

# Bipolarity and the Future of U.S.-China Relations

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WITH THE ECONOMIC, POLITICAL, AND MILITARY RISE of China over the past two decades, the international system is experiencing its most profound transformation in at least a quarter century. While there is no consensus today on the future of China's rise, or the impact it will have on the global distribution of power or on world politics more broadly, it seems increasingly clear that the "unipolar moment" in world politics is approaching its twilight.<sup>1</sup>

The United States will remain the preeminent world power well into the future. It will be decades before China is able to match—let alone surpass—the United States across the full spectrum of power assets and capabilities or to equal the United States' ability to convert power resources into effective global influence. But while it is doubtful that China will become a superpower of the same scale as the United States, China does not have to perfectly equal U.S. power and influence to have enough global reach for the system to be considered bipolar. China and the United States will stand apart from the rest of the world in the coming decades, thus returning the international system to a condition of rough, or "loose," bipolarity.<sup>2</sup>

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<sup>1</sup>See, for example, National Intelligence Council, *Global Trends 2035: Paradox of Progress* (Washington, DC: U.S. Government Printing Office, 2017), 6, 26.

<sup>2</sup>The seminal treatment of polarity is Kenneth N. Waltz, *Theory of International Politics* (Reading, MA: Addison-Wesley, 1979). On the various meanings of "bipolarity," see R. Harrison Wagner, "What Was Bipolarity?," *International Organization* 47 (Winter 1993): 77-106. There is a huge literature on China's emergence as a major economic, political, and military power; on whether China will match or surpass U.S.

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U.S.-China bipolarity will differ in some crucial respects from U.S.-Soviet bipolarity during the Cold War, however, which has important and interesting theoretical implications. Discussions of the concept of bipolarity have tended to generalize either implicitly or explicitly from the Cold War experience, a period when relations between the superpowers were marked by a degree of global competition and ideological hostility that largely precluded the joint pursuit of shared responsibilities or endeavors.

Bipolarity, however, can be associated with a much wider range of relations between the two dominant powers than is commonly recognized in the existing literature. Bipolarity can be marked by patterns of cooperation as well as competition between the two dominant states. The nature of their relationship depends as much on contingent features such as their level of economic interdependence and domestic political beliefs as it does on the structure of the international system.

U.S.-Soviet relations were marked by hostility almost immediately following World War II. As a result, the United States sought to restrict Soviet access to the global economy and to limit its role in global institutions. By contrast, in the early 1970s, the United States cultivated an alignment with China against the Soviet Union, taking advantage of geopolitical and ideological tensions between the two communist heavyweights. After China opened up its economy in the late 1970s, rather than contain or isolate it, the United States sought to co-opt China to share the burdens of combating collective problems and to make China a “responsible stakeholder” in world politics.<sup>3</sup>

Across a broad range of important measures of material assets and capabilities, China already compares favorably with the former Soviet Union. China today accounts for 15 percent of global gross domestic product (GDP), whereas the Soviet Union’s highest share of global economic output peaked in 1969, when it represented 14.3 percent of global GDP. China is now the world’s second-biggest military spender after the United States, accounting for 13 percent of global military expenditures

power and influence in world politics in the coming decades; and on how China’s rise will affect patterns of conflict and cooperation in international politics. For representative samples of this literature, see Aaron L. Friedberg, *A Contest for Supremacy: China, America, and the Struggle for Mastery in Asia* (New York: W.W. Norton, 2011); Michael Beckley, “China’s Century?: Why America’s Edge Will Endure,” *International Security* 36 (Winter 2011–2012): 41–78; Thomas J. Christensen, *The China Challenge: Shaping the Choices of a Rising Power* (New York: W.W. Norton, 2015); Stephen G. Brooks and William C. Wohlforth, “The Rise and Fall of the Great Powers in the Twenty-First Century: China’s Rise and the Fate of America’s Global Position,” *International Security* 40 (Winter 2015–2016): 7–53; and David Shambaugh, *China’s Future* (Cambridge: Polity Press, 2016).

<sup>3</sup>Robert G. Sutter, *U.S.-Chinese Relations: Perilous Past, Pragmatic Present* (Lanham, MD: Rowman & Littlefield, 2013), chap. 4.

(and 20 percent of non-U.S. spending), a share that has been steadily rising over the past two decades.<sup>4</sup> China has also been modernizing its nuclear arsenal, including equipping its most powerful missile—the DF-5, which can reach the United States—with multiple warheads. While China’s soft-power appeal is limited compared with that of the United States, it far surpasses that of the Soviet Union.<sup>5</sup>

More important than these statistical snapshots, however, are historical trends. China’s rise is so portentous because of its mass and its potential. In 1990, China spent less than 4 percent of what the United States spent on defense. By 2000, the figure was below 8 percent, and by 2010, it was still below 17 percent. But by 2015, China was spending 36 percent of what the United States was spending on its military.<sup>6</sup> In 1990, China’s economy was one-sixth the size of the United States. By 2010, it was up to 40 percent, and by 2015, it was 60 percent. Most projections expect China to surpass the United States sometime in the next decade to become the world’s biggest economy. While the Soviet Union was able to match U.S. military power, it was never able to equal its economic capacity and influence. As one American commentator put it, “China will be a more formidable adversary than Russia ever was.”<sup>7</sup>

Polarity is never “perfect” but rather always an ideal type. The poles that make up bipolar or multipolar systems are never exactly equal in material capabilities. Even during the Cold War, some analysts questioned whether the Soviet Union’s “superpower” status was warranted given its relatively weak economic position. It will take China decades to amass global military and power projection capabilities that rival those of the United States. China today challenges the United States in the Asia-Pacific, but it is not yet a true global peer competitor of the United States. But in the years ahead, it will make less sense to continue to talk about a unipolar rather than a bipolar international system.

China’s rise will affect virtually every aspect of international politics, from alliance relations and the political foundations of the global economy to the nature of economic interdependence and the composition and

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<sup>4</sup>By the end of the Cold War, the Soviet Union accounted for 20 percent of global military spending. See Wuyi Omitoogun and Elisabeth Sköns, “Military Expenditure Data: A 40-Year Overview,” in *SIPRI Yearbook 2006: Armaments, Disarmament, and International Security* (Oxford: Oxford University Press), 269–294.

<sup>5</sup>See Joshua Kurlantzick, *Charm Offensive: How China’s Soft Power Is Transforming the World* (New Haven, CT: Yale University Press, 2007).

<sup>6</sup>Military spending figures were accessed at [http://www.sipri.org/research/armaments/milex/milex\\_database](http://www.sipri.org/research/armaments/milex/milex_database).

<sup>7</sup>Robert D. Kaplan, “How We Would Fight China,” *The Atlantic*, June 2005, 49–64.

effectiveness of international institutions. This article applies concepts and theories from the scholarly literature on international relations to examine some of the features and characteristics that will likely define U.S.-China bipolarity in the future. More specifically, it evaluates three issues that the evolving distribution of power will affect in deep and important ways: alliance relations, global economic interdependence, and the prospects for global multilateralism to address the world's most pressing challenges.

This article contributes to a broader understanding of bipolarity and the logic and dynamics of a U.S.-China bipolar international system in three ways. First, it shows the variation in the nature and dynamics of bipolar international systems. Despite the frequency with which it is invoked to explain international outcomes and foreign policy behavior, bipolarity remains a vague concept in international relations theory.<sup>8</sup> While there is a huge literature on U.S.-Soviet bipolarity, there is little research on bipolar systems from a comparative or historical perspective. How and why bipolar systems differ—in terms of alliance behavior, economic interaction among the superpowers and smaller states, the nature and effectiveness of global governance, and the provision of global public goods—remain underexplored among scholars of international relations.

Second, this article examines some important elements that will define U.S.-China bipolarity. The logic, character, and dynamics of U.S.-China bipolarity will differ in important ways from those that operated under U.S.-Soviet bipolarity. The structure of the international system—the global distribution of material capabilities—influences but does not determine patterns of state behavior. Internal characteristics of the leading powers; the nature of contemporary international politics (such as the existence of economic globalization and the high level of economic interdependence between the major powers); and the underlying rules, institutions, and norms that shape and influence international politics help account for how states respond to underlying structural incentives.<sup>9</sup> While U.S.-China bipolarity will likely be one of the most salient features of international politics this century, comparisons with the last period of bipolarity will likely obscure more than they reveal about the current international environment.

Third, this article identifies and examines some of the main challenges the United States and its key European and Asian allies will face in an international system defined by U.S.-China bipolarity. The strategic

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<sup>8</sup>Wagner, "What Was Bipolarity?"

<sup>9</sup>Norrin M. Ripsman, Jeffrey W. Taliaferro, and Steven E. Lobell, *Neoclassical Realist Theory of International Politics* (New York: Oxford University Press, 2016).

environment they will face will differ in some obvious and important respects from the Cold War period. The challenges they will confront—from alliance relations to the logic of economic interdependence and the quest for global leadership—will have important (if yet unclear) implications for foreign policy and will be central to ongoing discussions and debates over their evolving global roles and responsibilities.

This article advances three main arguments. First, because of the absence of a strategic threat on a par with the former Soviet Union, the structural incentives for America's European allies to align closely with the United States will be much weaker than what Western European countries experienced during the Cold War. The structural incentives for America's Asian allies to align closely with the United States against a rising China will be much stronger, however, and will introduce alliance security dilemma dynamics similar to those that leaders from the United States and Western Europe grappled with during the Cold War.

Second, both global economic interdependence and global economic competition will be more intense than during the last period of bipolarity. While economic interdependence provides a powerful incentive for China and the United States to keep their strategic competition in check, it also creates its own set of conflicts and tensions. Managing the political and strategic implications of economic interdependence will be both more complex and more important for the United States than it was during the Cold War, when East-West economic interaction was comparatively limited.

Third, conflict over the rules, procedures, and authority structures within global governance institutions will be more acute than what existed during the Cold War, as will the need for effective multilateralism to address common global challenges such as climate change and nuclear proliferation. The United States and its Western allies built and sustained these institutions over many decades. As major beneficiaries and stakeholders of the current international order, the United States and its allies have a crucial role to play in maintaining and possibly strengthening the system of global governance and multilateralism while incorporating and empowering rising powers such as China.

China's rise has already provoked significant adjustments to alliance relations, the global economy, and global governance. As its wealth and power continue to expand, the challenges and dilemmas outlined in this article are bound to become even more acute and protracted.

The rest of this article proceeds as follows. The first section examines alliance relations under U.S.-China bipolarity and reviews in turn the structural incentives that will affect the cohesion of America's alliance systems in Europe and Asia as well as China's ability to attract and retain

alliance and other strategic partners. The second section explores global economic relations under U.S.-China bipolarity and analyzes how the political implications of economic interdependence and the competition for global markets and resources will be more intense than under U.S.-Soviet bipolarity. The third section evaluates global governance and multilateralism under U.S.-China bipolarity and shows how the leadership positions within international institutions will be more contested and the supply of global public goods more difficult to sustain than during the Cold War period. The conclusion reviews the article's main findings and presents implications for the study of bipolarity, U.S.-China bipolarity, and the U.S. role in an international system defined by U.S.-China bipolarity.

### **ALLIANCE RELATIONS AND U.S.-CHINA BIPOLARITY**

During the Cold War, the Soviet Union provided a compelling rationale for a strong and united Atlantic Alliance. Beyond its own security, the United States' central strategic concern during the Cold War was the fate of Western Europe. Despite occasional differences with Washington over policy and strategy, governments and publics in Western Europe welcomed a U.S. security guarantee as insurance against Soviet aggression. Soviet satellites in Central and Eastern Europe, on the other hand, had little choice but to submit to membership in the Warsaw Pact military alliance. What will be the impact of U.S.-China bipolarity on alliance relations? Will the rise of China strengthen or weaken U.S. alliances in Europe and Asia? Will China be able to attract allies and build its own set of alliance systems? The answers to these questions will shape world politics in fundamental ways.

#### *U.S. Alliance Relations*

The United States today holds formal defense commitments with dozens of countries around the world. Most of these alliances were forged during the Cold War period and constituted a major component of U.S. efforts to deter Soviet advances into the industrialized centers of Western Europe and East Asia. Alliances will be just as central for the United States in its attempt to check China's growing ambitions. U.S.-China bipolarity will shape America's alliance relationships in Europe and Asia in complex and at times contradictory ways.

U.S.-China bipolarity could significantly shape the Atlantic Alliance in one of two directions. China's emergence as a potential peer competitor to the United States could provide the rationale for a more cohesive transatlantic partnership, revitalizing NATO and restoring its centrality in American and European strategic thinking. Conversely, U.S.-China bipolarity could magnify existing differences and tensions among NATO members,

adding to and accelerating centrifugal forces that test and ultimately erode the foundations of the alliance.<sup>10</sup>

Since the end of the Cold War, a host of scholars and commentators have argued that the Atlantic Alliance is of decreasing relevance and value for addressing contemporary security challenges.<sup>11</sup> Rather than dissolving upon the Soviet collapse, the alliance has kept busy over the past two decades by embarking on “out-of-area” operations, from the Balkans and Libya to Afghanistan and the Horn of Africa. But instead of preserving the cohesion and vitality of the alliance in the face of new challenges and threats, these missions have often exposed members’ divergent strategic interests, priorities, and capabilities.<sup>12</sup> Recent Russian aggression in eastern Ukraine has given NATO a new lease on life, but even Russian revanchism cannot restore the preeminent role that NATO played in transatlantic security relations during the Cold War, when the territorial integrity and political independence of Western Europe were widely perceived to be at stake.

U.S.-China bipolarity is unlikely to provide the impetus to restore NATO’s preeminence in American and European strategic thinking. U.S. and European perceptions of the costs and risks of China’s rise are not nearly as compatible as they were toward the threat that the Soviet Union embodied during the Cold War.<sup>13</sup> While European countries have limited strategic interests in East Asia that China could directly threaten, the United States has been the preeminent political and military power in the Asia-Pacific since the end of World War II.<sup>14</sup> The United States and China are “tangled titans,” deeply intertwined economically yet suspicious

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<sup>10</sup>For a fuller discussion, see Richard Maher, “The Rise of China and the Future of the Atlantic Alliance,” *Orbis* 60 (Summer 2016): 366–381.

<sup>11</sup>Illustrative of this view is Stephen M. Walt, “The Ties That Fray,” *The National Interest* 54 (Winter 1998–1999): 3–11.

<sup>12</sup>See, for example, David P. Auerswald and Stephen M. Saideman, *NATO in Afghanistan: Fighting Together, Fighting Alone* (Princeton, NJ: Princeton University Press, 2014).

<sup>13</sup>For example, in the most recent U.K. “Strategic Defence and Security Review” and French “White Paper on National Security and Defense,” there is no mention of the potentially destabilizing effects of China’s growing economic and military power. See Her Majesty’s Government, “Securing Britain in an Age of Uncertainty: Strategic Defence and Security Review,” 2010, accessed at [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/62482/strategic-defence-security-review.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/62482/strategic-defence-security-review.pdf), 27 January 2017 and French Ministry of Defense, “White Paper on National Security and Defense,” 2013, accessed at <http://www.rpfrance-otan.org/White-Paper-on-defence-and>, 27 January 2017. Compare with Office of the Secretary of Defense, “Annual Report to Congress 2015: Military and Security Developments Involving the People’s Republic of China,” 7 April 2015, accessed at [http://www.defense.gov/pubs/2015\\_China\\_Military\\_Power\\_Report.pdf](http://www.defense.gov/pubs/2015_China_Military_Power_Report.pdf), 27 January 2017.

<sup>14</sup>Europe’s interests are what Arnold Wolfers would call “milieu” rather than “possession” goals and include maintaining freedom of navigation, respect for international law in the East and South China Seas, and open access to Asia’s maritime commons.

of each other and increasingly competitive in East Asia and the western Pacific.<sup>15</sup>

During the Cold War, perceptions of a common security threat encouraged and facilitated compromise and policy coordination among the countries of the Atlantic Alliance. But unlike the Soviet threat during the Cold War, China's rise has not led to an alignment of strategic interests and objectives between the United States and Europe. Nor is it likely that U.S. and European attitudes and policies toward China will converge or consistently overlap in the future. While the United States maintains military bases and security commitments with countries in the region, Europe has virtually no strategic presence in the Asia-Pacific. And while its dependence on the American security guarantee during the Cold War made it sensitive to the twin risks of U.S. abandonment and entrapment, the absence of a threat comparable to the former Soviet Union allows Europe substantially greater autonomy today, including the ability and freedom to distance itself from U.S. goals and strategies in the Asia-Pacific.<sup>16</sup>

While Europe contributed manpower and military bases in the effort to contain and deter the Soviet Union during the Cold War, Europe today has little to contribute to a future U.S.-led balancing coalition against China. In any confrontation between Washington and Beijing, Europe would be able to commit little beyond diplomatic support to the United States. Even if European governments were broadly sympathetic with U.S. goals, it is unlikely they would be able or even willing to mobilize many resources to assist the United States. NATO has always been a highly asymmetrical alliance, but today it is imbalanced to an unprecedented degree. The United States today accounts for three-quarters of NATO military spending, which is up from 50 percent at the end of the Cold War. Defense cuts in recent years have eroded European states' ability to project military power, as the 2011 Libya intervention demonstrated.<sup>17</sup>

In response to China's rise, rather than looking to its European allies, the United States is reinforcing alliance partnerships with several countries in the Asia-Pacific. The United States maintains formal treaty commitments with Japan, the Philippines, South Korea, and Thailand, and it has informal but increasingly important security and defense partnerships with countries

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<sup>15</sup>David Shambaugh, ed., *Tangled Titans: The United States and China* (Lanham, MD: Rowman & Littlefield, 2012).

<sup>16</sup>On the "alliance security dilemma" in international politics, see Glenn H. Snyder, "The Security Dilemma in Alliance Politics," *World Politics* 36 (July 1984): 461-495.

<sup>17</sup>Christopher S. Chivvis, *Toppling Qaddafi: Libya and the Limits of Liberal Intervention* (Cambridge: Cambridge University Press, 2013), chap. 5.

such as Malaysia, Singapore, Taiwan, and Vietnam. Many of these countries are alarmed by China's rise and its increasingly assertive foreign policy, especially in the South and East China Seas, and are eager to strengthen security and military arrangements with the United States.<sup>18</sup>

The United States will rely mainly on countries such as Japan, Vietnam, the Philippines, Singapore, and even India to balance China. Unlike in European capitals, China's rise has generated alarm and uncertainty among its regional neighbors, many of whom have important commercial, maritime, and territorial interests directly at stake. Still, forming a balancing coalition against China in Asia holds its own risks and complications for the United States. Given their growing economic dependence, China's Asian neighbors will want to maintain good relations with Beijing and may be reluctant to be seen as siding too closely with Washington. These states will try to shift the burden of balancing China as much as possible onto the United States and their neighbors, reproducing among America's Asian allies long-standing disagreements over burden sharing that were a chronic source of conflict and disagreement between the United States and its Western European allies during the Cold War.

NATO will not disappear. It is a highly institutionalized organization, and cooperation between and among the countries of the North Atlantic extends well beyond the alliance's narrow confines. The members of the Atlantic Alliance continue to share core political values and ideals, such as democracy, human rights, and the rule of law, and have a common interest in promoting these values around the world. And a more assertive and bellicose Russia ensures that the alliance will endure for some time to come. Nevertheless, China's rise and the return to a bipolar international system will create structural forces that will tend to weaken rather than strengthen the alliance.

### *China's Alliance Relations*

During the Cold War, the Soviet Union built and maintained an alliance system intended to serve as a counterweight to NATO. While the Warsaw Pact was held together more by Soviet coercion than by genuine consensus over alliance goals and strategies, it expanded the amount of military assets and resources under Moscow's control and further cemented Soviet power and influence over the countries of Eastern Europe. Will China seek—and if so, will it be able—to create and maintain an alliance system that extends

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<sup>18</sup>On the U.S. "rebalance" toward the Asia-Pacific, see Nina Silove, "The Pivot before the Pivot: U.S. Strategy to Preserve the Power Balance in Asia," *International Security* 40 (Spring 2016): 45–88; and Kurt M. Campbell, *The Pivot: The Future of American Statecraft in Asia* (New York: Twelve, 2016).

and expands its own power and influence? If so, which states might China seek to include?

Some analysts have heralded the emergence of a Sino-Russian strategic partnership in world politics.<sup>19</sup> Though China and Russia had an antagonistic and at times openly hostile relationship during the Cold War—even fighting a brief border conflict in 1969—relations between the two countries have steadily improved since the 1990s. China and Russia share some common interests, such as opposition to Western-imposed regime change and military interventions around the world, a long-term U.S. military presence in Central Asia, and deployment of U.S. missile defense systems in Europe and East Asia. Beijing and Moscow both reject the model of liberal democracy promoted by the West, and both have suffered humiliations at the expense of Western powers over the course of the past century.<sup>20</sup> Russia has been a major military supplier to China, the two countries are expanding their energy cooperation, and they regularly vote together in the United Nations Security Council on issues deemed vital to each other.<sup>21</sup> On the surface, there seem to be compelling reasons for China and Russia to align their interests in the future, and perhaps even to coordinate more closely in the security and defense realms.

A closer Sino-Russian alliance would present a major challenge for Western—and especially for European—interests and security. An alliance with China would likely embolden Russia and encourage it to pursue its maximalist aims in Europe, perhaps even seeking to weaken irrevocably the bonds holding together the NATO alliance and the European Union (EU). A Sino-Russian alliance would likely seek to more directly challenge the global status quo, including blocking the further spread of democracy and human rights. It would also pose a formidable obstacle to resolving problems and challenges the West cares deeply about, such as ending the civil war in Syria, containing Iran’s nuclear ambitions, and maintaining the global territorial status quo.<sup>22</sup>

A close Sino-Russian alignment, let alone alliance, is unlikely to emerge, however. The two countries would have to overcome long-held mutual

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<sup>19</sup>See, for example, Gilbert Rozman, *The Sino-Russian Challenge to the World Order: National Identities, Bilateral Relations, and East versus West in the 2010s* (Stanford, CA: Stanford University Press, 2014).

<sup>20</sup>This includes, for China, the occupation of Beijing and other cities following the Boxer Rebellion and, for Russia, its defeat in the Cold War and the subsequent expansion of NATO to its borders.

<sup>21</sup>Minxin Pei, “Why Beijing Votes with Moscow,” *International Herald Tribune*, 8 February 2012. Chinese leader Xi Jinping made Russia his first foreign visit after becoming president in 2013, signaling Russia’s status as perhaps China’s most important geopolitical partner.

<sup>22</sup>Dmitri Trenin, *From Great Europe to Greater Asia? The Sino-Russian Entente* (Moscow: Carnegie Endowment for International Peace, 2015), accessed at [http://carnegieendowment.org/files/CP\\_Trenin\\_To\\_Asia\\_WEB\\_2015Eng.pdf](http://carnegieendowment.org/files/CP_Trenin_To_Asia_WEB_2015Eng.pdf), 27 January 2017.

suspicions to create anything approaching an effective and resilient strategic partnership. China would be the dominant power in any alliance, and it is unlikely that Russia would accept junior status in a Sino-Russian coalition. Both countries continue to depend on trade and investment with Western countries much more than they do with each other, and it is not clear that they would be willing to jeopardize these lucrative economic relationships for a putative strategic alliance. As one analyst said, the Sino-Russian “alliance” is more an “axis of convenience” than one of conviction.<sup>23</sup>

It is even more unlikely that the BRICS countries (Brazil, Russia, India, China, and South Africa) will emerge as a unified and powerful geopolitical bloc. While their collective economic weight is already big (they account for more than a quarter of global GDP), the BRICS are a long way from a coherent and cohesive group. China is by far the dominant power in the club (its GDP is bigger than that of the four other countries combined), and the group is an awkward mix of democracies and autocracies at varying levels of economic development. They remain divided over many important economic and political questions, not to mention lingering historical mistrust in the case of China and Russia and China and India. The BRICS countries will continue to meet at annual summit gatherings and release joint statements celebrating their partnership and calling on Western countries to redistribute more power in their direction. But beyond a common desire to have a greater role in global decision-making, the countries have too little in common to function as a consolidated bloc.<sup>24</sup>

The Shanghai Cooperation Organization (SCO) suffers from similar obstacles that will prevent it from becoming a cohesive geopolitical grouping. The organization, which was founded in 2001 and includes China, Russia, and four Central Asian countries as members, was created ostensibly to counter radical Islam and U.S. influence in Central Asia. But beyond these two general goals, the organization can agree on few other strategic objectives, and it does little to slow down Sino-Russian grievances and competition for influence in Central Asia.<sup>25</sup>

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<sup>23</sup>Bobo Lo, *Axis of Convenience: Moscow, Beijing, and the New Geopolitics* (Washington, DC: Brookings Institution Press, 2008). See also Stephen Kotkin, “The Unbalanced Triangle: What Chinese-Russian Relations Mean for the United States,” *Foreign Affairs* 88 (September/October 2009): 130–138; and Fu Ying, “How China Sees Russia,” *Foreign Affairs* 95 (January/February 2016): 96–105.

<sup>24</sup>Walter Ladwig, “An Artificial Bloc Built on a Catchphrase,” *International Herald Tribune*, 26 March 2012 and Oliver Stuenkel, *The BRICS and the Future of Global Order* (Lanham, MD: Lexington Books, 2015).

<sup>25</sup>See Alexander Cooley, *Great Games, Local Rules: The New Great Power Contest in Central Asia* (New York: Oxford University Press, 2012).

It is unlikely that China will emerge as the leader of a major alliance system like that commanded by the Soviet Union during the Cold War. Allies would be an important asset and force multiplier for China, but Beijing has few real strategic partners. For years, Chinese leaders criticized military alliances as being part of a “Cold War” mentality. In 1982, the Chinese government adopted a nonalliance principle, and today the closest thing China has to a strategic ally is Pakistan.<sup>26</sup> Some Chinese strategic thinkers such as Yan Xuetong have recently argued, however, that China should build alliances and other partnerships with countries to safeguard its interests. In particular, he has called on China to distribute more military aid “to friendly countries to improve strategic cooperation and secure political support.”<sup>27</sup>

Those countries with which China does maintain close political relations—including North Korea and Myanmar—often cause more headaches than benefits for Beijing.<sup>28</sup> Rather than being drawn to China and into its sphere of influence, China’s neighbors have become alarmed by its rise, and they have shown a greater interest in trying to check a rising China by strengthening their security partnerships with the United States than becoming subordinate members in a China-dominated alliance. As a number of scholars have noted, China remains weak on soft power, which further complicates its ability to attract and maintain allies.<sup>29</sup>

## THE GLOBAL ECONOMY AND U.S.-CHINA BIPOLARITY

Over the past three decades, a truly global economy has emerged as national economies have become increasingly integrated and interdependent. This period has also witnessed the redistribution of economic power and influence on a global scale as emerging economies such as China, India, and others have experienced several decades of sustained economic growth and development.<sup>30</sup> China’s economic rise has already transformed the global economy in deep and important ways, and in the coming

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<sup>26</sup>See Andrew Small, *The China-Pakistan Axis: Asia’s New Geopolitics* (New York: Oxford University Press, 2015).

<sup>27</sup>Yufan Huang, “Q. and A.: Yan Xuetong Urges China to Adopt a More Assertive Foreign Policy,” *New York Times*, 9 April 2016, accessed at <https://www.nytimes.com/2016/02/10/world/asia/china-foreign-policy-yan-xuetong.html>, 8 July 2017.

<sup>28</sup>Minxin Pei, “The Loneliest Superpower,” *Foreign Policy*, 20 March 2012, accessed at <http://foreignpolicy.com/2012/03/20/the-loneliest-superpower/>, 27 January 2017.

<sup>29</sup>Joseph S. Nye Jr., “Why China Is Weak on Soft Power,” *New York Times*, 17 January 2012.

<sup>30</sup>On the convergence of Western and developing economies, see Jim O’Neill, *The Growth Map: Economic Opportunity in the BRICs and Beyond* (New York: Portfolio, 2011); and Michael Spence, *The Next Convergence: The Future of Economic Growth in a Multispeed World* (New York: Farrar, Straus and Giroux, 2011).

decades, East Asia rather than the North Atlantic will be the world's economic center of gravity. Compared with the period of U.S.-Soviet bipolarity, in an international system characterized by U.S.-China bipolarity, two issues of economic statecraft will be particularly important: how to manage the political implications of economic interdependence, and how to respond to an intense competition for global markets and for the raw materials on which modern industrialized economies depend.

### *Managing Economic Interdependence*

Since joining the World Trade Organization in 2001, China's trade has soared, especially its trade with the United States and Europe. China now conducts more than \$500 billion in trade with both the United States and the EU each year. China is a huge market for U.S. and European companies looking for new growth opportunities overseas, and China depends not just on trade but also on investment, innovation, technology, and managerial know-how from Western countries. Eighteen percent of Chinese exports go to the United States, while China is the United States' biggest foreign creditor, holding some \$1.2 trillion in U.S. Treasury securities. Direct investment between China and the EU has grown steadily over the past 15 years, and since 2004, the EU has been China's biggest trade partner.<sup>31</sup>

The scope and depth of economic interdependence go far beyond these basic measures, however. The past several decades have seen the emergence of complex supply chains and networks of producers and consumers that link together the economies of China, the United States, Europe, and many other countries. It is estimated, for example, that multinational corporations account for half of Chinese exports and 8 percent of China's GDP.<sup>32</sup> This is qualitatively different from the economic integration that characterized the pre-World War II period or the low level of economic interdependence during the Cold War.

Economic interdependence binding the superpowers together was absent during the Cold War. The intense geopolitical competition between the United States and the Soviet Union lacked an economic corollary, as trade with and investment in the Soviet Union were never of central importance to the economic fortunes of either the United States or Western Europe. To keep the Soviet Union weak, the United States withheld trade and investment opportunities with its superpower competitor, and

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<sup>31</sup>Trade between the EU and China grew from \$77.6 billion when China joined the World Trade Organization in 2001 to \$615 billion in 2014.

<sup>32</sup>William H. Overholt, Guonan Ma, and Cheung Kwok Law, *Renminbi Rising: A New Global Monetary System Emerges* (Chichester: Wiley, 2016), 174.

improved economic relations were held out as a reward for Soviet concessions and policy shifts.<sup>33</sup>

While the United States thus sought to weaken the Soviet economy by denying it access to Western markets and technology, neither American nor Soviet leaders saw any powerful connection between the global economy and the underlying global balance of power. As Jonathan Kirshner notes, “due to their sheer size, dominance, and relatively small exposure to the international economy, the superpowers were less concerned about the consequences of economic interactions for preserving their autonomy, or calculating the distribution of relative gains, especially given the static alliance patterns of the era.”<sup>34</sup>

That is not the case today. The United States, China, and Europe are more exposed and sensitive to the vicissitudes of the global economy and to economic exchange with each other than were the United States, the Soviet Union, and Western Europe during the Cold War. And because of their economic interdependence, the United States, China, and Europe are also more sensitive to each other’s economic circumstances than was the case during the Cold War. A prolonged Chinese economic downturn would hurt the United States’ and Europe’s economic prospects. Likewise, because they are China’s main export markets, sustained economic stagnation in the United States or Europe would depress Chinese economic growth. At least for the foreseeable future, the economic fates of the United States, China, and Europe are tied together, and none can hurt another without also hurting itself.<sup>35</sup>

Rather than an ineluctable force for peace and prosperity, however, economic interdependence can produce both stabilizing and destabilizing effects for interstate relations. While economic interdependence would raise the costs of any direct military confrontation between the United States and China, it is hardly a panacea for the rivalry and antagonism that might someday define U.S.-China bipolarity.<sup>36</sup> While “mutually assured

<sup>33</sup>John Lewis Gaddis, *We Now Know: Rethinking Cold War History* (Oxford: Oxford University Press), chap. 7.

<sup>34</sup>Jonathan Kirshner, “Political Economy in Security Studies after the Cold War,” *Review of International Political Economy* 5 (Spring 1998): 64–91, at 65.

<sup>35</sup>On some of the uses and limits of Chinese economic statecraft, see Daniel W. Drezner, “Bad Debts: Assessing China’s Financial Influence in Great Power Politics,” *International Security* 34 (Fall 2009): 7–45; Eric Helleiner and Jonathan Kirshner, eds., *The Great Wall of Money: Power and Politics in China’s Economic Relations* (Ithaca, NY: Cornell University Press, 2014); and William J. Norris, *Chinese Economic Statecraft: Commercial Actors, Grand Strategy, and State Control* (Ithaca, NY: Cornell University Press, 2016).

<sup>36</sup>Dale Copeland, “Economic Interdependence and the Future of U.S.-Chinese Relations,” in G. John Ikenberry and Michael Mastanduno, eds., *International Relations Theory and the Asia-Pacific* (New York: Columbia University Press, 2003): 323–352. For an overview of trade disagreements, see Wayne M.

economic destruction” may make military conflict less likely (rather than making it impossible), economic interdependence produces its own set of tensions and frictions in the U.S.-China relationship—for example, over exchange rates, intellectual property, investment rules, and standard setting. In fact, recognition of the dangers and risks of mutually assured economic destruction might even make low-level trade, investment, and monetary disputes both more frequent and more numerous.<sup>37</sup>

Interdependence is not simply a measure of the amount of economic interaction between two countries, however, such as the amount of annual trade or investment flows. Such measures tell us little about the political character or consequences of economic exchange. Interdependence is instead a relationship of mutual dependence. As numerous scholars have pointed out, states are not equally dependent on each other. The important question is therefore not just how much two states trade or their level of bilateral investment but rather two key aspects of interdependence—states’ sensitivity and vulnerability to disruptions in these flows.<sup>38</sup>

In a bilateral relationship, both states may be sensitive to disruptions in trade or investment, but they generally are not equally vulnerable. If one state depends more on exchange than the other does, a situation of asymmetric interdependence exists. Asymmetries in interdependence create space for bargaining power. States will therefore seek to create and exploit asymmetries in economic dependence in their favor for purposes of coercion and leverage, making asymmetric interdependence an important power resource. A state that is less vulnerable to disruptions in economic interdependence may be better able to alter the preferences, policy choices, or behavior of another state. As one analyst starkly put it, “Power arises from an asymmetrical interdependence.”<sup>39</sup>

Morrison, “China-U.S. Trade Issues” (Report RL33536, Congressional Research Service, 4 January 2017), accessed at <https://fas.org/sgp/crs/row/RL33536.pdf>, 27 January 2017. Waltz argues that interdependence can be a source of conflict rather than cooperation. Waltz, *Theory of International Politics*.

<sup>37</sup>This would be the economic corollary of the so-called stability-instability paradox of nuclear strategy. On the relationship between economic interdependence and great-power war, see Dale Copeland, *Economic Interdependence and War* (Princeton, NJ: Princeton University Press, 2015).

<sup>38</sup>The classic study is Albert O. Hirschman, *National Power and the Structure of Foreign Trade* (Berkeley, CA: University of California Press, 1945). See also Kenneth N. Waltz, “The Myth of National Interdependence,” in Charles Kindleberger, ed., *The International Corporation* (Cambridge, MA: MIT Press, 1970): 205–227; and Robert O. Keohane and Joseph S. Nye, *Power and Interdependence: World Politics in Transition* (Boston, MA: Little, Brown, 1977).

<sup>39</sup>Klaus Knorr, “International Economic Leverage and Its Uses,” in Klaus Knorr and Frank Trager, eds., *Economic Issues and National Security* (Lawrence: University Press of Kansas, 1977), 102. Or, as Keohane and Nye note, “It is *asymmetries* in interdependence that are most likely to provide sources of influence for actors in their dealings with one another.” Keohane and Nye, *Power and Interdependence*, 10–11 (italics in original).

Much more so than during the Cold War, when little East-West trade took place, a defining feature of U.S.-China bipolarity will be that China and the United States will each pursue strategies to limit or avoid asymmetric dependence on each other. At the extreme, these strategies could include a revival of mercantilist trade practices, rising levels of protectionism to block foreign control of key domestic firms or industries, or limiting trade to those countries with which it has friendly political relations. But the scope of their interdependence today may make it impossible for either side to seek to radically restrict economic and financial interaction without also inflicting grave damage on itself.

One of the main dangers of U.S.-China bipolarity is that the global economy splits into several competing blocs, undermining much of the progress in global economic integration of the past half century. In this respect, the global economy under U.S.-China bipolarity would come to more closely resemble its Cold War predecessor than the globalized and interdependent one of the post-Cold War period.

### *Competition for Markets and Raw Materials*

China's rapid economic ascent over the past three decades has also resulted in more intense global competition for export markets and the energy resources and raw materials that are essential for the functioning of modern, industrialized economies. Global competition for export markets and raw materials on such a scale was absent during the Cold War. While the Soviet Union mainly traded only with other communist countries, China today is a global economic powerhouse that pursues commercial and investment relations with everybody. And while Soviet industry and manufacturing never produced goods that were much desired outside the communist bloc, China makes items that are eagerly sought by countries around the world. Moreover, the Soviet Union was largely self-sufficient for its energy needs, but China today imports 50 percent of the oil and nearly one-third of the natural gas that it uses. This global contest for markets and raw materials is another potential source of conflict and competition in a U.S.-China bipolar system, and it further complicates the strategic environment that the United States and its allies will face.<sup>40</sup>

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<sup>40</sup>See Elizabeth C. Economy and Michael Levi, *By All Means Necessary: How China's Resource Quest Is Changing the World* (New York: Oxford University Press, 2014). On resource competition in world politics, see Michael T. Klare, *Resource Wars: The New Landscape of Global Conflict* (New York: Metropolitan Books, 2002).

While the Soviet economy could never match the U.S. or other Western economies in its level of technological innovation and sophistication, China's economy is slowly starting to move up the global value chain, producing more technologically intensive products and expanding into the service sector.<sup>41</sup> Over the past three decades, China's economy has been more complementary than competitive with the U.S. and European economies. This is changing, however, as China increasingly moves beyond the manufacture of cheap consumer goods to more capital-intensive and technologically advanced products. As the composition and structure of the Chinese economy begins to more closely resemble those of the United States and Europe, they will begin to compete with each other in the global economy, including over global export markets.<sup>42</sup> China's trade influence is already felt in every corner of the world. China today is either the biggest or the second-biggest trading partner of more than 100 countries, and states that once looked to the United States or Europe for trade or investment now increasingly turn to China.<sup>43</sup>

While China continues to seek to stimulate domestic demand to reduce its dependence on exports and to make its economy more balanced, it will continue to depend on exports for a significant part of its economic growth for at least the next two decades. Even though exports do not drive China's economic growth to the same degree they once did, they still account for more than 20 percent of its GDP, requiring China to continue to secure and maintain access to markets around the world. At least for the foreseeable future, therefore, China's prosperity—and its political stability, which government officials believe depends on continued economic growth and steadily rising living standards—depends on maintaining strong exports and reliable access not just to markets but also to the energy resources and raw materials it needs to maintain economic growth and development.<sup>44</sup>

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<sup>41</sup>Hiau Looi Kee and Heiwai Tang, "Trade and FDI Liberalisation Help China Move Up the Global Value Chains," Vox EU, 9 December 2015, accessed at <http://voxeu.org/article/china-and-global-value-chain-new-evidence>, 27 January 2017.

<sup>42</sup>See, for example, Larry Hanauer and Lyle J. Morris, *Chinese Engagement in Africa: Drivers, Reactions, and Implications for U.S. Policy* (Santa Monica, CA: RAND, 2014), especially chap. 7. On so-called lateral pressure theory, see Nazli Choucri and Robert C. North, *Nations in Conflict: National Growth and International Violence* (San Francisco, CA: W.H. Freeman, 1975); and Nazli Choucri and Robert C. North, "Lateral Pressure in International Relations: Concept and Theory," in Manus I. Midlarsky, ed., *Handbook of War Studies* (Ann Arbor: University of Michigan Press, 1989): 289–326.

<sup>43</sup>China has displaced the United States and the EU as Africa's biggest trade partner, for example. On how trade has transformed China's relationship with Africa, see Deborah Brautigam, *The Dragon's Gift: The Real Story of China in Africa* (Oxford: Oxford University Press, 2010).

<sup>44</sup>François Godement, *Contemporary China: Between Mao and Market* (Lanham, MD: Rowman & Littlefield, 2015).

China's energy use has more than doubled in just the past decade, and in 2015, China overtook the United States to become the world's biggest importer of crude oil. According to the U.S. Energy Information Administration, China's oil consumption growth accounted for roughly 43 percent of the world's oil consumption growth in 2014, and by 2040, China could be consuming twice as much energy per year as the United States.<sup>45</sup> Chinese economic growth is already outpacing increases in domestic oil production. Since China does not have much untapped domestic reserves, its dependence on foreign supplies is likely to grow over the coming decades. Despite today's oil and natural gas glut, China will be forced to seek out and maintain secure and reliable supplies from oil-producing states in the Middle East, Africa, and Central Asia.<sup>46</sup>

China's demand for energy imports will affect the United States and Europe in different ways. While some projections forecast that the United States will become energy independent by the end of this decade, Europe will continue to rely heavily on foreign suppliers to meet its energy needs.<sup>47</sup> Europe continues to import some 53 percent of its total energy consumption, 90 percent of its crude oil, and 66 percent of its natural gas. Much of this energy comes from North Africa, the Middle East, and Russia, placing Europe directly in competition with China for global energy resources.<sup>48</sup> For the United States, China's demand for energy may create a new source of conflict and tension with Beijing over access to and control of the Persian Gulf.

China's demand for energy and raw materials is shaping its foreign policy in important and far-reaching ways, including in ways that at times complicate or are at cross-purposes with U.S. and European interests and preferences. China has built strategic relationships with governments around the world that can provide it with the resources its economy needs. As its search for markets and raw materials has grown, China has steadily expanded its economic presence and influence around the world, from

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<sup>45</sup>U.S. Energy Information Administration, "China: International Energy and Data Analysis," 14 May 2015, accessed at [http://www.eia.gov/beta/international/analysis\\_includes/countries\\_long/China/china.pdf](http://www.eia.gov/beta/international/analysis_includes/countries_long/China/china.pdf), 3 June 2018.

<sup>46</sup>Michael T. Klare, "Fueling the Dragon: China's Strategic Energy Dilemma," in Eva Paus, Penelope B. Prime, and Jon Western, eds., *Global Giant: Is China Changing the Rules of the Game?* (New York: Palgrave Macmillan, 2009), 181–200. See also Economy and Levi, *By All Means Necessary*.

<sup>47</sup>U.S. Energy Information Administration, *Annual Energy Outlook 2015: With Projections to 2040* (Washington, DC: U.S. Department of Energy, 2015), accessed at [http://www.eia.gov/forecasts/aeo/pdf/0383\(2015\).pdf](http://www.eia.gov/forecasts/aeo/pdf/0383(2015).pdf), 27 January 2017. On Europe's energy policies and security, see David Buchan and Malcolm Keay, *Europe's Long Energy Journey: Towards an Energy Union?* (Oxford: Oxford University Press, 2016), chaps. 8, 9.

<sup>48</sup>See European Commission, "Imports and Secure Supplies," accessed at <https://ec.europa.eu/energy/en/topics/imports-and-secure-supplies>, 3 June 2018.

Africa and South America to Central Asia and the Middle East. China's need for markets, energy resources, and other raw materials has also led it to forge relationships with regimes shunned by the West, such as Sudan, Venezuela, and Iran, which at times has led to diplomatic friction between China and the United States. In exchange for diplomatic and political cover, these countries supply China with the natural resources it needs to continue its economic development.<sup>49</sup>

China's need for reliable and secure access to energy and raw materials is also leading to an expansion of its naval presence in the Indian and Pacific oceans. Any long-term disruption in oil supplies would be a serious threat to China's economy, making access to cheap and reliable oil supplies not just an economic imperative but also a major national security priority. Today China relies on the U.S. Navy to maintain freedom of navigation through some of the world's busiest shipping lanes and most important choke points, including the Indian Ocean, the Strait of Malacca, and the South China Sea. But as U.S.-China strategic competition heats up, China will be less willing to depend on the United States to maintain access through these important and contested waterways.<sup>50</sup>

Competition for trade routes, energy resources, and raw materials extends to the farthest reaches of the globe. China today is seeking to establish a strategic position in both the Arctic and Antarctica, for example. The melting of the northern polar ice cap is opening up new ocean routes and access to large deposits of natural resources. A 2008 U.S. Geological Survey found that 13 percent of all unexploited oil, 30 percent of natural gas, and 20 percent of natural gas liquid reserves lie under the Arctic seabed.<sup>51</sup> Shrinking polar ice caps will create new routes for ocean transport between Europe and Asia (the traditional route today is via the Suez Canal). The Northeast Passage would reduce transport costs between Europe and Asia by as much as 40 percent. As the world's leading manufacturer and trading power, China has shown a special interest in this development.<sup>52</sup>

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<sup>49</sup>Robert G. Sutter, *Chinese Foreign Relations: Power and Policy since the Cold War*, 3rd ed. (Lanham, MD: Rowman & Littlefield, 2012), chap. 12.

<sup>50</sup>On China's expanding naval capabilities, see Toshi Yoshihara and James R. Holmes, *Red Star over the Pacific: China's Rise and the Challenges to U.S. Maritime Strategy* (Annapolis, MD: Naval Institute Press, 2013).

<sup>51</sup>Einar Benediktsson and Thomas R. Pickering, "China Knocks on Iceland's Door," *International Herald Tribune*, 13 March 2013.

<sup>52</sup>Linda Jakobson and Jingchao Peng, "China's Arctic Aspirations" (Policy Paper 34, Stockholm International Peace Research Institute, November 2012), accessed at <http://books.sipri.org/files/PP/SIPRI34.pdf>, 27 January 2017.

## GLOBAL GOVERNANCE AND U.S.-CHINA BIPOLARITY

There is an ongoing debate in China today over whether, or to what degree, the country should take on greater global responsibilities as its power continues to expand.<sup>53</sup> Deng Xiaoping famously cautioned that China should keep a low profile on the world stage, and for decades this was a guiding principle of Chinese foreign policy. This orthodoxy is increasingly questioned by many Chinese officials and citizens, however, who believe that a more assertive foreign policy, along with a greater leadership role, should follow the country's ascent to global great-power status. The return to a bipolar international system will have a major impact on two key elements of global governance and multilateralism: the leadership roles and authority structures within the world's main economic and financial institutions and the ability of the United States, China, Europe, and other major powers to converge around multilateral positions and approaches to address the various global problems and challenges that they commonly face. These concerns were either absent or appeared in a more benign form under U.S.-Soviet bipolarity.

### *Leadership within Global Governance Institutions*

After World War II, the United States took the lead in creating a globe-circling network of military alliances, trade agreements, and international institutions to facilitate and promote peace and international cooperation. This international order provided a measure of predictability and stability to world politics, but it also reflected and institutionalized American economic, political, and normative preferences.<sup>54</sup> During the Cold War, this liberal order was limited to what was referred to as the "free world," but with the collapse of the Soviet Union, this liberal order expanded to incorporate states once under Soviet control.

China played no role in designing this liberal international order, and it increasingly chafes under some of its rules, norms, and status hierarchies. China and other emerging economies have criticized the existing liberal order as a Western creation that serves to promote the West's own interests and values, such as democracy and human rights. As it is poised to enter the first-rank of great powers, Beijing understandably wants authority structures within the world's main global financial and economic institutions—

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<sup>53</sup>See Xuetong Yan, *Ancient Chinese Thought, Modern Chinese Power* (Princeton, NJ: Princeton University Press, 2013).

<sup>54</sup>John Gerard Ruggie, *Winning the Peace: America and World Order in the New Era* (New York: Columbia University Press, 1996); and G. John Ikenberry, *After Victory: Institutions, Strategic Restraint, and the Rebuilding of Order after Major Wars* (Princeton, NJ: Princeton University Press, 2001), chap. 6.

such as the International Monetary Fund (IMF) and World Bank—to reflect the new global economic and political reality.

But even if China could rewrite the rules of these institutions, it is not yet clear what they would be. One of the main questions facing the future of global governance is whether China will contest the existing order's basic norms, rules, and institutions—or even mount a challenge to U.S. global leadership—or whether it will seek to accommodate itself within the existing global order.<sup>55</sup>

China does not yet appear to have a blueprint for a new world order that would replace the existing one.<sup>56</sup> If the current international order is built around a rules-based system of free trade, a network of military alliances to maintain global peace and stability, multilateral cooperation to address global challenges such as nuclear proliferation, and the spread of democracy and human rights, China subscribes only partially to a rules-based system of free trade and to multilateral cooperation and not at all to military alliances and the spread of democracy and human rights. China's vision of international order would be more piecemeal and transactional than the “embedded liberalism” that the United States and its allies built after World War II.<sup>57</sup>

Such conflict over the leadership hierarchies within global governance institutions was absent during the Cold War. The Soviet Union and its European satellites were not members of the main economic and financial institutions created and sustained by the United States and its Western allies, such as the IMF, World Bank, General Agreement on Tariffs and Trade (GATT), and Organisation for Economic Co-operation and Development. The United States and its allies dominated these institutions, giving them an important source of power and influence over the composition, functioning, and structure of the global economy. Western governments were able to control these institutions' agendas, decisions, and allocation of resources while also providing key monitoring and enforcement functions.<sup>58</sup>

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<sup>55</sup>See Rosemary Foot and Andrew Walter, *China, the United States, and Global Order* (Cambridge: Cambridge University Press, 2010); G. John Ikenberry, Wang Jisi, and Zhu Feng, eds., *America, China, and the Struggle for World Order: Ideas, Traditions, Historical Legacies, and Global Visions* (New York: Palgrave Macmillan, 2015); and Scott L. Kastner, Margaret M. Pearson, and Chad Rector, “Invest, Hold Up, or Accept? China in Multilateral Governance,” *Security Studies* 25 (2016): 142–179.

<sup>56</sup>Randall L. Schweller and Xiaoyu Pu, “After Unipolarity: China's Visions of International Order in an Era of U.S. Decline,” *International Security* 36 (Summer): 41–72.

<sup>57</sup>John Gerard Ruggie, “International Regimes, Transactions, and Change: Embedded Liberalism in the Postwar Economic Order,” *International Organization* 36 (April): 379–415.

<sup>58</sup>See Carla Norrlof, *America's Global Advantage: U.S. Hegemon and International Cooperation* (Cambridge: Cambridge University Press, 2010).

Powerful incentives encourage China to pursue a foreign policy oriented toward preserving the status quo over the short to medium term. While every great power in history has sought to adapt the global order to reflect its own preferences and interests, China has been one of the main beneficiaries of the current international order, giving it little reason to seek to overturn or fundamentally alter it in the near future. China also continues to see itself as a developing country unready to assume major global responsibilities similar to those of the United States or the EU. Despite its economic ascent over the past three decades, China remains much poorer than states that previously played a big role on the international stage. While China has sought a bigger role for itself in the IMF, for example, and has taken steps to internationalize its currency, the renminbi, it has resisted the creation of a so-called G-2 with the United States to jointly manage global affairs. Many Chinese officials believe that such a prominent role would expose the country to various costs and risks for which it is still unprepared. Some Chinese officials even believe that the Western demand that China take on more global responsibility is a Western conspiracy, a plot to weaken and overwhelm China with burdens and obligations.<sup>59</sup>

If the world's main economic and financial institutions are to maintain their relevance in the new era, Western countries will have no choice but to share power and decision-making authority more equitably with China and other emerging economies. While an American has held the top spot at the World Bank and a European the top position at the IMF since both organizations' inceptions, emerging economies have called for leadership positions in these institutions to be determined by merit rather than by nationality. These institutions risk increasing irrelevance if their anachronistic authority structures do not change.

A related challenge will be to maintain these institutions' effectiveness while expanding their representation. A more representative leadership structure does not necessarily mean a more effective institution. In global governance institutions, there is often a trade-off between representativeness and effectiveness. A central challenge for global governance in an international system defined by U.S.-China bipolarity will be to incorporate into these institutions emerging economies—which often have very different historical experiences, political values, and economic interests than the small group of Western (plus

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<sup>59</sup>On the challenges of integrating China into the current international order, see Yong Deng, *China's Struggle for Status: The Realignment of International Relations* (Cambridge: Cambridge University Press, 2008); and Christensen, *The China Challenge*.

Japan) countries that have run them since their inception seven decades ago—while simultaneously maintaining their ability to solve problems.<sup>60</sup>

Partly as a result of the slow pace of reforming global governance institutions to reflect current economic and political realities, China has started to create its own multilateral lending organizations, such as the New Development Bank (the “BRICS Bank”) and the Asian Infrastructure Investment Bank (AIIB).<sup>61</sup> U.S. officials have suggested that these initiatives are intended to compete directly with U.S.-backed institutions, such as the IMF and Asian Development Bank. Some U.S. officials have even implied that these institutions challenge America’s preeminent role in the global economy, exposing a contradiction in the U.S. position urging China to become a “responsible stakeholder” while at the same time seeking to limit its influence. Former U.S. treasury secretary Lawrence Summers said, for example, that China’s creation of the AIIB and Washington’s failure to keep Western allies from joining signaled “the moment the United States lost its role as the underwriter of the global economic system.”<sup>62</sup> Such institutional competition is another feature that will distinguish U.S.-China bipolarity from its Cold War predecessor.

From the IMF and World Bank to the G-7 and GATT, European countries enjoyed a privileged position in global economic and financial governance during the Cold War. Partly as a result of this prominent position, European countries were able to help spread and institutionalize global rules, norms, and standards that reflected their own preferences and interests in areas such as international trade, intellectual property rights, information technology, and financial regulation. European countries remain overrepresented in the main global economic and financial institutions, and will be expected to continue to shift some of their own power and influence in these bodies to emerging economies.

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<sup>60</sup>Alan S. Alexandroff and Andrew F. Cooper, eds., *Rising States, Rising Institutions: Challenges for Global Governance* (Washington, DC: Brookings Institution Press, 2010); and Stewart Patrick, “Irresponsible Stakeholders?: The Difficulty of Integrating Rising Powers,” *Foreign Affairs* 89 (November/December 2010): 44–53.

<sup>61</sup>Other development initiatives include the Silk Road Maritime Belt and the Maritime Silk Road, which are designed to create a network of roads, rails, and ports that will link China with Europe through Central Asia and Russia.

<sup>62</sup>Lawrence Summers, “Time U.S. Leadership Woke Up to New Economic Era,” *Financial Times*, 5 April 2015. China has called for a new global reserve currency to replace the dollar and indicated its desire to establish its own currency, the renminbi, as an eventual rival to the dollar. Eswar S. Prasad, *Gaining Currency: The Rise of the Renminbi* (New York: Oxford University Press).

*Effectiveness of Global Multilateralism*

States today confront a number of emerging and ongoing challenges and problems, from nuclear proliferation and terrorism to climate change, pandemics, and migration. These challenges are, by their nature, transnational. But while a number of institutions have emerged over the past several decades that govern the economic relations between states, no comparable set of institutions have emerged that manage their political relations. The system of global governance, especially on political and security issues, remains rudimentary in many respects. As one former official said, “The picture of global governance today is one of duplication, ambiguity, overlap, and confusion.”<sup>63</sup>

The increasing complexity and intractability of many global problems make coordination and cooperation among states and other actors essential. During the Cold War, apart from arms control, nuclear proliferation, and the imperative to avoid nuclear war, U.S.-Soviet coordination was not viewed as indispensable for resolving many of the world’s major problems. That is not the case today, however. As political and social order deteriorates in many parts of the world, the alternative to effective multilateralism is a dysfunctional global system and a more unsettled and dangerous global environment for everyone.<sup>64</sup>

America’s role in providing global public goods has been an essential contribution to global security and prosperity over the past seven decades. American power has, among other things, fostered great power stability, expanded international trade, and accelerated the spread of democracy.<sup>65</sup> It is no longer clear whether the United States is willing or able to continue to assume this same level of responsibility, however. Some analysts perceive an America that is in retreat from its once mighty position and see no dominant political center emerging, no country strong enough or respected enough to force or encourage other countries to cooperate.<sup>66</sup> As a result, more states will have to contribute to the

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<sup>63</sup>Ian Goldin, *Divided Nations: Why Global Governance Is Failing and What We Can Do about It* (Oxford: Oxford University Press, 2013).

<sup>64</sup>Richard Haass, *A World in Disarray: American Foreign Policy and the Crisis of the Old Order* (New York: Penguin, 2017).

<sup>65</sup>For an argument that the United States provides important global public goods, see Michael Mandelbaum, *The Case for Goliath: How America Acts as the World’s Government in the 21st Century* (New York: PublicAffairs, 2005).

<sup>66</sup>Scholars have variously called the current international system “apolar,” “nonpolar,” or a “G-zero” world. See Richard N. Haass, “The Age of Nonpolarity: What Will Follow U.S. Dominance,” *Foreign Affairs* 87 (May/June 2008): 44–56; Ian Bremmer and Nouriel Roubini, “A G-Zero World: The New Economic Club Will Produce Conflict, Not Cooperation,” *Foreign Affairs* 90 (March/April 2011): 2–7; and Ian Bremmer, *Every Nation for Itself: Winners and Losers in a G-Zero World* (New York: Portfolio, 2012).

provision of global public goods in a U.S.-China bipolar international system.

Among the many challenges that demand collective action and that will test the possibilities of global governance and multilateralism, four stand out: nuclear proliferation, state failure and civil conflict, climate change, and globalization. Each of these issues holds major implications for global security, stability, and prosperity.

While China is a member of the Nuclear Suppliers Group, the main international body that regulates the export and transfer of nuclear material, Beijing today is at best an ambivalent supporter of the nonproliferation regime.<sup>67</sup> In violation of the rules of the Nuclear Suppliers Group, for example, China has continued its trade in nuclear material and technology with countries outside the Nuclear Nonproliferation Treaty, such as Pakistan and North Korea. The United States has accused China of supplying sensitive nuclear technology to countries it considers to be dangerous and unstable, such as Pakistan, and to countries it considers to be hostile and a threat to regional security, such as Iran. To protect its interests in Iran's energy resources, China has regularly sought to stall, delay, and water down economic sanctions imposed on Tehran for its illicit nuclear activities.<sup>68</sup>

Cooperation will also be necessary to contain and resolve ongoing cases of civil conflict around the world. The civil war in Syria, for example, has already killed more than 400,000 people and displaced millions more, leading to the one of the worst refugee crises in decades. Syria has joined a growing list of weak or failed states—including Afghanistan, Libya, Somalia, and Yemen—that cannot administer their own territories and that serve as sanctuaries for militant and terrorist groups. Contributing to the resolution of such conflicts will require a change in both the style and the substance of Chinese foreign policy. Not only will China be forced to assume more risk than it has hitherto been willing to assume in addressing cases of civil conflict and humanitarian crises, it will also require a change in one of China's foreign policy orthodoxies of the past three decades—the imperative of avoiding involvement in the internal affairs of other states.<sup>69</sup>

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<sup>67</sup>Evan Medeiros, *Reluctant Restraint: The Evolution of China's Nonproliferation Policies and Practices, 1980–2004* (Stanford, CA: Stanford University Press, 2007); and Foot and Walter, *China, the United States, and Global Order*, chap. 4.

<sup>68</sup>John W. Garver, *China's Quest: The History of the Foreign Relations of the People's Republic of China* (New York: Oxford University Press, 2016), 569–577.

<sup>69</sup>For an argument that China is slowly becoming more flexible on the issues of sovereignty and intervention, see Bates Gill, *Rising Star: China's New Security Diplomacy* (Washington, DC: Brookings Institution Press, 2010), especially chap. 4.

While climate change today presents a potential ecological catastrophe that threatens all states, a global climate change agreement that matches the threat has proved elusive. Sharp differences over the proper response to limiting the effects of climate change continue to separate developed and developing countries. Western countries have called on China to commit to serious reductions in its carbon emissions. China has resisted the adoption of binding commitments, however, fearing that a sharp reduction of its greenhouse gas emissions would harm its economy. Slower economic growth would lead to job losses for millions of Chinese workers, which could lead to widespread social unrest and could even pose a threat to the survival of the regime.<sup>70</sup> Chinese leaders also point out that Western countries rather than developing economies are responsible for most of the greenhouse gas emissions in the atmosphere today.<sup>71</sup>

Managing globalization will also require the active coordination of both developed and developing economies. While globalization—and especially the expansion of international trade—has lifted millions of people around the world out of dire poverty over the past several decades, it has also contributed to huge and unsustainable economic imbalances and rising inequality within societies.<sup>72</sup> While it was once viewed as an inexorable and irresistible force, globalization instead depends on strong political support, which today seems to be eroding more quickly than at any point since the end of the Cold War.<sup>73</sup> The last decade has also shown how globalization can be a destabilizing force. As the 2007–2008 global financial crisis demonstrated, globalization has the potential to magnify and deepen economic and financial shocks, generating and intensifying systemic risks that threaten economic, financial, and even political stability around the world.<sup>74</sup>

In a U.S.-China bipolar system, issues such as nuclear proliferation, failed states that create humanitarian crises and serve as sanctuaries for

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<sup>70</sup>See Elizabeth C. Economy, *The River Runs Black: The Environmental Challenge to China's Future* (Ithaca, NY: Cornell University Press, 2010).

<sup>71</sup>Foot and Walter, *China, the United States, and Global Order*, chap. 5.

<sup>72</sup>Branko Milanovich, *Global Inequality: A New Approach for the Age of Globalization* (Cambridge, MA: Harvard University Press, 2016).

<sup>73</sup>Jonathan Kirshner, "Globalization, American Power, and International Security," *Political Science Quarterly* 123 (Fall 2008): 363–389, at 367. Instead, as Kirshner and others have argued, globalization has rested on American power and on American preferences for an open global economy. See also Robert Gilpin, *The Challenge of Global Capitalism: The World Economy in the 21st Century* (Princeton, NJ: Princeton University Press, 2000).

<sup>74</sup>Ian Goldin and Mike Mariathasan, *The Butterfly Defect: How Globalization Creates Systemic Risks, and What to Do about It* (Princeton, NJ: Princeton University Press, 2015).

terrorist groups, climate change, and globalization will require the active and effective cooperation among the world's main powers to an extent that was absent during the Cold War. Cooperation will be complicated not just by competing geopolitical considerations and rivalries but also by sometimes incompatible interests and preferences on how to manage these challenges. The alternative to active and effective cooperation is, however, an even more dangerous, unsettled, and unstable world, from which the United States, China, and other states would be unable to escape or insulate themselves.

### CONCLUSIONS AND IMPLICATIONS

An international system characterized by U.S.-China bipolarity will have important and far-reaching consequences and implications for the shape and character of world politics. These consequences and implications will diverge in many respects from what prevailed under U.S.-Soviet bipolarity during the Cold War. As this article has shown, U.S.-China bipolarity will produce structural incentives that will tend to weaken rather than strengthen the Atlantic Alliance; generate debates over burden sharing with U.S. allies in Asia similar to those with U.S. allies in Western Europe during the Cold War; contain a level of economic interdependence among the major powers that will add a dimension that was mostly absent from superpower relations during the Cold War; feature more contested and politicized authority structures within global economic, financial, and political institutions than during the last period of bipolarity; and embody various economic, political, and strategic obstacles that will tend to frustrate the efficient and reliable supply of global public goods.

Three implications for the study of bipolarity, U.S.-China bipolarity, and the role of smaller powers, especially U.S. allies, in an international system characterized by U.S.-China bipolarity follow from these main findings.

First, there are few studies of bipolarity from an explicitly comparative or historical perspective. While there is a large literature on the operating logic and dynamics of bipolar international systems, theoretical development and empirical applications largely occurred during the context of the Cold War. And, as noted earlier, discussions of the concept of bipolarity have tended to generalize either implicitly or explicitly from the Cold War experience. But, as this article has shown, the nature and dynamics of bipolar international systems—that is, the “process” as opposed to the “structure” of bipolarity—can vary in important ways. U.S.-China bipolarity will thus offer opportunities for theoretical refinement and new empirical applications for the broader concept of bipolarity.

Second, U.S.-China bipolarity will contain a number of features and dynamics that will distinguish it from U.S.-Soviet bipolarity, making comparisons between the two systems perilous. The United States and China will seek to project power and influence across new domains, for example, including space and cyberspace. Cyberspace is already one of the most contested domains and sources of friction in the U.S.-China bilateral relationship, while space is one of the final “global commons” that remains to be militarized. Both the United States and China will likely seek to achieve an edge, or even dominance, in these realms. Existing alliance relationships, the scope and depth of today’s globalization and economic interdependence, and the transnational nature of many global threats and challenges will also shape and influence the political dynamics within U.S.-China bipolarity.

Third, how smaller powers such as those in Europe and Asia today navigate bipolar international systems warrants further theoretical and empirical attention. During the Cold War, America’s European allies depended on Washington for their security and political independence. Under U.S.-China bipolarity, however, they will depend on the United States much less for their security. Absent structural incentives to maintain the cohesion of the Atlantic Alliance, European countries will support U.S. foreign policy aims and ambitions to varying degrees, and likely less often than during the Cold War. They can even be expected to align with China on various issues more than they did with the Soviet Union, as when several of the United States’ key European allies joined the AIIB despite Washington’s objections. This also has the potential to introduce a new source of discord and disagreement among European countries. While some will continue to look toward the United States for their security, others may be more inclined to pursue independent European defense capabilities.

The Cold War is sometimes fondly remembered as “the long peace.”<sup>75</sup> But people and societies around the world paid a steep price for this peace: nuclear brinkmanship, proxy wars, the division of Germany, and the subjugation of half of Europe under Soviet control. The Cold War produced four decades of enormous and otherwise unnecessary military spending. Vast arsenals of nuclear weapons—threats to humanity’s very existence—were built, stockpiled, and kept on hair-trigger alert.

The new period of bipolarity will be filled with various risks and uncertainties. Will U.S.-China bipolarity match U.S.-Soviet bipolarity in intensity and longevity? Are we headed toward a period of acute,

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<sup>75</sup>John Lewis Gaddis, *The Long Peace: Inquiries into the History of the Cold War* (Oxford: Oxford University Press, 1989).

protracted political tension and military competition? Or is a long period of coexistence possible, with a combination of fear and self-interest preventing the recurrence of the worst aspects of the Cold War? The answers to these questions will in part determine whether U.S.-China bipolarity will also be defined by a “long peace,” or by something potentially more violent and extreme.

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