/12, http://www.xinhuanet.com/world/2017-05/12/c_1120965216.htm

26 "Abe Attends Chinese Embassy National Day Activities: to Arrange a China-Japan-ROK Summit within a Year," 2017/09/28, <http://news.takungpao.com/world/exclusive/2017-09/3498451.html>

27 Lin, Ziheng, 2018, "Japan-China Relations Improving; Japanese Foreign Minister Hopes to Deepen Mutual Trust," <http://www.zaobao.com.sg/znews/greater-china/story20180128-830618>

28 Lu, Rui and Geng Xuepeng, 2017, "South Korean Foreign Minister Said No Consideration of Additional Deployment of 'THAAD'," 2017/10/30, http://www.xinhuanet.com/2017-10/30/c_1121879975.htm

he stated that South Korea would particularly take note of the harm that employing THAAD would pose to China's security interests. He also emphasized that the US had promised several times to follow its promises regarding this matter.²⁹

Furthermore, before the 2016 US election, Singaporean PM, Lee Hsien Loong, publicly stated that Trump's decision to withdraw from the TPP would harm the US and would lower the trust of America in the Asia-Pacific. At the end of February 2017, while interviewed by the BBC, Lee again expressed his disappointment at America's withdrawal from the TPP.³⁰ In September, prior to a visit to the US, Lee paid a visit to China for three days, calling for continued improvement in their relationship. While in China he said in a

As the China-US strategic competition heats up, these changes will weaken America's ability to mobilize its East Asian allies in the strategic competition with China.

Xinhua interview that a successful China signaled not only the wellbeing of China but was also very positive for the world.³¹ In a later chat with a CNBC reporter, Lee clearly stated that Singapore did not want

to take sides between the US and China.³²

Summing up, Trump's "America First" has diminished the legitimacy of America's leadership position and the strategic trust of some of its allies.³³ As the China-US strategic competition heats up, these changes will weaken America's ability to mobilize its East Asian allies in the strategic competition with China. However, "America First" will not change the fact that China-US strategic rivalry is intensifying.³⁴ Over the next five years or more, if the US does not encounter any other crucial external security threat, it will get more difficult to effectively manage the strategic competition between China and the United States, which will also become a strategic challenge for China.

29 Jane Perlez, 2017, "South Korea's Leader, Meeting Xi Jinping, Seeks 'New Start' With China," 12/ 14, https://www.nytimes.com/2017/12/14/world/asia/china-south-korea-xi-jinping.html?_r=0&_ga=2.255247432.1586010026.1517816428-458755680.1515110216.

30 Lee Hsien Loong Interviewed on the BBC, 2017/03/01, http://www.guanca.cn/global-news/2017_03_01_396575.shtml.

31 Interview with Singapore Prime Minister Lee Hsien Loong: China Will Definitely Continue to Develop And Continue to Move Forward, 2017/0 9/18, http://www.xinhuanet.com/world/2017-09/18/c_129706346_3.htm.

32 " 'We Will Be Asked to Pick a Side' if US-China Tensions Rise, Says Asian Leader," 2017/10/19, 2017, <https://www.cnbc.com/2017/10/19/singapore-prime-minister-lee-hsien-loong-on-us-china-relationships.html>.

33 See also, Womack, Brantly, 2017, "International Crises and China's Rise: Comparing the 2008 Global Financial Crisis and the 2017 Global Political Crisis," *Chinese Journal of International Politics* 10 (4):388.

34 Starting from the different types of Sino-American nationalism, Schweller believes that the process of transitioning from the US unipolar to the Sino-US bipolar will achieve a soft landing. Schweller, Randall, 2018, "Opposite but Compatible Nationalisms: A Neoclassical Realist Approach to the Future of US-China Relations," *Chinese Journal of International Politics*, 11(1). The analysis of this paper is not inconsistent with Schweller, i.e. in the process of possible changes in the international pattern, the intensity of strategic competition between China and the United States will generally increase, but it is unlikely that large-scale confrontation or war will occur (including proxy wars). For a discussion of the possibility of a major decline in the proxy wars after the Cold War, see Chen Xiang, 2017, "Why Proxy Wars Are Frequent in the Cold War Period," *International Political Science* 4:155.

Proceeding Step-by-Step in Managing China-US Strategic Competition

In line with the theoretical logic of easing the rising powers' dilemma, and China's historical experience, this essay argues that managing Sino-US strategic competition is best achieved through a step-by-step process and a gradual strategy compatible with the current stage of Chinese development. Given that this will facilitate the hedging of strategic pressure from the United States and its security system, it will be a strategic direction worthy of sustained efforts.

Adopt a gradual strategy compatible with the phase of Chinese power

The essence of the step-by-step principle is to choose a security arrangement that is suited to China's current power level. Even if China's power is already second in the world and it continues to rise, it will still be the pursuer *vis-à-vis* America's overall strength.³⁵ During the catch-up period the most effective choice for managing the strategic pressure of the leading country is the gradual strategy. Its essence is to refrain from challenging the

Even if China's power is already second in the world and it continues to rise, it will still be the pursuer vis-à-vis America's overall strength.

leading country's core interests or dominant position but to find areas of common interest and promote cooperation in achieving them while protecting one's own interests and moderately increasing one's influence. Moreover, in areas outside the leading country's core interests, the rising power can expand one's influence, avoid using force, guard against completely controlling areas of secondary interests, while completely blocking out the leading country's influence.³⁶ The classic display of the gradual strategy includes the strategies pursued by Bismarck's Germany in the 1870s and 1880s and those followed by the USSR from the mid-1950s to the early 1970s.

However, in going from the catch-up phase to the stalemate phase, it is relatively easy for the rising country to commit the strategic mistake of abandoning the more effective gradual strategy, choosing instead a more challenging but less likely to succeed aggressive strategy. The major characteristic of the aggressive strategy is to challenge the dominant country's leading position in areas of its core interests utilizing non-military tactics to force it to yield and thus weaken its leadership in these core interest areas, or to use military

35 According to the difference between the relative strength ratio (R) of the rising country and the leading country, the rising process can be divided into two stages: (1) in the catch up stage ($0.4 \leq R < 0.8$), the strength ratio of the rising country to the leading country is $>40\%$, but $< 80\%$; (2) in the stalemate stage ($0.8 \leq R < 1.25$), the ratio of the strength of the rising country to the dominant country is $\geq 80\%$, $< 125\%$; (3) in the transcendence stage ($R \geq 1.25$), the strength ratio of the rising state vs. the hegemon country is greater than or equal to 125%. See Organski, A. F. K. and Jacek Kugler, *The War Ledger*, Chicago: The University of Chicago Press. p. 49. According to the 2016 data, China's material strength is only 48% of the United States (the sum of the ratio of China's GDP and military spending divided by 2), and it has just entered the catch-up phase. Specific data can be found in the first part of this article.

36 Sun Xuefeng, 2013, *The Dilemma of China's Rise* (Second Edition), Beijing: Social Sciences Academic Press, pp. 32, 35-37.

power to eliminate its influence in its secondary core interest areas in an attempt to firmly establish the rising country's leading position in a corresponding area.³⁷ A premature application of the strategy can result in failure. Classic examples are Kaiser Wilhelm's *fin de siècle* naval arms race with Britain and Khrushchev's inciting of the early 1960s Second Berlin Crisis.

In fact, before entering the transitioning stage, the aggressive strategy is unlikely to succeed, the most important reason being that the rising country is not yet the most powerful, so it cannot put sufficient pressure on the leading country — while the latter is in a better position to mobilize both domestic and international resources, thus able to increase its power to respond to the challenge from the rising country. More crucially, for a rising country whose influence is increasing, an aggressive strategy will not only strengthen the leading country's will to resist but will also exacerbate the fears of other great powers as well as the rising power's own neighbouring countries that they will be its next targets. Therefore, these countries will manifestly seek deepening cooperation with the leading country, facilitating the leading country's quest for international support, thus intensifying its resolve and power to constrain the rising country.³⁸ A classic example of this is the late 1960s Sino-Soviet confrontation and border conflict, which hastened the moderation of the US-China relationship and had a negative influence on the Soviet ability to manage America's strategic pressure.

So, until the power transition is over, China must, for the long term, persevere with a gradual

for a rising country whose influence is increasing, an aggressive strategy will not only strengthen the leading country's will to resist but will also exacerbate the fears of other great powers as well as the rising power's own neighbouring countries that they will be its next targets.

strategy to hedge against America's strategic pressure,³⁹ manage the China-US strategic competition and effectively alleviate the rising country dilemma in order to further national rejuvenation and maintain regional/global stability to create more favourable external conditions.

The core contents of the gradual strategy

According to recent trends in the power trajectory between China and the US, five years from now their strategic competition will be in the Asia-Pacific region,⁴⁰ and the related security question will directly and indirectly involve America's Asia-Pacific security

³⁷ Sun, *ibid.* p. 32.

³⁸ Sun, *ibid.* pp. 38-39, 40-42.

³⁹ For a discussion of China's strategic hedging ideas, see Zhou Fangyin, 2011, "Concealing One's Strength, Biding One's Time, and Betting on Both Sides—Sino-US Strategic Interaction in the Process of China's Rise," *Contemporary Asia-Pacific* Issue 6: 5-26; Sun Xuefeng, "United States Leadership in East Asia and China's State by State Approach to Regional Security," pp. 107-108

⁴⁰ Yan, Xuetong, 2012, "The Transfer of the Center of Power and the Transformation of the International System," *Contemporary Asia-Pacific* Issue 6:10.

arrangement.⁴¹ Thus, the most important issue for China in implementing a gradual strategy lies in its effectiveness in hedging against the pressure of the US and its Asia-Pacific security setup, particularly regarding the following three aspects.

First, avoid direct confrontation among military and political groups in East Asia.⁴²

The focus of the international system gradually shifted from Western Europe to East Asia after the end of the Cold War. Maintaining leadership in East Asia, especially the East Asian Security System, is increasingly one of America's most important national interests. Therefore, the US is highly focussed on China's influence on its leadership position in East Asia. In February 2017, in discussions on China's policy towards its neighbours, US Defense Secretary, James Mattis, opined that China wanted to restore the Ming Dynasty investiture system, perhaps to include the whole area into its sphere of influence. However, such a move would no longer be possible in today's world. ⁴³

In order to avoid unnecessary rivalry among regional groups, China should persist in its "make friends but not alliances" thinking, eschewing policies that may trigger political and military group confrontation in East Asia to avoid the region moving towards political military confrontation.⁴⁴ China and the US sliding towards confrontation in East Asia will have three negative impacts on their strategic competition: 1) it will

East Asian countries will in the future be forced to choose between China and the US. The weaker Chinese military strength and the territorial disputes between China and some countries in the region will induce most of the countries to follow a hedging strategy to strengthen their strategic coordination with the US

encourage America's East Asian allies to deepen their bilateral alliance with the US while strengthening strategic cooperation among them. Objectively, this will push bilateral security arrangements between the US and its allies to move towards multilateralization, resulting in a more disadvantageous situation for China to stand alone against America's close-knit alliances. 2) it will reduce the strategic hedging choice of East Asian countries to one between China and the United States, thus maintaining the balance of power.⁴⁵ East Asian

41 Since the end of the Cold War, the United States' East Asian security system has included five official allies with stationed troops, namely Japan, South Korea, Australia, the Philippines, and Thailand. In addition it includes the provision of naval bases and related facilities through Singapore, and by means of sales of military equipment through the Taiwan Relations Act to Taiwan, informal security protection in the China-Taiwan region. See Liu Ruonan, 2016, "The Motivation for Southeast Asian Countries' Hedging Strategies, 1997-2015," PhD. Thesis, Tsinghua University, p. 45; Sun Xuefeng, "United States Leadership in East Asia and China's State by State Approach to Regional Security," pp.104-06.

42 For a detailed discussion see Yan, Xuetong, "The Transfer of the Center of Power and the Transformation of the International System," *Contemporary Asia-Pacific Issue* 6: 5-12.

43 "The New US Defense Chief Said That China Wants to Bring Surrounding Areas into Its Sphere of Influence," 2017/02/9, <http://news.sina.com.cn/c/nd/2017-02-09/doc-ifyamkzq1201988.shtml?mod=f&loc=3&doct=0&rfunc=100>.

44 Regarding the challenge of China establishing its own dominant rating system see Lake, David, "Domination, Authority, and the Forms of Chinese Power," *Chinese Journal of International Politics* 10(4): 378-381.

45 Regarding strategic changes in Southeast Asian Countries, see Liu, Ruonan, 2017, "Great Power Security Competition and Strategic Changes in Southeast Asian Countries," *World Economy and Politics* 4:60-82.

countries will in the future be forced to choose between China and the US. The weaker Chinese military strength and the territorial disputes between China and some countries in the region will induce most of the countries to follow a hedging strategy to strengthen their strategic coordination with the US thus, for China, further increasing the difficulty of dampening the strategic pressures of the US and its East Asian security system. 3) it will push the strategic coordination and deepen the strategic cooperation of non-East Asian major powers with the US to prevent China's strategic influence from expanding, which will have an adverse impact on the strategic interests of these countries. This will not only weaken the foundation of strategic cooperation between China and these major powers – but will also directly strengthen American strategic influence. Such a situation is very unhelpful in terms of Chinese efforts to manage strategic pressure from the US and its security system.

Second, deepen strategic cooperation with partners.

Avoiding conflict between China and America with its allies in no way implies evading

First is to deepen strategic cooperation with security partners.

strategic challenges, rather it is about practising more feasible strategic thinking, steadily broadening friendly strategic

relations, therefore effectively neutralizing the strategic pressure from the US and its security system. This includes the following two aspects:

First is to deepen strategic cooperation with security partners. The partners of major powers in the post-Cold War international system can be divided into two types: the security partners that identify with and support the major power's core security interests and those economic partners that expand the major power's cooperative resources in economic and related fields.⁴⁶ To raise strategic trust and strive for strategic support, a priority for China is, within its capabilities, to offer strategic support to security partner countries first and deepen strategic cooperation with them, especially Russia, Pakistan, and other neighbouring security partner countries so that they can help shoulder some of the strategic pressure from the US and its security alliance system on China, in particular effectively managing matters regarding China-US strategic competition involving China's sovereignty issues.

For example, in 2006, despite opposition internally and externally, Taiwanese authorities decided to terminate both the National Unification Council and the National Unification Guidelines, a serious provocation against the "One China" principle and peace and stability in the Taiwan Strait. Uzbekistan's Foreign Ministry immediately issued a statement reiterating its support for China's stance on the Taiwan question. In March 2008, serious riots occurred in Tibet involving vandalism, looting and burning.

⁴⁶ Here the authors consult the classification ideas of the fulcrum partner countries and the node partner countries in order to describe and distinguish more clearly; Sun Xuefeng and Ding Lu: "Upgrading of Partner Types and China's Partnerships," *World Economic and Politics* Issue 2:58.

Some countries used these events to attempt to defame China, but on March 23, Uzbekistan's Foreign Ministry issued a statement supporting the Chinese government position on Tibet.⁴⁷ In July 2016, at the Shanghai Cooperation Organization's meeting, Uzbekistan's Foreign Minister stated that the order of law on the seas should be upheld on the basis of the principles of international law, including the UN Convention on the Law of the Sea. All relevant disputes should be settled peacefully by the parties involved through friendly negotiation and consultation. He reiterated his opposition to internationalization and interference from external forces as well as his support for China's important interests in the South China Sea.⁴⁸

Second is the expansion of the hedging space of ASEAN countries. Since the end of the Cold War, ASEAN countries have constantly hedged between the major powers (especially China and the US) as their balancing strategy to avoid having to take sides.⁴⁹ Thus, China should allow them more room to manoeuvre, recognising that ASEAN countries are doing their best to maintain a balance between China and the US, and their unwillingness to ally directly with the US to pressure China is a strategic position acceptable to China. Expanding ASEAN's hedging space means to effectively stabilize the South China Sea issue, as it is an unavoidable issue on which a deepening of the China-ASEAN relationship depends. The challenging nature of the China-ASEAN relationship from 2013 until the first half of 2016 is a classic case in point.

Since the end of the Cold War, ASEAN countries have constantly hedged between the major powers (especially China and the US) as their balancing strategy to avoid having to take sides.

However, since the latter half of 2016, China has grasped the opportunity to turn around the China-Philippines relationship and has also successfully formulated and passed the South China Sea Code of Conduct (COC) framework with ASEAN countries. This will improve China's strategic relationship with ASEAN and create a very positive atmosphere.⁵⁰ In February 2018, Singapore Foreign Minister, Vivian Balakrishnan, stated that at present, the South China Sea issue is calming down. ASEAN and China have goodwill and trust in initiating the negotiations on the COC. This is a very positive step.⁵¹ The relaxation of the South China Sea tension has effectively weakened ASEAN's willingness to align with the US and apply strategic pressure on China. For example, in January 2018, on a visit to

47 See also Sun and Ding, *ibid*, p. 68.

48 Sun and Ding, *ibid*, p. 69.

49 For a discussion of post-Cold War hedging strategies of Southeast Asian countries, see Liu, "The Motivation for Southeast Asian Countries' Hedging Strategies, 1997-2015," PhD. Thesis, Tsinghua University; Kuik Cheng-Chwee, 2016, "How Do Weaker States Hedge Unpacking ASEAN States' Alignment Behavior towards China," *Journal of Contemporary China* 25(100): 500-514.

50 "Wang Yi Uses the Three 'Most' to Summarize the East Asian Cooperation Foreign Ministers' Meeting," 2017/08/08, http://www.fmprc.gov.cn/web/wjzb_673089/zyhd_673091/t1483046.shtml.

51 "The US Visits China's 'Backyard' Vigorously Selling Weapons to Balance China's Influence," 2018/02/05, <http://news.haiwainet.cn/n/2018/0205/c3541093-31254628.html>.

Indonesia, US Secretary of Defense Mattis stated that the US was willing to help Indonesia maintain maritime security in the South China Sea. But Indonesia Secretary of Defense Retno Marsudi clearly stated that the South China Sea situation had already cooled off.⁵²

Third, promote China-US strategic dialogue and cooperation.

America's designation of China as a strategic competitor does not mean that China and the US cannot push for strategic dialogue and cooperation. Quite the opposite, it is precisely to prevent their strategic competition getting out of control, or descending into a sudden crisis or armed conflict that they need to communicate. This was reflected in June 2017, at their initial security and diplomatic dialogue. Both countries hoped that through dialogue they would advance mutual trust, expand common understanding, promote cooperation, manage their differences, and bring about a more developed and positive China-US relationship.⁵³ In addition, their military dialogues will also create a smoother setting for the management of strategic competition.⁵⁴ Thus, in February 2018, a member of the Political Bureau of the CPC Central Committee, State Councillor Yang Jiechi, in a meeting with US President Trump, expressed the hope that China and the US would strive together to carry out the second of the four rounds of high-level dialogue between the two countries.⁵⁵

Based on the strategic dialogue, China can actively respond to US concerns over interests

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and expand the foundation of cooperation with the United States on the premise of ensuring China's core interests. For example, by stressing "America First", Trump further emphasized the outside challenge to America's own interests. Given this, the Trump government placed more emphasis on the economic and trade aspects as well

as the North Korean nuclear issue in the China-US relationship, because China has the largest trade surplus with the US and the US believes that China is the most able to help resolve the North Korea nuclear issue.⁵⁶ Trump has expressed intentions to link these two issues together.⁵⁷

To this end, China has actively promoted cooperation with the United States in related

⁵² Ibid.

⁵³ "The first round of China-US diplomatic security dialogue is held in Washington, D. C.," 2017/06/22, <http://www.fmprc.gov.cn/web/zyxw/t1472281.shtml>.

⁵⁴ "The First Meeting of the Sino-US Military Joint Dialogue Mechanism Was Recently Held in the United States," 2017/11/30, http://www.mod.gov.cn/info/2017-11/30/content_4798695.htm.

⁵⁵ "US President Trump Meets Yang Jiechi," 2018/02/10, <http://www.fmprc.gov.cn/web/zyxw/t1533803.shtml>.

⁵⁶ Da, Wei, "What is the position of Asia Pacific in the US strategic chess game?"

⁵⁷ Mark Landler, "Trump Says China Will Get Better Trade Deal if It Solves 'North Korean Problem,'" 2017/04/11, <https://www.nytimes.com/2017/04/11/world/asia/trump-china-trade-north-korea.html>

fields and made certain progress on the basis of upholding the core interests of China. Regarding the North Korea nuclear issue, China and the US have all along maintained close communication and coordination and a common recognition. As for the economic issue, in 2017 China and the US successfully concluded a 100-day action plan and signed more than US\$250 billion in economic and trade orders. The first round of economic dialogues was a great success.⁵⁸ Into 2018, China continued to call for wider cooperation in areas such as trade, military cooperation, law enforcement, drug control, humanitarian and regional matters, for strengthening negotiations on problems such as the Korean peninsula, proper management of areas of difference or sensitivity, and promotion of greater development of China-US relations in the new year.⁵⁹

Conclusion

Following the Trump government's first "US National Security Strategy" and the "US National Defense Strategy", the US formally put forward that strategic competition between nations had replaced terrorism as its most important security concern. It also identified China as a strategic competitor. While Trump's "America First" principle will bring certain variables to America's great power strategic competition, it will not change the tendency for China-US strategic competition to intensify. In five years or longer, if the US does not encounter another external security threat, China's ability to manage China-US strategic competition will come up against an even more grim challenge.

In five years or longer, if the US does not encounter another external security threat, China's ability to manage China-US strategic competition will come up against an even more grim challenge.

Based on the logic of the rising states' dilemma and the development tendencies of Chinese and American power, China should insist on a step-by-step approach to alleviate the dilemma and choose a gradual strategy in accordance with its own strength to manage China-US strategic competition. The essence of the gradual strategy is to effectively hedge the US and the strategic pressure of its Asia-Pacific security system. Most importantly, this strategy must include the following three elements. First is to prevent an Asia-Pacific regional conflict between Chinese and US alliance forces. Second is to deepen strategic cooperative relationships with partners, in particular with security partner countries, while simultaneously stabilizing the South China Sea by expanding the hedging space of the ASEAN countries vs. China and the US. And third, advance China-US strategic dialogue cooperation. While ensuring its own core interests, China can continually expand common China-US interests as well as deepen and increase the breadth of its strategic dialogue with the US to include strategic cooperation on bilateral, regional and global issues.

58 Wu, Xinbo, 2018, "Three Factors Affecting China-US Relations in 2018 and Countermeasures," 2018/01/21, https://www.thepaper.cn/newsDetail_forward_1960373

59 "US President Trump Meets Yang Jiechi," 2018/02/10, <http://www.fmprc.gov.cn/web/zyxw/t1533803.shtml>.

Seeking Joint Prestige: Rethinking the US-China Rivalry

Abstract

Much has been made of the growing power rivalry between the United States and China, which is currently playing out with worrying consequences in the area of trade, as well as in other ways. While hard power rivalry appears to grab the most headlines, the reality is that the two countries are also competing for international leadership and prestige in world politics. But unlike power, leadership and prestige can be shared. Washington and Beijing should work together to promote shared leadership in order to achieve greater cooperation among all nations.

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Seeking Joint Prestige: Rethinking the US-China Rivalry

Kai He and Huiyun Feng

No one can deny the inevitable competition between the United States and China in the international system, as we can see from the escalating trade war between the two nations. The 2017 US National Security Strategy labelled China a revisionist state, because it “challenge[s] American power, influence, and interests, attempting to erode American security and prosperity.”¹ Some Chinese scholars suggest that the US-China competition is a “structural contradiction,” originating from the transformation of the international order due to China’s rise and the decline of the US.² Graham Allison also warns that the US and China should avoid the “Thucydides Trap,” because war is more likely to take place when a rising power such as China challenges a hegemon such as the US.³ However, two unanswered questions remain: what is it that the US and China are competing for? And is a military conflict or war really unavoidable?

Nuclear weapons and Mutual Assured Destruction (MAD) have rendered a large-scale war

It is time to carefully examine what the US and China are really competing for in world politics. It is dangerous to assume that survival or security is still a scarce commodity in international politics, especially between China and the US.

too costly for both the US and China, although we cannot rule out the possibility of military clashes between the two in some hot spots in the region, such as the Taiwan Strait and even the South China Sea. It is time to carefully examine what the US and China are really competing for

in world politics. It is dangerous to assume that survival or security is still a scarce commodity in international politics, especially between China and the US. The current trade war is a US effort to revive its unchallenged power and prestige, as well as leadership, in the international system. While the US under President Donald Trump may be shunning international leadership and responsibility, it remains to be seen if China is ready yet to fill the void. The two nations need to consider how to share leadership in world politics. Unlike power, prestige and leadership are not only divisible, but also more effective in facilitating cooperation when shared.

1 See The White House, “National Security Strategy of the United States of America,” Washington DC, December 2017, p. 2.

2 Xuetong Yan, “From Keeping a Low Profile to Striving for Achievement,” *The Chinese Journal of International Politics* 7, no. 2 (2014): 153-184.

3 Graham Allison, *Destined for War: Can America and China Escape Thucydides’s Trap?* (Houghton Mifflin Harcourt, 2017).

The power and prestige behind the trade war

When Trump launched the trade war against China, his rationale was to strengthen the US economy and “Make America Great” again. The result of the conflict over trade is still not clear, because globalization and deepening economic interdependence have blurred the line between losses and gains in international trade. For example, many Chinese exports to the US are actually manufactured by US companies operating in China. Although Trump’s high tariffs on Chinese exports will certainly hurt the Chinese economy, they will also have a negative impact on those US companies as well as its own economy in general. It is not a cliché to say that there will be no real winner in the trade war, because in economic terms, both countries will lose as a result of competing tariffs. The key issue is who is losing more? Trump bets that China will suffer more and therefore will blink first. He might be right that China will lose more, but whether it will blink is a different and complicated issue, which will be determined by many non-economic factors, such as leadership style, domestic politics and nationalism in China.

Whatever the outcome of the trade war, one thing is undeniable: the US remains the more powerful country, economically and militarily. Trump was bold enough to mess around with America’s major trading partners due to unparalleled US economic and military might. If Trump were to use the trade war to validate America’s unrivalled power in the world, he might be able to confidently claim a victory. Although China may not officially compromise with the US, it has already further liberalized its economy and reduced regulations on foreign investments, as the US has demanded. More important, China has toned down the hype about its economic growth as well as its ambitious “Made in China 2025” policy – the state-backed industrial strategy that has triggered alarm in the West.

To a certain extent, for Chinese leaders, Trump’s trade war has been a hard revelation about the huge power gap between China and the US.

To a certain extent, for Chinese leaders, Trump’s trade war has been a hard revelation about the huge power gap between China and the US. Beijing seems to have no other choice but to continue deepening its economic opening and market-oriented reforms, and further integrating itself into the world economy in order to offset the negative impacts of the trade war. If that is the case, the so-called economic competition between the US and China actually helps both countries reposition their status in the international system so that they can avoid potential miscalculations and misperceptions that might lead to unnecessary military conflicts or even war.

Besides power politics, Trump is pursuing another “currency” – prestige – in world politics, as seen from his high-profile meetings with Kim Jong Un and Vladimir Putin, despite domestic criticism. Putting aside the personality factor, Trump’s controversial diplomacy points to his pursuit of international prestige for the US in world politics. Prestige is closely related to, but differs from, power. Power is about getting what you want despite resistance,

but prestige is about getting others to do, and even want, what you want. It is Trump's belief that he and the associated prestige of the US could persuade Kim to give up nuclear weapons and convince Putin to change course in Syria and Ukraine. Unfortunately, so far, America's unparalleled material power has not brought about the equivalent level of prestige to the US in achieving what Trump wants from North Korea and Russia. A similar dilemma arose when Trump unilaterally withdrew from the Iran nuclear deal despite strong opposition from America's European allies.

When Trump realized that power alone could not get what he wanted, especially from North Korea and Iran, China's assistance seemed necessary. Not surprisingly, China said "no" when Trump requested that it halt its oil imports from Iran. China seems able to teach the US a lesson that material power is not omnipotent in world politics. International prestige should be based on persuasion and soft power, instead of coercion and hard power. Soft power is an intriguing yet puzzling concept. Joseph Nye suggests three sources of soft power: culture, ideology and foreign policy.

One common but completely wrong way to strengthen a state's soft power is try to do it

China's soft power deficit to a large extent is a result of its misuse of hard power to promote a Chinese model or cultural values in the world. Now, Trump is facing a similar problem with his pursuit of prestige through coercive means.

through hard power. For example, if a country intentionally utilizes its hard power – i.e. money or military force – to promote its culture or ideology (two sources of soft power) in another country, the outcome may be undesirable and, in

some cases, even counterproductive. China's soft power deficit to a large extent is a result of its misuse of hard power to promote a Chinese model or cultural values in the world. Now, Trump is facing a similar problem with his pursuit of prestige through coercive means.

Lead through cooperation

Leadership is an element of soft power and also a foundation of prestige for states. Nye argues that a state's foreign policy can be a source of soft power. However, it does not mean that all components of foreign policy can turn into soft power. In an anarchical international system, states are self-regarding, unitary actors. The only difference between states is material power – i.e., there are superpowers, great powers, middle powers and small powers. To win the respect and admiration of others, a state will need to do what others are unable or unwilling, but aspire and desire, to do – to solve common problems by fostering cooperation among states. The common problems in world politics include some traditional challenges, such as war and inter-state disputes, as well as non-traditional issues such as poverty, climate change, or pandemics. The Iran nuclear issue is a vivid example of a "common problem" for the international community, which led to multilateral efforts and cooperation among major powers through the "P5 plus 1"

mechanism (involving the five permanent members of the United Nations Security Council, plus Germany).

However, cooperation is by no means easy for self-regarding states, as we can see from Trump's decision to renege on the Iran agreement as well as China's attitude toward Iran's oil exports. In theory, there are two obstacles to cooperation: a distributional problem and a commitment problem. Effective leadership is required to solve both problems. In Nye's definition, a leader is someone who helps a group create and achieve shared goals. Leadership is not just who you are, but what you do.⁴ Just as leaders are important for maintaining order and cooperation within a society, international leadership is the key to solving these two problems and encouraging states to cooperate. On the one hand, a leading state has the authority to solve the distribution problem by determining which state gets more and which state gets less. On the other hand, the leading state will alleviate the commitment problem by enforcing the agreement among states through negotiation.

For example, if the US intends to play a leadership role in addressing either the North Korea or the Iran issue, it needs to show other states, especially its proposed partner – China – what they can gain from cooperation. More

importantly, the US should also commit to enforcing or at least honoring the agreements that it has signed. Unfortunately, Trump failed to do either of these. China had no idea what it would gain from cooperation with the US, because Trump

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seemed determined to escalate the trade war against it. The newly passed US 2019 Defense Authorization Act further challenged China's core interests in Taiwan, at least in the eyes of Chinese leaders. The international credibility and reputation of the US has also been seriously damaged, because Trump walked away from the multilateral deal on Iran signed by the Barack Obama administration, leaving its allies in fury. While Trump might "Make America Great Again" by filling the whole world with worry and fear, US prestige and soft power have declined dramatically. A state's prestige, especially that of the US, is built on admiration and respect, not fear and insecurity. It seems only a little exaggerated to suggest that no country, even the closest US ally, knows what Trump will do the next day.

Traditionally, a state can increase its prestige and power through coercive means – for example, by winning a major war. This seems less likely in today's world because of the nuclear deterrence among major powers. However, a great power can also build up its desired reputation and prestige by leading cooperation among states and resolving common problems in world politics. In other words, exercising leadership is a pathway for states to nurture and establish prestige in the international community, especially in peacetime.

⁴ Joseph Nye Jr, *The Powers to Lead* (Oxford: Oxford University Press, 2008), p. 19.

Can the US and China share leadership?

If prestige is what the US and China will vie for in the future, leadership competition between the two countries seems inevitable. Unlike power, however, leadership is a divisible and shareable commodity in world politics. Moreover, sharing leadership is more desirable, reliable and effective in facilitating cooperation among states. The key for the US and China is to know what international leadership is and how to share it in world politics.

There are three types of leadership that are important for state cooperation in international politics. The first is “structural leadership” rooted in the material power distribution in the system. A state with the capacity to exercise structural leadership will be able

More important, China’s growing structural leadership does not necessarily mean a decline in US structural leadership. Instead, the US and China can both enjoy a positive sum outcome regarding structural leadership if they can work together to solve common problems.

to “translate its structural power into bargaining leverage as a means of reaching agreement on the terms of constitutional contracts.”⁵ The second is “entrepreneurial leadership,” referring to the negotiating skill to frame issues in ways that foster integrative bargaining and to put together

deals. The third is “intellectual leadership,” which means offering innovative ideas and producing intellectual capital to shape the perspectives on cooperation.

Oran Young suggests that successful institutional bargaining for cooperation requires at least two types of leadership.⁶ Mere structural leadership cannot ensure successful bargaining for cooperation. After the First World War, the US became the most powerful state in the world in terms of gross domestic product. However, the US failed to use this structural power and leadership to play an effective role in avoiding or coping with the Great Depression – the so-called Kindleberger Trap.⁷ As Young suggests, this was due to a lack of the two other types of leadership (intellectual and entrepreneurial) in the US in the late 1920s. The United States learned a hard lesson from the First World War and after the Second World War started to utilize all three types of leadership – structural, entrepreneurial and intellectual – in building the Bretton Woods system, which has ensured a stable economic order in the world for more than 50 years.

However, the US will not be able to monopolize all three types of leadership forever. The rise of China will generate some degree of Chinese structural leadership, whether the US likes it or not. More important, China’s growing structural leadership does not necessarily mean a decline in US structural leadership. Instead, the US and China can both enjoy a positive sum outcome regarding structural leadership if they can work together to solve

⁵ Oran R. Young, “Political Leadership and Regime Formation: On the Development of Institutions in International Society,” *International Organization* 45, no. 3 (1991), p. 289.

⁶ Young, “Political Leadership and Regime Formation.”

⁷ Joseph S. Nye, “The Kindleberger Trap,” *Project Syndicate*, Jan. 9, 2017.

common problems. For example, Trump's summit with Kim in Singapore would not have been successful without Xi's efforts, especially pressure on North Korea. Even Trump publicly admitted the indispensable role of China in bringing North Korea to the negotiating table. In a similar vein, many transnational challenges, such as climate change, cannot be tackled efficiently and effectively if China and the US do not work together.

More important, both entrepreneurial leadership and intellectual leadership can be shared. Not only the US and China, but also other states, should be invited to exert entrepreneurial and intellectual leadership to foster more international cooperation. Both the US and China should be open-minded in sharing international leadership with one another as well as with other states. Prestige is based on leadership, but leadership is built on concrete actions by states, not on any abstract feeling or self-perception. Therefore, it is possible that future competition between the US and China for prestige in world politics can materialize as a healthy competition to promote global cooperation. The two nations may compete to offer structural leadership to leverage bargaining, provide entrepreneurial leadership to facilitate negotiations, and contribute intellectual leadership to generate new ideas.

North Korea's nuclear crisis provides an example. Even though the US could utilize its power leverage or structural leadership to force Kim to give up his nuclear weapons program (which is still unlikely to happen anytime soon), how to help North Korea integrate into the international community is a tough challenge, economically and strategically, for the US to handle alone. Other concerned states, especially South

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Korea, Japan, China and Russia, can potentially exercise entrepreneurial and intellectual leadership in facilitating the peaceful settlement of the nuclear crisis on the Korean Peninsula. As a result, a revival of the Six-Party Talks seems necessary to fulfil this leadership-sharing mission between the US and other major powers in the region.

Therefore, the US should consider welcoming a rising China to share some of the burdens and responsibilities of global governance that it has had to bear alone in the past. China, on the other hand, can help identify the areas where it can play a value-added leadership role in facilitating state cooperation, thereby enabling it to accumulate the prestige it deserves. With great power comes great responsibility. This is true for China, as well as for the US. If Washington and Beijing can share international leadership, they will not only avoid the "Thucydides Trap," but also provide public goods to the whole world. Although these two countries might not have equal material power, they can have the same level of prestige in the future. A balance of prestige will play the same, if not a more important, role as a balance of power in ensuring stability and prosperity in world politics in the future.



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