

CPS Working Paper 3

# COVID-19 PANDEMIC AND CHINA'S CHALLENGES TO US GLOBAL LEADERSHIP



Dr. Mohammed Nuruzzaman

## **COVID-19 Pandemic and China's Challenges to US Global Leadership**

*Abstract: This article, in the context of unfolding impacts of the COVID-19 pandemic in global politics and political economy, examines whether the pandemic backs up China's bid for global leadership vis-à-vis the US. It engages the claim of the 'American dominance' school that there is no alternative to the US to lead the world. Taking a contrary position the article argues that the sense of a relative decline in US power, exacerbated by the 'China challenge' in recent years, is undermining Washington's capacity to lead the world. Discussion and analysis, focused on the challenges China poses to the US, suggest that China has the potential, and probably the intentions too, to displace the US in the global economy by the end of the 2028 and occupy the top place in global leadership. The article 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 may lead the world while remaining a part of the US-engineered post-war world order.*

Key words: COVID-19 pandemic, shift in global geopolitics, US global leadership, China's rise and challenges, Trump's war on multilateralism, US–China trade war

### **1. INTRODUCTION**

The global spread of COVID-19 has apparently created a turning point in global politics and economy. A bevy of international affairs experts and commentators in general believe that the post-war world order, crafted and so long dominated by the US, is finally unraveling making a decisive geopolitical shift in power and influence away from the US to China. Their argument is that China has already risen economically and the COVID-19 pandemic has brought it an unprecedented opportunity to displace the US to lead the post-war order. Writing in the magazine *Foreign Policy* Stephen M. Walt<sup>1</sup> asserts that the pandemic will accelerate the shift of power from the West to the East. Haass<sup>2</sup> argues that the post-coronavirus period will further expedite the trends

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1. Stephen M. Walt, "How the World Will Look After the Coronavirus Pandemic", *Foreign Policy*, 20 March 2020 at: <https://foreignpolicy.com/2020/03/20/world-order-after-coronavirus-pandemic/> (accessed: 2 June 2021).  
2. Richard Haass, "How the World Will Look After the Coronavirus Pandemic", *Foreign Policy*, 20 March 2020 at: <https://foreignpolicy.com/2020/03/20/world-order-after-coronavirus-pandemic/> (accessed: 2 June 2021).

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 somewhat abandoning.<sup>3</sup> There is no denying that the Trump administration’s failure to deal with the pandemic, in contrast to America’s past successful mobilization of efforts to fight HIV/AIDS and Ebola on a global scale, has undercut US credibility for global leadership. Campbell and Doshi<sup>4</sup> cautions that this failure could mark America’s “Suez moment” in global politics, a reference to Great Britain’s abdication of global leadership following the abortive 1956 Suez War against Egypt.

The COVID-19 pandemic has affected most states in the world but for the US global leadership it signifies a special test. It is one of the highly affected nations on earth (with over 79 million infections and some 943 thousand deaths as of December 2021) and suffered from initial economic closure that cost \$3 trillion, while its rival China, after faltering for a while, registered positive economic growth from the second quarter of 2020. The US had a record 9.1 per cent decrease in its GDP in the second quarter of 2020, the steepest quarterly drop since 1947.<sup>5</sup> The effects of the pandemic on US power and leadership generates scholarly inquiry, as several pandemics in the past have altered the world order. Kyle Harper,<sup>6</sup> for example, probes how the spread of deadly viruses and bacteria ultimately brought down the Roman Empire (27 BC–476 AD), one of the world’s greatest ancient civilizations. Among the various factors accelerating the fall of the Roman Empire, Harper notes, nature’s violence – climate change and pandemics played a catastrophic role. As recently as in the early 20th century, the Spanish Flu (1918–1920) that swept through Europe and North America left behind indelible social, economic and military impacts. The Flu affected an estimated 500 million people worldwide claiming a high death toll of 39 million. Robert Barro and Jose Ursua<sup>7</sup> report that the Spanish Flu pandemic was probably the next greatest

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3. Alex Pascal, “Against America’s ‘Great Power’ Obsession”, *The Atlantic*, 23 September 2019. At: <https://www.theatlantic.com/politics/archive/2019/09/multilateralism-nearly-dead-s-terrible-news/598615/> (accessed: 3 June 2021).

4. Kurt M. Campbell and Rush Doshi, “The Coronavirus Could Reshape Global Order”, *Foreign Affairs*, 18 March 2020. At: <https://www.foreignaffairs.com/articles/china/2020-03-18/coronavirus-could-reshape-global-order> (accessed: 3 June 2021).

5. Brookings Institution, “Ten facts about COVID-19 and the US economy”, September 2020. At: <https://www.brookings.edu/research/ten-facts-about-covid-19-and-the-u-s-economy/#:~:text=COVID%2D19%E2%80%93related%20job%20losses,2020b%3B%20authors'%20calculations> (accessed: 3 June 2021).

6. Kyle Harper (2017), *Climate, Disease, and the End of an Empire* (Princeton, NJ: Princeton University Press, 2017).

7. Robert J. Barro and Jose F. Ursua, (2008), “Macroeconomic Crises Since 1870”, *Brookings Papers on Economic Activity*, No. 39, 2008 (spring), pp. 255–350 [see Tables C1 & C2].

macroeconomic shock to the world economy after the Second World War or the 1929 Great Depression. Between 1919 and 1921, twelve countries suffered macro disasters (defined as 10 percent or more decline) in their annual GDP growth, while eight countries had similar experiences in their consumption rates.

Despite the shocks of the Spanish Flu on labor market as well as incomes and growth, the US emerged powerful by 1922 and after the Second World War it definitely topped the list of most powerful countries in the world, with the center of world power shifting from Europe to North America. Though the Spanish Flu did not alter the world order (as the West continued to remain the center of world power), the COVID-19 pandemic has created the possibility of a major power shift – because of America’s relative decline that started in the 1970s, and the seemingly unstoppable rise of China. Graham Allison<sup>8</sup>, for example, assesses 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 finds that China vaults the US past in all four dimensions.

**1.1. Objectives and Structure:** This article, in the context of rising global trends unleashed by the COVID-19 pandemic and its implications for global politics, investigates how the pandemic affects US–China rivalry and how it facilitates or not China’s claim to global leadership. The article disputes the position of a growing group of American scholars, discussed below, who for long have disputed the decline in American power and vigorously put forward the argument that there was no alternative to American power to lead the world. China has emerged as a rival power, though primarily in the economic domain, as Beijing, unlike the US, is still unable to project military power far beyond its shores. John Ikenberry’s claim of America’s ‘lock-in’<sup>9</sup> role in the post-war world order, promoted by America’s so-called liberal hegemony and the institutional foundation of the order, today looks seriously challenged since China is predicted to top the list of world economic powers by 2028 and hold the key to wield maximum power and

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8. Graham Allison, “The US-China Relationship after Coronavirus”, in Hall Brands and Francis J. Gavin (eds.), *COVID-19 and World Order: The Future of Conflict, Competition, and Cooperation* (Baltimore: Johns Hopkins University Press, 2020), pp. 395–397.

9. G. John Ikenberry, “Institutions, Strategic Restraint, and the Persistence of American Postwar Order”, *International Security*, vol. 23, no. 3, 1998–1999, pp. 43–78.



influence in global economic decision-making.<sup>10</sup> This is validated by President Xi Jinping's forsaking of the hitherto policy of "keeping a low profile" to develop quietly<sup>11</sup> for a decidedly more assertive "China dream" foreign policy course.<sup>12</sup> This article builds on the economic, institutional and technological challenges "China dream" foreign policy is posing to US global leadership today and how the COVID-19 pandemic is impacting the challenges.

At the same time, the article argues that China hardly aspires to redesign and recreate a new world order altogether, despite its probable 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 (North Atlantic Treaty Organization)-like military arm or WTO (World Trade Organization)-like global trade organization, are most likely to exist in a <sup>8</sup>parallel course with, and not dealing a death blow to, post-Second World War US-led institutions – the World Bank and the IMF (International Monetary Fund). China's interests are best served, as this article argues, 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.

The article, in order to establish its arguments, first briefly presents an overview of the debates on America's declining power, and then maps out China's challenges to US-dominated world order. This is followed by an examination of US' responses to China's rise and challenges with a focus on President Trump's worldview and anti-China strategy. Finally, it weighs in China's limitations to engineer a new world order or why China would probably prefer to maintaining the post-war world order. The research is primarily of qualitative nature. It makes use of available published scholarly literatures on China – US relations, policy statements by American and Chinese policy makers reported by both American and Chinese press, and internet-based foreign policy analytical pieces on the evolving nature and patterns of China–US relations. That makes the article primarily an interpretive study.

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10. CEBR, Macroeconomic Forecasting, 26 December 2020. At: <https://cebr.com/service/macroeconomic-forecasting/> (accessed: 30 December 2021).

11. Xuetong Yan, "From Keeping a Low Profile to Striving for Achievement", *The Chinese Journal of International Politics*, vol. 7, no. 2, 2014, pp. 153–184.

12. Weixing Hu, "Xi Jinping's 'Major Country Diplomacy': The Role of Leadership in Foreign Policy Transformation", *Journal of Contemporary China*, vol. 28, no. 115, 2019, pp. 1–14; Yongnian Zheng and Liang Fook Lye, "China's Foreign Policy: The Unveiling of President Xi Jinping's Grand Strategy", *East Asia Policy*, vol. 7, no. 1, 2015, pp. 62–82.

## 2. The Theoretical Debates

Debates over America's decline in global preeminence precede the COVID-19 pandemic, however. In the late 1980s, a group of American academics argued that America's power and influence was relatively diminishing due to the rise of European and East Asian industrial powers, what was dubbed the declinist thesis of the 1980s.<sup>13</sup> The argument was that a decline in American power would gradually erode America's capacity to control and lead the post-war world order. In other words, America's relative decline in power in the face of challengers would surely undermine its hegemonic status and constrain its lead role in world affairs. A rival group of academics and thinkers,<sup>14</sup> who may be labelled the 'school of American dominance' scholars, challenged the declinist thesis by the early 2000s. They argue that America's power was not eroding and that the world has hardly any alternative to America as a global security guarantor and economic manager. In case any viable alternative power emerges, they hold, America will still "lock-in" the post-war world order capitalizing on the global institutions and the playbook it has put in place in the past decades since 1945. The US-led liberal world order, as the argument goes, will continue to exist and operate, as America has co-opted, induced or even coerced Asian and European powers to hold the post-war order. But the quiet rise of China as an economic giant has apparently challenged the position of the 'school of American dominance' scholars, a development did they neither overlook nor pay that much attention to it.

Michael Beckley<sup>15</sup> has approached the declinist thesis from a different angle broadly challenging the view that America's decline is caused by China's economic rise. He dubs views on America's decline as 'false', and explicitly suggests that America's lead in technological, economic and

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13. Robert Gilpin, *The Political Economy of International Relations* (Princeton, NJ: Princeton University Press, 1987); Samuel P. Huntington, (1988), "Coping with the Lippmann Gap", *Foreign Affairs*, vol. 66, no. 3, 1988, pp. 453–477; Paul Kennedy, *The rise and fall of the great powers: Economic change and military conflict from 1500 to 2000* (New York, NY: Random House, 1987).

14. Stephen Brooks and William Wohlforth, *World out of balance: International relations and the challenge of American primacy* (Princeton, NJ: Princeton University Press, 2008); G. John Ikenberry, *After victory: Institutions, strategic restraint, and the rebuilding of order after major wars* (Princeton, NJ: Princeton University Press, 2000); Michael Mandelbaum, *The case for Goliath: How America acts as the world's government in the 21st century* (New York, NY: Pacific Affairs, 2005); Barry Posen, "Command of the commons: The military foundation of US hegemony", *International Security*, vol. 28, no. 1, 2003, pp. 5–46.

15. Michael Beckley, *Unrivaled: Why America Will Remain the World's Sole Superpower?* (Ithaca and London: Cornell University Press, 2018); Michael Beckley, *The Unipolar Era: Why America's Power Persists and China's Rise is Limited* (ProQuest Dissertations and Theses, 2012); Michael Beckley, "China's Century? Why America's Edge Will Endure", *International Security*, vol. 36, no. 3, 2011/12, pp. 41–78.

military capabilities, compared to that of China, is growing. In a recent article Beckley<sup>16</sup> further 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 hegemonic rivalry between Beijing and Washington. A general problem with Beckley is that he hardly emphatically conceptualizes the idea of decline (meanings, historical and structural properties), and pays insufficient heed to how China's rise constrains US foreign policy freedom to pursue interests regionally (in the East Asian context, for example) and globally (for instance, the Russia – Ukraine war being a current issue where China and Russia are seemingly forging ahead to challenge NATO's eastward expansion in Ukraine).

The arguments this article develops broadly fit in the declinist thesis of the 1980s but with an added twist. The promoters of the declinist thesis did predict a relative decline in American power but projected no scenarios of an alternative world power to displace the US, that is, the China challenge which has morphed into a reality. 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 group, a non-Western economic club, are directly or indirectly challenging America's global role, as a recent American report asserts.<sup>17</sup> Chinese Foreign Minister Wang Yi has predicted that US–China relations are sliding down the road to a “new cold war”, while others claim that the two rivals are already engaged in a cold war 2.0.<sup>18</sup> The following section examines the nature, scope and severity of the challenges China is posing to the US.

### **3. China's Challenges to the US**

China is currently the second largest economy in the world (in terms of GDP) trailing the US (but was declared by the IMF the largest world economy in 2015 calculated in terms of PPP – purchasing power parity). With an averaging 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

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16. Michael Beckley, “China's Economy Is Not Overtaking America's”, *Journal of Applied Corporate Finance*, vol. 32, no. 2, 2020, pp. 10–23.

17. See, Jacob J. Lew et al, *China's Belt and Road: Implications for the United States*. Council on Foreign Relations, Independent Task Force Report No. 79 (Washington, D.C.: Council of Foreign Relations, 2021).

18. Elizabeth Economy, “The United States, China...”, *op. cit.*, p. 379.

as the world's largest value-added manufacturing hub, merchandize trader and holder of <sup>16</sup> foreign exchange reserves. Just in one generation, China's GDP, calculated in PPP terms, shot up from 20 percent of US' GDP level in 1991 to 120 percent by the end of 2019. China's exponential economic expansion did not come without challenges to America's global leadership, however. The challenges were in the making for the last three to four decades but assumed a formidable dimension beginning with the 2010s. While the 2008 global recession put the US in a difficult economic situation to act as the global markets and lender of the last resort, China moved forward to minimize the impacts of the recession. Over the years, China's strong and growing economic muscle has created institutional, developmental and technological challenges, as explained below, to US power and global dominance.

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### 3.1 *The Institutional Challenge*

The US and its European allies built up, and have steered the post-1945 world order based on a host of international economic institutions (World Bank, IMF), political organizations (the UN, for example), and military alliances (most notably NATO). The US-led institutions gained gradual legitimacy through wide participations of states from across the world, particularly in the economic and political institutions. The military alliances were restricted in memberships as they<sup>17</sup> sought to focus on narrower Western or US interests either in promoting and protecting the unhindered operations of the economic and political institutions or to fend off threats to Western interests.<sup>18</sup> The above three types of institutions, as a whole, were designed and developed primarily based on American power, values, image and interests, though 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 corroborates this point.

In the past few years, China has embarked on a similar course of building regional and global institutions, most notably the AIIB, the NDB and the Contingency Reserve Arrangement (CRA)

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19. Congressional Research Service, *China's Economic Rise: History, Trends, Challenges, and Implications for the United States*, 2019. At:

[https://www.everycrsreport.com/files/20190625\\_RL33534\\_088c5467dd11365dd4ab5f72133db289fa10030f.pdf](https://www.everycrsreport.com/files/20190625_RL33534_088c5467dd11365dd4ab5f72133db289fa10030f.pdf) (accessed: 5 June 2021), p. 1.

20. World Bank, *World Development Indicators Data Bank*, 2019. At:

<https://datacatalog.worldbank.org/dataset/world-development-indicators> (accessed: 24 November 2021).

21.G. John Ikenberry, "America and the Reform of Global Institutions", in Alan S. Alexandroff, (ed.), *Can the World Be Governed? Possibilities for Effective Multilateralism* (Toronto: Wilfrid Laurier University Press, 2008), pp. 110–138.



under the new BRICS grouping (Brazil, Russia, India, China, and South Africa), the Shanghai Cooperation Organization (SCO) plus a host of other regional bodies. Beijing's efforts and energies to develop the institutions were 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 interests. 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 being scared of losing control or institutionalized dominance of the two Bretton Woods institutions. In January 2016, 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 share 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.<sup>22</sup> That gives the US effective veto power over decisions on substantive issues at the two institutions.

China's first response to US dominance of 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. Ren Xiao<sup>23</sup> 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 Obama administration's 'Asia rebalance' policy aimed at curbing China's influence in the Asia-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, geared up to invent, design and operate the AIIB.<sup>24</sup> This new institution made strong appeal to neighboring and far-flung countries alike, with a total of 102 member states. 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

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22. Mohammed Nuruzzaman, "Why BRICS Is No Threat to the Post-war Liberal World Order", *International Studies*, vol. 57, no. 1, pp. 55 - 56.

23. Ren Xiao, "China as an institution-builder: the case of the AIIB", *The Pacific Review*, vol. 29, no. 3, 2016, pp. 436-437.

24. Ren Xiao, "China as an institution-builder..." op. cit., pp. 435-436.

its new institutional endeavor when the big European powers – France, Germany and the UK decided to become founding members of the AIIB defying US opposition and warning.<sup>25</sup>

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.<sup>26</sup> That westward shift, what the Chinese view as a unique 'Eurasian moment' in their expanding foreign relations, finally culminated in the mega development initiative – BRI. The BRI, what complements the China-led BRICS (Brazil, Russia, India, China, and South Africa) 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 highly depends on access to external resources to fuel its economic growth and 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 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 (Contingency Reserve Arrangement) 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 through future financial crises, with a huge amount of initial capital of \$100 billion each for the two institutions.<sup>27</sup> Ming Liu<sup>28</sup> states that what transpired with the two financial institutions was that the NDB emerged as a countermeasure to the World Bank and the CRA as a counterweight to the IMF. The BRICS is, however, more or less viewed as a 'China show' since China is the largest BRICS economy and also the principal

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25. Financial Times, "Europeans defy US to join China-led development bank", 17 March 2015. At: <https://www.ft.com/content/0655b342-cc29-11e4-beca-00144feab7de> (accessed: 1 July 2021).

26. Ren Xiao, "China as an institution-builder..." op. cit., p. 436.

27. Mohammed Nuruzzaman, "Why BRICS Is No Threat..." op. cit., p. 58.

28. Ming Liu, "BRICS development: a long way to a powerful economic club and new international organization", *The Pacific Review*, vol. 29, no. 3, 2016, p. 445.

fund contributor to both BRICS instruments. There is also lack of intra-BRICS unity and cohesion as demonstrated by India – China bitter rivalry sparked by their recent border clashes.

### 3.2 *The Challenge of China's Development Model*

The model of development China is pursuing poses the second most powerful challenge to the US. In contrast to the Western neoliberal model of development, driven by individual entrepreneurs, the Chinese model is a mixture of neoliberal tenets of market economy and socialistic state control over domestic production, marketing and distribution systems.<sup>29</sup> That means the Chinese government externally participates in the US-dominated global free trade system but 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<sup>30</sup> or simply 'Sino-capitalism'.<sup>31</sup> 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. The communist party 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". Nana de Graaff and Bastiaan van Apeldoorn<sup>32</sup> mention 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, credit 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

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29. Isabella Weber, "Origins of China's Contested Relation with Neoliberalism: Economics, the World Bank, and Milton Friedman at the Dawn of Reform" *Global Perspectives*, vol.1, no. 1, 2020. At: <https://doi.org/10.1525/gp.2020.12271> (accessed: 15 July 2021).

30. Bastiaan van Apeldoorn, Nana de Graaff and Henk Overbeek, "Reconfiguration of the global state-capital nexus", *Globalizations*, vol. 9, no. 4, 2012, pp. 471–486.

31. Christopher McNally, "Sino-capitalism: China's re-emergence and the international political economy", *World Politics*, vol. 64, no. 4, 2012, pp. 741–766.

32. Nana de Graaff and Bastiaan van Apeldoorn, "US – China relations and the liberal world order: contending elites, colliding visions?" *International Affairs*, vol. 94, no. 1, 2018, p. 116.

war, with the dissolution of the Soviet Union in 1991. The Chinese model, in a contrasting way, has a different package of values with little ideological strings attached to its aid and loans. Consequently, Beijing has become the patron of choice for states that are denied access to Western banks and financial institutions. Many states prefer Chinese aid and loans to avoid undue Western or US pressures, the result being that China has emerged as an alternative source of finance.

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, which was not easily available from the US where the meltdown started first and had a telling effect on its economy.<sup>33</sup> The Chinese banks and financial corporations extended over \$75 billion in loans to Eurasian and Latin American countries to survive the ripple effects<sup>31</sup> 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).<sup>34</sup> 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 (Organization for Economic Cooperation and Development)<sup>35</sup> countries. 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.

### 3.3 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 dominant scientific and technological leader, enjoying clear competitive edges. Now China is on the horizon; its internet and advanced mobile company Huawei has emerged as a global leader challenging America's Apple Inc. Huawei's 5G internet technology is

33. See, PEW, "The Impact of the September 2008 Economic Collapse", 28 April 28. At: <https://www.pewtrusts.org/en/research-and-analysis/reports/2010/04/28/the-impact-of-the-september-2008-economic-collapse#:~:text=KEY%20FINDINGS,through%20the%20end%20of%202009> (accessed: 10 June 2021)

34. Alexander Cooley and Daniel H. Nexon, "How Hegemony Ends..", op. cit.

35. Sebastian Horn et al, "How Much Money Does the World Owe China?" *Harvard Business Review*, 26 February 2020. At: [https://hbr.org/2020/02/how-much-money-does-the-world-owe-china#:~:text=When%20adding%20portfolio%20debts%20\(including,exceed%20%245%20trillion%20in%20total](https://hbr.org/2020/02/how-much-money-does-the-world-owe-china#:~:text=When%20adding%20portfolio%20debts%20(including,exceed%20%245%20trillion%20in%20total) (accessed: 21 June 2021).

assumed to have 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 technologically lose out 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.<sup>36</sup> 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 Reuters<sup>37</sup> story reports that a bunch of 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 trade war. Behind the rise of Chinese tech companies, however, the big facilitating factor is state financial support. In 2018 alone the government disbursed a record US \$22 billion to listed domestic Chinese companies to fuel technology research and development.<sup>38</sup> 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, develop new artificial intelligence and other platform technologies.<sup>39</sup> Such policies may have cast a negative shadow on the US, what was a

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36. Herman Mark Schwartz, "China, the US, and Cold War 2.0", 1 April 2020. At: [https://www.macmillanihe.com/blog/post/china-the-us-and-cold-war-2-0-schwartz/?utm\\_source=NL&utm\\_medium=email&utm\\_campaign=3560\\_POL\\_NL\\_Marketo\\_RGP\\_UK.ROW\\_June.UK\\_resend&utm\\_content=button\\_blog\\_Schwartz&mkt\\_tok=eyJpIjoiTWpjek1qYzFNVEpsT0dJMyIsInQiOiJFSXkyNWZlUHBsK3plUVpWTjJGT0pBc1BuZ29JbjhyRVNcl2tmODlBdStoZmdEVlIDRk5GQXF5ZFdwblldzNjduWXlJeEFydHMwQjFVMVA5MkFCb0RlVzVaVmJhN1JlOjUuSVJlRW5QYTZRTVN5S1lwcExpXC9hSEQ4WFZSV1VlVDNpIn0%3D](https://www.macmillanihe.com/blog/post/china-the-us-and-cold-war-2-0-schwartz/?utm_source=NL&utm_medium=email&utm_campaign=3560_POL_NL_Marketo_RGP_UK.ROW_June.UK_resend&utm_content=button_blog_Schwartz&mkt_tok=eyJpIjoiTWpjek1qYzFNVEpsT0dJMyIsInQiOiJFSXkyNWZlUHBsK3plUVpWTjJGT0pBc1BuZ29JbjhyRVNcl2tmODlBdStoZmdEVlIDRk5GQXF5ZFdwblldzNjduWXlJeEFydHMwQjFVMVA5MkFCb0RlVzVaVmJhN1JlOjUuSVJlRW5QYTZRTVN5S1lwcExpXC9hSEQ4WFZSV1VlVDNpIn0%3D) (accessed: 7 July 2021).

37. Reuters, "China's tech firms to post slower June-quarter growth on sagging demand", 13 August 2019. At: <https://www.reuters.com/article/us-china-tech-results/chinas-tech-firms-to-post-slower-june-quarter-growth-on-sagging-demand-idUSKCN1V30ES> (accessed: 13 July 2021).

38. *Financial Times*, "China paid record \$22bn in corporate subsidies in 2018", 27 May 2019. At: <https://www.ft.com/content/e2916586-8048-11e9-b592-5fe435b57a3b> (accessed: 6 November 2021).

39. Eric Schmidt, "Building a New Technological Relationship and Rivalry: US – China Relations in the Aftermath of COVID-19", in Hall Brands and Francis J. Gavin (eds.), *COVID-19 and World Order*, op. cit., p. 409.



reason behind the Trump administration's decision to impose a ban on Huawei, WeChat and TikTok.

China's challenges are also strong in microblogging website development for social interactions. China's 'Sina Weibo' effectively rivals the US Twitter, the messaging app 'WeChat' functions like the Facebook 'Messenger', and the live-streaming site 'Douyin' is as popular inside and outside China as the American Instagram.<sup>40</sup>

In scientific research and advancements, China's recent progress is also astonishing. The Chinese scientists have started dominating the frontiers of scientific research in many areas and effectively competing against their American peers. Some examples of China's impressive scientific achievements will suffice. 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 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 in supercomputing capabilities with some of the world's most powerful supercomputers in possession, and is making fast progress in semiconductor production. By early 2018 the US National Science Foundation declared that China had overtaken the US in scientific publications.<sup>41</sup> 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%.<sup>42</sup>

### *3.4. The Impact of the Pandemic on China's Challenges to the US*

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40. The New York Times, "Know Your Chinese Social Media", 19 November 2018. At: <https://www.nytimes.com/2018/11/19/fashion/china-social-media-weibo-wechat.html> (accessed: 29 June 2021).

41. Nature.com, "China declared world's largest producer of scientific articles", 18 January 2018. At: <https://www.nature.com/articles/d41586-018-00927-4#:~:text=18%20January%202018-,China%20declared%20world's%20largest%20producer%20of%20scientific%20articles,States%20remains%20a%20scientific%20powerhouse> (accessed: 29 June 2021).

42. Nikkei Asia, "China passes US to top output of influential science papers", 10 August 2021. At: <https://asia.nikkei.com/Business/Technology/China-passes-US-to-top-output-of-influential-science-papers> (accessed: 12 October 2021).

The discussion on China's institutional, developmental and technological challenges begs a serious question here: Has the COVID-19 pandemic changed the nature or intensified the impact of China's challenges to US global leadership? Looking from the economic front, the pandemic is adding new constraints to US' global leadership. Under bad consequences of the pandemic, the US economy was projected to contract by 6 to 14 percent in 2020, with the national debt to GDP ratio rising to 100 per cent.<sup>43</sup> A latest US government estimate, however, reports that in real GDP terms the economy decreased by 3.5 per cent in 2020.<sup>44</sup> The IMF projected a 5.1 per cent real GDP growth rate for 2021, a growth rate that would not be sufficient for the US to make up the losses for 2020. This weak economic condition has the potential to hamstring post-pandemic recovery forcing more spending in the social and economic sectors,<sup>45</sup> with implications for America's global political and security commitments. A decrease in America's global commitments is tied to a corresponding decline in its global leadership role. In contrast, China was the only large economy to achieve positive economic growth in 2020, after rebounding from COVID-19 lockdowns. China's GDP expanded by 2.3 per cent in 2020 disproving the IMF forecast of 1.9 per cent.<sup>46</sup> The IMF's 2021 GDP growth rate projection for China was 8.1 per cent, a projection that promised China to quickly reduce the wealth gap with the US and further accelerate or sharpen its institutional, developmental and technological rivalry with Washington. The impacts of the rivalry are likely to be more visible and felt on a long term rather than a short term basis. Additionally, China's institutional set-up challenges the US-led global institutions (World Bank and the IMF) in, at least, two different ways. Firstly, contrary to World Bank and IMF standards, the China-led institutions provide "quick and easy infrastructure packages"<sup>47</sup> to borrowing countries. The AIIB, the NDB or the BRI, unlike their Western counterparts, ignore

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43. Kevin Rudd, "The Coming Post-COVID Anarchy", *Foreign Affairs*, 6 May 2020. At: <https://www.foreignaffairs.com/articles/united-states/2020-05-06/coming-post-covid-anarchy> (accessed: 17 July 2021).

44. Bureau of Economic Analysis, "Gross Domestic Product, 4th Quarter and Year 2020", 28 January 2021. At: [https://www.bea.gov/news/2021/gross-domestic-product-4th-quarter-and-year-2020-advance-estimate#:~:text=Current%2Ddollar%20GDP%20decreased%202.3,\(tables%201%20and%203\)](https://www.bea.gov/news/2021/gross-domestic-product-4th-quarter-and-year-2020-advance-estimate#:~:text=Current%2Ddollar%20GDP%20decreased%202.3,(tables%201%20and%203)) (accessed: 10 July 2021).

45. The Biden administration's \$1 trillion bipartisan infrastructure bill, which the president signed into law on 15 November 2021, is a case at hand.

46. Aljazeera, "Club of one: China's economy grew faster than expected in 2020", 18 January 2021. At: <https://www.aljazeera.com/economy/2021/1/18/chinas-economy-grew-faster-than-expected-in-2020> (accessed: 21 July 2021).

47. Jacob J. Lew et al, *China's Belt and Road*, p. 4.

environmental consequences of big development projects, and social impacts of the projects are also neglected.<sup>48</sup> Secondly, countries that borrow from China-led institutions are diversifying and reducing their traditional dependence on the US-led institutions. This has the implications that, in the post-pandemic context, more and more borrowers may turn to China instead of the West in general and the US in particular.

#### 4. US Responses to China's Challenges

That the US takes China's unfolding and real challenges, compounded by the COVID-19 fallout, very seriously is no exaggeration. The fear in Washington, if Trump's trade war, which President Joe Biden intends to pursue as well, sends out any signal at all, is that China may soon displace the US as the world's top economic superpower. Naturally, a change in US' traditional China policy was dictated by some sense of urgency. Traditionally, the US policy towards China has centered round a few beliefs and goals.<sup>49</sup> Firstly, the 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. Secondly, 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 Washington have in recent years concluded that the US' China strategy was a wrong strategy grounded in wrong propositions. 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 a compliant actor to US strategic interests. It is important to note how the China factor 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.<sup>50</sup> It was during the tenure of

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48. Irene Yuan Sun and Tang Xiaoyang, "Social Responsibility or Development Responsibility – What is the Environmental Impact of Chinese Investments in Africa: What Are Its Drivers, and What Are the Possibilities for Action?" *Cornell International Law Journal*, vol. 49, No. 1, 2016, pp. 60–99.

49. John W. Garver (2016), "America's Debate Over the Rise of China", *The China Quarterly* 226 (June issue), 2016, pp. 538–550.

50. Chi Wang, *George W. Bush and China: Policies, Problems, and Partnership* (Lanham, MD: Lexington Books, 2009).

the Bush administration that China, after being admitted to the WTO 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.<sup>51</sup> President Obama's 'Asia pivot' policy sought to contain China's rising economic, military and diplomatic clout by concluding economic pacts that excluded China. His administration launched the multinational free trade agreement – the Trans-Pacific Partnership in February 2016 to circumvent China's trade influence but the US Congress never ratified the agreement. In June 2013, President Obama held the Sunnylands summit (in California) with the new Chinese President Xin Jinping but major differences over cyberattacks, South China Sea, alleged currency manipulation by Beijing and US arms sales to Taiwan blocked improvements in US–China bilateral relations.<sup>52</sup>

Under President Trump US–China relations reached almost a breaking point, characterized by an escalating trade war and the rhetorical tweets over the COVID-19 pandemic. On the strategic front, the Trump 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.<sup>53</sup> Trade bans on China and sanctions on Chinese high tech firms were conscious policy choices informed by this new strategy.

Trump's trade war and other irritants in China–US relations perhaps indicate the “darkest chapter yet” in Washington–Beijing relations.<sup>54</sup> 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

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51. Wang Jissi and Hu Ran, “From cooperative partnership to strategic competition: a review of China – U.S. relations 2009 – 2019”, *China International Strategy Review*, no.1, 2019, pp. 1–10.

52. The New York Times, “U.S. and China Move Closer on North Korea, but Not on Cyberespionage”, 8 June 2013. At: <https://www.nytimes.com/2013/06/09/world/asia/obama-and-xi-try-building-a-new-model-for-china-us-ties.html> (accessed: 25 June 2021).

53. Elizabeth Economy, “The United States, China...”, op. cit., p. 377.

54. CNBC, “U.S. – China relations are headed for the ‘darkest chapter yet’, says Eurasia Group”, 2 July 2020. At: <https://www.cnbc.com/2020/07/02/us-china-relations-headed-for-the-darkest-chapter-yet-eurasia-group.html> (accessed: 3 July 2021).

inward dynamics-led economic growth model that relies more on innovations, high quality services and private consumptions 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.<sup>55</sup> 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 make a 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.<sup>56</sup>

The US is particularly concerned about China’s high-tech manufacturing plan ‘Made in China 2025’ and views it as a security threat. 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.<sup>57</sup> 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 sophistications. 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.<sup>58</sup> The US economy will be 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

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55. Congressional Research Service, *China’s Economic Rise*, op. cit., p. i.

56. Elsa B. Kania, “Made in China 2025, Explained”, *The Diplomat*, 1 February 2019. At: <https://thediplomat.com/2019/02/made-in-china-2025-explained/> (accessed: 28 July 2021).

57. James McBride and Andrew Chatzky (2019), “Is ‘Made in China 2025’ a Threat to Global Trade?” Council on Foreign Relations, 13 May 2019. At: <https://www.cfr.org/backgrounder/made-china-2025-threat-global-trade#:~:text=China's%20industrial%20policy%20is%20aimed,the%20plan%20as%20a%20threat> (accessed: 28 July 2021).

58. *The Wall Street Journal*, “Top Economic Advisers Warned Trump on Tariffs Before China Truce”, 18 October 2019. At: <https://www.wsj.com/articles/top-economic-advisers-warned-trump-on-tariffs-before-china-truce-11571391006> (accessed: 30 July 2021).



Chinese government but American consumers who check out for cheap Chinese products in everyday shopping.<sup>59</sup>

## 5. China's Limitations

China has apparently the economic capabilities to take a lead role on the global stage. It's perceptions of unfair treatment in the US-dominated world order and the shift in Chinese foreign policy under President Xi Jinping renders support to this proposition. As briefly touched above, China has a feeble voice in the global economic decision-making processes, particularly at the World Bank and the IMF, and has reasons to enhance its decision-making power and influence in proportion to its growing economic clout, which the US deems as 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.<sup>60</sup> And President Xi Jinping stands ready not only to assume a prominent role but also to fill in the void left by the US. 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.<sup>61</sup> The Chinese President made similar declarations after Trump had quit the 2015 Paris Agreement on climate change in June 2017. China's assuming of a conspicuous role in global affairs is indeed 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 can be 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 slew of economic,

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59. The Washington Post, "Can Trump win a trade war with China?", 23 March 2018. At: <https://www.washingtonpost.com/news/worldviews/wp/2018/03/23/can-trump-win-a-trade-war-with-china/> (accessed: 29 July 2021).

60. Jinghan Zeng and Shaun Breslin, "China's "new type of great power relations": a G2 with Chinese characteristics", *International Affairs*, vol. 92, no. 4, 2016, pp. 776-777.

61. Financial Times, "Xi Jinping delivers robust defense of globalization at Davos", 17 January 2017. At: <https://www.ft.com/content/67ec2ec0-dca2-11e6-9d7c-be108f1c1dce> (accessed: 25 July 2021).

political and strategic factors that were in the making for many years; it 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 economic recession 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.<sup>62</sup>

There is a similar retrogression in global public acceptance of Washington's motives to hold the post-war (or post-1945) liberal world order. Leading American liberal scholars<sup>63</sup> have patiently argued that the US-led liberal world order has been a rules-based order. But, in practice, the US-led order has been neither completely liberal nor orderly that much, more so because it is largely undergirded by military violence and greatly sustained by US-crafted military alliances. This is the case despite some major contributions of the US-led post-1945 world order: some seven decades of cold peace (generated by the US – USSR cold war) in the world, a general decrease in violent deaths and an 80-fold increase in world GDP.<sup>64</sup> President George W. Bush's illegal invasion of Iraq in 2003 tore up the legitimacy framework of the UN – a major pillar of the post-war world order. Washington's long competition against the now-defunct Soviet Union during the cold war period, the Vietnam War of the early 1970s and the Korean War of 1950–53 were all justified in the name of protecting the liberal world order. In reality, the US' wars against other nations and the grand military strategies were meant to protect its global interests, to have guaranteed access to raw materials and resources across the Global South (Middle Eastern oil, for example), and to safeguard its military and commercial interests.<sup>65</sup>

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62. Financial Times, "Why China's role as the world's shock absorber is changing", 19 August 2015. At: <https://www.ft.com/content/7a802c07-1f27-357a-8337-d479189087e3> (accessed: 29 July 2021).

63. G. John Ikenberry, *Liberal Leviathan: The Origins, Crisis, and Transformation of the American World Order* (Princeton, NJ: Princeton University Press, 2011).

64. Edward Fishman, "The World Order is Dead: Here's How to Build a New One for a Post-Coronavirus Era", *The Atlantic*, 3 May 2020. At: <https://www.politico.com/news/magazine/2020/05/03/the-post-coronavirus-world-order-230042> (accessed: 15 August 2021).

65. Mohammed Nuruzzaman, "Why BRICS Is No Threat...", op. cit., p. 56.

Lately, troubles in the US domestic order have added more constraints to US ability to lead the world. The US is at war with itself, demonstrated by the killing of an unarmed Black man George Floyd in Minneapolis by a white policeman on May 25, 2020, an incident that triggered massive protests and violence across the US, with repercussions worldwide. Richard Haass<sup>66</sup> refers to the persisting social and political divides, pervasive gun violence, the rise of economic inequalities, and financial mismanagement coalescing into the 2008 global recession as factors affecting global acceptability of the US democratic model. President Trump's controversial role in inter-race relations and the incompetence of his government to respond to the COVID-19 pandemic domestically as well as globally pushed Washington's friends and allies away. Equally noticeable was his administration's largely negative stances on environment and climate change as well as global health and safety issues. All these added some vigor to Nouriel Roubini's argument that the influence of the US as a superpower has been declining for a while, especially economically, but also politically.<sup>67</sup>

Logically speaking then, the US decline in global leadership brightens China's prospects to take over. 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 pair back 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 UN budget annually compared to just one per cent it paid in 2000 and its diplomats headed four of the UN's 15 specialized agencies in 2020, while American diplomats headed just one.<sup>68</sup> Despite huge potential, the big question is: Can China totally replace the US in global politics? 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

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66. Richard Haass, "Foreign Policy By Example", *Foreign Affairs*, 5 June 2020. At: <https://www.foreignaffairs.com/articles/united-states/2020-06-05/protests-pandemic-world-watching> (accessed: 26 July 2021).

67. See, Nouriel Roubini, "The Coming Greater Depression of the 2020s", Project Syndicate, 28 April 2020. At: <https://www.project-syndicate.org/commentary/greater-depression-covid19-headwinds-by-nouriel-roubini-2020-04?barrier=accesspaylog> (accessed: 29 June 2021).

68. The Economist, "Geopolitics: The New World Disorder", 18 June 2020. At: <https://www.economist.com/leaders/2020/06/18/the-new-world-disorder> (accessed: 29 June 2021).

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, and to have a cosmopolitan outlook to embrace peoples and cultures from the world over. There are also complex questions of how all other states would readjust to a China-dominated international order.

More specifically, a scrutiny of China's current status falls short of meeting some crucial elements of global leadership. In the post-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.<sup>69</sup> 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.

China appears to meet some but not all of the infrastructural elements for global leadership. Its impressive economic and technological achievements 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 but its prevalent shortcomings in the areas of governance legitimacy, military power and alliance networks are some obstacles to 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 appreciable records of human rights. Peoples around the world highly aspire for democratic values and human rights and the Chinese model of governance may make less 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 its economic vision of the world. China also lacks a network of military alliances; hardly has it any committed military allies (except possibly North Korea) compared to

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69. Kurt M. Campbell and Rush Doshi, "The Coronavirus Could Reshape Global Order", op. cit.

the fast growing network of economic allies under the BRI. Additionally, China is confronted with a litany of fault lines - the problems of Taiwan, Hong Kong, and Xinjiang and the hostile relationships with the neighboring countries, such as, India in South Asia and Japan in East Asia. Each of these problems looms large as dangerous landmines which China's opponents are exploiting to keep Beijing down in global politics. What is more threatening to China is the US-led Quadrilateral Security Dialogue, or simply the Quad. Originally launched in 2007 but revived after a ten years hiatus in 2017, the Quad (consisting of Australia, India, Japan, and the US) is an informal anti-China naval bloc that seeks to contain China's naval might by challenging its sovereignty claim over the South China Sea and threatening its access to the high seas.

What looks more probable is that China can siphon off more benefits while remaining a part of the US-created post-war world order. This 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 admission to the UN in 1971 to look after its national interests. As a major stakeholder, China has every reason to defend and preserve the post-war world economic and trade order. China hopes to emerge as the world's top economic power in the next few years and its continued participation in the post-war order promises it to achieve that status. Once it occupies the world's top economic power status, Beijing will definitely seek to enhance its power and influence by reshaping the liberal global political and economic institutions to suit its own interests, as the US has done in the last six to seven decades since the end of World War II. President Xi Jinping's call for a 'new type of great power relations' with the US perfectly fits this argument. Originally promoted by President Xi in 2014, this concept, what some scholars see as a murky idea lacking any concrete meanings,<sup>70</sup> rests on a series of important points to reshape Sino-US relations – a) avoidance of conflicts through dialogues; b) mutual recognition of and respects for each other's core interests; and c) a shift from a zero-sum to a positive-sum game through economic cooperation.<sup>71</sup> The three points, in reality, reveal China's intentions to

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70. Qi Hao, "China Debates the 'New Type of Great Power relations'", *The Chinese Journal of International Politics*, vol. 8, no. 4. 2015, pp. 349–370.

71. Cheng Li and Lucy Xu, "Chinese Enthusiasm and American Cynicism Over the 'New Type of Great Power Relations'", Brookings Institution, 4 December 2014. At: <https://www.brookings.edu/opinions/chinese-enthusiasm-and-american-cynicism-over-the-new-type-of-great-power-relations/> (accessed: 25 July 2021).



ensure a favorable environment to enable China's peaceful development and to claim the top position in the global economy and politics.

## 6. Conclusion

This article, in the backdrop of the outbreak and consequences of the COVID-19 pandemic, has examined the nature and impact of China's challenges to US global leadership. It establishes the point that China's challenges to US leadership role are real and threaten to displace the US as the post-war global leader. The pandemic has bolstered China's position in the global order, and weakened that of the US, in four different areas: a) China's relative economic rebound versus US' weak economic trends; b) the technological advances China has made in the past years and is gradually catching up with the US; c) US' 'walk away' from multilateral institutions under former President Trump and China's willingness to fill in the gaps; and d) China's mega BRI project that draws partners from across the globe and expands China's sphere of influence. The COVID-19 pandemic did not precipitate the four factors or areas but is simply working in favor of China's aspirations for global leadership. The institutional, developmental and technological challenges China was mounting up predate the COVID-19 pandemic; so is the case with Trump's withdrawal from global and regional multilateral institutions, except the trade bans to contain China. President Joe Biden won the election with the promise to revitalize the American society and economy to lead the world but the way ahead seems full of uncertainties. It will take time for the president to rebuild trust despite his 2021 global democracy summit to revamp democratic ideals and values worldwide, correct inter-race and interreligious imbalances in the American society before he can embark on a robust course to reclaim America's global lead role. Externally, in the face of growing Chinese economic influence, restoring pre-Trump level ties with the European and Asian allies remains a much daunting task. In short, America sounds no longer exceptional and peer competitors like China are unlikely to give it any easy pass.<sup>72</sup>

China's rise and challenges, in fact, strongly negate the 'school of American dominance' scholars' claim of guaranteed American power and leadership role in the global order. It rather

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72. Reuters, "Biden's aim to restore U.S. leadership could be tall order in a changed world", 24 November 2020. At: <https://www.reuters.com/article/usa-election-biden/bidens-aim-to-restore-u-s-leadership-could-be-tall-order-in-a-changed-world-idUSKBN2842V4?edition-redirect=uk> (accessed: 15 December 2021).

lends support to the declinist thesis of the 1980s. This article goes beyond the thesis of relative decline in American power in that it projects and dissects a real case (not simply relative decline) – the China challenge to the US in the post-war 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 years before and during the onslaught of the COVID-19 but suffers shortcomings in the crucial areas of domestic governance model to go for a new world order altogether. China's political and cultural limitations, not to speak of its military weaknesses, will rather force or convince it to operate within the framework of the existing world order while taking over the dominant role from America.