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US-China Competition for Global Leadership—An Alternative Perspective

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ABSTRACT

This article investigates China's prospects of assuming a global leadership role in a post-American world. It disputes the position of a growing group of American scholars who strongly defend America's lead role in global politics and advance the argument that there is no alternative to US leadership of the current world order. On the contrary, this article argues that the sense of a relative decline in US power, exacerbated by China's rise as a gigantic economic power in recent years, threatens to displace the US as the global leader. It concludes that Beijing may not, however, aim to redesign and reconstruct a new world order altogether, as its interests are best served within the framework of the existing post-war world order. In other words, China's self-interests would dictate it to lead the world while maintaining the basic structure of the US-engineered post-war world order.

Keywords: Shift in global geopolitics, US global leadership, China's rise and challenges, Trump's war on multilateralism, US–China trade and technology war

Introduction

In recent years, scholarly discourses about the economic rise of China have centered around the idea that the post-Second World War global order (crafted and long dominated by the US) was finally unraveling, making a decisive geopolitical shift in power and influence away from the US to China. Writing in *Foreign Policy*, Walt (2020) asserted that China's rise, facilitated by the COVID-19 pandemic, would accelerate the shift of power from the West to the East. Haass (2020) argued that the post-coronavirus period would further expedite the trends that currently characterize the world order: "Waning American leadership, faltering global cooperation, great power discord"—a reference to America's declining global leadership role, which former President Donald Trump was abandoning at a rather faster pace (Pascal, 2019). Allison (2020: 395–397) assessed the geopolitical impacts of the COVID-19 pandemic on US–China rivalry focusing on four dimensions –impact of the pandemic on their GDPs, citizens' trust in their governance systems, capacities to extend a helping hand to other affected nations, and the reputations and standings of Beijing and Washington in the eyes of ruling elites of other nations. He found that China was vaulting past the US in all four dimensions. Belying such predictions, however, the US continues to occupy the central position in global politics.

Still, the critical question is: Can the US fend off China's growing challenges for long and continue to occupy the dominant position in world politics and the global economy?

This article examines how the "China challenge" affects the US' global leadership role. It challenges the position of a growing group of American scholars, discussed below, who for long have disputed the decline in the US' power and who vigorously put forward the argument that there is no alternative to the US to lead the world. Ikenberry's (1998–99) once strong claim of America's "lock-in" role in the post-war world order, promoted by Washington's liberal hegemony and the institutional foundation of the world order, today looks seriously questioned since China is predicted to top the list of world economic powers by 2028 and hold the key to wield maximum power and influence in global economic decision-making (CERB, 2020). This is validated by President Xi Jinping's forsaking the hitherto policy of "keeping a low profile" to develop quietly (Yan, 2014) for a decidedly more assertive "China dream" foreign policy course (Hu, 2019; Zheng and Lye, 2015). This article builds on the economic, institutional and technological challenges the "China dream" foreign policy is posing to US global leadership today and considers how effectively the US has been counteracting the "China dream" challenge.

At the same time, the article argues that China hardly aspires to redesign and recreate a new world order altogether, despite its rise as a super economic power. China's alternative set of economic and political institutions, such as the Asian Infrastructure Investment Bank (AIIB) and the New Development Bank (NDB) or the BRICS Bank, but with no NATO-like military arm or WTO-like global trade organization, is most likely to exist in a parallel course with (and not dealing a death blow to) post-war US-led institutions—the World Bank and the IMF. China's interests are best served, this article contends, within the framework of the existing world order, a world order that has literally facilitated Beijing's meteoric economic rise in the last three to four decades by extending access to Western investments, markets and technology under liberal investments and free trade regimes.

The article, in order to establish its arguments, first briefly presents a theoretical overview of the debate on the US' declining power, and then maps out China's challenges to the US-dominated world order. This is followed by an examination of the US' responses to China's rise and challenges, with a focus on President Trump's and President Biden's worldviews and anti-China strategies. Finally, it weighs China's limitations to engineer a new world order, or why China would prefer to maintain the post-war world order. To pursue the objectives, the paper makes use of qualitative research methods, particularly the content analysis method. It extensively consults the available relevant literatures, makes use of and refers to foreign policy-related statements by the Chinese and American policymakers, and takes into account web-based and newspaper stories as well as editorial opinion pieces from Chinese, American and other sources.

The Theoretical Debate

Debates over the US' decline in global preeminence, to be sure, precede China's economic rise. They have progressed in different phases, with swings from the declinist thesis of the

1980s to America's supremacy in the 1990s, to a return to declinism after the 2008 global financial crisis, and currently dominated by China's rise. In the late 1980s, a group of American academics argued that the US' power and influence was relatively diminishing due to the rise of European and East Asian industrial powers (Gilpin, 1987; Huntington, 1988; Kennedy, 1987). The argument was that a decline in the US' power would gradually erode its capacity to control and lead the post-war world order. A rival group of academics and thinkers (Brooks and Wohlforth, 2008; Ikenberry, 2000; Mandelbaum, 2005; Posen, 2003) challenged the declinist thesis. They argued that the US' power was not eroding and that the world has hardly any alternative to the US as a global security guarantor and economic manager. In case any viable alternative power emerges, they hold, the US would still "lock-in" the post-war world order, capitalizing on the global institutions and the playbook it has put in place in the decades since 1945. The US-led liberal world order, as the argument goes, will continue to exist and operate, as American leaders have co-opted, induced, or even coerced Asian and European powers to hold to the post-war order.

The second wave of debates gripped the Western academic and policy-making world soon after the 2008 financial crisis (the largest Wall Street crash after the 1929 Great Depression) hit the global economy hard. The crisis was preceded by the US' invasion of Afghanistan in October 2001 in the wake of the 9/11 attacks and of Iraq in March 2003. Though Washington's military supremacy remained unchallenged in the 2000s, the economic preconditions for its power became shaky. The US budget deficit, for example, reached US$1.42 trillion in 2009, and slightly reduced to $1.3 trillion in 2011 (Stokes, 2014: 1074). This budget deficit issue led a number of scholars (for example, Eichengreen, 2011; Helleiner and Kirshner, 2009) to question the US' continued capacity to underwrite the post-war global system of public goods and maintain its dollar hegemony. The US had very few options in a fiscally tighter world, unless other states were willing to fund the deficit budget, they opined. Sester (2008: 3) referred to the obvious linkage between financial might and military power and argued that the US would be unable to project its hegemonic power globally unless backed by creditors (allies and friendly states). Xinbo (2010) argued that the 2008 financial crisis exposed the fragility of the Anglo-American liberal capitalism which lost its structural strength of easy credits and the prospects of its global influence. But, arguing from an opposite position, Stokes (2014) advanced the point that US financial decline was more a fiction than a fact. He contended that US monetary power did not decrease and the value of the dollar did not erode. Rather, US strategic economic power could still persuade allies and opponents alike to remain partners in post-war US-engineered monetary regimes. Beckley (2012 & 2011/12) has also approached the issue of US decline in a similar way. He characterized views on US decline as 'false', and explicitly suggested that the US' lead in technological, economic, and military capabilities, compared to its peer competitor China, is growing. Starrs (2013) advanced the argument that American power did not decline; it simply globalized. Since 2008 American corporations have been dominating high-tech sectors like aerospace, software, and financial services by overshadowing competitors like China.

The most notable ongoing round of debates concerns the rise of China and the threats it wields to US global leadership. A growing number of scholars hold the view that China's rapidly growing economic might poses a real threat to US hegemony. If the US decline could not be halted China would soon lead Asia and gradually the whole world (Halper, 2010; Friedberg, 2011; Jacques, 2012; Dobson, 2009; Mahbubani, 2008). Cox (2012), however, refers to the structural advantages the US and its Western allies enjoy (compared to China's) as safeguards that guarantee continued US dominance in the world. He also points to internal and external obstacles that hamstring the rise of new powers like China. Even China's growing role in the global economy, Cox argues, signals no beginning of a new "Asian century", as China has irresolvable territorial and political conflicts with neighbors like India, Malaysia, the Philippines, and Vietnam. In cutting-edge technological areas, such as hardware and software development, semiconductors, etc., the US is leading. Beckley (2020) maintains that the wealth gap between China and the US increases by trillions of dollars every year and that China's inefficient economic management and loss-suffering businesses can never hope to close the wealth gap. He also rules out the possibility of a hegemonic rivalry between Beijing and Washington. Back in 1999, Segal (1999) advised the China watchers not to take China's rise seriously.

Noticeably, the debates over the US' decline have developed along two diametrically opposite lines—(1) that the US decline is real, with consequences for its global leadership role, and (2) that the decline in US power is a far-fetched idea, as its closest rival China lacks significant financial and technological attributes to successfully challenge Washington. What is missing is the middle position in the debates this article builds on and elaborates. The arguments this article develops broadly fit in the declinist thesis, but with an added twist. The promoters of the declinist thesis have predicted a relative decline in American power, but they projected no scenarios of an alternative world power to displace the US, that is, the China challenge that has morphed into a reality in recent years. In the present context, China's successful launch of some multilateral institutions, its cross-continental mega development project—the Belt and Road Initiative (BRI) and its lead position in the BRICS (Brazil, Russia, India, China, South Africa) group, a non-Western economic club—are directly or indirectly challenging America's global role, a recent American report asserts (Lew et al., 2021). The nature, scope and severity of China's challenges are examined as well as what the challenges mean for US global leadership in the future. The following section elucidates the challenges first.

China's Challenges to the US

China is currently the second largest economy in the world (in terms of GDP) trailing the US (but the IMF declared it the largest world economy in 2015, calculated in PPP—purchasing power parity). With an average GDP growth rate of 9.5 percent from 1979 to 2018, the Chinese doubled their economic growth rate every eight years, elevating China's status as the world's largest value-added manufacturing hub, merchandize trader, and holder of foreign exchange reserves (Congressional Research Service 2019). Just in one generation China's GDP (calculated in PPP terms) shot up from 20 percent of the US' GDP level in 1991 to 120 percent by the end of 2019 (World Bank, 2019). Such exponential economic expansion did not occur without presenting a host of challenges to America's global leadership, the following being the most formidable.

The Institutional Challenge

The US and its European allies have built up and steered the post-1945 world order based on a bevy of international economic institutions (World Bank, IMF and WTO), political organizations (for example, the UN), and military alliances (most notably, NATO) (Ikenberry 2008). The three types of institutions, as a whole, were designed and developed primarily based on American power, values, image, and interests, although they have over time developed a life of their own to exist and operate outside the US orbit. The UN's opposition to the 2003 US invasion of Iraq or the WTO's rulings against President Trump's trade ban on China that undermined the basic foundations of the post-war global trade system corroborates this point (Jones 2021, 71).

Beginning with the 2010s, China embarked on a similar course of building regional and global institutions, most notably the AIIB, the NDB and the Contingency Reserve Arrangement (CRA) under the new BRICS grouping. The BRICS group, in its fifteenth annual summit held in South Africa in August 2023, invited six other major developing countries to join its ranks to exert more influence in global politics and the global economy. The Shanghai Cooperation Organization (SCO) plus a host of other regional bodies have also been engineered by China to promote political and security interests. Beijing's efforts and energies to develop the institutions were, however, largely spurred by a growing frustration with America's way of controlling the post-war global institutions and a negligence of China's growing economic prowess and interest. In the premier global economic institutions of the World Bank and the IMF, the US has optimally overshadowed all other member states, including China. The repeated demands for reforms and growing calls for changes in the decision-making processes of the two institutions notwithstanding, the US turned a deaf ear, fearing loss of control of institutionalized dominance of the two Bretton Woods institutions. It was only in January 2016 that the US reluctantly accepted some minor reforms in the weighted voting systems of the World Bank and the IMF, but to the displeasure of China. Currently, China's voting shares in the World Bank and the IMF are 4.53 percent and 6.09 percent respectively, compared to America's 16.26 percent and 16.56 percent (Nuruzzaman 2020, 55–56). That gives the US effective veto power over decisions on substantive issues at the two institutions.

China's first response to US dominance of the global financial architecture was the AIIB. Designed to create and upgrade infrastructures in the member states, the AIIB was launched in 2015 with its headquarters in Beijing. Xiao (2016, 436–437) points out that the AIIB was China's response to Asia's massive infrastructural development needs, US dominance over the World Bank and the IMF, and the former Obama administration's 'Asia rebalance' policy aimed at curbing China's influence in the Indo-Pacific region. In 2009, the Japan-controlled Asian Development Bank (ADB) published a report highlighting the poor quality of infrastructures in Asian countries that required a total investment of $8 trillion between 2010 and 2020. Neither the ADB nor the World Bank had sufficient capital to finance the development of Asian infrastructures. China, with a total foreign exchange reserve of $3.82 trillion in 2013, initiated measures to design and operate the AIIB (Xiao 2016, 436) This new institution made strong appeal to neighboring and far-flung countries alike, with a total of 102 member states currently. The US branded the AIIB as China's new blueprint to curb America's power and influence across the Asian continent, but China recorded a high success in its new institutional endeavor when the big European powers—France, Germany and the UK—decided to become founding members of the AIIB, thus defying US opposition and warning (*Financial Times*, 2015).

President Obama's rebalance policy or 'Asia pivot' policy, on the other hand, initiated a big and far-reaching change in China's foreign policy. The Chinese leaders decided not to confront the US in the Western Pacific, but instead preferred to initiate a new geopolitical shift, a westward move to build economic and financial ties with the Eurasian countries (Xiao 2016, 436). That westward shift, what the Chinese view as a unique 'Eurasian moment' in their expanding foreign relations, finally culminated in the mega development initiative—the BRI. The BRI, complementing the China-led BRICS group, epitomizes China's vision of global development needs and economic linkages China can exploit to maximize its interests. As a new economic giant, China depends highly on access to external resources to fuel its economic growth and for foreign markets to sell its products. Demands for Chinese products can increase if the poor and developing countries attain a certain level of development, and if their effective linkages to Chinese economy are created. That objective has propelled China to extend billions of dollars in loans and grants, under the BRI, to countries in Asia, Africa, Eastern Europe, and Latin America to build and upgrade infrastructures to accelerate the pace of their growth.

The BRI (officially declared in 2017) and the BRICS group have largely cemented China's institution-building thrust and capacities. The two financial instruments—the NDB and the CRA—Beijing has developed operate with a global focus. While the NDB finances sustainable development projects across Eurasia, the CRA is designed as a safety net to help member states weather future financial crises, with a huge amount of initial capital of $100 billion each for the two institutions (Nuruzzaman 2020, 58). Liu (2016, 445) states that the NDB emerged as a countermeasure to the World Bank and the CRA as a counterweight to the IMF.

The Challenge of China's Development Model

In contrast to the Western neoliberal model of development, driven by individual entrepreneurships and interests, the Chinese development model is a mixture of neoliberal tenets of market economy and socialist state control over domestic production, marketing, and distribution systems (Weber 2020). That means the Chinese government externally participates in the US-dominated global free trade system, but it prefers to retain the right to control and guide the domestic economy. Scholars often refer to the Chinese model as a 'state-directed' form of capitalism (Apeldoorn and Overbeek, 2012) or simply 'Sino-capitalism' (McNally, 2012). In the Chinese system, a capitalist class has emerged over the past years, but this class is organized and supervised by the Chinese Communist Party (CCP). The CCP elites embrace liberalization and privatization policies to facilitate China's internationalization while maintaining a distinct Chinese character of development, what is referred to as the "state-society model". Graaff and Apeldoorn (2018: 116) opine that China's distinctive "state-society model" is fundamentally different from that of the US' individuals-run liberal development model, and speaks of a different direction in Beijing's relations to a changing world. It is this "state-society model" that largely defines and directs China's external economic relations, crediting policies, aid and assistance programs, for foreign countries.

Traditionally, the Western model of external economic aid and credit cooperation has attached a series of political and economic strings. Aid and loan conditions have often included the recipient states' promises to liberalize the domestic economy, improve human rights records, introduce democratic reforms, etc.—what were interpreted as attempts to export Western values to the non-West. The conditionality provisions became more stringent after the end of the Cold War, with the dissolution of the Soviet Union in 1991. The Chinese model, in a contrasting way, has a different package of values, with few ideological strings attached to its aid and loans. Consequently, Beijing has become the lender of choice for states that are denied access to Western banks and financial institutions, as well as an alternative source of finance for many other states, whether or not the lender or the borrowing states follow transparent processes (Cormier, 2023).

China's stature in the aid and loan domain immensely grew in the wake of the 2008 global financial meltdown. Many Asian and African countries approached China for loans and emergency funding, what was not easily available from the US where the meltdown started first and had a telling effect on its economy (PEW, 2010). The Chinese banks and financial corporations extended over $75 billion in loans to Eurasian and Latin American countries to survive the ripple effects of the global recession. Additionally, between 2000 and 2014 China offered foreign countries aid and assistance totaling $354 billion (the corresponding US amount was $395 billion in the same period) (Cooley and Nexon, 2020). China has since surpassed the US, especially after the BRI was formally instituted in 2017. A recent *Harvard Business Review* report reveals that China's total direct loans and trade credits to 150 countries across different continents presently stand at $1.5 trillion, an amount that surpasses the combined loans and assistance of the World Bank, the IMF, or the OECD countries (Horn et al., 2020). This stark reality apparently provides less optimism for America's hope to compete with or limit China's influence in the future, either in official loans, trade credits, or development assistance.

The Scientific and Technological Challenge

A fierce competition from China is also visible on the scientific and technological turfs. For long the US has been a scientific and technological leader, enjoying clear competitive edges. In recent years, China's internet and advanced mobile companies like Huawei emerged as global competitors, challenging tech giant Apple Inc. Huawei's 5G internet technology caused serious concerns in the US, prompting the former Trump Administration to accuse the company of espionage and security threats, which can be interpreted as America's attempts to halt China's onward technological march.

On the surface, America's trade war with China underscored the Trump Administration's concerns about widening trade imbalances with China, but it is more reflective of the US' fear to lose out technologically to China in the global economy, the fear about China's industrial and technological capacities to quickly reduce the power gap with the US. Between 2013 and 2017 top ten US tech firms (Apple, Amazon, Cisco, Facebook, HP, Google, IBM, Intel, Microsoft, and Oracle) earned 8.1 percent of all profits siphoned by all publicly listed US firms. In June 2019, five US tech firms—Apple, Amazon, Facebook, Google, and Netflix—accounted for 15.5 percent market capitalization on the S&P 500 firms (Schwartz, 2020). But big Chinese tech companies—Huawei, OnePlus, ByteDance, Xiaomi, Alibaba Corp, JD.com, Baidu Inc., Tencent Holdings, and Oppo—are capturing markets worldwide and threatening the high margin of profits of the US tech giants. A 2019 story by Reuters (2019) reports that big Chinese tech firms—Alibaba Corp, Baidu Inc., JD.com and Tencent Holdings—had a 50 percent increase in their net incomes in 2018, which slid to just 9 percent in 2019 due to a shaky global markets and supply chains roiled by the China-US trade war. Behind the rise of Chinese tech companies, however, the big facilitating factor has been the state financial support. In 2018 alone, the government disbursed a record $22 billion to listed domestic Chinese companies to fuel technology research and development (*Financial Times*, 2019). In May 2020 China announced a massive investment plan of $1.4 trillion spanning a period of six years to roll out 5G wireless network spearheaded by Huawei, and to develop new artificial intelligence and other platform technologies (Schmidt, 2020: 409). Such policies may have cast a negative shadow on the US, what was a reason behind the Trump Administration’s decision to impose ban on Huawei, WeChat and TikTok.

In scientific research and advancements China’s recent progress is also astonishing. Chinese scientists have started dominating the frontiers of scientific research in many areas and effectively compete against their American peers. China overtook the US in nanotechnology in 2009 with new breakthroughs in the areas of carbon-capture technologies, solar electricity generation, production of electric cars and nanomaterials-inspired batteries, etc. Beijing has emerged as a strong competitor in artificial intelligence and in drone technology with transport and amphibious drones in operation. In the software industry, it is a leading pioneer with the largest internet and mobile phone users and the largest e-commerce market in the world. China also prides itself in supercomputing capabilities, possessing some of the world’s most powerful supercomputers, and it is making fast progress in semiconductor production, a new area of tension in China-US relations. Currently, both Beijing and Washington are locked in a fierce battle to undermine each other and win competitive edges in the semiconductor industry (*The Guardian*, 2023). By early 2018 the US National Science Foundation declared that China had overtaken the US in scientific publications (Nature.com 2018). A more recent study by Japan’s National Institute of Science and Technology Policy finds that China has become the number one country in the world in terms of highly cited natural science papers. Of the top 10% papers in the natural sciences published between 2017 and 2019, China’s contribution was 24.8% while the US accounted for 22.9% (Nikkei Asia, 2021).

US Responses to China’s Challenges

That the US takes China’s unfolding challenges very seriously is no exaggeration. The fear in Washington (if Trump’s trade war, which President Joe Biden is pursuing as well, sends out any signal at all) is that China may displace the US as the world’s top economic superpower in the near future. Naturally, a change in the US’ traditional China policy was dictated by some sense of urgency. The US policy towards China has traditionally centered round a few beliefs and goals (Sun and Xiaoyang, 2016). First, policy makers in Washington hoped that China would go democratic as its economy grew. This belief, realistic or not, had its base in the economic growth and subsequent democratic progress in some allied Asian countries, particularly Japan, South Korea, and Taiwan. Second, the US also believed that China, once integrated into the liberal world order, would comply with the general liberal economic and political norms and rules, making it deferential to US leadership and strategic interests. Both beliefs have proved a chimera, however. China hawks in the US have by now concluded that the US' China strategy was a wrong strategy grounded in wrong propositions (Mearsheimer, 2021). Beijing's super economic performance did not push it on the road to democracy; neither has its integration into the liberal world trade order made it an actor compliant with US strategic interests.

It is important to note how the "China challenge" in US foreign policy has progressed from a linear normalized relationship to heightened tensions and trade wars. The George W. Bush Administration, for example, had pursued a cold China policy most vividly expressed in the Sino–US spy plane standoff of April 2001, but then recognized China as an emerging power and expected it to serve as a "responsible stakeholder" in global politics (Garver, 2016). It was during the tenure of the Bush Administration that China, after being admitted to the World Trade Organization in 2001, emerged as the largest holder of US debts—around $600 billion by September 2008. The Barack Obama Administration shifted the gear to countering China in the Asia Pacific region (Wang, 2009). President Obama's "Asia pivot" policy sought to contain China's rising economic, military, and diplomatic clout by concluding economic pacts with the Indo-Pacific regional states, China being excluded. His administration launched the multinational free trade agreement—the Trans-Pacific Partnership (TPP)—in February 2016 to circumvent China's trade influence. The US Congress never ratified the TPP agreement, however. In June 2013, President Obama held the Sunnylands summit (in California) with the new Chinese President Xi Jinping but major differences over cyberattacks, South China Sea disputes, alleged currency manipulation by Beijing, and US arms sales to Taiwan blocked improvements in US-China bilateral relations (*The New York Times*, 2013).

Under President Trump US-China relations reached almost a breaking point, characterized by an escalating trade war and the rhetorical tweets on the COVID-19 pandemic calling it the "Chinese Virus". On the strategic front, the Trump Administration designed and publicized the new Indo-Pacific Strategy to contain China's rise and regional influence in Asia. His administration clearly labelled China a "strategic competitor" as well as a "revisionist power" that seeks to eject the US out of Asia, and shunned the traditional "engage but hedge" policy in favor of a "compete, counter and contain" strategy (Economy 2020, 377). Trade bans on China and sanctions on Chinese high-tech firms were conscious policy choices informed by this new strategy. To draw the excluded and poor white voters to his side, President Trump blamed China and globalization for outsourcing of America's manufacturing, resultant job losses, and theft of intellectual property rights by the Chinese. Incumbent President Joe Biden's China policy is simply a continuation of Trump's anti-China strategy both in colors and contents, at least in the areas of trade and technological competition. Biden's government basically stands by the overall economic dictates and strategic imperatives of Trump's Indo-Pacific Strategy.

Trump's trade war and other irritants in China-US relations perhaps indicated the "darkest chapter yet" in Washington-Beijing relations (CNBC, 2020). The core issue is no doubt China's economic expansion, aptly mirrored by the cross-continent infrastructure development funding under the BRI program and growing volumes of loans and assistance to the developing countries. The BRI was launched at a time when China was shifting to and implementing its high-profile plan "Made in China 2025". This plan, originally launched in 2015 and updated in early 2018, aims at fostering an inward dynamics-led economic growth model that relies more on innovations, high quality services, and private consumption to avoid getting caught in a "middle income trap" (a trap where countries experience diminishing economic growth after achieving a certain growth level). China's economy was showing trends toward the middle-income trap as its growth rate slowed to 6.6 percent in 2018 from a high growth rate of 14.2 percent in 2007. The IMF projected that China's growth rate would further slide down to just 5.5 percent by 2024 (Congressional Research Service, 2019: i). The Made in China plan is premised on a series of transformational policies to make China a world manufacturing superpower by 2049, reducing dependence on foreign technologies and boosting up innovations in key industrial areas, most importantly telecommunications, railway, electrical equipment, energy vehicles, robotics, high-end automation, aerospace technology, etc. A parallel example to Germany's "Industry 4.0" initiative, China's plan seeks to shift from high reliance on fixed investments and exports to innovations-based high-tech manufacturing competitiveness to compete with, and possibly outperform, other advanced industrial powers (Kania, 2019).

The US is particularly concerned about China's high-tech manufacturing plan "Made in China 2025" and views it as a serious threat to its global leadership role. US business leaders and policy-makers complain that China will increasingly rely on theft of intellectual property rights, cyber espionage, forced transfer of foreign technologies to Chinese firms, government subsidies to local industries, closing the Chinese markets to foreign businesses, and so on (McBride and Chatzky, 2019). Trump's policy choice of a trade war with China was substantially conditioned by these concerns to counter Beijing's ambitions to outbid the US in economic performance and technological sophistication. But, experts warned that Trump was unlikely to win the trade war simply because US-China trade is not a one-way but a two-way track (*The Wall Street Journal*, 2019). The US economy was equally hurt, as trade is never a zero-sum game. What is more, the high tariffs Trump slumped on imports from China would be paid not by the Chinese government but by American consumers who check out for cheap Chinese products in everyday shopping (*The Washington Post*, 2018).

China's Prospects as the Next Global Leader

As the analysis in the previous two sections suggest, there is no denying that China has the capabilities to take a challenging role on the global stage. Beijing's perceptions of unfair treatment in the US-dominated world order and the shift in Chinese foreign policy under President Xi Jinping render support to this proposition. And, China's feeble voice in the global economic decision-making processes, particularly at the World Bank and the IMF, pushes the Chinese leaders to seek to enhance their decision-making power and influence in proportion to growing economic clout, which the US deems a threat. There is an intra-Communist Party consensus in China that it should go for a proactive role in relations to the external world (Zeng and Breslin, 2016: 776–777). And, President Xi stands ready not only to assume a prominent role but also to fill in the void left by the US. For example, at the 2017 World Economic Forum in Davos, he declared that China would lead the globalization process should President Trump back away. President Xi was responding to then president-elect Donald Trump's threats of trade wars with China and Mexico (*Financial Times* 2017). The Chinese President made similar declarations after Trump quit the 2015 Paris Agreement on climate change in June 2017. What is becoming clear is that China stands ready to play the lead role in global affairs. This is strongly backed up by its economic and technological rise as well as its institutional initiatives.

Recognizably, the increasing Chinese activism at the global level witnessed a corresponding decline in US multilateralism, especially under President Trump. President Trump pulled the US out of the 2015 nuclear deal with Iran, the UN Human Rights Council, the UN Educational, Scientific and Cultural Organization (UNESCO), the Asia-Pacific Partnership, and two arms control treaties with Russia. Trump's withdrawal from global treaties and accords was interpreted as a sign of America's inability or unwillingness to lead the world. Viewed in a long-term perspective, the declining trend in US leadership is an outcome of a number of economic, political and strategic factors that were in the making for many years and which did not start with the Trump Administration abruptly. After the Second World War, America's economic prowess was unmatched with a commanding 50 per cent share of global GDP, the world's largest foreign currency reserves, and the dollar as an exclusive reserve currency used throughout the world. But there was a noticeable downturn in Washington's economic supremacy by the time the global financial crisis broke out in 2008. Unable to supply the global financial institutions and banks with the required finance to function smoothly, the US mostly left the task of global economic recovery to China, a country that did the "heavy lifting" to support global growth (Roubini, 2020).

The US decline in global leadership brightens China's prospects to fill in the power gap. Beijing's status as the second-largest economy in the world (in terms of GDP), its network of financial institutions and mega cross-continent development projects, increasing financial contributions to and growing stature in multilateral organizations, indicate that China has enormous potential to lead the world and may be preparing to pare back the US global role. In particular, Beijing's BRI mega-project may yield positive results to achieve this goal. Noticeably, on the diplomatic front, China's international stature has considerably increased in the past decade or so. Currently, China pays 12 per cent of the United Nations Organization budget annually, compared to just one per cent it paid in 2000 (*The Economist*, 2020). Despite huge potential, the big question, as raised in the introductory section, is: Can China totally replace the US in global politics and the global economy?

It is important to note that replacement of the US involves high risks and huge obligations for China. There are risks of getting sucked into unnecessary and costly conflicts across the globe, with the big obligations to shoulder responsibilities to fund and run global institutions, opening up China as a world center of trade, commerce, and markets to other countries (which China is doing largely), and to have a cosmopolitan outlook to embrace peoples and cultures from all over the world. There are also complex questions of how all other states would readjust to a China-dominated global order.

More specifically, a scrutiny of China's current status falls short of meeting some crucial elements of global leadership. In the post-Second World War context, the US gradually built up the infrastructural elements of global leadership based on a combination of four significant elements—wealth and power, provisions of global public goods (global security commitments, use of the dollar as the world's most powerful reserve currency etc.), legitimacy flowing out of domestic democratic governance system, and, above all, the willingness to lead the world (Campbell and Doshi, 2020). The basic purposes, visions, and tenets of the post-war order were even declared before the Second World War ended. The Atlantic Charter, containing a political and economic blueprint for the post-war international system, was proclaimed in August 1941. The Bretton Woods Conference started in July 1944 to design the monetary and financial architecture of the post-war world. Great successes were achieved in the decades since then.

The elements of global leadership the US has experienced have arguably less applicability to China, since this Asian powerhouse has risen in a different historical context and through the pursuit of a different development model. What applied to the US may not necessarily apply to China, but the impressive economic and technological achievements China has made have put it in a commendable position of power and wealth, coupled with an apparent willingness to lead the world after the US. Beijing's network of financial institutions is making a dent in the global economy; still its prevalent shortcomings in the areas of governance legitimacy, military power, and alliance networks are some obstacles to design, defend, and promote its lead global role. The Chinese political order is non-democratic, with unelected communist party officials at the top of state power, and no records of human rights appreciated worldwide. Peoples around the world highly aspire for democratic values and human rights, and the Chinese model of political governance hardly makes any appeal to them.

Neither has China's economic boom produced a political blueprint, in the example of the Atlantic Charter, to provide alternative sets of values and principles, though the BRI comes closer to project Beijing's economic vision of the world, with most states in the world as BRI participants. China also lacks a network of military alliances; hardly has it any committed military allies compared to the fast-growing network of economic allies under the BRI. Additionally, China is confronted with a litany of fault lines—hostile relationships with most neighboring countries, such as India in South Asia and not so friendly relations with the Philippines and Vietnam in Southeast Asia, and Japan in East Asia. Such realities leave little room for China to embark on a robust and sustainable course of global leadership. Sorting out differences with the neighbors remains an imperative for China to materialize its global leadership role.

What looks more probable is that China can siphon off more benefits while remaining a significant (or the most significant) part of the US-created post-war world order. It is a fact that China is the second-most beneficiary of the post-war political and economic order after the US. Its super economic performances were possible because of unhindered participation in the open international financial and trading systems after 1979. And, its US-backed return to the UN Security Council in 1971 promoted its global weight to secure its national interests. China's emergence as the world's top economic power in the next few years largely depends on its continued participation in the post-war world economic order. Once China occupies the world's top economic power status, the Chinese leaders can definitely seek to enhance their power and influence by reshaping the liberal global political and economic institutions to suit their own interests, as the US has done in the last six to seven decades since World War II. President Xi Jinping's call for a "new type of great power relations" with the US perfectly fits in this argument. Originally promoted by President Xi in 2014, this concept, what some scholars see as a murky idea lacking any concrete meanings (Li and Xu, 2014), rests on a series of important points to reshape Sino-US relations—(a) avoidance of conflicts through dialogues; (b) mutual recognition of, and respect for, each other's core interests; and (c) a shift from a zero-sum to a positive-sum game through economic cooperation (Hao, 2015). The three points, in reality, reveal China's intentions to ensure a favorable environment to enable China's peaceful development and to claim the top position in the global economy and politics.

Conclusion

This article has examined the nature and impact of China's challenges to US global leadership and establishes the point that China's challenges to US global leadership role are real and threaten to displace the US as the post-war global leader. The institutional, developmental, and technological challenges China has been mounting are shaking up the basic premises of US global leadership. Former President Trump tried to contain, if not eliminate, the China challenge through trade war and a high-tech ban. President Biden won the election with the promise to revitalize the American society and economy to lead the world again, but the way ahead seems full of uncertainties. It will take time for President Biden to produce any visible impact in the battle against China. The Biden Administration's preoccupation with Russia's "special military operation" in Ukraine creates extra bottlenecks to pursue and implement an effective anti-China strategy vigorously.

China's rise and challenges, in fact, strongly negate the anti-declinist scholars' claim of guaranteed American power and leadership role in the global order. Conversely, this article goes beyond the thesis of the declinist school in that it projects and dissects a real case (not simply relative decline)—the "China challenge" to the US in the contemporary world order. China has successfully created some of the infrastructural elements to rival the US—primarily the institutional, technological, and developmental elements, in the past ten to fifteen years—but suffers from several shortcomings in the crucial areas of domestic governance model, development of political and military alliance networks with common vision and purposes, to go for a new world order altogether. China's political and cultural limitations, not to speak of its military weaknesses to face off the US around the world, will rather convince it to operate within the framework of the existing post-Second World War order while taking over the dominant role away from the US.

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