**Great Power Politics (II): Hegemony, Power Transition Theory, and US-China relations**

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Hegemonic Stability Theory: Is the United States the Indispensable Nation? Benefits for international system

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Power Transition Theory

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Contemporary US-China relations

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Economic growth in China

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Chinese grand strategy

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Taiwan

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Globalization and common political interests

**Hegemonic Stability Theory (Leadership or Dominance)**

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US as indispensable nation: is US leadership necessary/beneficial for international politics? (ISIS stopped by US and allies, USA controlling Iran nukes)

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Can approach this question through hegemonic stability theory

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Concentration of global power facilitates globalization and peace

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Example: post 1945 period, more globalization and peace

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Equalized distribution of global power among many states facilitates competition, war, and restrictions on trade

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Example: Interwar period (1919-1939), more conflict

**Hegemonic Stability Theory and the collective action problem**

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Review: public goods and free rider problem (undersupplied)

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Public goods as nonexcludable and nonrivalrous

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Undersupplied in voluntary associations and in markets

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Domestic examples: roads, national defense, legal infrastructure, clean air & water

**Public goods, coercion, and leadership**

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In domestic politics, free rider problem solved via coercion as state collects resources (taxes) to supply public goods, under threat of imprisonment

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Large actors absorbs costs of public goods on own because acquire sufficient compensatory benefits->focus of hegemonic stability theory (increased profits for Americans)

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Who provides public goods in international politics?

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Lack supranational authority like a state that can coerce contributions

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Hegemonic leadership: large actors (like the US) voluntarily supply public goods on own

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Examples: international economic stability, protection of global commons (sea lanes and the environment)

**Hegemonic Stability Theory and international trade**

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Central claim: Concentration of economic capacity or power in one state increases the likelihood that the international economic system will be open, therefore more international trade and economic growth for all states

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Why? Dominant state provides public goods that are necessary for international economy to flourish

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Market for distressed goods (maintain imports when no one else will, challenge for China in the future)

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US domestic markets open in ’97 and ‘08 crises (kept tariffs low), not 1929

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Provide currency for international trade to be conducted in (dollar)

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Provide access to emergency credit (US Fed, 2008 crisis)

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Protect shipping (naval power important prerequisite, preventing pirates)

**Hegemonic Stability Theory: extensions and implications**

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Also a security variant

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Policing the status quo: US regularly confronts attempts at revision with military force after 1945

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Interwar lessons: US withdrawal from European order in 1920 leads to buck passing in Europe; weak efforts to contain Nazi Germany (free riding GB and France) and, ultimately, war

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Public good as cooperative security system to preserve new European SQ

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Contributes to decision not to withdraw from Europe in 1945

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US in Middle East post-9/11?

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Implications: provides theoretical foundations for claims associated with US as indispensable nation

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If US doesn’t fight ISIS, provide disaster relief, stabilize international economy, cut emissions to reduce greenhouse gases, then no one else will -> Indispensable Nation

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Or rather their contributions will not be significant enough to meet these challenges

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What happens when US declines? These goods undersupplied?

**Power Transition Theory**

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Structure of international politics set by rise AND fall of leading powers

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Peace and growth during ascendancy; instability and conflict during decline (Logic of Commitment Problem)

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Shift in distribution of power heightens risk of war between declining hegemon and rising challenger

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Fight because of commitment problem: declining states launches preventive war because rising state cannot commit to preserve SQ system and the benefits it generates

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Key source of shifts in distributions of military power (Paul Kennedy): differential rates of economic growth

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Economic productive capacity as foundation for military power

**Contemporary China: Sustained period of extraordinary economic growth**

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Economic revolution begins in 1978

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Devolution of economic authority from Beijing to special economic zones (variant of federalism)

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Ensure common market (prevent internal tariffs)

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Competition (local governments) for investment reduces govt intervention; enhances govt and public goods efficiency

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Shifting bases of political legitimacy: from achieving economic equality/progress/socialist utopia to economic growth and nationalism

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Significantly more freedom in economic activity; still maintain significant limits on political expression

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Communist (which refers to how government manages economy) only in name; but dominance of Communist political party key to its authoritarian regime

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Growth rates: Average growth rates 7- 11% since 1979 (but trending downward in last few years, maintain social norms, unequal society); US since ’89: -0.2 to 4.5%

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Nominal GDP (2013) approx. $9.2 trillion; US $16.8 tril.

**Contemporary China: Domestic foundations of Chinese grand strategy**

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China’s grand strategy since 1979 driven by domestic imperative: create jobs to preserve regime and social stability

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Legitimacy of Communist Party no longer rely on ideology, but economic growth

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But, exploding income inequality

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Kicking problem of Taiwan down the road

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Status quo oriented with respective to existing international order

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Settling 17 of 23 of territorial disputes since 1949 (except Taiwan); generally offers more territorial concessions

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But...more tension in maritime disputes

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Joining international organizations (WTO); regional organizations (ASEAN); cooperating with US to press North Korea; Asian financial crisis (1997-98)

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Aware that other country’s view rise skeptically: threat to counterbalance after hardline responses to Taiwan 1995-96

**Contemporary China: status of Taiwan**

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Legacy of extended civil war between Communists and Nationalists

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Nationalists flee to Taiwan in 1949 and set up rival government

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US develops strong relations with Taiwan as part of Cold War, but improves ties with mainland during Nixon administration

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Most states (including US) do not recognize Taiwan as independent

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Key outstanding issue: One China of which Taiwan is a part?

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Long pointed to as potential flash point in US-China relationship

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US wants status quo i.e. preservation of peace

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US supports One China policy, often defined differently by both sides

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Over last twenty years, tension escalates when domestic politics in Taiwan creates pressures to declare formal independence

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Significant economic ties have helped to stabilize in last decade

**Contemporary US-China relations: Strong economic interests**

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China runs huge trade deficit with the United States (Chinese exports to US greater than Chinese imports from US)

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Approximately $336 billion (2015): US imports $498 b., exports at $162 b.

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China relies on exports to generate economic growth; need to create jobs in cities to preserve stability in era of massive migration from countryside

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US imports financed via loans from China (Chinese central bank buying mortgage backed securities and Treasury bonds)

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See strong foundation for common interests

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US consumer helping Chinese government by creating Chinese jobs

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Chinese government helps make US government deficit more sustainable