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Joseph S. Nye

Soft Power and Great-Power Competition

Shifting Sands in the Balance of Power Between the United States and China

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Cambridge, MA, USA

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Preface

The following essays selected from my last three decades of writing illustrate a variety of perspectives on the nature of power and the US role in the world. A careful reader may notice some changes of emphasis over time, but also some constants. The US and China are the two largest economies in the world. We are heavily interdependent. China is a rising power and the US is an established power, but that need not lead to war which would be devastating for both countries as well as for the world economy. China and the US do not pose an existential threat to each other. On the contrary, both countries can gain from cooperation. While some degree of great-power competition is unavoidable, it is best to think of it in terms of a managed competition or a cooperative rivalry.

After Al Qaeda's attack on September 11, 2001, American foreign policy focused on terrorism and particularly the Middle East region. Since 2017, however, attention in Washington has shifted more toward Asia and great-power competition. While those changes in priorities make sense, a strategy of great-power competition has two problems. First, it lumps together very different types of states. Russia is a declining power and China a rising one. The US must appreciate the unique nature of the threat that Russia poses. As the world sadly discovered in 1914, on the eve of World War I, a declining power (Austria-Hungary) can sometimes be the most risk-acceptant in a conflict. Today, Russia is in demographic and economic decline, but retains enormous resources that it can employ as a spoiler as well as a threat to its neighbors as illustrated by its February 24, 2022, invasion of Ukraine in violation of the important norm of not using force to steal your neighbor's territory. The US therefore needs a Russia strategy that deters its further use of force and helps return it to the norms of the UN Charter it signed in 1945.

A different problem is that the concept of great-power rivalry is the new challenges the US and the rest of the world face. National security and the global political agenda have changed since 1914 and 1945, but focusing solely on great-power rivalry strategy underappreciates the new threats from ecological globalization. Scientists tell us that global climate change will cost trillions of dollars and can cause damage on

the scale of war. The COVID-19 pandemic has already killed millions of people around the world, and unfortunately, there are more pandemics to come. Policymakers in Washington and Beijing are trying to understand their relationship. Some politicians and analysts call the current situation a "new Cold War," but squeezing China into this ideological framework misrepresents the real strategic challenge the two countries face. The US and the Soviet Union had little bilateral commerce or social contact, whereas America and its allies trade heavily with China and (before COVID-19) admitted several hundred thousand students to their universities. In addition, China is now the largest trade partner to more countries than the US is. America can decouple security risks involved in dual use of advanced microchips or threats to its 5G telecommunications network, but trying to curtail all trade with China would be too costly. And even if breaking apart economic interdependence were possible, neither sides can decouple the ecological interdependence that obeys the laws of biology and physics, not politics.

Since China and America cannot tackle climate change or pandemics alone, they have to realize that some forms of power must be exercised *with* others, not *over* others. Addressing these global problems will require the US to work with China at the same time that it competes with its navy to defend freedom of navigation in the South China Sea. If China refuses to cooperate, it has to realize it will hurt itself.

A rational great-power-competition strategy requires careful net assessment. Underestimation breeds complacency, while overestimation creates fear. Either can lead to miscalculation. Chinese belief in American decline can be dangerous. China is the world's second-largest economy, and its GDP (at market exchange rates) may (or may not) surpass that of the US by the 2030s. But even if it does, China's per capita income remains less than a quarter that of the US, and the country faces a number of economic, demographic, and political problems. In addition, the US, Japan, and Europe will still represent the largest part of the global economy and will have the capacity to work with China to organize a rules-based international order.

As former Australian Prime Minister Kevin Rudd has argued, the objective for great-power competition with China is not total victory over an existential threat, but rather "managed strategic competition." That will require America and China to avoid demonizing each other. They should instead see the relationship as a "cooperative rivalry" that requires equal attention to both sides of the description at the same time. That will require more face-to-face meetings, both at the level of leaders and peoples, as well as awareness of the new environment. On those terms, we can cope successfully, but only if we realize that this is not the great-power competition of the nineteenth or twentieth century.

I have tried to describe that global environment in the following essays. Great-power competition may be inevitable in a world of sovereign states, but cooperation to deal with transnational challenges can simultaneously be a positive sum game. If these essays help the reader to better understand the world and create such a relationship, they will be worth the time spent writing them and reading them. That is my hope.

Joseph S. Nye
Cambridge, MA, USA
December 2022

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Joseph S. Nye is the University Distinguished Service Professor and Emeritus and former Dean of Harvard's Kennedy School of Government. He won a Rhodes Scholarship to Oxford University and earned a Ph.D. in political science from Harvard. He has served as Assistant Secretary of Defense for International Security Affairs, Chair of the National Intelligence Council, Deputy Under Secretary of State for Security Assistance, Science and Technology. His representative publications include *Do Morals Matter? Presidents and Foreign Policy from FDR to Trump* (2021); *Is the American Century Over?* (2015); *The Future of Power* (2011) *The Powers to Lead* (2008); *Soft Power: The Means To Success In World Politics* (2004); *Understanding Global Conflict and Cooperation: An Introduction to Theory and History* (coauthored with David A. Welch, 1999); *Bound to Lead: The Changing Nature of American Power* (1990); and *Power and Interdependence* (coauthored with Robert Keohane, 1973). He is Fellow of the American Academy of Arts and Sciences, the British Academy, and the American Academy of Diplomacy.

The Role of Soft Power in Global Politics

As the world entered the twentieth century, traditional expressions of power in terms of the acquisition of land and resources by force became supplanted by more populist expressions of power. After two World Wars, and led by mainly by the United States, a balance of traditional hard power along with a new form of "soft power" expressed through the acceptance of certain cultural elements, values and practices of a state, became an increasingly important part of global politics.

This is where we will start our journey.

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Soft Power

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The end of the American-Soviet duality that characterized the Cold War paved the way for a completely new balance of power and a new way to exercise that power. It is at this historical turning point, with memories of World Wars and "mutually assured destruction"still fresh in the minds of people and governments, as well as the lack of a clear enemy in the world, where we first come in contact with "soft power".

The Cold War is over, and Americans are trying to understand their place in a world without a defining Soviet threat. Polls report that nearly half the public believe the country is in decline, and that those who believe in decline tend to favor protectionism and to counsel withdrawal from what they consider "overextended international commitments."

In a world of growing interdependence, such advice is counterproductive and could bring on the decline it is supposed to avert; for if the most powerful country fails to lead, the consequences for international stability could be disastrous. Throughout history, anxiety about decline and shifting balances of power has been

accompanied by tension and miscalculation. Now that Soviet power is declining and Japanese power rising, misleading theories of American decline and inappropriate analogies between the United States and Great Britain in the late nineteenth century have diverted our attention away from the real issue—how power is changing in world politics.

The United States is certainly less powerful at the end of the twentieth century than it was in 1945. Even conservative estimates show that the U.S. share of global product has declined from more than a third of the total after World War II to a little more than a fifth in the 1980s. That change, however, reflects the artificial effect of World War II: Unlike the other great powers, the United States was strengthened by the war. But that artificial preponderance was bound to erode as other countries regained their economic health. The important fact is that the U.S. economy's share of the global product has been relatively constant for the past decade and a half. The Council on Competitiveness finds that the U.S. share of world product has averaged 23% each year since the mid-1970s. The CIA, using numbers that reflect the purchasing power of different currencies, reports that the American share of world product increased slightly from 25% in 1975 to 26% in 1988.

These studies suggest that the effect of World War II lasted about a quarter century and that most of the decline worked its way through the system by the mid-1970s. In fact, the big adjustment of American commitments occurred with then President Richard Nixon's withdrawal from Vietnam and the end of the convertibility of the dollar into gold.

The dictionary tells us that power means an ability to do things and control others, to get others to do what they otherwise would not. Because the ability to control others is often associated with the possession of certain resources, politicians and diplomats commonly define power as the possession of population, territory, natural resources, economic size, military forces, and political stability. For example, in the agrarian economies of eighteenth-century Europe, population was a critical power resource since it provided a base for taxes and recruitment of infantry.

Traditionally, the test of a great power was its strength in war. Today, however, the definition of power is losing its emphasis on

military force and conquest that marked earlier eras. The factors of technology, education, and economic growth are becoming more significant in international power, while geography, population, and raw materials are becoming somewhat less important.

If so, are we entering a "Japanese period" in world politics? Japan has certainly done far better with its strategy as a trading state since 1945 than it did with its military strategy to create a Greater East Asian Co-Prosperity Sphere in the 1930s. On the other hand, Japan's security in relation to its large military neighbors, China and the Soviet Union, and the safety of its sea routes depend heavily on U.S. protection. While they may diminish, these problems will not vanish with the end of the Cold War. One should not leap too quickly to the conclusion that all trends favor economic power or countries like Japan.

What can we say about changes in the distribution of power resources in the coming decades? Political leaders often use the term "multipolarity" to imply the return to a balance among a number of states with roughly equal power resources analogous to that of the nineteenth century. But this is not likely to be the situation at the turn of the century, for in terms of power resources, all the potential challengers except the United States are deficient in some respect. The Soviet Union lags economically, China remains a less-developed country, Europe lacks political unity, and Japan is deficient both in military power and in global ideological appeal. If economic reforms reverse Soviet decline, if Japan develops a full-fledged nuclear and conventional military capability, or if Europe becomes dramatically more unified, there may be a return to classical multipolarity in the twenty-first century. But barring such changes, the United States is likely to retain a broader range of power resources—military, economic, scientific, cultural, and ideological—than other countries, and the Soviet Union may lose its superpower status.

The Great-Power Shift

The coming century may see continued American preeminence, but the sources of power in world politics are likely to undergo major changes that will create new difficulties for all countries in achieving their goals. Proof of power lies not in resources but in the ability to change the

behavior of states. Thus, the critical question for the United States is not whether it will start the next century as the superpower with the largest supply of resources, but to what extent it will be able to control the political environment and get other countries to do what it wants. Some trends in world politics suggest that it will be more difficult in the future for any great power to control the political environment. The problem for the United States will be less the rising challenge of another major power than a general diffusion of power. Whereas nineteenth-century Britain faced new challengers, the twenty-first-century United States will face new challenges.

As world politics becomes more complex, the power of all major states to gain their objectives will be diminished. To understand what is happening to the United States today, the distinction between power over other countries and power over outcomes must be clear. Although the United States still has leverage over particular countries, it has far less leverage over the system as a whole. It is less well-placed to attain its ends unilaterally, but it is not alone in this situation. All major states will have to confront the changing nature of power in world politics.

Such changes, of course, are not entirely new. For example, the rapid growth of private actors operating across international borders, whether large corporations or political groups, was widely recognized in the early 1970s. Even Henry Kissinger, with his deeply rooted belief in classical balance-of-power politics, conceded in a 1975 speech that "we are entering a new era. Old international patterns are crumbling… The world has become interdependent in economics, in communications, in human aspirations."

By the late 1970s, however, the American political mood had shifted. Iran's seizure of the U.S. embassy in Tehran and the Soviet invasion of Afghanistan seemed to reaffirm the role of military force and the primacy of the traditional security agenda. Ronald Reagan's presidency accentuated these trends in the early 1980s. The U.S. defense budget increased in real terms for five straight years, arms control was downgraded, and public opposition to nuclear forces and deterrence grew. Conventional military force was used successfully, albeit against the extremely weak states of Grenada and Libya. The shifting agenda of world politics discredited the 1970s' concern with interdependence and restored the traditional emphasis on military

power. But interdependence continued to grow, and the world of the 1980s was not the same as that of the 1950s.

The appropriate response to the changes occurring in world politics today is not to abandon the traditional concern for the military balance of power, but to accept its limitations and to supplement it with insights about interdependence. In the traditional view, states are the only significant actors in world politics and only a few large states really matter. But today, other actors are becoming increasingly important. Although they lack military power, transnational corporations have enormous economic resources. Thirty corporations today each have annual sales greater than the gross national products (GNPs) of 90 countries. In the 1980s, the annual profits of IBM and Royal Dutch/Shell Group were each larger than the central government budgets of Colombia, Kenya, or Yugoslavia. Multinational corporations are sometimes more relevant to achieving a country's goals than are other states. The annual overseas production by such corporations exceeds the total value of international trade. In a regional context, a portrait of the Middle East conflict that did not include the superpowers would be woefully inadequate, but so would a description that did not tell of transnational religious groups, oil companies, and terrorist organizations. The issue is not whether state or non-state actors are more important—states usually are. The point is that in modern times, more complex coalitions affect outcomes.

With changing actors in world politics come changing goals. In the traditional view, states give priority to military security to ensure their survival. Today, however, states must consider new dimensions of security. National security has become more complicated as threats shift from the military (i.e., threats against territorial integrity) to the economic and ecological. For example, Canadians today are not afraid that U.S. soldiers will burn Toronto for a second time (as in 1813); rather, they fear that Toronto will be programmed into a backwater by a Texas computer. The forms of vulnerability have increased, and trade-offs among policies are designed to deal with different vulnerabilities. The United States, for instance, might enhance its energy security by sending naval forces to the Persian Gulf, but it could accomplish the same goal by enlarging its strategic petroleum reserve, by imposing a

gasoline tax to encourage conservation at home, and by improving cooperation in institutions like the International Energy Agency.

While military force remains the ultimate form of power in a self-help system, the use of force has become more costly for modern great powers than it was in earlier centuries. Other instruments such as communications, organizational and institutional skills, and manipulation of interdependence have become important. Contrary to some rhetorical flourishes, interdependence does not mean harmony. Rather, it often means unevenly balanced mutual dependence. Just as the less enamored of two lovers may manipulate the other, the less vulnerable of two states may use subtle threats to their relationship as a source of power. Further, interdependence is often balanced differently in different spheres such as security, trade, and finance. Thus, creating and resisting linkages between issues when a state is either less or more vulnerable than another becomes the art of the power game. Political leaders use international institutions to discourage or promote such linkages; they shop for the forum that defines the scope of an issue in the manner best suiting their interests.

As the instruments of power change, so do strategies. Traditionalists consider the goal of security and the instrument of military force to be linked by a strategy of balancing power. States wishing to preserve their independence from military intimidation follow a balancing strategy to limit the relative power of other states. Today, however, economic and ecological issues involve large elements of mutual advantage that can be achieved only through cooperation. These issues are often critical to the reelection of political leaders. A French president today would not interfere with Germany's increased economic growth because German growth is critical to French economic growth. The French decision to forego an independent economic policy and remain in the European monetary system in the early 1980s is one example of such interdependence.

Traditionalist accounts of world politics often speak of an international system that results from the balancing strategies of states. Although bipolarity and multipolarity are useful terms, today different spheres of world politics have different distributions of power—that is, different power structures. Military power, particularly nuclear, remains largely bipolar in its distribution. But in trade, where

the European Community acts as a unit, power is multipolar. Ocean resources, money, space, shipping, and airlines each have somewhat different distributions of power. The power of states varies as well, as does the significance of non-state actors in different spheres. For example, the politics of international debt cannot be understood without considering the power of private banks.

If military power could be transferred freely into the realms of economics and the environment, the different structures would not matter, and the overall hierarchy determined by military strength would accurately predict outcomes in world politics. But military power is more costly and less transferable today than in earlier times. Thus, the hierarchies that characterize different issues are more diverse. The games of world politics encompass different players at different tables with different piles of chips. They can transfer winnings among tables, but often only at a considerable discount. The military game and the overall structure of the balance of power dominate when the survival of states is clearly at stake, but in much of modern world politics, physical survival is not the most pressing issue.

Converting Power

The fragmentation of world politics into many different spheres has made power resources less fungible, that is, less transferable from sphere to sphere. Money is fungible, in that it can be easily converted from one currency to another. Power has always been less fungible than money, but it is even less so today than in earlier periods. In the eighteenth century, a monarch with a full treasury could purchase infantry to conquer new provinces, which, in turn, could enrich the treasury. This was essentially the strategy of Frederick II of Prussia, for example, when in 1740 he seized Austria's province of Silesia.

Today, however, the direct use of force for economic gain is generally too costly and dangerous for modern great powers. Even short of aggression, the translation of economic into military power resources may be very costly. For instance, there is no economic obstacle to Japan's developing a major nuclear or conventional force, but the political cost both at home and in the reaction of other

countries would be considerable. Militarization might then reduce rather than increase Japan's ability to achieve its ends.

Because power is a relationship, by definition it implies some context. Diminished fungibility means that specifying the context is increasingly important in estimating the actual power that can be derived from power resources. More than ever, one must ask the question, "Power for what?" Yet at the same time, because world politics has only partly changed and the traditional geopolitical agenda is still relevant, some fungibility of military power remains. The protective role of military force is a relevant asset in bargaining among states. The dependence of conservative oil-producing states on the United States for their security, for example, limited their leverage on the United States during the 1973 oil crisis. The United States is still the ultimate guarantor of the military security of Europe and Japan, and that role is a source of bargaining power in negotiations with its allies. In general, the allies' need for protection strengthens American influence and may continue to do so even with a reduced Soviet threat. During the Cold War, the United States often worried about the frailty of its allies and tended to sacrifice some economic interests in its effort to contain the perceived Soviet menace. Despite the waning of that threat, if the United States worries less than its allies do, it may be able to demand more of them.

To evaluate power in a post-Cold War world, it is necessary to recognize instruments and balance-of-power strategies necessary for a successful policy. But new elements in the modern world are diffusing power away from all the great powers. Thus, any successful strategy must incorporate both continuity and change.

The great powers of today are less able to use their traditional power resources to achieve their purposes than in the past. On many issues, private actors and small states have become more powerful. At least five trends have contributed to this diffusion of power: economic interdependence, transnational actors, nationalism in weak states, the spread of technology, and changing political issues.

New forms of communications and transportation have had a revolutionary effect on economic interdependence. A century ago, it took two weeks to cross the Atlantic; in 1927, Charles Lindbergh did it in 33 hours; today, the Concorde flies across in three and a half hours.

Modern telecommunications are instantaneous, and satellites and fiber-optic cables have led to a tenfold increase in overseas telephone calls in the last decade. The declining costs of transportation and communication have revolutionized global markets and accelerated the development of transnational corporations that transfer economic activity across borders. World trade has grown more rapidly than world product, becoming more important in all major economies. Trade has more than doubled its role in the U.S. economy over the past two decades. Changes in financial markets are even more dramatic. International monetary flows are some 25 times the world's average daily trade in goods. The rapid expansion of Euro-currency and Euro-bond markets (i.e., currencies held outside their home country) has eroded the ability of national authorities to control their capital markets. In 1975, foreign exchange markets handled some $10–15 billion daily; by 1986, they handled $200 billion.

Governments can intervene in such markets, but if they do so with a heavy hand, they will incur enormous costs in their own economic growth and risk unintended effects. For instance, efforts by the U.S. government in the 1960s to slow the export of capital by U.S.-based multinational firms encouraged those firms to keep and borrow dollars outside the United States. The result was the rapid burgeoning of Euro-currency markets outside U.S. controls.

In addition to constraining the way states pursue their national interests, transnational actors affect the way such interests are initially defined. Transnational investment creates new interests and complicates coalitions in world politics. For example, Honda of America is steadily turning into an American car maker. It plans to export 50,000 cars annually to Japan in the early 1990s. American officials are now pressing Europeans to open their market to Japanese automobiles produced in the United States. In other words, transnational investments have changed an American interest.

The American case is not unique. For years, France restricted Japanese automobiles to 3% of the French market and restricted investment by Japanese companies in France. When Japanese automakers began to establish plants in other European countries that could export to France, the French government dropped its restrictions. Transnational investments changed a long-standing

French policy. The diffusion of power to private transnational actors and the resulting complication of national interests is likely to continue even though it is not recognized in many comparisons of the power resources of major states.

Modernization, urbanization, and increased communication in developing countries have also diffused power from government to private actors. Military power is more difficult to apply today than in the past because a social awakening has stirred nationalism in otherwise poor or weak states. This increased social mobilization makes military intervention and external rule more costly. The nineteenth-century great powers carved out and ruled colonial empires with a handful of troops. In 1953, the United States was able to restore the Shah of Iran to his throne through a minor covert action. It is hard to imagine, however, how many troops would have been needed to restore the Shah in the socially mobilized and nationalistic Iran of 1979. The United States and the Soviet Union found the costs of maintaining troops in Vietnam and Afghanistan unsupportable. In each case, the cause was less an increase in the power of a weaker state than the costliness for outsiders of ruling actively antagonistic populations.

Another trend in the diffusion of power is the spread of modern technology, which has enhanced the capabilities of backward states. While the superpowers have kept a large lead in military technology, the forces that many Third World states can deploy in the 1990s make regional intervention more costly than in the 1950s. In addition, at least a dozen Third World states have developed significant arms-export industries. Meanwhile, many arms recipients have sought to diversify their purchases in order to gain leverage over the major or sole supplier. When arms are supplied from outside, the supplier often has leverage through technical assistance, spare parts, and replacements. The growth of indigenous arms industries removes that leverage.

In addition, more countries are acquiring sophisticated weapons capabilities. Today, about 20 countries have the capability to make chemical weapons, and by the year 2000, an estimated 15 Third World countries will be producing their own ballistic missiles. Five states had the bomb when the Nuclear Non-Proliferation Treaty was signed in 1968; India, Israel, Pakistan, and South Africa have since developed

some nuclear capability. Within the next decade, Argentina, Brazil, and several others might also develop military nuclear capability. However, a small nuclear capability will not make these states contenders for global power; in fact, it may increase the risks they face if their neighbors follow suit or if the weapons fall into the hands of rebel or terrorist groups.

On the other hand, nuclear capability would add to these states' regional power and increase the potential costs of regional intervention by larger powers. Technology also increases the power of private groups. For instance, hand-held antiaircraft missiles helped guerrillas in Afghanistan, and new plastic explosives are effective tools for terrorists. The ability of great powers with impressive traditional power resources to control their environments is also diminished by the changing nature of issues in world politics. Increasingly, the issues today do not pit one state against another; instead, they are issues in which all states try to control non-state transnational actors. The solutions to many current issues of transnational interdependence will require collective action and international cooperation. These include ecological changes (acid rain and global warming), health epidemics such as AIDS, illicit trade in drugs, and terrorism. Such issues are transnational because they have domestic roots and cross international borders. As the nuclear accident at Chernobyl in the USSR demonstrated, even a domestic issue like the safety of nuclear reactors can suddenly become transnational.

Although force may sometimes play a role, traditional instruments of power are rarely sufficient to deal with the new dilemmas of world politics. New power resources, such as the capacity for effective communication and for developing and using multilateral institutions, may prove more relevant. Moreover, cooperation will often be needed from small, weak states that are not fully capable of managing their own domestic drug, health, or ecological problems. For example, the United States cannot use its traditional power resources to force Peru to curtail the production of cocaine if a weak Peruvian government cannot control private gangs of drug dealers. And if the U.S. government cannot control the American demand, a transnational market for cocaine will survive. Although the traditional power resources of economic assistance and military force can assist in

coping with terrorism, proliferation, or drugs, the ability of any great power to control its environment and to achieve what it wants is often not as great as traditional hard power indicators would suggest.

The changing nature of international politics has also made intangible forms of power more important. National cohesion, universalistic culture, and international institutions are taking on additional significance. Power is passing from the "capital-rich" to the "information-rich."

Information is becoming more and more plentiful, but the flexibility to act first on new information is rare. Information becomes power, especially before it spreads. Thus, a capacity for timely response to new information is a critical power resource. With the rise of an information-based economy, raw materials have become less important and organizational skills and flexibility more important. Product cycles are shortening, and technology is moving toward highly flexible production systems, in which the craft-era tradition of custom-tailoring products can be incorporated into modern manufacturing plants. Japan has been particularly adept at such flexible manufacturing processes; the United States and Europe need to do more, and the Soviet Union and China lag seriously behind.

Timely response to information is not only important in manufacturing but also in critical services such as finance, insurance, and transportation. In the past, markets were defined by the limits of transportation and communication between buyers and sellers. Today, however, the new means of communication convey immediate information on market trends to buyers and sellers worldwide. Satellites and fiber-optic cables instantaneously and continuously link people watching little green screens in London, New York, and Tokyo. That China and the Soviet Union do not significantly participate in these transnational credit markets seriously limits their access to intangible aspects of power. In the 1980s, other governments such as Britain and Japan had to follow the United States in the deregulation of money markets and financial operations in order to preserve their positions in these important markets.

Intangible changes in knowledge also affect military power. Traditionally, governments have invested in human espionage. But now major powers like the United States and the Soviet Union employ

continuous photographic and electronic surveillance from space, providing quick access to a variety of economic, political, and military information. Other countries, such as France, are beginning to make low-resolution satellite information commercially available, but the United States leads in high-resolution information.

Another intangible aspect of power arises from interdependence. The overt distribution of economic resources poorly describes the balance of power between interdependent states. On the one hand, the influence of the ostensibly stronger state may be limited by the greater organization and concentration of its smaller counterpart. This difference helps to account for Canada's surprising success in bargaining with the United States. On the other hand, if a relationship is beneficial to both parties, the possibility that the weaker side might collapse under pressure limits the leverage of the seemingly stronger partner. The "power of the debtor" has long been known: If a man owes a bank $10,000, the bank has power over him. But if he owes $100 million, he has power over the bank. If Mexico or some Caribbean states became too weak to deal with internal poverty or domestic problems, the United States would face a new foreign policy agenda involving larger influxes of migrants, drugs, or contraband. Similarly, the failure of developing countries to prevent destruction of their forests will affect the global climate; yet those states' very weakness will diminish other countries' power to influence them. The current U.S. neglect of weak Third World countries may reduce its ability to affect their policies on the new transnational issues. The United States will have to devote more attention to the paradoxical power that grows out of political and economic chaos and weakness in poor countries.

The Changing Face of Power

These trends suggest a second, more attractive way of exercising power than traditional means. A state may achieve the outcomes it prefers in world politics because other states want to follow it or have agreed to a situation that produces such effects. In this sense, it is just as important to set the agenda and structure the situations in world politics as to get others to change in particular cases.

This second aspect of power—which occurs when one country gets other countries to want what it wants—might be called co-optive or soft power in contrast with the hard or command power of ordering others to do what it wants.

Parents of teenagers have long known that if they have shaped their child's beliefs and preferences, their power will be greater and more enduring than if they rely only on active control. Similarly, political leaders and philosophizers have long understood the power of attractive ideas or the ability to set the political agenda and determine the framework of debate in a way that shapes others' preferences. The ability to affect what other countries want tends to be associated with intangible power resources such as culture, ideology, and institutions.

Soft co-optive power is just as important as hard command power. If a state can make its power seem legitimate in the eyes of others, it will encounter less resistance to its wishes. If its culture and ideology are attractive, others will more willingly follow. If it can establish international norms consistent with its society, it is less likely to have to change. If it can support institutions that make other states wish to channel or limit their activities in ways the dominant state prefers, it may be spared the costly exercise of coercive or hard power.

In general, power is becoming less transferable, less coercive, and less tangible. Modern trends and changes in political issues are having significant effects on the nature of power and the resources that produce it. Co-optive power—getting others to want what you want—and soft power resources—cultural attraction, ideology, and international institutions—are not new. In the early postwar period, the Soviet Union profited greatly from such soft resources as communist ideology, the myth of inevitability, and transnational communist institutions. Various trends today are making co-optive behavior and soft power resources relatively more important.

Given the changes in world politics, the use of power is becoming less coercive, at least among the major states. The current instruments of power range from diplomatic notes through economic threats to military coercion. In the earlier periods, the costs of such coercion were relatively low. Force was acceptable, and economies were less interdependent. Early in this century, the United States sent marines and customs agents to collect debts in some Caribbean countries, but

under current conditions, the direct use of American troops against small countries like Nicaragua carries greater costs.

Manipulation of interdependence under current conditions is also more costly. Economic interdependence usually carries benefits in both directions, and threats to disrupt a relationship, if carried out, can be very expensive. For example, Japan might want the United States to reduce its budget deficit, but threatening to refuse to buy American Treasury bonds would be likely to disrupt financial markets and to produce enormous costs for Japan as well as for the United States. Because the use of force has become more costly, less threatening forms of power have grown increasingly attractive.

Co-optive power is the ability of a country to structure a situation so that other countries develop preferences or define their interests in ways consistent with its own. This power tends to arise from such resources as cultural and ideological attraction as well as rules and institutions of international regimes. The United States has more co-optive power than other countries. Institutions governing the international economy, such as the International Monetary Fund and the General Agreement on Tariffs and Trade, tend to embody liberal, free-market principles that coincide in large measure with American society and ideology.

Multinational corporations are another source of co-optive power. British author Susan Strange argued in her 1988 book *States and Markets* that U.S. power in the world economy has increased as a result of transnational production: Washington may have lost some of its authority over the U.S.-based transnationals, but their managers still carry U.S. passports, can be subpoenaed in U.S. courts, and in war or national emergency would obey Washington first. Meanwhile, the U.S. government has gained new authority over a great many foreign corporations inside the United States. All of them are acutely aware that the U.S. market is the biggest prize.

This power arises in part from the fact that 34% of the largest multinational corporations are headquartered in the United States (compared to 18% in Japan) and in part from the importance of the American market in any global corporate strategy.

American culture is another relatively inexpensive and useful soft power resource. Obviously, certain aspects of American culture are

unattractive to other people, and there is always danger of bias in evaluating cultural sources of power. But American popular culture, embodied in products and communications, has widespread appeal. Young Japanese who have never been to the United States wear sports jackets with the names of American colleges. Nicaraguan television broadcast American shows even while the government fought American-backed guerrillas. Similarly, Soviet teenagers wear blue jeans and seek American recordings, and Chinese students used a symbol modeled on the Statue of Liberty during the 1989 uprisings. Despite the Chinese government's protests against U.S. interference, Chinese citizens were as interested as ever in American democracy and culture.

Of course, there is an element of triviality and fad in popular behavior, but it is also true that a country that stands astride popular channels of communication has more opportunities to get its messages across and to affect the preferences of others. According to past studies by the United Nations Educational, Scientific, and Cultural Organization, the United States has been exporting about seven times as many television shows as the next largest exporter (Britain) and has had the only global network for film distribution. Although American films account for only 6–7% of all films made, they occupy about 50% of world screen time. In 1981, the United States was responsible for 80% of worldwide transmission and processing of data. The American language has become the lingua franca of the global economy.

Although Japanese consumer products and cuisine have recently become more fashionable, they seem less associated with an implicit appeal to a broader set of values than American domination of popular communication. The success of Japan's manufacturing sector provides it with an important source of soft power, but Japan is somewhat limited by the inward orientation of its culture. While Japan has been extraordinarily successful in accepting foreign technology, it has been far more reluctant to accept foreigners. Japan's relations with China, for example, have been hampered by cultural insensitivities. Many Japanese are concerned about their lack of "internationalization" and their failure to project a broader message.

While Americans can also be parochial and inward-oriented, the openness of the American culture to various ethnicities and the American values of democracy and human rights exert international

influence. West European countries also derive soft power from their democratic institutions, but America's relative openness to immigrants compared to Japan and Europe is an additional source of strength. As European scholar Ralf Dahrendorf has observed, it is "relevant that millions of people all over the world would wish to live in the United States and that indeed people are prepared to risk their lives in order to get there." Maintaining this appeal is important.

In June 1989, after President George Bush criticized the Chinese government for killing student protesters in China, ordinary Chinese seemed more supportive of the United States than ever before. Subsequently, by sending a delegation of too high a level to Beijing to seek reconciliation, Bush squandered some of those soft power resources. When ideals are an important source of power, the classic distinction between realpolitik and liberalism becomes blurred. The realist who focuses only on the balance of hard power will miss the power of transnational ideas.

Americans are rightly concerned about the future shape of a post-Cold War world, but it is a mistake to portray the problem as American decline rather than diffusion of power. Even so, concern about decline might be good for the United States if it cut through complacency and prodded Americans to deal with some of their serious domestic problems. However, pollsters find that excessive anxiety about decline turns American opinion toward nationalistic and protectionist policies that could constrain the U.S. ability to cope with issues created by growing international interdependence. There is no virtue in either overstatement or understatement of American strength. The former leads to failure to adapt, the latter to inappropriate responses such as treating Japan as the new enemy in place of the Soviet Union.

As the world's wealthiest country, the United States should be able to pay for both its international commitments and its domestic investments. America is rich but through its political process acts poor. In real terms, GNP is more than twice what it was in 1960, but Americans today spend much less of their GNP on international leadership. The prevailing view is "we can't afford it," despite the fact that U.S. taxes represent a smaller percentage of gross domestic product than those of other advanced industrial countries. This

suggests a problem of domestic political leadership rather than long-term economic decline.

As has happened many times before, the mix of resources that shapes international power is changing. But that does not mean that the world must expect the cycle of hegemonic conflict with its attendant World Wars to repeat itself. The United States retains more traditional hard power resources than any other country. It also has the soft ideological and institutional resources to preserve its lead in the new domains of transnational interdependence. In this sense, the situation is quite different from that of Britain at the century's beginning. Loose historical analogies and falsely deterministic political theories are worse than merely academic; they may distract Americans from the true issues confronting them. The problem for U.S. power after the Cold War will be less the new challengers for hegemony than the new challenges of transnational interdependence.

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The Limits of Soft Power

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While important, soft power may be less relevant than hard power in preventing attack, policing borders, and protecting allies, however, soft power is particularly relevant to the realization of "milieu goals." Moreover, governments are not in full control of the attraction—much of American soft power has been produced by Hollywood, Harvard, Microsoft, and Michael Jordan. In a liberal society, government cannot and should not control the culture.

Some skeptics object to the idea of soft power because they think of power narrowly in terms of commands or active control. In their view, imitation or attraction is simply that, not power. As we have seen, some imitation or attraction does not produce much power over policy outcomes, and neither does imitation always produce desirable outcomes. For example, in the 1980s, Japan was widely admired for its innovative industrial processes, but imitation by companies in other countries came back to haunt the Japanese when it reduced their market power. Similarly, armies frequently imitate and therefore nullify the successful tactics of their opponents and make it more difficult for them to achieve the outcomes they want. Such observations are correct, but they miss the point that exerting attraction on others often

does allow you to get what you want. The skeptics who want to define power only as deliberate acts of command and control are ignoring the second, or "structural," face of power—the ability to get the outcomes you want without having to force people to change their behavior through threats or payments.

At the same time, it is important to specify the conditions under which attraction is more likely to lead to desired outcomes, and under which it will not. As we have seen, popular culture is more likely to attract people and produce soft power in the sense of preferred outcomes in situations where cultures are somewhat similar rather than widely dissimilar. All power depends on context—who relates to whom under what circumstances—but soft power depends more than hard power upon the existence of willing interpreters and receivers. Moreover, attraction often has a diffuse effect, creating general influence rather than producing an easily observable specific action. Just as money can be invested, politicians speak of storing up political capital to be drawn on in the future circumstances. Of course, such goodwill may not ultimately be honored, and diffuse reciprocity is less tangible than an immediate exchange. Nonetheless, the indirect effects of attraction and a diffuse influence can make a significant difference in obtaining favorable outcomes in bargaining situations. Otherwise leaders would insist only on immediate payoffs and specific reciprocity, and we know that is not always the way they behave. Social psychologists have developed a substantial body of empirical research exploring the relationship between attractiveness and power.[1]

Soft power is also likely to be more important when power is dispersed in another country rather than concentrated. A dictator cannot be totally indifferent to the views of the people in his country, but he can often ignore whether another country is popular or not when he calculates whether it is in his interests to be helpful. In democracies where public opinion and parliaments matter, political leaders have less leeway to adopt tactics and strike deals than in autocracies. Thus, it was impossible for the Turkish government to permit the transport of American troops across the country in 2003 because American policies had greatly reduced our popularity in public opinion and in the parliament. In contrast, it was far easier for the

United States to obtain the use of bases in authoritarian Uzbekistan for operations in Afghanistan.

Finally, though soft power sometimes has direct effects on specific goals—witness the inability of the United States to obtain the votes of Chile or Mexico in the UN Security Council in 2003 after our policies reduced our popularity—it is more likely to have an impact on the general goals that a country seeks.[2] Fifty years ago, Arnold Wolfers distinguished between the specific "possession goals" that countries pursue, and their broader "milieu goals," like shaping an environment conducive to democracy.[3] Successful pursuit of both types of goals is important in foreign policy. If one considers various American national interests, for example, soft power may be less relevant than hard power in preventing attack, policing borders, and protecting allies. But soft power is particularly relevant to the realization of "milieu goals." It has a crucial role to play in promoting democracy, human rights, and open markets. It is easier to attract people to democracy than to coerce them to be democratic. The fact that the impact of attraction on achieving preferred outcomes varies by context and type of goals does not make it irrelevant, any more than the fact that bombs and bayonets do not help when we seek to prevent the spread of infectious diseases, slow global warming, or create democracy.

Other skeptics object to using the term "soft power" in international politics because governments are not in full control of the attraction. Much of American soft power has been produced by Hollywood, Harvard, Microsoft, and Michael Jordan. But the fact that civil society is the origin of much soft power does not disprove its existence. In a liberal society, government cannot and should not control the culture. Indeed, the absence of policies of control can itself be a source of attraction. The Czech film director Milos Forman recounts that when the Communist government let in the American film Twelve Angry Men because of its harsh portrait of American institutions, Czech intellectuals responded by thinking, "If that country can make this kind of thing, films about itself, oh, that country must have a pride and must have an inner strength, and must be strong enough and must be free."[4]

It is true that firms, universities, foundations, churches, and other non-governmental groups develop soft power of their own that may

reinforce or be at odds with official foreign policy goals. That is all the more reason for governments to make sure that their own actions and policies reinforce rather than undercut their soft power. And this is particularly true since private sources of soft power are likely to become increasingly important in the global information age.

Finally, some skeptics argue that popularity measured by opinion polls is ephemeral and thus not to be taken seriously. Of course, one must be careful not to read too much into opinion polls. They are an essential but imperfect measure of soft power resources because answers vary depending on the way that questions are formulated, and unless the same questions are asked consistently over some period, they represent snapshots rather than a continuous picture. Opinions can change, and such volatility cannot be captured by any one poll. Moreover, political leaders must often make unpopular decisions because they are the right thing to do, and hope that their popularity may be repaired if the decision is subsequently proved correct. Popularity is not an end in itself in foreign policy. Nonetheless, polls are a good first approximation of both how attractive a country appears and the costs that are incurred by unpopular policies, particularly when they show consistency across polls and over time. And as we shall see in the next chapter, that attractiveness can have an effect on our ability to obtain the outcomes we want in the world.

Footnotes

1 For an early example, see John R. P. French and Bertram Raven, "Bases of Social Power," in Dorwin Cartwright and Alvin Zander, eds., *Group Dynamics: Research and Theory*, 3rd ed. (New York: Harper & Row, 1968), pp. 259–69.

2 This builds on a distinction first made by Arnold Wolfers, *Discord and Collaboration: Essays on International Politics* (Baltimore: Johns Hopkins University Press, 1962).

3 Ibid.

4 Milos Forman, "Red Spring Episode 14: The Sixties," interview, available at: http://www.gwu.edu/~nsarchiv/coldwar/interviews/episode-14/forman1.html. Quoted in Matthew Kohut, "The Role of American Soft Power in the Democratization of Czechoslovakia," unpublished paper, April 2003.

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State Smart Power Strategies

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The world is neither unipolar, multipolar, nor chaotic—it is all three at the same time. Thus, a smart grand strategy must be able to handle very different distributions of power in different domains and understand the trade-offs among them. The concept of "smart power" is essentially the intelligent integration and networking of diplomacy, defense, development, and other tools of so-called "hard and soft" power.

"The concept of 'smart power'—the intelligent integration and networking of diplomacy, defense, development, and other tools of so-called 'hard and soft' power—is at the very heart of President Obama and Secretary Clinton's policy vision."[1] Because the term has been adopted by the Obama administration, some analysts think it refers only to the United States, and critics complain that it is merely a slogan like "tough love" that sugarcoats nasty stuff. But, even though the term "smart power" lends itself to slogans (no one wants to be "dumb," though counterproductive strategies fit that description), smart power can also be used for analysis and is by no means limited to the United States.

Small states are often adept at smart power strategies. Singapore has invested enough in its military resources to make itself appear indigestible in the eyes of neighbors it wishes to deter, but it has combined this approach with active sponsorship of diplomatic activities in the Association of Southeast Asian Nations, as well as efforts to have its universities serve as the hubs of networks of nongovernmental activities in the region. Switzerland long used the combination of mandatory military service and mountainous geography as resources for deterrence, while making itself attractive to others through banking, commercial, and cultural networks. Qatar, a small peninsula off the coast of Saudi Arabia, allowed its territory to be used as the headquarters for the American military in the invasion of Iraq, while at the same time sponsoring Al Jazeera, the most popular television station in the region, which was highly critical of American actions. Norway joined NATO for defense but developed forward-leaning policies on overseas development assistance and peace mediation to increase its soft power above what would otherwise be the case.

Historically, rising states have used smart power strategies to good avail. In the nineteenth century, Otto von Bismarck's Prussia employed an aggressive military strategy to defeat Denmark, Austria, and France in three wars that led to the unification of Germany, but once Bismarck had accomplished that goal by 1870, he adapted German diplomacy to create alliances with neighbors and make Berlin the hub of European diplomacy and conflict resolution. One of the Kaiser's great mistakes two decades later was to fire Bismarck, fail to renew his "reinsurance treaty" diplomacy with Russia, and challenge Britain for naval supremacy on the high seas. After the Meiji Restoration, Japan built the military strength that enabled it to defeat Russia in 1905, but it also followed a conciliatory diplomatic policy toward Britain and the United States and spent considerable resources to make itself attractive overseas.[2] After the failure of its Greater East Asia Co-Prosperity imperial scheme of the 1930s (which had a soft power component of anti-European propaganda) and defeat in World War II, Japan turned to a strategy that minimized military power and relied on an American alliance. Its single-minded focus on economic growth was successful on that dimension, but it developed only modest military and soft power.

China under Mao built its military strength (including nuclear weapons) and used the soft power of Maoist revolutionary doctrine and Third World solidarity to cultivate allies abroad, but after the exhaustion of the Maoist strategy in the 1970s, Chinese leaders turned to market mechanisms to foster economic development. Deng warned his compatriots to eschew external adventures that might jeopardize this internal development. In 2007, President Hu proclaimed the importance of investing in China's soft power. From the point of view of a country that was making enormous strides in economic and military power, this was a smart strategy. By accompanying the rise of its hard power with efforts to make itself more attractive, China aimed to reduce the fear and tendencies to balance Chinese power that might otherwise grow among its neighbors.

In 2009, China was justly proud of its success in managing to emerge from the world recession with a high rate of economic growth. Many Chinese concluded that this represented a shift in the world balance of power and that the United States was in decline. One dated the year 2000 as the peak of American power. "People are now looking down on the West, from leadership circles, to academia, to everyday folks," said Professor Kang Xiaoguong of Renmin University.[3] But, such narratives can lead to conflict. Overconfidence in power assessment (combined with insecurity in domestic affairs) led to more assertive Chinese foreign policy behavior in the latter part of 2009. Some observers wondered if China was beginning to deviate from the smart strategy of a rising power and violating the wisdom of Deng, who advised that China should proceed cautiously and "skillfully keep a low profile."[4]

Dominant states also have incentives to combine hard and soft power resources. Empires are easier to rule when they rest on the soft power of attraction as well as the hard power of coercion. Rome allowed conquered elites to aspire to Roman citizenship, and France coopted African leaders such as Leopold Senghor into French political and cultural life. Victorian Britain used expositions and culture to attract elites from the empire, and as we saw earlier, it was able to rule a vast empire in large part with locals and very few British troops. Of course, this became progressively more difficult as rising nationalism changed the context and eroded the soft power of the British Empire.

The development of the British Commonwealth of Nations was an effort to maintain a residual of that soft power in the new postcolonial context.

A state's "grand strategy" is its leaders' theory and story about how to provide for its security, welfare, and identity ("life, liberty, and the pursuit of happiness" in Jefferson's terms), and that strategy has to be adjusted for changes in context. Too rigid an approach to strategy can be counterproductive. Strategy is not some mystical possession at the top of government. It can be applied at all levels.[5] A country must have a general game plan, but it also must remain flexible in the face of events. In the words of one historian, a sound grand strategy is "an equation of ends and means so sturdy that it triumphs despite serial setbacks at the level of strategy, operations, and campaigns."[6] Some American analysts of the post-Cold War world look for narratives that can be reduced to bumper stickers, such as "containment" served in the past. They forget that the same slogan covered policies that sometimes conflicted with each other.[7] For some, containment justified the Vietnam War ; for George Kennan, author of the strategy, it did not. More important than simple formulas or clever slogans is the contextual intelligence that leads to accurate assessment of trends in power and thinking ahead about smart policy responses.[8]

As we have seen, academics, pundits, and presidents have often been mistaken in their assessment of America's position in the world. For example, two decades ago the conventional wisdom was that the United States was in decline, suffering from imperial overstretch. A decade later, with the end of the Cold War, the new conventional wisdom was that the world was a unipolar American hegemony. Some observers concluded that the United States was so powerful that it could decide what it thought was right and others would have no choice but to follow. Charles Krauthammer celebrated this view as "the new unilateralism," and this narrative of dominance heavily influenced the Bush administration even before the shock of the attacks on September 11, 2001, produced a new "Bush Doctrine" of preventive war and coercive democratization.[9] But, the new unilateralism was based on a profound misunderstanding of the nature of power in world politics and the context under which the possession of preponderant resources will produce preferred outcomes.

What are the main features of the current world environment, and how are they changing?[10] I have likened the context of politics today to a three-dimensional chess game in which interstate military power is highly concentrated in the United States; interstate economic power is distributed in a multipolar manner among the United States, the EU, Japan, and the BRICs, and power over transnational issues such as climate change, crime, terror, and pandemics is highly diffused. Assessing the distribution of resources among actors varies with each domain. The world is neither unipolar, multipolar, nor chaotic—it is all three at the same time. Thus, a smart grand strategy must be able to handle very different distributions of power in different domains and understand the trade-offs among them. It makes no more sense to see the world through a purely realist lens that focuses only on the top chessboard or a liberal institutional lens that looks primarily at the other boards. Contextual intelligence today requires a new synthesis of "liberal realism" that looks at all three boards at the same time. After all, in a three-level game, a player who focuses on only one board is bound to lose in the long run.

That will require an understanding of how to exercise power with as well as power over other states. On issues arising on the top board of interstate military relations, an understanding of ways to form alliances and balance power will remain crucial. But, the best order of military battle will do little good in solving many of the problems on the bottom chessboard of non-state actors and transnational threats, such as pandemics or climate change, even though these issues can present threats to the security of millions of people on the order of magnitude of military threats that traditionally drive national strategies. Such issues will require cooperation, institutions, and pursuit of public goods from which all can benefit and none can be excluded.

Theorists of hegemony have looked at issues of transition and the prospects of conflict, but they have also examined the beneficial effects of hegemony on the provision of public goods. This led to a theory of hegemonic stability. Public goods from which all can benefit are underproduced because the incentives to invest in their production are reduced by the inability to prevent others from enjoying the benefits without paying for their production. If everyone has an incentive to

"free-ride," no one has an incentive to invest. The exception may be situations where one state is so much larger than the others that it will notice the benefits of its investment in public goods even if smaller states free-ride. In this "case for Goliath,"[11] hegemonic states are necessary for global governance and must take the lead in production of global public goods because smaller states lack the incentives or capacity to do so.

When the largest states do not step up to the task, the results can be disastrous for the international system. For example, when the United States replaced Britain as the world's leading financial and trading state after World War I, it did not live up to these obligations, and that failure contributed to the onset and severity of the Great Depression. Some analysts worry about a repeat of that experience.[12] As China approaches the United States in its share of the distribution of economic resources, will it assume the role of responsible stakeholder (to use the phrase developed by the Bush administration), or will it continue to free-ride as the United States did in the interwar period?

Fortunately, hegemonic preponderance is not the only way to produce global public goods. Robert Keohane argues that it is possible to design international institutions to solve problems of coordination and free riding in the period "after hegemony."[13] Moreover, as other theorists have pointed out, hegemonic stability theory is an oversimplification because pure public goods are rare, and large governments can often exclude some countries from some of the benefits they provide.[14] Some broad goods, such as security or trade agreements, can be turned into "club goods" that benefit many but from which some can be excluded.

Global government is unlikely in the twenty-first century, but degrees of global governance already exist. The world has hundreds of treaties, institutions, and regimes for governing areas of interstate behavior ranging from telecommunications, civil aviation, ocean dumping, trade, and even the proliferation of nuclear weapons. But, such institutions are rarely self-sufficient. They still benefit from the leadership of great powers. And it remains to be seen whether the largest countries in the twenty-first century will live up to this role. As the power of China and India increases, how will their behavior in this dimension change? Some, such as liberal scholar John Ikenberry, argue

that the current set of global institutions are sufficiently open and adaptable that China will find it in its own interests to be coopted into them.[15] Others believe that China will wish to impose its own mark and create its own international institutional system as its power increases. Ironically, for those who foresee a tripolar world at mid-century composed of the United States, China, and India, all three of these large powers are among the most protective of their sovereignty and the most reluctant to accept a post-Westphalian world.

Even if the EU retains a leading role in world politics and pushes for more institutional innovation, it is unlikely that, barring a disaster such as World War II, the world will see "a constitutional moment" such as it experienced with the creation of the UN system of institutions after 1945. Today, as a universal institution the United Nations plays a crucial role in legitimization, crisis diplomacy, peacekeeping, and humanitarian missions, but its very size has proven to be a disadvantage for many other functions. For example, as the 2009 UN Framework Conference on Climate Change (UNFCCC) at Copenhagen demonstrated, meetings of nearly two hundred states are often unwieldy and subject to bloc politics and tactical moves by players that are largely extraneous because they otherwise lack resources to solve functional problems.

One of the dilemmas of multilateral diplomacy is how to get everyone into the act and still get action. The answer is likely to lie in what Europeans have dubbed "variable geometry." There will be many multilateralisms that will vary with the distribution of power resources in different issues. For instance, on monetary affairs the Bretton Woods conference created the International Monetary Fund in 1944, and it has since expanded to include 186 nations, but the preeminence of the dollar was the crucial feature of monetary cooperation until the 1970s. After the weakening of the dollar and President Nixon's ending of its convertibility into gold, France convened a small group of five countries in 1975 to meet in the library of the Chateau of Rambouillet to discuss monetary affairs.[16] It soon grew to the Group of Seven and later broadened in scope and membership to the Group of Eight (which included Russia and a vast bureaucratic and press attendance). Subsequently, the Group of Eight began the practice of inviting five guests from the BRICs and other countries. In the financial crisis of

2008, this framework evolved into a new Group of 20, with a more inclusive membership.

At the same time, the Group of Seven continued to meet at the ministerial level on a narrower monetary agenda; new institutions such as the Financial Stability Board were created, and bilateral discussions between the United States and China continued to play an important role. As one experienced diplomat puts it, "If you're trying to negotiate an exchange rate deal with 20 countries or a bailout of Mexico, as in the early Clinton days, with 20 countries, that's not easy. If you get above 10, it just makes it too darn hard to get things done."[17] After all, with 3 players, there are 3 pairs of relationships; with 10 players, there are 45; with 100 players, there are nearly 5000. Or to take issues of climate change, the UNFCCC will continue to play a role, but more intensive negotiations are likely to occur in smaller forums where fewer than a dozen countries account for 80% of greenhouse gas emissions.[18]

Much of the work of global governance will rely on formal and informal networks. Network organizations (such as the G-20) are used for agenda setting and consensus-building, policy coordination, knowledge exchange, and norm-setting.[19] Centrality in networks can be a source of power, but "the power that flows from this type of connectivity is not the power to impose outcomes. Networks are not directed and controlled as much as they are managed and orchestrated. Multiple players are integrated into a whole that is greater than the sum of its parts"[20]—in other words, the network provides power to achieve preferred outcomes with other players rather than over them. We saw that power in networks can come from both strong ties and weak ties. Strong ties, such as alliances, "multiply a nation's power through everything from basing rights, intelligence sharing, weapons system collaborations and purchases, and shared military deployments to support in multilateral institutions, mutual trade benefits and mutual security guarantees." And weak ties, such as global multilateral institutions, "for all of their manifest deficiencies … still matter, and a nation cannot be a great power without at least having a significant voice as the UN, the IMF, and the World Bank."[21] In this dimension, predictions of an Asian century remain premature; the United States

will remain more central in a dense global web of governance than other countries.

Footnotes

1 Assistant Secretary of State Andrew J. Shapiro, "Political-Military Affairs: Smart Power Starts Here," keynote address to ComDef (September 9, 2009), in U.S. Department of State, Diplomacy in Action (Washington, DC: Department of State, 2009), www.state.gov/t/pm/rls/rm/128752.htm.

2 See examples in Watanabe Yasushi and David McConnell, eds., *Soft Power Superpowers: Cultural and National Assets of Japan and the United States* (Armonk, NY: M. E. Sharpe, 2008).

3 John Pomfret, "Newly Powerful China Defies Western Nations with Remarks, Policies," *Washington Post*, March 15, 2010.

4 Deng's statement has been translated with a variety of words but always with the same sense of prudence. See Erik Beukel, "China and the South China Sea: Two Faces of Power in the Rising China's Neighborhood Policy," May 2010, www.diis.dk/sw92785.asp.

5 Robert Kennedy, "The Elements of Strategic Thinking: A Practical Guide," in Gabriel Marcella, ed., Teaching Strategy: Challenge and Response (Carlisle, PA: U.S. Army Strategic Studies Institute, 2010), 6.

6 Walter A. McDougal, "Can the United States Do Grand Strategy?" Orbis 54, no. 2 (Spring 2010): 173.

7 See John Lewis Gaddis, *Strategies of Containment: A Critical Appraisal of Postwar American National Security Policy* (New York: Oxford University Press, 1982).

8 Assessing such changes requires contextual intelligence. Anthony Mayo and Nitin Nohria of Harvard Business School have defined contextual intelligence as the ability to understand an evolving environment and to capitalize on trends in changing markets. In foreign policy, contextual intelligence is the intuitive diagnostic skill that helps align tactics with objectives to create smart strategies in varying situations. On the attributes and dimensions of contextual intelligence, see Joseph Nye, *The Powers to Lead* (Oxford, UK: Oxford University Press, 2008), chap. 4. See also Anthony Mayo and Nitin Nohria, *In Their Times: The Greatest Business Leaders of the Twentieth Century* (Boston: Harvard Business School Press, 2005).

9 Charles Krauthammer, "The Bush Doctrine: ABM, Kyoto, and the New American Unilateralism," *Weekly Standard*, June 4, 2001.

10 The most recent American National Security Strategy identifies as the "challenges of our times —countering violent extremism and insurgency; stopping the spread of nuclear weapons and securing nuclear materials; combating a changing climate and sustaining global growth; helping countries feed themselves and care for their sick; resolving and preventing conflict, while also healing its wounds." White House, National Security Strategy (Washington, DC: White House, May 2010), https://www.whitehouse.gov/sites/default/files/rss_viewer/national_security_strategy.pdf.

11 See Michael Mandelbaum, *The Case for Goliath: How America Acts as the World's Government in the Twenty-First Century* (New York: PublicAffairs, 2005).

12 See Charles P. Kindleberger, *World Economic Primacy: 1500–1990* (Oxford, UK: Oxford University Press, 1996), 223ff.

13 Robert O. Keohane, *After Hegemony: Cooperation and Discord in the World Political Economy* (Princeton, NJ: Princeton University Press, 1984). See also Duncan Snidal, "The Limits of Hegemonic Stability Theory," *International Organization* 39, no. 4 (1985): 580–614.

14 See the critique in Carla Norrlof, *America's Global Advantage: US Hegemony and International Cooperation* (Cambridge, UK: Cambridge University Press, 2010), Chap. 3.

15 John Ikenberry, "When China Rules the World: The End of the Western World and the Birth of a New Global Order (Review)," *Foreign Affairs* 88, no. 6 (November–December 2009): 152–153.

16 On the early stages, see Robert Putnam and Nicholas Bayne, *Hanging Together: The Seven-Power Summits* (Cambridge, MA: Harvard University Press, 1984).

17 Robert Fauver, quoted in Peter Baker and Rachel Donadio, "Group of 8 Is Not Enough Say Outsiders Wanting In," *New York Times*, July 10, 2009.

18 See Robert O. Keohane and David Victor, "The Regime Complex for Climate Change," Discussion Paper 10–33, Harvard Project on International Climate Agreements (Cambridge, MA: Belfer Center for Science and International Affairs, January 2010).

19 Leonardo Martinez-Diaz and Ngaire Woods, "The G20—the Perils and Opportunities of Network Governance for Developing Countries," briefing paper, November 2009, www.globaleconomicgovernance.org.

20 Anne-Marie Slaughter, "America's Edge: Power in the Networked Century," *Foreign Affairs*, 88 (January–February 2009): 99.

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J. S. Nye, *Soft Power and Great-Power Competition*, China and Globalization
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Understanding Twenty-First Century Power Shifts

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After the fall of the Soviet Union, the United States was the sole global superpower for a time, but this was not to last. The increased influence of developing countries, not least of which China, altered power shifts yet again, and by the twenty-first century, the shift in power from West to East was unstoppable. Here, we examine how those shifts had taken shape as the world entered a new century and new millennium.

There are two big power shifts going on in the twenty-first century. One is among countries, from West to East, and the other is from governments to non-governmental actors, regardless of whether it is East or West. I call the first of these power transition and the second, power diffusion.

The issue of power transition is sometimes called the rise of Asia, but it should more properly be called the recovery of Asia because if

one looked at the world in 1750, one would see that Asia was more than half of the world population and represented more than half of the world's product. By 1900, Asia was still more than half of the world's population, but it declined to only 20% of the world's products. What we will see in this twenty-first century is the recovery of Asia to its normal proportions, with more than half of the world's population and more than half of the world's products. This starts, of course, with Japan after the Meiji Revolution, and it continues with the smaller countries like Korea, Singapore, Malaysia. Now it is focused on China, but it is also going to include India. India now has growth rates of 8–9% a year. We should see during the course of the twenty-first century Asia as a whole recovering to about what one would think would be normal proportions. That is power transition.

Power diffusion is best understood in terms of the way technologies, and particularly information technology, are affecting the costs of participating in international affairs. The price of computing power declined a thousand-fold from 1970 to 2000. That is an extraordinary number. If the price of an automobile had declined as rapidly as the price of computing power, one could buy an automobile today for 5 Euros. And when the price of something declines that rapidly, it removes the barriers to entry. Now others can do what previously was reserved just to governments or big corporations. If you wanted to communicate instantaneously from Moscow to New York to Brussels to Johannesburg to Riyadh in 1970, you could do it technologically, but it was very expensive. Now, anybody can do it, and it is virtually free.

What this means is that things once restricted to very large organizations like governments or corporations are now available to anyone, and this has a significant impact on world politics. It does not mean that the governments are being replaced or that the nation-state is obsolete. Rather, it means that the stage on which governments act is now crowded with many more smaller actors. Some of those smaller actors are benign—for example, Oxfam, which serves to relieve poverty—and some of them are malign such as Al Qaeda, which is trying to kill people. But, the main point is that it produces a new type of international politics, and we have not yet begun to understand this. We need to realize that in an age in which information technology is so

powerful and important, it may often be the case that it is not only whose army wins, but whose story wins, and that the ability to create an effective narrative is crucial.

Consider the problem of terrorism. Terrorists have very little military power, but they have a lot of soft power, a lot of power over narrative. Bin Laden did not point a gun at the heads of the people who flew into the World Trade Center. He did not pay them. He attracted them by his narrative of an Islam under threat and the need to purify Islam. As we try to cope with this problem, we may make the mistake of thinking that we can solve this by hard power alone.

Power is the ability to affect others to produce the outcomes you want, you could do this through coercion and threats, so-called "sticks." You could do it with payments we call "carrots." Or you could do it with attraction and persuasion which is "soft power." In an information age, the role of soft power is increasing in its importance. The famous British historian A.J.P. Taylor, who wrote a book about the struggle for mastery of Europe in the nineteenth century, defined a great power as a country that was able to prevail in war. But, we have to go beyond that limited way of thinking about what power means in the twenty-first century, and see it as much more three dimensional, including not only military power but also economic power and also soft power.

Regarding the issue of power transition from West to East, one of the questions that is being raised nowadays is whether China will pass the United States, and some Chinese scholars have written about America in decline. Russian president Dmitri Medvedev said the financial crisis was the beginning of the end of American power. And there is a certain mood of pessimism in the United States right now because of the economic problems following the recession. Many Americans now think the country is in decline, but before one takes that too seriously, one should note that after the Soviets put up the Sputnik satellite in 1957, Americans thought America was in decline, and the Soviet Union was going to prevail. In 1971, when President Richard Nixon closed the gold window, there was a feeling that this was the end of American power. In the 1980s, when Japan was doing so well and the yen was strong, there were Americans who saw this as the end of American power.

Americans go through these cycles of psychology, but it does not tell one much about changing power resources. If one looks carefully at power resources, the United States is likely to remain more powerful than China for the next few decades. Goldman Sachs, the investment company, has projected that if China grows at its current rate and the United States grows at its current rate, the Chinese economy will be equal in size to the American economy in 2027. It is plausible that the Chinese economy would be as large as the American economy even sooner than that. China is a big country, and it is growing rapidly. But, even when the Chinese economy is equal in size to the American economy, it would not be equal in composition. That one judges more by per capita income, which is a better measure of the sophistication of an economy, and when China equals the Americans in overall economic size, it will only be one-third of the United States in per capita income.

In addition, when we think of power in comparing China and the United States, one should not think only of economic power. If you look at military power, the United States is likely to remain much more powerful on a global basis than China. China is now building an aircraft carrier, but there is a huge difference between having an aircraft carrier and having eleven carrier battle groups. Then, finally, there is the issue of soft power. China is very interested in increasing its soft power. Hu Jintao told the 17th Party Congress that China needed to invest in its soft power, and they are making major efforts, spending billions of dollars on Confucius institutes, and international broadcasting.

But, a recent BBC poll shows that China is not doing as well in soft power as the United States. Basically, China is going to have trouble increasing its soft power until it realizes that much of soft power comes from civil society, not from government. And government broadcasting is often not trusted because it is the government. It is informal social contacts that are created across societies that are most effective in generating soft power. China did more damage to its soft power by its reaction to Liu Xiaobo and the Nobel Prize than it gained from the Olympics and Shanghai Expo.

The fear that China is about to pass the United States in any of these three dimensions of power is excessive. Why does it matter? Power is not good or bad per se. Too much power can be bad. It can lead you to hubris and mistaken strategy. It is very important to have accurate

perceptions about the distribution of power. When people are too worried about power, they may overreact or follow strategies that are dangerous. The Peloponnesian War in which the Greek city-state system tore itself apart was caused by the rise in the power of Athens and the fear it created in Sparta. Similarly, World War I, which destroyed the centrality of the European state system in the world, is often said to have been caused by the rise in power of Germany and the fear that created in Britain.

Some analysts predict that will be the story of power in the twenty-first century: The rise in the power of China will create fear in the United States which will lead to a great conflict, but that is bad history and a poor understanding of power for our century. By 1900, Germany had already passed Britain in industrial strength. In my book *The Future of Power*, I show the basis for arguing that China is not going to equal the United States for another two decades or more, if then. In other words, the US has more time than Britain had, and it does not have to be as fearful. If we are too fearful, we may overreact. The danger I see that is the Chinese thinking America is in decline push too hard and Americans, fearing the rise of China, overreact. That is the danger we face in power transition, and the best way to avoid that is by having a very clear-eyed view of all three dimensions of power and how it is changing and the fact that we do not have to be fearful. There is time to encourage China to become what Robert Zoellick called, a "responsible stakeholder."

The other reason why it is important not to be too fearful is the diffusion of power. What we are seeing is that both China and the United States, and of course Europe, Japan, and others, will be facing a new set of transnational challenges, issues like climate change, transnational terrorism, cyberinsecurity, pandemics. All these issues, which are going to be increasing in the future, are going to require cooperation. They cannot be solved by any one country alone, so to talk about the world being multipolar or unipolar makes no sense at all when one is talking about these issues. And it is interesting that if one looks at the National Security Strategy of the Obama administration which was issued in May 2010, it refers to the fact that we have to think of power as positive-sum, not just zero-sum. In other words, there may be times when it is good for the United States, good for Europe, if

Chinese power increases. Take, for example, Chinese power to control their emissions, the one area where China is a superpower. We should be eager to strengthen and help China to increase its capacities in that area. This is win–win.

Many of these new transnational challenges that we face are areas where we have to get away from just thinking about power over others and think about power with others. That is another reason why we do not want to become so fearful that we are not able to have cooperation with China. We are facing a world which is going to be quite different in the twenty-first century than the world of the nineteenth or twentieth century that A.J.P. Taylor wrote about when he defined a great power as a country able to prevail in war. We are going to have to learn to combine our hard power resources—the military and economic—with soft power resources into successful strategies of smart power.

Secretary of State Hillary Clinton has referred to Obama administration policy as based on smart power. And indeed she has said we should not talk about multipolarity; we should talk about multipartnerships. This is a different approach to the future of power in the twenty-first century. Or another way of putting it, the American president Franklin Roosevelt at the time of the Great Depression said, "We have nothing to fear but fear itself." Perhaps as we turn to the twenty-first century, we should say one of the things that is most worrisome is fear itself. If we can keep a balanced appraisal of the distribution of power, and figure out ways to deal with these common challenges that we face—we, meaning the United States, China, Europe, Japan and others—we can indeed have a win–win situation. That is the message of my new book: We need to get away from our old ways of thinking about power and broaden our ways of thinking to accommodate the changes that are going to occur in this twenty-first century.

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Soft Power: The Origins and Political Progress of a Concept

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The gradual acceptance of soft power as a legitimate tool for states to exercise their political muscle provided the concept with more clout. From the Europe to the US, and ultimately China, the attractiveness of the concept increased, but interpretations and applications of it remain varied.

I coined the term "soft power" in my 1990 book *Bound to Lead* that challenged the then conventional view of the decline of American power.[1] After looking at American military and economic power resources, I felt that something was still missing—the ability to affect others by attraction and persuasion rather than just coercion and payment. At that time, there was a prevalent belief that the United States was in decline, and Paul Kennedy's *The Rise and Fall of the Great Powers* was a New York Times best seller.[2] Kennedy argued that the US was suffering from "imperial overstretch" and would soon go the way

of seventeenth-century Spain or Edwardian Britain. Many others echoed these thoughts and believed that the Soviet Union was passing us in military might and Japan was overtaking us in economic strength. I doubted this conventional wisdom and went to many seminars and conferences where I was a lonely dissenter.

Both academics and practitioners in international relations tended to treat power as tangible resources you could drop on your foot or drop on a city. This was less true of classical realists like Carr,[3] but particularly true of neorealist theorists such as Kenneth Waltz and his followers who became fashionable in the 1970s.[4] Everything was coercion and payments, but sometimes people influence others by ideas and attraction that sets the agenda for others or gets them to want what you want. Then carrots and sticks are less necessary or can be used more frugally because others see them as legitimate. With its universalistic values, open culture and vast popular cultural resources ranging from Hollywood to foundations and universities, the United States seemed uniquely placed to affect how others viewed the world and us. Of course, it did not make us attractive to everyone. Quite the contrary, as the Mullahs in Iran proved. But where we were attractive, it was a huge advantage. As one Norwegian scholar put it, if the Americans had created an empire in Europe, it was an "empire by invitation."[5] I tried a variety of terms to try to summarize these thoughts and eventually settled on the term "soft power." I hoped its slightly oxymoronic resonance in the traditional discourse of my field might make people think again about their assumptions when they spoke of power.

I thought of soft power as an analytic concept to fill a deficiency in the way analysts thought about power, but it gradually took on political resonance. In some ways, the underlying thought is not new, and similar concepts can be traced back to ancient philosophers. Moreover, though I developed the term soft power in the context of my work on American power, it is not restricted to international behavior or to the United States. As I became interested in leadership studies, I applied the concept to individuals and organizations in my 2008 book *The Powers to Lead*.[6] Nonetheless, it has taken particular root in international relations, and as the European Union developed, more

European leaders began to refer to its soft power. The term was less used, however, by American political leaders.

In 2002, I was one of two keynote speakers at a conference organized by the Army in Washington. I spoke to the assembled generals about soft power and, by their questions, they seemed to get it. Later, one of the generals asked the other keynote speaker, Secretary of Defense Donald Rumsfeld, what he thought of soft power. He replied that he did not understand what soft power meant, and that was evident in his policies. This hubris was evident well before the security drama that followed the terrorist attacks on 9/11, but in that climate of fear, it was difficult to speak about soft power, even though attracting moderates away from appeals by radicals is a key component of any effective counterterrorism strategy.

In that climate, and with the invasion of Iraq proving disastrous, I felt I needed to spell out the meaning of soft power in greater detail. Even colleagues were incorrectly describing soft power as "non-traditional forces such as cultural and commercial goods" and dismissing it on the grounds that "it's, well, soft."[7] And a Congresswoman friend told me privately that she agreed 100 percent with my concept, but that it was impossible to use it to address a political audience who wanted to hear tough talk. In 2004, I went into more detail conceptually in *Soft Power: The Means to Success in World Politics*. I also said that soft power was only one component of power and rarely sufficient by itself. The ability to combine hard and soft power into successful strategies where they reinforce each other could be considered "smart power" (a term later used by Hillary Clinton as Secretary of State). I developed the concepts further in my 2011 book on *The Future of Power* Including in the realm of cyber power.[8] I made clear that soft power is not a normative concept, and it is not necessarily better to twist minds than to twist arms. "Bad" people (like Osama bin Laden) can exercise soft power. While I explored various dimensions of the concept most fully in this work, the central definition (the ability to affect others and obtain preferred outcomes by attraction and persuasion rather than coercion or payment) remained constant over time.

In 2007, as the situation in Iraq continued to deteriorate, John Hamre, Richard Armitage, and I co-chaired a "Smart Power

Commission" for the Centre for Strategic and International Studies in Washington. With former senators and Supreme Court justices participating, we hoped to use soft and smart power for the political purpose of centering American foreign policy. Subsequently in the Bush Administration, in 2007 Secretary of Defense Robert Gates called for the United States to invest more in soft power. It was a long way from the modest ambitions for the analytic concept scribbled out on my kitchen table 17 years earlier. The term "smart power" (the successful combination of hard and soft power resources into effective strategy) was clearly prescriptive rather than just analytical.

Even more impressive in terms of distance from that kitchen table was the fate of the concept in China. As China dramatically developed its hard power resources, leaders realized that it would be more acceptable if it were accompanied by soft power. This is a smart strategy because as China's hard military and economic power grows, it may frighten its neighbors into balancing coalitions. If it can accompany its rise with an increase in its soft power, China can weaken the incentives for these coalitions. In 2007, Chinese President Hu Jintao told the 17th Congress of the Chinese Communist Party that they needed to invest more in their soft power, and this has been continued by the current President Xi Jinping. Once the top leader had spoken and the word was out, billions of dollars were invested to promote soft power, and thousands of articles were published on the subject. China has had mixed success with its soft power strategy. Its impressive record of economic growth that has raised hundreds of millions of people out of poverty and its traditional culture have been important sources of attraction, but polls show it lags behind the United States in overall attractiveness in most parts of the world, including Asia. Portland—a consultancy in London that constructs an annual index of soft power—ranks the United States first and China as number 28 of the top 30 countries.[9]

Top-level endorsement in China affected me directly. Hardly, a week went by in the year after Hu Jintao's use of the concept without an e-mail asking me to write an article or participate in some soft power seminar or conference. Chinese officials contacted me for private conversations about how to increase China's soft power. My advice was always the same. I say that China should realize that most of a country's

soft power comes from its civil society rather than from its government.

Propaganda is not credible and thus does not attract. China needs to give more leeway to the talents of its civil society, even though this is difficult to reconcile with tight party control. Chinese soft power is also held back by its territorial disputes with its neighbors. Creating a Confucius Institute to teach Chinese culture in Manila will not generate attraction if Chinese naval vessels are chasing Philippine fishing boats out of Scarborough Shoal that lies within 200 miles of its coastline. When I said this on a televised panel at Davos in 2013, Wang Jianlin, the richest man in China interrupted the panel to criticize me for "hurting the feelings of the Chinese people."

One of the most intriguing occasions was an invitation to address the School of Marxism at Peking University in Beijing. I was treated royally. When it came time for my lecture to some 1500 students, I was seated alone at a table on a podium covered with gorgeous flowers with a large screen on the wall behind me with an enlarged video of my performance. In the course of my speech, I addressed the question of how China could increase its soft power and I mentioned the harassment of the great Chinese artist Ai WeiWei as an example of too tight control over civil society. There was a slight titter in the crowd, but at the end of my lecture, the dean of the School of Marxism took the stage and gave a long flowery thanks that the author of the concept of soft power had come to address the school. As he went on, however, I noted that my translator was skipping much of what he said. I later asked a Mandarin-speaking Canadian friend who was present in the front row what the dean had said. In summary: "we are flattered to have Professor Nye here, but you students must realize that his use of the concept is overly political and we prefer to restrict it to cultural issues."

With time, I have come to realize that concepts such as soft power are like children. As an academic or a public intellectual, you can love and discipline them when they are young, but as they grow they wander off and make new company, both good and bad. There is not much you can do about it, even if you were present at the creation. As the Princeton political scientist Baldwin has recently written, "Nye's discussion of soft power stimulated and clarified the thoughts of policy

makers and scholars alike—even those who misunderstood or disagree with his views."[10] Perhaps, that is all one can hope for.

Footnotes

1 Joseph S. Nye, Jr., *Bound to Lead: The Changing Nature of American Power*. Basic Books: New York.1990.

2 Paul Kennedy, *The Rise and Fall of the Great Powers: Economic Change and Military Conflict from 1500 to2000.* Random House: New York. 1987.

3 Edward Hallett Carr, *The Twenty Years' Crisis, 1919–1939: An Introduction to the Study of International Relations*. Palgrave Macmillan: London. 1939.

4 Kenneth N. Waltz, *Theory of International Politics.* Addison-Wesley: Reading, MA. 1979.

5 Geir Lundestad,*"Empire" by Integration: The United States and European Integration,* 1945–1997. Oxford University Press: Oxford. 1998.

6 Joseph S. Nye, Jr., *The Powers to Lead.* Oxford University Press: Oxford. 2008.

7 Niall C. Ferguson, "Think again: power." *Foreign Policy* (March–April): 18–24. 2009.

8 Joseph S. Nye, Jr., *The Future of Power* (New York: Public Affairs, 2011).

9 Portland Communications and Facebook. "The Soft Power 30 Report," http://softpower30.portland-communications.com/wp-content/themes/softpower/pdfs/the_soft_power_30.pdf, accessed January 12, 2017. 2016.

10 David A. Baldwin, *Power and International Relations: A Conceptual Approach*. Princeton University Press: Princeton, NJ. 2016.

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What is a Moral Foreign Policy?

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A foreign policy should be judged not only by specific actions, but also by how a pattern of actions shapes the environment of world politics. Leadership in supplying global public goods, for example, is consistent with "America First," but it rests on a broader historical and institutional understanding than Donald Trump has shown.

Many Americans say they want a moral foreign policy, but disagree on what that means. Using a three-dimensional scorecard encourages us to avoid simplistic answers and to look at the motives, means, and consequences of a US president's actions.

Consider, for example, the presidencies of Ronald Reagan and the two George Bushes. When people call for a "Reaganite foreign policy," they mean to highlight the clarity of his rhetoric in the presentation of values. Clearly stated objectives helped educate and motivate the public at home and abroad.

But that was only one aspect of Reagan's foreign policy. The success of his moral leadership also relied on his means of bargaining and

compromise. The key question is whether he was prudent in balancing his objectives and the risks of trying to achieve them.

Reagan's initial rhetoric in his first term created a dangerous degree of tension and distrust between the United States and the Soviet Union, increasing the risk of a miscalculation or accident leading to war. But it also created incentives to bargain, which Reagan later put to good use when Mikhail Gorbachev came to power in the Soviet Union. Reagan advanced US national interests, and he did so in a manner that did not exclusively benefit American interests.

In contrast, George H.W. Bush, by his own admission, did not promote a transformative foreign policy vision at the end of the Cold War. His goal was to avoid disaster during a period of rapid and far-reaching geopolitical change. While he referred to a "new world order," he never spelled out what it would look like. As Bush and his team responded to forces that were largely outside of his control, he set goals that balanced opportunities and prudence.

Bush limited his short-term aims in order to pursue long-term stability, prompting some critics to complain that he did not set more ambitious objectives. Instead, he was prudent in a turbulent time and managed to achieve American goals in a manner that was not unduly insular and did minimal damage to the interests of foreigners. He was careful not to humiliate Gorbachev and to manage Boris Yeltsin's transition to leadership in Russia.

With better communication skills, Bush might also have been able to do more to educate the American public about the changing nature of the world they faced after the Cold War. But given the uncertainties of history, and the potential for disaster as the Cold War ended, Bush had one of the best foreign policies of the period after 1945. He allowed the US to benefit from the Cold War's outcome while avoiding calamity.

His son, George W. Bush, started his first term in office with limited interest in foreign policy, but his objectives became transformational after the terrorist attacks on September 11, 2001. He became focused on national security but turned to the rhetoric of democracy to rally his followers in a time of crisis. His 2002 national security strategy, which came to be called the "Bush Doctrine," proclaimed that the US would "identify and eliminate terrorists wherever they are, together with the regimes that sustain them."

In this new game, there were few rules and inadequate attention to the means. Bush's solution to the terrorist threat was to spread democracy, and a "freedom agenda" thus became the basis of his 2006 national security strategy. But he lacked the means to democratize Iraq. The removal of Saddam Hussein did not accomplish the mission, and inadequate understanding of the context, together with poor planning and management, undercut Bush's grand objectives. The result was a sectarian civil war in Iraq and a strengthening of the terrorist groups that eventually became the Islamic State (ISIS).

A perpetual problem in US foreign policy is the complexity of the context, which increases the likelihood of unintended consequences. Prudence is sometimes dismissed as mere self-interest, but in foreign policy, it becomes a virtue. Negligent assessment and reckless risk-taking often lead to immoral consequences, or what in legal terms is called "culpable negligence." Prudence also requires the ability to manage one's emotions. In both respects, President Donald Trump's rejection of intelligence and reliance on television sources raises serious moral as well as practical questions about his foreign policy.

That leads, in turn, to the question of the role of institutions and how broadly a president defines America's national interest. A president's foreign policy depends not just on specific actions, but also on how a pattern of actions shapes the environment of world politics. Leadership by the world's most powerful country in the supply of global public goods is consistent with "America First," but it rests on a broader understanding of that term than Trump has shown. As Henry Kissinger has put it, "calculations of power without a moral dimension will turn every disagreement into a test of strength … Moral prescriptions without concern for equilibrium, on the other hand, tend toward either crusades or an impotent policy tempting challenges; either extreme risks endangering the coherence of the international order itself."

Prudence is a necessary virtue for a good foreign policy, but it is not sufficient. American presidents have been prudent when they needed to embrace a broader institutional vision. In the future, a sense of vision and strategy that correctly understands and responds to new technological and environmental changes—such as cyber threats, artificial intelligence, climate change, and pandemics—will be crucial.

A moral foreign policy not only makes Americans safer, but also makes the world a better place. We judge moral policy by looking at behavior and institutions, acts of commission and omissions, and at all three dimensions of motives, means, and consequences. Even then, the nature of foreign policy—with its many contingencies and unforeseen events—means that we will often wind up with mixed verdicts.

Future presidents will confront two global power shifts that will shape the context of American foreign policy in this century, one horizontal and one vertical. The horizontal shift is the rise of Asia, or more accurately, the recovery of Asia. Before the Industrial Revolution boosted the economies of Europe and North America in the nineteenth century, Asia represented more than half the world's people and half the world's economy. By 1900, Asia still had half the population, but its share of the global economy had shrunk to 20%. Beginning with the double-digit economic growth of Japan after World War II (which was an objective of US policy), the world has been returning to more normal proportions as Southeast Asia, China, and India followed in Japan's footsteps. Particularly important is the rise of Chinese power and the danger that the world will fall into a "Thucydides trap" in which a devastating war is caused by the fear created in a dominant great power by the rise of a new power.[1] Some think the twenty-first century will be devastated by a war of hegemonic transition similar to what happened in the last century, when Britain was challenged by the rise in the power of Germany.

The other great-power shift is vertical and is driven by technology. The information revolution that started in the 1960s with Moore's Law about the doubling of the capacity of computer chips every two years is providing more information to more actors than at any time in history. This second power shift has sometimes been called "the new feudalism," in which sovereigns share authority with a variety of other actors. Technology empowers non-state actors. They do not replace sovereign states, but they crowd the stage on which governments act, creating new instruments, problems, and potential coalitions.[2] In addition, technology has increased economic, political, and ecological interdependence and created more transnational linkages and issues that are often outside the control of governments, but affect the relations between them. Such global interdependence has also had

redistributive effects within societies, which are in turn altering domestic politics that affect foreign policies.

Both these power shifts challenge the liberal order of the past seven decades. Respected commentators such as Martin Wolf of the Financial Times have argued that "we are at the end of both an economic period —that of Western-led globalization—and a geopolitical one, the post–Cold War 'unipolar moment' of a US-led global order. The question is whether what follows will be an unravelling of the post–Second World War era into a period of deglobalization and conflict much like the first half of the twentieth century, or a new period in which non-Western powers, especially China and India, play a larger role in sustaining a co-operative global order."[3] Such a new world poses new challenges for an ethical foreign policy.

Footnotes

1 At least one European Foreign Ministry, Denmark, has a tech ambassador with offices in Silicon Valley and Beijing. Facebook has a transnational membership larger than the populations of the US and China combined.

2 See Footnote 2

3 Martin Wolf, "The Long and Painful Journey to World Disorder," *Financial Times*, January 5, 2017. See also, Fareed Zakaria, "The Self-Destruction of American Power," *Foreign Affairs* 92 (July/August) 2019, pp. 10–16.

Soft Power in the American Experience

The United States has played an important role in the development and application of soft power, both actively and passively. Post-World War II America, through Hollywood, music, and promotion of liberal democratic ideology, greatly influenced its allies and enabled the United States to extend its influence without military intervention.

This evolution of "soft power" as used by the United States serves as a point of reference when we look at other countries, especially China.

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Soft Power and American Foreign Policy

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The sources of American soft power—culture, values, etc.*,—remain attractive despite foreign policy decisions that are unpopular and increased anti-American sentiment. While the issues may be different, the views in this article from 2004 will seem all too familiar and provide some insight into how the United States has changed and how it has stayed the same.*

Anti-Americanism has increased in the past few years. Thomas Pickering, a seasoned diplomat, considered 2003 "as high a zenith of anti-Americanism as we've seen for a long time."[1] Polls show that our soft power losses can be traced largely to our foreign policy. "A widespread and fashionable view is that the United States is a classically imperialist power…That mood has been expressed in different ways by different people, from the hockey fans in Montreal who boo the American national anthem to the high school students in Switzerland who do not want to go to the United States as exchange students."[2] An Australian observer concluded that "the lesson of Iraq is that the US's soft power is in decline. Bush went to war having failed to

win a broader military coalition or UN authorization. This had two direct consequences: a rise in anti-American sentiment, lifting terrorist recruitment; and a higher cost to the US for the war and reconstruction effort."[3] A Gallup International poll showed that pluralities in fifteen out of twenty-four countries around the world said that American foreign policies had a negative effect on their attitudes toward the United States.

A Eurobarometer poll found that a majority of Europeans believe that the United States tends to play a negative role in fighting global poverty, protecting the environment, and maintaining peace in the world.[4] When asked in a Pew poll to what extent they thought the United States "takes your interests into account," a majority in twenty out of forty-two countries surveyed said "not too much" or "not at all."[5] In many countries, unfavorable ratings were highest among younger people. American pop culture may be widely admired among young people, but the unpopularity of our foreign policies is causing the next generation to question American power.[6]

American music and films are more popular in Britain, France, and Germany than they were twenty years ago, another period when American policies were unpopular in Europe, but the attraction of our policies is even lower than it was then.[7] There are also hints that unpopular foreign policies might be spilling over and undercutting the attractiveness of some aspects of American popular culture. A 2003 Roper study showed that "for the first time since 1998, consumers in 30 countries signaled their disenchantment with America by being less likely to buy Nike products or eat at McDonalds…At the same time, nine of the top 12 Asian and European firms, including Sony, BMW and Panasonic, saw their scores rise."[8]

The Costs of Ignoring Soft Power

Soft power is the ability to get what you want through attraction rather than coercion or payments. When you can get others to want what you want, you do not have to spend as much on sticks and carrots to move them in your direction. Hard power, the ability to coerce, grows out of a country's military and economic might. Soft power arises from the

attractiveness of a country's culture, political ideals, and policies. When our policies are seen as legitimate in the eyes of others, our soft power is enhanced.

Skeptics about soft power say not to worry. Popularity is ephemeral and should not be a guide for foreign policy in any case. The United States can act without the world's applause. We are so strong we can do as we wish. We are the world's only superpower, and that fact is bound to engender envy and resentment. Fouad Ajami has stated recently, "The United States need not worry about hearts and minds in foreign lands."[9] Columnist Cal Thomas refers to "the fiction that our enemies can be made less threatening by what America says and does."[10] Moreover, the United States has been unpopular in the past, yet managed to recover. We do not need permanent allies and institutions. We can always pick up a coalition of the willing when we need to. Donald Rumsfeld is wont to say that the issues should determine the coalitions, not vice-versa.

But it would be a mistake to dismiss the recent decline in our attractiveness so lightly. It is true that the United States has recovered from unpopular policies in the past, but that was against the backdrop of the Cold War, in which other countries still feared the Soviet Union as the greater evil. Moreover, while America's size and association with disruptive modernity are real and unavoidable, wise policies can soften the sharp edges of that reality and reduce the resentments that they engender. That is what the United States did after World War II. We used our soft power resources and co-opted others into a set of alliances and institutions that lasted for sixty years. We won the Cold War against the Soviet Union with a strategy of containment that used our soft power as well as our hard power.

It is true that the new threat of transnational terrorism increased American vulnerability, and some of our unilateralism after September 11 was driven by fear. But the United States cannot meet the new threat identified in the national security strategy without the cooperation of other countries. They will cooperate, up to a point, out of mere self-interest, but their degree of cooperation is also affected by the attractiveness of the United States. Take Pakistan for example. President Pervez Musharraf faces a complex game of cooperating with the United States on terrorism while managing a large anti-American

constituency at home. He winds up balancing concessions and retractions. If the United States were more attractive to the Pakistani populace, we would see more concessions in the mix.

It is not smart to discount soft power as just a question of image, public relations, and ephemeral popularity. As I argued earlier, it is a form of power—a means of obtaining desired outcomes. When we discount the importance of our attractiveness to other countries, we pay a price. Most importantly, if the United States is so unpopular in a country that being pro-American is a kiss of death in their domestic politics, political leaders are unlikely to make concessions to help us. Turkey, Mexico, and Chile were prime examples in the run-up to the Iraq war in March 2003. When American policies lose their legitimacy and credibility in the eyes of others, attitudes of distrust tend to fester and further reduce our leverage. For example, after September 11, there was an outpouring of sympathy from Germans for the United States, and Germany joined a military campaign against the al Qaeda network. But as the United States geared up for the unpopular Iraq war, Germans expressed widespread disbelief about the reasons the United States gave for going to war, such as the alleged connection of Iraq to al Qaeda and the imminence of the threat of weapons of mass destruction. German suspicions were reinforced by what they saw as biased American media coverage during the war and by the failure to find weapons or prove the connection to al Qaeda right after the war. The combination fostered a climate in which conspiracy theories flourished. By July 2003, one-third of Germans under the age of thirty said that they thought the American government might even have staged the original September 11 attacks.[11]

Absurd views feed upon each other, and paranoia can be contagious. American attitudes toward foreigners harden, and we begin to believe that the rest of the world really does hate us. Some Americans begin to hold grudges, to mistrust all Muslims, to boycott French wines and rename French fries, and to spread and believe false rumors.[12] In turn, foreigners see Americans as uninformed and insensitive to anyone's interests but their own. They see our media wrapped in the American flag. Some Americans, in turn, succumb to residual strands of isolationism, saying that if others choose to see us that way, "to hell with'em." If foreigners are going to be like that, who

cares whether we are popular or not. But to the extent that we allow ourselves to become isolated, we embolden enemies such as al Qaeda. Such reactions undercut our soft power and are self-defeating in terms of the outcomes we want.

Some hard-line skeptics might say that whatever the merits of soft power, it has little role to play in the current war on terrorism. Osama bin Laden and his followers are repelled, not attracted by American culture, values, and policies. Military power was essential in defeating the Taliban government in Afghanistan, and soft power will never convert fanatics. Charles Krauthammer, for example, argued soon after the war in Afghanistan that our swift military victory proved that "the new unilateralism" worked. That is true up to a point, but the skeptics mistake half the answer for the whole solution.

Look again at Afghanistan. Precision bombing and Special Forces defeated the Taliban government, but U.S. forces in Afghanistan wrapped up less than a quarter of al Qaeda, a transnational network with cells in sixty countries. The United States cannot bomb al Qaeda cells in Hamburg, Kuala Lumpur, or Detroit. Success against them depends on close civilian cooperation, whether sharing intelligence, coordinating police work across borders, or tracing global financial flows. America's partners cooperate partly out of self-interest, but the inherent attractiveness of U.S. policies can and does influence the degree of cooperation.

Equally important, the current struggle against Islamist terrorism is not a clash of civilizations but a contest whose outcome is closely tied to a civil war between moderates and extremists within Islamic civilization. The United States and other advanced democracies will win only if moderate Muslims win, and the ability to attract the moderates is critical to victory. We need to adopt policies that appeal to moderates and to use public diplomacy more effectively to explain our common interests. We need a better strategy for wielding our soft power. We will have to learn better how to combine hard and soft power if we wish to meet the new challenges.

Beneath the surface structure, the world changed in profound ways during the last decades of the twentieth century. September 11 was like a flash of lightening on a summer evening that displayed an altered landscape, and we are still left groping in the dark wondering how to

find our way through it. George W. Bush entered office committed to a traditional realist foreign policy that would focus on great powers like China and Russia and eschew nation building in failed states of the less-developed world. But in September 2002, his administration proclaimed a new national security strategy that declared "we are men aced less by fleets and armies than by catastrophic technologies falling into the hands of the embittered few." Instead of strategic rivalry, "today, the world's great powers find ourselves on the same side—united by common dangers of terrorist violence and chaos." The United States increased its development assistance and its efforts to combat AIDS because "weak states, like Afghanistan, can pose as great a danger to our national interest as strong states."[13] The historian John Lewis Gaddis compared the new strategy to the seminal days that redefined American foreign policy in the 1940s.[14]

The new strategy attracted criticism at home and abroad for its excessive rhetoric about preemptive military strikes and the promotion of American primacy. Critics pointed out that the practice of preemption is not new, but that turning it into a doctrine weakens international norms and encourages other countries to engage in risky actions. Similarly, American primacy is a fact, but there was no need for rhetoric that rubbed other people's noses in it. Notwithstanding such flaws, the new strategy responded to the deep trends in world politics that were illuminated by the events of September 11, 2001. The "privatization of war" is a major historical change in world politics that must be addressed. This is what the new Bush strategy gets right. What the United States has not yet sorted out is how to go about implementing the new approach. We have done far better on identifying the ends than the means. On that dimension, both the administration and Congress were deeply divided.

According to the National Security Strategy, the greatest threats the American people face are transnational terrorism and weapons of mass destruction, and particularly their combination. Yet, meeting the challenge posed by transnational military organizations that could acquire weapons of mass destruction requires the cooperation of other countries—and cooperation is strengthened by soft power. Similarly, efforts to promote democracy in Iraq and elsewhere will require the help of others. Reconstruction in Iraq and peacekeeping in failed states

are far more likely to succeed and to be less costly if shared with others rather than appearing as American imperial occupation. The fact that the United States squandered its soft power in the way that it went to war meant that the aftermath turned out to be much more costly than it need have been.

Even after the war, in the hubris and glow of victory in May 2003, the United States resisted a significant international role for the UN and others in Iraq. But as casualties and costs mounted over the summer, the United States found many other countries reluctant to share the burden without a UN blessing. As the top American commander for Iraq, General John Abizaid reported, "You can't underestimate the public perception both within Iraq and within the Arab world about the percentage of the force being so heavily American." But, Abizaid continued other countries "need to have their internal political constituents satisfied that they're playing a role as an instrument of the international community and not as a pawn of the United States."[15] Before the Madrid conference of potential donors to Iraq in October 2003, the New York Times reported that L. Paul Bremer, the chief occupation administrator in Baghdad, said, "I need the money so bad we have to move off our principled opposition to the international community being in charge."[16] Neoconservatives like Max Boot were urging conservatives not to treat marginalizing the UN as a core principle, and Charles Krauthammer, proud author of "the new unilateralism," called for a new UN resolution because Russia, India, and others "say they would contribute only under such a resolution." In his words, "the U.S. is not overstretched. But psychologically we are up against our limits. The American people are simply not prepared to undertake worldwide nation building."[17]

In the global information age, the attractiveness of the United States will be crucial to our ability to achieve the outcomes we want. Rather than having to put together pick-up coalitions of the willing for each new game, we will benefit if we are able to attract others into institutional alliances and eschew weakening those we have already created. NATO, for example, not only aggregates the capabilities of advanced nations, but its interminable committees, procedures, and exercises also allow these nations to train together and quickly become interoperable when a crisis occurs. As for alliances, if the United States

is an attractive source of security and reassurance, other countries will set their expectations in directions that are conducive to our interests. Initially, for example, the U.S.-Japan security treaty was not very popular in Japan, but polls show that over the decades, it became more attractive to the Japanese public. Once that happened, Japanese politicians began to build it into their approaches to foreign policy. The United States benefits when it is regarded as a constant and trusted source of attraction so that other countries are not obliged continually to re-examine their options in an atmosphere of uncertain coalitions. In the Japan case, broad acceptance of the United States by the Japanese public "contributed to the maintenance of US hegemony" and "served as political constraints compelling the ruling elites to continue cooperation with the United States."[18] Popularity can contribute to stability.

Finally, as the RAND Corporation's John Arquila and David Ronfeldt argue, power in an information age will come not only from strong defenses but also from strong sharing. A traditional realpolitik mindset makes it difficult to share with others. But in an information age, such sharing not only enhances the ability of others to cooperate with us but also increases their inclination to do so.[19] As we share intelligence and capabilities with others, we develop common outlooks and approaches that improve our ability to deal with the new challenges. Power flows from that attraction. Dismissing the importance of attraction as merely ephemeral popularity ignores key insights from new theories of leadership as well as the new realities of the information age. We cannot afford that.

American Empire?

Not everyone agrees with this picture of the changing nature of world politics, and thus, they recommend a different approach to American foreign policy. Many argue that our new vulnerability requires a much higher degree of forceful control. Moreover, our unprecedented power now makes it possible. As Robert Kaplan has argued, "it is a cliché these days to observe that the United States now possesses a global empire; the question now is how the American empire should operate on a tactical level to manage an unruly world."[20] William Kristol, editor

of the neoconservative magazine *The Weekly Standard*, says, "We need to err on the side of being strong. And if people want to say we're an imperialist power, fine."[21] Writing in the same journal in 2001, Max Boot agreed, in the explicitly titled article "The Case for an American Empire."[22]

Three decades ago, the radical left used the term "American empire" as an epithet. Now, the phrase has come out of the closet and is used by a number of analysts, on the left and the right alike, to explain and guide American foreign policy. Andrew Bacevich, for example, argues that the notion of an American empire is approaching mainstream respectability, and we should not worry about the semantic details.[23] But words matter. In Alice in Wonderland, the Red Queen tells Alice that she can make words mean whatever she wants. But when we want to communicate clearly with others, we have to take care in what we use our words to do. If America is like no other empire in history, as Bacevich claims, then in what sense is it an empire? And while the use of the term may point up some useful analogies, it may also mislead us by obscuring important differences.

In many ways, the metaphor of empire is seductive. The American military has a global reach, with bases around the world, and its regional commanders sometimes act like proconsuls. English is a lingua franca, like Latin. The American economy is the largest in the world, and American culture serves as a magnet. But it is a mistake to confuse the politics of primacy with the politics of empire. Although unequal relationships certainly exist between the United States and weaker powers and can be conducive to exploitation, absent formal political control, the term "imperial" can be misleading. Its acceptance would be a disastrous guide for American foreign policy because it fails to take into account how the world has changed. The United States is certainly not an empire in the way we think of the European overseas empires of the nineteenth and twentieth centuries because the core feature of such imperialism was direct political control.[24] The United States has more power resources, compared to other countries, than Britain had at its imperial peak. On the other hand, the United States has less power, in the sense of control over the behavior that occurs inside other countries, than Britain did when it ruled a quarter of the globe. For example, Kenya's schools, taxes, laws, and elections—not to

mention external relations—were controlled by British officials. Even where Britain used indirect rule through local potentates, as in Uganda, it exercised far more control than the United States does today. Others try to rescue the metaphor by referring to "informal empire" or the "imperialism of free trade," but this simply obscures important differences in degrees of control suggested by comparisons with real historical empires. Yes, the Americans have widespread influence, but in 2003, the United States could not even get Mexico and Chile to vote for a second resolution on Iraq in the UN Security Council. The British empire did not have that kind of problem with Kenya or India.

Devotees of the new imperialism say not to be so literal. "Empire" is merely a metaphor. But the problem with the metaphor is that it implies a control from Washington that is unrealistic and reinforces the prevailing strong temptations toward unilateralism that are present in Congress and parts of the administration. The costs of occupation of other countries have become prohibitive in a world of multiple nationalisms, and the legitimacy of empire is broadly challenged.

Power depends on context, and the distribution of power differs greatly in different domains. In the global information age, power is distributed among countries in a pattern that resembles a complex three-dimensional chess game. On the top chessboard of political-military issues, military power is largely unipolar, but on the economic board, the United States is not a hegemon or an empire, and it must bargain as an equal when Europe acts in a unified way. And on the bottom chessboard of transnational relations, power is chaotically dispersed, and it makes no sense to use traditional terms such as unipolarity, hegemony, or American empire. Those who recommend an imperial American foreign policy based on traditional military descriptions of American power are relying on woefully inadequate analysis. If you are in a three-dimensional game, you will lose if you focus only on one board and fail to notice the other boards and the vertical connections among them—witness the connections in the war on terrorism between military actions on the top board, where we removed a dangerous tyrant in Iraq, but simultaneously increased the ability of the al Qaeda network to gain new recruits on the bottom, transnational board.[25]

Because of its leading edge in the information revolution and its past investment in military power, the United States will likely remain the world's single most powerful country well into the twenty-first century. French dreams of a multipolar military world are unlikely to be realized anytime soon, and the German Foreign Minister, Joschka Fischer, has explicitly eschewed such a goal.[26] But not all the important types of power come out of the barrel of a gun. Hard power is relevant to getting the outcomes we want on all three chessboards, but many of the transnational issues, such as climate change, the spread of infectious diseases, international crime, and terrorism, cannot be resolved by military force alone. Representing the dark side of globalization, these issues are inherently multilateral and require cooperation for their solution. Soft power is particularly important in dealing with the issues that arise from the bottom chessboard of transnational relations. To describe such a world as an American empire fails to capture the real nature of the foreign policy tasks that we face.

Another problem for those who urge that we accept the idea of an American empire is that they misunderstand the underlying nature of American public opinion and institutions. Even if it were true that unilateral occupation and transformation of undemocratic regimes in the Middle East and elsewhere would reduce some of the sources of transnational terrorism, the question is whether the American public would tolerate an imperial role for its government. Neoconservative writers like Max Boot argue that the United States should provide troubled countries with the sort of enlightened foreign administration once provided by self-confident Englishmen in jodhpurs and pith helmets, but as the British historian Niall Ferguson points out, modern America differs from nineteenth-century Britain in our "chronically short time frame."[27] Although an advocate of empire, Ferguson worries that the American political system is not up to the task, and for better or worse, he is right.

The United States has intervened in and governed countries in Central America, the Caribbean, and the Philippines, and America was briefly tempted into real imperialism when it emerged as a world power a century ago, but the interlude of formal empire did not last.[28] Imperialism has never been a comfortable experience for Americans,

and only a small portion of the cases of military occupation in our history have led directly to the establishment of democracies. The establishment of democracy in Germany and Japan after World War II remains the exception rather than the rule, and in these countries, it took nearly a decade. American empire is not limited by "imperial overstretch," in the sense of costing an impossible portion of our gross domestic product. We devoted a much higher percentage of the gross domestic product to the military budget during the Cold War than we do today. The overstretch will come from having to police more peripheral countries with nationally resistant publics than foreign or American public opinion will accept. Polls show little taste for empire among Americans. Instead, the American public continues to say that it favors multilateralism and using the UN. Perhaps that is why Michael Ignatieff, a Canadian advocate of accepting the empire metaphor qualifies it by referring to the American role in the world as "Empire Lite."[29]

In fact, the problem of creating an American empire might better be termed "imperial understretch." Neither the public nor Congress has proven willing to invest seriously in the instruments of nation building and governance as opposed to military force. The entire budget for international affairs (including the Agency for International Development) is only 1% of the federal budget. The United States spends nearly nineteen times that amount on its military, and there is little indication that this is about to change in an era of tax cuts and budget deficits. Moreover, our military is designed for fighting, rather than for police work, and the Rumsfeld Pentagon has cut back on training for peacekeeping operations. The United States has designed a military that is better suited to kick down the door, beat up a dictator, and then go home rather than stay for the harder imperial work of building a democratic polity. For a variety of reasons, in regard to both the world and the United States, Americans should avoid the misleading metaphor of empire as a guide for our foreign policy. Empire is not the narrative we need to help us understand and cope with the global information age of the twenty-first century.

American Foreign Policy Traditions

The United States has a variety of foreign policy traditions to draw upon that overlap, reinforce, and sometimes conflict with each other. The writer Walter Mead has used the device of identifying these traditions with the names of past leaders as a helpful way to distinguish them.[30] The realists who prudently pursue national interest and commerce are named after Alexander Hamilton. Populists, who emphasize self-reliance and frequent use of coercion, he names for Andrew Jackson. He calls "Jeffersonians" those who pursue democracy by being a shining beacon to others rather than (in John Quincy Adams's words) "going forth in search of monsters to destroy." Finally, "Wilsonians" are the idealists who follow Woodrow Wilson in seeking to make the world safe for democracy.

Each approach has its virtues and faults. The Hamiltonians are prudent, but their realism lacks a moral appeal to many at home and abroad. The Jacksonians are robust and tough, but lack staying power and allies. Both the Hamiltonians and Jacksonians are deficient in soft power. The Jeffersonians, on the other hand, have plenty of soft power, but not enough hard power. Being a shining city on a hill is attractive but often not sufficient to achieve all foreign policy goals. The Wilsonians are also long on soft power, but sometimes their idealism leads them into unrealistic ambitions. Their danger is that their foreign policy vehicles often have strong accelerators but weak brakes and are thus prone to go off the road.

Whereas Hamiltonians and Jeffersonians tend toward prudent and conservative foreign policies that do not rock the boat, Wilsonians seek to transform the international situation. In the case of the Middle East, for years, the United States followed a Hamiltonian policy that sought stability through the support of autocrats but that, in the end, did not prevent the rise of radical Islamist ideology and terrorism. The Wilsonians urge a transformational rather than a conservative or status quo foreign policy. In their view, without democratization, the Middle East (and other regions) will continue to be a breeding ground for rogue states and terrorist threats. Much of the debate inside the Bush administration over the Iraq war was between traditional Hamiltonian realists (such as Secretary of State Colin Powell) and a coalition of Jacksonians (such as Vice President Dick Cheney and Secretary of Defense Donald Rumsfeld) plus neoconservative

Wilsonians (such as Deputy Defense Secretary Paul Wolfowitz). Part of the confusion over American objectives in going to war was that the administration used different arguments to appeal to different camps. The suggestion of a connection to al Qaeda and September 11 was important to Jacksonians, who sought revenge and deterrence; the argument that Saddam Hussein was developing weapons of mass destruction in violation of UN resolutions appealed to Hamiltonians and traditional Wilsonians in Congress; and the need to remove a bloody dictator and transform Middle Eastern politics was important to the new Wilsonians.

In recent years, the Wilsonians have divided into two camps. President Wilson, of course, was a Democrat, and traditional Wilsonians continue to stress both the promotion of democracy and the role of international institutions. The neoconservatives, many of whom split off from the Democratic party, stress the importance of democracy, but have dropped Wilson's emphasis on international institutions. They do not want to be held back by institutional constraints, and they see our legitimacy coming from our focus on democracy. In that sense, the neoconservatives are advocates of soft power, but they focus too simply on substance and not enough on process. By downgrading the legitimacy that comes from institutional processes in which others are consulted, they squander soft power.

Ironically, however, the only way to achieve the type of transformation that the neoconservatives seek is by working with others and avoiding the backlash that arises when the United States appears on the world stage as an imperial power acting unilaterally. What is more, because democracy cannot be imposed by force and requires a considerable time to take root, the most likely way to obtain staying power from the American public is through developing international legitimacy and burden sharing with allies and institutions. For Jacksonians like Secretary of Defense Rumsfeld, this may not matter. They would prefer to punish the dictator and come home rather than engage in tedious nation building. For example, in September 2003, Rumsfeld said of Iraq, "I don't believe it's our job to reconstruct the country."[31] But for serious neoconservatives, like Deputy Defense Secretary Paul Wolfowitz, their impatience with institutions and allies may undercut their own objectives. They

understand the importance of soft power but fail to appreciate all its dimensions and dynamics.

Soft Power and Policy

Soft power grows out of our culture, out of our domestic values and policies, and out of our foreign policy. Many of the effects of our culture, for better or worse, are outside the control of government. But there is still a great deal that the government can do. Much more can be done to improve our public diplomacy in all dimensions. We can greatly improve our broadcast capabilities as well as our narrowcasting on the Internet. But both should be based on better listening as well. Newt Gingrich has written that "the impact and success of a new U.S. communication strategy should be measured continually on a country-by-country basis. An independent public affairs firm should report weekly on how U.S. messages are received in at least the world's 50 largest countries."[32] Such an approach would help us to select relevant themes as well as to fine-tune our short-term responses. And we should greatly increase our investment in soft power. We could easily afford to double the budget for public diplomacy as well as raise its profile and direction from the White House.

Equally important will be increasing the exchanges across societies that allow our rich and diverse non-governmental sectors to interact with other countries. It was a great mistake for the Clinton administration and Congress to cut the budget and staff for cultural diplomacy and exchanges by nearly 30% after 1993.[33] And it is a mistake now to let visa policies curtail such contacts. The most effective communication often occurs not by distant broadcasts but in face-to-face contacts—what Edward R. Murrow called "the last three feet." Such programs were critical to winning the Cold War. The best communicators are often not governments but civilian surrogates, both from the United States and from other countries.

We will need to be more inventive in this area, whether it be through finding ways to improve the visa process for educational exchanges, encouraging more American students to study abroad, rethinking the role of the Peace Corps, inventing a major program for foreigners to teach their languages in American schools, starting a

corporation for public diplomacy that will help tap into the resources of the private and non-profit sectors, or a myriad of other ways. As Michael Holtzman has observed about the Middle East, our public diplomacy must acknowledge a world that is far more skeptical of government messages than we have assumed. "To be credible to the so-called Arab street, public diplomacy should be directed mainly at spheres of everyday life. Washington should put its money into helping American doctors, teachers, businesses, religious leaders, athletic teams, and entertainers to go abroad and provide the sorts of services the people of the Middle East are eager for."[34]

While the United States has a number of social and political problems at home, many of these are shared with other postmodern societies, and thus, invidious comparisons do not seriously undercut our soft power. Moreover, we maintain strengths of openness, civil liberties, and democracy that appeal to others. Problems arise for our soft power when we do not live up to our own standards. As we try to find the right balance between freedom and security in the struggle against terrorism, it is important to remember that others are watching as well. The Bush administration deserves credit for responding to human rights groups' accusations that it was torturing suspects by unequivocally rejecting the use of any techniques to interrogate suspects that would constitute "cruel" treatment prohibited by the Constitution.[35]

Some domestic policies, such as capital punishment and the absence of gun controls, reduce the attractiveness of the United States to other countries but are the results of differences in values that may persist for some time. Other policies, such as the refusal to limit gas-guzzling vehicles, damage the American reputation because they appear self-indulgent and demonstrate an unwillingness to consider the effects, we are having on global climate change and other countries. Similarly, domestic agricultural subsidies that are structured in a way that protects wealthy farmers while we preach the virtue of free markets to poor countries appear hypocritical in the eyes of others. In a democracy, the "dog" of domestic politics is often too large to be wagged by the tail of foreign policy, but when we ignore the connections, our apparent hypocrisy is costly to our soft power.

The government can do most to recover the recent American loss of soft power in the near term by adjusting the style and substance of its foreign policy. Obviously, there are times when foreign policies serve fundamental American interests and cannot and should not be changed. But tactics can often be adjusted without giving up basic interests. Style may be the easiest part. For one thing, the administration could go back to the wisdom about humility and warnings about arrogance that George W. Bush expressed in his 2000 campaign. There is no need to take pleasure in embarrassing allies or to have a secretary of defense insulting them while a secretary of state is trying to woo them. As a British columnist wrote in the Financial Times, "I have a soft spot for Donald Rumsfeld. But as an ambassador for the American values so admired around the world, I can think of no one worse."[36] Prime Minister Tony Blair put it well in his 2003 address to the American Congress, when he said that the real challenge for the United States now "is to show that this is a partnership built on persuasion, not command."[37]

On the substance of policy, the Bush administration deserves credit for its efforts to align the United States with the long-term aspirations of poor people in Africa and elsewhere through its Millennium Challenge initiative, which promises to increase aid to countries willing to make reforms, as well as for its efforts to increase resources to combat AIDS and other infectious diseases. Success in implementing those programs will represent a significant investment in American soft power. So also will be the serious promotion of the peace process in the Middle East. As National Security Advisor Condoleezza Rice said, "America is a country that really does have to be committed to values and to making life better for people around the world…It's not just the sword, it's the olive branch that speaks to those intentions."[38]

As for the sword, the United States will continue to need it from time to time in the struggle against terrorism and in our efforts to create stability. Maintaining our hard power is essential to security. But we will not succeed by the sword alone. Our doctrine of containment led to success in the Cold War not just because of military deterrence but because, as George Kennan designed the policy, our soft power would help to transform the Soviet Bloc from within. Containment was not a static military doctrine but a transformational strategy, albeit one

that took decades to accomplish. Indeed, Kennan frequently warned against what he regarded as the overmilitarization of containment and was a strong supporter of contacts and exchanges. Those lessons about patience and the mixture of hard and soft power still stand us in good stead today.

When we do use our hard power, we will need to be more attentive to ways to make it less costly to our soft power by creating broad coalitions. Here, the model should be the patient and painstaking work of George H. W. Bush in building the coalition for the first Gulf war. Those who write off "old Europe" as so enthralled by Venus that it is hopelessly opposed to the use of force should remember that 75% of the French and 63% of the German publics supported the use of military force to free Kuwait before the Gulf war.[39] Similarly, both countries were active participants in NATO's use of military force against Serbia in the 1999 Kosovo war, despite the absence of a formal UN security council resolution. The difference was that American policy appeared legitimate in the eyes of their publics in those two cases. We had soft power and were able to attract allies.

The UN is not the only source of legitimacy, but many people concluded that the Kosovo campaign was legitimate (although not formally legal) because it had the de facto support of a large majority of Security Council members. The UN is often an unwieldy institution. The veto power in the Security Council has meant that it has been able to authorize the use of force for a true collective security operation only twice in half a century: in Korea and Kuwait. But it was designed to be a concert of large powers that would not work when they disagree. The veto is like a fuse box in the electrical system of a house. Better that the fuse blows and the lights go out than that the house burns down. Moreover, as Kofi Annan pointed out after the Kosovo war, the UN is torn between the traditional strict interpretation of state sovereignty and the rise of international humanitarian and human rights law that sets limits on what leaders can do to their citizens. Moreover, the politics of consensus has made the United Nations Charter virtually impossible to amend. Nonetheless, for all its flaws, the UN has proven useful in its humanitarian and peacekeeping roles where states agree, and it remains an important source of legitimization in world politics.

The latter point is particularly galling to the new unilateralists, who correctly point to the undemocratic nature of many of the regimes that vote and chair committees. But their proposed solution of replacing the UN with a new organization of democracies ignores the fact that the major divisions over Iraq were among the democracies. Rather than engage in futile efforts at ignoring the UN or changing its architecture, we should improve our underlying bilateral diplomacy with the other major powers and use the UN in the practical ways in which it can help with the new strategy. In addition to the UN's development and humanitarian agenda, the Security Council may wind up playing a background role related to North Korea ; the Committee on Terrorism can help to prod states to improve their procedures; and UN peacekeepers can save us from having to be the world's lone policeman. Not only can the UN be useful to us in a variety of practical ways if we work at it, but unilateralist attacks on it will backfire in a way that undercuts our soft power.

* * *

Americans are still working their way through the aftermath of September 11. We are groping for a path through the strange new landscape recreated by technology and globalization whose dark aspects were vividly illuminated on that traumatic occasion. The Bush administration has correctly identified the nature of the new challenges that the nation faces and has reoriented American strategy accordingly. But the administration, like Congress and the public, has been torn between different approaches to the implementation of the new strategy. The result has been a mixture of both successes and failures. We have been more successful in the domain of hard power, where we have invested more, trained more, and have a clearer idea of what we are doing. We have been less successful in the areas of soft power, where our public diplomacy has been woefully inadequate and our neglect of allies and institutions has created a sense of illegitimacy that has squandered our attractiveness.

Yet this is ironic because the United States is the country that is at the forefront of the information revolution as well as the country that built some of the longest-lasting alliances and institution that the modern world has seen. We should know how to adapt and work with central to our power for more than half country with a vibrant social

and culture that provides an almost infinite number of points of contact with other societies. What is more, during the Cold War, we demonstrated that we know how to use the soft power resources that our society produces.

It is time now for us to draw upon and combine our traditions in a different way. We need more Jefferson and less Jackson. Our Wilsonians are correct about the importance of democratic transformation of world politics over the long term, but they need to remember the role of institutions and allies. They also need to temper their impatience with a good mixture of Hamiltonian realism. In short, America's success will depend upon our developing a deeper understanding of the role of soft power and developing a better balance of hard and soft power in our foreign policy. That will be smart power. We have done it before; we can do it again.

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Get Smart: Combining Hard and Soft Power

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The transition toward "smart power" requires constant adjustment to the balance between hard and soft power. Changing geopolitical and economic contexts necessitates a regular reassessment of what tools of power are used and how they are applied, especially in the information age, in which change happens at increasingly break-neck speeds.

In her confirmation hearings, U.S. Secretary of State Hillary Clinton said, "America cannot solve the most pressing problems on our own, and the world cannot solve them without America…We must use what has been called 'smart power,' the full range of tools at our disposal." Since then, editorial pages and blogs have been full of references to "smart power." But, what does it mean?

"Smart power" is a term I developed in 2003 to counter the misperception that soft power alone can produce effective foreign policy. Power is one's ability to affect the behavior of others to get what one wants. There are three basic ways to do this: coercion, payment,

and attraction. Hard power is the use of coercion and payment. Soft power is the ability to obtain preferred outcomes through attraction. If a state can set the agenda for others or shape their preferences, it can save a lot on carrots and sticks. But, rarely can it totally replace either. Thus, the need for smart strategies that combine the tools of both hard and soft power.

In an otherwise estimable new book, *Power Rules: How Common Sense Can Rescue American Foreign Policy,* Leslie Gelb argues that "soft power now seems to mean almost everything" because both economic and military resources can influence other states. (Gelb's recent article in these pages, "Necessity, Choice, and Common Sense" [May/June 2009], is drawn from the book.) But, Gelb confuses the actions of a state seeking to achieve desired outcomes with the resources used to produce those outcomes. Military and economic resources can sometimes be used to attract as well as coerce–witness the positive effect of the U.S. military's relief efforts in Indonesia following the 2004 tsunami on Indonesians' attitudes toward the United States. This means that many different types of resources can contribute to soft power, not that the term "soft power" can mean any type of behavior.

In his book, Gelb defines power too narrowly, as "getting people or groups to do something they don't want to do." He ignores a long literature on the other facets of power that are used to persuade others to do what is in fact in their own interests. As U.S. President Dwight Eisenhower put it, leadership is about getting people to do something "not only because you tell them to do so and enforce your orders but because they instinctively want to do it for you." Sometimes that is possible, and sometimes not, but it is certainly an important aspect of power. Even if soft power is rarely sufficient, it can help create an enabling or disabling context for policy.

The major elements of a country's soft power include its culture (when it is pleasing to others), its values (when they are attractive and consistently practiced), and its policies (when they are seen as inclusive and legitimate). Over the past decade, public opinion polls have shown a serious decline in the United States' popularity in Europe, Latin America, and, most dramatically, the Muslim world. Poll respondents have generally cited the United States' policies, more than its culture or values, to explain this decline. Since it is easier for a

country to change its policies than its culture, U.S. President Barack Obama should focus on choosing policies that can help recover some of the United States' soft power.

Of course, soft power is not the solution to all problems. The fact that the North Korean dictator Kim Jong Il likes to watch Hollywood movies is unlikely to affect his country's nuclear weapons program. And U.S. soft power got nowhere in drawing the Taliban government away from al Qaeda in the 1990s; it took hard military power in 2001 to end that alliance. But, broader goals, such as promoting democracy, protecting human rights, and developing civil society, are not best handled with guns.

Contextual Intelligence

In 2007, former U.S. Deputy Secretary of State Richard Armitage and I co-chaired a bipartisan commission at the Center for Strategic and International Studies that helped popularize the concept of smart power. It concluded that the Pentagon is the best-trained and best-resourced arm of the government, but that there are limits to what hard power can achieve on its own and that turning to the Pentagon because it can get things done will lead to an overmilitarized foreign policy. Gelb criticizes us in *Power Rules* for "a mechanical combining rather than a genuine blending of the two ideas," but we never proposed a mechanical formula for smart power. Figuring out how to combine the resources of both hard and soft power into smart power strategies requires what I call "contextual intelligence" in my book *The Powers to Lead.* In foreign policy, contextual intelligence is the intuitive diagnostic skill that helps policymakers align tactics with objectives to create smart strategies. Of recent U.S. presidents, Ronald Reagan and George H. W. Bush had impressive contextual intelligence; the younger Bush did not.

Academics and pundits have often been mistaken about the United States' power. Just two decades ago, the conventional wisdom was that the United States was in decline, suffering from so-called imperial overstretch. International relations theory at the time suffered from a materialist bias that truncated conceptions of power and ignored the

full range of factors that can influence behavior through attraction. This is what I tried to recover in 1990 with the idea of soft power.

A decade later, with the Cold War rivalry over, the new conventional wisdom was that the world was characterized by unipolarity and U.S. hegemony. Some neoconservative pundits drew the conclusion that the United States was so powerful that it could decide what was right and others would have no choice but to follow. This new unilateralism heavily influenced the George W. Bush administration even before the shock of 9/11 produced the Bush doctrine of preventive war and coercive democratization.

Contextual intelligence must start with an understanding of not just the strengths but also the limits of U.S. power. The United States is the only superpower, but preponderance does not constitute empire or hegemony. The United States can influence, but not control, other parts of the world. World politics today is like a three-dimensional chess game. At the top level, military power among states is unipolar; but, at the middle level, of interstate economic relations, the world is multipolar and has been so for more than a decade. At the bottom level, of transnational relations (involving such issues as climate change, illegal drugs, pandemics, and terrorism), power is chaotically distributed and diffuses to non-state actors.

Military power is a small part of any response to these new threats; these necessitate cooperation among governments and international institutions. Even at the top level (where the United States represents nearly half the world's total defense expenditures), the U.S. military may be supreme in the global commons of air, sea, and space, but it is much less able to control nationalist populations in occupied areas.

Contextual intelligence is needed to produce an integrated strategy that combines hard and soft power. Many official instruments of soft power—public diplomacy, broadcasting, exchange programs, development assistance, disaster relief, military-to-military contacts—are scattered across the U.S. government. There is no overarching policy that even tries to integrate them with hard power into a comprehensive national security strategy. The United States spends about 500 times as much on the military as it does on broadcasting and exchange programs. Is this the right proportion? And how should the U.S. government relate to the generators of soft power in civil society—

including everything from Hollywood to the Bill and Melinda Gates Foundation?

Success in the Information Age

Despite its numerous errors, the United States' Cold War strategy involved a smart combination of hard and soft power. The U.S. military deterred Soviet aggression, while American ideas undercut communism behind the Iron Curtain. When the Berlin Wall finally collapsed, it was destroyed not by an artillery barrage but by hammers and bulldozers wielded by those who had lost faith in communism.

In today's information age, success is the result not merely of whose army wins but also of whose story wins. The current struggle against Islamist terrorism is much less a clash of civilizations than an ideological struggle within Islam. The United States cannot win unless the Muslim mainstream wins. There is very little likelihood that people like Osama bin Laden can ever be won over with soft power: Hard power is needed to deal with such cases. But, there is enormous diversity of opinion in the Muslim world. Many Muslims disagree with American values as well as American policies, but that does not mean that they agree with bin Laden. The United States and its allies cannot defeat Islamist terrorism if the number of people the extremists are recruiting is larger than the number of extremists killed or deterred. Soft power is needed to reduce the extremists' numbers and win the hearts and minds of the mainstream.

The United States can become a smart power by once again investing in global public goods—providing things that people and governments in all quarters of the world want but cannot attain on their own. Achieving economic development, securing public health, coping with climate change, and maintaining an open, stable international economic system all require leadership from the United States. By complementing its military and economic might with greater investments in its soft power, the United States can rebuild the framework it needs to tackle tough global challenges. That would be true smart power.

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Obama the Pragmatist

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There is no reason to believe that Obama was being disingenuous when he announced high expectations during his campaign, but his vision simply could not withstand the recalcitrant and difficult world that confronted him, so he had to adjust. This forced the man who had promised transformational leadership to become a "transactional" leader. Obama understood the need to "do no harm," and he served to establish precedent for the "smart" use of both soft and hard power during his presidency.

President Barack Obama stated that some of America's most costly mistakes since World War II were the result not of restraint, but of a "willingness to rush into military adventures without thinking through the consequences." Though Obama may be right, the speech did little to mollify critics who have accused him of passivity and weakness during his time in office, particularly regarding Syria and Ukraine.

This frustration can be blamed partly on the impossibly high expectations that Obama set in his early speeches, in which he inspired voters with promises of systemic transformation. Unlike most candidates, Obama maintained this transformational rhetoric even after it secured him his victory in the 2008 campaign. Indeed, a series of addresses in the first year of his presidency raised expectations even higher, by establishing the goal of a nuclear weapons-free world, promising to revamp America's approach to the Middle East, and pledging to "bend history in the direction of justice."

It is often said that democratic politicians campaign in poetry and govern in prose. But, there is no reason to believe that Obama was being disingenuous about his objectives. His vision simply could not withstand the recalcitrant and difficult world that confronted him, so he had to adjust. After just one year in office, the man who had promised transformational leadership became a "transactional" leader —pragmatic to a fault. And, despite what his critics say, this was a positive development.

While vowing to use force when America's vital interests are at stake and rejecting pessimistic projections of national decline, Obama was able to rely more heavily on diplomacy than force. For this, his critics accused him of failing to promote American values and retreating into isolationism.

But, restraint is not isolationism. No one accused President Dwight Eisenhower of isolationism when he accepted a stalemate in the Korean War, refused to intervene at Dien Bien Phu, resisted recommendations from senior military officers regarding islands near Taiwan, watched the Red Army invade Hungary, or refused to back allies in the Suez Canal crisis. Nor did those who now disparage Obama's measured response to Russian President Vladimir Putin's recent annexation of Ukrainian territory call Bush an isolationist for his weak response to Putin's invasion of Georgia in 2008.

Effective foreign policymaking requires an understanding of not only international and transnational systems, but also the intricacies of domestic politics in multiple countries. In such a complex and uncertain context, prudence is critical, and bold action based on a grandiose vision can be extremely dangerous. This is what advocates

of a more muscular approach to today's revolutions in the Middle East often forget.

Of course, it makes sense for US leaders to nudge events at the margins in an effort to advance democratic values in the long term. But, attempting to direct revolutions that they do not fully understand would be a mistake, with potentially serious negative consequences for all parties involved.

In fact, in the twentieth century, US presidents who pursued transformational foreign policies were neither more effective nor more ethical. Woodrow Wilson's bet on the Versailles Treaty of 1919 contributed to the disastrous isolationism of the 1930's. And the bets that John F. Kennedy and Lyndon Johnson made in Vietnam had devastating consequences, some of which are still being felt today.

In foreign policy, as in medicine, leaders must "first do no harm." Obama understood that and he served to establish precedent for the "smart" use of both soft and hard power during his presidency. However, recent years have shown us that relentless uninformed criticism that his pragmatic policies elicited, resulted in a successor that reverted to a risky transformational approach.

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American Soft Power in the Age of Trump

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Many in the Trump administration argue that soft power does not matter much; countries cooperate out of self-interest. But, this misses a crucial point: Cooperation is a matter of degree, and the degree is affected by attraction or repulsion, not just weapons and sanctions. While American power politics during the Trump administration was possibly not as "smart," this was not a death knell for American soft power, but a lesson in the challenges that it faces both domestically and abroad.

US President Donald Trump's administration has shown little interest in public diplomacy. And yet public diplomacy—a government's efforts to communicate directly with other countries' publics—is one of the key instruments policymakers use to generate

soft power, and the current information revolution makes such instruments more important than ever.

Opinion polls and the Portland Soft Power 30 index show that American soft power has declined since the beginning of Trump's term. Tweets can help to set the global agenda, but they do not produce soft power if they are not attractive to others.

Trump's defenders reply that soft power—what happens in the minds of others—is irrelevant; only hard power, with its military and economic instruments, matters. In March 2017, Trump's budget director, Mick Mulvaney, proclaimed a "hard power budget" that would have slashed funding for the State Department and the US Agency for International Development by nearly 30%.

Fortunately, military leaders know better. In 2013, General James Mattis (later Trump's first Secretary of Defense) warned Congress, "If you don't fund the State Department fully, then I need to buy more ammunition ultimately." As Henry Kissinger once pointed out, international order depends not only on the balance of hard power, but also on perceptions of legitimacy, which depends crucially on soft power.

Information revolutions always have profound socioeconomic and political consequences—witness the dramatic effects of Gutenberg's printing press on Europe in the fifteenth and sixteenth centuries. One can date the current information revolution from the 1960s and the advent of "Moore's Law:" The number of transistors on a computer chip doubles roughly every two years. As a result, computing power increased dramatically, and by the beginning of this century cost 0.1% of what it did in the early 1970s.

In 1993, there were about 50 Web sites in the world; by 2000, that number surpassed five million. Today, more than four billion people are online; that number is projected to grow to 5–6 billion people by 2020, and the "Internet of Things" will connect tens of billions of devices. Facebook has more users than the populations of China and the US combined.

In such a world, the power to attract and persuade becomes increasingly important. But, long gone are the days when public diplomacy was mainly conducted through radio and television broadcasting. Technological advances have led to a dramatic reduction

in the cost of processing and transmitting information. The result is an explosion of information, which has produced a "paradox of plenty:" An abundance of information leads to scarcity of attention.

When the volume of information confronting people becomes overwhelming, it is hard to know what to focus on. Social media algorithms are designed to compete for attention. Reputation becomes even more important than in the past, and political struggles, informed by social and ideological affinities, often center on the creation and destruction of credibility. Social media can make false information look more credible if it comes from "friends." As US Special Counsel Robert Mueller's report on Russian interference in the 2016 presidential election showed, this enabled Russia to weaponize American social media.

Reputation has always mattered in world politics, but credibility has become an even more important power resource. Information that appears to be propaganda may not only be scorned, but may also turn out to be counterproductive if it undermines a country's reputation for credibility—and thus reduces its soft power. The most effective propaganda is not propaganda. It is a two-way dialogue among people.

Russia and China do not seem to comprehend this, and sometimes the United States fails to pass the test as well. During the Iraq War, for example, the treatment of prisoners at Abu Ghraib in a manner inconsistent with American values led to perceptions of hypocrisy that could not be reversed by broadcasting pictures of Muslims living well in America. Today, presidential "tweets" that prove to be demonstrably false undercut America's credibility and reduce its soft power. The effectiveness of public diplomacy is measured by minds changed (as reflected in interviews or polls), not dollars spent or number of messages sent.

Domestic or foreign policies that appear hypocritical, arrogant, indifferent to others' views, or based on a narrow conception of national interest can undermine soft power. For example, there was a steep decline in the attractiveness of the US in opinion polls conducted after the invasion of Iraq in 2003. In the 1970s, many people around the world objected to the US war in Vietnam, and America's global standing reflected the unpopularity of that policy.

Skeptics argue that such cycles show that soft power does not matter much; countries cooperate out of self-interest. But, this argument misses a crucial point: Cooperation is a matter of degree, and the degree is affected by attraction or repulsion.

Fortunately, a country's soft power depends not only on its official policies, but also on the attractiveness of its civil society. When protesters overseas were marching against the Vietnam War, they often sang "We Shall Overcome," an anthem of the US civil rights movement. Given past experience, there is every reason to hope that the US will recover its soft power after Trump, though a greater investment in public diplomacy would certainly help.

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Trump's Effect on US Foreign Policy

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The long-term impact that Donald Trump has left on US foreign policy remains uncertain, and the debate over this has revived a longstanding question: Are major historical outcomes the product of human choices or are they largely the result of overwhelming structural factors produced by economic and political forces beyond our control? If the latter is true, then we will continue to face the same problems in the foreseeable future.

US President Donald Trump's behavior at the recent G7 meeting in Biarritz was criticized as careless and disruptive by many observers. Others argued that the press and pundits pay too much attention to Trump's personal antics, tweets, and political games. In the long run, they argue, historians will consider them mere peccadilloes. The larger question is whether the Trump presidency proves to be a major turning point in American foreign policy or a minor historical blip.

The current debate over Trump revives a longstanding question: Are major historical outcomes the product of human choices or are they largely the result of overwhelming structural factors produced by economic and political forces beyond our control?

Some analysts liken the flow of history to a rushing river, whose course is shaped by the climate, rainfall, geology, and topography, not by whatever the river carries. But even if this were so, human agents are not simply ants clinging to a log swept along by the current. They are more like white-water rafters trying to steer and fend off rocks, occasionally overturning and sometimes succeeding in steering to a desired destination.

Understanding leaders' choices and failures in American foreign policy over the past century can better equip us to cope with the questions we face today about the Trump presidency. Leaders in every age think they are dealing with unique forces of change, but human nature remains. Choices can matter; acts of omission can be as consequential as acts of commission. Failure by American leaders to act in the 1930s contributed to hell on Earth; so did refusal by American presidents to use nuclear weapons when the United States held a monopoly on them.

Were such major choices determined by the situation or the person? Looking back a century, Woodrow Wilson broke with tradition and sent US forces to fight in Europe, but that might have occurred anyway under another leader (say, Theodore Roosevelt). Where Wilson made a big difference was in the moralistic tone of his justification, and, counterproductively, in his stubborn insistence on all or nothing for involvement in the League of Nations. Some blame Wilson's moralism for the severity of the America's return to isolationism in the 1930s.

Franklin D. Roosevelt was unable to bring the US into World War II until Pearl Harbor, and that might have occurred even under a conservative isolationist. Nonetheless, Roosevelt's framing of the threat posed by Hitler, and his preparations to confront that threat were crucial for American participation in the war in Europe.

After World War II, the structure of bipolarity of two superpowers set the framework for the Cold War. But, the style and timing of the American response might have been different had Henry Wallace

(whom FDR ditched as vice president in 1944), instead of Harry Truman, become president. After the 1952 election, an isolationist Robert Taft or an assertive Douglas MacArthur presidency might have disrupted the relatively smooth consolidation of Truman's containment strategy, over which the latter's successor, Dwight D. Eisenhower, presided.

John F. Kennedy was crucial in averting nuclear war during the Cuban Missile Crisis, and then signing the first nuclear arms control agreement. But, he and Lyndon B. Johnson mired the country in the unnecessary and costly fiasco of the Vietnam War. At the end of the century, structural forces caused the erosion of the Soviet Union, and Mikhail Gorbachev speeded up the timing of Soviet collapse. But, Ronald Reagan's defense buildup and negotiating skill, and George H.W. Bush's skill in managing crises, played a significant role in bringing about a peaceful end to the Cold War.

In other words, leaders and their skills matter. In a sense, this is bad news, because it means that Trump's behavior cannot be easily dismissed. More important than his tweets are his weakening of institutions, alliances, and America's soft power of attraction, which polls show as having declined under Trump. He is the first president in 70 years to turn away from the liberal international order that the US created after WWII. General James Mattis, who resigned after serving as Trump's first secretary of defense, recently lamented the president's neglect of alliances.

Presidents need to use both hard and soft power, combining them in ways that are complementary rather than contradictory. Machiavellian and organizational skills are essential, but so is emotional intelligence, which produces the skills of self-awareness and self-control, and contextual intelligence, which enables leaders to understand an evolving environment, capitalize on trends, and apply their other skills accordingly. Emotional and contextual intelligences are not Trump's strong suit.

The leadership theorist Gautam Mukunda has pointed out that leaders who are carefully filtered through established political processes tend to be predictable. George H.W. Bush is a good example. Others are unfiltered, and how they perform in power varies widely. Abraham Lincoln was a relatively unfiltered candidate and was one of

the best American presidents. Trump, who never served in office before winning the presidency and entered politics from a background of New York real estate and reality television, has proven to be extraordinarily skilled in mastering modern media, defying conventional wisdom, and disruptive innovation. While some believe this may produce positive results, for example, with China, others remain skeptical.

Trump's role in history may depend on whether he is re-elected. Institutions, trust, and soft power are more likely to erode if he is in office for eight years rather than four. But, in either event, his successor will confront a changed world, partly because of the effects of Trump's policies, but also because of major structural power shifts in world politics, both from West to East (the rise of Asia), and from government to non-state actors (empowered by cyber and artificial intelligence). As Karl Marx observed, we make history, but not under conditions of our own choosing. American foreign policy after Trump remains an open question.

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Can Joe Biden's America Be Trusted?

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The decline in America's image among friends and allies has led to distrust, perhaps one of the greatest challenges facing US soft power . Joe Biden will have to do all that he can, at home and abroad, to repair that damage. However, the biggest challenge to this is not the trust in Biden and the US government, but in the American democratic process and its people.

Friends and allies have come to distrust the United States. Trust is closely related to truth, and President Donald Trump is notoriously loose with the truth. All presidents have lied, but never on such a scale that it debases the currency of trust. International polls show that America's soft power of attraction has declined sharply over Trump's presidency.

Can President-elect Joe Biden restore that trust? In the short run, yes. A change of style and policy will improve America's standing in most countries. Trump was an outlier among US presidents. The presidency was his first job in government, after spending his career in the zero-sum world of New York City real estate and reality television, where outrageous statements hold the media's attention and help you control the agenda.

In contrast, Biden is a well-vetted politician with long experience in foreign policy derived from decades in the Senate and eight years as vice president. Since the election, his initial statements and appointments have had a profoundly reassuring effect on allies.

Trump's problem with allies was not his slogan "America First." As I argue in *Do Morals Matter? Presidents and Foreign Policy from FDR to Trump*, presidents are entrusted with promoting the national interest. The important moral issue is how a president defines the national interest.

Trump chose narrow transactional definitions and, according to his former national security adviser, John Bolton sometimes confused the national interest with his own personal, political, and financial interests. In contrast, many US presidents since Harry Truman have often taken a broad view of the national interest and did not confuse it with their own. Truman saw that helping others was in America's national interest, and even forswore putting his name on the Marshall Plan for assistance to post-war reconstruction in Europe.

In contrast, Trump had disdain for alliances and multilateralism, which he readily displayed at meetings of the G7 or NATO. Even when he took useful actions in standing up to abusive Chinese trade practices, he failed to coordinate pressure on China, instead levying tariffs on US allies. Small wonder that many of them wondered if America's (proper) opposition to the Chinese tech giant Huawei was motivated by commercial rather than security concerns.

And Trump's withdrawal from the Paris climate agreement and the World Health Organization sowed mistrust about American commitment to dealing with transnational global threats such as global warming and pandemics. Biden's plan to rejoin both, and his reassurances about NATO, will have an immediate beneficial effect on US soft power.

But, Biden will still face a deeper trust problem. Many allies are asking what is happening to American democracy. How can a country that produced as strange a political leader as Trump in 2016 be trusted not to produce another in 2024 or 2028? Is American democracy in decline, making the country untrustworthy?

The declining trust in government and other institutions that fueled Trump's rise did not start with him. Low trust in government has been a US malady for a half-century. After success in World War II, three-quarters of Americans said they had a high degree of trust in government. This share fell to roughly one-quarter after the Vietnam War and the Watergate scandal of the 1960s and 1970s. Fortunately, citizens' behavior on issues like tax compliance was often much better than their replies to pollsters might suggest.

Perhaps the best demonstration of the underlying strength and resilience of American democratic culture was the 2020 election. Despite the worst pandemic in a century and dire predictions of chaotic voting conditions, a record number of voters turned out, and the thousands of local officials—Republicans, Democrats, and independents—who administered the election regarded the honest execution of their tasks as a civic duty.

In Georgia, which Trump narrowly lost, the Republican secretary of state, responsible for overseeing the election, defied baseless criticism from Trump and other Republicans, declaring, "I live by the motto that numbers don't lie." Trump's lawsuits alleging massive fraud, lacking any evidence to support them, were thrown out in court after court, including by judges Trump had appointed. And Republicans in Michigan and Pennsylvania resisted his efforts to have state legislators overturn the election results. Contrary to the left's predictions of doom and the right's predictions of fraud, American democracy proved its strength and deep local roots.

But, Americans, including Biden, will still face allies' concerns about whether they can be trusted not to elect another Trump in 2024 or 2028. They note the polarization of the political parties, Trump's refusal to accept his defeat, and the refusal of congressional Republican leaders to condemn his behavior or even explicitly recognize Biden's victory.

Trump has used his base of fervent supporters to gain control of the Republican Party by threatening to support primary challenges to moderates who don't fall into line. Journalists report that about half the Republicans in the Senate disdain Trump, but they also fear him. If Trump tries to maintain control over the party after he leaves the White House, Biden will face a difficult task working with a Republican-controlled Senate.

Fortunately for US allies, while Biden's political skills will be tested, the US Constitution provides a president more leeway in foreign than in domestic policy, so the short-term improvements in cooperation will be real. Moreover, unlike in 2016, when Trump was elected, a recent Chicago Council on Global Affairs poll shows that 70% of Americans want an outward-oriented cooperative foreign policy– a record high.

But, the lingering long-run question of whether allies can trust America not to produce another Trump cannot be answered with complete assurance. Much will depend on controlling the pandemic, restoring the economy, and Biden's political skill in managing the country's political polarization.

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After the Liberal International Order

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The election of Joe Biden as president sent a sigh of relief through the world, but he faced the question of what to do with the effectively defunct liberal international order. His burden was how to cooperate with an inner core of allies to promote democracy and human rights while working with a broader set of states to manage rules-based international organizations to face transnational threats.

Many analysts argue that the liberal international order ended with the rise of China and the election of US President Donald Trump. But, if Joe Biden defeats Trump in November's election, should he try to revive it? Probably not, but he must replace it.

Critics correctly point out that the American order after 1945 was neither global nor always very liberal. It left out more than half the world (the Soviet bloc and China) and included many authoritarian

states. American hegemony was always exaggerated. Nonetheless, the most powerful country must lead in creating global public goods, or they will not be provided—and Americans will suffer.

The current pandemic is a case in point. A realistic goal for a Biden administration should be to establish rules-based international institutions with different membership for different issues.

Would China and Russia agree to participate? During the 1990s and 2000s, neither could balance American power, and the United States overrode sovereignty in pursuit of liberal values. The US bombed Serbia and invaded Iraq without approval by the United Nations Security Council. It also supported a UN General Assembly resolution in 2005 that established a "Responsibility to Protect" citizens brutalized by their own governments—a doctrine it then used in 2011 to justify bombing Libya to protect the citizens of Benghazi.

Critics describe this record as post-Cold War American hubris—Russia and China felt deceived, for example, when the NATO-led intervention in Libya resulted in regime change—whereas defenders portray it as the natural evolution of international humanitarian law. In any case, the growth of Chinese and Russian power has set stricter limits to liberal interventionism.

What is left? Russia and China stress the norm of sovereignty in the UN Charter, according to which states can go to war only for self-defense or with Security Council approval. Taking a neighbor's territory by force has been rare since 1945 and has led to costly sanctions when it has happened (as with Russia's annexation of Crimea in 2014). In addition, the Security Council has often authorized the deployment of peacekeeping forces in troubled countries, and political cooperation has limited the proliferation of weapons of mass destruction and ballistic missiles. This dimension of a rules-based order remains crucial.

As for economic relations, the rules will require revision. Well before the pandemic, China's hybrid state capitalism underpinned an unfair mercantilist model that distorted the functioning of the World Trade Organization. The result will be a decoupling of global supply chains, particularly where national security is at stake.

Although China complains when the US prevents companies like Huawei from building 5G telecommunications networks in the West,

this position is consistent with sovereignty. After all, China prevents Google, Facebook, and Twitter from operating in China for security reasons. Negotiating new trade rules can help prevent the decoupling from escalating. At the same time, cooperation in the crucial financial domain remains strong, despite the current crisis.

By contrast, ecological interdependence poses an insurmountable obstacle to sovereignty, because the threats are transnational. Regardless of setbacks for economic globalization, environmental globalization will continue, because it obeys the laws of biology and physics, not the logic of contemporary geopolitics. Such issues threaten everyone, but no country can manage them alone. On issues like COVID-19 and climate change, power has a positive-sum dimension.

In this context, it is not enough to think of exercising power over others. We must also think in terms of exercising power with others. The Paris climate agreement and the World Health Organization help us as well as others. Since Richard Nixon and Mao Zedong met in 1972, China and the US have cooperated despite ideological differences. The difficult question for Biden will be whether the US and China can cooperate in producing global public goods while competing in the traditional areas of great-power rivalry.

Cyberspace is an important new issue—partly transnational, but also subject to sovereign government controls. The Internet is already partly fragmented. Norms regarding free speech and privacy on the Internet can be developed among an inner circle of democracies, but will not be observed by authoritarian states.

As suggested by the Global Commission on the Stability of Cyberspace, some rules barring tampering with the Internet's basic structure are also in authoritarians' interests if they want connectivity. But, when they use proxies for information warfare or to interfere in elections (which violates sovereignty), norms will have to be reinforced by rules such as those the US and the Soviet Union negotiated during the Cold War (despite ideological hostility) to limit the escalation of incidents at sea. The US and like-minded states will have to announce the norms they intend to uphold, and deterrence will be necessary.

Insistence on liberal values in cyberspace would not mean unilateral US disarmament. Rather, the US should distinguish between the permitted soft power of open persuasion and the hard power of covert information warfare, in which case it would retaliate. Overt programs and broadcasts by Russia and China would be allowed, but that would not be true for covert coordinated behavior such as manipulation of social media. And the US would continue to criticize these countries' human rights records.

Polls show that the US public wants to avoid military interventions, but not to withdraw from alliances or multilateral cooperation. And the public still cares about values.

If Biden is elected, the question he will face is not whether to restore the liberal international order. It is whether the US can work with an inner core of allies to promote democracy and human rights while cooperating with a broader set of states to manage the rules-based international institutions needed to face transnational threats such as climate change, pandemics, cyberattacks, terrorism, and economic instability.

The Rise of Chinese Soft Power

Following Reform and Opening, China has changed dramatically in almost every way possible. Rapid economic development has thrust it onto the world stage, almost unwillingly. China's relatively weak military position and emphasis on a peaceful rise have made "soft power" an attractive option for China, leveraging its cultural and economic resources with programs like the Confucius Institute and the Belt and Road Initiative. While these programs have made headway with developing nations, China's position on both domestic and foreign issues has created a fundamental rift with the West and even neighboring countries. The question is how can China get "smart" on how it uses soft power?

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As China Rises, Must Others Bow?

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At the close of the twentieth century, my answer to this question was a resounding 'no'. As then-President Clinton visited China, the focus was on economic growth rather than military influence, and the view was the United States could maintain its influence in Asia as China rose. Times change, but it is essential to reflect on different periods in China's development as well as the positions taken on China at the various phases of its development.

Ever since Thucydides's explanation of the Peloponnesian war, historians have known that the rise of a new power has been attended by uncertainty and anxieties. Often, though not always, violent conflict has followed. The rise in the economic and military power of China, the world's most populous country, will be a central question for Asia and for American foreign policy at the beginning of a new century. Explaining why democratic Athens decided to break a treaty that led to

war, Thucydides pointed to the power of expectations of inevitable conflict. "The general belief was that whatever happened, war with the Peloponnese was bound to come," he wrote. Belief in the inevitability of conflict with China could have similar self-fulfilling effects.

Thucydides attributed the real cause of war to the rise in the power of Athens and the fear that created in Sparta. One does not have to linger long in Washington these days to encounter anxiety about China. President Clinton's visit to Beijing has been broadly criticized. Three times in two weeks recently, the House of Representatives rebuked the administration over China by large majorities. To some extent, those votes reflected partisan wrangling in an election year. Republicans have made campaign issues out of the sloppiness of Democratic Party fund-raising and questions of technology transfer involved in allowing China to launch American commercial satellites. (Whatever the wisdom of allowing such launches, the policy originated in Republican administrations.)

The domestic politics of China policy, however, are more complicated than these particular issues. Many Democrats also voted to condemn the president's visit. The split over China policy is not between liberals and conservatives. As the speaker of the House of Representatives, Newt Gingrich, has said, "Some of my friends are in the opponent business and want a new enemy." In addition, America's religious right objects to religious persecution and forced abortion; liberals object to human rights violations and worker exploitation. Both the liberal New Republic and the conservative *Weekly Standard* call China "totalitarian," though today's market communism is a far cry from the real totalitarianism of Chairman Mao. The domestic politics of China policy, however, is a strange alliance of left and right against the center. The central lines of policy have been in place since the Nixon administration. The policy was broadly accepted during the Cold War, but criticized after the 1989 Tiananmen Square killings.

Ironically, Bill Clinton attacked George Bush's China policy (from the left) in the 1992 campaign, but soon switched to the center once he was in office. Now Mr Clinton has inherited the criticism and finds support for his trip from none other than Mr Bush. In a recent speech, Mr Clinton defended his trip: "Some Americans believe we should try to isolate and contain China because of its undemocratic system and

human rights violation, and in order to retard its capacity to become America's next great enemy… Choosing isolation over engagement would not make the world safer. It would make it more dangerous." Critics to the contrary, Mr Clinton's rationale stressed long-term strategy, not short-run commercial considerations.

What are the facts about China's power? The "rise of China" is, of course, a misnomer. "Re-emergence" would be more accurate. By its size and history, China has long been a major power in the Asia–Pacific region. Technologically and economically, China was the world's leader (though without global reach) from 500 to 1500. Only in the past half-millennium was it overtaken by Europe and America. China's experience was partly the result of internal problems, but it also reflected broader global changes that affected the world as a whole. Japan was the Asian leader in adapting to these global economic forces, and its early success compounded China's losses between 1895 and 1945.

Before 1979, China was not yet part of the East Asian transformation. In 1978, China was poorer per head than Korea or Taiwan in 1960. Since then, China's history has been dominated by economics, with growth rates of 8–9% per year that have led to a tripling of its GNP in less than two decades. At a more sustainable rate of growth of 6% per head, China would reach $10,000-per-person income in 30 years, and its economy would then total about $16 trillion, or twice the size of the current American economy. The Asian Development Bank projects Chinese income per head to reach the equivalent of about 38% of the United States' in 2025, about the same relative level that South Korea reached in 1990.

Look Both Ways

Linear projections are suspect, and China faces short-term problems with its state-owned enterprises, its shaky banking system, and the value of its currency. Over the long term, the Asian Development Bank posits two scenarios (assuming no major political disruptions). The optimistic scenario foresees growth of 7–8% per head over the next decade, falling toward 5–6% in the 2020s as dependency rates rise and savings fall. Under the pessimistic scenario, China would fail to make

essential reforms and bottlenecks and growing income equality would slow growth to 4–5% per head. Even at the higher growth rates, China would lag behind the OECD countries in terms of income per person.

Is China's growing economic strength a base for equivalent military power? The answer is contentious, since China does not divulge all its defense-related expenditure. The official military budget does not account for the 600,000 People's Armed Police, nuclear weapons procurement, some defense-related R&D, or soldiers' pensions. In a recent book, "The Coming Conflict with China," Richard Bernstein, and Ross Munro argue that the official Chinese military budget for 1996 was 69.8 billion yuan or about $8.7 billion. The most conservative western analysts would multiply that figure by three, to reach a $26.1 billion amount. That is already close to half the Japanese defense budget, which is roughly $50 billion. Our multiple of ten would put China's actual defense spending at around $87 billion per year, which would make it nearly one-third the amount of American spending. Moreover, the 1996 figure was 11.3% higher than 1995.

Other analysts are less alarmist than Messrs Bernstein and Munro. The East–West Centre in Hawaii argues that China's military modernization is still far from meeting its defense needs. Military expenditures have been very low, especially when considered against the size of the country and military… China's low military spending reflects a clear-cut policy choice—that military modernization is subordinated to and supportive of national economic reconstruction.

Military spending dropped steadily in the 1980s. In the 1990s, it began to increase moderately, partly in response to the events of Tiananmen Square in 1989 and partly due to the lessons of the Gulf war two years later. Much of China's increased spending was applied to salaries and infrastructure, not to weapons systems.

American government figures show that, adjusted for inflation, China's military spending declined slightly between 1984 and 1994. Much of China's equipment is obsolete; command, control, and communications capabilities are weak; combined-forces exercises are limited, and power-projection capabilities are very limited. In the Taiwan Straits imbroglio of 1996, most expert observers believed that Taiwan could have repelled a cross-straits invasion even without the United States' navy becoming involved.

Chinese capability to fight a serious engagement in the South China Sea is also doubtful. A leaked American navy report concluded that the Chinese air force and naval air force are "obsolescent and incapable of mounting any effective large-scale and sustained air operations."

Chinese military leaders are well aware of these deficiencies and want to correct them. The Gulf war showed them how far China lagged behind modern military capabilities, and the Taiwan events of 1996 reinforced their concern to improve their offshore capability. Because of the economic distress of the former Soviet states, and joint Russian and Chinese concerns about American global dominance, China has been able to import impressive ex-Soviet equipment at reasonable prices. The key question, however, is how quickly new imports and investments will remedy the current defects of Chinese military forces.

The Systems Question

Those who wish to paint an alarming picture concentrate on the new equipment and its capabilities. Those who wish to paint a less alarming picture point out that success in battle requires the integration of new equipment with existing capabilities and doctrines, many of which remain deficient. For instance, having first-class long-distance fighters or even an aircraft carrier does not ensure dominance of the South China Sea unless logistics and command and control are adequate to the task. It is not enough just to have a few pieces of the puzzle.

David Shambaugh, an analyst of the Chinese armed forces, argues that "The recent hype in the media and by those in the American political system about the so-called Chinese threat is grossly overblown, not empirically grounded, irresponsible and politically dangerous."

Whatever the accuracy of such assessments of China's military programs, the key question is net assessment, and that depends on what the United States (and other countries) will be doing over the next decades. The United States will not be standing still. Military power in the information age will depend on the ability to collect, process, act upon and disseminate information so as to achieve dominant battle-space awareness. This will depend on such technologies as space-based surveillance, direct broadcasting, high-

speed computers, and, above all, the ability to integrate complex information systems. Other countries will develop some of these technologies, but the key capacity will be the ability to integrate a system of systems.

Again, having a piece of the puzzle is not sufficient. The position of the American economy as the leader in information technologies combined with the investments in the American defense budget make it very unlikely that the United States will lose this lead. According to an Australian expert, Paul Dibb, the revolution in military affairs will continue to favor heavily American military predominance. It is not likely that China will, in any meaningful way, close the gap with America.

Chinese military strength is likely to grow over the next decades. Even if that does not make China a global or even regional power equivalent to the United States, it does mean that China is likely to look more awesome to its regional neighbors, and its enhanced capabilities will mean that any American military tasks will require greater forces and resources than is the case at present. In other words, the rise of Chinese military power, similar to the rise of its economic power, must be taken seriously as a new factor in the region; but, China will not be a global challenger to the United States, nor will it be able to exercise regional hegemony so long as the United States stays involved in East Asia.

Common Interests

The Clinton administration has described its policy toward China as "constructive engagement," but the debate between "containment" and "engagement" is too simple. Engagement does not prescribe how to handle hard issues such as Taiwan, trade or human rights. It did not preclude the Clinton administration from sending two carriers to patrol off Taiwan in 1996 or from insisting on proper conditions for Chinese entry into the World Trade Organization.

Despite the descriptive inadequacy of the slogans, "engagement" signifies that the United States has rejected the inevitability of conflict. President Clinton told President Jiang Zemin in 1995 that a "stable, open, and prosperous China—in other words, a strong China—is in our

interest. We welcome China to the great-power table. But, great powers also have great responsibilities." The United States has also reaffirmed its commitment to a "one-China" policy, thus ruling out any flirtation with the idea of independence for Taiwan, the single most dangerous scenario for potential conflict between the United States and China. The United States remains committed by law and policy to ensuring that Taiwan cannot be taken over by force, but not to defending its independence should the island declare it unilaterally.

Notwithstanding differences on trade, human rights and some of the details of non-proliferation policy that are likely to arise at the summit, the United States also sees common interests with China. As Mr Clinton pointed out last week, both countries have an interest in stability that allows the economic prosperity of the region to grow, and China has acted responsibly in the recent financial crisis. Neither country wants a conflict on the Korean peninsula or in Asia following the Indian and Pakistani tests. Chinese behavior on proliferation has improved considerably over the past decade. Moreover, a weak or chaotic China that could not feed its people, stem flows of refugees, deal with smuggling or manage its environmental problems is not in America's interest.

In February 1995, the Defense Department issued a report, "United States Strategy for the East Asia–Pacific Region," that outlined a four-part strategy:

- maintain the forward presence of about 100,000 American troops in the region;
- put America's alliances, particularly with Japan, on a firm basis;
- try to develop multilateral institutions such as the ASEAN Regional Forum while recognizing they are still weak;
- from that position of strength, encourage China to define its interests in ways that could be compatible with America's and its neighbors'.

The American alliance with Japan, where the largest number of troops are stationed, is critical to American strategy. Over the past three years, the security relationship has been greatly strengthened, and recent polls show that two-thirds of the Japanese people support it. In April 1996, the Japanese prime minister, Ryutaro Hashimoto, and Mr

Clinton publicly affirmed the work of a joint group that redefined the United States-Japan Security Treaty as the basis for stability in the region after the Cold War, and in 1997, the two countries agreed on guidelines for defense co-operation. That reaffirmation may turn out to be one of the most important policy developments for the region. It means that China cannot play a Japan card against the United States or try to expel the Americans from the region. From that position of strength, America can work to engage China as a responsible regional power.

The Case for Friendship

How China will behave as its power grows is an open question. Unconstrained, it might someday wish to expel the United States from the region and exercise hegemony over its neighbors. But, in the real world of constraints, states learn to define their interests in practical ways. The United States will remain the largest power in the world well into the next century. The American presence in East Asia provides a stability, which, in the absence of other institutions, has benefits for all countries in the region. So long as the Americans exercise their power in a reasonable way so that other countries (including China) continue to benefit from the stabilizing effects, and so long as the United States invests wisely to maintain its power resources, it is unlikely that any country or coalition will be in the position of a strong challenger.

If the United States treats China as an enemy now, it will guarantee an enemy in the future. If China becomes aggressive in the future, the current policy is reversible. In that sense, only China can produce the conditions for its containment. If the United States engages China, there is no guarantee of friendship, but at least, there will be a reasonable prospect. To discard the chances of a more benign future through a misguided belief in the inevitability of conflict would be a tragic mistake. Such a larger strategic vision, representing the bipartisan tradition on China policy, should outweigh the domestic politics that currently cloud President Clinton's trip.

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The Rise of China's Soft Power

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By the early days of the twenty-first century, China's rise was already recognized and an unavoidable reality. How that rise would progress would doubtlessly impact the United States and other established powers. China's use of soft power in its rise is of special note as its soft power resources are few and far between, while instances that tarnish its image, at least in the eyes of the liberal West, are difficult to overcome.

The United States was noticeably absent from the guest list when countries from Australia to India gathered recently in Malaysia for the first East Asian Summit. It was a meeting which some fear marks the first step in China's long-term ambition to build a new regional power structure, known as the East Asian Community, that excludes Washington. Couple that with a recent BBC poll of 22 countries, which found that nearly half the respondents saw Beijing's influence as positive compared to 38% who said the same for the U.S., and it is clear

that the rise of China's soft power—at America's expense—is an issue that needs to be urgently addressed.

While recent U.S. Congressional reports have focused on the rise of China's economic and military power, far less attention has been paid to the rise of China's soft power. Yet in a global information age, soft sources of power such as culture, political values, and diplomacy are part of what makes a great power. Success depends not only on whose army wins, but also on whose story wins.

China has always had an attractive traditional culture, but now it is entering the realm of global popular culture as well. Chinese novelist Gao Xingjian won China's first Nobel Prize for Literature in 2000, and the Chinese film "Crouching Tiger, Hidden Dragon" became the highest grossing non-English film. Yao Ming, the Chinese star of the U.S. National Basketball Association's Houston Rockets, is rapidly becoming a household name, and China is set to host the 2008 Summer Olympics. The enrolment of foreign students in China has tripled to 110,000 from 36,000 over the past decade, and the number of foreign tourists has also increased dramatically to 17 million last year. China has created 26 Confucius Institutes around the world to teach its language and culture, and while the Voice of America was cutting its Chinese broadcasts to 14 from 19 hours a day, China Radio International was increasing its broadcasts in English to 24 hours a day.

In terms of political values, the era of Maoism (and Mao jackets) is long past. Although China remains authoritarian, the success of its political economy in tripling gross domestic product over the past three decades has made it attractive to many developing countries. In parts of Asia, Africa and Latin America, the so-called "Beijing consensus" on authoritarian government plus a market economy has become more popular than the previously dominant "Washington consensus" of market economics with democratic government. China has reinforced this attraction by economic aid and access to its growing market.

China has also adjusted its diplomacy. A decade ago, it was wary of multilateral arrangements and at cross purposes with many of its neighbors. Since then, it has joined the World Trade Organization, contributed more than 3000 troops to serve in United Nations

peacekeeping operations, become more helpful on nonproliferation issues (including hosting the six-party talks on North Korea), settled territorial disputes with its neighbors, and joined a variety of regional organizations. This new diplomacy, coupled with the slogan of "China's peaceful rise," helps to alleviate fears and reduce the likelihood of other countries allying to balance a rising power.

But just as China's economic and military power is far from matching that of the U.S., China's soft power still has a long way to go. China does not have cultural industries like Hollywood, and its universities are far from the equal of America's. It lacks the many nongovernmental organizations that generate much of America's soft power. Politically, China suffers from corruption, inequality, and a lack of democracy, human rights and the rule of law. While that may make the "Beijing consensus" attractive in authoritarian and semi-authoritarian developing countries, it undercuts China's soft power in the West. Although China's new diplomacy has enhanced its attractiveness to its neighbors in Southeast Asia, the continuing belligerence of its hard power stance toward Taiwan hurts it in Europe in early 2005. China's efforts to persuade the Europeans to relax an embargo on the sale of arms imposed in the aftermath of the 1989 Tiananmen Square massacre foundered after its enactment of an anti-secession law mandating the use of force against Taiwan.

Nonetheless, although China is far from America's equal in soft power, it would be foolish to ignore the gains it is making. The declining poll results and Washington's absence from the East Asian summit are warning lights. It is time for the U.S. to pay more attention to the balance of soft power in Asia.

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Hard Decisions on Soft Power: Opportunities and Difficulties for Chinese Soft Power

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Originally published in the Summer 2009 edition of the Harvard International Review, co-authored by Joseph S. Nye, Jr. and Wang Jisi, Dean of School of International Studies of Peking University. This article is a shorter version of their chapter in Power and Restraint edited by Richard Rosecrance and Gu Guoliang.

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Soft power in China is not only in the early stages of its formation, it is also based on very different foundations than in the US or other developed countries. These systemic and values-based considerations mean that Chinese soft power may be unfamiliar or unpalatable to those outside the Chinese system. However, China is a rising power is attractive in the developing world, which makes it a force that cannot be ignored.

Broadly defined, power is the ability to affect others to obtain the outcomes one wants. One can affect other individuals' behavior in three main ways: by threatening coercion ("sticks"), by offering inducements or payments ("carrots"), and by making others want what one wants. A country may obtain the outcomes it wants in world politics because other countries want to follow it. They may display this desire by admiring the country's values, emulating its example, or aspiring to its level of prosperity and openness. In this sense, it is not only important in world politics to force other countries to change by the threat or use of military or economic weapons, but also to set the agenda and attract others. This "soft power"—getting other countries to want the outcomes that a particular country wants—coopts people rather than coerces them. In the debate about the rise of Chinese power and how it will affect the United States and global stability, one question that has received increasing attention in both countries is precisely that of China's soft power. After more fully exploring soft power itself, this article explores the various aspects of this kind of power when applied to the Chinese context. To conclude, it considers how China can best use its soft power to be beneficial to the international community.

Soft Power

Soft power rests on the ability to shape the preferences of others. This type of power does not belong to any one country. Nor does soft power belong solely to countries. At the personal level, individuals know the power of attraction and seduction. Political leaders have long understood the power that comes from setting the agenda and determining the framework of a debate.

While not the same as influence, soft power serves as a source of influence. Influence can also rest on the hard power of threats or payments. And soft power represents more than just persuasion or the ability to move people by argument, though this constitutes a crucial part of this kind of power. Soft power also includes the ability to entice and attract. In behavioral terms, it means attractive power. In terms of resources, soft power resources are the assets that produce such attraction. Some resources can produce both hard and soft power. For

example, a strong economy can produce important carrots for paying others, as well as a model of success that attracts others. Whether a particular asset is a soft power resource that produces attraction can be measured by asking people through polls or focus groups whether they like a country. That attraction may in turn produce desired policy outcomes. But, the gap between power measured as resources and power judged as the outcomes of behavior is not unique to soft power. A similar disparity occurs with all forms of power. Before the fall of France in 1940, for example, Britain and France had more tanks than Germany, but that advantage in military power resources did not accurately predict the outcome of the battle.

In international politics, the resources that produce soft power arise in large part from the values an organization or country expresses in its culture, in the examples it sets by its internal practices and policies, and in the way it handles its relations with others. Governments sometime find it difficult to control and employ soft power, but that does not diminish its importance. The soft power of a country rests primarily on three resources: its culture (in places where it is attractive to others), its political values (when the country lives up to these values at home and abroad), and its foreign policies (when other nations see the country as a legitimate and moral authority).

The "Soft Power" Discourse in China

Rather than ignoring these gains, the Chinese display active interest in the idea of "soft power." Since the early 1990s, dozens, if not more, of soft power-themed essays and scholarly articles have been published in the country. In fact, in late 2006, a Chinese journal entitled Soft Power published its first issue, although the contents of the journal are mostly related to the business world.

"Soft power" has also entered China's official language. In his keynote, speech to the 17th National Congress of the Chinese Communist Party (CCP) on October 15, 2007, Hu Jintao stated that the CCP must "enhance culture as part of the soft power of our country to better guarantee the people's basic cultural rights and interests." He recognized in that speech that "culture has become a more and more important source of national cohesion and creativity and a factor of

growing significance in the competition in overall national strength," And while there does not seem to be any official effort in China to define the term "soft power," Chinese scholars continue to debate its scope, definition, and application. They do not agree with one another as to how that phrase in English should be better translated into Chinese, since at least three Chinese words—*shili*, *quanli*, and *liliang*—carry meanings similar to "power." Different translations indicate the nuanced and different interpretations of the term "soft power" within the country.

How the Chinese View Their Soft Power

More evidently indicative of these varying interpretations of soft power are the numerous Chinese publications on China's own soft power, which voice divergent views. Some stress that only a rapid growth of hard power can provide China with the premises on which to enhance its soft power, implying that priority should be given to the increase in hard power rather than soft power. For example, Yan Xuetong, a renowned international relations scholar, contends that the wielding of political power, reflected by showing China's determination in strengthening military power and deterring Taiwanese independence by force, is more important than spreading out cultural influences. Most other observers, however, do pay more attention to culture as a necessary ingredient, even a core element, of soft power. Many try to portray China's soft power today by analyzing both its strengths and weaknesses. On the positive side, to many people in the world, China's performance is strikingly admirable in sustaining a high rate of economic growth over the last three decades, which has helped Chinese people get rid of poverty. The economic and social progress would not have been possible if China's political institutions were not strong and resilient. Whether its performance has provided a development model (the so-called Beijing Consensus) for other countries to follow is subject to debate, but the accumulated economic power and social capital have certainly boosted China's confidence, pride, and capacity to project its political power and cultural influences abroad.

Chinese analysts tend to attribute China's recent achievements to its cultural merits and traits. They also tend to believe that along with China's increased hard power Chinese culture should be more attractive to other peoples. Some also point to ethnic Chinese outside of China as a great asset that can contribute to its soft power. In addition, China's foreign policy has been highly successful, with (arguably in the eyes of others) its high moral principles and increasingly adroit diplomatic skills.

Meanwhile, a number of Chinese publications admit the limits and constraints to China's soft power, especially when they compare it with US influence in the world. Some of them subtly point to the lack of transparency in government work and rampant official corruption that damages China's image. Some others refer to the "brain drain" China is still suffering from, which reflects insufficiencies in China's educational (and possibly political) system. Still others suggest that the Chinese government should do better in its public relations work internationally. Thus, while no consensus Chinese view of the country's soft power has emerged, debate has been fierce and impassioned.

Interaction Between China and the United States

Having considered the domestic perception of Chinese soft power, it is imperative to look at how Chinese soft power interacts with the rest of the world and particularly the world's most powerful nation, the United States. Just as the national interests of China and the United States are partly congruent and partly conflicting, their soft powers are reinforcing each other in some issue areas and contradicting each other in others. This is not something unique to soft power. In general, power relationships can be zero or positive sum depending on the objectives of the actors. For example, if two countries both desire stability, a balance of military power in which neither side fears attack by the other can be a positive sum relationship.

Undeniably, the polities of these two countries represent different value systems and ideologies. In the eyes of China's political elites, the United States is attempting to change the whole world in its own image, and China as a socialist country led by the Communist Party is

without any doubt a main obstacle to achieving US strategic goals. Chinese officials are always sensitive and alert to US schemes involved in what Condoleezza Rice called "transformational diplomacy" that are aimed at spreading out US influences deeply onto other countries' domestic lives. The Chinese also watched closely and worryingly the "color revolutions" in Central Asia and elsewhere, which were seen as staged or encouraged by Americans to undermine existing governments. To this extent, the expansion and wielding of US soft power as part of a "smart" combination of culture, political values, and foreign policy will not be welcomed by China.

To the US general public and elites alike, China under the Communist Party leadership is a political symbol that they find difficult to accept and understand. In general, Americans are favorably impressed with China's great achievements in the last three decades. However, if they were asked if these achievements have been made "because of" or "despite" the Communist Party leadership in China, they would probably be perplexed. They harbor mixed feelings in seeing China's soft power rise in world affairs. Most of these views assume a zero-sum perspective and cast a more negative rather than positive light on China's soft power growth.

In their respective foreign policy pronouncements, Americans and Chinese often have opposite views and goals. While Americans want to maintain their leading position in global affairs, Chinese are opposing "hegemonism," a code word for US ambitions to dominate the world, and are promoting "multipolarity," signifying an apparent decline in US power. Nonetheless, the seemingly opposite goals and ambivalent feelings described above belie some very fundamental realities, according to which the soft power interaction between the United States and China is far from a zero-sum game.

First, there is little evidence that the increase in China soft power is aimed at counterweighing US soft power, or that the "color revolutions," regardless of their connection to US strategic objectives, are intended to work against China's influence in those countries where they occurred. The tainted US image in Europe and the Islamic world has little to do with Chinese diplomacy there, and US unpopularity would not directly result in any boosting of China's cultural and political influences. Just as Yao Ming is not in the United

States at the expense of Michael Jordan, Hollywood movies and TV series like Desperate Housewives would do no harm to the quality of Chinese movies. Although some people in China may blame the popularity of American cultural products for reducing the attractiveness of Chinese counterparts, a reverse argument can be made that such competitions are needed and healthy. Similar cases can be found in China-US educational exchanges, in which each side benefits from better students and teachers of the other side.

Second, the perception that the Chinese model of combining market economy with one-party rule (Beijing Consensus) will challenge the Western model (involving open markets, democracy, and rule of law), and values are dubious. More research should be done to find out how many, and to what extent, other developing countries are actually able to learn a great deal from the Chinese model, even if some of them do admire the Chinese performance. For what we know, Americans would be pleased should North Korea or Myanmar now begin to move toward the Chinese market economy.

Third, China is using its soft power in diplomacy in ways that may help the United States protect its interests in certain countries and regions. To be sure, China's actions are taken first of all to serve its own interests, but its quiet efforts to persuade the North Koreans to terminate their nuclear weapon programs and to embark on economic reform do facilitate US policy objectives on the Korean Peninsula. Likewise, Beijing's quiet diplomacy to persuade Myanmar's government to modify its behavior at home may pave the way for stabilizing the situation in that country. What is more, China has successfully convinced Khartoum to accept a UN presence in Sudan, which was originally rejected under Western pressures.

Fourth, Chinese guardedness against US soft power is essentially defensive, especially in China's domestic affairs. Despite their suspicions of US intentions and their doubts about the relevance of American experiences to China's own path to modernity, Chinese political elites share the basic values of democracy, human rights, rule of law, as well as market economy. As a US analyst observed a few weeks after the 9/11 tragedy, "we used to emphasize that China and the United States hold different values. But, if we compare the gap between American values and the values held by the Taliban and Al

Qaeda, differences between China and the United States are negligible!".

Finally, in reality, Chinese are borrowing many skills and practices that undergird US soft power. A great number of Chinese government officials, military officers, judges, lawyers, among other professionals, have been trained in the United States, and they have made contributions to US knowledge as well. In the field of foreign policy, many Chinese think tanks have emerged in the last decade or so, and the examples they refer to are their counterparts in the United States, rather than those in Japan, Russia, or Germany. The soft power interaction between the United States and China thus need not be seen as a competition, but rather as a more complex combination of competitive and cooperative forces.

Conclusions

It is not surprising to see Chinese leaders and academics referring explicitly to China's soft power and adopting policies to promote it. In a sense, this reflects a sophisticated realist strategy for a country with rising hard power. To the extent it is able to combine its hard power resources with soft power resources, it is less likely to frighten its neighbors and others and thus less likely to stimulate balancing coalitions directed against it. Successful strategies often involve a combination of hard and soft power that are called "smart power." For example, in nineteenth century, Europe, after defeating Denmark, Austria, and France with Prussian hard military power, Bismarck developed a soft power strategy of making Berlin the most attractive diplomatic capital of Europe. During the Cold War, the United States used both hard and soft power against the Soviet Union. Thus, it is not surprising to see China following a smart power strategy. Whether this will be a problem for other countries or not will depend on the way the power is used. If China seeks to manipulate the politics of Asia and exclude the United States, its strategy could be counterproductive, but to the extent that China adopts the attitude of a rising "responsible stakeholder" in international affairs, its combination of hard and soft power can make a positive contribution. In return, much will depend upon the willingness of the United States to include China as an

important player in the web of formal and informal international institutional arrangements.

China is far from the United States' or Europe's equal in soft power at this point, but it would be foolish to ignore the important gains it is making. Fortunately, these gains can be good for China and also good for the rest of the world. Soft power is not a zero-sum game in which one country's gain is necessarily another country's loss. If China and the United States, for example, both become more attractive in each other's eyes, the prospects of damaging conflicts will be reduced. If the rise of China's soft power reduces the chance of conflict, it can be part of a positive sum relationship.

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Xi Jinping's Marco Polo Strategy

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The Belt and Road Initiative has great potential and is being strongly pushed by China as an alternative for both developing and developed countries. With over 65 countries containing some 4.5 billion people, will over a trillion dollars in infrastructure investment and other areas be enough to succeed as part of Xi Jinping's grand strategy?

Last month, Chinese President Xi Jinping presided over a heavily orchestrated "Belt and Road" forum in Beijing. The two-day event attracted 29 heads of state, including Russia's Vladimir Putin, and 1200 delegates from over 100 countries. Xi called China's Belt and Road Initiative (BRI) the "project of the century." The 65 countries involved comprise two-thirds of the world's land mass and include some four and a half billion people.

Originally announced in 2013, Xi's plan to integrate Eurasia through a trillion dollars of investment in infrastructure stretching from China to Europe, with extensions to Southeast Asia and East Africa, has been termed China's new Marshall Plan as well as its bid for a grand strategy. Some observers also saw the forum as part of Xi's effort to fill the vacuum left by Donald Trump's abandonment of Barack Obama's Trans-Pacific Partnership trade agreement.

China's ambitious initiative would provide badly needed highways, rail lines, pipelines, ports, and power plants in poor countries. It would also encourage Chinese firms to increase their investments in European ports and railways. The "belt" would include a massive network of highways and rail links through Central Asia, and the "road" refers to a series of maritime routes and ports between Asia and Europe.

Marco Polo would be proud. And if China chooses to use its surplus financial reserves to create infrastructure that helps poor countries and enhances international trade, it will be providing what can be seen as a global public good.

Of course, China's motives are not purely benevolent. Reallocation of China's large foreign-exchange assets away from low-yield US Treasury bonds to higher-yield infrastructure investment makes sense and creates alternative markets for Chinese goods. With Chinese steel and cement firms suffering from overcapacity, Chinese construction firms will profit from the new investment. And as Chinese manufacturing moves to less accessible provinces, improved infrastructure connections to international markets fit China's development needs.

But is the BRI more public relations smoke than investment fire? According to the *Financial Times*, investment in Xi's initiative declined last year, raising doubts about whether commercial enterprises are as committed as the government. Five trains full of cargo leave Chongqing for Germany every week, but only one full train returns.

Shipping goods overland from China to Europe is still twice as expensive as trade by sea. As the FT puts it, the BRI is "unfortunately less of a practical plan for investment than a broad political vision." Moreover, there is a danger of debt and unpaid loans from projects that turn out to be economic "white elephants," and security conflicts could

be devil projects that cross so many sovereign borders. India is not happy to see a greater Chinese presence in the Indian Ocean, and Russia, Turkey, and Iran have their own agendas in Central Asia.

Xi's vision is impressive, but will it succeed as a grand strategy? China is betting on an old geopolitical proposition. A century ago, the British geopolitical theorist Halford Mackinder argued that whoever controlled the world island of Eurasia would control the world. American strategy, in contrast, has long favored the geopolitical insights of the nineteenth-century admiral Alfred Mahan, who emphasized sea power and the rimlands.

At World War II's end, George F. Kennan adapted Mahan's approach to develop his Cold War strategy of containment of the Soviet Union, arguing that if the US allied with the islands of Britain and Japan and the peninsula of Western Europe at the two ends of Eurasia, the US could create a balance of global power that would be favorable to American interests. The Pentagon and State Department are still organized along these lines, with scant attention paid to Central Asia.

Much has changed in the age of the Internet, but geography still matters, despite the alleged death of distance. In the nineteenth century, much of geopolitical rivalry revolved around the "Eastern Question" of who would control the area ruled by the crumbling Ottoman Empire. Infrastructure projects like the Berlin to Baghdad railway roused tensions among the great powers. Will those geopolitical struggles now be replaced by the "Eurasian Question"?

With the BRI, China is betting on Mackinder and Marco Polo. But the overland route through Central Asia will revive the nineteenth-century "Great Game" for influence that embroiled Britain and Russia, as well as former empires like Turkey and Iran. At the same time, the maritime "road" through the Indian Ocean accentuates China's already fraught rivalry with India, with tensions building over Chinese ports and roads through Pakistan.

The US is betting more on Mahan and Kennan. Asia has its own balance of power, and neither India nor Japan nor Vietnam want Chinese domination. They see America as part of the solution. American policy is not containment of China—witness the massive flows of trade and students between the countries. But as China, enthralled by a vision of national greatness, engages in territorial

disputes with its maritime neighbors, it tends to drive them into America's arms.

Indeed, China's real problem is "self-containment." Even in the age of the Internet and social media, nationalism remains a most powerful force.

Overall, the United States should welcome China's BRI. As Robert Zoellick, a former US Trade Representative and World Bank president, has argued, if a rising China contributes to the provision of global public goods, the US should encourage the Chinese to become a "responsible stakeholder." Moreover, there can be opportunities for American companies to benefit from BRI investments.

The US and China have much to gain from cooperation on a variety of transnational issues like monetary stability, climate change, cyber rules of the road, and anti-terrorism. And while the BRI will provide China with geopolitical gains as well as costs, it is unlikely to be as much of a game changer in grand strategy, as some analysts believe. A more difficult question is whether the US can live up to its part.

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Does China Have Feet of Clay?

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China's investment in soft power demonstrates its commitment to working to ensure to a peaceful rise. However, there are a number of elements in China's soft power drive that have made it turn "sharp" in the eyes of some nations of the world. Sharp power is a type of hard power, especially in the form of verbal threats or coercion. The line between soft and sharp power is one that China and the West have clearly drawn differently, and this will continue to be a source of contention.

China has invested billions of dollars to increase its soft power, but it has recently suffered a backlash in democratic countries. A new report by the National Endowment for Democracy argues that we need to rethink soft power, because "the conceptual vocabulary that has been used since the Cold War's end no longer seems adequate to the contemporary situation."

The report describes the new authoritarian influences being felt around the world as "sharp power." A recent cover article in The Economist defines "sharp power" by its reliance on "subversion, bullying and pressure, which combine to promote self-censorship." Whereas soft power harnesses the allure of culture and values to augment a country's strength, sharp power helps authoritarian regimes compel behavior at home and manipulate opinion abroad.

The term "soft power"—the ability to affect others by attraction and persuasion rather than the hard power of coercion and payment—is sometimes used to describe any exercise of power that does not involve the use of force. But that is a mistake. Power sometimes depends on whose army or economy wins, but it can also depend on whose story wins.

A strong narrative is a source of power. China's economic success has generated both hard and soft power, but within limits. A Chinese economic aid package under the Belt and Road Initiative may appear benign and attractive, but not if the terms turn sour, as was recently the case in a Sri Lankan port project.

Likewise, other exercises of economic hard power undercut the soft power of China's narrative. For example, China punished Norway for awarding a Nobel Peace Prize to Liu Xiaobo. It also threatened to restrict access to the Chinese market for an Australian publisher of a book critical of China.

If we use the term sharp power as shorthand for information warfare, the contrast with soft power becomes plain. Sharp power is a type of hard power. It manipulates information, which is intangible, but intangibility is not the distinguishing characteristic of soft power. Verbal threats, for example, are both intangible and coercive.

When I introduced the concept of soft power in 1990, I wrote that it is characterized by voluntarism and indirection, while hard power rests on threats and inducements. If someone aims a gun at you, demands your money, and takes your wallet, what you think and want is irrelevant. That is hard power. If he persuades you to give him your money, he has changed what you think and want. That is soft power.

Truth and openness create a dividing line between soft and sharp power in public diplomacy. When China's official news agency, Xinhua, broadcasts openly in other countries, it is employing soft power

techniques, and we should accept that. When China Radio International covertly backs 33 radio stations in 14 countries, the boundary of sharp power has been crossed, and we should expose the breach of voluntarism.

Of course, advertising and persuasion always involve some degree of framing, which limits voluntarism, as do structural features of the social environment. But extreme deception in framing can be viewed as coercive; though not violent, it prevents meaningful choice.

Techniques of public diplomacy that are widely viewed as propaganda cannot produce soft power. In an age of information, the scarcest resources are attention and credibility. That is why exchange programs that develop two-way communication and personal relations among students and young leaders are often far more effective generators of soft power than, say, official broadcasting.

The United States has long had programs enabling visits by young foreign leaders, and now, China is successfully following suit. That is a smart exercise of soft power. But when visas are manipulated or access is limited to restrain criticism and encourage self-censorship, even such exchange programs can shade into sharp power.

As democracies respond to China's sharp power and information warfare, they have to be careful not to overreact. Much of the soft power democracies wield comes from civil society, which means that openness is a crucial asset. China could generate more soft power if it would relax some of its tight party control over civil society. Similarly, manipulation of media and reliance on covert channels of communication often reduces soft power. Democracies should avoid the temptation to imitate these authoritarian sharp power tools.

Moreover, shutting down legitimate Chinese soft power tools can be counterproductive. Soft power is often used for competitive, zero-sum purposes, but it can also have positive sum aspects.

For example, if both China and the US wish to avoid conflict, exchange programs that increase American attraction to China, and vice versa, would benefit both countries. And on transnational issues such as climate change, where both countries can benefit from cooperation, soft power can help build the trust and create the networks that make such cooperation possible.

While it would be a mistake to prohibit Chinese soft power efforts just because they sometimes shade into sharp power, it is also important to monitor the dividing line carefully. For example, the Hanban, the government agency that manages the 500 Confucius Institutes and 1,000 Confucius classrooms that China supports in universities and schools around the world to teach Chinese language and culture, must resist the temptation to set restrictions that limit academic freedom. Crossing that line has led to the disbanding of some Confucius Institutes.

As such cases show, the best defense against China's use of soft power programs as sharp power tools is open exposure of such efforts. And this is where democracies have an advantage.

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Perspectives for a China Strategy

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Beyond the COVID-19 crisis, we face the larger question of how to frame a strategy toward the inexorably rising China. The perennial theme of Western decline is not new, though the role of China is. In a longer historical perspective, this century is witnessing not the rise, but the recovery of Asia. Ultimately, the U.S.-China relationship is a cooperative rivalry where a successful strategy of "smart competition" is necessary.

When the Munich Security Conference met in February 2020, China was the most frequently mentioned country, while there was an exaggerated mood of Western decline. Yet as the recent COVID-19 pandemic has shown, China has both strengths and weaknesses. Its initial censorship, suppression of feedback, and curtailment of international information allowed the pandemic to develop and fester. Draconian quarantine of Wuhan curtailed its spread somewhat;

followed by a government propaganda campaign to attract others to the theme that China's behavior had been benign. When the pandemic eventually subsides, however, China will be faced with the political and economic costs resulting from the exposure of both a failed public health system and an overly rigid party control system.

Beyond the COVID-19 crisis, we face the larger question of how to frame a strategy toward the inexorably rising China. The perennial theme of Western decline is not new, though the role of China is. Oswald Spengler opined about the decline of the West over a century ago. During the Cold War, American pundits and politicians went through several cycles of belief in declinism that featured fear of the Soviet Union. In the end, however, when it turned out to be the Soviet Union that declined many proclaimed the West triumphant. In his 1992 book *The End of History and the Last Man,* Francis Fukuyama wrote that humanity had reached "the end-point of mankind's ideological evolution and the universalization of Western liberal democracy as the final form of human government." A few years later, Samuel Huntington issued a gloomier prognosis in *The Clash of Civilizations and the Remaking of World Order* that "the rise of China and the increasing assertiveness of this 'biggest player in the history of man' will place tremendous stress on international stability in the early twenty-first century."[1] Today, the prevailing fear is indeed the rise of China. Accordingly, the 2017 version of the National Security Strategy of the United States focuses on great-power competition with China and to a lesser extent with Russia.

In a longer historical perspective, this century is witnessing not the rise, but the recovery of Asia. Western civilization did not fully flower until 1500, and before 1800, Asia (including India and Japan as well as China) was home to more than half the world's population and world economy. By 1900, however, while Asia still represented more than half the world's population, its share of the global economy had fallen to only 20%. Meanwhile the industrial revolution in Europe and North America and their domination of the seas made Europe the center of the global balance of power—until it tore itself apart in World War I. As I wrote a decade ago, the twenty-first century will see the return of Asia, but Asia is much more than just China.[2] Asia has its own internal

balance of power, and many Asian states welcome a Western presence to make sure they are not dominated by China.[3]

The United States became the world's largest economy at the end of the nineteenth century, but it was not until it tipped the outcome of World War I that it became crucial to the global balance of power. Failing to understand that balance, America retreated into isolationism, and the 1930s was a disastrous decade. Following World War II, Presidents Franklin Roosevelt, Harry Truman, and Dwight Eisenhower avoided the mistakes of isolationism and created the institutions of what would become the Western liberal order.

Some contemporary realists believe the rise of China portends a conflict that will tear the world apart similar to the sundering of Europe in 1914. Graham Allison has warned of a "Thucydides Trap" invoking the history of the Peloponnesian War which was caused by the rise in power of Athens and the fear it created in Sparta. While Allison's historical cases and numbers have been questioned, his metaphor serves a useful warning.[4] Strategists must pay attention both to the rise of China and the fear it creates in the United States.

Assessing Chinese Power

It is equally dangerous to over- or underestimate Chinese power. Underestimation breeds complacency, while overestimation creates fear—either of which can lead to miscalculation. Good strategy requires careful net assessment. Many current, gloomy projections rest on exaggerations of China's strength and Western weakness. Some observers warn that the rise of China will spell the end of the American era, but this is far from clear.[5] Nonetheless, failure to successfully cope with the rise of China could have disastrous consequences for America and the rest of the world.

Contrary to current conventional wisdom, China has not yet replaced the United States as the world's largest economy. Today China's economy is only about two-thirds that of the United States, and an even smaller fraction if Europe, Japan, Australia, and other Western allies are included. Measured in purchasing power parity, the Chinese economy became larger than the American economy in 2014, but purchasing power parity is an economist's device for comparing

estimates of welfare, not for measuring power. For example, oil and jet engines are imported at current exchange rates, not some notional purchasing power adjustment. Gross domestic product (GDP) is in any case a very crude measure of power. For the first half of its "century of humiliation" that started with the opium wars with Britain in 1839, China had the world's largest GDP (and military) but that did not accurately describe the balance of power.[6] Per capita income gives a better index of the sophistication of an economy; American per capita income is several times that of China.

Many economists expect China to pass the United States someday as the world's largest economy (measured as GDP in dollars), but the estimated date varies from 2030 to mid-century depending on what one assumes about the rates of Chinese and American growth, and whether either country stumbles along the projected ahistorical linear paths. Past growth rates are not good predictors.

By any measure, however, the gravitational pull of China's economy is increasing. China is now the world's largest manufacturer and the major trading partner of nearly every country in the world.[7] Not only does its growing economy support military and aid expenditures, but access to the Chinese market and its ability to set standards for that market are a significant source of political influence.

As we have seen above, Thucydides famously attributed the outbreak of the Peloponnesian War to two causes: the rise of a new power—Athens and the fear that created in an established power—Sparta. Most readers focus on the first half of Thucydides assessment, but the second is equally important to strategic planning and more within our control.

Most sinologists properly doubt that U.S. foreign policy can prevent the rise of China's economy, but if we use our contextual intelligence well, we can avoid the exaggerated fears that could provoke a new cold or worse, a hot war. Even if China someday surpasses the United States in total economic size, that is not the only measure of geopolitical power. As we saw, the United States became the world's largest economy at the end of the nineteenth century, but did not become a central player in the global balance of power until three decades later in the context of World War I. Economic might is just part of the equation.

In terms of military might, China is well behind the United States. U.S. military expenditure is several times that of China. While Chinese military capabilities have been increasing in recent years and pose new challenges to U.S. and Western forces in the region, China is not a global peer. Nor will it be able to exclude the United States from the Western Pacific so long as the United States maintains its alliance and bases in Japan. Despite its non-nuclear status, Japan anchors the first island chain and possesses a formidable military which exercises regularly with U.S. forces. Despite trade tensions, the U.S.-Japan alliance is stronger today than it was thirty years ago at the end of the Cold War.

Sometimes analysts draw pessimistic conclusions from war games played in the limited context of Taiwan. However, with China's vital energy supply lines vulnerable to American naval domination in the Persian Gulf and Indian Ocean, it would be a mistake for China's leaders to assume that a naval conflict near Taiwan (or in the South China Sea) would stay limited to that region.

China has also invested heavily in soft power, the ability to get preferred outcomes through attraction rather than coercion or payment. Cultural exchanges and Belt and Road Initiative (BRI) projects can enhance China's attractiveness, but the BRI is more like a successful marketing propaganda than a true Marshall Plan for the world. BRI projects range from those that promote economic infrastructure to those designed primarily to contain India.[8] Chinese soft power faces two major limits. Ongoing territorial conflicts with neighbors such as Japan, India, Vietnam, and the Philippines make it difficult for China to appear attractive while contesting rival claims. And domestic insistence on tight Communist Party control deprives China of the benefits of civil society that European countries or the United States enjoy. Authoritarian responses to artists like Ai Wei Wei and dissidents like Liu Xiaobo or the cultural repression in Xinjiang limit China's attractiveness in democratic societies. In measuring soft power, opinion polls as well as a recent index published by Portland, a London consultancy, ranked China in twenty-sixth place while the United States ranked near the top.[9] Ironically, Mao Tse Tung's brutal but ideological Communism in the 1960s had a far greater transnational soft power appeal.

China's huge economic scale matters; it is an inescapable fact. The United States was once the world's largest trading nation and largest bilateral lender. Today nearly one hundred countries count China as their largest trading partner, compared to fifty-seven that have such a relationship with the United States. China plans to lend more than a trillion dollars for infrastructure projects with its Belt and Road Initiative over the next decade, while the United States has cut back aid. China's economic success story enhances its soft power, and government control of access to its large market provides hard power leverage. Moreover, China's authoritarian politics and mercantilist practices make its economic power readily usable by the government. China will gain economic power from the sheer size of its market as well as its overseas investments and development assistance.

Of the seven giant global companies in the age of artificial intelligence (Google, Facebook, Amazon, Microsoft, Baidu, Alibaba, and Tencent), three or nearly half are Chinese. And Chinese companies dare not defy the Chinese Communist Party, rendering them tools in China's geostrategic competition toolkit. With the world's largest population, its largest Internet audience, and while data resources are becoming the "new oil" of world politics, China is poised to become the Saudi Arabia of big data.[10] Overall, Chinese power relative to the United States is likely to increase.

American Assets

In assessing the balance of power, it is important to remember that the United States has some long-term power advantages that will persist regardless of current Chinese actions. One is geography. The United States is surrounded by two oceans and benign neighbors that are likely to remain friendly. China has borders with fourteen countries and has territorial disputes with India, Japan, Vietnam, and the Philippines among others. Energy independence is another American advantage.[11] A decade ago, the United States seemed hopelessly dependent on imported energy. The recent shale revolution has transformed it from energy importer to energy exporter, and the International Energy Agency projects that North America may be self-sufficient in the coming decade. Meanwhile, China is becoming ever-more dependent

on energy imports, and much of the oil it imports is transported through the Indian Ocean and the South China Sea, where the United States and others maintain a significant naval presence. Eliminating this vulnerability will take decades.

The United States enjoys financial power derived from its large transnational financial institutions as well as the role of the U.S. dollar. Of the foreign reserves held by the world's governments, just 1.1% are in yuan, compared with 64% for the dollar. While China aspires to a larger role, a credible reserve currency depends on currency convertibility, deep capital markets, honest government, and the rule of law—all lacking in China and not quickly developed. While China could divest its large holdings of dollars, such action would risk damaging its own economy as much as the United States. China dumping dollars might bring the United States to its knees, but it would have a similar effect on China itself.

Power in interdependent relations depends upon asymmetric vulnerability, and there are too many symmetries in U.S.-China interdependence at this point, though that might change if there is a much more radical decoupling. Although the dollar cannot remain preeminent forever, and American overuse of financial sanctions creates incentives for other countries to look for other financial instruments, the yuan is unlikely to displace the dollar in the near term.

The United States also has demographic strengths. It is the only major developed country that is currently projected to hold its place (third) in the demographic ranking of countries. While the rate of American population growth has slowed in recent years, it is not shrinking as are the populations of Russia, Europe, and Japan. Seven of the world's fifteen largest economies will face a shrinking workforce over the next decade and a half, including China whose population will decline by 9%, while the U.S. workforce is likely to increase by 5%. China will soon lose its first-place population rank to India, and its working age population already peaked in 2015. Chinese worry about "growing old before growing rich."[12]

America has been at the forefront in the development of key technologies (bio, nano, information) that are central to this century's economic growth, and American research universities dominate higher education. In 2019 ranking by Shanghai Jiaotong University, fifteen of

the top twenty global universities were in the United States; none were in China.

To challenge U.S. dominance in this domain, China is investing heavily in research and development; it competes well in some fields now and has set a goal to be the global leader in artificial intelligence by 2030. Some experts believe that with its enormous data resources, lack of privacy restraints on how data is used, and the fact that advances in machine learning will require trained engineers more than cutting-edge scientists, China could achieve its artificial intelligence (AI) goal. Given the importance of machine learning as a general purpose technology that affects many domains, China's gains in AI are of particular significance.[13]

Chinese technological progress is no longer based solely on imitation. Although clumsily handled, the Donald Trump administration was correct to punish China for cybertheft of intellectual property, coerced intellectual property transfer, and unfair trade practices such as subsidized credit to state-owned enterprises. Reciprocity needs to be enforced. If China can ban Google and Facebook from its market for security reasons, the United States can surely take similar steps. Huawei and ZTE, for example, should not be allowed to participate in building American 5G networks. However, a successful American response to China's technological challenge will depend upon improvements at home more than upon external sanctions.

American complacency is always a danger, but so also is lack of confidence and exaggerated fears that lead to overreaction. In the view of John Deutch, a former Provost of the Massachusetts Institute of Technology, if the United States attains its potential improvements in innovation potential, "China's great leap forward will likely at best be a few steps toward closing the innovation leadership gap that the United States currently enjoys." But notice the "if."[14]

Devising a Strategy

The United States holds high cards in its poker hand, but hysteria could cause it to fail to play its cards skillfully. When the Bill Clinton administration published its East Asian Strategy Report in 1995 to cope with the rise of China, we decided to reaffirm the U.S.-Japan

alliance well before seeking to engage China in the World Trade Organization. Discarding our high cards of alliances and international institutions today would be a serious mistake. If the United States maintains its alliance with Japan, China cannot push it beyond the first island chain because Japan is a major part of that chain. Another possible mistake would be to try to cut off all immigration. When asked why he did not think China would pass the United States in total power any time soon, the late Singapore Prime Minister Lee Kuan Yew cited the ability of America to draw upon the talents of the whole world and recombine them in diversity and creativity that was not possible for China's ethnic Han nationalism.[15] If the United States was to discard its high cards of external alliances and domestic openness today, Lee could be proven wrong.

As China's power grows, some observers worry we are destined for war, but few consider an opposite disruptive danger. Rather than acting like a revolutionary power in the international order, China might decide to be a free rider like the United States was in the 1930s. China may act too weakly rather than too strongly and refuse to contribute to an international order that it did not create. China knows it has benefited substantially from the post-1945, Western international order.[16] In the United Nations Security Council, China is one of the five countries with a veto. China is now the second largest funder of UN peacekeeping forces and has participated in UN programs related to Ebola virus containment and climate change. China has also benefited greatly from economic institutions like the WTO and the International Monetary Fund and is a party to the 2015 Climate Accords.

On the other hand, China has started its own Asian Infrastructure Investment Bank (AIIB) and the BRI program of international infrastructure projects that some see as an economic offensive. China has not practiced full reciprocity as a market economy, and its rejection of a 2016 Hague Tribunal ruling regarding the South China Sea raised questions about whether China would treat its legal obligations a la carte (as the United States has sometimes done). American and allied navies' freedom of navigation operations in the South China Sea remain essential to maintain this point.

Thus far, China has not tried to overthrow but rather to increase its influence within the world order from which it benefits, but this could

change as Chinese power grows.[17] Appetites sometimes grow with eating, and Xi Jinping's rhetoric about China as a great state suggests this could occur. The Trump administration has called China a revisionist power, but so far its revisionism has been quite moderate, unlike extreme revisionist powers such as Hitler's Germany. China is not interested in kicking over the card table, but in tilting the table so it can claim a larger share of the winnings. China's growing economic power will create problems for the United States and the international order, and this friction will likely continue. The United States will have to manage alliances, networks, and institutions deftly to shape the environment in which China uses its growing power.

As Chinese power increases, the American-led liberal international order will have to change. China has little interest in liberalism or American domination, but it does have a continuing interest in an "open and rules-based" world order. In the aftermath of the trade wars and COVID-19 pandemic, there is bound to be a degree of disengagement between the two countries.[18] The American approach to an open international economy will need to be adjusted for greater oversight of Chinese trade and investments that threaten its technological and national security objectives, but there is still a basis for fruitful interdependence and rules of the road to govern that independence. The West can also express its disagreement over values and human rights while cooperating on rules of the road related to matters where there are joint interests. Our values are an important source of our soft power.

In late 2017, President Trump announced a new National Security Strategy focused primarily on great-power competition with China and Russia. It provided the benefit of a wake-up call, but as a strategy to protect American security, it is inadequate. Under the influence of the information revolution and globalization, world politics is changing. Even if the United States prevails over China as a great power, we cannot protect our security acting alone. COVID-19 is only the latest example of national security challenges that cannot be met unilaterally. Global financial stability is another; it is vital to the prosperity of Americans, but we need the cooperation of others to safeguard it. And regardless of potential setbacks to economic globalization caused by trade wars, environmental globalization will increase.

Pandemics, climate change, and economic instability threaten all Americans, but we cannot manage these problems alone. In a world where borders are becoming more porous to everything from drugs to infectious diseases to cyberterrorism, we must use our soft power of attraction to develop and cultivate networks and institutions capable of addressing these untraditional challenges.

A successful national security strategy for the United States must begin with the recognition that our size and superpower status mean we have to lead the cooperation effort. A classic problem with public goods (like clean air, which all can share and from which none can be excluded) is that if the largest consumer does not take the lead, others will free-ride, and the public goods will not be produced. President Trump's National Security Strategy says little about these increasingly important transnational threats to national security. As the technology expert Richard Danzig summarizes the problem, "Twenty-first century technologies are global not just in their distribution, but also in their consequences. Pathogens, AI systems, computer viruses, and radiation that others may accidentally release could become as much our problem as theirs. Agreed reporting systems, shared controls, common contingency plans, norms, and treaties must be pursued as a means of moderating our numerous mutual risks."[19] Neither tariffs nor border walls can solve these problems. Even with American leadership, success will require the cooperation of others. The United States will have to work more closely with other countries and institutions rather than in the dismissive manner of the Trump administration.

On transnational issues like COVID-19, climate change, and global economic stability, power becomes a positive-sum game. It is not sufficient to think in terms of American power *over* others. We must also think of power in terms of the ability to accomplish joint goals which involves power *with* others. On many transnational issues, empowering others can help us to accomplish our own goals. The United States benefits if China improves its energy efficiency and emits less carbon dioxide or improves its public health systems. In the world of the twenty-first century, institutional networks and connectedness are an important source of national power. In a world of growing complexity, the most connected states are the most powerful.

Washington has some sixty treaty allies while China has few, but we are squandering that strategic resource.

In the past, the openness of the United States enhanced its capacity to build networks, maintain institutions, and sustain alliances. But will that openness and willingness to engage with the rest of the world prove sustainable in the populist mood currently dominating American domestic politics, or will we see a twenty-first century analog to our isolationism of the 1930s? Even if the United States continues to possess greater military, economic, and soft power resources than any other country, we may not choose to convert those resources into effective power behavior on the global scene. Between the two world wars, we did not and the result was disastrous.

If the key to America's future security and prosperity is learning the importance of "power with" as well as "power over," our current strategy is not up to the task. Every country puts its interests first, but the important question is how broadly or narrowly those interests are defined. Recent events have shown an inclination toward short-term, zero-sum transactional interpretations with little attention to institutions or allies. The United States appears to be stepping back from the long-term, enlightened self-interest that marked the security paradigm designed by Roosevelt, Truman, and Eisenhower after 1945, and successfully guided us through the Cold War. The new threat to our security is not just from transnational forces like COVID-19 and climate change but from our domestic failure to adjust own attitudes to this new world.

Conclusion: Cooperative Rivalry

Despite Russia and China's current alliance of convenience against the United States, a real alliance of authoritarian countries similar to the Axis of the 1930s or the Sino-Soviet alliance of the 1950s is unlikely given the underlying mistrust between Russia and China and the difficulty of coordinating competing nationalist ideologies.[20] Today's alliance of authoritarians lacks the soft power appeal of the 1950s, though steps will need to be taken to counter their covert "sharp power" threat to democratic values. China makes major soft power efforts to promote its authoritarian social model through economic

inducements as well as manipulation of social media.[21] However, while Maoism used to bring protesters onto the world's streets, it is unlikely that many protesters will march under the banner of "Xi Jinping Thought about Socialism with Chinese Characteristics."

Since the Nixon era, China and the United States have cooperated despite ideological differences. Rapid Asian economic growth has encouraged a horizontal power shift to the region, but Asia has its own internal balance of power. Chinese power is balanced by Japan, India, and Australia among others. None want to be dominated by China. The United States will remain crucial to that Asian balance of power. If the United States maintains those alliances, the prospects are slight that in the traditional interstate competition China can drive the United States from the Western Pacific, much less dominate the world. The United States holds the high cards in the traditional great-power competition. The question is whether it will play them well.

The more difficult question for an effective national security strategy will be whether the United States and China can develop attitudes that allow them to cooperate in producing global public goods while competing in the traditional areas of great-power competition. Exaggerated fears and worst-case analyses may make such a balanced policy impossible. The U.S.-China relationship is a cooperative rivalry where a successful strategy of "smart competition," as advocated by Orville Schell and Susan Shirk, will require equal attention to both aspects of that description.[22] But, such a future will require good contextual intelligence, careful management on both sides, and no major miscalculations. That will be a hard test of the skills of our leaders.

Footnotes

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18 I go into details in Joseph Nye, "Power and Interdependence with China," *The Washington Quarterly* 43, no. 1, (2020). 7–21.

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US-China Relations and the Role of Soft Power

In today's world, relations between the United States and China are the deciding factor in many global issues. How points ranging from fundamental issues like human rights and democracy, to regional issues like Hong Kong, Taiwan to Xinjiang, and even trade issues connected to companies like Huawei, will be resolved will also depend largely on how the different interpretation of soft power in the United States and China plays out. However, one thing is certain, that these two countries must find a way to co-exist and engage with one another to overcome more global issues and have much to gain from cooperation on fighting climate change, pandemics, cyberterrorism, and nuclear proliferation.

The development of soft power need not be a zero-sum game. If Chinese soft power increases in the US and vice versa, it will help make conflict less likely.

J. S. Nye, *Soft Power and Great-Power Competition*, China and Globalization
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The "Nye Report:" Six Years Later

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While more an expression of hard power, the US position on security in the East Asia–Pacific Region does color the soft power efforts of the United States, especially in China, whose response, in turn, can also impact external impressions of China. This contrast of the states of affairs in the region over the course of six years provides us with a basis for discussing the role of soft power in US-China relations.

In February 1995, the US Department of Defense published The United States Security Strategy for the East Asia–Pacific Region, sometimes referred to as the "Nye Report." It was broadly welcomed in most capitals in the region, though some critics portrayed it as "ossified" traditionalism.[1] Friends have sometimes remarked on the irony that someone so closely associated with the concept of transnational interdependence should have helped produce a report

that rested heavily on Realist thinking. I reply that in my textbook *Understanding International Conflicts*, I tell students that Realism and Liberalism each have something to teach policymakers, depending on the circumstances.[2] And in 1995, American strategy toward East Asia needed a healthy dose of Realism.

The origins of the report and the associated initiative to strengthen the US-Japan alliance have been described in detail by Yoichi Funabashi[3] Suffice it to say that in the early 1990s, there was a widespread belief both within and without government that "geo-economics" had replaced geo-politics. Many people in both Japan and the United States regarded the bilateral Cold War alliance as obsolete. Bill Clinton had been elected President by relentlessly focusing on the campaign theme, "It's the Economy, Stupid!" The early stages of Clinton's Asia policy were guided by economic governmental agencies; little interest was evinced in security issues. Indeed, in some quarters, there was concern that the US-Japan relationship would take an adversarial turn. Some writers had gone so far as to describe Japan as America's new enemy.[4] Some East Asians began to anticipate a dismantling of American security structures in the region. I did not share these views. As I wrote in the first paragraph of the report, "Security is like oxygen: you do not tend to notice it until you begin to lose it. The American security presence has helped to provide this 'oxygen' for East Asian development."

East Asia in 1995

The Asia–Pacific region, unlike Europe, had not developed a rich web of institutions during the Cold War, and there was no reconciliation between China and Japan such as occurred between France and Germany in the context of the European Union and NATO. The receding of the Cold War had exposed the earlier historical conflicts in the region. A number of countries in the region were adding to their armaments.

During the Cold War, US, Japanese, and Chinese power balanced against the Soviet Union. The collapse of Soviet power left the American position preponderant. Some Chinese analysts complained that now there was no regional balance of power, and that their

military growth could restore a balance.[5] Americans warned against changing the balance of power. As is evident, each country employed a different but longstanding meaning of the term: China's usage referred to a roughly equal distribution of power; American usage referred to the existing distribution of power.[6] Some "balance-of-power" analysts believed that the United States could avoid conflict with China by withdrawing from the area and letting a local balance develop between China, Japan, and a revived Russia. Others believed that the current distribution of power had produced the political stability that undergirded the Asian economic miracle. American preponderance was acceptable because the United States was a distant power with no local territorial claims and could provide the reassurance of stability that makes local arms races unnecessary. They pointed to the fact that the presence of American forces in the region was (and is) welcome in nearly all capitals. Even in Beijing, there was ambivalence. To the extent that American forces reduced any pressures for Japan to remilitarize, they were welcome; to the extent they reduced China's pressures on Taiwan, they were not.

As I saw it, the United States had at least five major alternatives for a grand strategy toward the Asia–Pacific region:

The first option was to *withdraw and pursue an Atlantic (and/or hemispheric) only policy.*[7] While this would reduce the prospect of conflict with China, it was costly and unlikely. History, geography, demographics, and economics make the United States a Pacific power. Hawaii is in the middle of the Pacific Ocean. In 1995, eight million Americans traced their ancestry to the region. Isolation from the most rapidly growing area of the world economy would have high costs. America's military presence was generally welcomed and enhanced US influence in the region. Because of Japanese support, it cost the United States less to keep troops in Japan than on the American mainland. Moreover, isolation did not enjoy broad support at home.[8]

The second option was to *create a local balance of power.* America would withdraw from its five formal alliances in the region (Japan, Korea, Thailand, Philippines, Australia) and let a local balance evolve. The United States could then play one state against another and isolates itself more easily from some contentious issues.[9] This would likely have led to a remilitarized Japan, and an arms race in the region

which, ironically, could have made occasional American participation more costly and more dangerous as the US tried to balance the new and enhanced forces that would be created. In addition, American domestic politics is poorly attuned to such nineteenth-century style balance-of-power politics.

The third option was to *create regional security institutions.* The United States could create a set of regional security institutions to replace its existing structure of bilateral alliances, thus providing stability with less direct involvement. ASEAN and its Regional Forum already existed, and a Northeast Asian Security Forum had been discussed. As a supplement to alliances, such institutions made sense, but they are not easily or quickly developed under any circumstances. European institutions took decades to develop. A regional institutional strategy alone was unlikely to provide a sufficient framework for stability in the region.

The fourth option was to *create a coalition to contain China.* Advocates argued that containment would compel Beijing to choose political liberalization as the best way to safeguard their economic gains and win acceptance in the international community. There were at least three flaws in this approach. First, sanctions and isolation were less likely than economic growth and engagement to produce liberalization. Second, it discounted the changes already under way in China and the possibility that China could evolve to define its interests as a responsible power. If the United States treated China as an enemy, it was likely to guarantee itself an enemy, particularly given that nationalism has been rapidly replacing Communism as the dominant ideology among the Chinese people. While the converse did not guarantee that China would become a friend, it kept options open. Third, as a quick survey of Asian capitals made clear, the Unites States could not develop a coalition to contain China even if it tried. China's neighbors did not see it as a threat in the way the Soviet Union's neighbors saw it during the Cold War. Only if China became more aggressive in the future could such a coalition be formed. And to try containment without such a coalition would simply result in providing economic opportunities for other countries and thereby increase frustration at home.

The fifth option was *formal alliance with Japan and normal relations with China.* The Clinton administration described its policy toward China as "constructive engagement," but the debate between "containment and engagement" was overly simple. Despite the descriptive inadequacy of the slogans, however, the orientation or attitude that "engagement" signified did matter. It meant the United States had rejected the inevitability of conflict. President Clinton told President Jiang in 1995 that "a stable, open, and prosperous China-in other words, a strong China-is in our interest. We welcome China to the great-power table. But, great powers also have great responsibilities."[10] The United States also reaffirmed its commitment to a "One China" policy, thus ruling out any flirtation with the idea of independence for Taiwan, the single most dangerous scenario for potential Sino-American conflict.

Thus, the new security strategy report outlined a four part strategy: (i) maintain the forward presence of American troops; (ii) try to develop multilateral institutions as a reinforcing mechanism; (iii) put our alliances, particularly with Japan, on a firm basis after the Cold War; and (iv) from that position of strength, encourage China to define its interests in ways that could be compatible with ours.

The report stated that the United States planned to keep *approximately* 100 000 troops in the area. This number was chosen after a review in 1993 of what it would take to fight and win two major regional conflicts—e.g. in the Persian Gulf and Korea—at about the same time. There was nothing sacrosanct about the number, but initial reactions in the region to its announcement were positive and helped to dispel accumulating concerns about American withdrawal. Reassurance was more important than the exact numbers. Although a new edition of the report in 1999 reaffirmed the commitment, I always pointed out in speeches that the number could change as conditions changed in the future. The important point was that there should be no unilateral reductions without consultation if reassurance was to be maintained.

In the area of multilateral institutions, the report strongly supported the ASEAN Regional Forum. China is said to prefer to deal bilaterally with its smaller neighbors, which is a natural reaction for a larger power. On the other hand, it has found that it cannot afford to

ignore ARF, including its discussions of the Spratly Islands. Efforts to create a Northeast Asia Security Dialogue or Forum were less successful. China did not want to isolate North Korea, but with the two Koreas beginning the process of talks, this constraint might diminish in the future.

The US alliance with Japan, where the largest number of troops were stationed, was critical to American strategy. Over the years following the report, the security relationship was strengthened despite controversy over the rape of a schoolgirl by American marines in Okinawa in September 1995 and the ensuing contention over the presence of American bases there. Despite these serious problems, the Japanese Diet promised $25 billion in support of American forces over the next five years, and Japan's National Defense Program Outline reinforced the centrality of the American alliance for defense planning. In April 1996, Prime Minister Hashimoto and President Clinton publicly affirmed the work of a joint group that redefined the US-Japan Security Treaty as the basis for stability in the region after the Cold War, and the two countries began to work out guidelines for Japanese support in time of crisis. Indeed, that reaffirmation may turn out to have been one of the most important policy developments for the region. It meant that China could not play a Japan card against the US or try to expel the Americans from the region. From that position of strength, the United States, Japan, and other states could work together to engage China as its regional power developed.

Some analysts feared that this approach would drive China and Russia to reconstruct their anti-American alliance of the 1950s—a prospect hinted at by the Sino-Russian Summit after the 1996 Clinton-Hashimoto reaffirmation of the US-Japan Security Treaty. While diplomatic coordination was to be expected, a tight alliance seemed unlikely. First, as Mikhail Nosov has pointed out, China and Russia have "problems connected with the demographic situation in the Far East, where the population on the Russian side of the border is 6 to 8 million, and on the China side is up to 120 million."[11] Additionally, as Zbigniew Brzezinski has noted, "greater China's geopolitical influence is not necessarily incompatible with America's strategic interest in a stable pluralistic Eurasia."[12] At some point, a recovered Russia might again be included in a concert for regional stability, but in 1995, such a prospect

seemed to be at least a decade away. Indeed, the severity of Russia's current social, economic, and military infrastructural problems offers evidence that this estimate may have been conservative.

East Asia, 2001

In retrospect, the assumptions of the 1995 report have held up quite well. While implementation is never perfect, policy has generally been consistent with the report's strategy. The United States today faces four major challenges to the strategy of maintaining a formal alliance with Japan and normal relations with China: China itself, Taiwan, Korea, and troop deployments. All are related, but each poses unique problems.

In recent years, China has become a political issue in American politics, and that has led to exaggeration of its position. It is not the giant threat seen by many in the Congress, where China politics is often characterized by an unholy alliance of left and right against the center. Chinese growth rates of 8–9% per year have led to a tripling of its GNP in less than two decades. At a 6% growth rate, in 30 years, China's economy would total $16 trillion. The Asian Development Bank projects China's per capita income to reach the equivalent of about 38% of the United States in 2025.[13] Such linear projections are suspect, however, and China faces serious problems with its state-owned enterprises, its shaky banking system, and the value of its currency. If China fails to make essential reforms, bottlenecks and growing income inequality could slow growth considerably. Even at the higher growth rates, China will lag well behind both the Unites States and Japan in per capita income.

With a growing economy, Chinese military strength is likely to increase over the next few decades. Even if that does not make China a global power or one regionally equivalent to the United States, it does mean that China is likely to look more intimidating to its neighbors, and its enhanced capabilities will mean that any American military tasks will require greater forces and resources than is presently the case. In other words, the rise of China as a military power, like its economic reemergence, must be taken seriously as a new factor in the region. But, China will not be a global challenger to the US, nor will it be

able to exercise regional hegemony so long as the United States stays involved in East Asia and maintains its alliance with Japan.

Taiwan was treated very lightly in the 1995 report, but it is central to any China policy. Because of history and the Taiwan Relations Act, the United States has to walk a tightrope between risking war with China and abandoning the people of Taiwan. Nationalism has become more important than communism in China, and even the new generation believes that Taiwan is an integral part of China and worth fighting for. At the same time, Taiwan has become democratic and unwilling to see itself submerged into the current Chinese system. The United States has an interest in protecting the freedom of Taiwan's people and markets, but not in the symbolism of a separate Taiwanese flag. America is committed to helping Taiwan defend itself against coercion, but not to protecting its formal independence. Washington should be clear that US policy is "no independence and no use of force." Within that framework, the United States should encourage the two sides to bargain about more international living space for Taiwan and more exchange of goods and people across the strait.

If the United States can maintain a dynamic status quo over time, differences may diminish as Taiwan contributes to change in China. President Clinton could have made this more clearer when he was in Shanghai by uttering a fourth "no"—no use of force—in addition to the three that recognize "one China." On the other hand, those in Congress who are pressing for legislation that openly commits the US to defend Taiwan under any circumstances may encourage Taiwanese politicians to take risks that could jeopardize their own freedoms, as well as involve the United States in an unnecessary conflict. The best motto for all is "don't rock the boat."

The third security challenge, North Korea, is a special story. The July 2000 summit between South Korean leader Kim Dae-Jung and his Pyongyang counterpart Kim Jong-Il was a major event, and the news that North Korea agreed to freeze missile tests during talks with the United States was a welcome first fruit of the initiative launched in 1999 by former Defense Secretary William Perry. If such progress continues, a major security threat will diminish.

On the other hand, the situation in North Korea remains highly uncertain. The secretive and isolated DPRK regime remains difficult for

Americans and other outsiders to understand. With over a million-man army, two-thirds of which is stationed within 100 km of the demilitarized zone, North Korea continues to pose a conventional military threat. And although the nuclear program at Yongbyon is frozen and subject to inspection by the International Atomic Energy Agency, if Pyongyang expelled the inspectors, it would have access to enough plutonium to make half a dozen nuclear weapons. Some observers argue that these threats are more apparent than real. It is true that economic conditions have dulled the readiness of North Korea's conventional forces, and the Framework Agreement has frozen the nuclear program, but there is still a risk. Indeed, in desperate circumstances, risks may increase. Imagine a person standing on the roof of a ten-story building that is being consumed by fire and all exits are blocked. If he jumps, there is only one chance in 20 that he will survive. If he remains where he is, there in a 100% chance that he will die. It is rational to jump, despite the low odds of survival. The danger is that desperation could lead the North Korean regime to take such high-risk actions. The results would be devastating for the Korean peninsula. The right response is to maintain a high readiness of the South Korean and US forces to deter such action, but also to provide other exits.

North Korea's modest overtures of late may be a product of this combination. Whether Kim Jong-Il can open his country's economy without losing political control is highly questionable, and the opening may suffer setbacks. Even if there is continued progress, it is likely to be slow. Thus, American troops are likely to remain in South Korea for some time. Moreover, Kim Dae-Jung has reported that Kim Jong-Il has come to agree that the United States should maintain a military presence in South Korea as a counterpoise to Korea's being surrounded by major powers China, Russia and Japan.[14] This remarkable statement by North Korea's leader offers evidence that, as a small state in the shadow of its giant neighbors, even a unified Korea may have a strong incentive to maintain an alliance with the United States.

Nonetheless, if the North Korean threat diminishes, there will be domestic pressure to reduce the 37,000 American troops on the peninsula, and the United States should be prepared to respond in a

positive manner. Maintaining a small number of troops in Korea reduces the singularity of Japan as a host to American forces in the region. Even so, the United States should plan to reduce its military footprint in Japan, particularly on Okinawa. Implementation of the recommendations of the Special Action Committee on Okinawa is a first step, but it would also be useful to plan for a new deployment that would shift some Marine Corps units to Australia and Guam. In addition, an updated strategy would explore more joint logistics, repair, and training facilities in Southeast Asia such as currently exist with Singapore. It is important that the number 100,000 does not become a shibboleth. Future plans should focus on the function of reassurance, not the number of troops.

Conclusions

Like Britain in the mid-nineteenth century, the United States after the Cold War is a preponderant but not dominant power. If the largest beneficiary of a public good (such as international order) does not take the lead toward its maintenance, nobody else will. Maintaining the balance of power in a region, promoting an open international economy, and maintaining the commons (such as the law of the sea) are classic tasks of the largest power. Within that framework, economic and social change can develop the interdependence which, as in Europe, can transform a region in the long run.

America's role as a stabilizer and a reassurance against the rise of hostile hegemonic states is strongly in the US national interest. The United States will stay involved because events and actors around the world can pose significant security threats and because Americans want to influence distant governments and organizations on a variety of issues such as proliferation of weapons of mass destruction, terrorism, human rights, and the environment.

Nowhere is this more true than in East Asia, where the United States can also benefit from participating in one of the most dynamic parts of the world economy. To protect those interests, America's alliance with Japan and engagement of China as a normal country remain the appropriate long-run US strategies.

Footnotes

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The Dollar and the Dragon

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Of the many factors affecting US-China relations, economics and trade is at the core. An issue that has fundamentally remained unchanged for the past decade is China's large US dollar reserves. A bargaining chip on both sides is used by politicians and society alike to color US-China relations, but should this change dramatically, it could end up hurting both sides.

For several years, American officials have pressed China to revalue its currency. They complain that the undervalued renminbi represents unfair competition, destroying American jobs, and contributing to the United States' trade deficit. How, then, should US officials respond?

Just before the recent G-20 meeting in Toronto, China announced a formula that would allow modest renminbi appreciation, but some American Congressmen remain unconvinced and threaten to increase tariffs on Chinese goods.

America absorbs Chinese imports, pays China in dollars, and China holds dollars, amassing $2.5 trillion in foreign-exchange reserves, much of it held in US Treasury securities. To some observers, this represents a fundamental shift in the global balance of power, because China could bring the US to its knees by threatening to sell its dollars.

But, if China were to bring the US to its knees, it might bring itself to its ankles in the process. China would not only reduce the value of its reserves as the dollar's value fell, but it would also jeopardize America's continued willingness to import cheap Chinese goods, which would mean job losses and instability in China.

Judging whether economic interdependence produces power requires looking at the balance of asymmetries, not just at one side of the equation. In this case, interdependence has created a "balance of financial terror" analogous to the Cold War, when the US and the Soviet Union never used their potential to destroy each other in a nuclear exchange.

In February 2010, angered over American arms sales to Taiwan, a group of senior military officers called for the Chinese government to sell off US government bonds in retaliation. Their proposal went unheeded. Instead, Yi Gang, China's director of State Administration of Foreign Exchange, explained that "Chinese investments in US Treasuries are market investment behavior, and we don't wish to politicize them." Otherwise, the pain would be mutual.

Nevertheless, this balance does not guarantee stability. There is always the danger of actions with unintended consequences, especially as both countries can be expected to maneuver to change the framework and reduce their vulnerabilities. For example, after the 2008 financial crisis, while the US pressed China to let its currency appreciate, officials at China's central bank began arguing that America needed to increase its savings, reduce its deficits, and move toward supplementing the dollar's role as a reserve currency with IMF-issued special drawing rights.

But China's bark was louder than its bite. China's increased financial power may have increased its ability to resist American entreaties, but despite dire predictions, its creditor role has not been sufficient to compel the US to change its policies.

While China has taken minor measures to slow the increase in its dollar-denominated holdings, it has been unwilling to risk a fully convertible currency for domestic political reasons. Thus, the renminbi is unlikely to challenge the dollar's role as the largest component of world reserves (more than 60%) in the next decade.

Yet, as China gradually increases domestic consumption rather than relying on exports as its engine of economic growth, its leaders may begin to feel less dependent than they now are on access to the US market as a source of job creation, which is crucial for internal political stability. In that case, maintaining a weak renminbi would protect the trade balance from a flood of imports.

Asymmetries in currency markets are a particularly important aspect of economic power, since they underlie global trade and financial markets. By limiting the convertibility of its currency, China is avoiding currency markets' ability to discipline domestic economic decisions.

Compare, for example, the discipline that international banks and the IMF were able to impose on Indonesia and South Korea in 1998, with the relative freedom of the US—bestowed by denomination of American debt in dollars—to increase government spending in response to the 2008 financial crisis. Indeed, rather than weakening, the dollar has appreciated as investors regard the underlying strength of the US as a safe haven.

Obviously, a country whose currency represents a significant proportion of world reserves can gain international power from that position, thanks to easier terms for economic adjustment and the ability to influence other countries. As French President Charles de Gaulle once complained, "since the dollar is the reference currency everywhere, it can cause others to suffer the effects of its poor management. This is not acceptable. This cannot last."

But it did. America's military and economic strength reinforces confidence in the dollar as a safe haven. As a Canadian analyst put it, "the combined effect of an advanced capital market and a strong military machine to defend that market, and other safety measures, such as a strong tradition of property rights protection and a reputation for honoring dues, has made it possible to attract capital with great ease."

The G-20 is focusing on the need to “rebalance” financial flows, altering the old pattern of US deficits matching Chinese surpluses. This would require politically difficult shifts in consumption and investment, with America increasing its savings and China increasing domestic consumption.

Such changes do not occur quickly. Neither side is in a hurry to break the symmetry of interdependent vulnerability, but both continue to jockey to shape the structure and institutional framework of their market relationship. For the sake of the global economy, let us hope that neither side miscalculates.

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Is China Overtaking America?

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The rise of one power often raises questions of replacing another. This is currently the question in the case of China and its rise vis-à-vis the United States. However, if China is overtaking America, it must be asked in what sense? Even if Chinese and US GDP reach parity, the two economies might be equal in size, but not in composition. China faces far greater obstacles to sustainable growth and global success than many estimates suggest.

The twenty-first century is witnessing Asia's return to what might be considered its historical proportions of the world's population and economy. In 1800, Asia represented more than half of global population and output. By 1900, it represented only 20% of world output—not because something bad happened in Asia, but rather because the Industrial Revolution had transformed Europe and North America into the world's workshop.

Asia's recovery began with Japan, then moved to South Korea and on to Southeast Asia, beginning with Singapore and Malaysia. Now, the recovery is focused on China and increasingly involves India, lifting hundreds of millions of people out of poverty in the process.

This change, however, is also creating anxieties about shifting power relations among states. In 2010, China passed Japan to become the world's second-largest economy. Indeed, the investment bank Goldman Sachs expects the Chinese economy's total size to surpass that of the United States by 2027.

But, even if overall Chinese GDP reaches parity with that of the US in the 2020s, the two economies will not be equal in composition. China would still have a vast underdeveloped countryside. Assuming 6% Chinese GDP growth and only 2% US growth after 2030, China would not equal the US in terms of per capita income—a better measure of an economy's sophistication—until sometime near the second half of the century.

Moreover, linear projections of economic growth trends can be misleading. Emerging countries tend to benefit from imported technologies in the early stages of economic takeoff, but their growth rates generally slow as they reach higher levels of development. And the Chinese economy faces serious obstacles to sustainable rapid growth, owing to inefficient state-owned enterprises, growing inequality, massive internal migration, an inadequate social safety net, corruption, and inadequate institutions, all of which could foster political instability.

China's north and east have outpaced its south and west. Almost alone among developing countries, China is aging extraordinarily fast. By 2030, China will have more elderly dependents than children. Some Chinese demographers worry that the country will get old before getting rich.

During the past decade, China moved from being the world's ninth-largest exporter to its leader, displacing Germany at the top. But China's export-led development model will need to be adjusted as global trade and financial balances become more contentious. Indeed, China's 12th Five-Year Plan is aimed at reducing dependence on exports and boosting domestic demand. Will it work?

China's authoritarian political system has thus far shown an impressive capacity to achieve specific targets, for example, staging a successful Olympic Games, building high-speed rail projects, or even stimulating the economy to recover from the global financial crisis. Whether China can maintain this capability over the longer term is a mystery to outsiders and Chinese leaders themselves.

Unlike India, which was born with a democratic constitution, China has not yet found a way to channel the demands for political participation (if not democracy) that tend to accompany rising per capita income. Communist ideology is long gone, so the legitimacy of the ruling party depends on economic growth and ethnic Han nationalism. Whether China can develop a formula to manage an expanding urban middle class, regional inequality, and resentment among ethnic minorities remains to be seen. The basic point is that no one, including the Chinese, knows how China's political future will affect its economic growth.

Some analysts argue that China aims to challenge America's position as the world's dominant power. Even if this were an accurate assessment of China's intentions (and even Chinese cannot know the views of future generations), it is doubtful that China will have the military capability to make this possible. To be sure, Chinese military expenditures, up more than 12% this year, have been growing even more rapidly than its economy. But China's leaders will have to contend with other countries' reactions, as well as with the constraints implied by the need for external markets and resources in order to meet their economic growth objectives.

A Chinese military posture that is too aggressive could produce a countervailing coalition among its neighbors, thereby weakening China's hard and soft power. In 2010, for example, as China became more assertive in its foreign policy toward its neighbors, its relations with India, Japan, and South Korea suffered. As a result, China will find it more difficult to exclude the US from Asia's security arrangements.

China's size and high rate of economic growth will almost certainly increase its relative strength vis-à-vis the US in the coming decades. This will certainly bring the Chinese closer to the US in terms of power resources, but China will not necessarily surpass the US as the most powerful country.

Even if China suffers no major domestic political setback, many current projections based on GDP growth alone are too one-dimensional: They ignore US military and soft power advantages, as well as China's geopolitical disadvantages in the internal Asian balance of power. My own estimate is that among the range of possible futures, the more likely scenarios are those in which China gives the US a run for its money, but does not surpass it in overall power in the first half of this century.

Most importantly, the US and China should avoid developing exaggerated fears of each other's capacities and intentions. The expectation of conflict can itself become a cause of conflict. In reality, China and the US do not have deeply rooted conflicting interests. Both countries, along with others, have much more to gain from cooperation.

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The Financial Crisis and US-China Misperceptions

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While some have predicted the fall of the US as a world leader and the possible rise of China to take its place in wake of the financial crisis of 2008, it is clear that things are not that simple. However, these two powers have much more to gain by working together.

The decline of America and the ascendancy of China has become a popular theme, and nothing seemed to provide a clearer marker to those disposed to the idea than the financial crisis of 2008 and the great recession that followed. America, larded with personal debt, saw the jewel in its empire, Wall Street, stumble and fall, while China, its great factories spewing exports across the Pacific, became America's lender, holding more than $2.5 trillion of foreign exchange reserves, much of it in U.S. bonds.

Russian President Dmitri Medvedev warned that the United States' global leadership was nearing an end, while Goldman Sachs even proposed a specific date—2027—by which China's economy would overtake the United States.

As I argue in my new book *The Future of Power*, one should be wary of extrapolating long-term trends from cyclical events. While few expect China to surpass the United States in military power in the next two decades, many still see the crisis as transformative in economic and soft power relations. It is important, therefore, to focus on the implications of the crisis in order to analyze the power relations between China and the United States.

China has amply demonstrated its interest in the idea of soft power —the expression of power through attraction rather than coercion— with President Hu Jintao using the phrase in a speech to the country's Communist Party Congress in 2007. And not surprisingly China has invested heavily in soft power. From the 2008 Olympic Games to the Shanghai Expo to the creation of a 24 hours news channel, from the establishment of hundreds of Confucius cultural centers across the world to the creation of world-famous universities, China both created an impressive record of accomplishment and sold a compelling narrative of a country on the rise. It has also adjusted its diplomacy, joining global and regional organizations, playing important roles in international negotiations, and offering goodwill gestures, such as the rebuilding of the Cambodian Parliament.

But limits to that soft power have quickly become apparent, as evidenced by the jailing of Liu Xiaobo, the 2010 recipient of the Nobel Peace Prize. Similar actions such as the locking up of human rights lawyers after the recent events in the Middle East have the effect of undercutting China's soft power in democratic countries such as Europe, Japan, India, and the US.

American soft power rests on a variety of resources that range from Hollywood to Harvard; from Madonna to the Gates Foundation; from Martin Luther King's speeches to Barack Obama's election. It is not easy for governments to sell their country's charm if their narrative is inconsistent with domestic realities. Despite its perceived role for the financial crisis in 2008, the United States' soft power remained greater. According to a poll by the Chicago Council on Global Affairs, China's

image in most of the Americas, Asia, and Europe is neutral or poor, and only Africa and some parts of Asia see it positively.

China's impressive economic growth has added to its soft power, and obviously to its hard economic and military power. Analysts point to China's seemingly unstoppable growth and its holdings of United States dollars. But they fail to take into account the role of symmetry in interdependence in creating and limiting economic power. If I depend on you more than you depend on me, you have power. But if we both depend equally upon each other, there is little power in the relationship.

Some observers have described this as a great shift in the global balance of power because China could bring the United States to its knees by threatening to sell its dollars. But in doing so, China would not only reduce the value of its reserves as the price of the dollar fell, but it would also jeopardize U.S. willingness to continue to import cheap Chinese goods, which would mean job loss and instability in China. If it dumped its dollars, China would bring the United States to its knees, but might also bring itself to its ankles. The situation, analogous to the Cold War's balance of terror, where the price of aggression was the inevitable destruction of both sides, has both sides eager to maintain the balance of interdependence even as they continue to jockey to shape the structure and institutional framework of their market relationship.

Given the challenges they face, both countries have much to gain by working together. As the largest and second-largest economies in the world, the US and China have a responsibility to provide such international public goods as financial stability and less carbon-intensive growth. But hubris and nationalism among some Chinese, as well as unnecessary fear of decline among some Americans, make it difficult to assure this future. Extrapolating the wrong long-term projections from short-term cyclical events like the recent financial crisis can lead to costly policy miscalculations. The last two years provide ample evidence of misperceptions and policy failures. Let us hope Hu Jintao's state visit in January has begun the process of putting US-China relations on a more fruitful track than in the period right after the financial crisis

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Work with China, Don't Contain It

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China of today is not the Soviet Union of the Cold War. During the Clinton administration, we rejected the idea of containment for two reasons. If we treated China as an enemy, we were guaranteeing a future enemy. If we treated China as a friend, we kept open the possibility of a more peaceful future. Today, the American-Chinese relationship "has elements of both cooperation and competition."

Citing an escalating dispute over islands in the East China Sea, The *Economist* warned last week that "China and Japan are sliding toward war." That assessment may be too alarmist, but the tensions have bolstered the efforts of some American analysts who have urged a policy to "contain" China.

During a recent visit to China, I was struck by how many Chinese officials believe such a policy is already in place and is the central purpose of President Obama's "pivot" toward Asia. "The pivot is a very

stupid choice," Jin Canrong, a professor of international relations, declared publicly. "The United States has achieved nothing and only annoyed China. China can't be contained," he added.

Containment was designed for a different era, and it is not what the United States is, or should be, attempting now. At the start of the Cold War, containment meant economic isolation of the Soviets and regional alliances like NATO to deter Moscow's military expansion. Later, to the chagrin of George F. Kennan, the father of containment, the doctrine led to the "domino effect" theory behind the escalation of the Vietnam War.

Cold War containment involved virtually no trade and little social contact. But China now is not what the Soviet Union was then. It is not seeking global hegemony, and the United States not only has an immense trade with China but also huge exchanges of students and tourists.

When I worked on the Pentagon's East Asia strategy in 1994, during the Clinton administration, we rejected the idea of containment for two reasons. If we treated China as an enemy, we were guaranteeing a future enemy. If we treated China as a friend, we kept open the possibility of a more peaceful future.

We devised a strategy of "integrate but hedge"—something like Ronald Reagan's "trust but verify." America supported China's membership in the World Trade Organization and accepted Chinese goods and visitors. But a 1996 declaration reaffirmed that the postwar United States-Japan security treaty was the basis for a stable and prosperous East Asia. President Clinton also began to improve relations with India to counterbalance China's rise.

This strategy has enjoyed bipartisan support. President George W. Bush continued to improve relations with India, while deepening economic ties with China. His deputy secretary of state, Robert B. Zoellick, made clear that America would accept the rise of China as a "responsible stakeholder."

Mr. Obama's "rebalancing" toward Asia involves moving naval resources to the Pacific, but also trade, human rights, and diplomatic initiatives. As his national security adviser, Thomas E. Donilon, said in November, the American-Chinese relationship "has elements of both cooperation and competition."

Asia is not a monolith, and its internal balance of power should be the key to our strategy. Japan, India, Vietnam, and other countries do not want to be dominated by China and thus welcome an American presence in the region. Unless China is able to attract allies by successfully developing its "soft power," the rise in its "hard" military and economic power is likely to frighten its neighbors, who will coalesce to balance its power.

A significant American military and economic presence helps to maintain the Asian balance of power and shape an environment that provides incentives for China to cooperate. After the 2008–2009 financial crisis, some Chinese mistakenly believed that America was in permanent decline and that this presented new opportunities. A result was that China worsened its relations with Japan, India, South Korea, Vietnam, and the Philippines—a misstep that confirmed that "only China can contain China."

But America's rebalancing toward Asia should not be aggressive. We should heed Mr. Kennan's warning against overmilitarization and ensure that China does not feel encircled or endangered. The world's two largest economies have much to gain from cooperation on fighting climate change, pandemics, cyberterrorism, and nuclear proliferation.

With China becoming more dependent on Middle Eastern energy, we should discuss maritime regulations to ensure free passage of ships and include China in Pacific naval exercises. We should help China develop domestic energy resources like shale gas and encourage China and Japan to revive their 2008 plan for joint undersea gas exploitation. And we should make clear that if China meets certain standards, it can join the negotiations over the Trans-Pacific Partnership, a proposed free-trade agreement around the Pacific Rim.

Containment is simply not a relevant policy tool for dealing with a rising China. Power is the ability to obtain the outcomes one wants, and sometimes, America's power is greater when we act with others rather than merely over others.

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The Future of U.S.-China Relations

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As China grows stronger and talk of a "new type of major power relations" emerges, discussion of "rebalancing" US policy toward Asia has become an important topic. Some see conflict in the future of US-China relations, but while human error and miscalculation are always possible, with the right choices, conflict is not inevitable.

When Xi Jinping visits the U.S. this autumn, one of the items on his agenda is bound to be what he has called a "new type of major power relations." The term remains ambiguous, and some Americans fear that it is a device for disrupting American alliances. Chinese scholars reply that it is a genuine effort to avoid the dangerous dynamics between a rising and an established power that helped precipitate the Peloponnesian War and World War I.

Looking ahead, pessimists predict an impending clash as China grows stronger and seeks to expel the U.S. from the Western Pacific.

Some argue that this can be forestalled by the acceptance of spheres of influence in which the U.S. restricts its activities primarily to the Eastern Pacific. But such a response to China's rise would destroy American credibility and lead regional states into bandwagoning rather than balancing China. Instead, a continued U.S. presence in the Western Pacific can reinforce the natural balancing reactions of regional states and help to shape the environment in a way that encourages responsible Chinese behavior.

An appropriate policy response to the rise of China must balance realism and integration. When the Clinton Administration first considered how to respond to the rise of China in the 1990s, some critics urged a policy of containment before China became too strong. We rejected such advice for two reasons. First, it would have been impossible to forge an anti-China alliance since most countries in the region wanted (and still want) good relations with both the U.S. and China. Even more important, such a policy would have unnecessarily guaranteed future enmity with China. As I used to say in my speeches when I was responsible for East Asia in the Pentagon, if you treat China as an enemy, you are certain to have an enemy.

Instead, the U.S. chose a policy that could be called "integrate and insure." China was welcomed into the World Trade Organization, but the U.S.-Japan security treaty was revived to insure against China becoming a bully. If a rising China throws its weight around, it drives neighbors to seek to balance its power. In that sense, only China can contain China.

This is a key point in assessing the relative power of the U.S. and China. As Yan Xuetong wrote about how China could defeat America, "to shape a friendly international environment for its rise, Beijing needs to develop more high-quality diplomatic and military relationships than Washington. No leading power is able to have friendly relations with every country in the world, thus the core of competition between China and the United States will be to see who has more high-quality friends." At this point, the United States is better placed to benefit from such networks and alliances. Washington has about 60 treaty allies; China has few. In political alignments, the *Economist* estimates that of the 150 largest countries in the world, nearly 100 lean toward the United States; 21 lean against.

In 2011, the United States announced a strategy of rebalancing toward Asia, the fastest growing part of the world economy. Some Chinese see the Obama Administration policy of "rebalancing" towards Asia as a form of containment, but unlike the Cold War doctrine when the U.S. had virtually no trade or social contact with the Soviet Union, it has massive trade with China and more than 250,000 students in American universities. Shaping the environment for Chinese decisions is a more accurate description than containment for American strategy.

Some analysts see China as a revisionist state eager to overthrow the established international order as its strength increases. But China is not a full-fledged revisionist state like Nazi Germany or the Soviet Union in the last century. While it has joined in the creation of a BRICS development bank and promotes regional organizations that suit its needs, China has benefited greatly from and is not eager to destroy existing international institutions such as the UN, the International Monetary Fund, and the World Trade Organization—as well as many others. American allies help shape the environment that encourages responsible behavior, and China cares about its reputation.

In addition, technological and social changes are adding a number of important transnational issues to the global agenda such as climate change, pandemics, terrorism, organized crime, and cybercrime. These issues represent not a transition of power among states, but a diffusion of power away from governments. Coping with these global threats will require increased intergovernmental cooperation that includes China, Europe, and the United States and others.

China aspires to play a larger role in East Asia and the U.S. has Asian allies to whose defense it is committed. Miscalculations are always possible, but conflict is far from inevitable. The legitimacy of the Chinese government depends on a high rate of economic growth; the top leaders realize that China will need many decades before it approaches the sophistication of the American economy. Where Germany was pressing hard on Britain's heels (and passed it in industrial strength), the U.S. remains decades ahead of China in overall military, economic, and soft power resources at the global level. Moreover, China cannot afford a policy like that of the Kaiser's Germany. Too adventuresome, a policy risks its gains and stability at home and abroad.

In other words, the United States has more time to manage it relations with a rising power than Britain did a century ago, and China has more incentives for restraint than Germany had. This provides an opportunity to work out a new type of major power relationship if the U.S. continues to avoid containment as a strategy and if China accepts the legitimacy of the American presence in the Western Pacific. Whether the United States and China will manage to develop such a relationship is another question. Human error and miscalculation are always possible. But with the right choices, conflict is not inevitable.

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The Kindleberger Trap

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Charles Kindleberger, one of the intellectual architects of the Marshall Plan, argued that the disastrous decade of the 1930s was a result of the United States' failure to provide global public goods after it had replaced Britain as the leading power. Today, as China's power grows, will it make the same mistake?

As US President-elect Donald Trump prepares his administration's policy toward China, he should be wary of two major traps that history has set for him. The "Thucydides Trap," cited by Chinese President Xi Jinping, refers to the warning by the ancient Greek historian that cataclysmic war can erupt if an established power (like the United States) becomes too fearful of a rising power (like China). But Trump also has to worry about the "Kindleberger Trap": a China that seems too weak rather than too strong.

Charles Kindleberger, an intellectual architect of the Marshall Plan who later taught at MIT, argued that the disastrous decade of the 1930s was caused when the US replaced Britain as the largest global power but failed to take on Britain's role in providing global public goods. The result was the collapse of the global system into depression, genocide, and world war. Today, as China's power grows, will it help provide global public goods?

In domestic politics, governments produce public goods such as policing or a clean environment, from which all citizens can benefit and none are excluded. At the global level, public goods—such as a stable climate, financial stability, or freedom of the seas—are provided by coalitions led by the largest powers.

Small countries have little incentive to pay for such global public goods. Because their small contributions make little difference to whether they benefit or not, it is rational for them to ride for free. But the largest powers can see the effect and feel the benefit of their contributions. So it is rational for the largest countries to lead. When they do not, global public goods are under-produced. When Britain became too weak to play that role after World War I, an isolationist US continued to be a free rider, with disastrous results.

Some observers worry that as China's power grows, it will free ride rather than contribute to an international order that it did not create. So far, the record is mixed. China benefits from the United Nations system, where it has a veto in the Security Council. It is now the second-largest funder of UN peacekeeping forces, and it participated in UN programs related to Ebola and climate change.

China has also benefited greatly from multilateral economic institutions like the World Trade Organization, the World Bank, and the International Monetary Fund. In 2015, China launched the Asian Infrastructure Investment Bank, which some saw as an alternative to the World Bank; but the new institution adheres to international rules and cooperates with the World Bank.

On the other hand, China's rejection of a Permanent Court of Arbitration judgment last year against its territorial claims in the South China Sea raises troublesome questions. Thus far, however, Chinese behavior has sought not to overthrow the liberal world order from which it benefits, but to increase its influence within it. If pressed and

isolated by Trump's policy, however, will China become a disruptive free rider that pushes the world into a Kindleberger Trap?

Trump must also worry about the better-known Thucydides Trap: a China that seems too strong rather than too weak. There is nothing inevitable about this trap, and its effects are often exaggerated. For example, the political scientist Graham Allison has argued that in 12 of 16 cases since 1500 when an established power has confronted a rising power, the result has been a major war.

But these numbers are not accurate, because it is not clear what constitutes a "case." For example, Britain was the dominant world power in the mid-nineteenth century, but it let Prussia create a powerful new German empire in the heart of the European continent. Of course, Britain did fight Germany a half-century later, in 1914, but should that be counted as one case or two?

World War I was not simply a case of an established Britain responding to a rising Germany. In addition to the rise of Germany, WWI was caused by the fear in Germany of Russia's growing power, the fear of rising Slavic nationalism in a declining Austria-Hungary, as well as myriad other factors that differed from ancient Greece.

As for current analogies, today's power gap between the US and China is much greater than that between Germany and Britain in 1914. Metaphors can be useful as general precautions, but they become dangerous when they convey a sense of historical inexorableness.

Even the classical Greek case is not as straightforward as Thucydides made it seem. He claimed that the cause of the second Peloponnesian War was the growth of the power of Athens and the fear it caused in Sparta. But the Yale historian Donald Kagan has shown that Athenian power was in fact not growing. Before the war broke out in 431 BC, the balance of power had begun to stabilize. Athenian policy mistakes made the Spartans think that war might be worth the risk.

Athens' growth caused the first Peloponnesian War earlier in the century, but then a Thirty-Year Truce doused the fire. Kagan argues that to start the second, disastrous war, a spark needed to land on one of the rare bits of kindling that had not been thoroughly drenched and then continually and vigorously fanned by poor policy choices. In other words, the war was caused not by impersonal forces, but by bad decisions in difficult circumstances.

That is the danger that Trump confronts with China today. He must worry about a China that is simultaneously too weak and too strong. To achieve his objectives, he must avoid the Kindleberger trap as well as the Thucydides trap. But, above all, he must avoid the miscalculations, misperceptions, and rash judgments that plague human history.

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The Cooperative Rivalry of US-China Relations

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The US and China have entered a new phase in their relationship, but talk of a new Cold War is misleading. A better description of today's bilateral relationship is "cooperative rivalry." The US retains the upper hand strategically, and, on a growing number of issues, neither side can afford to go it alone.

On a visit to Beijing in October, I was often asked whether US Vice President Mike Pence's recent harsh criticism of China marked the declaration of a new Cold War. I replied that the United States and China have entered a new phase in their relationship, but that the Cold War metaphor is misleading.

During the Cold War, the US and the Soviet Union targeted tens of thousands of nuclear weapons at each other and had virtually no trade

or cultural ties. By contrast, China has a more limited nuclear force, annual Sino-American trade totals a half-trillion dollars, and more than 350,000 Chinese students and three million tourists are in the US each year. A better description of today's bilateral relationship is "cooperative rivalry."

Since the end of World War II, US-China relations have gone through three phases that lasted roughly two decades each. Hostility marked the 20 years after the Korean War, followed by limited cooperation against the Soviet Union during the phase that followed President Richard Nixon's famous 1972 visit.

The Cold War's end ushered in a third phase of economic engagement, with the US helping China's global economic integration, including its entry into the World Trade Organization in 2001. Yet in the first post-Cold War decade, President Bill Clinton's administration hedged its bets by simultaneously strengthening the US-Japan alliance and improving relations with India. Now, since 2017, the US National Security Strategy focuses on great-power rivalry, with China and Russia designated as America's main adversaries.

While many Chinese analysts blame this fourth phase on US President Donald Trump, Chinese President Xi Jinping is also to blame. By rejecting Deng Xiaoping's prudent policy of maintaining a low international profile; by ending presidential term limits; and by proclaiming his nationalistic "China Dream," Xi might as well have been wearing a red hat reading, "Make China Great Again." The conventional wisdom on China within the US had already begun to sour before the 2016 presidential election. Trump's rhetoric and tariffs were merely gasoline poured on a smoldering fire.

The liberal international order helped China sustain rapid economic growth and reduce poverty dramatically. But China also tilted the trade field to its advantage by subsidizing state-owned enterprises, engaging in commercial espionage, and requiring foreign firms to transfer their intellectual property to domestic "partners." While most economists argue that Trump is mistaken to focus on the bilateral trade deficit, many support his complaints about China's efforts to challenge America's technological advantage.

Moreover, China's growing military strength adds a security dimension to the bilateral relationship. While this fourth phase of the

relationship is not a Cold War, owing to the high degree of interdependence, it is much more than a typical trade dispute like, say, America's recent clash with Canada over access to that country's dairy market.

Some analysts believe this fourth phase marks the beginning of a conflict in which an established hegemon goes to war with a rising challenger. In his explanation of the Peloponnesian War, Thucydides famously argued that it was caused by Sparta's fear of a rising Athens.

These analysts believe that China's rise will create a similar fear in the US and use the analogy of World War I, when a rising Germany set hegemonic Britain on edge. The causes of World War I, however, were far more complex and included growing Russian power, which created fear in Germany; rising nationalism in the Balkans and other countries; and the risks deliberately taken by the Habsburg Empire to stave off its decline.

Even more important, Germany had already surpassed Britain in industrial production by 1900, while China's GDP (measured in dollars) currently is only three-fifths the size of the US economy. The US has more time and assets to manage the rise of Chinese power than Britain had with Germany. China is constrained by a natural balance of power in Asia in which Japan (the world's third-largest economy) and India (about to surpass China in population) have no desire to be dominated by it.

Succumbing to the fear that Thucydides described would be an unnecessary self-fulfilling prophecy for the US. Fortunately, polls show that the American public has not yet succumbed to a hysterical portrayal of China as an enemy as strong as the Soviet Union was during the Cold War.

Neither China nor the US poses an existential threat to the other the way that Hitler's Germany or Stalin's Soviet Union did. China is not about to invade the US, and it is unable to expel America from the Western Pacific, where most countries welcome its presence. Japan, a major part of the so-called first island chain, pays nearly three-quarters of the host nation costs to keep 50,000 US troops based there.

My recent visit to Tokyo confirmed for me that the alliance with the US is strong. If the Trump administration maintains it, the prospects are slight that China can drive the US from the Western Pacific, much

less dominate the world. The US holds better strategic cards and need not succumb to Thucydidean fear.

There is another dimension, however, that makes this fourth phase a "cooperative rivalry" rather than a Cold War. China and the US face transnational challenges that are impossible to resolve without the other. Climate change and rising sea levels obey the laws of physics, not politics. As borders become more porous to everything from illicit drugs to infectious diseases to terrorism, the largest economies will have to cooperate to cope with these threats.

Some aspects of the relationship will involve a positive-sum game. US national security will require power with China, not just over China. The key question is whether the US is capable of thinking in terms of a "cooperative rivalry." Can we walk and chew gum at the same time? In an age of populist nationalism, it is much easier for politicians to create fear about a new Cold War.

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The Future of U.S.-China Relations After Buenos Aires

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As the trade war between the US and China ratcheted up, the tension could be felt and new lines were being drawn. However, the US still held the better cards, and Thucydidean fears were unnecessary. Tough bargaining was necessary, but, as is true today, some aspects of American national security require power with China, not just over China.

The 90-day "truce of Bueno Aires" buys time for negotiations during the US-China trade war, but President Trump's subsequent proclamation that he was "Tariff Man" and the ambiguities about what was agreed at the Trump-Xi dinner left markets shaken. An increase in China's purchase of soybeans or natural gas might alleviate some political aspects of America's bilateral trade deficit, but it would do little to address the real problems of the China-US relationship. That

will depend on the coming negotiations over the technological and intellectual property aspects of trade that will be led on the American side by Special Trade Representative Robert Lighthizer.

Some analysts blame the current impasse on the idiosyncratic personality of Donald Trump, but it has deeper roots. Washington's attitudes toward China were already changing, and Trump merely threw gasoline on a fire that was already smoldering. The liberal international order helped China achieve dramatic economic growth and reduce poverty, but the degree of political and economic opening was disappointing. China also tilted the trade field to its advantage with subsidies to state-owned enterprises and used commercial espionage and coercive measures to force foreign firms to transfer their intellectual property. While most economists argue that Trump is mistaken to focus on the bilateral trade deficit, many support his complaints about the means China has used to challenge America's technological advantage. Moreover, China's growing military strength and its reclamation projects in the South China Sea add a security concern, and things were not helped by China's rejection of the 2016 Law of the Sea Tribunal decision.

Some observers believe that the harsh speech by Vice President Mike Pence in early October meant that what we are witnessing is not a trade dispute, but a new Cold War. Others go further and see a "Thucydides Trap," in which an established hegemon goes to war with a rising challenger. Thucydides attributed the Peloponnesian War to the rise in the power of Athens and the fear that created in Sparta. Analysts also cite World War I when the rise of Germany created fear in hegemonic Britain. But historical analogies can mislead. Germany had already surpassed Britain in industrial production by 1900 while China's economy (measured in dollars) is today only 60% of that of the United States. And unlike the Cold War when the US and USSR had virtually no trade or social contact, the US and China have over a half trillion dollars in two-way trade and more than 350,000 Chinese students and three million tourists visit the US annually.

People sometimes forget that there are two parts to Thucydides' famous explanation; "rise" and "fear" and they tend to focus only on the former. As former Treasury Secretary Larry Summers points out, we cannot stop the rise of Chinese economic power and the effort to do so

would damage us all. But we can shape the political environment of China's rise and we can do something about fear by not succumbing to unnecessary hysteria of the type that sometimes sweeps Washington.

The US has more time and assets to manage the rise of Chinese power than Britain had with Germany. Asia has its own natural balance of power in which Japan (the world's third-largest economy) and India (about to surpass China in population) have no desire to be dominated by China. For America to succumb to Thucydidean, thinking would be a damaging self-fulfilling prophecy. Fortunately, polls show that the American public does not yet see China as another Soviet Union. A recent Pew poll showed 38% of the public with a favorable view of China, down slightly from 44% before the trade wars started in 2017 (and 40% during the 2012 election period.) The next 90 days will be accompanied by hard bargaining to press China to change some of its trade practices, but it will be important that the accompanying rhetoric does not pitch us into the fear side of a Thucydides trap.

China does not pose an existential threat to us the way that Hitler's Germany or Stalin's Soviet Union did. China is a global economic power, but it casts a modest ideological shadow in terms of its soft power, and it is far from being a global military power. China has increased its military capabilities in its region, but it is unable to expel us from the Western Pacific where most countries welcome an American presence. The largest part of the "first island chain" is Japan which pays to keep 50,000 American troops based there. The US still holds the better cards, and we need not succumb to Thucydidean fear.

There is another reason why succumbing to hysteria would be a mistake. China and the US both face transnational challenges that are impossible to resolve without the cooperation of the other. Even if economic globalization slows, environmental globalization will increase. The laws of physics are not bound by politics. The ancient Greeks did not have to worry about climate change and rising sea levels. As borders become more porous to everything from drugs to infectious diseases to terrorism, it will be important for the world's two largest economies to cooperate to cope with these threats. That is why we should think of the US-China relationship as a "cooperative rivalry" rather than a revival of the Cold War. We should be prepared

for tough bargaining, but some aspects of American national security will require power with China, not just over China.

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For the US and China, Interdependence is a Double-Edged Sword

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The Trump administration's National Security Strategy had identified China as a strategic threat. But the question remained what kind of threat is it, and how much entanglement can the US afford? Repeated relationships can nurture co-operative restraint and reciprocity, while some interdependence, in which a state has a general interest in not upsetting the status quo, is systemic.

With the coronavirus outbreak, nature has reminded us how much the US and China are economically entangled. But politics is also involved as some in Washington form strategies for a second Cold War and economic decoupling.

Economic exchange can produce welfare gains for both sides, but it can also be used as a strategic weapon. The Trump administration's National Security Strategy identifies China as a

strategic threat. But what kind of threat is it, and how much entanglement can the US afford?

Understanding power and interdependence in the US-China relationship depends on understanding America's strategic objectives. If its relationship with China is zero sum, and China's long-term objective is to destroy the US much like Hitler's Germany in the 1930s, then the less interdependence the better, though in the military and environmental domains some will be unavoidable.

However, by focusing solely on the manipulation of economic vulnerability as a weapon, strategists can ignore that fact that interdependence can also have the positive effect of stabilizing deterrence. Punishment and denial are central to the classical conception of deterrence, but they are not the only components of dissuasion. Entanglement is another important means of making an actor see that the costs of an action will sometimes exceed the benefits, hurting the attacker as well as the target.

For example, in 2009 the People's Liberation Army urged the Chinese government to sell some of China's massive holdings of dollars to punish the US for selling arms to Taiwan. The People's Bank of China pointed out, however, that doing so would impose large costs on China. The government sided with the central bank. Dumping dollars might bring the US to its knees, but it would also have devastating consequences for China.

Similarly, in current scenarios that envisage a Chinese cyberattack on the US power grid, the two countries' economic interdependence would mean costly damage to China as well. Precision attacks on minor economic targets might not produce much direct blowback, but the rising importance of the internet to economic growth increases general incentives for self-restraint. The legitimacy of the Chinese Communist party depends heavily upon economic growth, and economic growth in China increasingly depends upon the Internet.

Critics of crude claims that economic interdependence guarantees peace, point to the first world war as evidence that such ties did not prevent a catastrophic conflict between major trading partners. That is true, but it goes too far in dismissing outright the possibility that interdependence can reduce the probability of conflict. The author Norman Angell and others were wrong to argue before 1914 that

economic interdependence had made war impossible. But they were not wrong that it had greatly increased war's cost.

Of course, conflict is always possible because of human miscalculation. Most European leaders in 1914 incorrectly envisaged a short war with limited costs. And trade between the US and Japan did not prevent the Japanese attack on Pearl Harbor, although that was partly caused by the American embargo on exports to Japan. The embargo manipulated economic interdependence in a way that led the Japanese to fear that failure to launch a risky attack would lead to their strangulation.

Entanglement is sometimes called "self-deterrence," but that term should not lead analysts to dismiss its importance. The belief that costs will exceed benefits may be accurate, and self-restraint may result from rational calculations of interest. But we should remember that the perceptions of the target, though crucial, are not the only perceptions that matter in deterrence. It should also be a reminder that an international deterrent relationship is a complex set of repeated interactions between complex organizations that are not always unitary actors. Moreover, these actors can adjust their perceptions in varying ways. The economic relationship between the US and China is a good example of this.

As the political scientist Robert Axelrod has shown, repeated relationships can nurture co-operative restraint and reciprocity. In addition, some interdependence, in which a state has a general interest in not upsetting the status quo, is systemic.

It does not follow from this that we should ignore the strategic costs of interdependence. And we should expect some decoupling of the US from China in sensitive high-tech areas that affect national security. Excluding companies such as Huawei from western 5G telecommunications networks is not very different from China's exclusion of Google or Facebook for the past decade.

But we should not let misplaced fears lead to comprehensive decoupling. Interdependence is a double-edged sword, of course, but carefully wielded it can also contribute to deterrence and strategic stability.

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Cold War with China Is Avoidable

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Some say Donald Trump has bequeathed Joe Biden a new Cold War, but it is not yet a Cold War, and Mr. Trump is not the sole source of the problem. Unlike the Soviet Union, we cannot decouple our economy completely from China without costs. However, there are serious issues in US-China relations that require a broad strategy, which should include processes for accident avoidance, crisis management, and constant high level communication.

American relations with China are at their lowest point in 50 years. Some say Donald Trump has bequeathed Joe Biden a new Cold War, which they define as intense competition without shooting. But it is not yet a Cold War, and Mr. Trump is not the sole source of the problem.

In the past decade, Chinese leaders abandoned Deng Xiaoping's moderate policy of biding their time. They became more assertive, building artificial islands in the South China Sea and coercing Australia

economically. On trade, China tilted the playing field with subsidies to state-owned enterprises and forced intellectual-property transfer. Mr. Trump was clumsy in responding with tariffs on both allies and China, but he was correct to defend against Chinese companies like Huawei, whose plans to build 5G networks pose a security threat.

It is a mistake, however, to think we can decouple our economy completely from China without enormous economic costs. That is why the Cold War metaphor is misleading. In the Cold War, the Soviet Union was a direct military and ideological threat to the U.S., and the two countries had almost no economic or social interdependence. The U.S. does half a trillion dollars in trade annually with China, not to mention the millions of social interchanges like tourism. China has learned to harness the creativity of markets to authoritarian Communist Party control in ways the Soviets never mastered.

The U.S. and its allies are not threatened by the export of communism—few are taking to the streets in favor of Mr. Xi's ideology—but by a hybrid system of economic and political interdependence that China can manipulate. More countries count China than the U.S. as their leading trade partner. Partial decoupling on security issues like Huawei is necessary, but total economic decoupling would be costly, and few allies would follow suit.

Moreover, with regard to the ecological aspects of interdependence such as climate change and pandemics, the laws of physics and biology make decoupling impossible. No country can solve transnational problems alone. The politics of global interdependence involves using power with others as well as over others. For better and worse, we are locked in a "cooperative rivalry" with China in which we need a strategy that can accomplish two contradictory things at the same time. This is not like Cold War containment.

Meeting the China challenge will require a more complex strategy that leverages American hard and soft power at home and abroad to defend ourselves and strengthen a rules-based system. Some pessimists look at China's population size and economic growth rate and believe the task is impossible. On the contrary, if the U.S. treats allies as assets rather than liabilities, the combined wealth of the Western democracies will far exceed that of China well into this century.

A successful challenge to China will require clear strategy with well-defined goals. It will require establishing and defending technology standards and values that are consistent with freedom. A new Cold War cannot be ruled out. But as Henry Kissinger has warned, the appropriate historical metaphor today is not 1945 but 1914, when all the great powers expected a short third Balkan war. Instead, they got a world war that lasted four years and destroyed four empires. A successful strategy must also protect against such a sleepwalker syndrome.

If China thinks it can coerce Taiwan with a blockade or by taking an offshore island—or there is a ship or aircraft collision that leads to loss of life—all bets are off. If the U.S. reacts by freezing Chinese assets or invoking the Trading with the Enemy Act, the world could slip quickly into a real Cold War or even a hot one. The Biden administration needs to prepare a broad strategy to meet the China challenge, and it must include processes for accident avoidance, crisis management, and constant high level communication. Otherwise, the result could be disastrous for China, the U.S., and the world.

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The Logic of US-China Competition

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The success of US President Joe Biden's China policy will depend on whether the two powers can cooperate in producing global public goods, while competing in other areas. The US-China relationship is a "cooperative rivalry," in which the terms of competition will require equal attention to both sides of the oxymoron. That will not be easy.

In his recent address to the US Congress, President Joe Biden warned that China is deadly serious about trying to become the world's most significant power. But Biden also declared that autocrats will not win the future; America will. If mishandled, the US-China great-power competition could be dangerous. But if the United States plays it right, the rivalry with China could be healthy.

The success of Biden's China policy depends partly on China, but also on how the US changes. Maintaining America's technological lead

will be crucial and will require investing in human capital as well as in research and development. Biden has proposed both. At the same time, the US must cope with new transnational threats such as climate change and a pandemic that has killed more Americans than all the country's wars, combined, since 1945. Tackling these challenges will require cooperation with China and others.

Biden thus faces a daunting agenda and is treating the competition with China as a "Sputnik Moment." Although he referred in his address to President Franklin D. Roosevelt and the Great Depression, and avoided misleading Cold War rhetoric, an apt comparison is with the 1950s, when President Dwight Eisenhower used the shock of the Soviet Union's satellite launch to galvanize US investment in education, infrastructure, and new technologies. Can America do the same now?

China is growing in strength but also has significant weaknesses, while the US has important long-term power advantages. Start with geography. Whereas the US is surrounded by oceans and friendly neighbors, China has territorial disputes with India, Japan, and Vietnam. Likewise US advantage. America is now a net energy exporter, while China depends on oil imports transported across the Indian Ocean—where the US maintains a significant naval presence.

Furthermore, the US wields financial power as a result of its global institutions and the dollar's international hegemony. While China aspires to a larger global financial role, a credible reserve currency depends on currency convertibility, deep capital markets, honest government, and the rule of law—all of which China lacks. The US has demographic advantages, too: Its workforce is increasing, while China's has begun to decline.

America has also been at the forefront of key technologies, and US research universities dominate global higher-education rankings. At the same time, China is investing heavily in research and development, now competes well in some fields, and aims to be the global leader in artificial intelligence by 2030. Given the importance of machine learning as a general-purpose technology, China's advances in AI are particularly significant.

Moreover, Chinese technological progress is no longer based solely on imitation. While the Trump administration correctly punished China's theft and coercive transfer of intellectual property, and unfair

trade practices, a successful US response to China's technological challenge will depend more on improvements at home than on external sanctions.

As China, India, and other emerging economies continue to grow, America's share of the world economy will remain below its level of about 30% at the beginning of this century. In addition, the rise of other powers will make it more difficult to organize collective action to promote global public goods. Nonetheless, no country—China included—is about to displace the US in terms of overall power resources in the next few decades.

Rapid Asian economic growth has encouraged a horizontal power shift to the region, but Asia has its own internal balance of power. China's strength is balanced by Japan, India, and Australia, among others, with the US playing a crucial role. If America maintains its alliances, China will have slim prospects of driving it from the Western Pacific, much less dominating the world.

But competing with China is only half the problem facing Biden. As the American technology expert Richard Danzig argues, "Twenty-first-century technologies are global not just in their distribution, but also in their consequences. Pathogens, AI systems, computer viruses, and radiation that others may accidentally release could become as much our problem as theirs." For that reason, Danzig argues, "Agreed reporting systems, shared controls, common contingency plans, norms, and treaties must be pursued as means of moderating our numerous mutual risks."

In some areas, unilateral American leadership can provide a large part of the answer to the problem of providing public goods. For example, the US Navy is vital to policing the law of the sea and defending freedom of navigation in the South China Sea. But when it comes to new transnational issues like climate change and pandemics, success will require the cooperation of others. While American leadership will be important, the US cannot solve these problems by acting alone, because greenhouse gases and viruses do not respect borders or respond to military force.

In the domain of ecological interdependence, power becomes a positive-sum game. America thus cannot simply think in terms of its power over others, but must also consider its power with others. On

many transnational issues, empowering others can help America to achieve its own goals; the US benefits if China improves its energy efficiency and emits less carbon dioxide. America thus has to cooperate with China while also competing with it.

Some worry that China will link cooperation on tackling climate change to US concessions in traditional areas of competition, but this ignores how much China has to lose if Himalayan glaciers melt or Shanghai is flooded. It was notable that Chinese President Xi Jinping participated in Biden's recent global climate conference despite bilateral tensions over US human rights criticisms of China.

A key question when gauging the success of Biden's China policy will be whether the two powers can cooperate in producing global public goods, while competing strongly in other areas. The US-China relationship is a "cooperative rivalry," in which the terms of competition will require equal attention to both sides of the oxymoron. That will not be easy.

Appendix: Dialogue on US-China Balance of Power[1]

The ongoing great-power competition between the United States and China , the world's two largest economies, is predominantly viewed through the lens of balance of power. In this April 28, 2021 dialogue with Dr. Huiyao Wang , Professor Nye explore topics including the role and influence of soft power in foreign policy , the rise of nationalism in both countries, economic and social co-existence and interdependence, as well as cooperation on important global issues such as climate and trade.

***Joseph S. Nye, Jr.** is University Distinguished Service Professor and Former Dean of the Kennedy School of Government at Harvard University , and coiner of the concept of "soft power. ".*

***Dr. Huiyao Wang** is Founder and President of Center for China and Globalization (CCG) , a think tank ranked among top 100 think tanks in the world. He is currently a Steering Committee Member of Paris Peace Forum .*

Huiyao Wang: We are very honored and very pleased to have Professor Joseph Nye with us today for the China and the World Dialogue Series [2] CCG is a leading think tank in China that has been ranked 64th by the University of Pennsylvania and we are also the only think tank in China that has United Nations special consultant status. We have been conducting this China and World Series since last year during the pandemic, where we have featured a number of well-known international opinion leaders and scholars like Thomas Friedman and Professor Graham Allison . We are going to have a number of more coming up as well. Last year, we also held webinars with Wolfgang Ischinger , John Thornton, and some other well-known international scholars. And, tonight, we are with Joseph Nye. Professor Nye is University Distinguished Service Professor and also Former Dean of Harvard Kennedy School of Government.

He received his bachelor's degree from Princeton University and won the Rhodes Scholar scholarship from Oxford University and attained his Ph.D. in Political Science from Harvard University . He has worked in three city government agencies and has had a very

impressive career. From 1977 to 1979, Joseph served as a deputy to the Undersecretary of State for Security Assistance, Science and Technology and chaired the National Security Council Group on non-proliferation of nuclear weapons. For recognition of his service, he received the highest of the Department of State commendation, the Distinguished Honour Award, and in 1993 and 1994, he was the chair of the National Intelligence Council , which coordinates intelligence estimation for the president. He was awarded to the Intelligence Community Distinguished Service Medal . In 1994 and 1995, he served as the Assistant Secretary of Defence for International Security Affairs, where he won the Distinguished Service Medal. Joseph is very famous for his academic career. I remember when I was at Harvard Kennedy School about 11 or 12 years ago, you were so kind to accept our interview and you wrote a preface for a book of ours, which I really appreciate. And Joseph is a fellow at the American Academy of Arts and Science of the American Academy of Diplomacy and of the British Academy . In a recent survey of the International Relations Scholars, Professor Nye was ranked as the most influential scholar on American foreign policy, and also in 2011, Foreign Policy named him one of the top 100 global thinkers. Professor Nye, today, we are really pleased to have you and perhaps you can say a few words to our online audience in China and elsewhere.

Joseph Nye: Well, it is a pleasure to be with you and to visit the Centre for China and Globalization, even if it is only virtually. I look forward to the day when we can once again greet each other personally. But I think the topic of how power is changing in the world and how that is going to affect the relations between the United States and China is one of the absolute central topics of our century.

In the last chapter of a recent book that I published, *Do Morals Matter?*, I say that there are two great-power shifts going on in this century. One is a power shift from west to east, which means from basically Europe and the Atlantic to the Pacific and Asia . If you think about the world in, let us say in 1800, Asia was half of the world's population and half of the world's economy. By 1900, Asia is still half the world's population, but only 20 percent of the world's economy and that was because of the industrial revolution in Europe and North America .

What we are seeing in this century is a return to normality—normal proportions. And it is a long process, but I think it is an extraordinarily important power shift. Many people see this as the rise of China and certainly China has been central to it, but also, it starts really with the rise of Japan after the Meiji Restoration and it will continue also with the rise of India .

So, China is big part of Asia , but Asia is a broader concept. So how do we manage that power transition from the West to East in a way which is beneficial for all countries and which does not break down into great-power rivalries, which are destructive. That is one of the great-power shifts. The other great-power shift is what I would call vertical rather than horizontal. And that is the power shifts from governments to non-governmental and transnational actors. And this is driven by technology and by changes in in ecological globalization, things like pandemics and climate change, which do not respect boundaries and which no government can control working alone, but has to, in fact, control by working with other governments. And that is why in my book, I talk about the fact that the first type of power shift, the one that I would call horizontal, is one that can lead to power "over," "competitive power," in which we think in traditional terms—power over other countries. But when you look at this other power shift, the vertical one from governments to transnational requires a different form of power, called "power with" rather than "power over," because no country can solve those problems alone. So, if you take climate change, for example, China cannot solve climate change by itself. The United States cannot solve it by itself. Europe cannot solve it. It is going to have to be cooperative. And yet it is tremendously important for each of us. If the Himalayan glaciers melt, that is going to destroy agriculture in China . If the sea levels rise, that is going to put much of Florida underwater. But neither of us can deal with that acting alone.

We have to work with each other. And that is the importance of "power with." So, what I argue in the book is that these two power shifts lead to emphasis on two different types of power, power "over" others and power "with" others. If we are going to have to learn to live in a world where we manage both simultaneously, that is not easy. People always like things to be simple. It is either one or the other. In fact, it is going to be both.

Huiyao Wang: Thank you, Joseph. I think you illustrate this power shift very well, both from horizontal power "over" to vertical power "with." Absolutely, you are the authority on power narratives, particularly soft power . You have published 18 books and hundreds of articles. You are also a familiar name in China , known as the father of soft power . As a matter of fact, your 1990 book, *Bound to Lead the Changing Nature of American Power*, was published in China in 1992 and China CITIC Publishing House has published other books of yours including *Soft Power : The Means to Succeed in World Politics* in 2015. Your most recent book *Do Morals Matter? Presidents and Foreign Policy from FDR to Trump* has also added quite a lot of new dimensions and I am sure the CITIC Publishing is looking forward to publishing your new book in China.

You first coined the term "soft power " in your 1990 book, which is 30 years ago, in *Bound to Lead* that challenged the conventional view of the decline of American power. America actually is still a very powerful country. So how do you see American soft power since then and what can we learn? For example, America has the best universities that attract talent from all over the world. Also, following the Trump administration, how do you see the gains and losses of American soft power , the term you have invented?

Joseph Nye: Well, soft power is the ability to influence others through attraction rather than coercion or payment. I first developed this idea back in, as you said, in 1989 and 1990 when there was a widespread belief at the time that America was in decline and I thought that was incorrect. But after I totaled up the usual resources of military power and economic power and so forth, I said, you know, there is still something missing, which is the ability to attract, and that is why I developed this concept of soft power . Now, if you look back over the years, American soft power goes up and down over time. In the last four years under President Trump, we have seen a considerable loss of American soft power . Trump's populist nationalism and his attitudes in general made America less attractive. And I think that the last four years have been bad years for American soft power . You can measure that by looking at public opinion polls like the Pew Poll or Gallup Poll and so forth of international opinion.

On the other hand, I think it is likely that American soft power will recover under President Biden. He has already reversed some of the things that Trump did, which were particularly unpopular, such as the withdrawal from the Paris Climate Accords or withdrawal from the World Health Organization . So those are things that help. In addition, his attitudes more generally, I think, are less nativist, nationalist, and therefore will make the United States more attractive to other countries.

But does it indicate American decline? No, I mean, the interesting thing to me is that there are always beliefs that America is in decline. It comes in cycles. And what they miss is the ability of the Americans to be resilient, to regenerate themselves. Take the 1960s, the United States was extremely unpopular around the world because of the Vietnam War . But by the 1970s and 80 s, American soft power had been restored.

So, in that sense, while we have had a bad four years under Trump, I do not regard that as a sign of American decline. I think it is more typical of the cycles that we have gone through in the past, and I expect it will probably recover from this one, as we have from others in the past.

Huiyao Wang: Great insights. We know that the world has really changed quite a lot compared to the 90 s, the end of last century. During the first 20 years of this century, we saw globalization expanding rapidly and MNCs operating more worldwide. There is somehow an idea that although they have operated worldwide, they probably have not really benefited their home country or their host country enough, for example, in the US , the gap between rich and poor is widening, not to mention we saw the generation of a lot of populism and nationalism .

What do you think about this kind of deglobalization, which damages soft power , not only for the US, but for other countries as well —have we seen setbacks for soft power ? As you explained, when people have enough hard power , they look for attraction, wanting to be more attractive, and soft power adds more value to that, but now having the world getting harder and harder in terms of infrastructure, the soft agenda part is disappearing a little bit. So how will we address that?

Joseph Nye: Well, I think you are right that one of the things that globalization has done is to produce challenges to different groups within domestic society and that has stimulated populism and nationalistic reactions. So if you are a factory worker in, let us say, the middle of the United States , and you lose your job because the job is going to China or to Vietnam , you are not likely to be in favor of globalization and you will react against this and that many of those people wound up being voters for President Trump. And then again, I think you could argue that this increased the inequalities that while some people benefited from globalization, others did not, and that rising inequality is another tension on the political system. So a country's soft power depends not just on the words that it says, but on the deeds that it does and the way that it practices its own values at home.

In that sense, I think that what we have seen is a globalization that has produced a degree of populist reaction, which has produced a polarization in politics, which has undercut the attractiveness of the soft power of the United States . And I think that is a real factor. I think what one of the things that President Biden is doing is focusing on his domestic agenda to try to cure many of those aspects. I think that he is headed in the right direction for that, but I think it is definitely true that globalization produces a reaction and the reaction can, in fact, undercut soft power . It does not that mean soft power is less important, but it does mean that it is hard to maintain under conditions like that.

What you see when you have disruptive social change is a tendency to populism and nationalism . And you see this in many countries and nationalism is attractive to people inside the country. But almost by definition, since it sets a country apart in an antagonistic role, it is not attractive to others. So, I mean, this is this is a problem for the United States . It is a problem for China , too. If you take the so-called Wolf Warrior for your diplomacy, that is very popular inside China as part of a response to Chinese nationalism . It is not very popular to other countries.

Huiyao Wang : I think that your invention of the term "soft power " is something that will probably go down in history as something to make the world more friendly, more charming and more attractive.

Countries pay attention to their soft power . I also liked your comments in an article you did for the Wall Street Journal in 2005 on the rise of Chinese soft power , citing Yao Ming , the film "Crouching Tiger, Hidden Dragon, " and the summer Olympics. But another part of soft power is the Chinese students studying in the United States and we hope that more American students can study in China . There is also outbound tourism, about 100 million before the pandemic. China has a 5000-year history with Confucianism and other concepts. There are also other concepts like President Xi's "green mountain, gold mountain" concept in terms of environmental. Also, we can see how Chinese "collectivism" is helping China fight the pandemic. So how do you view Chinese soft power and what can be done to improve it or maybe what could be added?

Joseph Nye: Chinese soft power has many sources. One, of course, is Chinese traditional culture, which is very attractive. Indeed, the very idea of soft power can be traced back to great Chinese thinkers, like Lao Zi . I may appoint the words "soft power," but the concept of getting influence of others by attraction is an ancient Chinese philosophy. So Chinese traditional culture is a source of soft power for China . Another major source of soft power for China is China's remarkable economic performance. China has raised hundreds of millions of people out of poverty in the last 40 years. This is widely admired and it provides attraction and influence for China.

I think if there are sources for China's soft power , I think there are also problems. One is when you have conflict with your neighbors. For example, as China has with many countries related to the South China Sea , or you have the problem, let us say, about the borders with India . That makes it hard to generate soft power in those countries. You can set up a Confucius Institute in New Deli to teach Chinese culture, but you are not going to attract Indians if Chinese soldiers are killing Indian soldiers on the Himalayan border. So, one problem for Chinese soft power is the existence of these territorial conflicts with a number of neighbors. Another limit on China's soft power the insistence on tight control of civil society. A great deal of a country's soft power is produced, not by its government, but by its civil society. And that makes the country more attractive more resilient. If the Party insists on clamping down on everything in civil society, that makes it less

flexible, less attractive. So if you have a creative genius who is produced by Chinese civil society, the best thing to do is to celebrate that, not to control it. We saw this just this week with Chloe Zhao , the Chinese film director who won the Oscar for the best director—that should be celebrated in China and not censored.

Huiyao Wang : Actually, I think there are different interpretations on that. China has 1.4 billion people, and the standards and the measure of soft power is therefore a gradual process. I would say probably, for example, that given the 5,000-year history and its collective society, maybe people are willing to sacrifice a little individual freedom for the sake of community, which is working very well in fighting COVID-19 in China. What happened in India is very tragic in these days, but in China, basically, you can go everywhere, there is no more COVID-19 cases now. I think some of those things are also a changing dynamic. There is always one room to improve, absolutely. But I think given a country as big as China where everything is experimenting forward, we probably need to take on a lot of different perspectives and I agree with you. With the 5,000-year history and culture, how to really stimulate the individual innovative spirit is a constant subject for China to master more. So this is really great to find out what are the things we can do better, and whether Americans can do better. And course, we can learn from each other.

In your recent book, *Do Morals Matter?* which was just published last year, you provide an analysis of the role of ethics in US foreign policy in America after 1945 from President Roosevelt to President Trump. As we are facing a more complex world, what do you think about President Biden as he is about to reach 100 days in office? Having just analyzed the 14 presidents before him, what do you think about President Biden?

Joseph Nye: Now, I would say that Biden is still much soon to judge him historically, because we only have seen three months of his presidency. But in the three months, the hundred days, he seems to be doing pretty well. President Trump took a position of being divisive for political support. His popularity in the American public never reached above 50%. President Biden has taking a different approach, trying to appeal more broadly. His popularity is somewhere measured around 57%. That is an indication of the different style of leadership between

Trump and Biden. I think that is a good sign for a promising future. But as I said, it is much too early to judge at this stage.

Huiyao Wang : But do you think that President Biden and President Xi, who both attended the global summit on climate change, with the world facing pandemic and climate change, do they demonstrate some kind of moral relationship? I think that if China and the US can work together on fighting the pandemic, we would probably have a much more organized world. I think that kind of moral leadership, for both President Biden and President Xi, is really important.

Joseph Nye: Exactly right. I have argued that we have to think of the US-China relationship in terms of what I call a cooperative rivalry. There will be areas of rivalry, for example, different views on the navigation of the South China Sea , that will be an area of traditional rivalry. But when it comes to ecological interdependence, which is illustrated by climate change, or by the pandemic. Viruses do not respect nationality, they just wanted to reproduce themselves, so they cross borders without any respects to what government say or politics. The same thing is true with greenhouse gases. In that sense, we have to be able to realize ecological interdependence, which is a form of globalization, is one where it is going to require cooperation. There will be a rivalry in certain areas. There has to be cooperation at the same time. I was very pleased to see this virtual climate summit last week to speak to see the President Xi, President Biden, President Putin, and others, because it really is essential that we overcome the rivalries in the areas where we must cooperate, because there is no alternative to cooperation.

Huiyao Wang : You actually said that in the past, the development of soft power may not be a zero-sum game . So, if we have established a cooperative rivalry, but we need to decide areas in which we can compete and areas in which we can cooperate to become the norm of the time. We try to find attractive parts of each other. We can see China and the United States , partly converging in terms of fighting pandemic and in terms of climate change, but also partly there are conflicts, as you mentioned. So, the soft power probably can reinforce each other, if we can find the soft spots and really press on that, that would be really great for China and the US to manage conflict.

Do you think that both the US and China can gain soft power from cooperating? Are there more areas in which we can collaborate? For example, President Biden announced the proposal of a 2.3 trillion USD plan on infrastructure. You probably know China in the past four decades has built a superinfrastructure—we have 2/3 of the global high-speed train networks now and out of the ten largest container ports, seven of them are in China and also the longest bridges. And so, can we work on that? The Asian Infrastructure Investment Bank is one of the good examples of China working with European countries, except the US and Japan now. Maybe we could upgrade that to a world infrastructure bank so that we can help developing countries. And maybe the US, China, and others can cooperate with more of each other's interests. I remember last time during a panel in Boao Forum for Asia we were in, you talked about China and US setting up a COVID-19 global fighting fund? What do you think about those areas that can increase our soft power and can help us collaborate even more?

Joseph Nye: I think that is correct. Soft power does not have to be zero-sum. If, for example, China becomes more attractive to the United States , and the United States becomes more attractive to China—that can help both of us to overcome our differences. Some years ago, I remember co-authoring an article with a distinguished Chinese scholar, Wang Jisi from Peking University . We pointed out in that article that soft power can be positive sum in which both sides can benefit simultaneously—not always but in some instances. And that is why it is important for the US and China to find areas where they can cooperate, because we both look more attractive in the eyes of other countries, if we do so. Most countries do not want to have to choose in a harsh way between China and the US . To that extent, when we are cooperating, particularly on the production of global public goods—as you can imagine, that increases China's soft power and increases American soft power at the same time. At Boao, I did mention the idea that the US and China could work together on this whole idea of strengthening the health systems of poorer countries, including their vaccine capabilities, which would be good for us as well as good for them, and which would also enhance the soft power of both our countries.

Huiyao Wang : China and the US are the two largest economies in the world. Also, the US has been building this postwar global governance system and China has actually benefited from this system, and also is trying to add on, trying to be more active on that. There are enormous areas to work together. I notice that you do not really like this metaphor of the Thucydides Trap that the rising power challenges the ruling power, you said that either there is a challenge part of it or there is also a fear part of it, but we should not over emphasize that. So that is a really interesting thing, which maybe you can elaborate on. That is really interesting because we do not want to get into a kind of deadly confrontation. Because after all, we are so interdependent now.

Joseph Nye: I think that is right. I think there is some validity that a rising power can create fear in established power and that can be a source of conflict, but it does not have to be. Even thinking back to the Peloponnesian War , which Thucydides described. He said the causes of the war was the rise of the power of Athens and fear it created in Sparta . We can control the amount of fear. If we become too obsessive about our fear of each other, we fall into the Thucydides Trap .

My own view is that we do not have to succumb. Basically, as I see it, China does not pose an existential threat to the existence of United States and the United States does not pose an existential threat to China. We are not trying to take over China. So, in that sense, we will compete, but we should limit the fears. It is not as though it is life-or-death fear. In that sense, going back to Thucydides , the rise in the power of China is something which is likely to continue. There is not much we can do about that, only China will do something about it, which is how it behaves domestically. But the fear that creates in the United States is something we can do something about which is to not overexaggerate China, not to become overly fearful.

Competition is healthy, frankly. The idea that the Americans will improve some things at home, such as infrastructure, because China is leading the way. Let us say, on high-speed rail, that can be healthy. But if it becomes fearful or obsessively fearful, it can become destructive.

So, my view is that we should be careful of the language we use. I do not like this language some people are using about a new Cold War between the United States and China . I think that is a misreading of history. It implies a deeper and more intractable conflict than really the

case. If you look back to the real Cold War between the United States and the Soviet Union , there is almost no economic interdependence, whereas with US and China , you find just the opposite—half a trillion dollars of trade. If you look back on the real Cold War, there was no social interdependence, whereas today more than three million Chinese come to the United States as tourists and three hundred thousand students. So, you have much greater economic interdependence, social interdependence and the new aspects that I mentioned, ecological interdependence. During the Cold War , we were less worried about climate change or pandemics. And so, there are reasons for why these increases in globalization and interdependence make us or urge us to be careful about not using metaphors like the Cold War , which were true for a time of history, but not necessarily accurate descriptions of the current period of history.

Huiyao Wang : Yes, thank you. Absolutely. Well, you are great promoter of peace. The term of Cold War is really obsolete, we have economic dependence, we have social dependence, we have ecological dependence, and we have technology dependence as well. And so, it does not really make sense to decouple or to really to confront. I remember last time when you were in China , I went to see you and you talked about cooperative rivalry as well. How can we do better on that? I mean, we see that in the US Congress , some keep putting out all kinds of reports depicting that a Cold War is happening. You have been in the Department of Defence to advise on all those security issues and you have been teaching power and the geopolitics of the world for your lifetime. So how can we do better to have a cooperative relationship?

Joseph Nye: Well, one thing is to strengthen the ties that we have. I mean, the students, the visitors, and the communication, these are important aspects of what I call social interdependence, which help develop deeper understanding between the societies. And that is important. The other is on the economic interdependence. There will be some areas where there will be decoupling—areas that touch on high security.

For example, Americans are very worried about Huawei or ZTE controlling 5G telecommunications in the US for security reasons. I do not think you can see more economic interdependence there, just as China has not wanted to allow Google or Facebook to operate freely

inside China because of security reasons, so there will be some areas where they will be decoupling. But that does not mean we want to see overall economic decoupling, which would be extraordinarily costly for both countries.

And then finally, we have this question of how do we manage the relationship overall so that we avoid miscalculations or accidents. You know, people who talk about 1945 and the Cold War are picking the wrong date for historical analogy. As Henry Kissinger points out, 1914 is something we should pay more attention to. All the great powers in Europe at the time did not want World War I. They expected in their competition in the Balkans to have a short, sharp conflict which would redress the balance of power and things would go back to normal. Instead, through miscalculations and failure to manage their relationship to manage the competitive parts of the relationship, they wound up with four years of war, which destroyed four empires and destroyed the centrality of Europe in the global balance of power. We have to be extremely cautious and careful that we do not allow some incident in the South China Sea or over Taiwan or something to lead us into something which nobody intends with great unintended consequences. And that is going to require constant communication, so we need to enhance our cooperation in areas of interdependence where it is possible to cooperate. But in the areas in which are competitive. We have to be much more cautious and attentive in how we communicate to each other to make sure that we do not have miscalculations. Those are the two things I think we have to do to avoid this relationship becoming a zero-sum game . I think, as I mentioned earlier, I remain relatively optimistic about the long run. But humans make mistakes. That is the nature of being a human and so we have to guard against those mistakes.

Huiyao Wang : Absolutely, I think you are right on communication and also to avoid misunderstanding. And it is also important to promote mutual understanding and avoid those kinds of mistakes as disasters happen. I remember well, you said a new Cold War is not possible and there are several factors, too. I mean, Americans should not be worried about China because, you know, geographically the US is so far with friendly neighbors, like Canada , and Mexico . But also the US is already self-sufficient on energy now and China still needs a lot of

supply. The US has many things that are still leading. So the concerns on China should really be less so, I suppose. I think China has a lot more people interested in learning from the US. We have 400,000 students studying in the United States , as you said, and three million tourists going there, too. China is also now one of the largest trading nations with over almost 100 countries now so hopefully the benefits produced by both sides, can really cut down the mistrust, so how can we build up some more trust? I mean, it is very valuable to hear your sober mind at this critical time. As we approach 100 days with President Biden in office, how we can really shape a little different perspective for the future of the US -China relations?

Joseph Nye: One of the things that both of us have to worry about is the rise of nationalism in our two countries. I mentioned earlier that the effect of globalization on creating inequality and disrupting jobs and so forth led to more populist and nativist nationalism in the United States and that produced voters for President Trump. But let us be frank, there is also rising nationalism in China . If you look at the Chinese web, you will notice enormous nationalism . And there is the feeling in China that, you know, there is still this argument about overcoming the nineteenth-century history and as a form of recruiting support when you do things like "wolf warrior" diplomacy, that is very popular inside China. But those things are not healthy in terms of creating trust in other countries.

So it is interesting to take, for example, the program China 2025, about technologies that made sense inside China—it created fear in Washington —the fact that China was going to try to replace the United States in a whole series of important technologies created fear in Washington or when President Xi Jinping said that China would be number one in artificial intelligence by 2030, that was read in Washington as well that China intends to replace the United States by 2030, so it might have been a good goal in terms of recruiting national support inside China. But there is always, for every political leader, is what is called the two-audience problem. One audience is internal, the other audience is external, and sometimes the messages that play well internally and played badly externally, I think on both of our sides, given the rise in nationalism that is produced to some extent by

globalization, the reaction to globalization, we have to be careful about the two-audience problem.

Huiyao Wang : You are absolutely correct. I think that, you know, if it is a peaceful competition, maybe let us handle a bit more on the domestic side. You know, China is trying to avoid that kind of populism. But the same is true for the United States . And we really need to make the internal narrative and international narrative combined. And for example, in America there is also the gap between rich and poor that is widening and also, there is racial differences. In the last several decades, China has been careful about minimizing the gap a bit, even though the rural and urban still have a lot of differences. But with this, China had been trying to lift 800 million people out of extreme poverty, so that poverty does not generate so much populism and dissatisfaction with the globalization or the opening up of China. So I think that lessons can be learned for both countries on that as well.

And the problem is how we can really get multinationals and all those big players to work on things together. They need more non-government, non-profit organizations to enable them to work together for an inclusive and balanced globalization, particular in developing countries.

Now with things happening with COVID in developing countries, it is absolutely important that the US and China work together. Last weekend, we celebrated the 50th anniversary of the ping pong democracy . The slogan then was, "friendship first, competition second." That was very meaningful one. As a veteran professor like you, who has been seeing all the ups and downs, what is your take on the future of Sino-US relations? I have noticed you have given quite a few scenarios for the future.

Joseph Nye: One could imagine a variety of scenarios any time as you try to guess the future. You have to realize that there is no one future. There are many possible futures and they are affected by events that we do not know about. They are unexpected. And they are affected also by our own actions and how we choose what behaviors we are going to follow. So one can imagine the futures of US-China relations, which are bad or good. But we have to say what are the things they can do. They can steer themselves more toward the good relations which are beneficial to both.

It is interesting when you look back historically since 1945, we have gone through a series of relationships. In the first 20 years or so, things were pretty tough. After all, US and Chinese soldiers fought each other on the Korean Peninsula in the 1950s. So we had twenty years of tense relationship. Then as you pointed out, we had ping pong diplomacy and the easing of relations. You had the Nixon visit to Beijing, and you had another 20 years then of improving relationships. Then, during of the Clinton administration, there was the desire of a rising China to integrate China into the international order through the World Trade Organization and so forth. Then, that lasted nearly 20 years, but you have the period of the arrival of Donald Trump , the 2015, 2016, and so forth, with a feeling among many Americans that China was not playing fair, that it was subsidizing state-owned enterprises and stealing intellectual property and militarizing islands in the South China Sea that President Xi had promised President Obama he would not do. And there was a reaction against it so we started another cycle.

So we have gone through ups and downs roughly on twenty years. If you use that same 20 years Cycle, we are in the middle. You know, it starts around 2015 and 2025 is 10 years, I hope it does not have to last that long, but it is quite possible that we will have intense competition for 20 years. My own personal view is, as I said earlier, that I do not think China is an existential threat or a threat to the existence of the United States or that the United States is a threat to the existence of China. So in that sense, I think that you could imagine some period—who knows? Maybe we are talking about 2035 where you will see the cycle turn toward better relations, maybe with benefit, have it sooner than that.

But again, as any time you predict the future, you have to realize that history is always full of surprises, and that every time you think you know something, there is going to be something which you have not taken into account. So that makes it all the more important that we try to use our own actions cautiously so that we do not get the wrong sorts of surprises.

Huiyao Wang : I absolutely agree with you, China is not a threat to the United States and hopefully the US is not a threat to China as well. I mean, the US has already had so much abundance around its country and is very rich in all kinds of resources and it is geographically so far

away from China as well. I read one of your Project Syndicate articles, in which you talked about five scenarios of the international order in 2030. Number one is that maybe the liberal international order is coming to an end because of populism and other political forces. And as you mentioned, the second scenario is massive unemployment, economic depression, and also politicians taking advantage of that to push populist protectionism. Number three, you talked about how China may also be more active on the international arena or dominating the global order. The GDP of China might get bigger compared to that of the United States and maybe multinational actors will be interested in China. And you also talked about the global green agenda, such as climate change and a "Covid Marshall Plan. " Finally, you talked about similarities and co-existence of countries. We talked about China and the US , let us talk about the globe now. You are such a great predictor, and we had love to see your crystal ball for the global future.

Joseph Nye: I do think that you are going to see the increased importance of the green agenda simply because this is something which obeys the laws of physics and biology, not politics. And as more and more people and countries become aware of the importance of climate change and the dangers of things like pandemics, I think that is going to put pressure on political leaders to take these issues more seriously than they have in the past. But it is not going to totally replace traditional politics and traditional competition by any means. But it will become increasingly important. And that means that the cooperative dimensions are going to have to increase.

Now, the world's the political leaders could still make mistakes and fail to see this or react to it. But I do think that it is a source of potential optimism that this agenda is going to be increasing because of physics and biology. So, I think that of the various scenarios that I sketched out for the world in that Project Syndicate column, I saw the gradual evolution of the world as we see it now was the most likely, but I put more emphasis on the green agenda than I would have before COVID, and so as I said, I remain relatively optimistic that we can pull through this period.

Huiyao Wang : You are cautiously optimistic because we are absolutely dependent on each other. So maybe one other question we

can talk about is that now another Professor Burns is rumored to be the next US Ambassador to China . So, what do you think about the new ambassador? He has worked in US government before, maybe those high-level exchanges can really promote the relationship with China. You have been working with him at Aspen as well, he is a great friend of yours. What do you think about that (Burns becoming the US Ambassador to China)?

Joseph Nye: Well, I think Nick Burns is an extraordinarily skillful professional diplomat, but it is also true that all we have now is a rumor and in the American political process of appointing ambassadors, you have to get approval of the White House , and then you have to get approval of the Senate . And we are a long way from any certainty about whether he will be the ambassador. But I think the fact that the Biden administration is at least considering somebody who is one of our most skillful professional diplomats to assign to Beijing , it is a good sign. It means that we are taking the relationship seriously. This ambassador as he should be, just like the Chinese ambassador in Washington , has to be tough. That is his job. But he also has to be business-like and professional and look for areas of cooperation. So, I think those are characteristics that Nick Burns has as a person. But as I said, this is all premature because really nothing has been announced formally. However, if it does come out, I would regard it as a good sign.

Huiyao Wang : Great. So now we have some questions from media. China Radio International asks, if you are supposed to tell young people of this era about three major events, except for the two world wars , that changed the world during the past 100 years, what would be your choice?

Joseph Nye: Events, by their definition, are always full of surprise. There was a British Prime Minister, Harold Macmillan , who was asked a question about what is going to happen in British foreign policy next year given this trend or that trend. And he said, the trouble, my dear boy, is events. And so you never know how the events are going to turn out. I mean, who would have predicted COVID in 1919, yet that had a profound effect on all our economies in the world economy. So I think in that sense, it is hard to know what events happen. What worries me are miscalculations and in which people think if I push a little harder there, I will get what I want. And if there is push back and before you

know it, people are getting further along than they want to be in their attentions. So I worry about events that by definition cannot be properly described or spelled out now, but that could be taking us by surprise.

Huiyao Wang : And we have another question from the Hoxing News —after the outbreak of the pandemic, especially Trump took office, the growing nationalism both in China and the United States has led to the exaggeration of the sense of threat between these two countries. As you mentioned, power can be divided into two types: power "over" others and power "with" others. The recent communication between China and the United States on climate issues shows the importance of rivalry cooperative. In your opinion, how can the concept of power with others be more deeply rooted in the hearts of the people?

Joseph Nye: Well, I think I would go back to something I said earlier —building on the interdependence we have, both economic and social, is one way for people to understand each other's societies and to thereby somewhat reduce suspicion. Personal contacts do not automatically produce friendships, but in fact, interpersonal contacts do help to increase understanding or empathy toward the other. And so that is one thing we can do. The other thing we can do is when there are areas where we can cooperate, such as issues related to pandemics or climate change, we should definitely pursue those. And I think we are making some progress in that direction.

Huiyao Wang : Well, we have another question from People's Weekly —President Xi has proposed the concept of a community with a shared future for mankind. So China is actually thinking globally and President Xi has mentioned China's global efforts in Devos this year as well as in 2017. So how can how can the world leaders really work together with some common narrative? I mean, climate change is one. And so what else? Can we really minimize the differences and maximize the similarities, as you also mentioned?

Joseph Nye: Well, I think the words that President Xi has expressed are welcome, but people watch deeds and ask whether words are met with deeds. So if we look at whether China is moving in the right direction on climate change, the speech President Xi gave the climate summit last week was very welcome. On the other hand, when we read

the statistics, we noticed that China is continuing to build new coal-fired plants and some of these coal-fired plants will last for 30 and 40 years, putting out greenhouse gases. So I think people are going to want to ask not just there are good words, but are there good deeds? That is true. Not just for China, it is true for the US . One of the interesting things is Biden's words on climate are good. He is now trying through executive actions and a program of decarbonizing the economy to see whether deeds can follow up those words. So basically, I would say deeds have to follow the words.

Huiyao Wang : So one final question from China Review News agency — the Biden administration continues to identify China as a "revisionist state" and chief strategic competitor. Would the Biden administration be willing to maintain some healthy competition with China and collaborate with China? And as you know, Richard Hass of the Council on Foreign Relations proposed that maybe we should abandon some of our ideological differences and have six countries or regions—US, China , Russia , India , EU, and Japan to form some sort of a consultation mechanism. How can we overcome ideological divisions and become strategic competitors?

Joseph Nye: Well, those are good questions, and we do have mechanisms for coordination and consultation. We have five countries in the UN Security Council . We have the Group of 20 , which is the major economic forces in world politics, and we also have the prospects for bilateral consultations. So there are a number of mechanisms that we have which can help us to coordinate. We have to make sure though not just that we are having mechanisms for this, but that we use them properly. And I think I was encouraged by this summit in Washington last week on the climate as an illustration that is going to be possible to do that.

Huiyao Wang : Now, we have over 800,000 online viewers and listeners tuned in to our dialogue, the concept of a country's soft power is really beneficial for all of us. I really appreciate that you said China is not a threat and we should really depend on each other for the world. We should really not decouple, and we have to cooperate together. A Cold War mentality is not really going to work, which we should really avoid and the communication is so important—in people's exchanges

and also as to increase soft power . So for the final conclusion, what would you like to say to such large audience today?

Joseph Nye: Yeah, well, we are all human. We are bound to make mistakes. They are bound to be tensions and competitions between Chinese and Americans. But we have to keep it in perspective. We have more in common and more to gain from cooperation, and we have to keep that perspective. So I think if we have an optimistic view about our potential to manage competition and to practice cooperation, I think we can look to a good future.

Huiyao Wang : Great, Professor Nye, thank you so much. We appreciate you taking time to have this dialogue with us. We hope to see you next time. We also thank our audience in China and the rest of the world.

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Footnotes

1 On April 28, 2021, the Center for China and Globalization (CCG) invited one of the most renowned international relations scholars, Joseph S. Nye, Jr ., to discuss the future power balance between the US and China with CCG President Dr. Huiyao Wang , the video and transcript are available at: http://en.ccg.org.cn/archives/71210

2 This virtual program is part of the CCG "China and the World" webinar series seeking to engage global thought leaders on topics concerning the current situation and dilemmas of globalization and China's role in it.