Working Paper for the Penn Project on the Future of U.S.-China Relations

Advancing U.S.–China Cooperation to Create a Global Public Goods System

Jake Werner, Quincy Institute for Responsible Statecraft

The collapsing system of global public goods provision and the toxic relationship between the United States and China, though they may seem to be only tenuously related, are in fact both consequences of the long disintegration of neoliberal globalization. Today, each is an obstacle to resolving the mounting dangers posed by the other, but both countries have a deep interest in avoiding conflict and in reforming the global system to be more inclusive. U.S.–China cooperation to establish a genuinely universal system securing the basic requirements for life, health, and livelihood worldwide provides a path out of an otherwise bleak future.

The collapse of the U.S.–China relationship and the crisis of the global system of public goods are rarely understood as connected phenomena. In fact, they are two sides of the same coin.

The first is usually pictured as a contest over trade competitivity, technological mastery, geopolitical dominance. The second is seen from a wider range of perspectives. Among humanitarians, it shows a distressing deficiency of altruism. For work-ethic moralizers, it represents an attack on unhealthy freeloading, while hard-headed realists often see it as a clear-eyed prioritization of self-interest. But we might sum up the contrast by saying that great power conflict is a question of who will hold power and humanitarian aid a question of how to treat the powerless.

The analytical incapacity to connect power and powerlessness is delivering the world into large-scale conflict. In reality, the transformation of geopolitics from a positive-sum great power peace in the 1990s to today's zero-sum conflict over growth and status is fundamentally rooted in the decay of broad-based prosperity following global economic stagnation in the 2010s. That lost decade, in turn, was a result of the failure to reimagine the concept of public goods as providing the essential common foundation on which human life, freedom, exchange, and growth are possible.

One path out of the stagnation of the 2010s would have been to create a broadly prosperous global economy in which dynamism is driven by a systematically wider circle of inclusion and a progressively more robust foundation for social life and commercial exchange. Instead, the world's leaders turned first to austerity and then, as the pressure of scarcity intensified, to vilifying enemies. The specific face of the enemy varies, often focusing on those inside the nation considered foreign, but in the U.S. foreign policy establishment, that face is Chinese.

As tensions with the prescribed adversaries deepened, the urgent need to gain an advantage decisively focused political attention and will away from those matters that are "merely" about the powerless. Crowding out such considerations is the conviction that, if we are to survive and triumph in the coming conflicts, we must focus resolutely on building our own power and undermining that of our enemies. Rather than clean water and sanitation—whose neglect kills over a million people every year[1]—our resources are poured into missiles and navies. Just a few years after a pandemic devastated the entire world, universal access to healthcare is an afterthought. Ignoring such genuinely existential questions, our policymakers see existential struggle only in such matters as controlling advanced technology. Developing countries may suffer a $15 trillion infrastructure gap, but most of those needs languish.[2] Financing to support the extraction strategic minerals is much easier to secure.

After the decades-long atrophy of public capabilities and public goals under market-led globalization, countries around the world are now reconstituting powerful capacities in these realms. But because they are doing so in reaction against the (deeply unequal) cosmopolitanism of the globalization period and in service to zero-sum forms of competition, the new definition of the public is an explicitly exclusionary one. Public goods could be the key to global peace and prosperity. Instead, they are being built in service to ethnic conflict, narrow nationalist advantage, and international violence.

These ominous currents are gathering force, but the world is not yet locked into a path of escalating conflict. Charting a different direction requires a new approach to both great power politics and public goods, and the nature of U.S.–China relations will be a decisive factor in both questions.

A genuinely universal approach to public goods offers a clear alternative of vision and policy to the rising currents of social Darwinism in international relations, setting out a peaceful and egalitarian approach to rebuilding the global order while driving investment to overcome the zero-sum pressures fueling exclusionary ideologies of all kinds.

Such a global system would need to be driven by a community of interests between the United States and China. The two countries offer complementary skills and resources to the project. Business interests in both countries would benefit from increased productive investment around the world. The project would allow both countries to gain prestige by making good on their rhetorical commitments to support growth and development in other countries and to avoid dragging the world into great power conflict.

The United States has a special interest in pursuing such a system because, unlike China and the rising powers of the Global South, the US needs a sharp change of course in order to salvage its eroding power and influence. Taking the lead on global reform would allow the United States to overcome its international isolation, maintain access to the opportunities for growth and technological upgrading offered by the most dynamic parts of the global economy, and retire the terrible danger of large-scale conflict. It would, however, require voluntarily ceding the more predatory forms of power built up over the last twenty-five years and inflated to the breaking point by the Trump administration.

[1] World Bank Group Global Department for Water, 2025. *The Global Sanitation Crisis: Pathways to Urgent Action* World Bank, 10.

[2] Global Infrastructure Hub, 2018. "Global Infrastructure Outlook: Infrastructure investment need in the Compact with Africa countries." *Global Infrastructure Hub*. https://outlook.gihub.org/.

Collaborating on a global public goods system would help the U.S. and China to rebuild the shattered trust of the last decade. Achieving such a system not only would separate the minimal conditions of human life from the whims of great powers but would also create the conditions under which U.S.–China competition would lead to mutual gain rather than destructive animosity.

The Collapse of the Global Public Goods System

The existing systems meant to secure the basic requirements of life, health, and livelihood for people around the world—global public goods—are collapsing. They are falling victim to the worldwide growth of budget pressures, exclusionary nationalism, and geopolitical conflict that followed the period of endemic stagnation and volatility in the global economy unleashed by the global financial crisis of 2008. These currents will only intensify over the next few years. The time to begin conceptualizing a new approach to global public goods is now.

The lifesaving but profoundly inadequate charity-based system of rich countries and rich people donating to poor countries was well-suited to the previous world order of neoliberal globalization, which privileged private initiative and noblesse oblige while impoverishing public capacity. That context is now gone. Private philanthropy is faltering while public humanitarian aid is being decimated. Paternalistic commitments of all kinds are losing their hold as the naked pursuit of power makes humanitarian sentiments seem not just unwise but hopelessly idealistic.

Most spectacularly, in early 2025 the Trump administration largely dismantled the non-military foreign aid system of the United States in the space of a few weeks, "feeding USAID into the wood chipper," as Elon Musk put it,[3] and condemning hundreds of thousands to death.[4] The Trump administration might be unusual in its public enthusiasm for destroying lifesaving programs, but even before Trump returned to office, most other rich countries had already started to reduce aid funding. Official Development Assistance worldwide in 2026 is projected to drop by $62 billion from $223 billion in 2023—a 28% reduction in a few short years.[5] The United States accounts for most of the reduction, but European countries have also cut tens of billions of dollars in aid. Much of what remains has been redirected to geopolitical objectives, especially support for Ukraine.[6]

When the Trump administration destroyed USAID, some American commentators lamented the terrible suffering that resulted, but the more common reaction was anxiety that China would step into the void. These fears were baseless; over the last four decades, China's overseas

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[3] Musk, Elon @elonmusk. 2025. "We spent the weekend feeding USAID into the wood chipper. Could gone to some great parties. Did that instead." X, February 3, 2025, 1:54 AM. https://x.com/elonmusk/status/1886307316804263979.

[4] Impact Counter. 2025. "Impact Metrics Dashboard." Impact Counter. www.impactcounter.com/dashboard?view=table&sort=title&order=asc; Kenny, Charles, and Justin Sandefur. 2025. "Update on Lives Lost from USAID cuts." Center for Global Development, December 16. https://www.cgdev.org/blog/update-lives-lost-usaid-cuts.

[5] Human Rights Funders Network, 2025. *Funding at a Crossroads: Foreign Aid Cuts and Implications for Global Human Rights.* https://www.hrfn.org/foreign-aid-cuts/.

[6] Ahmed, Kaamil. 2025. "Sweden and Germany slash aid budgets to focus on Ukraine and defence spending." *The Guardian,* December 21. https://www.theguardian.com/global-development/2025/dec/21/sweden-and-germany-slash-aid-budgets-to-focus-on-ukraine-and-defence-spending.

funding has overwhelmingly focused on infrastructure lending, construction projects, and productive investments rather than the provision of basic humanitarian assistance. Such projects, in the form of infrastructure like sewerage systems or electricity plants, often create the conditions necessary to secure basic public goods. But even these activities have dwindled in recent years: China's outbound sovereign development finance dropped from an annual average of over $37 billion in the 2010s to an average of $6.2 billion a year in the first half of the 2020s.[7] China, like the rich countries, is also facing weak economic growth, popular nationalism, and dangers posed by other powers that constrain the generosity of national leaders.

The Trump administration has catalyzed a slow-building erosion of an already inadequate global public goods system into an emergency. By shutting down or subverting core parts of the system, the Trump administration is forcing those with humanitarian commitments to consider new and potentially more robust alternatives. By destabilizing the already fragile institutional apparatus of global growth and inequality without offering any viable alternative, the administration is also sounding the death knell of neoliberal globalization. In the reconstruction period that follows the Trump administration, policymakers will have no choice but to explore arrangements that may have seemed unrealistic as recently as last year. If zero-sum geopolitical pressures have not already run out of control by that point, a global approach to public goods will find a political opening.

The Significance of Global Public Goods to the Global Order

A global public goods system is not just a matter of human well-being. It is the crucial question of what the animating logic will be for the system of global order that succeeds the long, drawn-out disintegration of neoliberal globalization over the last 15 years. One possibility is that the logic of geopolitical conflict will escalate further until the world is permanently fragmented, perhaps ending in a great power war. But a different future remains available, in which a new form of international connection drives growth and development because it breaks fundamentally with the neoliberal logic of integration.

One precondition for such a system would be a depoliticized global foundation of public goods provision. This would simultaneously address the key economic dysfunction of insufficient consumer demand, the key political dysfunction of excessive inequality, and the key innovation dysfunction of debilitating insecurity.

Economic dysfunction: insufficient consumer demand. Both within and between countries, neoliberal globalization concentrated the gains from economic growth at the top of the income hierarchy. Many people in the developing world saw modest income growth that led to a broad but shallow decline in extreme poverty but failed to significantly increase wages or public spending. Rather than transforming these countries into vibrant consumer markets capable of driving global growth, neoliberal growth left them trapped in low-value and low-wage production.

[7] Global Development Policy Center. 2025. "Peer-to-Peer Lending: China's Overseas Development Finance Pivots to National and Regional Development Banks." *GDPC*, June 10. https://www.bu.edu/gdp/2025/06/10/peer-to-peer-lending-chinas-overseas-development-finance-pivots-to-national-and-regional-development-banks/.

This in turn generated resentment in the deindustrializing rich countries, where unfair competition from developing countries was a recurring political flash point.

In the developed world, weak income growth caused consumer demand to increasingly rely on an unsustainable growth of debt. China is the only significant exception to these trends, demonstrating how the transformation of poor people into consumers can become a major driver of demand in the global economy. Yet China, too, displayed the common pattern of extreme income inequality and debt bubbles.

The consequences of wealth polarization and credit-driven growth include financial bubbles due to surplus capital lacking productive outlets, as well as broad deflationary pressures (and attendant problems with job creation) alongside sector-specific inflation in asset-sensitive categories. The two most immediate solutions to weak consumer demand are wage growth and stronger collective consumption. A global public goods system would directly support the latter while providing a strong foundation for economic development that would indirectly support the former.

Political dysfunction: excessive inequality. With wealth concentrating at the top of society, political leaders became less responsive to large constituencies that had little to offer them, even as those people became increasingly dissatisfied with how society was working. That led to a crisis of legitimacy and destabilizing populist political currents that, in turn, encouraged zero-sum conflict over possibilities for growth and status.

A global public goods system would provide direct benefits, helping to integrate popular constituencies into the growth system, while indirectly supporting the reduction of inequality through a new logic of inclusive growth.

Innovation dysfunction: debilitating insecurity. Under winner-take-all dynamics, significant resources flowed to the most advanced sectors because those seemed to offer the most likely return on investment, but absent enough consumers, these sectors often disappointed. The more pressing need is not pushing technology further but supporting innovation among those best positioned to diffuse existing technologies more broadly and to drive innovation in non-technology areas of political and social organization that could integrate more people into the possibilities of growth. Yet such people suffer from levels of precarity and deprivation that encourage them to search out short-term opportunities rather than pursue long-term change. A global public goods system would mitigate these structural obstacles to broadening innovation.

Reconceptualizing Public Goods for the Post-Neoliberal Era

The first step to a new system capable of meeting collective needs is to move beyond the concept of public goods that has dominated recent decades. In this neoclassical definition, the only things that qualify as public goods are those that are both non-excludable and non-rivalrous.[8] In this conceptualization, the market is to structure the production and exchange of all goods except those that are required to make market activity possible, such as secure title to property or safe

[8] The initial formalization is Paul A. Samuelson. See Samuelson, Paul A. 1954. "The Pure Theory of Public Expenditure." *Review of Economics and Statistics*, 36 (4): 387–389.

movement of commodities. Beyond these foundational structures, individuals are free to make their own way.

Particularly in James Buchanan's rational choice elaboration, this concept served well in the neoliberal era.[9] Diminishing "the public" to merely those facets of social life that cannot be privatized or subcontracted, public choice theory provided a robust rationalization for the transfer of power from previous modalities of the state, civil society, and democracy to wealthy individuals and powerful corporations. The constitutive inequalities and insecurities of the neoliberal system were thereby naturalized, and the specific structures that allocated power and wealth made to seem the neutral sinews that merely facilitated human interconnectedness.

When American leaders sought to justify the U.S. position of primacy in the neoliberal era, they appealed to a like concept of public goods. American power was meant to preserve and perfect the single global market that connected all countries. It was exercised to maintain freedom of navigation, common trade and investment rules, macroeconomic stability, shared liberal standards and norms, and to suppress those bad actors (rogue states and terrorists) who threatened the security of life and property around the world.

The claim to neutral proceduralism that once legitimized the system started to erode as its actual operations generated growing levels of inequality, corruption, and insecurity. In countries around the world there has been a turn toward substantive and collectivist forms of belonging in place of the abstract individual equality that once formed the basis for integration among individuals and countries. All too often, however, this shift has taken the form of nativism and nationalism. Public goods are then redefined as those things that allow the in-group to exclude or dominate those portrayed as outsiders.

A return to universalism cannot be based on the failed neoliberal regime of abstract equality alongside devastating concrete inequalities. Instead, the turn to substantive and collectivist forms must be embraced but extended to all: everyone should have access to the basic requirements for life, health, and livelihood, including clean water, sewerage, waste disposal, core public health services, education, clean energy generation, electricity transmission, transportation infrastructure, and telecommunications connectivity.[10]

This far more ambitious conceptualization of public goods would take many years to put into practice. Like the unencumbered market relations of neoliberal society, which were only marshalled into existence over the course of several decades through enormous effort and against violent resistance, it would be an orienting ideal rather than an easily accomplished fact. Such an ideal is required, however, to illuminate the path out of a world that seems to be sinking into universal strife.

[9] Buchanan, James M. 1968. *The Demand and Supply of Public Goods.* Rand McNally.

[10] If rights and democracy are to have a future, they will need to follow a similar transformation from abstract formal rules and negative rights to concrete equality and substantive inclusion, allowing citizens not just the option to vote but equipping them to concretely participate in self-government. An expansive definition of public goods would provide crucial underpinning to such a project.

Many will object to indulging an aim that seems to be a utopian fantasy, but modern societies have achieved such breakthroughs before. The broadly inclusive public goods system that the rich countries enjoy today may seem like a natural feature of society, but it was secured less than a century ago out of the turmoil of the Great Depression.

What is today taken for granted as public infrastructure—urban sewerage, water purification, roads and rails—first emerged in Europe and America in the mid-19th century. But it was largely built and operated by private companies that either charged high fees or refused to extend their services outside of rich neighborhoods. Around the turn of the century, a wave of public takeovers in many of the larger cities broke the stultifying grip of private control and rapidly expanded the reach of modern sanitation and transportation.[11]

Yet even as the possibility of collective provision was finally emerging, the concrete reach of these services remained limited to the big cities—the major concentrations of wealth in society. The principle that public goods extended only to those who could pay continued to constrict access to basic necessities as smaller cities, poorer regions, and rural areas remained excluded. The Great Depression threw even these limited forms of public provision into crisis. Austerity and despair were the initial responses. It was widely believed that people spending beyond their means had precipitated the crisis, so how could more spending possibly be the solution?

The breakthrough came with large-scale public works projects typified by the New Deal, bringing sanitation, electricity, and transportation to millions of people who had previously seemed unworthy and unreachable. A newly collective definition of national citizenship emerged from programs that simultaneously rescued the economy and remade the concept of public goods into a universal attribute of citizenship rather than of wealth.[12]

Today the world is in the midst of a similar crisis of liberal society and, as in the 1930s, one powerful response has been the rise of ethnic hatred and xenophobic exclusion. But the historical emergence of public goods systems at the national level shows that crises can open radically new possibilities for inclusion as well. The next step for public goods is to raise what was achieved nationally to the global level.

Of course, blazing a global path for public goods involves complications that those who created national systems never had to face. But important work laying the groundwork has already been done. One starting point is offered in the Global Public Investment (GPI) framework, which was formulated through a transnational dialogue process.[13] GPI rejects the now-collapsing charity-

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[11] Melosi, Martin V. 2000. *The Sanitary City: Urban Infrastructure in America from Colonial Times to the Present*. Johns Hopkins University Press; Cain, Louis P. 1978. *Sanitation Strategy for a Lakefront Metropolis: The Case of Chicago*. Northern Illinois University Press; Ladd, Brian. 1990. *Urban Planning and Civic Order in Germany, 1860–1914*. Harvard University Press.

[12] United States Public Works Administration. 1939. *America Builds: The Record of PWA*. Government Printing Office; Smith, Jason Scott. 2006. *Building New Deal Liberalism: The Political Economy of Public Works, 1933–1956*. Cambridge University Press; Leighninger, Jr., Robert D. 2007. *Long-Range Public Investment: The Forgotten Legacy of the New Deal.* University of South Carolina Press.

[13] Expert Working Group on Global Public Investment. 2022. "Building a better system: Making Global Public Investment a reality." Expert Working Group on Global Public Investment, July.

based approach to public goods as well as those currents based on narrow self-interest or open predation. It instead builds on the UNFCCC principle of common but differentiated responsibilities: all countries should contribute resources and participate in decision-making around solutions to transnational problems that will benefit everyone. The 2023 India presidency of the G20 created a promising blueprint for reforming multilateral development banks in ways that would build up such capacities.[14]

How are such ambitious proposals to be financed? The OECD's Global Minimum Corporate Tax, which is largely in place aside from the Trump administration's forcing other countries to exempt U.S. companies, is inadequate but shows one potential path.[15] The 2024 Brazilian presidency of the G20 offered one promising proposal: a global wealth tax.[16] Other proposals include global carbon taxes, financial transaction taxes, or digital services taxes.

Valuable work has also been done showing how a large influx of resources into the Global South could undergird broad development rather than new dependencies.[17] Rather than a permanent drain on the productive capacities of the global economy, a global commitment to basic public goods for everyone could offer seed money for a new era of rapid growth that would more than pay for itself.

A New Framing of the U.S.–China Relationship

Such multilateral processes and policy proposals can help shape the structures the world needs, but they are powerless to establish such structures in the face of the collapse of great power comity over the last decade. Without solid commitment from both the United States and China, a global system of public goods would be very hard to establish. If the two superpowers continue on their current uneven trajectory into large-scale geopolitical conflict, basic human necessities will become even harder to prioritize for every country in the face of rising dislocation and violence.

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https://globalpublicinvestment.net/resource/building-a-better-system-making-gpi-a-reality; Global Public Investment Network. 2023. *Time for Global Public Investment: Leaders and experts rethink sustainable development finance*. Global Public Investment Network.

[14] Summers, Lawrence, and N. K. Singh. 2023. "The Triple Agenda: Strengthening Multilateral Development Banks," Vol. 1, *Report of the Independent Experts Group commissioned by the Indian G20 Presidency*, 11–76.

[15] Goldstein, Jeff. 2026. "Despite US exemptions, the show goes on for a global minimum corporate tax." *Atlantic Council*, February 12. https://www.atlanticcouncil.org/blogs/econographics/despite-us-exemptions-the-show-goes-on-for-a-global-minimum-corporate-tax.

[16] Zucman, Gabriel. 2024. "A blueprint for a coordinated minimum effective taxation standard for ultra-high-net-worth individuals." Brazilian G20 Presidency, 5–49. https://gabriel-zucman.eu/files/report-g20.pdf.

[17] G20 Brasil. 2024. "G20 Roadmap towards better, bigger and more effective MDBs." 4th Finance Ministers and Central Bank Governors Meeting, October, 1–16. https://coebank.org/documents/1724/G20_Roadmap_towards_better_bigger_and_more_effective_MDBs_T69DXmX.pdf; Kozul-Wright, Richard, Kevin P. Gallagher, et al. 2025. "Green Developmental Statecraft: The International Dimension of Green Structural Transformation in the Global South." Boston University Global Development Policy Center, September, 1–55. https://www.bu.edu/gdp/files/2025/09/GEGI-GST-Report-2025-FIN.pdf; Estevez, Isabel, and Thea Riofrancos. 2025. "Global Green Industrial Policy: Navigating Power Dynamics for a Pro-Working-Class, Pro-Development Green Transformation." Climate and Community Institute, 2025,1–47. https://climateandcommunity.org/research/global-green-industrial-policy.

The first step to stabilizing the U.S.–China relationship and making cooperation on global reforms viable is to break with the tendentious, self-serving narratives on both sides assigning one-sided blame for the conflict. As the U.S.–China relationship has deteriorated, leaders in both countries have argued that their own side is merely moving forward with longstanding practices friendly to the global status quo while the other side has sharply changed its orientation in a hostile direction. These mirror-image narratives often claim that the other side is now revealing a sinister plan to attack the other that it harbored all along. While Donald Trump's idiosyncratic view of the relationship and his administration's open attacks on the global order have scrambled political calculations in Washington for the time being, the sense of Chinese betrayal remains more powerful than any other view in both U.S. political parties.

In previous work, I have made the case that the sudden turn from a sense of positive-sum interdependence to zero-sum vulnerability on both sides of the relationship should not be understood as arising solely from either one or the other. Instead, I argue that both American and Chinese leaders have suffered a heightened sense of insecurity because neoliberal globalization, which once aligned their interests, become dysfunctional after 2008 and has gradually disintegrated in the years since.[18]

With the onset of the global financial crisis, a rapidly growing global economy has abruptly stagnated, leading to a reevaluation in both countries of the previous assumption that each could enjoy prosperity by deepening their economic ties. As exclusionary nationalist currents strengthened in response to the discrediting of cosmopolitan and individualist practices and ideologies, the crisis of economic entanglement was increasingly understood as a crisis of national security as well.[19] Since the same crisis undermined economic growth and political legitimacy in both countries, ruling elites experienced a deep sense of disorientation and insecurity. For leaders of both countries, it was the other that seemed to pose the most potent challenge to their own security and ambitions. The only solution seemed to be cutting connections and weaponizing remaining interdependencies to damage the other side.[20]

Rather than casting blame, both sides need to recognize that their sense of insecurity arises from the everyday inequalities of neoliberal globalization and the cascading dysfunctions of that system following its breakdown in 2008. If the core problem is not the sinister designs of the other side but a global system pushing the two powers against each other, then the solution is to reform the global system in order to open enough space for both. That can only be achieved through a shared agenda aimed at overcoming the zero-sum pressures now driving conflict, spreading authority and growth broadly rather than trying to centralize them in our own hands.[21]

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[18] Werner, Jake. 2022. "Why Did the US-China Relationship Collapse, and Can It Be Repaired?" *The Nation,* November 21. https://www.thenation.com/article/world/china-biden-taiwan-democracy.

[19] Werner, Jake. 2021. "The Sources of China's Vision for Global Economic Governance," Boston University Global Development Policy Center Global China Initiative Working Paper 18, 1–21. https://www.bu.edu/gdp/2021/09/28/how-the-liberal-international-order-shaped-chinas-challenge-to-global-economic-governance.

[20] Werner, Jake. 2023. "Competition Versus Exclusion in U.S.–China Relations: A Choice Between Stability and Conflict," Quincy Institute for Responsible Statecraft, Brief No. 45, September 14, 1–25. https://quincyinst.org/research/competition-versus-exclusion-in-u-s-china-relations-a-choice-between-stability-and-conflict.

[21] Werner, Jake. 2023. "Common Good Diplomacy: A Framework for Stable U.S.–China Relations," Quincy Institute for Responsible Statecraft, Brief No. 46, September 14, 1–26.

Principles for U.S.–China Cooperation

Should American leaders who are invested in the global common good again come to power, how could they build on this different view of U.S.–China relations in order to achieve the necessary level of Chinese support and participation for an ambitious reform agenda?

In addition to the reconceptualization of global public goods outlined above, I propose five core guidelines to undergird a new era of U.S.–China cooperation on public goods.

1. Broad inclusion

Today, the most dangerous dynamic in the disintegrating global system is the prospect that major powers will form exclusionary economic–geopolitical blocs. To the limited extent that recent U.S. leaders have pursued international negotiations to address transnational problems, they have either restricted participation to the closest U.S. allies (excluding the Global South) or they have sought coalitions that target other powers, especially China and Russia. This has not only exacerbated pressures toward global conflict, but it has also damaged U.S. credibility among the rising powers in the Global South.

A pragmatic reform agenda should aim instead at broad inclusion, substantially empowering countries in the Global South and fully incorporating China. Rather than restricting participation to the G7, the OECD, or select minilateral formations, negotiations should begin in the G20 to establish basic principles and proceed to detailed agreements through the UN system.

2. Pursue self-interested economic and geopolitical goals through a common good framework

In the modern state system, national leaders will always be concerned with maintaining security and economic growth for their own country and maintaining the legitimacy and internal cohesion of their ruling group. The question is not whether they can act solely in the interests of all humanity out of pure altruism; no such leader would ever rise to power. The only question is whether they rule in a narrow, myopic, and predatory fashion or in an enlightened, generous, and empathetic manner through strong efforts to achieve a larger alignment of interests. U.S. leaders should insist of themselves and others that the privileged path for major powers to gain status and influence in the global system is through contributions to the common good.

Such a principle will be particularly important for the United States as it seeks to rebuild its shattered reputation. In contrast to China, which has the advantage of a core political economy aligned with needs in the developing countries for investment, infrastructure building, and producers' goods, the United States has a weaker direct offer to make the rising powers of the Global South. An active campaign to bring China into a deeper commitment to global public goods would challenge China to make good on its rhetoric and dramatize the capacity of the United States to still play a leadership role in the broader interest. More familiar forms of "leadership" aimed at discrediting China in the Global South and rallying the targets of that propaganda against China will repulse most countries rather than draw them in.

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https://quincyinst.org/research/common-good-diplomacy-a-framework-for-stable-u-s-china-relations.

In the worst-case scenario, China would refuse to go along with global reform, and the United States would see its prestige make significant gains in the Global South. The more likely outcome, however, is to calm great power tensions while expanding human well-being and markets for everyone.

3. Affirm Chinese contributions and build on Chinese innovations

Rather than dismissing Chinese motivations as solely self-interested or denouncing Chinese activities as aimed at world domination, the United States should recognize China's contributions and affirm China's constructive innovations in the realm of global public goods.

U.S. leaders should draw on Chinese innovations that better align domestic political economy with global needs, such as the practice of tied aid. But they should insist that these mercantilist practices be moved onto a multilateral basis that coordinates countries rather than setting them against each other. For example, a global public goods system could establish quotas in the contracting system to ensure that each country's businesses gain from expanding investment in the new system. This would help overcome the nationalist complaint against aid because refusing to participate would lock out the nation's businesses from a huge market. Likewise, the Chinese practices of localization and joint ventures to ensure that development follows from FDI could be institutionalized to ensure that all recipients—not just those with exceptional state capacity—achieve developmental gains from newfound access to public goods.

4. Embrace and deepen U.S.–China complementarity rather than seeking to escape it

As anti-China panic has grown over the last decade, U.S. leaders have become more and more anxious over the ways that the two countries are integrated and sought to develop independent supply chains, productive capacities, and international partnership frameworks. Yet the aim of isolating the rich countries from China has made very little progress while building up significant pressures toward great power conflict. Today the damage is starting to run even deeper, undermining the competitivity of U.S. businesses and researchers who, unlike their European and Asian counterparts, are being separated from cutting-edge developments in China.

A less risky and more promising approach is to accept that Chinese companies will dominate some industries and seek to position U.S. companies to compete in complementary areas of strength—facets of the public goods construction, maintenance, and operations processes that are often higher value.[22] For example, in the urgent field of sanitation infrastructure, Chinese companies have a clear advantage in large-scale civil construction. The oft-stated American hope of competing in infrastructure provision has led to the announcement of one initiative after another, but these have never born much fruit for the simple reason that U.S. construction companies have little experience or motivation to push the process forward.

Instead, U.S. leaders should build on existing advantages in more knowledge-intensive areas such as system modeling, hydraulic simulations, advanced water treatment technology, and coordination of sanitation projects with host country governance systems and local communities.

[22] For a granular view of how this complementarity emerged through global economic integration and the new forms of specialization it made possible, see Nahm, Jonas. 2021. *Collaborative Advantage: Forging Green Industries in the New Global Economy.* Oxford University Press.

Such an approach works alongside rather than against U.S. political economy while bringing clear advantages to the beneficiaries of public goods investment. It also demonstrates concretely that the United States and China can thrive by growing together rather than at each other's expense.

5. Conduct intensive bilateral consultations with China, allies, and non-aligned countries

With geopolitical antagonism spinning out of control in recent years, trust and empathy between countries has collapsed. Rather than pressing in the other direction, the last three U.S. administrations have greatly exacerbated these trends. Even so, in the reconstruction era the diplomatic capacities of the United States are still likely to be unmatched even after over a decade of degradation.

Making adept use of those capacities to persuade others that a new basis for mutual gain is possible and, perhaps of greater importance, to really register the priorities of others to creatively find ways to integrate them will be a decisive factor in the success of the project. Each set of interlocutors will expect coercion and manipulation from others and will have difficulty seeing a path out of zero-sum conflict. They will all have specific interests that need to be satisfied and specific objectives that need to be incorporated. Even if a positive-sum world is possible in principle, failure in the diplomatic process might prevent its achievement. U.S. diplomacy will have to leave behind deep habits of great power conflict and unipolar hubris and regain a sense of confidence and optimism if it is to renew American leadership by remaking the world on behalf of a greater common good.