

PP5182: 08–09. Power and Legitimacy

LKY School of Public Policy

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2016 Sem 1

OUTLINE

1. The Thucydides Trap: Hegemony and Empire
2. Government Legitimacy
3. China and the US
4. Power: Hard and Soft
5. Conclusion

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The Thucydides Trap: Are the U.S. and China Headed for War?

In 12 of 16 past cases in which a rising power confronted a ruling power, the result was bloodshed.

WWW.THEATLANTIC.COM | BY GRAHAM ALLISON

"The rise of a 5,000-year-old civilization of 1.3 billion people is not a problem to be fixed."

Athens and the Delian League: Hegemon to Empire

- After the 480 BCE Battle of Thermopylae ...
- ... the Delian League, with Athens first among near-equals, banded together for mutual peace and prosperity.
- But within four decades the other Delian League members had come to resent Athenian excess.
- 431–404 BCE Peloponnesian War: Sparta defeated Athens, ending the Golden Age of Classical Greece.



doun Qaddoura




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Attracting Democratic Legitimacy in Governance

1. Result: Leviathan to solve the Hobbesian problem; further to provide yet other public goods 
2. Process:
 - Ballot box. Open democratic selection
 - Consent of the governed: “Governments are instituted [...] deriving their just powers from the consent of the governed”
3. “It’s aspirational, a model”
4. Power

“The Age of American Unipolarity”

“American global power—military, economic, technological, cultural, political—is one of the great realities of our age. Never before has one country been so powerful or unrivaled. The United States emerged from the Cold War as the world’s only superpower and grew faster than Europe and Japan in the decade that followed. American bases and naval forces encircle the globe. [...] For the first time in the modern age, the world’s most powerful state can operate on the global stage without the fear of counterbalancing competitors. The world has entered the age of American unipolarity.”

(Ikenberry 2005)

But had this been a village in some emerging economy ...

“It’s aspirational, a model”

“The most remarkable development of the last quarter of the twentieth century has been the revelation of enormous weaknesses at the core of the world’s seemingly strong dictatorships ...”

“... strong governments have been failing over the last two decades. And while they have not given way in all cases to stable liberal democracies, liberal democracy remains the only coherent political aspiration that spans different regions and cultures around the globe.”

(Fukuyama, 1992)

The model

“From the perspective of year 2010, current projections of Asian supremacy extrapolated from recent trends may well look almost as silly as 1960s-vintage forecasts of Soviet industrial supremacy did from the perspective of the Brezhnev years.”

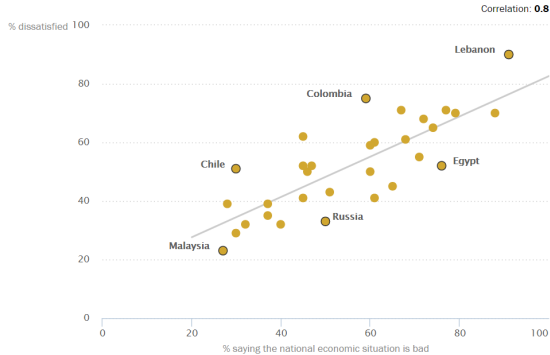
(Krugman 1994; but also [more recent](#))

“Unleash the forces of economic creative destruction and all manner of individual freedoms: what emerges, by some magical fundamental theorem, will be a social outcome good for all.”

Where does Singapore fit in this spectrum?

Negative Views about the Economy Linked to Political Dissatisfaction

How satisfied are you with the way the political system is working in this country? Percent saying "very" or "somewhat" dissatisfied



Note: Not asked in China, Ukraine or Vietnam.

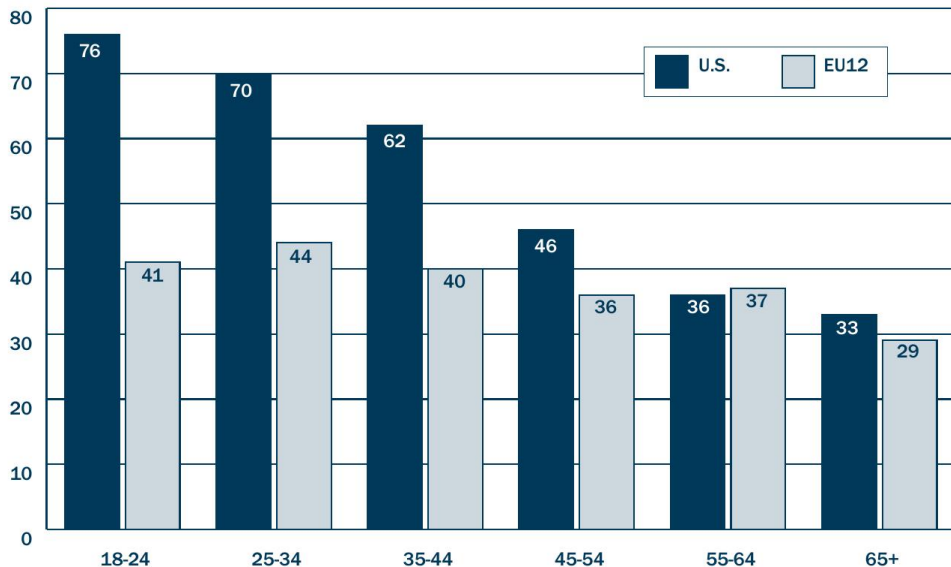
Source: Spring 2014 Global Attitudes survey. Q90.

(Source: Pew Global Attitudes 2015) In the emerging world economic gloom and political discontent go together.

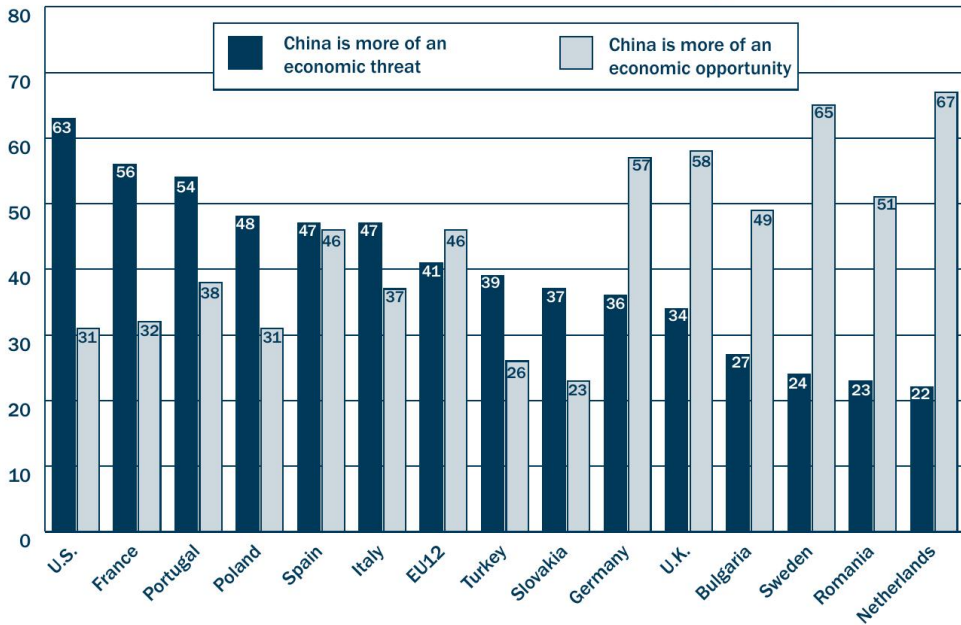
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Asia as Most Important Region for National Interest, by Age



Does China Represent Economic Threat or Opportunity?



China and the US: Commonalities 1979, 1865

- Sharp economic ascendancy through FDI
- Devastating civil wars; subsequent emphasis on national unity
- Engagement economic with the rest of the world. Political aloofness, claiming distance from global balance of power. Dissenting path
- Isolationist, with relatively lower military expenditure
- ...

China and the US: Commonalities 1979, 1865

(contd.)

- Perception by the rest of the world of laggardness on human rights (remember US slavery)
- Patriotic and materialistic
- Protectionist
 1. Alexander Hamilton, 1791 “competition upon equal terms is impractical”
 2. US Civil War saw the defeat of the free-trade Democrat South by protectionist Republican North.

Suspicion and mistrust are deep

“China’s development model is different from the one currently fashionable in the West. It is based on massive state-led investments in infrastructure—roads, ports, electricity, railways, and airports—that facilitate industrial development. American economists abjure this build-it-and-they-will-come path, owing to concerns about corruption and self-dealing when the state is so heavily involved. In recent years, by contrast, US and European development strategy has focused on large investments in public health, women’s empowerment, support for global civil society, and anti-corruption measures.” (Francis Fukuyama, 2016)

New International Institutions

AIIB, NDB

1. Asian Infrastructure Investment Bank US\$100bn. New Development Bank (BRICS Development Bank) US\$100bn.
2. ADB Asian Development Bank: Infrastructure gap US\$800bn investment per year for next decade
3. US pushback
 - environmental standards; lending safeguards; procurement requirements (Corruption)
 - competition over who gets to write the rules of the game and who has the wider circle of influence
4. March 2015 UK (then France, Germany, Italy, S. Korea, Australia, Denmark, Taiwan, Norway, . . . , Canada) 'constant accommodation of a rising power'. By June 2015, fifty-seven countries; more subsequently.

Why? A Possible New Narrative?

1. China's share of voting rights, smaller than Western democracies, together with India and South Korea
2. Legitimacy. Not just power

“We are far from perfect. But we understand how hard it is to develop and grow an economy. We don’t always get it right, and we might certainly not get it right for you. But we’re here to help.”

Legitimacy: Results

Stylization

- (AR) China's extractive elites —
parasitic, corrupt
- Regime illegitimate; no ballot
box democracy, no free press, no
political checks and balances
- Contrast US inclusive, flexible
governance

Legitimacy: Results

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Numerical reality

- Per capita real income 1980–2010, 14×; US 1870–1900 (golden age), 2×
- Median wages 1980–2010: China 2× every decade; US, constant or declined slightly
- Poverty reduction: China since 1980 over 600mn

US Democracy — Inclusive, Representative

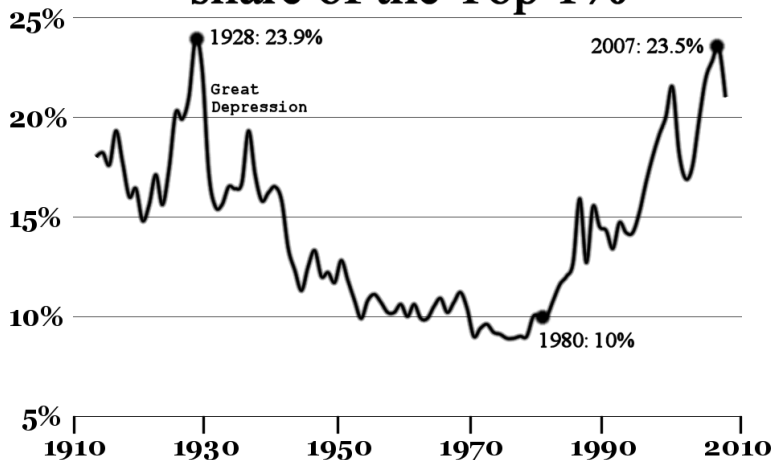
1. US campaign finance
 - Political Action Committees (PACs)
 - Super PACs: independent-expenditure only; unlimited spending, unlimited donations
 - Super-PACs: 132 Americans account for 60%
2. In US elections 94% of candidates with more money win
3. Gilens and Page: “economic elite and organized business interests”

Annual Earnings of US Men, aged 35–44, in \$2005

	1973	2005
Median	45785	40964
Mean	49705	54525

Source: Paul Krugman 2007 Meade Lecture, LSE

Annual U.S. income share of the Top 1%



Is China's system flexible and innovative?

1. Radical land collectivisation
2. Great Leap Forward
3. Cultural Revolution
4. Privatisation of farmlands
5. Deng Xiaoping's market reforms
6. Jiang Zemin's opening up Party membership to private citizens
7. Party posts previously for life; now term limits, mandatory retirement

Pew Global Attitudes Project 2015: Satisfied With Your Country's Direction?

	Since 2006
China	Never below 80% (2002 48%, 2013 85%; 2014 87%)
US	Never above 40% (2002 41%, 2013 31%; 2014 33%)

So China's real impact?

“Abbott’s conservatism also inclines him to be uneasy about modern China. Like many people in the West—and not just conservatives—he finds it uncomfortable that China could grow so quickly and become so powerful despite its authoritarian one-party political system. That challenges his deeply held ideas about the ascendancy of democratic principles, which had seemed so decisively validated by the collapse of communism elsewhere in the world.”

(Hugh White, 2013)

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Power in International Relations: The Ability to Get What You Want

1. Hard Power: Economic and Military. “Carrots and Sticks”
2. Soft Power:
 - Appealing and seductive
 - Values that attract: Democracy. Human Rights. Individual Opportunities
 - Values that repel: Arrogance. Deception. Triumphalism.
3. Smart Power — the right combination of hard and soft

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Getting What You Want

Power		
	Hard	Soft
Instruments	<ul style="list-style-type: none"> • Military Force • Economic Sanctions • Bribes • Financial Compensation 	<ul style="list-style-type: none"> • Institutions • Values • Culture
Results	<ul style="list-style-type: none"> • Command • Coercion 	<ul style="list-style-type: none"> • Attraction • Seduction • Co-option

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Concepts to remember and use

1. Thucydides Trap. Delian League. Hegemony
2. Externalities
3. Legitimacy: Result; Process. Consent of the Governed
4. Narrative of Power: Domestic Politics; International Order
5. US and China: Excessive geopolitical focus
6. Soft Power

Public Goods; Externalities (1)

Externality

An **externality** arises when an action by someone affects the well-being of another, without an immediate system for compensation.

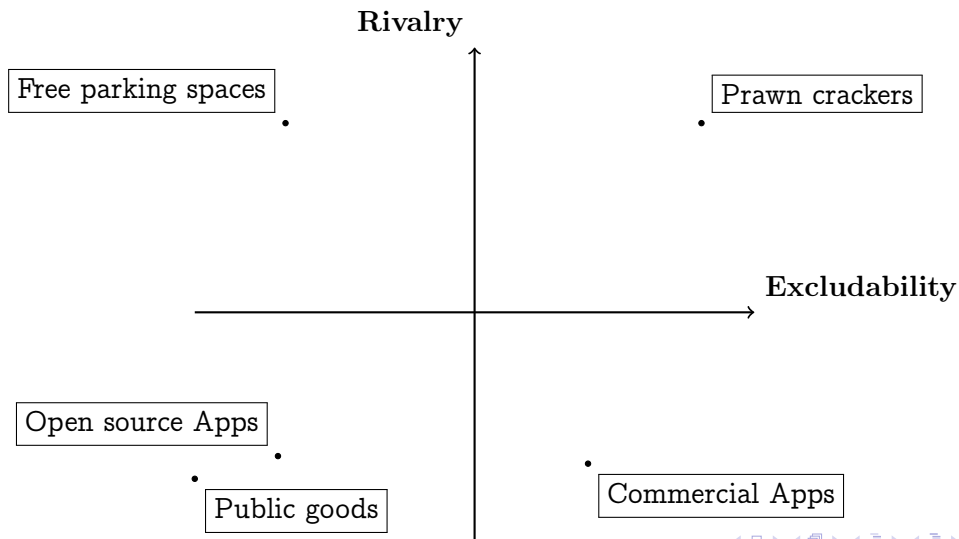
Rivalry

A good is **nonrival** when its consumption or use by someone does not reduce its consumption opportunities to others. Otherwise, that good is rival. [Older language: infinitely expansible (Thomas Jefferson, 1813)]

Excludability

A good is **excludable** when the benefits from its consumption or use can be kept from others in society.

Rivalry and Excludability



Public Goods; Externalities (2)

Club

A good is a **club good** when the benefits from its consumption are shared by some subgroup in society but can be withheld from all others. That subgroup sharing is typically facilitated by the good being nonrival.

Public

A good is a **public good** when it is nonrival and nonexcludable.

Public goods are special cases of externalities. They are particular *incentive structures* that require some form of *enlightened collective action* to solve a social problem.

Global Public Goods

Global Problems Requiring Global Solutions

- Global climate change
- Security
- International migration; refugees
- Global regulation
- International trade and financial architecture
- World economic and financial stability
- International financial crime; money laundering
- Pandemics
- Standards—communications, transportation, cyber





Investment Bank
Houlihan Lokey
Discloses IPO Plans



Hayes Says UBS Had
'Instruction Manual'
for Rigging Rates



Stocks Rally on
Greece Hopes



[MARKETS](#) | [BLOG: MONEY INVESTING](#)

Memo to China: You Are Doomed to Fail

By [JASON ZWEIG](#)

July 10, 2015 7:37 p.m. ET

China

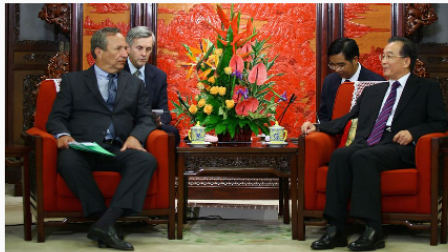
The long read

Why China's stock market bubble was always bound to burst

The sudden collapse of the nation's share boom left tens of millions of investors in shock. But a massive government intervention to prop up the market has laid bare the contradictions of a capitalist China

END OF THE LINE

Larry Summers explains why the world is too optimistic about China's economic future



Summers (left) and then-Chinese premier Wen Jiabao in 2010. (Reuters/Peng Li)

