

China-Led Bank a Sign of U.S. Struggle to Transform Power Into Policy Success

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The failure of the U.S. campaign to dissuade allies from joining China's Asian Infrastructure Investment Bank was greeted in some quarters as a sign of American decline. But this episode was not a crisis of American power, which remains unequaled. And while the threat that the bank poses to that power and to the international order it undergirds has been much touted, it is in fact overstated. In fact, the main portent of the episode is not Beijing's overturning of the international economic order or the arrival of China as a U.S. peer but the United States' continued struggle to transform its power into policy success.

Democracy favors freedom and debate over efficiency in policy making. Contrast the long-running clashes between the White House and Congress over Iran policy with China's swift execution of its infrastructure investment bank, which President Xi Jinping proposed in 2013. The checks and balances in the U.S. system are a diplomatic strength and ensure that our foreign policy serves the public interest and can be sustained over political cycles.

But the level of inefficiency this debate imposes on policy making can vary widely. The difference between deliberation and dysfunction is, in part, a matter of presidential and political leadership. It is no coincidence that the Chinese bank has progressed as two initiatives in Washington foundered: International Monetary Fund quota reform, which would increase the IMF's capitalization while increasing the voting rights of emerging economies; and fast-track trade promotion authority to conclude the Trans-Pacific Partnership.

U.S.-led reform of the international economic order that preserves our role while appealing to emerging economies would likely win more adherents than any Chinese-led order. But Washington's lack of progress toward IMF and trade reform means that the U.S. has been fighting something with nothing. The experience with China's investment bank is less a demonstration that Chinese soft power is compelling than that America's has been allowed to atrophy.

It's tempting to chalk up U.S. policy paralysis to political polarization, but that wouldn't be accurate. IMF reform is opposed primarily on the right; trade-promotion authority on the left. As campaigning has increasingly trumped governing, bipartisan consensus has become more elusive even on issues where it once reigned such as Iran and Israel policy.

A similar erosion of statecraft is evident in U.S. foreign relations. The United States has faced difficulty in recent

years in challenging adversaries—failing, for example, to transform economic leverage into negotiating gains in the Iran nuclear talks or to deter serial Russian aggression in its near abroad. At the same time, we have neglected alliances that would conserve and amplify U.S. power. It would be challenging to identify a single U.S. alliance that is stronger today than it was in 2009.

How to think about all this? The world is changing, but our diplomacy has not kept up. During the Cold War, it was relatively straightforward to make the case that states should not only pursue their own interests but also uphold the Western-led international order in the face of the Communist threat.

Today, we are victims of our own success: No such unifying threat exists, and power and prosperity are more diffuse. Our diplomacy must therefore be more nimble—setting priorities, forming coalitions around shared values and interests, and working assiduously to maintain the broad appeal of the international order. This means working harder not only to understand how our allies perceive their interests—in this case, allies clearly determined that their interests were better served by joining with Beijing—but also demonstrating U.S. dedication to those interests amid diminishing national security budgets and commitments.

Michael Singh is managing director of the Washington Institute for Near East Policy. From 2005 to 2008, he worked on Middle East issues at the National Security Council. ❖

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