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Abstract

The profound political uncertainties in international politics created by developments in the United States, Europe, the Middle East, and North Korea (DPRK) are similar in some respects to the economic uncertainties created by the global financial crisis of 2008. In both crises there is a sudden and general awareness of vulnerability, and it is unclear how long the current uncertainty will last. With the election of Donald Trump, the United States is again at the centre of a global crisis. China is again the least vulnerable of the major states. Everyone including China is disadvantaged by the current political crisis. However, in relative terms China stands to gain, as it did in 2008. The relative change in international relationships will be most obvious in Asia. The focus here is on the cycle of uncertainty that characterizes both crises. However, the effects of the current political crisis are likely to contrast with the effects of the earlier economic crisis. From 2008 to 2014, other countries were worried about their own economies and about the world economy in general, and also about what China’s arrival as a regional and global economic power might mean for them. Meanwhile, American leadership under Obama seemed less assertive, while China appeared to be more assertive. By contrast, in 2015, China’s economy had already entered a ‘new normal’ of slower economic growth, while its consolidated political leadership supports multilateral globalization. American political leadership is unpredictable in both general strategic terms and in terms of crisis management. Just as the world needed the economic lift provided by China in 2008, it now needs the political reassurance of stability that China appears to provide. However, the United States may find it difficult to adjust to the shift in political influence.

Crises, whether political or economic, expose the foundational assumptions of the existing order and raise the prospect of a future that is structurally different from the past. A typical crisis begins with an event or series of events that shake the credibility of the existing order and create growing concerns about the possibility of returning to the old status quo.
Eventually, the situation stabilizes and expectations adjust to a new status quo. Of course, crises, like earthquakes, are the result of slow-moving structural changes. But, like earthquakes, their sudden damage produces fear and concern about aftershocks. While politics and economics are often intertwined and always interactive, the crises of each have distinctive dynamics and tempos. When the 2008 global financial crisis began, some could imagine that it was a temporary downturn that would quickly be reversed, while others feared a bottomless decline. Ten years later, it is clear that neither of these extremes eventuated, but the crisis nevertheless marked a process of realignment in the global economy. China became indisputably the world’s second most important economy, but its rapid rise led to political concerns, especially among its neighbours.

The political crisis of 2017 is most closely associated with the election and presidency of Donald Trump. This time no one expects a quick recovery, but a political crisis is more ambiguous in its indicators than an economic crisis. Stock markets can provide daily barometers as to the depth of an economic crisis, but concerns surrounding the current political crisis are less about the prospects of economic or political collapse than the unpredictability of American actions at the centre of the global political order. President Trump occupies a key position, both in terms of crisis management and of maintaining the institutions of international political order. However, the direction, competence, and even duration of Trump’s leadership remain unknown. Moreover, the political direction of other major actors is uncertain. Where global politics will be in 10 years’ time, therefore, is an open question, but the decade of economic turmoil since 2008 may provide some clues. Although not predictive, it is heuristically useful to consider the similarities and differences between these economic and political crises.

An assessment of the 2017 crisis must begin with an analysis of the manifold dimensions of uncertainty which the election of President Trump introduced. This leads to discussion of the duration and volatility of Trump-related uncertainties, as well as a differentiation of the issues and places most likely to be affected. The Trump crisis is, then, situated amid a series of larger political trends that, in turn, are related to factors likely to help shape a new era in global politics.

The following two sections describe similarities and differences between the 2008 economic crisis and the 2017 political crisis. What is fundamentally similar about the two crises is that their depth and the centrality of the United States to global economics and politics required all concerned to shift from the normal mode of assessing marginal risks and benefits in a stable system to wondering how to reduce vulnerability in an unpredictable system. Furthermore, there has been uneven exposure to the two crises, with China the least exposed in both cases. But while the 2008 crisis helped to shape the context of the 2017 crisis, the current one has distinctively political causes.

The differences between the crises are also interesting and important. The 2008 economic crisis had political effects domestically and internationally, but most were confined to the existing domestic and international political orders. By contrast, the current political crisis involves trends rooted in popular alienation from existing political systems, and is capable of challenging, if not replacing those systems. In 2017, economic concerns tend to cluster around a ‘new normal’ of slower growth in a more diversified global economy. While protectionism is a political concern, it is not driven by economic reality. China is now accepted as a major economic force, but its growth rate is no longer exceptional within the developing world. The country’s initiatives, such as the Asian Infrastructure Investment Bank (AIIB) and the Belt and Road Initiative (BRI) are now regarded as part of the new economic landscape. A recentered but open Asia, with China as the driving force, is seen by most of China’s neighbours as an opportunity rather than a threat. Just as the 2008
economic crisis had long-term political effects on the international order, therefore, the 2017 political crisis is likely to have long-term economic effects.

The final two sections of the article concentrate on the respective prospects of China and the United States. As in 2008, China was well prepared for the 2017 political crisis and less vulnerable to its uncertainties. However, the political uncertainties and risks that it now faces are not inconsiderable. In common with the post-2008 economic gains, China’s perceived progress as regards political status is likely to appear greater than it is in reality. The country will face new challenges in soft power and in coping with asymmetric relationships. It will also face the status dilemma of being simultaneously a great power and a developing country—of having to think and act from both the G2 and G193 perspectives.\(^1\) But over the next 30 years, China’s most delicate and challenging task will be the peaceful and sustainable incorporation of Greater China.

The most obvious problem the United States faces in the current crisis is the Trump presidency. For many Americans, four years of Trump seems unendurable, but removing Trump would also be traumatic. Although it is hard to imagine Trump’s re-election in 2020, the success of his presidential campaign will have a lasting effect on American electoral processes. Others will try to imitate his style and thus follow his path to power. In international politics, American diplomacy and response to crises will remain unpredictable. Regardless of Trump, an inevitable feature of the American outlook that was evident during the Obama administration is a tendency towards nostalgic hegemonism,\(^2\) and an attitude of exceptionalism with regard to international norms. However, American politics will operate within the realities of available resources and the foreseeable consequences of options. If either is ignored, subsequent options will be more limited.

### Assessing the 2017 Political Crisis

As with any turning point in history, it is difficult to assign a decisive starting point to the current political crisis. The British vote for Brexit in June 2016 placed a question mark over Europe’s continuing integration. However, the rise of Trump and his eventual election were undoubtedly core constituents of the current crisis. Its essence lies not so much in what Trump has done, at least as of mid-2017, or even in a specific agenda of planned actions; the fundamental problem is uncertainty at the centre of the global political system. Trump has been in office only a short while, yet American domestic and foreign policy at the presidential level is more uncertain now than at any time in recent memory.\(^3\)

### Trump’s Dimensions of Uncertainty

Uncertainty is not the only challenge facing American foreign policy, nor the only challenge that American foreign policy presents to world politics. But the magnitude and complexity of ambiguity that the Trump administration has introduced creates profound uncertainty about what will happen next in American politics. Given the central position of the United States in the global political system, the global outlook of every country is correspondingly

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\(^1\) Currently the United Nations has 193 Member States.

\(^2\) By nostalgic hegemonism, I mean the tendency of formerly hegemonic countries to cling to their memories of power even as shifting realities make continued domination impossible.

less stable. Each one is concerned about bilateral relations with the United States, and there
is also more general concern about US commitments to alliances and global regimes that
have been unquestioned for the past 70 years.

There are five levels of uncertainty in Trump’s leadership. The first is the policy uncer-
tainty created by his contradictory and changing opinions. While a contrast between elec-
tion rhetoric and post-election pronouncements is expected in American politics, Trump
continues to make brief, emphatic statements that contradict previous ones or that are
incompatible with other policies. Even his immediate associates seem surprised by some of
his tweets.4 Uncertainties created by the diversity of Trump’s statements are amplified by
his preference for maximizing his gains in transactions (‘the art of the deal’) rather than cul-
tivating relationships.5 Internal consistency with respect to policy direction, therefore, is
unreliable.

The second is team uncertainty. Trump’s policy team, including his foreign policy team,
is understaffed, inexperienced, and contentious. Trump has been slow to fill foreign policy
administrative positions. The people he chooses rarely have diplomatic backgrounds, and
their ideological standpoints are sometimes antagonistic. Moreover, his disrespect for the
diplomatic and intelligence services has lowered morale there. The military and its associated
interests appear to be doing better than other major systems of foreign policy input, but they
do not control Trump’s decisions.6 Given the weakness and disorientation of the systems
directly related to foreign policy, foreign policy is more vulnerable to the increasingly public
conflicts among Trump’s closest advisers.7 His reliance on family members for effective
advice, meanwhile, creates a general disconnect between policymaking and the institutions
of policy implementation. Trump’s disinterest in the facts and details of policy formation
and implementation mean that the control he exerts over his policy team is limited to pre-
emptory firings of people whom he holds responsible for problems. Even if Trump’s policies
were consistent, the effectiveness of their implementation would be in doubt.

Thirdly, Trump’s broad criticisms of the Obama administration create uncertainty
about continuity in American foreign policy. Continuity is always a problem in democra-
cies due to elections and changes in administrations, but in 2017 it is exacerbated by the
radical policy differences between Obama and Trump, and amplified by Trump’s personal
style, evident in his commitment to dealmaking rather than to relationships. Therefore, it is
unclear whether the pre-Trump status quo in a given relationship or policy area is the start-
ing point for the new administration or its point of attack.

Fourthly, Trump’s personal style combines ideological and policy flexibility with a
steadfast denial that he has made mistakes, or even that he is capable of making mistakes.8

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4 For example, Trump contradicted his Secretary of State Rex Tillerson regarding possible
negotiations with DPRK, and also contradicted his own earlier statement that he would be
‘honoured’ to meet Kim Jung Un. Dmitry Sevastapulo, ‘Trump Says North Korea Talks Are
6 See, for example, Julie Hirschfeld Davis and Helene Cooper, ‘Trump Says Transgender
7 See, for example, Courtney Weaver and Paul McClain, ‘Scaramucci Interview Escalates
8 Brandy X. Lee, The Dangerous Case of Donald Trump: 27 Psychiatrists and Mental Health
I call this a ‘learning uncertainty’. When he meets with policy reversals, it is difficult to
guess whether he will make a radical change in policy or deny that a reversal has even
occurred, and thus become more rigid.

Fifthly, there is confrontation uncertainty. Trump’s public image is unusually important
to him. He likes to meet other leaders face-to-face, and usually puts a positive spin on inter-
actions even when tensions have been evident. However, at some point he will have per-
sonal confrontations with other leaders. His desire to project the image of a strong, smart,
winning leader could create a crisis when dealing with other national leaders to whom an
image of personal strength and infallibility is equally important. It will be difficult for
Trump either to step aside from a confrontation or to step down from one, and it could be
similarly difficult for the other side. Thus far, most other leaders have been careful to avoid
confrontation, but an abrupt move by Trump could make it unavoidable.

Duration and Course of Political Crisis
Uncertainty is to be expected at the beginning of a new American presidency. Had Hillary
Clinton been elected there would be speculation on how much change she would make to
Obama’s policies and approach. But the five dimensions of uncertainty listed above com-
bine to create an enduring crisis in American governance and foreign policy. The basics of
American foreign policy are in question, as regards its direction, implementation, contin-
uity, adjustment, and style. This creates multidimensional unknowns at the centre of world
politics that are not likely to disappear, or even diminish over time. Trump will not feel
bound by his previous decisions. His team is more likely to pull apart than to pull together,
and his personal reaction to outcomes and confrontations is more likely to create problems
than to resolve them. The Obama status quo will fade with time, but as it does the question
of how the Trump status quo will fare in a post-Trump transition will emerge, whenever
and however that might occur.

We can add to these uncertainties the question of how long Trump will be in office.
American presidents have four-year terms, and no US president has ever been removed
from office. However, Trump is 70 years old, and illegal actions, conflicts of interest in his
business dealings, as well as his unpopularity could make him vulnerable to impeachment
and removal from office. In the opinion of one influential senator, he is more likely than
not to be removed from office before the end of his term. But there is also the possibility
that he will be re-elected for another four years. Re-election seems the least likely scenario,
given his narrow margin of victory and current low popularity. However, George W. Bush
was re-elected in 2004 with a larger margin of victory than in the 2000 election, despite the
war in Iraq. In any event, the initial politics of Trump’s successor would be uncertain.

Over time, despite the Trump uncertainties, the parameters of likely American action
will appear in specific policy areas. For example, if Trump seriously considered unilateral
military action against North Korean nuclear facilities in April 2017 only to reject the idea,
he is unlikely to return to that option, now that an effective South Korean president has
been elected. One must assume that Trump decided against the action because of the
difficulty of assured success, and the possibility of undesirable consequences. Now that

10 Senator Mark Warner of Virginia, referenced in Evan Osnos, ‘Endgames’, New Yorker,
South Korea has effective leadership another major reason for caution has been added. Trump still has the potential to surprise, as demonstrated by his statement that he would be honoured to receive a visit from Kim Jong Un.\(^{11}\) Moreover, additional provocations by North Korea might trigger a dramatic response. But in this and other areas, as Trump makes decisions he will build a path of precedents. He will not feel bound even by his own precedents, but they will become the default policy option, if only because changing policy requires readdressing the situation.

Even as precedents begin to accumulate, it would be a mistake to assume that the general volatility of American foreign policy will be eliminated. Trump likes to make impulsive, grand statements, and some of these could lead to radical policy changes. His more radical advisers, such as Steve Bannon and Peter Navarro, are not likely to prevail over Trump’s more moderate military and business advisers on policy details, but in the past he has found their apocalyptic big pictures credible. It is quite possible that at some point Trump would want to break free of the constraints of moderate advisers and do something dramatic, and ideas for dramatic action could be drawn from radical advisers. A strategic break is likely to occur because of accumulated frustrations with what Trump sees as more timid policies. Moreover, frustrations in domestic policy, where his ability to drive policy is restricted by Congress, might lead to greater adventurism in foreign policy.

Nevertheless, the range of American policy volatility will remain constrained by the reality of its options. The ‘America first’ stance that Trump outlined in his inaugural address\(^{12}\) alienates potential allies, and the capability of the United States to go it alone has been in decline. Moreover, in an interconnected world it is difficult to pursue one policy objective without generating unacceptable consequences in other areas. While vast military power seems to create grand options for destruction, nuclear war with another nuclear power raises the possibility of self-destruction. And as the cases of Libya, Iraq, and Afghanistan demonstrate, it is much easier to intervene than it is to extricate oneself. Trump cultivates the image of being willing to do anything—the ‘madman theory’ of diplomacy—but while a madman might not have inhibitions, he does have limits.

**Hot Spots and Cold Spots**

Although the entirety of global politics is affected by political crisis, some regions and states are more affected than others, and not all in the same way. The Middle East is particularly affected, although it has been a troubled region for so long that 2017 merely adds new inflections and concerns. The largest questions are ones that the external powers can influence but not determine: the fate of Syria, the direction of Iranian politics, the longevity of the Saudi regime. The region’s mix of competitive regimes, non-state actors, and outside involvement appears to be the recipe for long term, inconclusive conflict.

The more recent zones of political uncertainty are Europe and South America. Brexit has encouraged a general reconsideration of European identity. The flow of people within the EU and from the outside has exacerbated nativist sentiments. While the election of Macron in France and the re-election of Angela Merkel in Germany provide relief from the worst fears of European disintegration, the growth of nativist grassroots strength and the continuing


pressure of border issues, such as Ukraine and immigration, make it likely that being on the
defensive will be the political status quo in Europe for the foreseeable future. In South
America, the situation is bleak only in Venezuela, but Brazil’s political and economic troubles
have reduced its prospects as a regional leader, and there is no comparable alternative.
By comparison, Asia seems less problematic politically as a region, although the Korean
peninsula has been the hottest spot thus far in 2017, and retains the potential for serious conflict.
The region has positive economic prospects, and they centre on China’s continued growth and
its support for regional integration. While Trump has added his own flavour to regional uncer-
tainties, his withdrawal from Trans-Pacific Partnership (TPP) and his focus on North Korea
have lessened the great power presence created in part by Obama’s pivot to Asia. Moreover, the
growth rates of other developing Asian economies are now more similar to that of China’s ‘new
normal’. China is not leaping ahead, and the BRI is based on win-win cooperation.

2017 as a Watershed
The crises of 2008 and 2017 are each breakpoints in the general trend toward the rise of
demographic power in the 21st century. As the per capita productivity of developing
countries rises, population becomes a more important factor in national strength. The share
in global Gross Domestic Product (GDP) of low- and middle-income countries rose from
32.5% in 1994 to 47.6% in 2014. Roughly half of the world’s market basket is now
produced outside of the developed world. China’s rise is instrumental in this more general
phenomenon, due to the size of its population and the rapidity of its growth since 1980.
However, demographic power is quite different in its capabilities from the power of wealth
and technology that the developed world possesses.

The global financial crisis of 2008 originated in the United States, but the continuing
rise of China despite the crisis was powered by its demography and status as a developing
country. Urbanization, technology, and investment, could continue to grow and reap large
returns. Similarly, the global political crisis of 2017 was precipitated by Trump, not by
China, but the general shift in the global balance of productivity created the possibility of a
tectonic shift in the global balance of power.

Although the 2008 crisis did not cause the 2017 crisis, it created a fundamentally differ-
ent context. China and the United States together now account for one-third of global pro-
duction. Their bilateral relationship, therefore, is not only both nations’ most important
concern, but also of central importance to the rest of the world. China’s economic rise made
other countries readjust their outlook on the political world order before 2017. Bearing in
mind the questions that now surround the US role, China is well positioned to take a giant
leap in political prestige which is comparable to that in its economic standing after 2008.

A basic analytic question raised by surprising events such as those of 2017 is that of
their lasting effects. Hillary Clinton came close to winning the election, and if she had
the world politics of 2017 would look quite different. Can surprises be corrected by

15 Based on purchasing power parity (PPP). Calculated from World Bank, World Development
Indicators 2016.
16 Clinton won the overall popular vote by a comfortable margin, but she failed to carry suffi-
cient states to win in the Electoral College, which formally elects the American president.
counter-surprises, or do they mark a fateful turn in the global road? I argue that the current political crisis reflects and strengthens three general trends, all related to connectivity. First, globalization has become a problematic reality.\textsuperscript{17} Secondly, in domestic politics, regardless of regime type, the information age has become the attention age. Thirdly, in international politics, the post-hegemonic era\textsuperscript{18} has created a general situation that augments specific political uncertainties.

In the 1990s, many resented globalization because they felt it was an imposition of the economic interests and values of the dominant world. Since 2008 it has been clear that globalization is an economic reality, for better or for worse. The burning question has been that of how to manage internal and external disruptions; exit has not been an option. More recently, the expansion of social interaction and the problem of community identity have led to the general rise of nativistic pressures that manifest themselves as nationalism and populism.

Meanwhile, the Internet and social media have transformed personal connectivity. Communication has become instant, of indefinite broadcast reach, and with a near-zero marginal cost. Moreover, the analysis of audience data enables the targeting of like-minded recipients. While the creation of the Internet and accessible data is the hallmark of the information age, however, its political effect is to create instant, large bursts of attention, rather than to make relevant and diverse information available. Informational content is less important than attention. Instant opinion formation and building groups of like-minded people has become a preoccupation of both individuals and politicians. In the political attention age, extreme opinions have the advantage of excitement and novelty. Thus, domestic political crises reflect both identity concerns and the radicalization fostered by new media.

A final trend evident in the 2017 crisis is the uncertainty of international politics in the post-hegemonic era. Trump himself is a good example. On the one hand, he would like to reduce American costs of international involvement and extricate the United States from global conflicts. On the other hand, he wants to build up the American military and to ‘make America great again’. It is hardly surprising that an adjustment to post-hegemonic politics would be most traumatic for the United States, its having been the hegemon. However, the lack of a credible hegemonic power is also a difficult adjustment for other states. Power still matters in a post-hegemonic world, but its effects are more complex, and it is rarely decisive.

**Similarities between 2017 and 2008**

The fundamental similarity between 2008 and 2017 is that both years witnessed profound global crises. In normal times, individuals and states assume that tomorrow’s reality will be much like yesterday’s reality. Based on this assumption, they can plan to do a little bit


\textsuperscript{18} For a full analysis of the post-hegemonic era, see Amitav Acharya, *The End of the American World Order* (New York: Polity Press, 2014).
better. The concerns of individuals and states in ordinary times are hence focused on marginal improvement rather than on massive risk or catastrophe. But in times of crisis, the present is shaken and the future is even more uncertain. A global crisis affects the reality and prospects of all.

In 2008, a rapid recovery of the world economy seemed to the least likely alternative. Perhaps the stock market crash would lead to a general failure of the financial system; perhaps the US dollar would lead a race to the bottom of world currencies. Analysts who seemed confident in their predictions were the least credible. In 2017, every month has brought new political worries to the United States and new, fateful elections, and political challenges elsewhere. As with the economic crisis of 2008, political collapse or total recovery seem the least likely alternatives. While it is likely that whatever happens will fall in-between, there is nevertheless a large and unknown space between the former status quo of international politics and system collapse. Stability of expectations is more important now than marginal improvement. There is increased anxiety about the general political future in which each state will fit, and a feeling of vulnerability. Some might wish to restore the old system, but no one is sure that the former status quo is really an option.

No state, China included, was unaffected by the economic crisis, or remains untouched by the political crisis. The year 2008 proved that economic globalization had taken place, and 2017 is demonstrating that the global system of political expectations is also important to all. However, not all states are affected to the same extent, or in the same way. Vietnam, for example, had anticipated the marginal economic and security benefits of TPP; and must now reconsider its options. Proportionally speaking, in 2008 China was the major economy least hurt, although the export-dependent coastal provinces suffered. Similarly, in 2017 China’s domestic politics are less at risk from nativist pressures, the prospects of its national leadership are firm, and it has reached out to other countries with initiatives that are not dependent on American or European support. The odd case is that of the United States itself, because it is less conscious of the proportional changes in the global economy since 2008, and of the global political implications of the current political crisis. Owing to its vantage point at the centre of both systems, it tends to think that if it solves its own problems the system will be automatically restored.

Both crises are also similar in that the duration of each is unknown. Indeed, in both cases the question of ‘how long will this last?’ is misleading. Owing to the deep effect on the system’s structure of expectations, the more appropriate question concerns long-term effects. In time, people become used to the effects of the crisis event. Surprise, therefore, diminishes and unreasonable fears subside. This is evident in the decade since 2008, but the effects remain. Moreover, as all become habituated to the changes, they become accepted parts of the emerging new status quo.

Differences between 2017 and 2008

Although economics and politics are interrelated, the differences between the crises of 2008 and 2017 are important. In 2008, individuals, families, and their governments all faced unexpected uncertainty. Everyone was in the same boat in rough seas, and all hoped that their particular government would do the right thing. Generally speaking, domestic politics remained stable in 2008 despite economic turmoil. The tension between Germany and Greece was the exception that proves the rule, since few people in Germany supported Greece, and few in Greece supported Germany. Some governments failed during the
2008–2017 decade, others faced ‘colour revolutions’, but these were more due to domestic political dynamics than to the direct effects of the global financial crisis.

By contrast, the global economy in 2017 has been relatively stable, but both domestic and international politics have been in crisis. In the United States, Obama’s government successfully brought the economy out of crisis, yet Trump was elected, despite positive signs of growth and employment. Political turmoil in Europe has been driven more by identity politics than economic problems. It is interesting that even the moderate new French president Emmanuel Macron was an outsider to the French national system of political parties. It could hence be argued that, even in Venezuela, the political crisis is deeper than the economic crisis. With the exception of the colour revolutions in some countries, from 2008 to 2016 domestic politics and international relationships remained within their respective parameters, but domestic politics now is more system-challenging, and the international political order is in question.

China was in a unique situation in 2008, and for different reasons is an exception in 2017 as well. Because China had expanded its trade with developing countries and had few overseas investments in 2008 it was more insulated from economic shocks than its neighbours. Moreover, the central government had economic reserves which it used to maintain a high growth rate. Over the decade since 2008 the growth rate has gradually diminished from 10%, but this is still a much better and more stable economic record than other countries have experienced. Meanwhile the size of the Chinese economy surpassed Japan’s in 2010 to become the world’s second largest, and in 2014 China became the world’s largest producer in terms of purchasing power parity. As the economies of other countries floundered, China’s surged forward. It was the contrast that counted. Although China’s economy had grown faster in 2001–2007 than it did after the crisis, so too did everyone else’s. But from 2008, India was the only major economy whose GDP growth kept pace with China’s, and still lagged behind in industrial value added. China had grown from 5% to 7% of the world economy in 2001–2007, but by 2015 had surged to 12%.

Ironically, China’s relative economic success in the 2008 crisis led to problems in its international relationships. The contrast between China’s high growth rate and the problems everyone else were having made other countries nervous about China’s future intentions, while success encouraged China to act more assertively. China rapidly expanded its overseas investments and became more confrontational over its remaining sovereignty disputes in the South China Sea and East China Sea. As the prospect and appearance of China’s hard power—its relative capacity to punish and reward—rose, its soft power—its

20 The implications of relative but asymmetric economic growth are analysed in Womack, ‘Asymmetric Parity’.
21 Calculated from World Bank, *World Development Indicators 2016*.
22 Calculated from World Bank, *World Development Indicators 2016*.
capacity to attract and persuade—receded. China certainly received more attention, but appeared less attractive and less persuasive.24

China’s economic situation in 2017 is virtually the opposite of 2008. President Xi Jinping announced the ‘new normal’ of moderate growth prospects back in 2014, and China’s economy has lived up to reduced expectations. In 2016 China’s industry grew at 6.1%, a rate exceeded by Pakistan, Bangladesh, Cambodia, Laos, Vietnam, and the Philippines, according to the ADB.25 China is still on the high end of Asian development but is no longer the shooting star. But the other contrast to 2008 is that China has become the central economy of Asia, and one of the two top global economies as regards size, trade, and current outward investment. By 2015, China’s economy was 1.5 times the size of Japan’s, 3.7 times the size of India’s, 5.4 times the size of Russia’s, and 3.6 times the size of Association of Southeast Asian Nations (ASEAN’s).26 In 2014, China’s industrial value added exceeded that of Japan, India, Russia, and ASEAN combined.27

In 2008, China’s relative growth drew world attention, but at the same time created anxieties. As of 2017, China’s size has made it important in global and especially regional economic prospects, and its deceleration to the new normal of moderate growth helps to stabilize expectations of other countries with respect to China’s trajectory. Two other factors add to the turnaround in China’s attractiveness. First, China has become a pillar of world order, and secondly, it has committed itself to extensive multilateral development projects, such as the BRI and AIIB. In the context of current global political uncertainties centred on the United States, these two factors are especially important.

After initial hesitations, China’s vigorous support for international agreements to reduce greenhouse gases provides a prominent example of its support for global order. The joint leadership of Xi Jinping and Obama in support of common policies on climate change in November 2014 were integral to global progress.28 China has played a positive role in supporting the United Nations, and has supported regional peacekeeping in Africa. It has been proactive in supporting Iran’s nuclear agreement, and it supports resumption of the six party talks on Korean nuclear proliferation. The formation of the Shanghai Five in 1996 and its expansion into the Shanghai Cooperation Organization is arguably the most important single contribution to peace in Central Asia since the Cold War. The United States is sometimes critical of China’s global involvement, but this is often due to China’s hesitation to support American policy initiatives that are themselves questionable in their relationship to global order.

24 I argue that ‘soft power’ is composed of three elements; attention, attraction, and persuasion. ‘Attention’ refers to the interest that other countries have in the relationship. ‘Attraction’ refers to elements of situation or behaviour that others think are either beneficial to themselves or worth emulating. ‘Persuasion’ is the credibility of common interest, of ‘win-win’, in a specific policy. See ‘Dancing Alone: A Hard Look at Soft Power’, Japan Focus, 24 November, 2005, http://www.japanfocus.org/-Brantly-Womack/1975.


26 In tradeable dollars. Myanmar is not yet included in the World Bank data. Calculated from World Bank, World Development Indicators 2016.

27 Calculated from World Bank, World Development Indicators 2016.

Secondly, China’s commitment of large resources to regional and global development greatly enhances its general attractiveness. The most spectacular example of China’s development initiatives is the BRI, but this is only the centrepiece of a broad range of similar efforts. Moreover, China’s investments in developed countries are also rapidly expanding. It is, therefore, not surprising that the AIIB has attracted participation from almost all of China’s neighbours as well as many close allies of the United States. Attendance of the BRI forum in Beijing in May, including the US, Japan, and both Koreas, was also very impressive. While large projects are never completely successful, China has created a momentum for cooperative development that sets an entirely different tone for its relationships.29 In 2008, neighbours were worried about becoming China’s backyard. In 2017 they are cautiously but voluntarily accommodating a re-centering of Asia led by China. Global attention is indeed now concentrated on China. At a conference of the Latin American Association of Political Science, held in Uruguay in July 2017, the titles of 23 papers included ‘China’, while six included ‘the United States’, five included ‘India’, and one included ‘Japan’.30

These factors existed before the global political crisis of 2017, but it is clear that the uncertainty of the crisis adds to the attractiveness of China’s stability and its cooperative attitude. The contrast to Donald Trump is virtually total. Xi Jinping is careful and consistent in his policies; his team is cohesive; and there will be continuity between the 18th and 19th Central Committees under his leadership. He has, moreover, shown an ability to rethink policies that have led to troubles. A good example would be the early removal of the oil rig HYSY-981 in the South China Sea in the summer of 2014.31 What the two leaders would do in the event of a high-profile confrontation is less clear, but their April meeting in Florida was successful.32

Just as China’s economy would have continued to grow after 2008 even without a crisis, its political prestige and soft power would have increased even without the 2017 political crisis. However, just as the 2008 created a contrast between global conditions and China’s progress whereby China appeared suddenly to leap ahead to the status of great economic power, the potential exists for the political uncertainties of 2017 to lead to a leap ahead in political leadership and prestige. It is a post-hegemonic world in both economics and politics, so China is not replacing the United States. However, its stature and influence, both regionally and globally, are likely rapidly to rise.

**China’s Post-2017 Prospects**

It would be a mistake to think that the election of Donald Trump and other political uncertainties are good for China. The United States is China’s most important bilateral partner, and it must cope with American unpredictability. However, what is likely to prove true is

32 Tom Mitchel, ‘Trump Disaster Averted is a Success for Beijing’, *Financial Times*, 10 April, 2017.
that because China is less affected than most countries, global political uncertainties will benefit China’s relative political standing in the world, especially in Asia. Moreover, China’s gain in political standing, as with that in its economic standing after 2008, does not mean that its problems are solved, but rather that new challenges will emerge.

China is better prepared for the global political crisis than any other major power. The United States, as discussed below, is at the centre of its own problems. Even if its normal democratic politics rebounds and rejects Trump, damage has been done, credibility lost, and time wasted. Europe is torn by issues of identity that will at the very least indefinitely postpone confidence in a coordinated transnational community. Russia and India are isolated in their respective neighbourhoods, although India is reaching out.33 Japan aspires to be a regional and global actor, but not a leader.34 China is the only state with sufficient economic mass, secure political leadership, and tolerance of different political systems to be politically as well as economically attractive.

Despite its advantages, China would have been better off without the crisis, although it presents short-term advantages vis-à-vis the United States. However, just as 2008 did not create China’s economic advantages, the confusion that Trump introduced did not create China’s political strengths. The failure of the Obama administration to block Britain and Australia from joining the AIIB demonstrated that even more coordinated and competitive American diplomacy would be unlikely to inhibit the success of Chinese initiatives. Perhaps China’s political progress would have been less dramatic vis-à-vis a Hillary Clinton administration, but it still would have been on solid footing. It is imaginable that, like the previous Clinton administration, Hillary Clinton would have adjusted to the realities of accommodating and cooperating with China.35

With regard to the crisis, China appears solid and reassuring in contrast to the United States, but it must also face the uncertainties of the US–China relationship. While other countries might look more to China because of their concerns about the stability of US policy, China will have its own bilateral uncertainties to deal with. Moreover, there will be tri-lateral uncertainties as well. Lastly, with respect to such issues as global climate change, it will be difficult, if not impossible, for China to accomplish on its own what might have been possible in cooperation with the United States.

New Challenges of Soft Power and Asymmetry
While holding a grand and successful event such as the May 2017 BRI forum in Beijing is a source of great satisfaction, soft power is a delicate asset. The third and most important component of soft power, beyond attention and attraction, is persuasion. As Joseph Nye argues, soft power is the ability to achieve compliance without rewards or punishments.36 Persuasion requires common interests, so a win-win framing is essential. But even a

33 Sampa Kundu, ‘India’s ASEAN Approach: Acting East’, The Diplomat, 8 April, 2016.
35 An indicator of what a Clinton China policy would have been is James Steinberg and Michael E. O’Hanlon, Strategic Reassurance and Resolve: U.S.-China Relations in the Twenty-First Century (Princeton: Princeton University Press, 2014).
win-win transaction has a different impact on each side of an asymmetric relationship. The smaller side is more exposed in the relationship, and, therefore, more alert to risks, and is more cautious about changes. It is not enough for China to declare that a policy is win-win; the partner must be confident that it will be better off and more secure. Given the global political crisis, China has the advantage of stability, but it must still convince partners that being more closely tied with it is of low risk and within their interests.

Ironically, a key aspect of China’s credibility as a key leader in Asia is its expectation that Asian countries will continue to develop relationships outside the region. Globalization has diversified every country’s options, and while improving specific relationships is usually attractive, for example, Free Trade Agreement (FTAs), exclusive relationships are not. China’s policy of promoting partnerships rather than alliances is well adapted to globalization.\textsuperscript{37} If China required its partners to choose between itself and the United States, or between itself and Russia, prospective partners would be wise to avoid such a commitment. If they picked one side and so excluded the other, they would lose opportunities and become dependent on the chosen side. Both their independence and their opportunities would be better served by non-exclusive arrangements. Countries will feel better able to integrate with China if they feel secure in their other relationships. An Asia re-centred around China must be free and able to connect to the rest of the world.

An additional continuing challenge for China’s growing political leadership is the management of a large number of asymmetric relationships.\textsuperscript{38} China may be tempted to use the leverage of its economic power to force neighbours to comply with its wishes. An example is the pressure it put on South Korea not to install the THAAD missile defence complex. If the issue is serious enough to China, its use of available pressure is justified. Even when the problem at hand is minor, however, larger powers are tempted to use the threat of pressure because it makes them able to prevail more quickly and completely. However, the excessive use of an asymmetric power advantage entails two strategic problems. First, China has many neighbours, all of whom are watching. If China pressures one, all will be more cautious, and less willing to become dependent on China. Secondly, because China has many asymmetric relationships it is in China’s interest to develop rules for interactions, and these rules must be fair to all parties. Unfair behaviour would weaken the international order that China relies on.

Numerous studies of the fall of great powers have pointed to their tendency to overinvest in military conquests and territorial expansion.\textsuperscript{39} China’s rise is unlikely to fall prey to these flaws. However, a more subtle form of strategic overreach in soft power can be created by the popular nationalistic arrogance that success engenders. The extent to which China’s leadership gives in to arrogance will be reflected in other countries’ growing resistance to cooperative efforts. The extent to which China basks in its own glory and becomes blind to the concerns and interests of its partners will be reflected in its shrinking capacity for cooperative leadership.

\textsuperscript{38} Brantly Womack, \textit{Asymmetry and International Relationships} (New York: Cambridge University Press, 2016).
Venues and Levels of Leadership
Another complex problem China faces is that of venues and levels of leadership. China is a multiregional power, a leading developing country, a global power, and a member of the United Nation’s Permanent Five. Where does it want to lead, and on which issue? On certain issues, such as climate change, the various venues of leadership can work together. But on others tensions can develop. If China deals solely with the United States in a G-2 framework on issues that affect other states they will worry that important decisions may be made over their heads. The G-20 venue is useful for articulating developing country problems, but awkward as regards coming to operational decisions.

ASEAN’s various initiatives provide special instances of leadership venue challenges. ASEAN has taken the lead in proposing various regional venues and institutions, from the Asia Regional Forum in 1994, to ASEAN plus 3, to the current discussions of the Regional Comprehensive Economic Plan. But ASEAN’s success in drawing in powerful countries like China, Japan, and India also creates the possibility that ASEAN will be side-lined in its own initiatives. Thus far, China has done well to respect ASEAN’s role in these multilateral efforts, while at the same time enthusiastically supporting their initiatives.

Greater China
The deepest long-term challenge facing China over the next 30 years is that of integrating Hong Kong, Macau, and Taiwan into a single entity. The 50-year term of Hong Kong’s Basic Law ends in 2047, and is unlikely to be succeeded by another temporary arrangement. Macau’s Basic Law reaches its term in 2049, and is in any case virtually identical to that of Hong Kong. It would seem awkward for the current ambiguity of cross-Strait relations to continue past these points, especially as 2049 marks the 100th anniversary of the People’s Republic of China. In principle, integration is already decided. None of the four claims independence from the others, and nor does any state give any other separate recognition. There is nevertheless a considerable distance between the current situation and an integrated Greater China, and 30 years does not seem time enough to accomplish such a transition.

The challenge is complex, because all four are established, autonomous, and successful political communities. Moreover, their scale, levels of development, and existing relationships are different. Since they have all been constituted, two as special autonomous regions of the PRC, the problem is how to devise a metaconstitution that respects the people and autonomy of each. The metaconstitutional problem is difficult enough in theory, but then nor is the practical political path towards a Greater China an easy one.

Perhaps the increased political prestige of the PRC will ease concerns about integration of the other three, or at least make integration seem more inevitable, and as 2047 draws ever nearer, the practical necessity of determining future relationships becomes ever more apparent. The fundamental task of each component of Greater China is to be more respectful of the others.

In general, the future looks fairly bright for a rapid expansion of China’s prestige and influence amid the global political crisis. But it should be remembered that the primary reason for China’s success, both in 2008 and in 2017, is not the failure of the United States, but rather China’s own merits. China’s economy was solid in 2008, as were its politics in 2017. If neither crisis had occurred, China would have been better off in absolute terms. In relative terms, however, China has benefited considerably from the crises.
Post-2017 Prospects for the United States

Although the 2008 economic crisis was something of a shock to the United States, the political crisis of 2017 seems more severe, and to augur even bleaker prospects. The economic crisis unfolded in the last six months of George W. Bush’s presidency, and the incoming Obama administration was ready to deal with it. The American GDP dropped 3% in 2009, but regained 3% in 2010, and overall gained 8% from 2008 to 2014. But industrial value added fared less well, having dropped 6% in 2009, and in 2014 showing a level slightly below that of 2007.40 But by 2016 the domestic side of the American economy had more or less recovered.

Living with Trump

The problem with the political crisis of 2017—as of October 2017—is not what has happened, but what might happen, and how long this fundamental uncertainty might last. Trump’s presidency continues to cause domestic turmoil; it is impossible to give credible assurances to other countries of either American intentions or possible actions. No corrective is in sight. The correctives themselves, moreover, are unknown. Although the American economy has yet to experience the serious effects of Trump’s presidency, domestic opinion is in uproar. It is hard to imagine that any informed world opinion would have high hopes for his presidency.

As detailed in the earlier discussion, the Trump administration is profoundly unpredictable in both its routine diplomacy and crisis management. Added to its internal problems, the American and world media elite are likely to be critical of its actions, and other countries to be hesitant, or less cooperative. The capacity of the American government to lead world opinion is thus much reduced.

Hegemonic Nostalgia

Graham Allison’s ‘Thucydides Trap’ has been criticized for its prediction of an inevitable clash between China as a rising power and the United States as a declining power.41 He does not, in fact, consider war inevitable, but rather the most likely result of the combined factors of China’s rise, America’s fear of displacement, and the cultural gap between them. Allison is part of a longer tradition of international relations theorists who believe that the power transition between a hegemon and a challenger is highly likely to trigger a major war.42 However, in the case of the United States and China, although the economies are roughly the same size, and clearly the world’s largest, they are quite different as regards their capabilities and situation.43 There is no point at which China would be in a symmetric relationship with the United States, and nor is there any conflict of interest that would require a challenge. Moreover, in a post-hegemonic world, there is no commanding height either to be lost or gained.

Nevertheless, there is in the United States a certain psychological reality to the Thucydides Trap. The United States is continuing to grow as an economic power,

40 Calculated from World Bank, World Development Indicators 2016.
43 Womack, ‘Asymmetric Parity’.
but in relative terms is becoming less important and less decisive. This leads to hegemonic nostalgia; a reluctance to adjust to new realities of reduced power and influence. Like previous hegemonic powers, the United States will tend to idealize its golden age of global prestige and to worry about the consequences of relative decline. Trump’s call to ‘make America great again’ is a good example of this sentiment.

The policy consequences of hegemonic nostalgia begin with a tendency to underestimate the extent of power shifts, and lead to failed attempts to reassert control. An earlier example would be the British and French involvement in the Suez Crisis of 1956—a last challenge to American world leadership during the Cold War. Obama’s failed attempt to prevent Britain, Australia, and South Korea from joining the AIIB is a more recent example. It is difficult for a leading power to adjust gracefully to a strategic defensive situation. The natural inclination is to assume that just a bit more assertiveness will return the situation to normal. Owing to China’s size and growth, many in the United States see it as the cause of America’s problems. However, the fact is that the United States is in no position to reverse history or to prevent China’s rise. The option of a hostile confrontation with China might appeal to a nostalgic public, but experts increasingly point to its costs and futility. Nevertheless, Graham Allison’s concerns about the possibility of conflict deserve serious consideration.

Relative Certainties of Resources and Options
While history cannot be reversed, it rarely leads downhill forever. The United States is the world’s third most populous country, with tremendous wealth and resources. Neither Trump nor China can change these fundamental facts. According to estimates by Price Waterhouse, in 2050 the United States will be the only current developed country among the world’s five largest economies, and will be the wealthiest of the major developed countries. Unless a major war occurs, therefore, the United States will be one of the world’s most powerful and influential countries for the long future, almost regardless of what it does. And if there is a major war between the United States and China, there might not be a post-war world.

Given its situation of strength, the United States is likely to be able to adapt to its own policy mistakes and to the mistakes of others. If major war is the only fatal mistake, then it would be prudent for its partners not to foreclose the prospect of cooperative relationships, and it would be prudent for the United States to do the same. This is especially true for China–US relations, since their bilateral relationship will be at the centre of the world political economy.


Conclusion: Policy at a Time of Political Uncertainty

Policy advice usually assumes or describes a framework, delineates options, and argues for a specific course of action. If, however, the problem facing policymakers is deep uncertainty, the discussion of options becomes contingent and hypothetical. Rather than a specific plan of action, the immediate need is for an attitude appropriate to an unpredictable situation. I would suggest four components to a general policy posture appropriate to the current global political crisis: keep calm, be inclusive, focus on problems rather than confrontations, and build regional and global regimes.

Keeping calm might seem unnatural in a crisis situation, but it is certainly the best policy. Crisis excites the imagination into considering extreme possibilities, but these are rarely realized. Excitement is the enemy of appropriate action. The best analytical question to ask in a crisis concerns its limits and the limits of its effects on oneself. Keeping calm is necessary not because the crisis will soon be over, but because it is likely to continue.

The second principle is inclusiveness. Especially in a post-hegemonic world, it is important to keep options open, and in order to do so it is important not to exclude potential partners. Even in antagonistic situations, it is best to offer inclusion and to have the other side exclude itself. It is interesting that the United States offered the Marshall Plan to the Soviet Union and to Eastern Europe as well as to Western Europe, but was turned down. This was good American diplomacy. Had the Soviet Union accepted, it would have been even better diplomacy. Both partnerships and alliances are means to reduce the uncertainty of international relationships, but partnerships are the better of the two because they are inclusive in principle.

The third principle is to concentrate on concrete problems rather than on confrontations. Because state leaders make decisions there is a natural tendency, encouraged by the media, to personify international conflicts of interest and to pose them as national confrontations. However, it is rare for one side to be victorious and the other side to admit defeat. Thus a difference of national interest presented as a national confrontation of leaders is not likely to produce positive results, but is likely to prolong and intensify antagonism. By focusing on the problem rather than on the confrontation, both sides can still articulate their different interests, but relevant expertise can be brought to bear, and the differences can be separated somewhat from the excitement generated by the conflict of national egos.

The last principle is to build regional and global regimes. All states have an interest in stabilizing their expectations in a post-hegemonic environment, and comprehensive multilateral institutions are the best way to structure expectations. Usually they are designed to facilitate connectivity by, for instance, reducing tariffs. But their most basic function is to specify the rules of the game and to acknowledge all players. ASEAN’s numerous efforts at regional organization are good examples of the utility of institutionalization regardless of content. Content can be improved once a credible structure is established, and membership can be expanded.

These four principles are general guidelines for prudent diplomacy, but they are particularly important at a time of uncertainty in international relationships. In times of crisis it is tempting to take immediate and dramatic action, to band together against presumptive threats, and to stand up proudly against challengers. These responses are attractive because they deny uncertainty by taking a strong stand. However, if
uncertainty is real, then denying it is the least appropriate response. The emotionally
difficult but most appropriate action is to maintain flexibility and to work toward
reducing chaos through cooperation.

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