A Quest for Joint Prestige: Rethinking the US-China Rivalry

By Kai He & Huiyun Feng

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 co-operation among all nations, argue 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 “challenges[s] American power, influence, and interests, attempting to erode American security and prosperity.” 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. 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. 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 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 co-operation when shared.

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 the 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. 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 to try to do it 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 CO-OPERATION
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 co-operation 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 co-operation among major powers through the “P5 plus 1” mechanism (involving the five permanent members of the United Nations Security Council plus Germany).

But co-operation 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 co-operation: 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. Just as leaders are important for maintaining order and co-operation within a society, international leadership is the key to solving these two problems and encouraging states to co-operate. 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 co-operation. 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 co-operation with the US, because Trump 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 co-operation 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.

**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 co-operation 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 co-operation 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 to translate its structural power into bargaining leverage as a means of reaching agreement on the terms of constitutional contracts. 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 co-operation.

OranYoung suggests that successful institutional bargaining for co-operation requires at least two types of leadership. More structural leadership cannot ensure successful bargaining for co-operation. 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 Kindelberger Trap. 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 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 co-operation. 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 co-operation. 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 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 fulfill 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 co-operation, 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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