Article

China and the Future Status Quo

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Abstract

Although China’s underlying capabilities have developed at a fairly steady pace over the past 20 years and its ambitions have remained relatively stable, the shock of uncertainty and relative change since 2008 has driven an ongoing interaction between heightened international anxiety over China’s rise and greater assertiveness on China’s part. In academic circles, the question is raised whether China is a status quo power willing to be a stakeholder in the existing international system, or whether it has ambitions to be a revisionist power challenging the existing order. The resulting tension is especially acute in East Asia and in relations between China and the United States. Given the novel dynamics of the current era of global economic uncertainty, international normalcy should not be judged by the status quo of the post-Cold War era but rather by a ‘status ad quem’, a future situation of sustainable relationships in a post-hegemonic era. The prospective diplomacy of all states should be judged by the likelihood of their accommodation to a new era.

Since the beginning of the era of global financial uncertainty in 2008, China’s neighbours in East Asia have grown increasingly anxious while China has become more assertive. At the global level, the United States is treating China as a rival and China demands a special relationship. Interactions within the spheres and between the levels of regional and global diplomacy before and after 2008 present vastly different pictures. And yet, a hundred years from now, observers seated comfortably in the balcony of world history might point out that in that apparently fateful year the underlying reality did not change much. China had long been more powerful than most of its neighbours, and it was not until long after that it achieved capabilities comparable to those of the United States. Of course, neither the knowledge of what happens next nor the relaxed comfort of balcony seating is available to us. But it is likely that the absorbing and well-lit drama of daily diplomatic interaction will be influenced by the subterranean tectonics of reality, and vice-versa.

The question of whether China plans to join or to change the world order also predates 2008. In the 1990s the American proponents of the ‘China threat’ gathered
strength,\(^1\) even though China was at that time improving relations with its neighbours, especially those in Southeast and Central Asia. In the new century the fear of China as a rogue state has faded, but a new concern has appeared based on the prospect that China’s rapid growth would inevitably lead to a tipping point in the global balance of power, a power transition wherein China would challenge the American order as a revisionist power.\(^2\)

Given the history of rising powers, would not parity necessarily imply challenge? Other scholars have examined China’s ‘grand strategy’ for clues to its likely behaviour as a global power.\(^3\) Some argue that China, like its fellow emerging countries in the BRICs or the G20, wants changes in the global system but does not want to challenge the system itself.\(^4\) They argue that China is reformist but not revisionist. Still others point to the importance of ongoing diplomatic interaction in determining the appearance of cooperation or conflict.\(^5\)

In a nutshell, I argue that the debate on whether or not China is a status quo power is misplaced. Certainly it is important to examine the continuities of China’s international behaviour and of its emerging capabilities. Just as certainly, it is important to appreciate the qualitative change in regional and global anxieties about China since 2008. But the global financial crisis is also a watershed between an era in which the United States was considered to be and acted as a unipolar ‘hyperpower’\(^6\) possessing global hegemony, and a multi-nodal situation\(^7\) where the global order is neither hegemonic nor chaotic. China is indeed becoming more important in this new era, but it is not the new hegemon. In order to pursue foreign policies appropriate to a post-hegemonic order all states, China and the United States included, must adjust to a new reality of negotiated asymmetry. The old status quo is dead. The new status quo, the ‘status ad quern’, must emerge. Our attention should shift from the familiar ‘situation from which’ of the hegemonic status quo to a more forward-looking ‘situation to which’— a status ad quern of what is sustainable in a diversified and globalized world system.

The argument hinges on an analysis of the continuities and changes surrounding the watershed of 2008. The first task of this essay is to dig for the underlying continuities of

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1 See for example, Richard Bernstein and Ross Munro, *The Coming Conflict with China* (New York: Knopf, 1997).
situation and to consider their prospects. This involves consideration of China’s relative capabilities in its regional and global contexts, and also evaluation of the scope and limits of its ambitions. The second and third tasks are to analyse the discontinuities that the shift from post-Cold War era complacency to the anxieties of the current era created, and their effect on China’s diplomatic scene. This involves an empirical view of the 2008 juncture and reflections on the effects of novelty on asymmetric relationships. The fourth task is to try to fuse the two perspectives of underlying context and conscious interaction. Finally, the conclusion addresses the question of what international normalcy should be in a new era where neither chaos nor hegemony is likely, and the challenges that this prospective ‘status ad quem’ present not only to China but to its neighbours and to the United States as well.

Enduring Realities of China’s Regional and Global Presence

The beginning of the reform era in 1979 set the historic turning point in China’s external relationships. Since then change has been rapid but incremental, occurring within a framework of growing regional and global integration. Bilateral and multilateral cooperation has expanded while sovereignty disputes, especially over land borders, have diminished. China’s economy has been a significant contributor to as well as a beneficiary of globalization, and become increasingly involved with existing global institutions and regimes. Although its aggregate economic size is likely to surpass that of the United States, there is little chance that its per capita productivity or overall technological level will do so. China’s rise has been peaceful, and is the leading edge of a general convergence of the world’s developed and developing economies. But convergence does not imply a reversal of the current global prosperity rankings.8

China’s Economic and Military Capabilities

The success of China’s twin policies of reform and opening up since 1979 has transformed its regional and global presence. At the beginning of the reform era, China’s GDP was 10% that of Japan, one and a half times that of South Korea, and equal to that of the ASEAN Six.9 At war with Vietnam and most of its land borders under dispute, China was a mystery to the majority of its neighbours. By 1990, however, China had achieved certain results. In the decade that followed China completed normalization of its regional relationships and began its involvement in regional multilateral regimes. China joined the WTO in 2001 and in 2002 initiated the forming of the ASEAN China Free Trade Area (ACFTA).

In its course of growth during the reform era China widened the disparity in aggregate gross national income (GNI) between itself and most of its neighbours and narrowed the per capita GNI gap.10 Although China’s relative growth rate is impressive, it passed only two thresholds in the 23-year period. China surpassed Japan’s GNI back in the late 1990s

9 Until its expansion in the 1990s, the member states of ASEAN were Indonesia, Thailand, Philippines, Singapore, Malaysia, and Brunei. The data is from 1982 in tradeable dollars, calculated from the World Bank, *World Development Indicators*.
10 ‘GNI’ is the World Bank’s new term for what is essentially gross national product (GDP). Unless otherwise indicated, all economic data cited in this article is taken from or
in terms of purchasing power parity (PPP) and in 2010 in nominal terms,\textsuperscript{11} and in 2013 surpassed the ASEAN 6 per capita GNI. It is unlikely that China will achieve Korea or Japan’s per capita GNI in the short or medium term. The ASEAN 6 per capita figure is somewhat misleading, since China had overtaken the Philippines and Indonesia before 2008 and, if the post-1995 members of ASEAN (Vietnam, Laos, Cambodia, and Myanmar) are included, their aggregate and per capita GNIs were below China’s throughout the reform era. China is likely to outstrip Thailand in the next few years, but reaching the economic level of Malaysia would take longer. Meanwhile Singapore’s per capita GNI is twice Japan’s and thus well beyond China’s reach. The basic message of Table 1, therefore, is not that China has transformed its proportional economic relationship to neighbours since 2008, but rather that it is continuing an impressive trend.

Table 2 shows a milder military version of the economic trends presented in the previous table.\textsuperscript{12} China’s military budget gained on that of its neighbours from 1990, but the military’s share of GNI fell in comparison to that of neighbours in the 1990s, rose between 2000 and 2008, and stabilised after 2013. Military budgets passed two parity thresholds in the 2000–2008 period. China’s defence budget exceeded Japan’s in 2006 and gained rapidly until 2009; meanwhile its defence budget share exceeded that of the ASEAN 6 but stabilised after 2008. Within the ASEAN 6, the rise in Singapore’s budget share in the 1990s accounted for most of the gain vis-à-vis China. Since 2000 only Singapore and Brunei have had larger military budget shares. It is worth noting that, in general, East Asia’s defence budget share is low by world standards. The global military share in 2013 was 11.5\% of China’s, though China has been gaining on the world as well as on its neighbours.

Table 3 addresses China’s relative gain on the United States. Here there is a major parity threshold approaching in 2014,\textsuperscript{13} although American per capita GNI is out of reach even for the long term, and the US has a markedly more militarized budget. Although the economic data show the familiar upward trend of China’s relative growth, fluctuations in American military commitments have considerable influence on the military data. The gap in military budgets may bring some security comfort to the US and its allies, but with two reservations. First, the military share is a matter of policy choice, and China’s choices could change.\textsuperscript{14} Second, the military burden is ultimately an impediment to economic

calculated from World Bank, World Development Indicators 2014, available online at http://data.worldbank.org/.

\textsuperscript{11} GNI PPP refers to an estimate of productivity based on the domestic purchasing power of a country’s currency, while nominal GNI refers to its productivity at the current exchange value. See ‘China Overtakes Japan as World’s Second-Biggest Economy’, Bloomberg News, 16 August, 2010.

\textsuperscript{12} Military budgets are notoriously difficult to compare because each country makes its own distinctions between military and non-military items and withholds information on sensitive expenditures. According to the IISS Military Balance 2014, Japan’s military budget in 2013 was 45\% of China’s, while the US budget was 535\% of China’s.

\textsuperscript{13} According to IMF estimates. Chris Giles, ‘China poised to pass US as world’s leading economic power this year’, Financial Times, 30 April, 2014.

\textsuperscript{14} However, with four times the American population the distributive pressures on the Chinese budget are greater.
development, as the Soviet Union learned through its rivalry with the United States. In the economic race with China, therefore, the US is the horse bearing the heavier weight.

The most important data item in all the tables too obvious to be discussed is that of population. It is extraordinary demographic scale that makes China’s growth over the past 35 years stand out, and that almost inevitably makes its aggregate indicators overshadow its neighbours’. China has always been big, and growth and openness have made it a looming presence. But globalization has brought diffusion of every country’s economic options. And size has a complex relationship to military security. In modern warfare neither the size

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**Table 1. China and Neighbours since 1990**

<table>
<thead>
<tr>
<th></th>
<th>Population</th>
<th>GNI per capita</th>
<th>GNI per capita (PPP)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2013(%)</td>
<td>2000(%)</td>
<td>2008(%)</td>
</tr>
<tr>
<td>Japan</td>
<td>9.4</td>
<td>208.9</td>
<td>93.3</td>
</tr>
<tr>
<td>Korea</td>
<td>3.7</td>
<td>32.2</td>
<td>23.7</td>
</tr>
<tr>
<td>ASEAN 6</td>
<td>33.2</td>
<td>92.3</td>
<td>56.9</td>
</tr>
</tbody>
</table>

**Source:** calculated from World Bank, *World Development Indicators 2014*.

**Table 2. Military Budgets and their Proportion of GNI**

<table>
<thead>
<tr>
<th></th>
<th>Military budget as % of China’s</th>
<th>Military share of GNI as % of China’s</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1990(%)</td>
<td>2000(%)</td>
</tr>
<tr>
<td>Japan</td>
<td>279.9</td>
<td>199.8</td>
</tr>
<tr>
<td>Korea</td>
<td>99.2</td>
<td>57.5</td>
</tr>
<tr>
<td>ASEAN6</td>
<td>73.6</td>
<td>45.2</td>
</tr>
</tbody>
</table>

**Source:** Calculated from World Bank, *World Development Indicators 2014*. GNI data use the World Bank Atlas method.

**Table 3. United States as Percentage of China**

<table>
<thead>
<tr>
<th></th>
<th>1990(%)</th>
<th>2000(%)</th>
<th>2008(%)</th>
<th>2013(%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population</td>
<td>23.30</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GNI</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total PPP</td>
<td>516.90</td>
<td>291.70</td>
<td>149.40</td>
<td>106.10</td>
</tr>
<tr>
<td>per capita</td>
<td>2350.80</td>
<td>1305.50</td>
<td>650.60</td>
<td>455.50</td>
</tr>
<tr>
<td>Military budget</td>
<td>3107.10</td>
<td>1383.00</td>
<td>772.60</td>
<td>353.60</td>
</tr>
<tr>
<td>share of GNI</td>
<td>195.10</td>
<td>158.10</td>
<td>208.00</td>
<td>185.60</td>
</tr>
</tbody>
</table>

**Source:** Calculated from World Bank, *World Development Indicators 2014*.
of one’s army nor even the scale of one’s industry are decisive. And given the exponential
growth in the potential for indiscriminate and mutually assured destruction, warfare itself
becomes less likely. Implicit in the per capita wealth of the US and Japan is an enduring
technological superiority—Americans do not achieve their productivity by working four
times as long or as hard as do Chinese.

Moreover, demography limits China’s future options. A ‘demographic dividend’ of a
large working-age population and urbanization helped spur the reform era, but it is about
to reach the generational watershed. The median age in China is now rising 4 months every
year, and is estimated to hit 49 by 2050. The twin phenomena of urbanization and ageing
will present unparalleled domestic economic and political challenges. Having a fifth of the
world’s population also means having a fifth of the world’s problems.

**China’s Regional and Global Ambitions**

Barry Buzan has argued convincingly that China has a grand strategy of peaceful rise/peace-
ful development. There is little evidence from authoritative or mainstream sources to
show that China hopes to conquer the world or its region. Nostalgic references to the return
of ‘all under heaven’ (tianxia) might be disquieting to neighbours, but China’s historical
self-images are of a peaceful pre-eminence before the century of humiliation. It should be
remembered that the Mongols and the Manchus were no more pleasant to China than they
were to its neighbours. Only Vietnam and Mongolia were once part of China, but the last
time China claimed Vietnam as Chinese territory was in 1427, and the People’s Republic of
China (PRC) recognized Mongolian independence in 1950. Most border disputes relate to
what China views as imperialist encroachments during the century of humiliation.
Although China’s memories of the benevolence of its empire are rosier by far than those of
its neighbours, conflicts in East Asia other than with the Mongols have entailed stepping on
neighbours’ toes rather on their necks.

The limits of Chinese national identity became more complex in the modern era. On the
one hand, the arrival of Western imperialist powers in East Asia and Japan’s emergence
cost China some territory. More important, it undermined China’s domestic integrity and
centrality in Asia. On the other hand, the bulk of China’s territorial reach achieved in the
Qing dynasty was internationally acknowledged, and Chinese migration, especially to
Southeast Asia, created an external penumbra of consanguinity. Most fundamentally,
effectively what it meant to be China shifted from traditional ambiguity to modern notions of
exclusive and absolute national sovereignty. Thus when Chiang Kai Shek claimed
Mongolia and drew the ‘eleven (now nine) dash line’ in the South China Sea he was using
imagined frontiers of empire to make modern claims of exclusive sovereign rights.

Complexity deepened in 1949 with the establishment of the PRC. In state-to-state rela-
tions, China’s experience of violated vulnerability brought about the ‘Five Principles of
Peaceful Coexistence’ and an ostentatious respect for Third World governments. But the
PRC was a revolutionary party-state, and party-to-party relationships could appear
threatening to non-socialist governments. The ambiguity of state and party dualism affected

15 Deborah Davis, ‘Demographic Challenges for a Rising China’, *Daedalus*, Vol. 143, No. 2
17 Barry Buzan, ‘The Logic and Contradictions of “Peaceful Rise/Development” as China’s
both bilateral and regional relationships. The most spectacular bilateral incident occurred in Indonesia in 1965, site of the Bandung Conference nine years earlier, but which also had an indigenous communist party with links, real and alleged, to China. Meanwhile party-to-party relations created especially tight relationships with North Korea and North Vietnam, increasing Cold War camp tensions in East Asia. The revolutionary connotation of party-to-party relations disappeared in the reform era, but party-to-party remains the dominant dimension of relations with North Korea and Vietnam.

Buzan argues that there is a consistency to China’s international dynamic in the reform era that is well captured in the formulas ‘peaceful rise/peaceful development’\textsuperscript{18} (which, following Buzan, I will call PRD), and he gives a cogent summary of its problematic:

(i) The urgent need to develop; (ii) the necessity for global engagement to accomplish that quickly; (iii) the consequences of China’s neighbours and other great powers being unsettled, or feeling threatened by the rising power generated by the successes of development in such a large country; and (iv) the resulting security spiral threatening the global engagement on which the economy depends … A big country with many neighbours needs to work very hard to avoid others seeing its rise as threatening.

Buzan boils down the resulting policy goals to seven core aims:

- Maintaining the exclusive rule of the communist party;
- Maintaining high economic growth;
- Maintaining the stability of Chinese society;
- Defending the country’s territorial integrity, including reunification and territorial disputes;
- Increasing China’s national power relative to the United States, other great powers and China’s neighbours, and achieving a more multipolar, less US-dominated, world order (anti-hegemonism);
- Maintaining favourable regional and global conditions for China’s development;
- Avoiding having others perceive China as threatening.

Despite these basic strategic ends, however, two possibly diverging lines of PRD thinking have appeared relating to the means. The first option, identified with Deng Xiaoping’s caution after 1989, is to try to build a friendly environment with a high degree of trust, of which Dai Bingguo’s authoritative article from December 2010 would perhaps be the best recent expression.\textsuperscript{19} Buzan calls this ‘positive’ or ‘warm’ PRD.\textsuperscript{20} The second option would attempt to leverage China’s capabilities to maximize its interests. This is ‘negative’ or ‘cold’


\textsuperscript{20} Since China’s rise is peaceful, ‘warm’ refers to ‘friendly’ rather than being the precursor to ‘hot’. Buzan mentions a hot alternative of behaviour within a security community (ibid, p. 23), but considers it very unlikely. I would add that an established commitment to a warm PR/D would have to precede it, and therefore China’s present choices are between cold and warm.
Most Western realists regard succumbing to the temptation to maximize the advantages of power as only human nature. Buzan echoes many observers of Xi Jinping’s foreign policy in his concerns about a PRD drift towards the cold alternative that could become irreversible. He argues that a cold PRD would ultimately fail to achieve the final two goals and end up as a self-limiting option for China.

If we assume that China is moving towards cold PRD, then it might seem that Buzan’s distinction is merely a more nuanced version of the realist suspicion that China would be accommodating only as long as it was weak, and then move to confrontation. But there are three problems with a reduction to realism. First, as the data show, China was the larger element of asymmetric relationships with most neighbours during the 1990s, the golden age of its good neighbour policy. One could counter that China’s strategy was derived from its persisting inferiority to the American regional presence, but that leads to the second problem, namely that China will remain militarily inferior to the United States for the foreseeable future. As suggested above, the current parity threshold in GNI (PPP) does not translate into military parity.

Third and arguably most important, the developing regional and global context will make domination more difficult and more self-limiting for any would-be hegemon. Although some states are more powerful than others, and the US and China together comprise one-quarter of the world’s population and one-third of its productivity, globalization diffuses states’ economic and political options and enmeshes bilateral relationships in international regimes and third party connections. The world has become stickier. ‘Small wars’ thus become less promising and more difficult to contain, and the likelihood of using an ultimate power option of war reverberates down the chain of diplomatic choices. As the brink of war recedes, so does the brinksmanship of small challengers grows. Nevertheless, power counts. The US and China have become the primary nodes in a multinodal world, but even together they are not in a position to unilaterally impose their preferences. As rivals, they cannot form the isolated camps that were the foundation of the Cold War.

Buzan’s warm and cold PRDs are best seen as the horns of a management dilemma in asymmetric international relationships rather than as dichotomous policy trends. On the warm end, the larger side has a strategic interest in maintaining normal long-term relationships, and this requires negotiation premised on the acknowledgment of the identity and interests of the smaller side. On the cold end, in any transaction each side represents its own interests, and these can be win-lose. Sovereignty disputes are the archetypal case. There win-win is impossible, and lose-win is unacceptable, especially to the larger side. However, both sides share an interest in avoiding lose-lose and in protecting other aspects of their relationship from unnecessary damage.

The problematic choice between cold and warm PRD and its consequences for diplomatic management are reflected in a recent exchange between two leading Chinese scholars in Chinese Journal of International Politics (CJIP). Professor Yan Xuetong argues that

23 More precisely, 23.5% of world population and 32.7% of PPP GNI.
24 Womack, ‘China’s Future in a Multinodal World Order’.
President Xi Jinping has committed China to a direction of ‘striving for achievements (feng-fayouwei),’ so abandoning the cautious passivity of Deng Xiaoping’s policy since the 1990s of ‘keeping a low profile (taoguangyanghui).’\(^{25}\) Using a framework of analysis derived from American realist international relations theory, Yan calls for political confrontation with the United States and the formation of alliances rather than partnerships. As he puts it, ‘The structural conflict between China and the United States for the leading position will drive them to compete for more strategic alliances.’\(^{26}\) Because of the anarchical nature of international politics, ‘a rising power will inevitably challenge the existing hegemon and threaten its neighbours’.\(^{27}\) For Yan, Buzan’s warm PRD is merely the failure to seize the opportunity of leadership and to maximize China’s power and interests. Positing international anarchy focuses Yan’s attention on maximizing China’s gains in individual transactions rather than on building predictable relationships. Alliances would appear to be an exception, but an alliance, in contrast to a partnership, is contractual, a transaction over time. Thus Yan is a champion of a cold PRD.

Yan’s argument is challenged by Professor Qin Yaqing.\(^{28}\) Without denying that there are changes in China’s diplomatic situation, Qin argues that Yan ignores the continuities in Chinese foreign policy under President Xi. He claims that ‘many or even most Chinese IR academics do not agree with the argument that China has undergone a fundamental change in its international strategy.’\(^{29}\) Further, Qin juxtaposes the basic Chinese approach of zhongyang—correlative, inclusive dialectics—with Yan’s dichotomous, Western approach. Therefore Qin recommends a more nuanced, situationally appropriate diplomacy rather than one that presumes an anarchical struggle for power. A key virtue in Qin’s approach is cooperation,\(^{30}\) a value missing from Yan’s ‘moral realism’. Precisely because interaction is central to Qin’s approach, he emphasizes relationships rather than transactions. Since China will be dealing with known partners in unknown future situations it is prudent in individual transactions to build common interests even at the occasional cost of marginal advantage. Qin finds evidence of a continuing and even increasing commitment to cooperation and community in current Chinese foreign policy. Qin’s position not only conforms to Buzan’s warm PRD but also affirms the priority of diplomatic management over dichotomized choices of grand strategy.

The differences between Yan and Qin highlight the broad divergences in influential Chinese thinking about the choices facing Chinese foreign policy and, more fundamentally, China’s view of its changing regional and world. But if we take these leading scholars as indicative of current intellectual horizons, it should be noted that Yan’s realism is based on political contest, not military conquest, while Qin’s zhongyang approach is responsive but not passive. PRD is clearly a work in progress, and the choices to be faced within it are consequential.

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26 Ibid., p. 165.
27 Ibid., p. 182.
29 Ibid., p. 299.
30 Ibid., p. 295.
Global Uncertainty and the China Phenomenon

The above description of long-term economic trends and of China’s commitment to PRD is intentionally cool and complacent. The emphasis on stability is shared by scholars such as Alastair Johnston and Björn Jerdén, who point out the consistencies in China’s diplomatic behaviour despite the 2008 leap in world perceptions of China’s assertiveness. Now, in Hegelian fashion, we move to consider the antithesis of continuity—the sharp break in the global and regional outlook beginning in 2008, and especially the apparent transformation of the role of China. Although the trends highlighted by the 2008 watershed were not new and China’s basic strategic outlook did not change, the *Zeitgeist* shifted dramatically and with it the framing and interaction of China’s external relationships. Such a massive shift in perception could not happen without cause, and the subjective causes Jerden advances are insufficient explanations of the phenomenon. The year 2008 can be viewed as a tectonic earthquake between one era of unquestioned American hegemony and one of post-hegemonic uncertainty that only China survived more or less intact and stable. It is consequently no surprise that the very continuity of China’s rise was a fresh cause of wonder and apprehension among its neighbours.

The primary shift in global outlook was apparent in a pervasive turn from shared complacency to individualized anxiety. The post-Cold War era from 1990 to 2008 was characterized by a conviction that the global order centred on the United States was stable and powerful. Such conviction was particularly strong in the United States, given its unexpected Cold War triumph and resulting unchallenged power. But by the mid-1990s the rest of the world was convinced that although a multipolar world might be desirable, the current world order was unipolar. As Madeleine Albright put it in 1998, ‘We are America; we are the indispensable nation. We stand tall and we see further than other countries into the future.’ Crises such as the Asian Financial Crisis of 1997 were seen as consequences of regional weaknesses that did not threaten the global order. Indeed, the IMF demanded greater exposure to global markets even at the cost of further deterioration in Asia. China’s stability during the crisis was a reassuring contrast to the global vulnerability that its neighbours felt, and its willingness to create an ASEAN–China Free Trade Area was hence welcome. It might seem strange to define the pre-2008 mentality as ‘complacency’, but the solidity of the US-centred global system was assumed even by those who were worried about it. In the 1990s, many saw globalization as threatening because it implied Americanization. However, given the presumed stability of the global system, all could at least pursue their marginal advantages within a known macro structure.

The most profound disturbance of 2008 was not the actual economic downturn but the fact that the United States was epicentre of the crisis. The post-Cold War era of worrying about American unilateralism was over. The problem now was American weakness and its...
inability to restore global order. The new era was and remains identified with global economic uncertainty. The previous concentration on marginal gain was no longer applicable because the general framework of expectations had been shaken. Now, at the individual as well as the state level, avoiding risk and preserving the value of assets became vital. For example, in the course of 2008 the value of the Japanese yen (JPY) almost doubled that of the Korean won (KNW), so any contract with costs in JPY and income in KNW would almost certainly entail losses.\(^{35}\) Since no economies other than Myanmar and North Korea operated outside the global system, no one knew what to expect. And recentering the world economy on the United States—or any other single country—is unlikely in the foreseeable future.

### China: Steady Rock or Lee Shore?

Until 2008 China’s growth had been a reassuring regional bright spot to its neighbours, and satisfying proof to developed countries of the power and wisdom of capitalism. China’s socialization into global and regional orders was impressive, aided by a stable environment that permitted the reinforcement of successful interactions.\(^{36}\) Proponents of a malevolent ‘China threat’ were marginalized and balanced by prophets of China’s impending collapse.\(^{37}\) But China’s continued growth since 2008 despite the shake-up of the global system put it in a new light. China was no longer merely rising but had indeed risen to global prominence. And neighbours worried that China’s continued growth might inexorably draw them into its regional backyard. Meanwhile the United States was now anxious about a global rival. China encouraged these concerns through greater assertiveness and military improvements. Careful observers did not assume that China had become malevolent but, if not a ‘China threat’, the ‘China ambiguity’ became a universal worry. The interaction between an assertive China and an anxious world produced a breakpoint in diplomatic images and interactions despite continuities in economic trends and in China’s grand strategy.

China’s perspective on the global financial crisis has been quite different from that of the rest of the world. Although China too suffered a decline in growth and had to adopt massive fiscal stimulus measures, it was able to stay on an even keel. Its growth rate in 2008 was 9.6%, and in 2009 was 9.2%. Moreover, it was better prepared than most for stormy weather, having already diversified its diplomatic presence and markets beyond developed countries. For example, the Forum on China Africa Cooperation held its inaugural ministerial meeting in 2000, and in 2006 the Beijing meeting was attended by 35 African heads of state. In contrast to the fast-and-loose financial policies of the United States that precipitated the crisis, China followed a cautious path that led to a currency under its own control and to a budget surplus. To use characters from the period, China played the role of Warren Buffet to America’s Bernie Madoff, and it had grounds for self-satisfaction.

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\(^{35}\) JPY = 8.5 KNW in January 2008 and 16.0 KNW in December. Ironically, there was flight to the dollar despite American fiscal problems.


with the result. Lastly, China’s foreign investment policy was perfectly positioned to take advantage of the garage-sale prices of world resources after 2008. Outward investment was advantaged by its late take-off in 2003: China was not over-invested before the bubble burst and able to make major investments after 2008. As regards inward foreign direct investment, China dipped to 2007 levels in 2009 but by 2010 began hitting new highs, while world FDI in 2013 was two-thirds that of 2008 and FDI in Japan in 2013 was only 13% of its 2008 level.

Figures 1 and 2 illustrate the unique scope of China’s 2008 experience. Affected by global economic uncertainty, China’s growth rate continues to decline and it has to manage inflation. Moreover it faces continuing challenges of restructuring its economy as outlined in the resolution of the Third Plenum in 2013. However, its growth rate continues to be multiples of those of the developed world, and its inflation and currency problems are more manageable than in most developing countries. And the data give a pale indication of the visceral shock to status that negative growth presented to the developed world, and of the new uncertainties facing developing countries. Had China faltered in 2008 the world economy would have been considerably worse off, but people would have been less worried about China.

Fig. 1 GNI Growth Rates (2003–2013).

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38 The aggregate growth rate of high-income OECD countries is roughly in between those of the United States and Japan.
Perceptual Problems of a New Era

The mutual attentiveness of nations is driven by the assumptions of each one on how the other might affect its interests. Since the interests within each are nebulous and conflicting, the image of the other can be multifaceted, but crises concentrate national attention and produce a more focused and stereotyped viewpoint. Disparate national capabilities produce asymmetric levels of exposure and thus different levels and patterns of attention. The smaller side has more to gain or lose and therefore is more alert. Alertness does not necessarily mean that the smaller side better understands the relationship; rather that it is likely either to overestimate or misconstrue the significance of the interrelationship to the larger side. Conversely, the larger side will tend to misinterpret the smaller side by assuming that its behaviour is either irrational or strategic. In effect, each views the other as itself, plus or minus the difference in capabilities, and that produces systemic misperception. Since nations interact on the basis of their mutual perceptions, asymmetric misperceptions can lead to chains of interactions that, from a disengaged third-party perspective, are counterproductive for both.

Fortunately most asymmetric relationships, most of the time, are stable because of the inertia of experience. Neither expects the other to do anything out of the ordinary.

Conflicts of interest can be handled within a mutual confidence that the overall relationship is stable and that things will eventually return to normal. Habituation produces a sleeve of normalcy for the relationship that both sides anticipate and respect in their interactions.

Novelty, however, breaks habit. If the experience of yesterday is no longer the presumptive basis for expectations about tomorrow, then today’s perceived crises can be extrapolated to a terrifying (or glorious) imagined future. Corresponding behaviour will be driven by these new concerns. In an asymmetric relationship the smaller side will tend towards anxious attempts to control its risks while the larger side will see the smaller side’s hedging as a strategic attempt to balance against it. The vicious circle of larger side’s bullying to push the smaller one back into line, and the latter’s allergic reaction to any assertion of the larger side’s interest erodes the possibility of negotiation.

These generalizations on the effects of novelty in asymmetric situations can easily be applied to the post 2008 situation in East Asia. The unusual aspect of the era of global economic uncertainty is that novelty does not occur within the relationships themselves but rather in the overall context. Especially with regard to China, the novelty of a new era erased old assumptions and created a pattern of interaction based on new pride and new anxieties.

China from Cautious to Confident

One might suppose that the transformation of 2008 would matter least to China since it was least affected. Indeed, China’s track record in the new era corresponds to prior estimates that it would achieve GNI parity with the US by 2020 and would be the second-ranked global power. However, the transformation has been profound for several reasons. First, the Tian’anmen events of 1989 had shaken China’s domestic self-confidence and its international self-regard, and led to a cautiously humble attitude well expressed by Deng Xiaoping. This began to change in 2003 with the discussion of China’s peaceful rise, and tentative comparisons with the rise of other great powers, but in 2008 China’s self-consciousness of its rise was still catching up to its reality. Since 2008 Chinese triumphalism as exemplified by Yan Xuetong has explicitly dismissed Deng’s caution as outmoded.

A second factor was that before the American financial collapse and its withdrawal from failures in the Middle East, China’s global rise faced the US as the solid political and economic centre of the world order, something China could not hope to become. After 2008 not only was the intervening distance diminished, but more important the US had become simply the largest player in an uncertain world, and China was the second largest. There was hence no need for China to challenge the US for world hegemony because the US is no longer the world hegemon. Thus China could imagine a ‘special relationship’ founded on mutual respect and cooperation. Lastly, the fear that China now sees in the eyes of neighbours and the concern of the US themselves testify to a new status. While a Mencius might be induced to provide for the general welfare and thus secure the realm, there are

42 For instance, the result of a survey of 1000 adults in nine countries. Bertelsman Foundation, Who Rules the World? (Berlin: August, 2007).
44 Yan, ‘From Keeping a Low Profile to Striving for Achievement’.
those who, like King Hui of Liang, would be tempted by others’ weaknesses to bully them.\textsuperscript{45}

From Neighbourhood to Backyard

Even if everyone in China were a Confucian paragon (\textit{junzi}) China’s neighbours in the new era would still be nervous. In the earlier context of arrogant American unipolarity and fixation on anti-terrorism after 9/11, China’s rise had been a stabilizing factor and its multilateral initiatives welcome. However, the picture changed with the sudden loss of confidence in the global economic and political orders and China’s continuing surge forward. To have China on one’s side was comforting; to be alone with China was not.

Neighbours therefore became more allergic to any gesture on China’s part that suggested it might use its growing power to its own advantage. Moreover, now that the US was no longer seen as an all-powerful and arbitrary hegemon it was welcomed back into the western Pacific as a non-threatening buffer to China’s growing power. Neighbours continued to pursue mutually advantageous arrangements with China, but were nervous about China’s potential transition from the largest to the most decisive power in the region. Having China in the neighbourhood was good, but becoming China’s backyard was not.

Japan is in a special situation because of its demographic and economic stagnation since 1990, its strategic subordination to the US, and its self-regard as the globally enlightened power in East Asia. China’s rise presented a challenge to each of these factors, and the new era has compounded the challenge. The year 2010 was doubly traumatic for Japan because at the same time it lost its status as Asia’s largest economy and the world’s second-largest economy. The contrast between China’s surge and Japanese stagnation means that Japan is becoming relatively less important to the rest of East Asia, and as a ‘super-aged’ country it faces increasing domestic burdens.\textsuperscript{46} Japan has new security concerns as well. Like other American allies during the Cold War, Japan had its doubts about the commitment of the American nuclear umbrella, but the US navy was clearly superior to any opponent. However, beginning in 2007 Chinese advances in anti-satellite weapons, mid-range and ship-tracking missiles, and in silent submarines put the US navy at greater risk in the western Pacific, so adding a new dimension to the commitment question with regard to the US alliance. Meanwhile Article 9 of Japan’s constitution has limited its military build-up, although Prime Minister Abe has reinterpreted the article to permit defensive military involvement in alliances.\textsuperscript{47} Lastly, although the return of China to centrality in Asia was satisfying for the Chinese, to Japan it meant backtracking from a century and a half of Western-oriented, nation-defining success. Modern Japan had thus been defined by a globalized superiority to China. What next for Japan, in a China-oriented Asia, with China as a global power?

The United States from Offensive to Defensive

As one might expect, for the United States, epicentre of the global financial crisis, the new era has been a severe shock. The collapse of the Soviet Union had ushered in a post-Cold

\textsuperscript{45} Mencius, Book 1, King Hui of Liang.
War era in which the United States was the unchallenged centre of its own universe. Without external checks and balances, the offensive opportunism of President Clinton was succeeded by the arrogant unilateralism of President G. W. Bush. Moreover, the ultimate security of mutually assured destruction (MAD) was negotiated with the Soviet Union during the Cold War, but in the post-Cold War era American security no longer needed to be negotiated and became identified with invulnerability. The war on terror only strengthened the American conflation of security and invulnerability: one did not negotiate with terrorists.

The primary focus of the United States has been on the domestic effects of the financial crisis, but the Obama administration gradually realized that the erosion of global ‘soft power’ that had occurred under Bush was being compounded by a general erosion of American influence. Obama’s resulting foreign policy could be termed ‘defensive opportunism’—the attempt to preserve the appearance and prerogatives of American hegemony. China’s assertiveness in Asia is by far the biggest challenge to defensive opportunism. China is the only national threat to the post-Cold War linkage of security and invulnerability, and the US does not want to negotiate its control of the western Pacific. More generally, although the US does not oppose China’s prosperity in principle, it perceives China’s relative gain as a threat to its hegemony. In the ‘pivot toward Asia’ the US sees itself engaged in counter-assertiveness vis-à-vis China, although the assertiveness that it counters is as much the displacement by China’s growth of American hegemony as it is a reaction to China’s own actions. In effect, the US is coping with the political and economic consequences of the new era but avoiding confronting the broader and long-term consequences for its hegemonic role.

Islands of Discord

A final factor that adds fuel to the volatility of the new era is the conflict over island sovereignty. Sovereignty is a land-based concept, and ironically the less land involved and the more dubious its intrinsic worth as land, the more difficult the conflicts are to resolve. When China and Vietnam resolved their land border claims in 2000—a border around which tens of thousands from both countries had died in the previous two decades—they split the difference and did not lay claims to ‘exclusive economic zones’ reaching beyond the boundary stones. The border has since become a dynamic area of contact beneficial to both countries. But island claims are more difficult to compromise. Even though none of the islands and shallow places under dispute in the East and South China Seas has indigenous populations appealing for protection, the claims concern the imagined sacred bodies of the nations and thus are a lightning rod for national sentiment. More importantly, the

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48 By ‘offensive opportunism’ I refer to President Clinton’s pursuit of the tactical advantages opened up by the end of the Cold War rather than attempting comprehensive strategic leadership. An example would be NATO expansion rather than a restructuring of European security that would include Russian security interests.

49 A more general definition of defensive opportunism would be the tactical maximising of one’s position in a situation of declining hegemony. An example of Obama’s defensive opportunism would be the pivot toward Asia.

ambiguity of China’s claims and its increasing military capability are the most vivid indicators of the new vulnerability that neighbours feel.

The actual course of interaction among Chinese assertiveness, neighbourly nervousness, and American assertiveness is too complex and too entangled in each side’s narrative to be recounted here. Suffice it to say that to a great extent each side lives its own apparent reality. Like passengers on one ship watching those on another vessel, each side tends to attribute all relative motion to the other, assuming that they themselves are steady, inoffensive, and well-meaning. China is returning to a benevolent ‘all under heaven’, its neighbours desire inclusive and law-abiding peace, and the United States promotes universal values, helps its allies, and protects the freedom of the seas. Each is driven to unfortunate measures by the misbehaviour or stubbornness of others, and each is merely protecting interests that are self-evident, at least to themselves. Each government is an actor playing primarily to a domestic audience that sees its own version of both the stage and of the play. In such a situation it is hardly surprising that, as Toynbee noted, history can appear to be ‘one damned thing after another’.

**Dynamics of Appearances and Constraints of Reality**

The new era presents a daunting challenge to believers in the latent powers of reason and reality. It would be too mild to say that states are interacting like cats in a bag. Rather, they are like cats strung together each in their own bag, each with their netizen kittens, bumping against strange and unpredictable opponents and each convinced that they are being unfairly put upon. If Hegel’s claim that there is reason in history is true, then reason must be cunning indeed. Are there structural constraints that affect what the next damn thing will be in China’s relationships to region and world?

**Limits of Novelty**

It is worth recalling the importance of novelty to the impact of the new era. With the global framework shaken and anxieties heightened, each action by others can be extrapolated to infinity. Will China’s naval modernization produce an armada to control the South China Sea? And beyond, to Australia and India? Will China’s neighbours link up with the US to contain it and to throttle its development? Will the US return to Asia as a reliable hegemonic partner? Is China’s progress in coastal defence the beginning of the end for the US as a Pacific power? Is the American ‘Air-Sea Battle Concept’ an attempt to back up containment of China with the threat of pre-emptive war? Is Japan scheming to return to its imperial ways? Is China? Each of these questions has been posed seriously. In my opinion, the answer to each is ‘no’.

The fundamental problem with extrapolating tangents in novel situations is that novelty doesn’t last forever. The succeeding steps in each tangential trajectory are increasingly likely to be bent in a less exciting direction by the gravitational pull of other concerns. As they are bent they gradually become part of a new reality that is less scary, both because its implications seem more restricted and because it has become familiar. Of course, a tangent might continue. Hitler is an obvious example. But other well-reasoned tangents from the new era after The First World War—Oswald Spengler’s decline of the West, or Werner Sombart’s late capitalism, or Lenin’s world revolution, for example—became parts of a more complex weave of developments. And gravity did catch up with the ‘thousand year Reich’. In sum, for expectations time is neither a transparent nor a neutral medium.
The novelty of China’s post-2008 surge is already beginning to wear off. With the slowing down of China’s economy, the recovery of the American economy, and the practical distractions of each state’s domestic politics, the juxtaposition of China and the rest has become less vivid. The scary extrapolations created by crisis are being bent to more manageable expectations. But rather than attitudes returning to pre-crisis mentalities, all have become somewhat more accustomed to China as a major and powerful state. The American growth rate for the third quarter of 2014 was 5%, its best since 2003 and only 2.3% below China’s estimated annual growth. But this is newsworthy because a greater gap was anticipated. Nothing stays novel.

But why can’t history be just one damn novelty after another? This is the point at which structural constraints enter the picture. To the extent that continuities in structure affect the outcomes of courses of action, actors can become habituated to the likely outcomes of both their own choices and to the choices of their interactors. As all become more familiar with situational constraints and act accordingly, estimating what Max Weber calls the ‘social probabilities’ (sozialen Chancen) of interaction becomes clearer. Habituation is thus an individual and collective adjustment to the existing terrain of constraints.

In the case of China and its neighbours, the costs of hostility would be enormous. The economic linkages of value-added production are qualitatively more entangling than trade in final goods. This fact does not deprive any side of confrontational options, but the costs of confrontation are real. For example, Vietnam’s popular outrage at China’s oil rig adventure may have cost it one-fifth of its GNI growth in 2014, and 70% of the components of the cell phones that it assembles come from China. Meanwhile China got nothing from its gambit but international censure. In an asymmetric situation the costs of hostility are not proportionally equal, but larger powers tend to overestimate the effectiveness of bullying and to underestimate its cost. To their frustration, they usually find that the protracted resistance of the smaller side can stalemate domination, and that either negotiation or a unilateral accommodation becomes necessary. If China pursues a Buzanian cold PRD, it will dominate some interactions but at the cost of alienating its neighbours. In effect, China could contain itself by behaving aggressively. If not deterred by such a prospect China will find itself limited by its consequences. While no argument about the consequences can prevent someone from jumping off a tall building, it will not happen a second time.

In the case of the United States and China, the change in relative position and differences in culture and system make rivalry inevitable. But again the costs of hostility are enormous, and the cost of total war would be mutually and generally assured destruction. A cold war is unlikely because globalization makes isolated camps costly to the camp followers. To the extent that the US and China engaged in a zero-sum rivalry it would be prudent for the rest of the world to reduce their exposure to great power conflict by not choosing sides and by enhancing their other ties. The mix of caution and cooperation that has characterized US–China relations thus far is even more reasonable for the future.

If we consider the specific terrain of the South China Sea, no side, including China, is likely to be able to reap unilateral benefit. The direct costs to regional relationships as well as the indirect costs incurred by international opinion would exceed possible gains, and

53 ‘As China Row Smoulders, Vietnam Rethinks its Business Plans’.
petroleum extraction in the Spratlys would always be vulnerable. With regard to freedom of navigation, the Spratlys are a navigational hazard rather than a thoroughfare, innocent passage is protected by United Nations Convention on the Law of the Sea, and the trade of all parties would be at risk if commerce were interfered with. Habitation to these realities should lead to a code of conduct that would reduce the chances of mutually harmful accidents and provide the basis for eventual cooperation.

Interwoven Path Dependency
While structure might provide the ground for reasonable action, any next step must begin from the location and momentum of the previous step, and in interactions it is also contingent on the actions and anticipated reactions of others. Even if the futility of a current path is acknowledged, the only existing option is to change direction, not to start somewhere else. To the extent that one’s choices are contingent on the behaviour of others, the course of feasible action might vary from the desired new direction.

In Asia’s new era the most problematic trend is that of juxtaposed nationalisms. Each government is caught between diplomatic necessities and excitable publics fanned by social as well as public media, and for every government, especially elected ones, the public is usually the more immediate reality. The standing patterns of confrontational posturing thus created are dangerous because they create the potential for crises initiated by individual misadventures. The most obvious example is the ramming in 2010 of a Japanese coast guard ship near the Diaoyu/Senkaku islands by a Chinese fishing boat, an unintended and unfortunate incident that neither government could admit was indeed unintended and unfortunate. The forward foot of the official standing firm posture falls on the loose rubble of accident.

While a prolonged crisis can embed the antagonists in irreconcilable positions on specific issues, each has some interest in preventing the matter under dispute from poisoning other interactions. In an asymmetric relationship the risk of infection is less obvious to the larger side since it has less to lose proportionally. Indeed, a major form of bullying is to link issues and thereby escalate pressure on the smaller side. For example, in the ‘garlic war’ with South Korea in 2000 China linked import restrictions on electronics to Korea’s ban on Chinese frozen garlic. But that was the kind of issue amenable to linkage, and even so contributed to the souring of the China–Korea honeymoon. In areas where pressure is likely to be counter-productive, such as the island sovereignty disputes, it would be most prudent for both sides to insulate the rest of the relationship from the effects of this sore point. The apparent linkage of a ban on rare earth exports to Japan to the Senkaku crisis of September 2010 heightened the crisis and contributed greatly to China’s image as an aggressive state. The strategic response of smaller states to bullying is to reduce vulnerability by reducing proportional exposure and by developing other relationships.

The juxtaposed nationalisms of China and the United States encourage a different pattern of interaction. Because of the approximate parity in economic size and the extent of

55 Despite the publicity at the time, the export restrictions actually predated the trawler incident, so this is a case of coincidence rather than linkage. See Amy King and Shiro Armstrong, ‘Did China Really Ban Rare Earth Metals Exports to Japan?’, East Asia Forum, 18 August, 2013.
global interrelationships, neither side can afford to bully the other. The pattern of direct confrontation is more likely to be tit for tat—measured responses—rather than broad linkages. In a symmetric relationship the risk of escalating the conflict is more vivid than when a larger state confronts a smaller state. By the same token, however, both sides can imagine a mortal threat. However self-destructive and therefore unlikely a nuclear or general war might be, neither side wishes to rely for its security on deference to the other. Meanwhile the asymmetric security capacities of each side are not likely to produce a Cold War-style symmetric arms race, but rather a race between American global invulnerability and Chinese theatre defensibility.

Since the US and China are one another’s major counterparts, the relationships of each with other states will be affected by their alignment in the global rivalry. However, given the centrality of the US to global finance and the centrality of China to global production, it would be costly for any state to side exclusively with one or the other. Beneficial relationships with both are desirable, but the camps and camp discipline that characterized the Cold War are unlikely. If the US tries to contain a ‘warm’ PRD China it will reduce its own clout in Asia; if China pursues a ‘cold’ PRD its neighbours would be wise to improve their relations across the Pacific.

What Next: The Status Ad Quem

‘Status quo’, literally ‘the situation at which (we are at present)’ in Latin, is a desperately hopeful phrase. It springs from the yearning for a clear and static context through which to measure the incessant motion and changing relationships of the real world. Like Rene Descartes’ invention while lying in bed of the x–y coordinate system in order to plot the movement of a fly on his ceiling, we would like to posit a point of normalcy from which distances can be measured and motion described. Unfortunately there are more flies in the international system, and each imagines itself to be normal.

Disputes and ambiguities over whether China is a status quo state are as much a product of divergent notions of normalcy as they are different estimates of China’s diplomatic course. China can claim that it continues to pursue the same developmental path with the same grand strategy that has characterized the reform era for a generation. However, the new era of global economic uncertainty makes abnormal the continuity of China’s growth and highlights the ambiguities of its grand strategy. One could say that the world has changed but China hasn’t. But a confident China interacting with anxious neighbours and an uncertain global hegemon appears aggressive, and its denial of aggressive intent deepens the suspicion. If being status quo means being in the same boat as everyone else, China is not status quo. The others fear that it will make waves. The United States has a special nostalgia for the status quo, but its imagined status quo has become the status quo ante, (‘the situation that existed before’) in other words, history.

Legend has it that Rene Descartes, who did not like to get out of bed in the morning, noticed a fly walking about on the ceiling of his bedroom above him. He thought to himself, ‘The fly is moving from one place to another, but on a white surface I cannot describe the different places.’ Then it occurred to him that if there were rulers where the walls met the ceiling then he could say that the fly had moved from 2 on the north wall, 5 on the west wall to 6 on the north wall, 15 on the west wall. The mental step from this moment to the invention of analytic geometry’s x–y coordinate system was short but profound.
Perhaps it would be more useful to measure China’s normalcy (and that of others) by a more forward-oriented standard, a ‘status ad quem’, or ‘the situation to which (we are moving in the future)’. This is a new term in international relations theory, but I hope that it is a useful one. If the status quo itself is moving and will not return then current concerns about whether China is a status quo power or a revisionist power are misplaced. And if a new era of international relationships has begun then the question of the stability of a new world order and how states will relate to it becomes even more important. A ‘status ad quem power’ would be one whose policies were appropriate and sustainable in the emerging new order. The problem, of course, is that the future hasn’t happened yet and therefore is unknown. Moreover, the course of history is affected by leaders, accidents, and unexpected crises. But we can make three assumptions about the future and consider their consequences for regional and global normalcy.

The first assumption is that of the stability of the actors. Let us assume that effective central governments remain in charge of current actors. This is problematic most obviously in the case of DPRK, but one could also ask if the party-states of China and Vietnam will rise to their domestic challenges, and whether the problems of other governments at risk, Thailand, Cambodia, and Myanmar, for example, will have diplomatic consequences. Despite these reservations, it is an assumption better than any to the contrary.

The second assumption is that the current trends in relative economic and military dynamics continue. This includes the gradual slowing of China’s growth but at a rate still significantly faster than that of developed countries, and a continuing growth of military budgets, but not as proportions of GNI. The most reliable trend in the middle to long-term background is demographics: the linkage of median age to development and urbanization.

The third assumption is that no new transformative ideologies emerge and take charge of significant states. By transformative I mean an ideology that is radically critical of existing grand strategies rather than merely more to the left or right within the current paradigm. This seems highly unlikely in East Asia, but with the sudden rise of the ‘Islamic State in Syria and Iraq’ (ISIS) it is prudent to be explicit.

With these assumptions of a stable set of actors, diminishing but continuing relative growth of China, and continuity in foreign policy outlook, and with the status ad quem understood as a regional and global configuration that is a sustainable normalcy, what would be required? At the regional level, the foundational requirement would be a pattern of interaction based on negotiation rather than domination. Confrontational demands are not precluded, but it must be credible that solutions will be based on agreement rather than on enforcement of unilateral preferences. However, the increasing asymmetry between China and its neighbours affects not only relative bargaining power but also fundamental interests. Because neighbours are increasingly exposed to China, they need acknowledgment of the legitimacy of their identities, boundaries, and basic interests. Without such acknowledgment they are insecure. For its part, China needs deference, that is, respect for its central role in East Asia. Deference is not submission. Rather it is the commitment not to challenge the existing asymmetry of the relationship. Without deference, China faces a potentially hostile neighbourhood. Acknowledgment and deference are intrinsically related. Without acknowledgment, deference is submission. Without deference, acknowledgment is a concession to a possible enemy.

Additionally, a stable regional status ad quem requires both relational and substantive institutionalization. Relational institutionalization includes everything from the rituals of summity, to regional organizations, to encouraging student exchanges. Summity confirms
mutual respect; regional organizations provide venues and mechanisms for interaction, and societal contact increases familiarity. Substantive institutionalization targets issues of cooperation and confrontation. It is particularly important for resolving or at least containing hot political issues. An important current example would be a code of conduct in maritime disputes.

A global status ad quem is not simply a question of the US–China relationship. However, that relationship is central because there is no other global bilateral relationship that approaches its magnitude. Here also the institutionalization of rituals of respect and of substantive cooperation is crucial. Beyond these, symmetry implies that each could conceivably challenge the other and yet conflict would inevitably be mutually destructive, especially, but not only, in military affairs. Thus a status ad quem among global powers requires mutual management of areas of stalemate in which neither side could prevail, and where escalation, therefore, is counterproductive. Examples would include naval relationships in the western Pacific, space weaponization, and cyber war. In their relationships with third parties global powers should pursue partnerships rather than exclusive alliances.

Is China a status ad quem power and likely to remain one? My answer would be yes, but the status ad quem will be more stable if its peaceful rise/development is more warm than cold. Common interests and the difficulties of advantageously compelling compliance make a regional status ad quem desirable for China. The greatest danger would be for China to drift back into a ‘friends and enemies’ mentality in its regional relationships, but regional institutionalization should reduce the likelihood or negative consequences of exclusivist policies. At the global level, China may be defensive and suspicious towards the United States but it is unlikely to engage in a general confrontation beyond tit-for-tat responses on specific issues.

In Southeast Asia Thailand has been the historic master of deferential diplomacy and ASEAN provides a common commitment to consensus and inclusiveness. While relationships within Central Asia have been stabilized by the Shanghai Cooperation Organization, Russia’s increasing alienation from Europe and the United States raises questions about how it will adjust to a post-hegemonic era. Japan is problematic as a status ad quem power because it finds China’s rise more difficult to accept, and its own global and regional status is ambiguous. The consequences of becoming less dependent on the US are unclear—how would Japan as an autonomous security state cope with China? Would Japan remain strategically connected to the US as a forward ally in containing China?

The US is the most problematic status ad quem power because its policies and self-regard are embedded in its fading hegemonic status. Almost inevitably it will lag in adjusting to new realities because its memories are more pleasant and comprehensible. Although China’s rise is only the most visible part of a general convergence of middle and higher income countries, the Cold War’s bipolar framework of analysis is a convenient historical lens. Nevertheless, American habits of promoting global openness make it unlikely that current defensive opportunism will shift to a comprehensive and active containment policy towards China. And even if it did, the extent of China’s economic integration with the rest of the world would probably doom the policy to failure.

Although one can imagine the US harbouring a Cold War mentality, China and the rest of the world are in fundamentally different economic and societal situations. Thus while the US is unlikely to be a leader in promoting a new status ad quem, it is unlikely to be a spoiler. The longer and more comprehensive the prognostication, the more likely it is to be derailed by unanticipated events and under-appreciated trends. The issues of a potential
future world order and its many contingencies deserve more extensive and nuanced reflection than can be attempted here. However, if we do identify structural constraints that will affect the landscape of future decisions we can use them to discipline our expectations concerning the future and to discriminate between more realistic and less realistic options. Of course, reason does not always prevail. But decisions have real consequences, and in the long term Hegel might be right about the cunning of reason prevailing in history.

Acknowledgement
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