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## **US-CHINA RELATIONS: TRADE WAR AND THE QUEST FOR GLOBAL HEGEMONY**

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### **ABSTRACT**

This article attempts to provide an alternative perspective on the US-China trade war by integrating power transition theory and the concept of soft power in examining the nature of the trade war and conditions that fuelled it. The discussion also includes the possibility of the emergence of a new global order led by China beyond the trade war. This study used a qualitative approach by analysing primary and secondary sources such as speeches of representatives from both China and the US, books, journal articles, newspaper articles and research by both national and international organisations. The findings revealed that the main trigger of the trade war was not trade deficits or unfair practices, as other literature has suggested, but rather a desire by the US to prevent the decline of American hegemony. We argue that there are three reasons why China cannot form a new global order and replace the US as a global hegemon within the next decade. First, following the trade war, there is growing wariness about Chinese firms and investments, globally. Second, China's soft power

is relatively ineffective, and its culture less appealing to Third World countries as compared to the US's. Finally, unlike the US, China does not have a strong and expansive network of allies supporting its quest for global leadership.

**Keywords:** Power transition, hegemony, new global order, US-China trade war, soft power.

## INTRODUCTION

The hegemon will rise and gradually die, just like any other being in the world, behaving in accordance with the natural order of the universe, to be replaced by an emerging power. Many great powers have risen to the top of the power hierarchy throughout history, including ancient Rome, Germany, and the United Kingdom. For a time, each was an indisputable hegemon, setting international rules and bending the international order to their own objectives, but, as with all other once-dominant powers, they too were forced to accept their predestined fate of fading away. It is said that the hegemon's position is often at its most precarious when there is a new rising power that can pose a challenge to its hegemonic position. Such is the case with China's rapid development in recent decades. Its high growth rates were startling, and over an extended period it continued to be one of the fastest-growing economies of the world. Therefore, it is not unexpected that its growth has made the leading power – the United States (US) – extremely uncomfortable.

The rise of China is seen to threaten the US preponderance of power, which has eventually led to the US-China trade war. While there are numerous studies discussing the trade war, few have employed a theoretical approach. Therefore, this article intends to examine the dynamics of power relations between the US and China within and beyond the context of the US-China trade war from two approaches—power transition theory and soft power. We argue that China cannot unseat the position of the US as a global hegemon within the next decade. Using the example of the US-China trade war, this article also attempts to extend the explanatory potential of power transition theory by arguing that the outcome of a war initiated by a hegemon would likely be in its favour due to the hegemon's ability to set and alter existing rules.

Thus, this study contributes specifically to a growing literature on the US-China trade war and generally to the literature on contests between major powers by integrating power transition theory and soft power concept to explain the power dynamics between the US and China. This study employs a qualitative approach by utilising primary and secondary data—from speeches of representatives from both China and the US, books, journal articles, newspaper articles and research by national and international organisations.

The structure of this paper is as follows: the first section describes the background on the US-China trade war; the second section reviews the existing literature on the US-China trade war; the third section examines the nature of the US-China trade war and the conditions that fuelled it; the fourth section addresses the possibility of whether war between both parties would lead to a new global order followed by concluding remarks.

## **BACKGROUND ON THE US-CHINA TRADE WAR**

The relationship between the US and China has seen both good and bad times. Former US President, Richard Nixon agreed to normalise US ties with China in the early 1970s because he believed that China, along with Japan and Western Europe, should be included in the global power structure. This decision was part of a broad shift in global power relations; since 1973, several events have shown the importance of resource-rich countries in international affairs despite their lack of military clout (Deutsch & Singer, 1964; Jones, 1988).

Well-endowed with rich natural resources and consequently large FDI inflows, China has accumulated considerable wealth and has become a crucial part of the global economy. However, China's rapid rise is not only reflected by its rapid economic development, it has also expanded its political and technological influence. These expansions can be – and are – viewed as a direct challenge to the existing international order. Institutions established by China have similar functions to existing US-led institutions. Notably, the Asian Investment and Infrastructure Bank (AIIB) and the Belt and Road Initiative (BRI)-related organisations are intended to finance Third World countries in the development of their economy and infrastructure projects (Kim, 2019; Wu, 2020). Through the establishment of these

institutions, China has strengthened its currency, the renminbi and expanded a growing network of strategic partnerships, both of which pose an inconvenience to the US. As such, the trade war is seen as an inevitable step to constrain China's growing economic and political power.

To understand the narrative of the US-China trade war, we first need to know what a trade war is and why it happens. A trade war is an economic conflict resulting from extreme protectionism and barriers implemented by countries with the intention to damage each other's balance of trade while protecting their own (Melatos et al, 2007). The Opium Wars, Banana Wars, and Smoot-Hawley Tariff Act are a few examples of the many trade wars that have occurred throughout history (Jain & Saraswat, 2019). The US-China trade war began in February 2018 when former President Trump claimed that the Chinese government had used unfair trade practices, leading to imbalances in US trade (Boylan et al., 2021). After conducting two inquiries into Chinese policies and practices under Sections 232 of the Trade Expansion Act of 1962 and Section 301 of the Trade Act of 1974, the US introduced a series of tariffs (United States International Trade Commission [USITC], 2019).

In April 2018, the US government decided to impose tariffs on about \$50 billion of Chinese imports. As a result, retaliatory tariffs on goods of equal value from the US have been levied by the Chinese. As the trade war has progressed, both sides have imposed tariffs on an increasing range of each other's products, ranging from steel, aircraft parts, agricultural products, and automobiles (Boylan et al., 2021; Kim, 2019). On 15 May 2019, the US went a step further, by severely restricting the ability of US companies to conduct business with the Chinese telecommunications company, Huawei.

US tariffs that applied exclusively to Chinese products totalled US\$550 billion as of February 2021, four years after the trade war began. Meanwhile, the tariffs imposed by China on US products amounted to US\$185 billion (Wong & Koty, 2020). The significant difference between these amounts reflected the tendency of the US to impose tariffs on a wide range of Chinese goods. Throughout the course of the trade war, the US has applied many sections of tariffs such as Section 232, Section 201, and Section 301 on China, which include tariffs ranging from 10 percent to 25 percent on specific goods. These include

solar panels, washing machines, steel, and aluminium (Bown, 2021). In contrast, China has imposed tariffs from 5 percent to 25 percent on various US goods such as pharmaceuticals, autos, petrochemical products, frozen vegetables, cosmetics, semiconductors, natural gas, and soy oil (Kim, 2019; Lee & Zhang, 2019). The trade war is expected to continue as experts argue that the new US president, Biden, has no plans to end it (Alden, 2020; McDonald & Wiseman, 2021).

## **LITERATURE REVIEW**

There are a number of studies that focused on the trade war between the United States and China. Scholars such as Kapustina et al. (2020), Chong and Li (2019), Kim (2019).

Gong (2018), Liu and Woo (2018), Siddiqui (2018), and Zhang (2018) have provided broad analysis on the factors contributing to the trade war through political and economic perspectives. They collectively agreed that the causes of the US-China trade war were due to the large US trade deficit, China's illegal and unfair trade practices, and strategic competition between China and the US in multiple areas including economy, politics and technology.

Kapustina et al. (2020) identified four desired outcomes that the Americans hoped to achieve from the trade war: "(1) to reduce the deficit of bilateral trade and increase the number of jobs; (2) to limit access of Chinese companies to American technology and prevent digital modernisation of the industry in the People's Republic of China; (3) to prevent the growth of China's military strength and (4) to reduce the federal budget deficit." The protectionist measures such as tariffs and quotas introduced by the US administration were meant to halt China's increasing economic growth and political power. Kapustina et al. (2020) concluded that there would not be any winners in the US-China trade war as the war would only slow down global production and international trade, thus hampering both American and Chinese economies.

Chong and Li (2019) conducted a comprehensive discussion of the US-China trade war by looking at the causes, economic impact, and predictions for a worst-case scenario of the trade war. The analysis was undertaken from a historical viewpoint. Throughout history, the

US had engaged in trade wars with other countries such as the EU and Japan over currencies, textiles, vehicles, and many other products. Based on a comparative case study, the authors shed light on the economic and political causes that drove two different trade wars; the one between the US and Japan and the more recent trade war between the US and China. The shared causes that triggered the trade wars were (1) trade imbalances, (2) competition for global economic dominance, and (3) the US's midterm elections.

Kim's (2019) study used power transition theory perspective to examine the US-China trade war; this approach was adopted in the present study. Kim argued that the main underlying factor that drove the trade war was US's fear as a declining hegemon of a rapidly rising China. Kim highlighted the political dimension (political power competition) of the trade war rather than the economic dimension (imposing tariffs to correct trade imbalance with China). In references to power transition theory, Kim called attention to three examples of China's challenges to the US hegemony: Made in China 2025, the creation of the AIIB, and the BRI. Therefore, according to power transition theory, the trade war was essentially a US effort to prolong hegemony. Kim's work served as the foundation of our argument, and we built on it by integrating the soft power concept.

Liu and Woo (2018) described the trade war between the US and China by concentrating on three main US issues that were regarded as the initial causes of the trade war: 1) China's large trade surplus discouraging job creation in the US; 2) China's utilization of illegally transferred technology from US companies to develop their high-tech industries; 3) China's rapid changes threatening US national security and the established international order.

Interestingly, Gong (2018) combined domestic and international dimensions to explain the trade war. Ting explicitly highlighted the intense concern over China's growing power that made the US execute its "anti-globalisation" policy. Initially, when the BRI was introduced, the US administration viewed it positively. However, after further consideration, the US adopted a hostile stance towards this plan and asserted that they would join forces with India to counter China's dominance in the Indo-Pacific region. Gong (2018, p. 160) stressed that geopolitical considerations played an essential role in this trade dispute. Domestically, mounting pressure from domestic

interest groups such as the Aluminium Association had caused steel and aluminium exporting countries, specifically China, to be slapped with high tariffs.

Meanwhile, Zhang (2018) and Siddiqui (2018) shared a similar perspective regarding the causes of the US-China trade war. Both argued that the US trade imbalance was a significant factor because the US saw the possibility of reversing and reducing its trade deficit, specifically with China, through the measures it had adopted. Siddiqui criticised the US, claiming that it was victimising China as the cause of the national trade imbalance and widening trade deficit. Both Zhang and Siddiqui believed that internal structural weaknesses directed the US to initiate this trade war. They argued that the US should contend with its own economic structural weaknesses rather than blame others “to reduce trade deficit” (Siddiqui 2018; Zhang 2018).

Zhang (2018) noted that the US administration aimed to use a trade war to halt China’s rise as a superpower in high-tech sectors namely, electronics, IT, and machinery in order to maintain its dominant role. Made in China 2025 is a technological development plan to encourage and advance China’s manufacturing in high-tech industries. Zhang went on to suggest that these underlying problems of the US trade deficit and initiatives that gave expression to the perceived threat of China’s rise, including Made in China 2025, were the ultimate concerns for the Trump administration in its decision to initiate a trade war.

The literature discussed largely followed an empirical approach in understanding the US-China trade war. Apart from Kim (2019), there were few attempts to study the causes and implications of the US-China trade war from a theoretical perspective. An empirical-based explanation is useful for understanding this specific event – the US-China trade war – but we argue that it lacks a broader understanding of how international politics works. Instead of focussing on trade deficits and unfair trade practices, international relations theories shed light on how power contestation between states is often the major cause of most global conflicts. According to power transition theory, the primary cause of the US-China trade war has less to do with unfair trade practices and trade deficits than with growing power parity between a hegemon and a rising challenger. Therefore, this article used power transition theory and the concept of soft power

in its analysis of the US-China trade war, which allowed us to make predictions regarding whether there could be a possibility of a new global order emerging following the trade war between both the major powers.

## **TRADE WAR AS A PREVENTIVE WAR**

There are competing theories on how peace and order can be maintained in the international system. The balance of power theory argues that only when the powers of great countries are relatively equal can peace be maintained. Power transition theory argues otherwise; peace can only be preserved when there is an imbalance of political, economic, and military capabilities between countries. When the power parity between countries grows closer, war is likely to take place.

Organski's (1958) power transition theory has long predicted China's rise and the possibility of wars between the rising power and the US. Orthodox power transition theory contends that the cause of war arises from the dissatisfaction of the rising power towards the hegemonic status quo. The rising power feels that under the existing international order it would be impossible to gain substantial benefits and hence would prefer to establish a favourable new order (Chan, 2007). In other words, a rising challenger would compel power transfers from a hegemon through war (Kim & Gates, 2015).

While most power transition theorists argue that the rising challenger would be the initiator of war, Levy (1987) believes that the hegemon, whose power is decaying, can be the initiator. This can clearly explain why the US is the initiator of the US-China trade war. According to power transition theory, the US-China trade war is in the national interest of the US to prevent China from achieving power to the extent that it would eventually replace the US as a global hegemonic power. In the words of Kim and Gates (2015, p. 221), "There may be ways for the declining hegemon to prolong the period of its power preponderance vis-à-vis the rising challenger, so that the rapidly rising power will not dare to challenge the hegemonic leadership." Therefore, initiating the trade war is one of the US attempts, but not the only one, to maintain its undisputed hegemony. Through the lens of power transition theory, the US-China trade war can be seen as an attempt to decelerate the power transition from Washington to Beijing.



Furthermore, power transition theorists argue that beyond the trade war, other forms of conflict will likely take place in the context of growing power parity between the two countries. While Biden may disagree with the ways Trump's administration dealt with China, it can be assumed that he agreed China's rise must be deterred. This assumption appeared to be confirmed when US Secretary of State, Antony Blinken and US National Security Advisor, Jake Sullivan warned China to respect a rules-based international order in order to preserve global stability and that the approach taken by the US will be to protect American interests and those of its partners and allies ("How it happened", 2021).

While it is uncommon within the power transition literature to suggest that the hegemon would initiate war due to its commitment to maintaining the status quo, we argue that several conditions had compelled the US to take such extreme measures. First, the decreased competitiveness of the US economy. US competitiveness has decreased over the years, causing the relocation of manufacturing facilities, mostly to China. Second, the rapid development of core technologies in China. It is evident that the 'Made in China 2025' is not merely an industrial policy that aims to upgrade China's manufacturing capability. A deeper reading of the plan has revealed that it aims to dispose of the US and its allies' dominance in the semiconductor industry (Liu & Woo, 2018). Being a global leader in this core area would be a testament to China's technological capabilities, and most importantly, "advances in chip technology can lead to breakthroughs in other areas of technology" (Chan, 2018). These two conditions have fuelled the insecurity of the US and its fear of being overtaken by China.

### **Decreased Competitiveness of the US Economy**

China is good at producing consumer products at relatively low prices which have drawn many buyers, including those in the US. If a country exports more than it imports, on balance it creates more jobs and improves the living standards of its people, and vice versa (Amadeo & Boyle, 2021a). Lower manufacturing costs in China creates a challenge to US competitiveness, which in turn makes creating jobs in the US more difficult. According to most economists, China's competitive pricing is due to two factors: (1) a lower standard of living and (2) a yuan rate partially fixed to the dollar (Amadeo &

Boyle, 2021a; Amadeo & Boyle, 2021b). The lower standard of living in China allows Chinese companies to pay lower salaries to their workers. The US dollar exchange rate to the Chinese yuan renminbi has been kept relatively stable, making Chinese exports attractive, globally (Siddiqui, 2018).

Further, lower wages and employment standards in China meant that US companies have had to outsource jobs or relocate manufacturing plants to China or other cheaper countries to reduce costs and remain competitive. China was once thought to be the world's factory, primarily assembling parts. However, it is now regarded as a technologically advanced nation, especially in the manufacturing and semiconductor industries, which have posed a direct threat to US's competitive advantage (United States Trade Representative [USTR], 2017). Against the backdrop of decreasing competitiveness of the US economy and China's ambitious plans, the Trump administration was compelled to act.

To fix the deteriorating US economy, Trump enacted a series of tariffs which would become known as the Trump Tariffs (Lovely & Liang, 2018). It was thought that the tariffs would protect American domestic firms and jobs, but a study by Moody's Analytics revealed that the trade war had cost the US economy nearly 300,000 jobs and an estimated 0.3 percent of real GDP (other studies estimated about 0.7%) and harmed US technological competitiveness (Donnan & Pickert, 2019; Zandi et al., 2019). By the end of 2020, the estimated cost of the trade war on the US economy was \$316 billion (Bown, 2021). In terms of the results of Chinese retaliatory tariffs, studies found that the US-China trade war made US companies pay for the tariff, a cost estimated at almost \$46 billion (Bown, 2021). Due to the tariffs, US companies were forced to accept: low profit margins, reduced job opportunities and salaries, and raised American consumer prices to cover their losses. This was expressed most clearly by the American Farm Bureau's findings that US farmers had lost at least \$24 billion to China in this industry (Lane & Gangitano, 2019).

Both China and the US have suffered from economic pain due to the trade war. Long (2020) clarifies that "the US economic growth slowed, business investment froze, and companies did not hire as many people. Across the nation, many farmers went bankrupt, and the manufacturing and freight transportation sectors have hit lows not

seen since the last recession.” To sum up, trade protectionism may have the possibility to protect domestic jobs in some sectors, with the condition that high tariffs must be treated with great caution. Otherwise, it will fail in its efforts to protect jobs in various sectors, as in the case of the US (Lovely & Liang, 2018). This is because higher trade tariffs increase the cost of trade activities, contributing to lower income per household.

### **China’s Technological Acceleration**

The 21st century marked the blossoming of the technological and digital age. Technological advances help many aspects of a country’s development. For instance, 5G technology and artificial intelligence (AI) have improved human lives by improving communications and reducing inconveniences, and are applied in many sectors such as healthcare, military, manufacturing business, and telecommunications. Due to the benefits that technological advancements bring, many countries, especially advanced countries like the US and China, are competing to acquire technological leadership in the field of 5G technology and AI (Center & Bates, 2019; Schneider-Petsinger et al., 2019).

Historically, China has been a world leader in advancing science and technology, but was largely absent in this respect during Mao’s administration because of its closed-door policy. After Mao’s death, China’s new leader Deng Xiaoping became a strong promoter of science and technology to develop China. Since then, China has been proactively involved in technological catch-up through national development policies. At the same time, the rapid rise of China’s economy has been seen by many as an existential threat to US dominance, and has led to fears that it would soon replace the US as the world’s leading technological force (Gewirtz, 2019). According to Gilpin and Gilpin (2001), a country that becomes a technological leader would be the most powerful nation shaping the world order. Gilpin and Gilpin (2001) also highlighted the correlation between economic, political, and technological leadership. It is also worth mentioning that acquiring these high-tech technologies would benefit the country by delivering greater profits than other existing sectors (Kharpal, 2017; Wu, 2020). Therefore, the growing technological competition has become a race between the US and China to lead

many next-generation technology fields (Jie, 2018; Schneider-Petsinger et al., 2019).

The Chinese government has used its technological initiatives as a fundamental strategy to develop socio-economic and national prestige since the 1990s. A key objective is to expand China's manufacturing sector by introducing more information technology and an increasing focus on creative industries. The Chinese government has articulated numerous policies aimed at turning China into a world leader in high-tech industries (O'Meara, 2019). In 2015, Beijing revealed the 'Made in China 2025' plan, a continuous initiative that aimed to dominate global high-tech manufacturing (Amighini, 2018). Subsequently, in 2017, China disclosed its ambitions to become the first AI superpower by 2030 (Kharpal, 2017). The announcement of these intentions has shaken the US, which identified the Chinese policies as a major threat to their hegemonic position.

Even though the US is currently leading in the technological race, experts believe that China has the capacity and resources to catch up (Cher, 2020). Haiyong (2019) claims that the US-China trade war is a competition to control global standards and information technology infrastructure. The US government was concerned when Chinese firms started to invest billions in US start-ups specialising in critical technologies such as AI and robotics (Liu & Woo, 2018). The Chinese government believed that advanced technologies, ranging from 5G to AI, could accelerate their socio-economic development and military capabilities, particularly with regard to drones and unmanned platforms. US policymakers have expressed concerns that the US could lose the technological race (Tucker, 2016).

According to power transition theory, the differential national growth rates that lead to constant change in relative power of the dominant US and rising China has prompted the former to take necessary action to prevent the power transfer from happening. Trade war as a preventive war is "the most attractive means of eliminating the threat posed by the challengers" (Lebow & Valentino, 2009, p. 391). Therefore, the US has taken immediate action to block China's investments in American firms that focus on these core areas (Liu & Woo, 2018). As such, the ban is viewed as essential to preserve the superior position of the US in the technology industry.

Moreover, the US claims that China has engaged in intellectual property theft in acquiring patented technology developed in the US (USTR, 2017). There are full reports on these unfair trade practices in the US government's investigation of the 'Made in China 2025' policy. China's ability to catch up technologically has posed a vital threat to the US, prompting the US, under Trump's leadership, to initiate the trade war to secure its national security and interests. Will China's rapid technological and socio-economic development put it in a position to shape a new world order? This question will be answered in the following section.

### **IS A NEW WORLD ORDER POSSIBLE?**

From the perspective of power transition theory, wars are likely to occur when there is growing power parity between the existing hegemon and the newly emerging power that would eventually bring about a change in the international system (Chan, 2008). What is missing from this framework is the consequence of a war that is initiated by a hegemon to prevent the rise of a competitor. This article fills the gap by stretching the limits of the theory's explanatory power to predict the outcome of a war initiated by a hegemon based on the example of the US-China trade war. Our analysis shows that the trade war has helped the US to prolong its dominance and has successfully pressured China into complying with US demands.

Such an outcome is unsurprising from the lens of the power transition theory as Kim and Gates (2015) maintain that there is always room for the declining hegemon to work around the limitations to its decaying power. As the global hegemon, the US can set and alter the rules of the international system in her favour in any 'preventive' war against the rise of China. Having the upper hand as a global hegemon, the US has successfully 'negotiated' with China for the first phase of a trade deal, in which China has made several concessions. This includes buying billions of goods from the US and making real commitment to strengthening intellectual property protection (Pramuk, 2020). Such compromises have clearly shown that the trade war has been effective at compelling China to follow the global hegemon's rules.

As power transition theory has correctly described, as long as China continues to grow it will still pose a challenge to the hegemonic

position of the US due to the growing power parity. Therefore, a pertinent question to be asked here is, will future wars between both parties lead to a change in global leadership? Based on our analysis, we argue that it is unlikely that China will be able to replace the US as a hegemonic power within the next decade. Our argument is threefold. First, the US-China trade war has resulted in a significant victory for the US not because China had consented to the first trade deal but because the US has successfully reshaped global narratives about China. The intangible impact of the trade war – less accounted for in the existing literature – is increased wariness of other nations about China's growing influence.

According to the Pew Research Centre survey in 2019, among the 34 countries surveyed, those in advanced economies tended to have unfavourable views about China (Silver et al., 2019). The increase in negative views about China was seen most evidently in Canada and the US. In Canada, these views have become even more apparent amidst the clash over the detention of two Canadian nationals by the Chinese government as a tit-for-tat response to the arrest of Huawei's chief financial officer in Canada on a US warrant during the trade war (Silver et al., 2019). Trump's administration also exploited the issue of data privacy and security related to 5G infrastructure built by Chinese companies. The US administration strongly alleged that the 5G network built by Chinese firms was akin to a Trojan horse that would open countries to espionage by the Chinese government. As suspicions grew, many countries in Central and Eastern Europe signed bilateral agreements with the US that could potentially block Chinese firms from building 5G infrastructure networks in their countries (Gramer, 2020).

Unfortunately, the unfavourable views of China intensified further as the COVID-19 pandemic spread across the world. A survey carried out by the Pew Research Centre reported that in most countries surveyed about three quarters of people saw China in a negative light. In some countries such as Canada, the US, Australia, and Japan, "negative views have reached their highest level" (Silver et al., 2020). The international community has questioned China's management of the crisis at its outset. Some countries, such as Australia, have even called for an investigation into the origins of the coronavirus. This request has thrown Australian-Chinese relations in turmoil, with China responding by implementing a series of punitive measures against Australia. This

includes anti-subsidy and anti-dumping measures towards Australian imports, which have greatly hurt the Australian economy (“Timeline: Tension between China and Australia”, 2020). In the eyes of many nations, China’s handling of the COVID-19 outbreak has called into question whether China would be a transparent and reliable partner in the international community, let alone a global leader. It is likely to take significant time and effort for China to rebuild its image as a friendly nation and a responsible power before being accepted as a global leader.

Our second argument comes from the belief that China’s soft power is not very effective. Nye (2008) explains that the concept of soft power is not an alternative to hard power but as complementary to mainstream accounts of power analysis. The US and China are approaching parity in their military strength and economic performance (hard power); but in terms of soft power, China was ranked 27th after Brazil, while the US was ranked number five in the Global Soft Power Index, 2019 (USC Center of Public Diplomacy, 2019). Based on the soft power concept, a hegemon must not only be capable of military and economic dominance in its sphere, which China undoubtedly has, but the possession of soft power is also an inextricable part of hegemonic status (Nye, 2004). Therefore, in soft power theory, to measure a state’s hegemony, we must not limit ourselves to looking only at a state’s hard power, we must also consider its soft power, especially in the current digital era. Soft power rests on the ability to shape others’ preferences with “intangible assets such as an attractive personality, culture, political values and institutions, and policies that are seen as legitimate or having moral authority” (Nye, 2004). While China has made massive efforts in this respect, including promoting educational exchanges, setting up Confucius Institutes overseas, and expanding its international media, it still lags far behind the US (Liu, 2013). However, this does not mean that it is not trying to catch up.

By January 2018, China had established more than 500 Confucius Institutes globally, and these institutes have been working together with local universities to organise various programmes such as Mandarin language courses, calligraphy classes, and others that aim to promote Chinese culture and values (Albert, 2018; De Dosch & Dosch, 2012). China also encourages cultural and educational exchanges, especially with countries that are part of the BRI projects. As such, more than a thousand international students, mainly from developing countries,



have the opportunity to study at Chinese universities (Jones, 2019). Foreign language news outlets have also been used as a medium to spread Chinese culture to international audiences and to project more favourable narratives about China—the state media, CGTN, broadcasts news in English, Arabic, French, Russian, and Spanish in over 70 countries (Albert, 2018).

Despite Beijing's efforts, experts argue that the effectiveness of China's soft power campaign has been somewhat limited due to "the dissonance between the image that China aspires to project and the country's actions" (Albert, 2018). China repeatedly emphasises a foreign policy of non-interference, but several events have contradicted this rhetoric. For example, a tweet from the National Basketball Association (NBA) executive showing support for Hong Kong protesters caused a massive uproar. The Chinese government allegedly requested the league fire the executive over the tweet; however, a Chinese spokesperson denied making such a request. The issue eventually resulted in Chinese state media, CCTV imposing a ban on the airing of NBA games for a year (Hart, 2020).

In recent years, international brands have tried to embrace 'chopstick' culture to appeal to Chinese consumers. The purchasing power of the Chinese consumers has incentivised international brands to embrace sinicisation, which is, in theory, helpful to Chinese aims to promote soft power. However, due to limited understanding of the cultural symbol – chopsticks – many attempts by companies to reach the rapidly expanding Chinese market have turned out to be insensitive and racist. A case in point was a series of videos by Dolce and Gabbana (D&G) in which a female Chinese model attempted to use chopsticks to eat Italian food such as pizza and spaghetti. The video gave the impression to the Chinese that it intended to project the superiority of Western culture over Chinese culture (Puppini, 2018). Many Chinese citizens boycotted the brand and Chinese state media, Xinhua News, also called on foreign brands to respect Chinese culture (Xu, 2018). Incidents such as these seem to suggest that it is difficult to adopt Chinese values and culture without first understanding them within the Chinese context as clumsy attempts to do so may result in repercussions. Such rigidity may cause hesitancy from non-Chinese to learn Chinese values and culture, thus making it more challenging for China to exert its influence through soft power.



Conversely, American ways of life are so embedded in our daily lives – from eating burgers and drinking Coca-Cola to fighting for human and political rights – that we often fail to realise that these are in fact the products of a foreign culture that we have gladly embraced and taken to be universal. Although former President Trump, may have undermined America's soft power with his America First policy and the failure of his administration to handle the COVID-19 pandemic, Nye, the pioneer of soft power theory, is optimistic that the Biden administration will be able to restore America's soft power if the President can tame the pandemic. This is because, according to Nye (2021), "America's power to attract rested not on our government's policy but in large part on our civil society and our capacity to be self-critical and reform." He adds that America has always successfully done just that in the past (Nye, 2021). Furthermore, the international financial institutions driven by the US, not only strengthen the US role in the world political economy but also act as a medium to disseminate US values. US-led multilateral institutions, such as the World Bank and the International Monetary Fund (IMF), can be used by the US to disseminate values such as neoliberal ideologies, transparency, and democracy to enhance its soft power. Making US values and culture receptive to others legitimises US actions, thus enabling it to shape the preferences of other nations according to its own interests (Nye, 2004).

Finnemore (2009) agrees that the US hegemony is based on legitimation, which is the key to global acceptance of its hegemonic position. The researcher adds that the hegemon requires material superiority, yet it also needs a non-material form of power to maintain its status. Having a preponderance of both hard and soft power does not give the US unlimited power to do anything it wishes, including suppressing other nations; although during Trump's administration, threats and tariffs were not an uncommon foreign policy tool. However, deployment of such tools has come at a cost to American influence, and the Biden administration is committed to returning to multilateralism in the international sphere, joining efforts with its allies against China (Detsch, 2021).

Our third argument that China will not be able to replace the US in the near future is that China lacks loyal and robust allies to help her become a hegemon. To effectively govern the international system, a hegemon must have an extended network of support from its allies. While

China has forged various partnerships with many countries under the auspices of BRI to advance its national interests, and it holds a degree of clientelism over some nations in its immediate sphere such as North Korea, it does not have a firm network of strong allies (Li & Ye, 2019). On the other hand, the US is backed by its historically strong allies, including the UK, Japan, and Israel. When a hegemon is blessed with trusted and reliable allies, the responsibility to keep the international system in order and promote the global leader's values, beliefs, and policies can be shared with its allies. The importance of the role of alliances is clearly presented in the revised power transition argument by Kim (1991). Kim contends that when considering the national power of the dominant state and the rising challenger, the support of their allies must be taken into account. Besides internal means, both the dominant state and the rising challenger could augment national power through forming alliances (Kim, 1991). The US's position as a hegemon is consolidated by the support of its stable and expansive network of allies. The allies which have benefitted from the US-led order would have the incentive to maintain and enforce the existing order while the counter alliances led by China seemed inadequate to change the order.

While the US focuses on developing its influence mainly through military means in other parts of the world, its allies have spread their influence through other means. For example, Japan has been complementing US efforts by building quality infrastructure in the developing world (Panda, 2020). Li (2018) asserts that the US-established international institutions such as the IMF, World Bank, and World Trade Organization (WTO) exist as a means to create and expand its network of alliances.

In contrast, the only widely recognised ally of China, Pakistan – known as China's all-weather strategic partner – has not been able to project much power. This is due to internal instability and historical contests and disputes with another of China's rivals, India. Most importantly, Pakistan's low-level development is plagued by unsustainable debt, making the government unable to divert attention from domestic problems to help China augment its power and influence globally (Islam et al., 2018). Therefore, if China hopes to replace the US as the next hegemon, she will need to identify potential allies and strengthen ties at all levels. This may include supporting and empowering its allies strategically. Based on Thi Thuy's (2012) work of almost a

decade, our analysis affirms that the US will remain as the global hegemon for years to come, although many challenges lie ahead.

## CONCLUSION

Our analysis serves as an alternative account to argue that the US-China trade war has not been conducted to right trade imbalances and unfair practices as the majority of the literature have suggested, but a preventive war aimed at stopping the power transfer from the US as hegemon to a rising China. From the lens of the power transition theory, the article argues that the act of initiating the trade war was meant to prevent an alternative world order, led by China, and the outcomes of the war have largely been in favour of the hegemon. There are arguably two main conditions that fuelled US insecurity, which prompted the war. First, the decreased competitiveness of the American economy, which has seen the outsourcing of much of its labour outside its borders. Second, the technological acceleration of China has alarmed the Americans. The US government believes that they have to act swiftly to block China's rise or they risk losing their dominant position in the international system.

This study further integrates power transition theory and soft power to argue that China is unlikely to succeed the US as the next hegemon within the following decade based on three key points. First, the trade war and subsequently the initial handling of the COVID-19 pandemic have negatively impacted China's image. Second, its soft power is ineffective in altering other countries' preferences, partly because Chinese culture and values lack global acceptance. Finally, China lacks strong and supportive allies to help her solidify her position as a global leader.

To be a truly respected hegemon that can set international rules and standards, the hegemon must have its own group of allies that are willing to defend its actions. China's lack of such partners stands in stark contrast to the US, which has a group of allies that can be relied on in almost any circumstances. To become the world's hegemon, China must first restore its reputation and relationship with other countries, step up efforts to make Chinese culture and values more appealing to the rest of the world, and most importantly, begin cultivating a large and stable network of allies. It is hoped that the findings of this paper

can contribute to the growing literature on US-China trade war and power contestations among major powers.

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