Much has been made of the potential threat to US hegemony in Asia from the rise of China, particularly given Beijing’s increasingly aggressive moves in the South China Sea, the sweeping ambitions implicit in its One Belt, One Road initiative and its leadership in establishing the Asian Infrastructure and Investment Bank. But, as Mark Beeson argues, displacing the US will be a far more challenging task for China than many think.
MOST OF US have never known a world where the United States was not the pre-eminent power. True, this dominance was tested and challenged by the former Soviet Union, but the demise of the communist bloc only seemed to confirm the extent of American primacy. From today’s vantage point, the collapse of the USSR may seem like it was inevitable. In truth, it was anything but, and the outcome of the struggle with the US hung in the balance in the immediate aftermath of the Second World War. The durability of US hegemony owes much to the institutions that the US helped to create as the Cold War unfolded.

For decades, the so-called Bretton Woods regime provided the basis for a highly successful and increasingly pervasive international order that saw capitalism become the default economic system virtually everywhere. While the precise role of institutions such as the International Monetary Fund (IMF) may have changed over time, the foundations of US hegemony — or leadership, as many Americans prefer to describe it — remained in place and went largely unchallenged. It is not hard to see why: there was little agitation for systemic change when so many benefited economically from the international order that the US had done so much to create.

Now, however, things are starting to look rather different. Not only is much of the global economy stuck in an underperforming rut that was triggered in large part by an economic crisis that had its origins in the US, but there is also an alternative, seemingly more successful, model of economic development on offer. While much of the discussion of the so-called Beijing consensus is overblown and poorly defined, it does highlight something important about the contemporary international economic order: despite the ubiquity of capitalism, it assumes distinctive forms in different parts of the world. Nowhere is this better illustrated than in “communist” China.

The People’s Republic of China poses an unlikely, but increasingly serious, challenge to US dominance. Only 30 or 40 years ago, China was an economic backwater with little influence even within its own region, let alone the world. Now, however, it has become the economic mainstay of East Asia and its policy-makers are actively attempting to play a more prominent role internationally. The key question is how credible is the China challenge and what implications might it have for the US-led world order and — equally importantly — for the US itself? To try to answer this question, I briefly consider the nature of US dominance, before comparing this to China’s incipient challenge. While at this stage, China lacks some of the attributes that underpinned US dominance, the economic and political problems that currently afflict the US mean that the continuation of the status quo is far from assured.

US HEGEMONY: THE WAY WE WERE

A number of factors made US hegemony both attractive and — some would argue — even necessary in the aftermath of the Second World War. First, the US accounted for nearly half the world’s economic output. The industrial heartlands of Europe were devastated and Japan was on its knees. China was still struggling to end its “100 years of shame” brought about by European (and later, Japanese) imperialism, and the subsequent descent into civil war. China was still struggling to end its “100 years of shame” brought about by European (and later, Japanese) imperialism, and the subsequent descent into civil war. In such circumstances, America’s economic dominance was unambiguous. What was less obvious was whether the US would want to assume the mantle of leadership it had so conspicuously rejected between the First and Second World Wars, when British hegemony had come to such an abrupt end.

The second factor that underpinned US leadership, therefore, was the recognition that its absence had contributed to the catastrophic economic problems of the interwar period. The US retreated into isolationism, and other countries adopted disastrous, mutually destructive protectionist policies that entrenched an economic crisis that ultimately morphed into a political one. The rise of Nazi Germany was a direct consequence of the Great Depression, and this lesson was not lost on post-war policy-makers. Indeed, the importance of maintaining an open international economic order was reinforced by the third factor that propelled the US to the leadership of the “free world” — the emergence of the Soviet Union as a credible strategic competitor and as an alternative model of economic development.

Unlikely as it may seem in retrospect, the seemingly inevitable triumph of capitalism was actually a close-run thing. Many Western intellectuals despaired of capitalism as a system for achieving sustainable, much less equitable, economic development. Similar arguments have become commonplace again, even in the US — as the rise of Bernie Sanders attests — but at the height of the Cold War, it seemed vital to actively create a viable, sustainable alternative to socialism. The welfare states that became commonplace across much of Europe owe their origins to this period and the goal of creating more inclusive political and economic regimes. One of the reasons that US hegemony was both successful and attractive was that the US actually provided much of the wherewithal to kick-start the process of economic and political recovery. The Marshall Plan not only provided the foundation for Europe’s economic renaissance, but it also gave the US significant leverage to encourage a realignment of the continent’s strategic relations. Two institutions were pivotal to the revival of Europe: the European Coal and Steel Community, which eventually evolved into the European Union; and the North Atlantic Treaty Organization, which still provides the key strategic institutional architecture linking Europe with the US.

HEGEMONY IN ASIA

In Asia, US influence had a rather different impact. Rather than encouraging a collective response to the challenge of communist expansion, as it had in Western Europe, US hegemony effectively ensured the division of East Asia, reducing it to little more than geographical signifier until the Cold War ended and China was reinstated as a major economic power.
tegrated into the international system. Even then, China’s admission into an increasingly global capitalist order occurred via the World Trade Organization (WTO), a key component of the Bretton Woods institutional architecture.

China’s abandonment of socialism in all but name may look like an unambiguous expression of US dominance and the pervasive influence of its values, but in reality, things are rather more complex. Paradoxically, China’s admission to the WTO radically accelerated the process of economic reform and development, and helped to snuff out possible opposition to the concomitant change in China’s own values and domestic institutions. The result has been the historically unprecedented developmental process that has completely transformed China’s economic and strategic significance. In this regard, US influence has proved rather too successful. Indeed, one of the ironies of American hegemony has been that it has effectively nurtured formidable competitors in Europe, Japan and now—most importantly—China. It is precisely this geo-economic reality that has led to the rise of a populist like Donald Trump.

Even more informed and thoughtful observers recognize that America’s relative economic standing has diminished, even if they disagree about what it means or what—if anything—should be done about it. At one level, of course, it could hardly be otherwise. US primacy after the Second World War was an aberration that could not last. What is remarkable is the “successful” role the US played in bringing this about. Equally striking, given this inevitable relative material decline, however, has been the durability of the institutional order the US created at the height of its powers.

Whatever one may think about the efficacy or even desirability of the “Washington consensus,” it has provided an enduring template for economic reform and integration, in part because of the absence of alternatives. The key question now—and not just from a US perspective—is whether that influence will continue, especially since the authority and standing of the US brand of capitalism has fallen into disrepute in the aftermath of the global financial crisis that emerged in 2007-2008. This question has even greater salience when we remember that the “global” crisis was no such thing; in reality, the crisis was largely confined to the US and Europe. Significantly, China remained relatively unscathed, at least at that stage. It is precisely this reality and the hitherto impressive performance of the Chinese economy that has led some to conclude that, as Martin Jacques puts it, China will ultimately “rule the world.”

HEGEMONY WITH CHINESE CHARACTERISTICS?
The first point to make about possible Chinese hegemony is that it is not unprecedented. On the contrary, for hundreds, if not thousands, of years, China exercised a form of hegemonic influence over its region—even if such relations were conducted in relative isolation. The Tribute System, in which neighbors of China ritually acknowledged Chinese dominance, was necessarily a comparatively local affair in an era before international integration. US hegemony, by contrast, has been increasingly global, a reality that has been entrenched by technological innovation and its own Cold War triumph. If China is ever to match or eclipse the US as the dominant power, it will also have to exercise power on a hitherto unprecedented scale and scope. At this stage, it is far from clear that it has either the capacity or the will to do so. It is worth spelling out why.

The first obstacle to any hegemonic ambitions that China may harbor is institutional. There is a certain inertia in international affairs that makes institutions hard to change or remove, even when it is evident that they no longer serve the purpose they once did. The Commonwealth of Nations, one of the more anachronistic relics of British hegemony, is a classic example of this. In the case of America’s institutional legacy the influence of path dependency is even more striking, enduring and understandable. The simple reality is that institutions such as the IMF, the World Bank and the WTO have endured—at least in part—because many people wanted them to, especially in the absence of real or effective alternatives.

The challenge for any dissatisfied rising power with revisionist ambitions is to either transform the existing institutional order from the inside, or to create an alternative set of institutions that reflect the aspirant’s own ideas, interests and preferences. Significantly, China is currently attempting to do both. On the one hand, it is at the forefront of a group of rising powers pushing to snuff out possible opposition to the concomitant change in China’s own values and domestic institutions. The reality for China is that its quasi-allies—despite making its wishes crystal clear. Is this, therefore, an unambiguous manifestation of China’s increased influence and growing hegemonic power? Up to a point, yes. Clearly, China’s economic weight means that it is already too important to gratuitously snub or offend. And yet, it is also obvious that some countries are taking an entirely instrumental and pragmatic attitude toward China: they may not like it terribly much, but they recognize the importance of maintaining good relations, nevertheless.

CHINA’S HEGEMONIC LIMITATIONS
This highlights two glaring weaknesses of China’s hegemonic challenge that are unlikely to be easily overcome. First, China has no friends. True, there is always North Korea, but as the saying goes, with friends like that, who needs enemies? The reality for China is that its quasi-allies such as North Korea, Pakistan, Laos and Cambodia, are weak, unreliable and opportunistic. The
China has no friends. True, there is always North Korea, but as the saying goes, with friends like that, who needs enemies? The reality for China is that its quasi-allies such as North Korea, Pakistan, Laos and Cambodia, are weak, unreliable and opportunistic.

US, by contrast, has a series of bilateral security alliances that have endured long after the Cold War ended. In East Asia in particular, alliances with Japan and South Korea have proved durable and, from a Chinese perspective, too close for comfort. US allies such as Australia have been willing to fight for the US in conflicts with little bearing on their own security. China has no such friends or allies.

Second, recent Chinese strategic and foreign policy moves mean that this relative isolation is unlikely to change any time soon. On the contrary, China has alarmed its perennially nervous neighbors in much of Southeast Asia with its assertive, even aggressive territorial ambitions in the South China Sea. While it’s arguable that China has skillfully divided what is, at the best of times, a generally ineffective Association of Southeast Asian Nations (ASEAN) by cultivating close ties with Cambodia and Laos, this has done little to enhance its overall position in the region. The fact that Vietnam is actively encouraging the US to remain strategically engaged in the Asia-Pacific region as a way of shoring up its own strategic position is a telling indicator of the negative impact of Chinese policy.

Again, the contrasts with America’s historical experience are clear and instructive. The US had no direct territorial ambitions in Europe, and its actions were designed to unify rather than divide. While NATO’s current role may be comparatively contentious, historically it has been an effective part of the West’s collective security. In East Asia, regional organizations are notoriously ineffective, a fact highlighted by the failure of the ASEAN Regional Forum to play any role in addressing security challenges such as the territorial disputes, to say nothing of the status of Taiwan and the Korean Peninsula. Thus far, China has shown little willingness or capacity to play a leadership role in resolving any of these problems. Unlike the US in Europe, China has a direct, seemingly non-negotiable national stake in the outcomes of all of these disputes that means it simply cannot play the sort of hegemonic role that the US did.

No doubt, all countries are driven by perceptions of their national interest, but the US was fortunate in that its national interests have for a long time coincided with those of a number of other powerful countries. The US was not the only beneficiary of the open international economic order it led, even if it benefited from it more than most. Likewise, the creation of a stable Europe was greatly appreciated outside the US, even if US preeminence was resented by the likes of France’s Charles de Gaulle at times. By contrast, the predominantly nationalistic and increasingly nationalist focus of Chinese policy is what strikes many observers most these days. In this context Chinese leadership, especially under President Xi Jinping, has much to answer for.

Whatever the merits of the various claims in the South China Sea, for example, China’s leaders will find it difficult to negotiate an outcome that might involve losing face and undermining their nationalist credentials and legitimacy.

**COERCIVE OR CONSENSUAL HEGEMONY?** Hegemony can be achieved by persuasion or coercion. While there is no doubt that the US has done a good deal of the latter at times — especially in East Asia — part of the reason its influence has endured is because it has enjoyed the freely-given support of other states. Equally important, if rather more difficult to quantify, the US has undoubtedly benefited from a form of ”soft power” that has reduced the transaction costs associated with maintaining international primacy. At this stage, China has no such attributes.

Despite a good deal of talk within China about the unfairness of the existing order, historically it has taken few concrete steps to present an alternative vision — which is what makes the AIIB so interesting and potentially significant. And yet, even if the AIIB proves to be successful as a way to underpin massive investment in the region, there will still be significant constraints on Chinese influence. Not only has China promised to abide by essentially Western standards of good governance and transparency in the way the AIIB operates, it will be difficult for China to use its economic weight unilaterally.

The reality is that China’s economic fate remains tied to that of the US through the logic of interdependence: any threat to use its latent economic leverage against the US risks precipitating a crisis that may inflict even greater economic damage on China itself. In another unforeseen irony of US hegemony, therefore it may have been instrumental in inflicting the vicissitudes of capitalism on the People’s Republic of China.

True, the US may also experience crises from time to time, but they are the broadly accepted price that must be paid for economic dynamism and a normative preference for limited state intervention in market processes.

China has no such experiential or attitudinal reserves to draw on. Indeed, as China faces the prospect of its first full blown crisis of capitalism, the fate of more than the economy is at stake. China’s rather brittle-looking authoritarian regime has staked its reputation and legitimacy on its capacity to deliver continuing economic development. Unless it can continue to do so and simultaneously manage the internal contradictions of inequality and instability that are endemic to capitalism, debates about its possible hegemonic influence and the viability of a Chinese alternative model of development will not even be of academic interest.

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