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The United States vs. China: The quest for global economic leadership by C. Fred Bergsten

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The United States vs. China: The Quest for Global Economic Leadership. By C. Fred Bergsten. Cambridge: Polity, 2022. 362 pp. ISBN: 9781509547357.

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This book is one of the latest additions to the voluminous literature exploring two of the biggest geopolitical trends in our age: the rise of China and its changing relationship with the United States. However, two features make this book unique. First is its scope: it is one of a few that specifically focus on the systemic implications to the global economic order arising from the tensions between the two largest economies in the world. Second, its author, C. Fred Bergsten, is one of the most qualified in the world to write on the topic. Bergsten not only is one of the most respected trade economists but also has significant practical experience in making US trade policy for more than half a century, serving in senior official roles in various administrations and as director of one of the most influential trade policy think tanks, the Peterson Institute for International Economics, which he helmed for more than three decades since its creation.

The combinations of these two unique features resulted in one of the most important books on the topic. To start with, by drawing from some of the best works in the field, such as Nicholas Lardy's work on the Chinese economy, Dani Rodrik's work on the domestic effects of globalization, Gordon Hanson's work on the "China shock," and Ian Bremmer and John Ikenberry's works on the implications on global order, the book is well situated in the current academic debate on the challenge of a rising China to global economic order. But make no mistake: this book does not simply stop at pure theoretical analysis like many others do. Instead, building from such academic analysis, the book provides ten incisive, original policy recommendations to help steer both countries away from the inevitable conflict or even war between rising and declining powers known as the "Thucydides trap"—which both countries were dangerously slipping into during the Trump Administration—and toward a new relationship of conditional competitive cooperation.

These policy recommendations are not simply forced on readers. Instead, they flow naturally from the book, which is carefully structured in three interlocking parts. Part 1 sets the stage in the first chapter by noting the challenge posed to the global economic order from the rise of China, drawing lessons from the rise and fall of American global economic leadership over the past century. Part 2 compares the strengths and weaknesses of the two superpowers: China, as the new superpower, lacks the will to lead despite its rising capabilities; the United States, as the incumbent superpower, suffers from a declining will to lead even though its capabilities have not declined, at least in absolute terms.

With the erosion of the American leadership and the reluctance of China to step forward, we could run into a leadership vacuum, or a "G-0 world," as the first chapter in part 3 puts it. While this has not resulted in chaos and catastrophe, as some have feared, the book correctly points out that in the long run G-0 might turn out to be unstable and thus throw the world into another "Kindleberger trap," where the new superpower fails to provide global public goods, leading to the collapse of the global order. The next two chapters explore the alternatives, such as a G-1 world with China at the center, and a G-2 world with the United States and China sharing coleadership, yet neither appears to be realistic, given the current political environments. Instead, Bergsten suggests in the concluding chapter an "informal G-2 arrangement" in the direction of "conditional competitive cooperation."

Overall, the book provides food for thought not only for academics and researchers interested in global economic governance issues but also for policy makers in the United States, China, and beyond, as the world navigates through such a difficult period of leadership transition. At the same time, the many useful policy recommendations in the book might still end up unheeded, not because they make no economic sense but because it is politically more convenient to take the opposite course of action. For example, the fourth policy recommendation is to decouple economic issues from "the more contentious security and values topics." Yet, as we can see from recent US initiatives, such as the relocation of supply chains to trusted countries known as

“friend-shoring” and the escalation of export bans on China, economic cooperation has become secondary to security and values considerations. Similarly, the cooperation between the two on the multilateral trade front, as outlined in the sixth policy recommendation, might also prove elusive. On the one hand, it would be impossible to get China to agree to any attempt to impose “special and discriminatory disciplines against state-owned-enterprises in the name of WTO reform,” as it keeps emphasizing the need to “respect members' development models” in such negotiations.¹ On the other hand, the United States would also be unwilling to reopen the debate on China's market economy status, let alone grant China such status, given the tortured history of the issue in the World Trade Organization (WTO).² Of course, the lack of adoption of such recommendations in no way detracts from the intellectual value of the book, but the policymakers of the United States and China might have to slip further into the traps before they try to avert disaster by picking up the invaluable book again.

Notes

1. Henry Gao, “China's Changing Perspective on the WTO: From Aspiration, Assimilation to Alienation,” *World Trade Review* 21, no. 3 (2022): 356–57.
2. Gao, “China's Changing Perspective,” 349–51.