

KEYNOTE LECTURE

power shift and the death of the west? not yet!*

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Abstract

It has become the new truth of our age that the western world we have known is fast losing its pre-eminence to be replaced by a new international system shaped by China and increasingly determined by the economic rise of Asia. This at least is how many economists, historians and students of world politics are now viewing the future of the larger international system. This essay does not dispute some self-evident economic facts nor assume that the world will look the same in 50 years time as it does now. It does, however, question the idea that there is a power shift in the making and that the West and the United States are in steep decline. The world has a long way to go before we begin to live in a 'post-western' world.

Keywords power; power shift; the West; US decline; the rise of China; the Transatlantic relationship

Three big themes have dominated the headlines over the last few years. One is that China is fast rising economically and will, over the next two or three decades, surge past the United States to head the world's economic league table. A second is that the United States is, yet again, in terminal decline, one from which it will find it impossible to recover (Cox, 2007). And the third is that the axis of the world economy has tilted away from the Atlantic towards Asia. Few now seem to dispute these assertions. Indeed, the bulk of the West's *commentariat* now appear to

take all this for granted. Paul Kennedy is certainly one (Kennedy, 2010). Power he believes is now shifting, and shifting fast, from the West to the East. Asia's time has come. Another historian, Niall Ferguson agrees (Ferguson, 2009). The western moment that opened in the sixteenth century is over. The future now lies elsewhere. As yet another influential writer, Jeffrey Sachs, has put it: it is now time for the West to pass on the baton (Sachs, 2009).

The notion that we are moving into a post-western world is a relatively recent construct. It was certainly not a

fashionable thesis in the 1900s when the West and the United States seemed to be riding high following the collapse of communism and the USSR. Nor was it much talked about during G.W. Bush's early years when the United States was being characterised as a new form of empire. Only after the last few years in fact has the idea become intellectually and politically fashionable. Who spotted the trend first, and why, is still something of a mystery. However, it was impossible not to be aware that something serious was up when towards the end of Bush's first term, that most esteemed of journals, *Foreign Affairs*, fired a warning shot across western bows. No less a person than its editor, James Hoge, wrote tellingly – and from the West's point of view rather worryingly – of a 'global power shift in the making', which if not handled properly by the West could very easily lead to major conflict (Hoge, 2004). This somewhat alarming view, later restated by American political scientist John Mearsheimer, was reiterated by a number of other observers in the years that followed (Mearsheimer, 2005). One warned that an 'irresistible' shift of power was taking place to the East and that the West had better prepare itself for a diminished role in international affairs (Mahbubani, 2008). In the same year the influential Fareed Zakaria talked eloquently of a post-American world in the making (Zakaria, 2008). In 2009 yet another writer was warning (along with nearly everybody else) of America's economic decline (Thompson, 2009). And by the end of the next year, yet one more pundit not only thought the US was on the slide, but that this was bound to have a marked impact on the stability of the larger international economy. As Plender noted in 2010, repeating the by now standard refrain, when great powers declined (referring here to the United States of course) and others rose (obviously China) then extreme financial

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dislocation, currency turbulence and trade friction were bound to follow. Disturbing times lay ahead (Plender, 2010).

How disturbing became only too clear as the dust began to settle following the financial crisis of 2008. Once it did, the apparent contrast between a declining West and a rising East could not have been starker. In the former it was all gloom and doom; in Asia meanwhile the economic sun just kept on shining while China kept growing. Unsurprisingly, this only seemed to strengthen the hand of those who were by now convinced that we were not only witnessing a wider shift in the balance of economic forces from one region to another but the simultaneous rise of a most extraordinary new superpower as well. Communist in politics but deeply capitalist in economics, the twenty-first century looked like it was going to be China's. This was certainly the view of China-watcher Martin Jacques. America, he opined, was now self-evidently on the slide; China meanwhile was most obviously rising. There was only one conclusion to be drawn: the world was in the midst of the biggest geopolitical shift since the dawn of the industrial era, one that might even have us all learning our Mandarin (or Cantonese) in a new global order where others around the world would now be taking their economic lessons from Beijing rather than Washington (Halper, 2010).

Indeed, according to Jacques, this inevitable shift would involve more than just power. China, he argued, was not merely another state, but rather a civilisation with a mission. Hence, as it rose, its ideas about the world – and not just its commodities and money – would begin to gain traction (Jacques, 2009).

Nor did predictions of a less than sanguine future for the West end there. The great financial house Goldman Sachs not only seemed to agree with Jacques; indeed it had been ahead of him in anticipating major change in the world economy. It even appeared to support his thesis with possibly the most influential statistical table published in years: the famous 'Predicted Shift in the Economic Balance of Power'. This made what looked like an iron-clad economic case for a massive power transition. In 2015, it posited, the American economy would still be significantly larger than China's. By 2050, however (and possibly much earlier), it would be at least 10 per cent smaller. Not only that, four other rising economies – India, Brazil, Japan and Russia – when taken together with China would by mid-century be out-producing, and presumably outplaying, the West. A new age was in the making (Goldman Sachs, 2009).

Finally, amidst all this speculation, academics at last began to take note of the fact that something quite extraordinary appeared to be happening. This had certainly not been predicted. Indeed, until very late in the day, most scholars had adopted the view that for the foreseeable future China was bound to rise slowly on the not illogical grounds that it was only just emerging from decades of poverty and self-imposed isolation. This reticence soon began to evaporate however. The sheer speed of China's economic development, its growing international self-confidence, and finally, and its more assertive stance on the world's stage, together added up to something that

looked quite revolutionary (Jeffery, 2009). Whether or not all this was likely to lead to increased conflict with the West remained an open and much debated question (Organski, 1958), but one thing seemed palpably obvious. As a result of one of the most amazing economic transformations in centuries, China was forcing academics to think for the first time in a long time – and after nearly 20 years of American dominance in a unipolar world – about the possibility of a major change in the balance of world power (Clark 2011).

It is never comfortable raining on somebody else's parade, especially when some of the world's most influential intellectuals happen to be on it. It is even harder perhaps to blow that proverbial whistle and call time. But that is what I would like to do here, not because I want to deny some fairly self-evident economic facts, or even deny China or Asia their rightful place in a world that has for too long been dominated by Europe and the United States. Rather it is because I think the new truth needs to be interrogated rather more thoroughly than it has been so far.

I have a number of broad reservations about the new consensus. First, I think that too many analysts have conflated economics with power and thus concluded (incorrectly) that the former – economics – is by definition synonymous with the latter – power. Second, in spite of all that has happened over the past 10 years, I would want to argue that the West continues to possess many more capabilities and assets than some are now willing to concede. Indeed, I am still rather sceptical of the whole idea that we are witnessing a major geographical tilt away from the Transatlantic towards the East. I will explain why. Finally, though it would be foolish to underestimate China's rise and the impact this is already having on the world economy, it is important to think through the

political and strategic (as opposed to the economic) impact its rise is likely to have in its own region. Indeed, as I will argue towards the end of this essay, though China's economic transformation has altered Asia in many ways, one of the consequences has been to raise new fears in the region about what its ascent will mean over the longer term. These I suggest will keep the United States very much involved in Asia, and will do so largely because many Asian countries remain suspicious of China's intentions. It would be going too far to argue that this will lead to major regional conflicts as suggested by certain writers (Emmott, 2008). On the other hand, so long as China remains the kind of state that it is, with the history it is heir to, there is every reason to think that other Asian powers are likely to see it as being as much of a problem to be contained as a partner with whom one can easily co-operate within the larger Asian community.

IS THE USA DOWN AND OUT?

Let us deal with some of these issues in turn, beginning with the wider question as to whether or not the US and the West are as 'down and out' economically as some now seem to be suggesting (Serfaty, 2011). Here I think we have to distinguish between recent headlines – all of which seem to support the now widespread belief that the last 10 years have been 'hell' for the West (*Time* magazine, 2009) – and some basic economic facts. Some of these undoubtedly point, as Danny Quah has argued, to a certain tilt eastwards (Quah, 2011). But one should not confuse this 'tilt' with an irreversible economic decline of the West itself. China may well be consuming twice as much crude steel as the US, the EU and Japan combined. It may also be becoming the world's largest market for many key

countries, not to mention the engine of growth in its own region making it – alongside other Asian economies to be sure – an increasingly important economic player in the world economy (*Economist*, 2010). But the western economies overall still retain some big structural advantages, none more so than its supposedly beleaguered leader, the United States of America.

Is the US economic star on the wane? Over the very long term, probably; and naturally enough under conditions of globalisation, others are beginning to make giant strides forward. But they still have a very long way to go to match a country that still prints the universal dollar, to which millions are still looking to emigrate, whose capacity to innovate remains deeply impressive, whose long-term stability is assured, and around which the rest of the world economy continues to rotate. As Carla Norloff has recently shown, despite a gradual economic decline since the end of the World War II, the United States still possesses critical features that give it what she calls 'positional advantages' over all other states (Norloff, 2010). She even challenges the now fashionable view that America's hegemonic burdens are outweighing the benefits. She suggests otherwise: Washington actually reaps more than it pays out in the provision of public goods.

There is also the small matter of size. Others are clearly catching up in terms of physical output; China most visibly. Still, measured even in terms of GNP, the United States is still ahead of the rest. Indeed, the only other part of the world that comes anywhere close to matching the US in sheer economic weight is that other member of that failing western club to which nobody wants to belong: the European Union. Other economic indicators point to an even greater gap between the United States and the rest. Take per capita income. In China life is definitely

getting better for the ordinary citizen. But in 2010, average income was still only one-tenth of that found in the United States (\$4000 per annum in 2010 compared to \$45,000). Comparisons of Gross National Income tell much the same story, with the US registering a huge \$10 trillion total income in 2010 compared to China's \$1 trillion.

Finally, though much can be said about (and against) the quality of American economic leadership, it is still only the United States that really thinks in leadership terms when it comes to the larger international economy. No doubt its capacity to lead has been badly dented by the economic crisis; and the rise of the rest, as others have pointed out, means it will have to consult more. However, unlike the rest (including China) it is still only the United States that appears to have some sort of positive vision for the world economic order. This was first formed in the period after 1945 and has remained remarkably consistent ever since. In fact so attractive has this 'open door' vision been, that even China has been drawn towards it, initially in the 1970s when it opened up diplomatic relations with the US, then again in the 1990s when it was becoming clear that China had to rejoin the world economy or stagnate, and then finally in 2001 when it formally entered the World Trade Organization. All this, moreover, tells its own hegemonic story. After all, it was not the US that joined a Chinese created system and then played by its rules. Rather it has been China that has chosen to join a world economic order originally created, and in many ways still governed by, rules written in the United States.

THE TRANSATLANTIC RELATIONSHIP

If the US remains far more important economically than some have been

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suggesting of late, so too does that much maligned entity known as the Transatlantic relationship. Indeed, it is by no means clear that power has been moving elsewhere quite as fast as has been suggested by certain writers (Bisley, 2010). That Asia is becoming more important economically is obvious. However, one should not underestimate how much strength is possessed by the key states making up the Transatlantic region. If nothing else, this ignores at least one rather obvious fact: that taken together the United States and the European Union still account for over 40 per cent of the global economy, hardly an insignificant amount for a part of the world that many now claim is on the slide. Nor is it just a question of weight (Hamilton and Quinlan, 2010). The most important international banks are to be found in Europe and the United States; so are the overwhelming majority of the world's leading corporations. Europe and the United States are also home to most of the world's leading universities; they play host to nearly all of its major business schools; and in areas such as oil exploration, aviation and chemicals, they still lead the way. The two together are also the world's most important source of Foreign Direct Investment, and are by far and away the world's most important markets too. They also invest in each other's future in vast amounts. Indeed, in 2010, the United States invested far more in Europe than it was ever likely to do in Asia or China (three times more to be precise). Meanwhile

the EU had eight times more invested in the United States than it had in the whole of Asia. Americans may not view Europe as being terribly exciting right now; and Europeans will no doubt continue to worry as to their current status in a Washington fixated on nearly everything else except the European Union. But that does not make the economic relationship any the less significant in international terms (Higgott, 2010).

Power though is not just about economics; it also matters a great deal who you happen to be allied with in world politics and how important they are. Here China in particular faces a real problem. It has masses of trading partners. However, it has very few allies; and those it does have are either poor or politically unattractive or both (like North Korea). The United States on the other hand has many allies, and one might add (perhaps with some hesitation) quite a lot of dependent and needy friends as well. These look to the United States in ways that other states will probably never look to China; and none look more longingly towards Washington than its still very influential friends across the Atlantic. Much has been made of Obama's non-European background; he has even been called the first US leader to be more interested in Asia than Europe. But this can be overdone. Personal biography is one thing; interests are something else. And clearly the US has an enormous interest in Europe and in maintaining a very close relationship with its European allies. The two may forever be quarrelling about this policy or that. But at the end of the day the two share the same ideological and political universe. And this is critical. China might be growing rapidly; and Asia is more likely to get the world out of the recession faster than moribund Europe. But in a deeply uncertain world (in part made more uncertain precisely because of the rise of China) it is, in the last analysis, those democratic

Europeans who form part of NATO, who have built the EU, and who have two permanent seats on the Security Council, whom the Americans know they can rely on most.

HARD POWER: SOFT POWER

If Europe and the United States still continue to constitute a formidable force in world politics, one of the reasons for this is that they are particularly adept in projecting different forms of power in complex ways (Parmar and Cox, 2010). Even those Kantian Europeans who seem to rely more on their economic, civilian and institutional strengths to shape international affairs, still possess some pretty formidable military assets (\$424 billion spent in 2009). The United States has even more of course. China's spending on national security may be on the rise; and countries like Brazil and Russia (two of the famous BRICs) have sizeable defence sectors. But it is the Europeans, and more obviously the Americans, who still dominate the world in terms of militarily spending (71 per cent of the world's total no less). Indeed, in 2010 alone the United States spent close to \$700 billion annually on national security; ten times more than its nearest allies, and fourteen times more than China. Nor is this asymmetry about to change any time soon. In fact, all future projections show that the US will be the only major actor in the world capable of global projection for several decades to come. Iraq might have cost the United States dear. And Afghanistan might cost it more. But neither war will change what has been true since the end of the Cold War and the collapse of the USSR: that there is still only one serious superpower operating in the international system today (Woodward, 2010).

Nor, to continue, does the West face much of a challenge in terms of soft

power competition either. The US may have lost much standing because of the Iraq War; and the western economic model might have suffered a blow because of the economic crisis. However, the first seems to have proved temporary – except in the ever hostile Arab world – and the second appears to have been short-lived. Furthermore, though China has won more than its fair share of grateful friends on continents like Africa because of its economic largesse, there is little indication (yet) that it is winning hearts and minds as well. China might aid and trade in ever increasing amounts; it can also buy massive amounts of raw materials and oil. But it has proven rather inept when it comes to acquiring true friends. This is in part cultural. It is also linguistic. It is economic too. Take Africa. Here China has made massive economic inroads. But if various reports from around the continent are to be believed, the Chinese are not only regarded as being aloof and distant; among many small African business people they are also seen as being ruthless competitors whose only ambition seems to be to create a monopoly after they have wiped most of the local competition.

There is also a much bigger problem facing China: namely that while its own very unique model combining Stalinist political rule and dynamic state capitalism might work under Chinese conditions (for the time being) there is little indication that it is for export elsewhere. China might attract admiration; it may also command respect. But there is not much evidence that it is attracting many imitators. In part this is because there is, as the Chinese leaders point out, something distinctly 'Chinese' about what is happening in China. But it is also because what is happening, is occurring under the direction of a party whose formal ideology at least has been abandoned in most other parts of the world. Much has been said of late about 'the crisis of

democracy' and the rise of the authoritarian alternative. But no serious states in the world today – excluding the deeply unattractive North Korea, the fast evolving Cuba and Vietnam – are any longer ruled by communist parties. Nor is the tide of history moving in that direction. China of course might be run in ways that make it economically dynamic for the time being; it might even be the kind of system that most ordinary Chinese prefer to what they had before. But there is very little chance of it being replicated elsewhere.

Finally, there is no guarantee that the model it now has will remain in its current form forever. Liberals are certainly wrong to argue that capitalism always requires democracy to flourish. But one does not have to be a liberal to suggest that over time the present Chinese model could easily confront some very serious problems indeed. Divisions between its increasingly unequal regions, the growing gap between rich and poor, inflation and corruption, and the very obvious tension between its dynamic open economy and its highly restrictive polity, all suggest that China is still very much a work in progress with more than a passing chance of deep tensions and conflicts emerging in the future. What chances then, one wonders, for the Goldman Sachs projection of China overtaking the United States in the coming decades?

POWER SHIFT: REGIONAL DYNAMICS

This then brings us then lastly to the larger questions of precisely what it is that we mean by a 'power shift' and what the implications are of China's 'peaceful rise' in its own region?

Let us deal first with the issue of power. As I have suggested throughout this short essay, though China's economic achievements are impressive, we should

not confuse what it has achieved economically with the acquisition of 'power'. China indeed remains a most incomplete actor on the world stage. As we have seen, it has only very limited amounts of soft power; it has few major allies worth the name; and even its hard power capabilities are light years behind those of the West, in general, and the United States in particular. Furthermore, for a supposed emerging great power with what some claim are hegemonic ambitions, the Chinese themselves appear to be exceedingly modest about what it is they are seeking to achieve internationally and how far they actually want to go in challenging the existing international order. No doubt there may be those in China who want China to confront the West and the United States more forcefully; and there is some evidence to suggest that these voices might be becoming much louder (Leonard, 2008). Even so, what the more influential voices in China (as opposed to the shrillest) seem to be saying is something that they have been repeating for a very long time: that China is still a relatively backward country with all sorts of problems that will take it years to address; therefore it is much wiser to keep one's head down internationally, work within the existing global system, and hope that over the longer term China's voice will begin to carry more weight abroad. This is already beginning to happen anyway. So why create problems by asserting oneself too forcefully against a West whose power one would be very foolish to underestimate and whose main leaders for several years have been keener to work with China rather than against it?

If this indeed remains the line, then China, it would seem, appears to have a much better grasp of international realities than many western commentators who seem unable to mention the country without talking in hyperbolic

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terms about its rise. Its leaders certainly appear to understand that any move on their part to balance the power of the United States, or define its policies in ways that challenged a world order that has underwritten 35 years of stability and record economic growth, could be extremely damaging. Such moves would not only impact negatively on its prospects at home, and naturally enough unite a still very powerful West against it; it would also frighten a number of other very powerful states in the region as well. India, South Korea, Taiwan and Japan might be thousands of miles away from the US or Europe, but as functioning market democracies whose security needs are intimately tied up with – indeed, dependent upon – the United States, they would soon run for cover if Beijing were to pose a serious challenge to the *status quo*. Indeed, if China were to break from the foreign policy course along which it had been travelling for years and seek to contest the United States more aggressively – something many now claim it is doing – its leaders would soon discover two things: what an unforgiving place the world can be (and none would be more unforgiving than the Americans); and that while its neighbours might happen to live in the East, this does not mean they do not view themselves as being part of that hugely successful and extraordinarily dynamic entity known as the West. For them at least geography is not fate, no more than their global relationships are predetermined by where they happen to be located on a map of the world.

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