

China-US Relations from the Perspective of Power Transfer

Haotian Song^{1,a,*}

¹*Faculty of Arts, The University of British Columbia, Vancouver, BC, V6T 1Z4, Canada*

a. songhaotian2023@163.com

**corresponding author*

Abstract: This report explores the power transition mechanism in the context of China-US strategic competition, focusing on the factors that influence this transition and possible coexistence models for enhanced cooperation. This study reviews the theory of power transition, strategic competition, and the evolving nature of bilateral relations, highlighting the changes in the global economic and political landscape. This report argues that despite the competition between the two countries, there are important common interests in addressing global challenges. Finally, this report emphasizes the importance of communication and crisis management, emphasizing the need for both sides to strike a balance between competition and constructive engagement to ensure global stability.

Keywords: China-US relations, Power transition, Strategic competition, Bilateral cooperation

1. Introduction

The onset of the financial crisis was an important tipping point in the pattern of U.S.-China strategic interaction. It not only accelerates the changes in the relative strength of the two countries, but also accelerates the process of power transfer. The 2008 financial crisis exposed the decline of US financial power, and the rupture of manufacturing and debt markets weakened the global influence of the dollar standard. The virtualization and hollowing out of the US economy have damaged its re-industrialization and competitiveness, while reducing the transparency of financial markets and increasing the risk of systemic financial crises. Emerging countries, particularly G20 members, advocate for the reform of the international monetary and financial system and the enhancement of the representation, mirroring the transfer of economic power from Europe and the United States to emerging market economies [1]. China, as a highly export-oriented manufacturing power, is deeply bound to the United States in trade, bears the risk of dollar depreciation, and supports the US rescue policy. China has achieved steady economic growth and improved its ability to prevent external financial risks by adjusting its economic structure and macroeconomic regulation. China's deep integration in the global value chain has become an important supporter of the dollar standard, and is committed to improving the international order.

China-US relations represent one of the most significant bilateral relationships in today's world, and their dynamics have a profound impact on the global political and economic landscape [2]. The cooperation and competition between the two countries not only shapes the direction of bilateral relations, but also has a key impact on the evolution of the international order and the reform of the global governance system. The deep binding of China-US economic and trade relations is a stabilizer of the relationship between the two countries and an important variable affecting the fate of the two

countries. Both sides have gained huge dividends from economic exchanges, and the prospects for cooperation remain promising. This essay aims to analyze the mechanism of power transfer, explore the realistic conditions and methods of China and the United States in strategic competition, seek new ways of coexistence under controllable conditions, reduce hostility, strengthen the positive aspects of cooperative development, and provide new perspectives and solutions for the development of China-US relations.

Consequently, this report will address the following two research questions. First, it will examine the factors influencing power transition in the strategic competition between China and the United States within the current international order. Second, it will explore how China and the United States can establish a new model of coexistence to reduce hostility and enhance cooperative development.

2. Literature Review

2.1. Research on Power Transition Theory

Since Organski proposed it, the scope of research has expanded from global power games to regional hierarchical order, and from domestic factors to internal development and external alliance reorganization. He believed that the international community operates as a hierarchical order with a pyramid structure [3]. Organski and Kugler further elaborated that a world power must reach or exceed 80% of the power of the current dominant country to challenge its position. This means that if a country meets this standard, it will probably go to war to change things and get power transferred [4]. This is because competing with the dominant country for control of the system will lead to conflicts and contradictions.

Duffield advocated shifting the research focus from internal factors to external factors. He believed that the reorganization and change of alliances between countries is the decisive factor in changing the power comparison of major powers, and the balance of the strength of two alliances is strongly related to the intensity of the war, which goes beyond Organski's relatively limited perspective of focusing on factors such as the internal industrial strength of the country [5]. Hebron introduced the Power Cycle Theory, which posits that shifts in relative capabilities and critical junctures drive changes in global power structures. According to this theory, the evolution of a nation can be described through a generalized cycle model encompassing phases of ascent, maturity, and decline [6]. Pop and Brînză highlighted the significant distinction between the balance of power theory and the power transition theory in maintaining stability. The former emphasizes the balanced distribution of power among states in an anarchic system to prevent conflicts, while the latter underscores that the absolute dominance of a leading country in the international system can ensure structural stability [7].

In the context of China, Wu argued that the power transition between China and the United States remains incomplete. He analyzed this phenomenon from four dimensions: economy, military, international influence, and cultural values, concluding that China's relative power gap with the United States will not be surpassed for a considerable period in the future [8]. Shan et al. introduced prospect theory into the theory of power transfer, and based on the two indicators of loss and gain, broke the previous one-way thinking that the rising country must take the initiative to start a war, and made a useful supplement to the relationship between the two parties and the theory of power transfer [9].

2.2. Research on China-US strategic competition

There are two perspectives on the strategic competition between China and the US: one aims to decouple and contain China's power, while the other seeks to protect and enhance American power to limit China's potential to dominate the international system. Both views believe that competition is long-term and hold a zero-sum view of China-US relations. Herman Wouk proposed the concept

of "Thucydides Trap", which was later summarized by Ellison as an emerging power inevitably challenging the existing dominant power, and the latter inevitably responding to this threat to maintain its existing dominant position, and the two inevitably falling into war. He emphasized that China and the United States should avoid the Thucydides Trap as much as possible, and China-US competition should be benign, advocating the greatest common divisor of cooperation [10]. Schweller & Pu divided international observers into two groups - alarmists and deniers. The former view exaggerates that China's rise marks the beginning of a new era and a China-centered world order, while the latter dismisses the potential for China to challenge and replace the post-war global order shaped and led by the United States. Additionally, it highlights the weak correlation between China's economic growth and its ability to reconstruct the world order in line with its own interests [11]. Layne emphasized avoiding the great risks of great power confrontation under realism, suppressing external ambitions and reconciling great power relations through diplomatic restraint traditions, and strictly preventing China-US relations from degenerating into a new, highly ideological second Cold War [12].

Wu posited that China and the United States engage in strategic competition within the framework of globalization and global governance. Its characteristics are long-term, significant interests and goals, and the global scope of influence. The game between the two is highly complex. The essence of the competition between the two sides is the comprehensive struggle between governance capacity and economic strength [13]. Yu & Huang classified the international power transfer in history into seven paths, including total war and peaceful competition. He believes that even if China's best option is peaceful competition to achieve its rise, it should not ignore the military guarantee with bottom-line thinking and checks and balances in the war, that is, the conditions for the existence of peace created by the backing of force [14].

3. The basic logic of the United States' strategic competition with China

3.1. The United States' response to the rise of China

The United States perceives that the significant increase in China's economic strength and regional influence poses challenges to its interests in the Asia-Pacific region, leading to growing strategic doubts about China. On one hand, the U.S. views the "Belt and Road Initiative" as a countermeasure against American influence [15]. On the other hand, it is concerned about the narrowing power gap and divergent development models between the two countries.

3.2. The relative weakness of the United States

Currently, there is a significant shift in global power dynamics from Western nations to emerging economies, leading to an increasingly multipolar world. Concurrently, a new power structure has emerged, characterized by the dominance of a superpower alongside the rise of multiple emerging countries [16]. The dispersion of power has also given rise to regional groups.

As economies around the world become more connected and grouped together, latecomer countries have been able to become more politically diverse. This has also helped make the world a more democratic and fairer place for everyone. At the same time, the potential of the international system and international organizations has been continuously tapped. Based on common interests, developing countries have strived for more seats, voting rights and veto power through solidarity and cooperation, and have achieved the legalization and rationalization of the international system in a peaceful and gradual manner.

3.3. The sexual crisis of the existing order

Economic globalization is a double-edged sword, and the negative effects of globalization pose huge challenges to global governance. Economic globalization has tilted the balance of international power toward developing countries. The multi-polar development of emerging economies has weakened the dominant position of the United States to a certain extent. This has also promoted the transformation of the "center-periphery" world system [17].

4. Factors affecting the United States' strategic competition with China

4.1. Changes in strategic thinking

Following the end of the Cold War, influenced by the "end of history" theory, the United States believed that the demise of communism would lead to the bourgeois democratic system and market economy becoming the pinnacle of human political development. During the George W. Bush administration, the U.S. China strategy was generally characterized by "engagement" with "competition" as a secondary approach. The aim was to integrate China into the Western-dominated international system through peaceful means, transforming it into a "democratic state."

In international relations characterized by anarchy and evil human nature, every country aims at power and interests, expects to have more power to ensure its own security, and focuses on the relative gains between countries. Under the influence of this zero-sum game thinking, the continuous narrowing of the gap in comprehensive strength between China and the United States has caused the United States to become anxious about power transfer and status changes. Meanwhile, geopolitics as a strategic layout of power politics emphasizes the critical significance of Eurasia in controlling the world, allowing the United States to rethink China's threat to its dominance in the Asia-Pacific [18]. This makes strategic competition and containment of China a consensus among American political circles.

4.2. Diversification of competition content

Overall, the content of the U.S. strategic competition with China is global and diversified, focusing on the coordination and integration of economic, military, diplomatic and other factors based on the strength of the whole government to maximize the system effect. For example, Politically, the alliance and partnership systems are used to suppress China in all aspects. Achieve precise economic containment of China. For example, the Quad Chip Alliance was formed to curb the development of China's semiconductor industry, represented by SMIC, and ensure the United States' leading position in the semiconductor field.

5. China's response strategy

5.1. Building a new type of international relations

China is a firm builder and defender of the post-war international order, and is committed to improving the existing international order rather than subverting it. In the era of globalization, countries' security and economies are interdependent, and a community of interests has formed. Both China and the United States recognize the rationality of the existing international order. Both China and the United States recognize the rationality of the existing international order. China and the United States have broad common interests in addressing new global issues such as climate change, non-proliferation and maintaining financial security. This must be used to deepen the United States' recognition of China's positive role and further enhance the United States' policy confidence in

improving China-US relations through bilateral cooperation in relevant areas where interests converge.

Adhering to the principle of mutual respect is an essential prerequisite for establishing a new type of international relations. Only by genuinely implementing the principle of sovereign equality can countries engage in international cooperation on a foundation of mutual respect [19]. For developing countries, China adheres to the correct concept of justice and interests and solidarity and mutual assistance of common development, mutual benefit and win-win, and safeguards the common interests of developing countries and promotes win-win cooperation with developing countries. For other major countries, it is necessary to strengthen strategic determination, build balanced development, and foster a benign coordination and interactive relationship with them.

5.2. Promote the healthy development of China-US relations

China's peaceful rise and the decline of US hegemony are carried out simultaneously, and China remains fragile in its rise, while the United States remains strong in its decline.

China is compelled to undertake a holistic evaluation of the disparity in prowess between itself and the United States, while steadfastly maintaining its policy of sustained engagement with the latter. Despite the significant advancements China has achieved across all sectors, the disparity in strength between the United States remains distinctly palpable. Overall, the United States still has a long-term strength advantage over China, with macroeconomic control capabilities of the global economy, outstanding military advantages, and high-tech leading advantages [20].

Enhancing China-US strategic mutual trust is of great significance to resolving structural contradictions and preventing crises, and is a key issue affecting China-US strategic stability. Strategic mutual trust is a trust relationship formed by transcending differences in ideology and social systems and abandoning the mentality of power politics and Cold War thinking. China-US strategic mutual trust is conducive to reducing misjudgments in strategic intentions, strategic capabilities, and strategic decision-making between the two sides, and promoting cooperation in the economy, trade, culture, education, international security, and regional stability.

5.3. Strengthen China-US economic and trade cooperation

China should excel in its own domain. Competition between countries is ultimately a competition of comprehensive national strength. It should do a good job in top-level design to lead national development and continuously enhance its own economic strength. For example, accelerate the construction of free trade pilot zones and Hainan Free Trade Port, and jointly build the "Belt and Road" to become a public product and cooperation platform that is highly welcomed by the international community.

Last but not least, refuse to "generalize security" on economic and trade issues to safeguard interests. The United States politicizes and generalizes economic, trade, and technological issues, generalizes the concept of national security through tough measures such as sanctions and coercion, and uses national political power to interfere in international economic activities and economic relations, using coercive means to maximize its own interests. For example, Huawei is restricted from entering the US market, domestic enterprises are prohibited from exporting 5G chips and cloud computing and other technologies and products to Huawei, and Huawei's chief financial officer Meng Wanzhou is detained. To this end, on the one hand, the United States should be urged to assume the responsibilities of a major country, abandon the practice of generalizing economic and trade issues into security, abide by the international economic and trade order and market rules, and make due contributions to the recovery of the world economy. On the other hand, the construction of the national innovation system and the construction of economic and social capabilities should be

strengthened to achieve leapfrog development of the country[21]. China should strive to explore a new model of inclusive development in the bilateral economy, actively build strategic containment against the United States, and argue with reason to unswervingly safeguard China's national interests.

5.4. Improve China's international discourse power

With the continuous strengthening of China's strength, the "China opponent theory", "China threat theory" and "China-US power transfer" have emerged one after another. In an unfavorable international situation, China is questioned externally in order to build a Chinese discourse system and break the hegemony of Western discourse. Therefore, China needs to take necessary measures to subvert the hegemony of US public opinion and guide international public opinion back to an objective and fair development track. As soon as possible, China should push for the idea of "discourse governance" to be included in the main agenda and important documents of building the global governance system at multilateral events like the United Nations. They should also actively support and promote the global model for managing stigma and false information, and they should take the lead in changing the global discourse order. Together with developing countries, China should actively build a human discourse community and continuously enhance the voice, representation and communication power of developing countries. Establish a new pattern of international public opinion centered on the United Nations that is more just and reasonable.

6. Conclusion

Because the overall strength gap between the US and China keeps narrowing, the US has unintentionally caused worry about changes in power dynamics and its own position. It relies on the blockade of the dominance of the international order and the restriction of the deep participation of emerging countries in international affairs to oppose the reform of the old international order.

The two countries are currently experiencing a new stage of adjustment. Before there is a sign of a complete improvement in China-US relations, the two sides should maintain timely communication, properly handle their contradictions and differences, and achieve the de-escalation and control of crises. For an extended duration into the future, it is anticipated that a discernible disparity will continue to persist between China and the United States. China must maintain strategic determination, seize the precious development opportunities in the strategic stalemate stage, and provide the necessary premise for striving for the equality of China-US relations and the democratization of international relations.

The shortcomings of this essay are that it mainly starts from the perspective of China, and the analysis of the internal political, economic and social factors of the United States is relatively small, which may lead to an incomplete understanding and analysis of the complexity of China-US relations. In future research, more consideration can be given to the American perspective to balance bilateral analysis. In addition, although this essay proposes some coping strategies, there is no in-depth analysis of the feasibility, possible resistance and challenges of these suggestions. Future research can further explore the specific steps for implementation and potential challenges.

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