

Power transitions and conflict

Applying power transition theory and liberal-institutionalist theory to US-China relations

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Abstract

The historical record of great power transitions is plagued with episodes of violence. Hence, the 'rise of China' and America's relative decline sparks a heated debate on whether history, in the longer or shorter term, will repeat itself. The possible outcomes of this cyclical event, ranging from hegemonic war to a smooth transition, vary with the theoretical approach adopted: power transition theory postulates that the rising challenger becomes more conflict-prone as it approaches the crossover point with the declining hegemon in terms of power, while liberal-institutionalist theory draws attention to the exceptional character of the current Western-led order as the main cause for optimism. In this comparative analysis, each theory's conflicting concepts of power, and the contrasting expectations each hold for transitions, are compared. Their focus on different indicators in measuring power yields different answers about the size of the US-China power gap and the speed at which it is being closed; at the same time, opposing assumptions on state satisfaction influence the hypothesis of China being successfully accommodated by the international system. An empirical analysis focused on the rising challenger's behaviour over the past two decades reveals alternating periods of revisionism and status quo orientation, but in the recent past liberal-institutionalist theory is more apt for understanding China's posture *vis-à-vis* the US, even after discounting for uncertainty and calculative behaviour. On the US' suppositional impulse to seek confrontation in a desperate attempt to retain its leading position in the system, evidence on its approach to China also dismisses the alternative proposition of preventive action suggested by power transition theorists.

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1. Introduction

1.1 Research question

In this thesis, I will compare and contrast two theories – *power transition theory* and *liberal-institutionalist theory* – and their prognoses for Sino-American relations in face of China's growing power and the US' relative decline.

The post-Cold War period of which the US emerged as an uncontested leader has since witnessed transformations. Russia's collapse, and the troubled years that followed, are now bygone days, as this giant slowly but firmly recovers its form; the European Union's enlargement and deeper integration made it a stronger bloc; and a number of fast-growing economies have earned the world's recognition. From the group of 'traditional' and emerging powers, China, belonging to the latter, is the only one which can aspire to compete with the US at the highest level of the international system's pyramid.

The notion of the 'rise of China' was first used by Kristof (1993) in somewhat alarming terms, a year after Munro (1992) had introduced the well-known 'China threat' theory. Their concerns were not unfounded: power transitions, understood as the moments that precede the overtaking of a state by another in terms of power (in this case China catching up with the US), are prone to conflict. This is especially true of the cases that occur at the highest level of the international system, between the hegemon and an aspiring hegemon. The past record of power transitions is dismaying, therefore the importance of understanding the nature of a phenomenon which so often attracts discord and war. With history on their side, proponents of the 'China threat' theory prescribe containment strategies to attempt to tame its growing power (Tammen et al., 2000). The comforting news is that hegemonic war has not *always* occurred, and other scholars explain why we can be optimistic about the current US-China power shift – institutionalists claim that peaceful power transitions are indeed plausible, and in this specific case even likely. In their perspective, engagement, as opposed to containment, is the

appropriate approach to ensure a peaceful transition (Johnston and Ross, 1999). At the policy level, the containment *versus* engagement debate reflects to a large extent the gap which separates power transition theory and liberal-institutionalist theory.

1.2 Thesis outline

The thesis consists of five main sections, covering theory, its application to the case study and an assessment of results. The following paragraphs are an itinerary of this paper, explaining the purpose of each chapter.

Chapters 2 and 3 are theory-based. In outlining the foundations of power transition theory, two critical questions are dealt with: the relationship that the theory establishes between power and conflict, and whether it is the rising nation or the declining hegemon that is expected to precipitate war, a decision which is linked to the sides' degree of satisfaction with the international status quo. Equally important is power transition theory's concept of power, based on military and economic indicators, which are helpful in determining *if* and *when* (the precise moment cannot be located, but an overall trend is useful enough) the US-China shift will occur. The chapter closes with an overview of some of the important revisions made to the theory since its original formulation in the 1950s. Chapter 3 addresses the same questions in relation to liberal-institutionalist theory. Unlike power transition theory, which was specifically constructed to explain the cyclical occurrence of war, the contribution of the institutionalist tradition is embedded in a broader analysis of international relations. While never abandoning the materialistic approach common to both theories, power will be classified in other dimensions: as asymmetric dependency (interdependence), authority (hierarchical relations), attraction ('soft power'), and networks (institutional power), which proposes substantive indicators to rank states in terms of power in a liberal-institutionalist perspective.

Chapter 4 applies a set of measures coherent to the two theories' concept of power to the case study. Power transition theory-related demographic, military and economic indicators reveal the size of the gap between the two nations over time in terms of 'hard power', allowing at the same time for a rough projection of crossover points in the future. The same procedure is then replicated in relation to the 'liberal' indicators, such as those assessing cultural attraction, technological development, human capital, and international involvement. Related to each of the theories, the results over time of two indexes – the Composite Index of National Capability and the Social Network Power Index – will then be juxtaposed for an assessment of the size of the disparities among them. (At that point, a closer look at the characteristics common to the states that top each of the lists will help to identify the forces which influence the models' rankings.) Because each index gives a considerably different answer regarding the actual phase of the US-China power shift, and both cannot be 'correct' (whereas both can, in fact, be 'incorrect'), a discussion on the strengths and weaknesses of each one follows, with a special focus on their suitability in measuring power at the present times.

In Chapter 5, given that the power indicators of both theories point to China's upward trajectory (albeit different perceptions of the speed and time estimated for the hegemon to be overtaken), an empirical analysis of China's attitude towards the US and the international status quo is carried out. Assuming that there is a power shift in progress, findings should be consistent either with power transition theory (China as an increasingly aggressive challenger), liberal-institutional theory (an order which is capable of accommodating its rise), or mixed. China's positions on a number of heated regional issues, Taiwan at the forefront, are especially useful in revealing its evolving attitude towards the US; on the other hand, the degree of involvement in the world marketplace and position towards universally-accepted rules measure China's level of satisfaction with the Western-led order.

Finally, in Chapter 6 the power transition principle of attributing revisionist inclinations to rising challengers and a predetermined status quo orientation to

the hegemon is critically re-examined. After explaining the logic behind America's hypothetical revisionism – an attempt to modify the rules of the international order that it itself created – a similar exercise to the previous section is carried out, but focusing instead on the hegemon's behaviour throughout the same period of time. The deep changes that the 2001 terrorist attacks caused to America's foreign policy and (once again) Taiwan are analysed in the light of the hegemon's attitude towards China.

2. The power transition theory approach

Power transition theory (PTT), first presented by Organski (1968) and later fully elaborated in *The War Ledger* (Organski and Kugler, 1980),¹ is a theory that attempts to explain when the conditions for the outbreak of great power war are to be expected. In this chapter I will present this theory's position on the following points, in order from broadest to most specific:

- Is there a causal link between power and conflict?
- Which side is expected to initiate conflict, and why?
- How can *power* be quantified, and which measure is the most adequate?

PPT's basic argument is tied to the dynamics of the relative power of nations, where the source of major war is traced basically to two causes: "the differences in size and rates of growth of the members of the international system" (p. 20) and "the general dissatisfaction [of the rising nation] with its position in the system" (p. 21). The main claims of the power transition model are summarised as follows:

"An even distribution of political, economic, and military capabilities between contending groups of nations is likely to increase the probability of war; peace is preserved best when there is an imbalance of national capabilities between disadvantaged and advantaged nations; the aggressor will come from a small group of dissatisfied strong countries; and it is the weaker, rather than the stronger, power that is most likely to be the aggressor" (p. 19).

How PTT defines and operationalises the concept of *power* will be first explored. After, the same will be done regarding the notion of *transition*, an exercise which will allow situating this theory in the broader framework of the Realist school, given the differing views on power distribution and international stability. An overview of refinements to the theory will follow, some of which with profound implications for the examination of the case study.

¹ I will refer several times to this source throughout this section, given its centrality for the understanding of power transition theory. When I quote this particular work amid intercalated references throughout this chapter, I will indicate only page numbers to avoid repetitive referencing.

2.1 On power

Related to Realist theory, PTT has a structural, materialistic view of power, as does the broad family of Liberal theories, including liberal-institutionalism (which I will come to in the next section). Their leaning towards tangible forms of power stands out by and large as an antithesis of Constructivist theory, which emphasises the role of ideas.² The broad definition of the concept by power transition theorists is in terms with other Realist branches, such as classical realism and its neorealist development. Conversely, PTT distances itself from those branches when selecting the criteria to measure power, and how power shapes the structure and dynamics of the international system.

Morgenthau, a classical realist, defines power as “man’s control over the minds and actions of other men” (1967: 26); Organski and Kugler as “the ability of one nation to control the behaviour of another for its own ends” (1980: 30). These definitions match each other, apart from the focus on different levels of analysis: classical realists focus on the actions of individuals, while PPT is inclined towards the other ‘images’ of international relations (national and systemic) observed by Waltz (1959). Although the understanding of how it affects the dynamics of the international system differs from the typical neorealist perspective, we can find a rough overlap with PTT’s view on power. Waltz refuses to weigh elements of power separately (1979: 131), but the nature of his security-orientated analysis seemingly emphasises the weight of the distribution of economic, and especially military, capacity among states as key in defining the structure of the system. The same applies to the offensive branch of structural realism, where war, conquest, and power are, too, closely connected with each other (Mearsheimer, 2001).

Although both PTT and the classic realists emphasise the state-centric nature of the international system, their approach to power in general and the elements of national power in particular do not totally overlap. Juxtaposing the elements of

² For a short but informative comparison of the three major international relations’ theoretical paradigms, see Walt (1998).

national power applied by PTT models with those suggested by Morgenthau further highlights their materialistic nature. While the latter includes fine-grained components (but very hard to test) such as national character, national morale, the quality of diplomacy, and the quality of government (ibid, Ch. 9),³ the former approves the Singer-Bremer-Stuckey (SBS) measure based on industrial, military and demographic capacity,⁴ but employs instead the simple measure of gross national product (GNP). This is done because not only this option yields roughly the same results as the SBS measure, but it is also easier to apply and the data used to assemble it is more reliable (p. 38). For that reason, Organski and Kugler prefer to equate power with GNP.

In fact, the parsimonious way in which power is measured stands as a clear advantage in the operationalisation of the concept. But how can power transition theorists justify GNP alone as an adequate measure of power overall? They believe that it captures the essential variables in the building up of national resources, and relate GNP to other indicators: “the fraction of population of working and fighting ages, and the level of productivity”, which accurately reflect “levels of technology, education, capital intensity [and] the capacity to pay for external security”, i.e. the level of military expenditures (p. 33).

At this point, one important caveat must be mentioned: national capabilities are only adequate for measuring power among developed countries (p. 68), not in the traditional meaning of the term, but rather those nations in which the elites have the ability “to extract the human and material resources from their societies, aggregate the many contributions each citizen makes into national pools, and use them for national purposes” (p. 71). As the definition suggests, PTT’s ‘political development’ does not have a normative connotation either, a fact which becomes

³ Morgenthau’s other elements of national power are geography, natural resources, industrial capacity, military preparedness, and population.

⁴ The measures used for industrial capacity are energy consumption; military expenditure and standing army for military capacity; at last, total population and population in cities with a population over 20,000.

more explicit as Organski and Kugler translate this measure into governmental extraction in the form of tax effort (p. 85).⁵

In short, the problematic concept of power is operationalised by equating it with national capabilities, which in turn are quantified through the coupling of a socio-economic index (GNP) with a political development index (tax effort). This is the bulk of the measure of national capabilities proposed by PTT.

2.2 On transitions

Transitions among the limited group of contenders and great powers in the international central system, and how they affect its stability, are key elements of power transition theorists' research.⁶ The first step is to underline PTT's departure from other realist branches on the understanding of which disposition of power among major players is presumably more stable. This introduction will be useful to clarify the consequences of power shifts according to the theory.

Both classical and structural realists use balance of power theory to explain and predict great power behaviour. Morgenthau believes that such a configuration is "inevitable" and "an essential stabilising factor" for the international order (ibid, 161). In the same line of reasoning, Waltz highlights the anarchical structure of the system, and the ultimate aim of survival, as the forces that dictate strategies to avoid concentration of power through internal or external balancing (increasing economic and military strength or alliance formation, respectively) (ibid, pp. 116-128). Organski and Kugler, on the other hand, share a different view of stability,

⁵ The value of aid from abroad is also included in order to produce more accurate data for cross-national analyses. Thus, the full measure of national capabilities can be summed up as $(GNP \times Tax\ Effort) + (Foreign\ Aid \times Tax\ Effort\ of\ Recipient)$. I have omitted slight adjustments that serve the purpose of conferring more relative weight to GNP over Tax Effort. For a more detailed breakdown of the formula, see pp. 85-86.

⁶ The core task of the previous section was to explore PTT's definition and operationalisation of power. On the other hand, the meaning of *transition* is uncontroversial and can be found in a dictionary entry; in this context, the moment when a nation's position in the power rank shifts. Rather than a definitional problem, it is the effects of transitions to the international system that require investigation.

based on hierarchical relationships.⁷ At the outset, PTT downplays the importance of alliances because the main source of power lies inside nations' borders (p. 24). Then, it notes that periods of stability take place when one nation dominates the system, not when an equal distribution of power exists (p. 25). This view is shared by the liberal idea of collective security, which claims that asymmetric relations are more stable: both agree that "the power distribution must be lopsided in favour of the defenders of the system and against the nations that wish to attack it" (p. 27). Here, we can note a clear tendency of PTT in equating dominant powers with a status quo attitude, and rising nations with revisionism. Anyhow, in highly tense transitional moments, both sides will be likely to reveal aggressiveness, although the attacker will most likely be the ascending power. In Organski and Kugler's words:

"...there is a period during which both dominant and challenging nations are roughly equal in power. The challenger has finally caught up with the dominant country, passage is a reality, and the elites on both sides view the shifts in power as threatening ... it is an attempt to hasten this passage that leads the faster-growing nation to attack" (p. 28).

The risk of a military confrontation increases when the power gap between the dominant and the challenging nation develops in a fast pace, thus "disturbing the equilibrium that existed theretofore [as] both parties will be unprepared for the resulting shift" (p. 21). Thus, the probability of war peaks when the power shift is about to occur. PTT's findings of an empirical study on the relationship between power distribution and the incidence of conflicts tell us more. While it is not possible to spot a pattern at the *major power* level (nations placed at the centre of the system but still distant from the top of the hierarchy), at the *contender* level the picture is clearer: war does not occur when the power distribution is under the "unequal" or "equal, no overtaking" cases, but the odds increase from zero to

⁷ In a theoretical account on the typologies of realism, Feng and Ruizhuang (2006: 129-132) trace a line between two separate branches: *hegemonic realism* which, besides power transition theory, also includes hegemonic stability theory and long cycle leadership theory, and *balance of power realism*, where one can group classical realism, neo-realism, offensive/defensive realism and neo-classical realism. On the other hand, PTT differs from the above hegemonic realist theories inasmuch as it concentrates not only on the *systemic* but also the *dyadic* level of analysis (DiCicco and Levy 1999: 680).

0.5 when there is an equal distribution of power and one of the contenders is in the process of overtaking the other (see pp. 49-53; Annex I).⁸ With these findings in mind, Organski and Kugler confidently state that although this process is not a sufficient condition for conflict (as war does not always result from it), power shifts are a *necessary* condition for the outbreak of hostilities (p. 51).

As has been mentioned earlier, the degree of satisfaction of the challenger is a crucial factor in determining the consequences of power transitions. This runs contrary to balance of power theory, which in a physics-like manner predicts concrete counterbalancing strategies whenever power asymmetries begin to shape. PTT posits that major war will only occur if the challenger has the “desire to redraft the rules by which relations among nations work” (p. 23). Therefore, the kind of outcome of a transition depends on whether the challenger’s political elites have revisionist agendas or are status quo oriented.

I have outlined PTT’s observations on the destabilising role of power shifts in international politics, particularly at the contender level: different growth rates and dissatisfied challengers are the two key variables in determining the outbreak of war. Next, I will look at the attempts to refine the original theory and how some of its assumptions have been questioned by other power transition theorists.

2.3 Refinements and alternative propositions

Since the release of *The War Ledger*, the realist contention that shifting power balances are a key factor among the causes of war and peace has been analysed and tested. This research has contributed to some refinements of PTT but also major alternative proposals to the theory’s basic tenets.

First, it is striking that Organski and Kugler did not attempt to operationalise ‘satisfaction with the status quo’ which is, together with dyadic relative power

⁸ For the relevance of the case under study, I choose not to dwell on the data for the incidence of conflict in power distributions along the periphery of the central system. Moreover, resembling the case of major powers, the data is inconclusive.

dynamics, at the core of PTT. Kim (1991) tries to fill this gap by putting forward a measure that equates it with the degree of similarity of the alliances of the dominant power and the challenger. His findings show that the bigger the overlap of alliance commitments, the lesser the risk of a dispute. In a more materialistic tone, Lemke and Werner (1996: 240) associate challengers' military build-ups with satisfaction, the relative size of the two actors' military build-ups as a signal of their respective commitment to change or stability. Thus, an unusual growth in military expenditure suggests that the rising power has the resolve to resort to force to dislodge the hegemon from its dominant position. Yet, these proposals are not immune to criticism. For instance, a state that pursues an isolationist strategy could give rise to groundless fears, thus creating a 'false positive'; alternatively, a military build-up could be directed inside the state's own borders. Regardless of their weaknesses, these contributions are a good starting point towards making satisfaction a manageable concept.⁹

DiCicco and Levy (1999) identify three major refinements of PTT: the multiple hierarchy model, the alliance transitions model, and the timing and initiations of war. The first one, aimed at bringing the theory to comprise power transitions to lesser powers, is interesting inasmuch as it allows the theory to be applied to a wider number of cases, but less relevant to this case study. The alliance transitions model, developed by Kim (1989), rebuffs Organski and Kugler's neglecting of the role of alliances in the incidence of major wars. Kim's work rejects both balance of power and power transition models, his findings showing evidence that equal power among alliances (and not dyadic symmetrical power) is critical to the onset of conflict. Ultimately, his contribution carries the fundamental implication that, contrary to PTT's earlier propositions, the effects of external balancing deserve more attention, and not only the study of pairs of states observed in isolation.

⁹ Other measures that may provide an assessment of the level of satisfaction with the status quo within contenders are proposed by Chan (2008: Ch. 3), such as the ratio of intergovernmental organisations membership, veto frequency of the permanent members in the United Nation's Security Council, or the ratification of major international human rights treaties. These indicators will be used and discussed in Chapters 4 to 6.

This alternative approach marks a departure from the established assumptions of the theory's original formulation.

The third development of PTT identified by DiCicco and Levy, which is the most relevant for this paper's purpose, is the timing and initiation of war. Organski and Kugler's answers to the *who*, *when*, and *why* questions are not entirely clear: based on their empirical analyses, the eruption of conflict happens only after the challenger has moved beyond the intersection point of its rival in terms of power (p. 60). They then suggest that the challenger initiates war because the declining hegemon, who is still taking advantage of the status quo that serves its interests, wishes to sustain a disproportionate amount of influence. In turn, this state of affairs is no longer accepted by the challenger that wants benefits equivalent to its present power status, thus pushing it to initiate war against the dominant power (pp. 19-20, quoted from Organski 1968: 364-367).

This explanation is controversial. Levy (1989: 253) questions why PTT expects the challenger to initiate war, suggesting that "the leading state may launch a "preventive war" in an attempt to block or retard the rise of the challenger while the opportunity is still available".¹⁰ Chan (2008: Ch. 4) further elaborates the rationale for one to expect the declining hegemon to initiate a preventive war, rather than the overconfident challenger. He shares Levy's view and backs his argument with rationalist explanations for war. Albeit the extremely high costs of war, the declining power is likely to engage in misrepresentation (transitions are periods of great uncertainty) as it feels the urge to defend its vested interests; the latecomer, on the other hand, has the incentive to remain in the shadow as its strength develops. This logic is also in terms with prospect theory, which expects the challenger to adopt prudent behaviour (those who are in the profiting side are typically risk-averse), while the declining hegemon is willing to employ risky policies in a desperate attempt to avoid further relative losses. In this way, Chan

¹⁰ However, in a later study on preventive wars, Lemke (2003) identifies a series of cases in which the motive for that kind of conflict was present, concluding that only in a very few number of cases did war actually occur – both with regard to the contender level and the remaining states.

turns the tables around, as the challenger is satisfied with its incremental gains while the hegemon's decline may cause it to seek a preventive war.¹¹ In Chapter 6 this hypothesis will be discussed.

The abovementioned refinements to PTT have contributed to the theory's ripening, with several of the unexplored concepts and propositions presented in *The War Ledger* being developed into workable elements of analysis. In other cases, such as the importance of alliance patterns assigned by Kim, but especially Chan's roles' reversal regarding satisfaction and propensity for conflict initiation, we are in the face of a profound reshaping of the fundamental assumptions of Organski and Kugler's power transition model.

¹¹ Finally, evidence has also been presented suggesting that greater or lesser risk of war is not foreseeable through the observation of power distribution analyses. Bueno de Mesquita's (1981) study showing no statistical significance between this variable (ranging from scenarios of power preponderance to power parity) and conflict raises question marks over a core tenet of PTT.

3. The liberal-institutionalist approach

In the previous chapter, I investigated the connection between PTT and the Realist school of thought, the theory's conception of power, and the relationship between power transitions and conflict. Now, I will attempt to answer the same questions in regard to a liberal-institutionalist approach. The challenge in doing so lies in the absence of explicit answers in this theory's literature. However, an analysis to its theoretical foundations and some reading between the lines give us important insights in understanding how the concept of power can be worked upon, the power-conflict causal link, and which side (if any) is expected to initiate conflict during the course of a power transition.

Liberal-institutionalist theory (LIT), like PTT, operates at the systemic level of analysis. Liberal-institutionalists share with the realist school a materialistic view of power, but approach the concept in a more sophisticated manner. Besides acknowledging the relevance of measures of raw capabilities such as military spending and economic output to assess the power of states, they bring to light additional variables and issues whose impact in the relations among great powers deserves close attention. In this section, after outlining LIT's concept of power in generic terms, I will focus on the notion of complex interdependence; international regimes and institutions; power as authority; and power as networks. The scope of LIT will be broadened as the chapter advances, with an interchanging emphasis on its liberal and institutional expressions. Afterwards, as done previously, the risks involved in power transition periods will be discussed, this time under a liberal-institutionalist lens.

3.1 On power

Regardless of the adequacy of its idea of power, PTT has been able to quantify it very exact terms by ascribing a value to each state, allowing them to be ranked, and their relative positions *vis-à-vis* others analysed over periods of time. LIT is,

too, capable of performing that task with operational precision. How, then, does it view power, and secondly, how does it manage to quantify it?

Power can be conceived as the ability of an actor to get others “to do what they otherwise would not do” and as “control over outcomes” (Keohane and Nye 1989: 12), which is closely linked to the notion of asymmetrical interdependence, i.e. one of the sides in a given relationship is less affected than its partner(s) when confronted with a change in that relationship. In interdependence, the role of power is understood in two elements: ‘sensitivity’ and ‘vulnerability’ (ibid, 12-13). A state whose degree of sensitivity is high will experience costly effects when there is an outside policy change; if it is highly vulnerable too, that state will find it hard to react to that change. The dimension of vulnerability contributes more to the understanding of the relationship between interdependence and power than that of sensitivity, as only the lack of alternatives on one side provides power resources to the other (p. 15).¹²

Resources are a result of “asymmetries in dependence”. Relationships of pure symmetry or pure dependency are rare; the term *interdependence* encompasses situations in which the degree of mutual dependence varies, the less dependent party disposing of more power to influence issues that affect the more dependent party (pp. 10-11). International negotiations illustrate this reality: the outcome of bargaining processes is a function of each side’s aggregate and issue-specific power. This relates to Richard Emerson’s (among others) social exchange theory, whose foundations were swiftly incorporated into LIT’s framework of power. Emerson put forward a way of determining the power structure of interdependent relationships and their degree of asymmetry, based on the magnitude of A’s

¹² For example, both the US and Germany would be sensitive to a radical cut in oil production agreed by OPEC. However, and supposing that both imported the same share of oil from those countries (thus being equally sensitive to the change), Germany’s ‘vulnerability interdependence’ would be much higher due to its reduced access to alternatives; on the other hand, the US would be less vulnerable, as it could cope with that policy change more easily, relying on its own oil reserves to fulfil its consumption demands (at least in the short-run). This case illustrates how the assessment of vulnerability is more revealing than sensitivity alone.

interest for outcome x , the extent of B's control of x , and the ability of A to find alternatives (Habeeb 1988: 20). Presented in bilateral terms for the analysis of bargaining situations, this approach to power is extensible to interstate relations in the multilateral level.

Next, we will see in what other ways LIT goes beyond structural realism by adding extra shades to the concept other than what can be considered its 'power-as-dependency' original element. Then, I will present three other notions of power closely linked to LIT (two of them more 'liberal', the other more 'institutionalist').

3.1.1 Complex interdependence and international regimes

Keohane and Nye (1989) develop the concept of complex interdependence against the existing realist framework. Both are considered ideal types, and the 'situations' occurring in the international system fall somewhere in between the two extremes, and may be better explained by one or the other (ibid, 24). In complex interdependence, states are connected by multiple channels: interstate relations are not neglected, but paired with transgovernmental and transnational relations, thus relaxing the realist assumption that states are unitary and their actions purely independent. Secondly, the assumption of a hierarchy in which military issues are dominant over economic and social issues is rejected, in the same way as the split between foreign and domestic policy is often unclear. Therefore, in scenarios of complex interdependence, military power is negligible, even though it may be vital in relations outside that area (p. 25).¹³ In the realist lens' purest form, all issue areas are subordinated to military security and its implications; liberal-institutionalists reject this judgement in favour of an all-inclusive view on political processes, emphasising the potential for issue linkage. As a result, power resides in the "manipulation of interdependence, international organisations, and transnational actors" (p. 37). Since different sources of power

¹³ The relations between states in the developed North would be a case in point. For instance, US military power does not play a role of any kind in its negotiations with Canada over economic issues. Conversely, it is certainly a dominant issue in the American interactions with North Korea or Iran.

add complexity to relations and outcomes, international organisations (IOs), acting both within and across states, play a major role: their flexibility in issue linkage and agenda formation, according to Keohane and Nye, benefit the weaker rather than the stronger states (ibid).

More broadly, international regimes cover both formal IOs and codified rules and norms (Keohane 1989: vii).¹⁴ They carve an even greater analytical distinction in relation to realist analyses, which prioritise the security realm. LIT, as suggested above, considers that security and political economy should be paired under the same analytical framework (Keohane and Martin 1995: 43). International regimes are defined as “sets of implicit or explicit principles, norms, rules and decision-making procedures around which actors’ expectations converge in a given area of international relations” (Krasner 1983: 2). In these “social institutions”, as Keohane calls them, (implicit) rules and (explicit) norms are closely knit, that connection giving regimes their legitimacy (1984: 57). The essence of international regimes lies in the “injunctions that are both specific enough that violations of them are in principle identifiable and that changes in them can be observed, and sufficiently significant that changes in them make a difference for the behaviour of actors and the nature of the international political economy” (ibid, 59). Despite the ‘state of anarchy’ that is characteristic of the international system, in which self-help and the principle of sovereignty make it impossible for a legal system to impose them, these obligations are usually met. The nature of international regimes is influenced by the most powerful states’ general preferences; this does not, however, dismiss their significance in facilitating cooperation. Regimes affect both state behaviour (Keohane 1989: 10) *and* state interests, for they “not only are consistent with self-interest but may under some conditions even be necessary to its effective pursuit” (Keohane 1984: 63).

¹⁴ Institutions are defined as “persistent and connected sets of rules (formal and informal) that prescribe behavioural roles, constrain activity, and shape expectations”. They can be *formal organisations*, which are “bureaucratic organisations” (e.g. the United Nations); *international regimes*, which constitute “negotiated orders” (e.g. arms control regimes); and *conventions*, with “implicit rules and understandings” (ibid, 3-4).

IOs are very convenient instruments where the most powerful states can benefit from cooperation, because “their character is structured by the prevailing distribution of capabilities” (Keohane and Martin 1995: 47). Yet, the dominant nation (to use PTT terms) does end up tying itself to an institutionalised system – the abovementioned state of ‘complex interdependence’ – where considerations of physical capabilities lose much of their weight. This, in turn, allows influence to be exerted through diplomatic norms, institutionalised transnational financial networks and alliances (Keohane 1989: 9). In any case, both the material aspect of power, exercised through the manipulation of material incentives (via threats and rewards), and the shaping of substantive beliefs (through the adoption of norms and values) are two ways of exercising hegemonic power which are “mutually reinforcing and frequently difficult to disentangle” (Ikenberry and Kupchan 1990: 286). Thus, the transmission of these substantive beliefs from the leading power to the secondary states, translated into a body of norms and rules that Keohane describes more generally as international regimes, is an exercise of power which complements the traditional role of raw, materialistic power described in the last chapter. Both lead to the consolidation of hegemonic power (ibid), a vision that seems to be consistent with the basic expectations of hegemonic stability theory.

3.1.2 Power as authority

Another notion of power closely related to LIT (mostly in its liberal-ideational dimension) is that of *authority*. It “locates legitimacy in a social contract between a ruler, who provides a social order of value to the ruled, and the ruled, who comply with the ruler’s commands necessary to the production of that order” (Lake 2009: 331-332). Instead of an anarchical environment, international relations are made up of various hierarchies in which authority is founded in ‘the ability to get things done’ by the powerful nations, and is therefore legitimate. Although neither the leading states are obligated to provide for social order, nor the weaker are effectively coerced to comply, both sides will prefer that ‘social contract’ as long as they are marginally better off than if they were to cooperate under anarchy

(ibid, 334-336). As we will observe later on, the logic behind relational authority is linked to the creation and maintenance of order.

How can authority as power be measured? Lake (2007) proposes to assess the degree of authority of a state towards others, making sure that authority is not misrepresented as coercive capabilities, which would be an obvious pitfall. In trying to isolate the legitimacy of the unequal relationships between states, two indexes – *security* and *economic* hierarchy – capture the level of subordination of each country relative to a major power. The first one combines deployment of military forces from the dominant country to each subordinate state, and the number of independent alliances the weaker state belongs to, which reflects foreign policy autonomy; the second index consists of the degree of autonomy of the subordinated states' monetary policy (determined by their exchange rate regime), and relative trade dependence.¹⁵ The scores for each dimension are then translated into security and economic continuums ranging from 'diplomacy' to 'protectorate' and 'market exchange' to 'dependency' respectively.

3.1.3 Power as attraction

In what other ways does LIT try to assemble a more comprehensive set of indicators than those of PTT when measuring national power? While Organski and Kugler resorted solely to GNP and tax effort measures (assuring accuracy over long time periods and easy operationality), LIT looks at the state immersed in the international context rather than isolated from its peers. This departure from traditional power measures opens new avenues in the way power is conceived. 'Soft power', a term coined by Nye (1990), helps to put into perspective traditional power resources by suggesting that less tangible instruments of power grasp the nature of relations in an interdependent world best. Economic interdependence, transnational actors, nationalism in weak states, the spread of technology, and

¹⁵ For a more detailed description of how the measures of each index are aggregated and translated to a scatter plot chart, and some reflections on the validity and reliability of the data gathered, see pp. 62-69.

changing political issues were the “trends” that played a role in the mismatch between nations’ power in traditional terms and its effectiveness in practice (ibid, 160).¹⁶ Cultural attraction, ideology and international institutions are highlighted as ‘soft power’ resources (p. 167).

Measuring the ‘power to attract’, in spite of its intangibility, is not necessarily an impossible task and may be no harder than quantifying the traditional military-economic dimensions (ibid, 2006). Social indices such as a state’s immigrant population, international students and tourists, and film and music dissemination abroad measure cultural attraction. Polls assess a country’s popularity, although results are quite volatile (see Nye, 2004). Membership in IOs, alliances, and troops deployed overseas are examples of measures which reveal the states’ level of involvement internationally.¹⁷ Likewise, attempts have been made to study power as a continuum, stretching from ‘hard’ to ‘soft’ instead of dichotomously. Rothman (2011) presents power resources varying in their degree of ‘softness’: military (coercion), economic (inducement), institutional (agenda setting) and rhetoric/success (attraction). While military power is inherently *hard*, economic resources may be exercised in ‘harder’ (e.g. an economic embargo) and ‘softer’ ways (e.g. the allocation of foreign investment). Hence, the author’s view that the ‘hard-soft’ divide is inadequate for capturing reality.

3.1.4 Power as networks

So far, I presented Lake’s notions and measures of ‘power as authority’ and Nye’s ‘power as attraction’ as liberal dimensions of LIT. Social network theory – ‘power as networks’ – applied to international relations, on the other hand, tries to operationalise and measure its institutional character.

¹⁶ More recently, Nye has described power three-dimensionally: military, economic, and “transnational relations” (2010: 2).

¹⁷ If the merits of Lake’s measures of ‘power as authority’ are recognised, we understand that although some of the variables proposed may seem promising in operationalising soft power, they are at best a good starting point. To become convincing measures, they should be integrated in a more robust framework.

Networks, defined as “sets of relations that form structures” (Hafner-Burton, Kahler and Montgomery 2009: 560), help identifying relationship patterns among agents. The theory posits that structural relations are, at least, as important as the individual characteristics of the units that compose them (ibid, 561), which runs in clear opposition to the neorealist approach to structures. Network analysis focuses on the links among nodes (states, in this case) that form webs of relations. Links can consist, for example, of joint membership in IOs; ties are then assessed in terms of *centrality* of nodes and in *subgroup division* within the network.

Measures of centrality include *degree* (the sum of a node’s incoming ties), *eigenvector* (the weight of tie values and centrality), *closeness* (the length of the path between a node and every other node) *betweenness* (the number of shortest paths through a particular node), and *information* (strength of connection). As with centrality, there are several ways of measuring subgroup division, which basically consists of summing up ties and assessing their density and similarity. Subgroup division is twofold: *cohesion* can be measured as “cliques” (groups in which ties among each of the nodes are over a minimum value); *similarity* can be calculated as “structural equivalence” (a cluster in which all nodes have the same number of ties with every other node in the network).¹⁸

In the figure below, four states are connected through membership in six IOs. In the affiliation matrix, we can see to which IOs each state belongs to. In the sociomatrix, also replicated graphically, we can see the shape of the connections within this network. Which state is the most powerful will depend on which definition of *centrality* is employed (ibid, 570). For instance, state A scores highest in “degree” centrality, with 8 ties (5+3). However, state C is the only one connected to the other three nodes, so it has the highest score for “betweenness” centrality. Different measures draw us to different power resources: in this case, the state with a high “degree” centrality has a greater ability to manipulate agenda-setting

¹⁸ For a more thorough description on each of the measures proposed for centrality and subgroup division, see pp. 563-566.

in its own benefit, whereas the leading state in “betweenness” is in a vital position to bridge one or more nodes to a wider network (ibid). In terms of *subgroup division*, states A, B, and C form the most cohesive subgroup (with two cliques), but there is no structural equivalence among them.

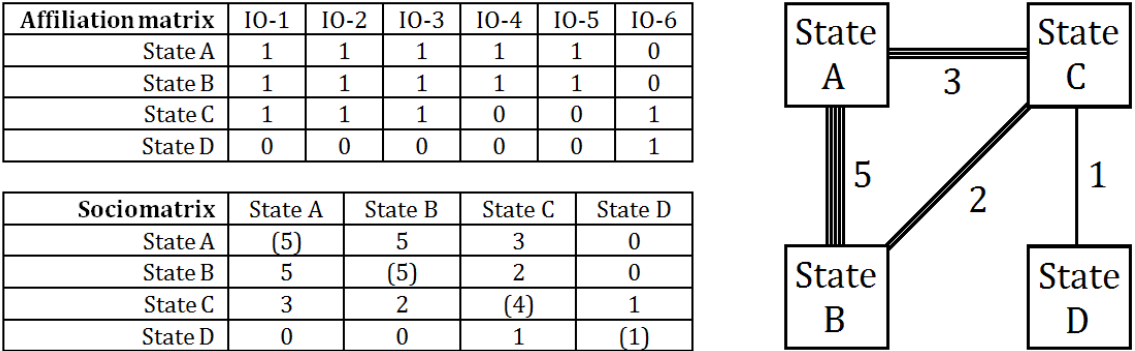


Figure 3.1 Example of an international network

Kim (2009) proposes the Social Network Power Index (SNPI) for measuring national power, and compares it to the Composite Index of National Capability (CINC).¹⁹ While the latter equates power to attributes (demographic, industrial and military), independent of other nations and of the structure of the system, the former is based on variables of network power, which reflect both states’ power relative to each other, and how they are positioned in the international system. Six data sets are used to measure international interactions: diplomatic exchanges, foreign student exchanges, international telecommunications, arms transfers, international exports, and international assistance (Kim, 2010). Using network theory to determine *centrality* (in its competing versions), the SNPI is able to bring together and operationalise the notion of complex interdependence (e.g. diplomatic exchanges), ‘soft power’ variables (e.g. student exchanges), and possibly relational authority (e.g. international assistance).

¹⁹ The CINC index, developed for the Correlates of War project, uses ratios of states’ total population, urban population, iron and steel production, primary energy consumption, military expenditure and military personnel (Singer, Bremer and Stuckey, 1972).

3.2 On transitions

How can power transitions therefore occur, and how peaceful can we expect them to be? Realist theory alone does not explain why the hegemonic state loses the grip on its privileged position in the hierarchy. Ikenberry and Kupchan state that “socialization may be a key component in understanding the functioning of and change within hegemonic systems” (1990: 286), and Keohane adds that the strongest do not always benefit from the rules of the system which they themselves created (1989: 49). Instead of looking at whether material balancing is feasible or not, LIT favours other ‘weapons’ which contending powers can resort to. At the centre of liberal-institutionalists’ analysis are the non-material attributes of the leading and aspiring nations, and the character of the international order.

Ikenberry’s institutional theory looks closely at how post-war orders are shaped by its leading states. Having to decide between dominating the weaker units by force, abandoning them, or creating a mutually acceptable post-war order, they usually choose the last option. The driving force behind self-restraint is the prospect of conserving power in a long-term perspective, as an institutionalised order adds predictability and lowers the secondary states’ fear of domination or abandonment. All together, ‘maintenance costs’ drop (a legitimate order produces fewer challengers), and in the long run the resilience of rules and institutions will still benefit the most powerful even after they experience decline (2001: 51-56).

Nevertheless, Ikenberry, Mastanduno and Wohlforth (2009) suggest that when one state clearly sits at the top of the hierarchy, its dominance will paradoxically weaken compared to less unbalanced system structures. Hard balancing by a rising state, or alliance formation, may be unrealistic – as long as the leading nation does not employ extreme aggressiveness – so soft balancing is a more effective tool in seeking to limit the ability of the dominant power in imposing its preferences (Walt 2009: 104). The distribution of capabilities does not *per se* determine the execution (and intensity) of counterbalancing strategies pointed at the leading state. This greatly depends on who it is, its geographical position and what kind of

ambitions it has (ibid, 120).²⁰ Thus, an *a priori* prediction of actions by potential challengers (and reactions of the top dog) is not possible to devise. It is, however, noticeable that weaker states, rather than balancing in conventional (material) terms, may erode the authority of the leader by taking advantage of the “internal logics” and “impersonal character” of the rules and institutions which it created both to serve its own interests and legitimise its power (Finnermore 2009: 60). Ultimately, institutionalising power diffuses it, leading towards loss of control over the web of institutions, entrapment of the hegemon and even its punishment (ibid, 68-72). This quasi-autonomous role of institutional restraints against the material capabilities of states introduces a social element to the material structure of international politics.

Institutional theory suggests that the world is not doomed to stage cyclical hegemonic wars. In a scenario of a power transition, or its imminence, liberal-institutionalists, instead of jumping into the question “who will initiate conflict?” first ask themselves whether there is substantial ground to fear the outbreak of a hegemonic war. Ikenberry (2008) points out that there are different types of power transitions, and not all of them generate war – ascending states may or may not challenge the current order. Contrary to PTT, considerations other than power indexes are believed to influence the wind-up of power transitions: the nature of the rising power’s regime (a liberal challenger will behave differently from an undemocratic one), the degree of its dissatisfaction (treated as a variable rather than as a given), and most importantly, the character of the international order itself (p. 27).²¹ LIT clearly understands the causal link between power and

²⁰ A physically distant dominant power (e.g. the US) is less likely to engage in counterbalancing actions than one dominant power that is surrounded by rivals (e.g. a particular European nation in the Euro-centric era). In the same way, a hegemon with restrained ambitions will encounter less resistance than one that reveals greater aggressiveness.

²¹ Ikenberry gives examples of power transitions among liberal powers that did not result in violent conflict (the US’ overtaking of Britain in the beginning of the twentieth century, or Japan’s closing in in the second half of that century without that ever leading it to challenge the existing order), while power transitions among liberal powers and non-liberal ones were marked by great tension (e.g. the pre-World War I friction between Britain and Germany).

conflict in a more elastic way, accepting a wider range of outcomes in transition periods.

Related to Lake's 'power as authority', based on a consented 'social contract' made up of basic values and conventions, Kupchan et al. (2001) note that peaceful power transitions are possible, but highly dependent on *legitimacy* grounded upon values and institutional mechanisms. The goal of international orders is not to pursue absolute stability, but to operate under "socialised instability" (p. 70), thus leaving room for change in non-violent terms. It is also vital that the dominant nations enjoy domestic legitimacy, as their domestic and international agendas are blended (p. 71). With this in mind, the biggest test for a hegemon is its ability to accommodate shifts in its relative power. As long as both the rising power and the declining hegemon perceive each other as legitimate, it is conceivable that the latter accepts the loss of its top dog status. When there is a "common identity and shared sense of benign character" (p. 29) smooth transitions can occur, while the contender will have to manage the international order in terms acceptable for both sides.

Examples in which 'order' was negotiated (not necessarily with success) can be found in recent history. In a survey of past power transitions, Khong applies three variables which hypothetically explain in what conditions they can unfold peacefully: "affinity", "participatory equality", and "non-pushover" (p. 37). *If* the challenger shares cultural and identity traits with the hegemon, *if* it is ready (to a certain extent) to preserve the falling power's status and privileges (what Coicaud, in the same volume, calls "democratic hegemony"), and *if* it is not easily defeated or taken advantage of, the conditions for a non-violent power transition are met.²²

²² Khong's study focuses on the outcomes in the Asian Pacific region. Rising Japan/declining "West" in the late nineteenth century, and rising Indonesia/declining Malaysia (supported by the British) in the 1950s are examples of power transitions that did not fulfil any of the above conditions. On the other hand, the case of a rising US/declining Britain in the beginning of the twentieth century is a successful one. Democratic affinity and agreement on a new hierarchy (based on reciprocity in trade, agreed spheres of influence, use of force and management of territories) were decisive elements for the peaceful outcome (see pp. 39-54).

In this chapter, I approached LIT's broad power framework and its several dimensions: after introducing Keohane and Nye's notion of power as *dependency*, I overviewed *authority* and its hierarchy of subordination; the 'softer', less tangible measures of *attraction*; and finally *networks*, assessing power through a range of different types of ties among states. Then, regarding transition events, it became clear that liberal-institutionalists are less pessimistic on the likelihood of a violent conflict occurring between a declining hegemon and the overtaking challenger than power transition theorists.

With the theoretical reflections provided by PTT and LIT on the background, the remaining chapters will deal individually with each of the following questions on the US-China case study:

- Can a crossover point between China and the US be observed, or predicted?
- Are there grounds to consider China an unsatisfied challenger, or the contrary?
- Is the proposition of US, as a declining hegemon, being inclined to strike first in order to maintain its dominant position in the international order, defensible?

4. An assessment of China's rise

China's rapid growth after the Cold War has been looked upon by analysts with enthusiasm and apprehension. In most cases, the debate has been centred on *when* China will overtake the US rather than *if* that will occur; predictions vary significantly.²³ As I demonstrated, PTT focuses heavily on industrial productivity, military strength and demography as power components; on the other side, LIT claims to offer a richer understanding of power in the contemporary world with its more nuanced view of the concept, combining precision and abstractness, which nevertheless can be operationalised. In the next sections, measures of power from both theories will be applied to the case study, with special attention given to the Composite Index of National Capacity and the Structural Network Power Index. A discussion on the merits and weaknesses of each will follow.

4.1 Power transition theory

In *The War Ledger*, as I have mentioned earlier, Organski and Kugler coupled indicators of economic power (GNP) with political power (tax effort) to measure national capabilities. To test power transitions, the SBS index, with a combination of demographic, industrial, and military capabilities, was employed. Yet, because the scores arrived at matched closely those of GNP alone, this indicator prevailed. Ever since, alternative measures of national capabilities – with their focus, too, on raw capabilities – have been developed, such as the CINC (to which I refer later) and the Doran and Parsons' relative capability index (DiCicco and Levy 1999: 689). For now, I will backtrack and breakup the progress of the US and China for the past two decades – a basis for projecting into the future – in three 'hard power'

²³ A wide range of estimates, some more specific than others, are found in the literature and media: 2019 (Morrison, 2009), 2030 (Maddison, 2006), 2020-2050 (Kugler and Tammen, 2004), to mention just a few. The years/periods forecasted are invariably linked to the industrial-economic element of power, which is unsurprising given that in terms of population China already has a big advantage over the US, and in the military realm US superiority is so immense that it discourages any confident guess on a future transition. The discrepancy of the predictions results primarily from different methods of calculating GDP.

fields: demographic power (population), industrial-economic power (GDP), and military power (military expenditure).²⁴

4.1.1 Demographic power

This component of power, whose importance is highly regarded by PTT due to its potential for enhancing economic development and military capabilities, is China's great strength *vis-à-vis* the US, with a population roughly four and a half times larger. Although China's population is still rising slightly, a small decrease in its growth rate can be observed over the past two decades (see Annex II), with a peak and decrease projected to happen in the beginning of the 2030s (United Nations, 2007). On the contrary, the American population has increased at a fairly constant rate over the past fifty years (1% in average) and, according to the same projections, that trend will not be disturbed until 2050. Yet, even if the optimistic negative growth forecast for China's population is confirmed, discussions centred around 'closing a gap' in this power component would be exaggerated, as in 2050 it would still have a population three and half times larger.

4.1.2 Industrial-economic power

China's near-exponential growth in economic terms, from the beginning of the 1990s until the present, is an undisputable fact. It is also true that the US economy, throughout the same period of time, was much less explosive, albeit its positive performance in general. With a 10,2% average increase of its gross domestic product (GDP) annually over the past two decades, China has enjoyed a growth rate more than four times higher than that of the US, with 2,5% (see Annex III). If it is assumed that these trends could be prolonged long enough, parity would

²⁴ It must be noted that there is some arbitrariness in my selection of indicators, which I believe are the most representative of each power component, and only partly reflect those of the SBS index. More specifically: [total population] instead of [total population] *and* [population in cities with a population over 20,000] for demographic power; [total GDP] instead of [energy consumption] for industrial-economic power; and [military expenditure] instead of [military expenditure] *and* [standing army] for military power.

be around the corner. This is impressive given the enormous initial gap between the two economies: using 1990 again as the base for comparison, China's GDP represented just above one-twentieth (6,3%) of the US; twenty years later, there is still a long path to trail, but the disparity is now less than one-fourth (27,8%).

Employing the average of the annual percentage GDP increase for the past 20 years, and the 2010 GDP figures for extrapolation, China's economy will be level with that of the US in 2023. Furthermore, according to PTT criteria, China can be defined as a 'challenger' as early as 2020, when it acquires 80% of the dominant state's power (see Annex IV).²⁵

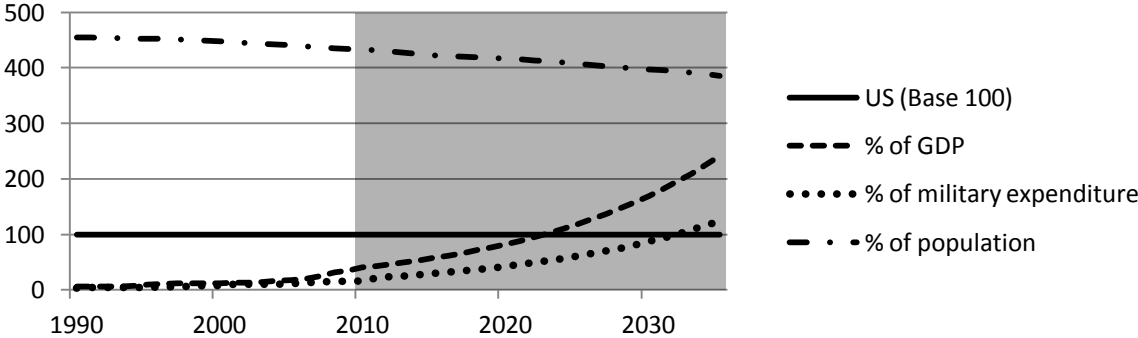
4.1.3 Military power

For the past twenty years there has been a mismatch between what would be expected from a defying China and its investment in the military. Its expenditure, representing in 1990 an extremely modest 3,4% of what the US spent, has suffered a ten-fold increase until 2010, but the disproportion, under one-fifth (16,7%), is still overwhelming. The GDP gap between China and the US could account for these absolute figures; however, a strategic option for economic consolidation – rather than military strengthening – becomes clear considering the China's share of the GDP directed at the military budget (an average of 2,0% against US' 3,9% for the past two decades). In short, it spends 'less of less', while the US invests 'more of more' (see Annexes VI and VII). According to the Pentagon, "the PLA [People's Liberation Army] is on track to achieve its goal of building a modern, regionally-focused military by 2020" (US Department of Defence, 2010b), which admittedly falls short of what is required for a *de facto* US-China power transition.

²⁵ The GDP 2010-2030 projections were based on current US \$. If, instead, constant 2000 US \$ had been used, China would become a challenger in 2025 and would reach exact parity in 2028 (see Annex V). It is very hard to elaborate projections on China's GDP, as the calculations are not standardised to account for purchasing power parity and exchange rate calculations (on this difficulty, see Weede, 2003). Consequently, this exercise is only bound to demonstrate a generic trend.

If, again, we use the past twenty years' average figures as the groundwork for future projections, a tentative US-China crossover point in this particular element of power (measured as military budget) can be calculated. Assuming that the US invests roughly two times as much, but at the same time taking into account its approximately four times smaller growth rate compared to China, exact parity will occur in 2032, nine years after the economic-industrial crossover point.

Figure 4.1 China's projected evolution for three power components compared to the US as denominator



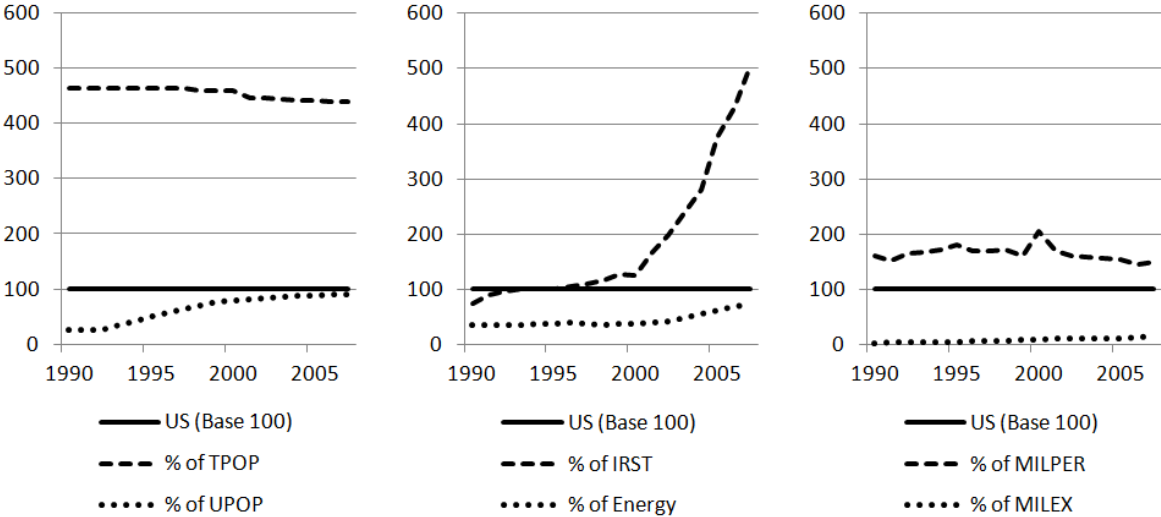
In the figure above, a forecast for the next few decades, based on 1990-2010 trends, translates the power shift graphically for each of the three dimensions of power (no crossover point in demographic power; crossovers in 2023 and 2032 in GDP and military expenditure, respectively). In this synthesis, both the US and China's growth curves are accounted for, the US' figures representing the base line that allows comparing for relative shares of power.

4.1.4 'Hard power' and the Composite Index of National Capability

If, on the one hand the suitability, cross-time comparability and forecasting on the above indicators is questionable, on the other hand, the widely-used CINC appears to be even more problematic. Although it is universally acknowledged that a power transition has not yet occurred, this index shows that it has already happened, with China formally a 'contender' at the 'central system' in 1992 and overtaking the US in 1996 (see Annex VIII and Figure 4.5 (p. 40)). In Figure 4.2,

the indicators (all six are ascribed the same weight) are divided into three groups of two – representing the economic, military and demographic power dimensions. We can clearly see that, for the past twenty years, China’s huge lead in terms of total population against the US has decreased only very faintly, while its total urban population has nearly closed the gap; its iron and steel production has soared over the past decade, while catching up in terms of energy consumption; finally, China’s military personnel has remained relatively stable at a 2:1 ratio, which contrasts with the enormous mismatch in terms of military spending.

Figure 4.2 China’s 1990-2007 score for each CINC indicator compared to the US as denominator



Key:	(TPOP) Total population	(IRST) Iron and steel production	(MILPER) Military personnel
	(UPOP) Urban population	(Energy) Energy consumption	(MILEX) Military expenditure

4.2 Liberal-institutionalist theory

LIT does not ignore the role of the above dimensions of power in identifying shifts. However, a more comprehensive analysis requires tackling them from a different angle, together with the study of other elements. Is China, apparently destined to overtake the US as the world’s leading economy in a matter of years, equipped with what it takes to displace the US as the international system’s leading power? First, I will compare the results for each country of indicators which aim

to cover values, culture, and policies, identified by Nye as 'soft power' resources. Then, I will compare economic performance and future potential with variables that provide a more qualitative, fine-grained portrait of the two countries. Finally, I will introduce international institutions as vehicles where influence is yielded and the degree of involvement in them is equated with power. This will lead to a comparison of the ranking of the US and China in two indexes (CINC and SNPI) located at two opposite poles regarding conceptions of power. To conclude, the compatibility between the results for each power index and how they fit empirical observations will be discussed.

4.2.1 Cultural attraction and popularity

Chan (2008: 16) suggests that cultural attraction (identified by Nye as one of the 'soft power' resources) can be measured by the influx of foreign students and tourists. The number of foreigners enrolled in Chinese educational institutions has increased over time, but there is still a considerable discrepancy in relation to the US, the world's premier destination. In terms of international visitors, even though its favourable geographical position (many bordering countries) should be discounted for, China has managed to close the gap in a matter of a decade (see Annexes IX and X). Regarding film and music dissemination, indicators proposed by Nye (2004), we can maintain that US global primacy is not threatened – let alone by China. Despite the confrontationist posture that American superpower status triggers to a greater or lesser degree, its power of attraction has not suffered from it. As noted by Josef Joffe, unlike the culture of past empires, that of the US does not stop at its military borders due to its universalistic nature (quoted in Nye 2004: 11). China is still far from being able to compete at this level.

In the opposite direction, polls conducted worldwide show that, for the first time, a majority believes that the US has already been or will be overtaken by China as the world's dominant power, a view that nearly half of the American respondents share too (PRC 2011: 14-15). China's perceived rise is accompanied

by rather favourable opinions across the world – including Western countries and, perhaps surprisingly, Americans themselves – in contrast with the quite polarised opinions expressed on the US – positive in the Western countries; very negative in most Muslim countries; and a rough fifty-fifty split among Chinese respondents (ibid: 21, 37).²⁶ Although the rise of China is generally welcomed in economic terms, its eventual growth in military power is seen with reservation (ibid, 39). These results could suggest that despite loud criticism on US recent actions (most notably the 2003 intervention in Iraq), the surges of unpopularity are not strong enough for the public opinion to applaud alterations in the current unbalanced distribution of military power. Distrust on a rising China in this field (a feeling that its own political elites discern) may well be a factor preventing, or at least postponing, a serious challenge to the status quo.

4.2.2 *Technology and human capital*

A selection of indicators of technological attributes used by Kevin Sweeney's index combining 'soft' and 'hard' power (Chan 2005: 694) shows that China shows signs of improvement, but is still very far from assuming a leading position. The US, as the main driver of the Information Revolution, has a substantial advantage in terms of access to the internet and cellular phones, and China's fast growth must be put in perspective given its low starting base. Its figures for scientific and technical journal articles shows progress for the past two decades, but are still one-fourth of the US'. Finally, an area where China has excelled is in the number of patent applications: with a ratio of 1:10 relative to the US in 1991, in 2009 the Americans were overtaken in this indicator (see Annexes XI to XIV).

Finally, despite China's enormous inequalities, it shows signs of heading away from patterns typical of the less developed countries. Its literacy rate increased from 78% in 1990 to 94% in 2009 (World Bank, 2011), its life expectancy rate

²⁶ The results for this question were divided into *favourable* ("very favourable" and "somewhat favourable" answers) and *unfavourable* ("somewhat unfavourable" and "very unfavourable" answers). For the sample design and full results of the enquiries, see pp. 67-158.

has also risen at a firm pace, and its infant mortality rate has dropped dramatically over the past two decades (see Annexes XV and XVI). The Chinese improvements uncover a qualitative leap, which can also be detected in its GDP per capita, which has increased an average of 12% for the past thirty years. On the other hand, the disparity *vis-à-vis* the US is still huge (over six times lower). In face of the current situation, not even the most optimistic of projections could suggest that China has any possibility of closing the gap in the foreseeable future (see Annex XVII), as even if current growth trends for both powers remained constant, China would only equal the US in per capita income by the end of the century (Nye 2008: 57).

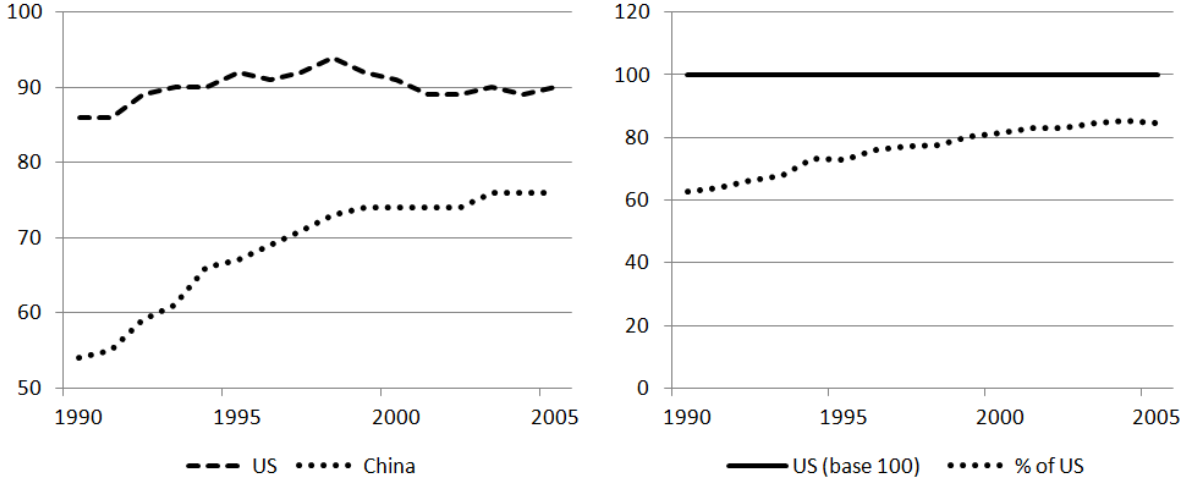
4.2.3 Institutions and international involvement

Throughout great part of the 1990s, China adopted a confrontational attitude which fuelled hostility from its Asian neighbours and the US, having shifted in the turn of the century to a new strategy that focused on bilateral relations and more multilateralism (Goldstein, 2003). Figure 4.3 shows how China's membership in intergovernmental organisations (IGOs) has risen and will seemingly 'normalise' in relation to the US. Although it is underachieving when compared to Japan and Russia (Chan 2008: 24), China's trajectory remains impressive if its past isolation is taken into account (for instance, it only joined the United Nations in 1971).

A measure where the US boasts an absolute advantage is in number of troops deployed abroad: China does not have any, while in 2011 approximately 25% of American military personnel (around 400,000 men and women) was participating actively overseas (US Department of Defence, 2010a). The British allies come next in line, but at a great distance, with only one-tenth of the US figure, followed by France (Chan 2005: 23, data from 2005). An analysis of the last century's historical background helps to understand these numbers, but China's current inability (or lack of interest) to play an active role in this field beyond its immediate borders is not in tune with a power aspiring to top US dominance. Equally revealing is the American global network of security commitments compared to China's single

defence pact with North Korea (ibid). These indicators suggest that US power, as understood by Lake in terms of authority, is still high, and that China does not show signs of being able to build up the necessary legitimacy to take its place as the provider of social order.

Figure 4.3 US and China IGO membership in absolute numbers; China compared to the US as denominator²⁷



4.2.4 Network power and the Structural Network Power Index

In social network theory adapted to international relations, power is viewed in relational terms, rather than in isolation from the system’s structure. States that are centrally positioned within a network are more powerful due to their “greater access to and possible control over the relevant resources” (Kim 2010: 406), thus more able to get others to do what they want; on the other hand, power based on attributes does not capture the relational aspect.

Centrality is defined in several dimensions: ‘degree centrality’ reveals states’ visibility and ability to engage in third-party duties due to the many ties to other

²⁷ COW (2007). Note that although I use the US as the base for comparison, in this particular ranking there are European countries which score higher (e.g. France, Germany and the UK), owing to their immersion in a dense institutional web. At the same time, one must be cautious of the various biases when using this kind of data for a US-China comparison: Asia, as a whole, is still under-institutionalised (Friedberg 1993: 22-24) despite the potential offered by China’s many neighbouring countries, a ‘geographical advantage’ which is not available to the rather isolated US.

states; ‘betweenness centrality’, which analyses minimal length paths to the other units in the network, is an indicator of potential for control (communication, for instance); ‘flow-betweenness centrality’ shows to what extent states can directly or indirectly affect communication channels (assuming that interactions do not always happen through the shortest path); ‘core centrality’ measures power as a core-periphery continuum, the states closer to the core being the stronger ones; finally, ‘ego network brokerage centrality’ ranks the ability of states as transaction facilitators through brokerage (ibid, 408 ff.).²⁸

From 1960 to 2000, the US has led all of the components above undisputed, with an overwhelming presence of Western countries in the top five lists (the Soviet Union being the only exception, with four appearances out of a possible twenty-five). China has a modest record, never making the top fifteen in ‘degree’, ‘coreness’ and ‘ego network brokerage’, however making occasional appearances in ‘betweenness’ and ‘flow-betweenness’ centralities (see Annexes XVIII to XXII).

The SNPI model is assembled through a combination of indicators reflecting six types of international interactions, which all conform, in one way or another, to LIT’s conception of power. The general picture of the ranking produced is very close to each of the kinds of ‘centrality’ considered. Below, we can see that China scores poorly – 24th in 1970 and 2000; below 30th in the other years.

Table 4.1 1960-2000 SNPI top five ranking (and China)²⁹

Pos.	1960		1970		1980		1990		2000	
1	US	(0.428)	US	(0.370)	US	(0.410)	US	(0.403)	US	(0.393)
2	UK	(0.321)	UK	(0.345)	France	(0.337)	France	(0.340)	France	(0.327)
3	France	(0.315)	France	(0.333)	UK	(0.332)	UK	(0.322)	UK	(0.323)
4	Italy	(0.251)	Italy	(0.271)	Italy	(0.280)	Italy	(0.287)	Italy	(0.289)
5	FRG	(0.240)	FRG	(0.247)	Japan	(0.250)	Canada	(0.275)	Canada	(0.288)
...										
24	<i>(below 30th pos.)</i>		China	(0.090)	<i>(below 30th pos.)</i>		<i>(below 30th pos.)</i>		China	(0.128)

²⁸ Kim’s SNPI framework is heavily influenced by the theoretical contribution of Hafner-Burton, Kahler and Montgomery (2009) (see pp. 21-22 above).

²⁹ Adapted from Kim (2009: 9).

Unfortunately, there is data available only until the year 2000. Looking at the different ‘centrality’ scores and the SNPI ranking, there is no noteworthy increase in China’s power since 1990 (in fact, the results, especially in the top part of the table, do not vary much over the fifty-year span). Bearing in mind that this model measures communication patterns and resource flows (Kim 2009: 1), China’s increase in IGO membership (the next of kin indicator) is not strengthened by the structural network power results (cf. Figure 4.3 and Table 4.1). Therefore, when conceiving power in this light, no evidence points at the imminence of a power transition.

4.3 Discussion

As the above analysis shows, the two different approaches to power generate rankings that diverge greatly. What exactly causes some countries to be under or overrated under the CINC and SNPI models is the weight each gives to particular indicators of power. Given the different scores for both indexes, at least one of them is not suitable for measuring power. I will now show where the divergent results originate from, identify shortcomings in each of the indexes, and suggest which kind of indicators are the most appropriate in measuring power in the current context.

4.3.1 Diverging foci: population and integration

In Table 4.2, under the CINC column we can identify a group of states with high scores in raw capability indicators which one would otherwise not visualise as powerful, or *that* powerful.³⁰ In what could be justly criticised as a ‘power as population’ approach, having a large population is apparently a key requirement to make it to the top of the ranking, as only four of the thirty most populated

³⁰ India’s position is clearly inflated by its huge population; the same applies to states such as Bangladesh and Myanmar. In Europe, the same factor contributes to Poland and Ukraine’s higher ranking compared to stronger economies and more influential powers (such as the Netherlands) due to their small population. On the other hand, North Korea’s power is exaggerated by its enormous standing army.

countries in the world do not appear in the CINC’s top thirty list. In the US-China contest in particular, China’s lead results from the combination of its massive population, which in turn potentiates high scores in other indicators directly dependent on it: urban population, industrial output and number of troops. In sum, the CINC’s assessment of the basis of power resides in the raw capabilities of states, with population sizes shaping decisively the ranking.

Table 4.2 Top thirty powers according to the latest CINC and SNPI scores

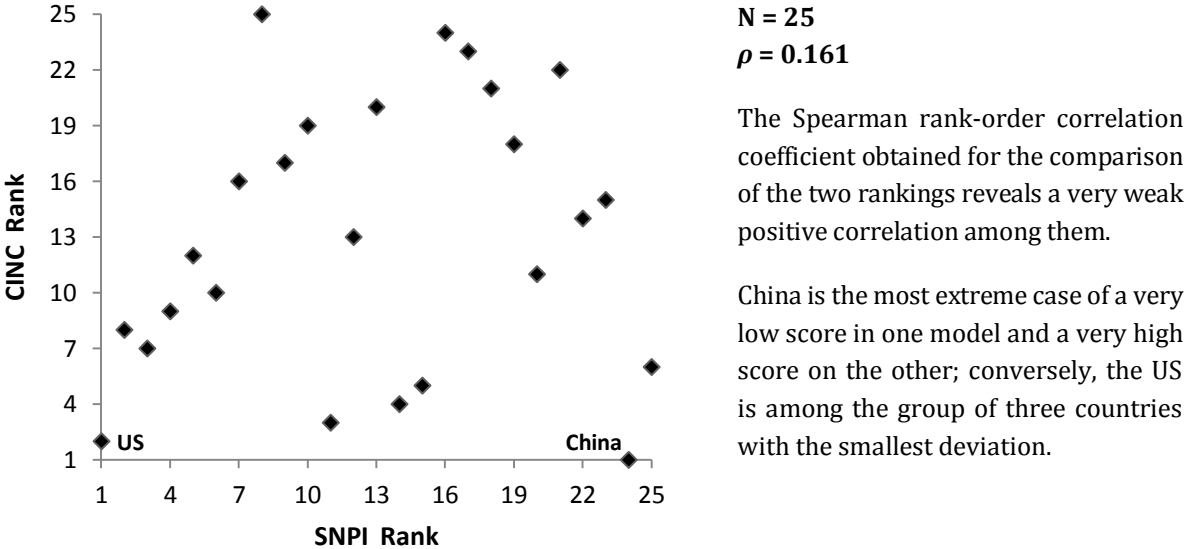
Pos.	CINC (2007)	SNPI (2000)	Pos.	CINC (2007)	SNPI (2000)
1	China	US	16	North Korea	Denmark
2	US	France	17	Mexico	Norway
3	India	UK	18	Ukraine	Finland
4	Japan	Italy	19	Spain	Israel
5	Russia	Canada	20	Saudi Arabia	Saudi Arabia
6	Brazil	Spain	21	Egypt	Portugal
7	Germany	Netherlands	22	Canada	Poland
8	South Korea	Switzerland	23	Bangladesh	South Africa
9	UK	Belgium	24	Taiwan	China
10	France	Sweden	25	Thailand	South Korea
11	Italy	Japan	26	Nigeria	Ireland
12	Turkey	Australia	27	Vietnam	Argentina
13	Pakistan	Austria	28	Australia	Belarus
14	Indonesia	Russia	29	Poland	Cyprus
15	Iran	Germany	30	Myanmar	New Zealand

Alternatively, the SNPI model reflects fundamental differences of conceptions of power, and the results diverge accordingly. In Figure 4.4 a very weak correlation between the two rankings can be visualised. The focus on ‘power as relations’ (as opposed to being centred on resources) calls for indicators which cover cultural attraction and international involvement. Elements of ‘hard power’ are addressed very superficially; instead, centrality within networks, capturing the ability to control communications and resources, generates a classification which is a reversal, in many cases, of the first index.³¹ Here too we can identify a bias, this time favouring the traditionally integrated ‘Western world’: only four to six states, depending on the criteria used, do not belong to this political-economic space. In

³¹ India, Russia and Brazil (third, fifth and sixth respectively when measured by hard power criteria) do not even make it into the SNPI top thirty list. Conversely, the Netherlands, Switzerland, Belgium and Sweden, strong in network power, score very low in the CINC model.

fact, there is a close overlap in the membership of the Organisation for Economic Cooperation and Development and the appearance in the SNPI's top thirty table. Concerning the US and China head-to-head, China (the CINC's number one) scores poorly by the standards of network analysis, while the US is firmly rooted (and has been, for at least the past sixty years) in the lead. This is unsurprising and reflects America's predominance over the shaping of the international order, its institutions and regimes.

Figure 4.4 Spearman Rank-Order Correlation for CINC (2007) and SNPI (2000) rankings



4.3.2 China's power and the limitations of the quantitative approach

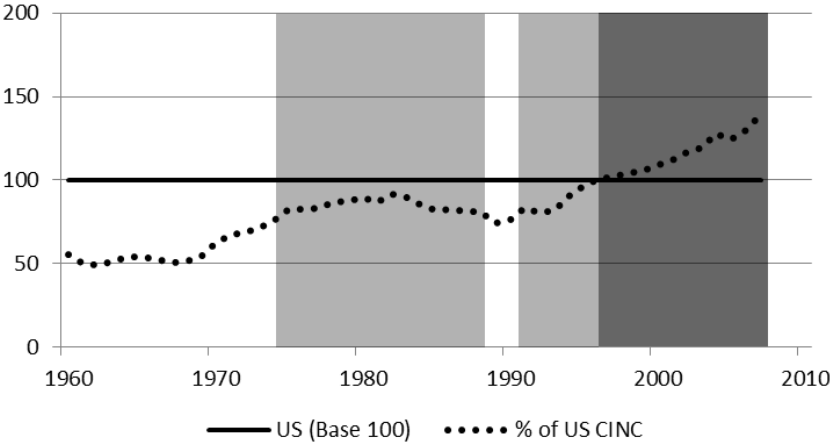
Figure 4.5 shows graphically the extent to which the CINC scores deviate from the consensual view that the US is still clearly the world's most powerful nation.³² China today may be closer to reaching parity, but that event is still far from taking place – let alone in the mid-nineties, as the CINC's data suggests. Hence, we can confidently state that power conceived predominantly in terms of raw capabilities

³² For the recognition of American military superiority from a Chinese General, see Kahn (2005); for some high-ranked government officials' statements on the economic power gap, see Chen (2009: 13-15).

creates a significant discrepancy in the depiction of the distribution of power. Concurrently, although the criticism of the quantitative approach partially implies an inclination towards the alternative style, it is also clear that the indicators shaping the SNPI also produce distortions.

Where do ‘hard power’ indicators in general, and the CINC in particular, fail? Levy (2008: 19-20) points out that PTT’s perception of power, whose proposed indicators suit the particularities of the industrial era (19th and 20th centuries), overlooks technology’s decisive impact on power transitions. Because this affects directly both economic performance and military power, we must take into consideration the location of innovation.³³ Levy does not expect China to reach world economic leadership due to its fairly closed political system; in contrast, the US’ liberal character, based in openness and competitiveness, provides the optimal conditions for innovation.

Figure 4.5 China’s CINC (v.4) score compared to the US as denominator³⁴



³³ Historically, the different phases of the Industrial Revolution have corresponded to power shifts (starting with British leadership, then German, and American at a later stage). More recently, with the Information Revolution, US economic dominance was consolidated. On the other hand, powerful rivals unable to innovate, such as the Soviet Union during the Cold War, inevitably declined. In terms of military power, important landmarks in the last century were, first, the Nuclear Revolution; later, after other great powers had acquired that type of technology, the US’ absolute leading position was restored with its revolution in military affairs.

³⁴ The lighter shaded areas cover the periods when China can be considered a ‘challenger’ (over 80% of the leading state’s aggregate power) and the heavier shaded area when it overtakes the US onwards.

Chan (2005) shares Levy's scepticism on 'hard power' indicators as adequate measures of power, and uses a similar line of argument for all three elements of the CINC. He criticises the weight of the demographic element, which pulls heavily populated powers to positions in the ranking where they would otherwise not be in. Size is important inasmuch as great power status requires a large population, but large populations do not necessarily lead to that status. Indicators that assess quality of life (such as wealth and education) are crucial in understanding whether the demographic power of a state is only latent, or has the potential to develop into actual strength. The same criticism can be made about the economic element, assessed with measures of industrialisation instead of those reflecting the modern economy, founded on information technology and human capital. Finally, carrying out a head count of military personnel also overshadows the importance of the qualitative aspect in contemporary armed forces (Tellis et al. 2000: 30). In this field, American dominance is absolute if measured "in terms of quality, precision, mobility, jointness, and effectiveness of war-fighting capabilities" (Al-Rodhan 2007: 53). In face of the distorted picture caused by the CINC's conceptualisation of power, Chan suggests that in the same way this measure was not able to predict the demise of the Soviet Union in the 1980s, it is now most likely overestimating the imminence of a US-China power transition (ibid, 691).

As we have seen, China is ahead of the US – or will be, in the near future – in crude indicators of power, such as total population, standing army, consumption, and also GDP. If the approach shifts from *quantity* to *quality*, and other, more subtle, indicators, then the picture is quite different, as examined above. However, besides the CINC's bias towards 'large' powers, there are other reasons for being uncertain about the sustainability of China's growth trajectory.

In terms of GDP (commonly used as *the* indicator of power), since 1994 the World Bank has estimated China's economic performance based on purchasing power parity (PPP) – i.e. correcting goods' prices to adjust the exchange rate for converting China's currency into dollars. (The GDP data from the World Bank

data sets that I use for the US-China crossover projections reflect PPP.) Wohlforth (2007) warns that this new method exaggerates the speed at which the US is losing its relative advantage, insisting that parity will happen not in the 2020s but in the 2050s. Moreover, high GDP growth rates, such as the past twenty years' 10% average used to project the next couple of decades, have never occurred for more than certain periods, and China would not be an exception. Eichengreen, Park and Shin (2011) predict that its economy will slow down as its GDP per capita exceeds a threshold which will be met in roughly five years.

Closely linked to pessimism on the sustainability of linear growth will be the upcoming demographic problem (Singh 2008: 582), with China's ageing population caused by the 'one child' policy having a negative economic impact. Politically, the paradox of a communist party ruling a capitalist country will have to be addressed eventually, a situation that promises instability (Wohlforth 2007: 47). Finally, other challenges in a medium-term perspective may slow down the country's rise, such as social unrest triggered by the inequalities between the rural poor and urban elites, rampant corruption, and environmental degradation (Morrison 2009: 20 ff).

On the CINC and SNPI models in particular, one conclusion can be made with the naked eye: none is able to capture each nation's power in the relevant terms for answering the difficult question of if, and when, China will surpass the US. The CINC's biases create an overtaking that is only academic, as a simple observation of the US and China's role in the global order makes clear. On the contrary, the mechanics behind the SNPI model turn out to exaggerate the power of middle tier powers which are well integrated in the international society. Regarding indexes, Sweeney's 'hard-soft power' composite has the merit of not generating scores at odds with reality. For instance, it never places the Soviet Union at the top of the ranking, unlike the CINC which observes a crossover just a few years before its

collapse. Independent of the internal logic behind its figures, the end result is a set of fairly realistic assessments.³⁵

4.3.3 *Is China on the rise?*

In a nutshell, China's growth, according to the PTT conception of power, is real and the US is in the imminence of facing a great challenge ahead; LIT recommends not jumping into that conclusion so fast, and points out that the US' strengths, which correspond to China's weaknesses, will allow it to preserve its position for a much longer stretch of time.

Having this in mind, we must nonetheless acknowledge that China comfortably exceeds the necessary conditions for becoming a superpower (large population, high economic output), and simply depends on improving *qualitatively* in other aspects. China has performed well in a variety of indicators valued by liberal-institutionalists in the recent past, but needs to improve on others. Thus, catching up with the US is set to happen in the longer run, and the exact point at which the crossover point occurs will depend on the extent to which China is able to innovate and modernise in the economic and military fields respectively, and how well the regime manages to overcome the series of internal challenges which it cannot escape from.

³⁵ In 1995 (unfortunately the last year with data), the top ten countries were, in order: US (0.293), China (0.148), Japan (0.107), Russia (0.080), France (0.076), India (0.076), Germany (0.072), Britain (0.063), Italy (0.042), and Brazil (0.039). The reasonableness of the results of this index does not, of course, imply automatically that the suitability of, and weight given to, each indicator is 'correct'. However, this particular construction does offer a more convincing ordering of the world's most powerful nations at each period than the other two indexes.

5. China's rise and hegemonic war

The end of the Cold War brought an end to decades of a tense two-horse race, resulting in Russia losing its superpower status and the US perceived thereafter as a 'hyperpower'. Despite America's preponderance over all the other states of the international system, due to its growth trajectory China was identified from an early stage an emerging power which could, in a more or less distant future, compete with the US (for some scholarly examples, see Christensen 2001: fn. 1). In the last chapter I made the point that China is closing the gap, notwithstanding the important obstacles and uncertainties it faces. In the following pages, I will start by contrasting the hypotheses presented by PTT and LIT on the implications of China's rise, whose views differ critically on the potential for hegemonic war. Assessing the risk of a Sino-American conflict requires an attempt to pinpoint where China lies in the satisfaction-dissatisfaction continuum, the key variable. Then, I will analyse China's behaviour during the past two decades in order to determine whether its relations with the hegemon and the international order it leads are closer to what is expected by power transition, or institutionalist, theory.

5.1 Contrasting expectations: Organski and Kugler *versus* Ikenberry

Since its original formulation, the research programme of PTT has developed in several directions (see DiCicco and Levy, 1999). At this point I will not consider its refinements and alternative propositions, but will instead restrict myself to the expectations drawn from Organski and Kugler's original framework applied to the US-China case. On the other side, the broader field of LIT will be represented by Ikenberry's contributions to the study of order, which I believe are consistent with the theory's view on the announced power transition.³⁶

³⁶ Nonetheless, we must not lose sight that there are many other plausible hypotheses on the character of US-China relations and this selection portrays only two diametrically opposed 'ideal types'. For a thorough survey of defensible positions, including pessimist liberals and optimist realists, see Friedberg (2005).

5.1.1 Power transition theory and the critical danger of crossover

PTT diverges from balance of power theory regarding the best conditions for peace to be preserved and the mechanisms behind the redistribution of power. First, according to Organski and Kugler, stability is greater when an *unbalance of power* at the top level of the hierarchy of states is present (1980: 19). Secondly, PTT downplays the importance of alliance formation (an element which has been introduced in the refinements of PTT); instead, it is the combination of socio-economic and political development (quantified as GNP and the ability to collect taxes) which is behind the redistribution of power (ibid, 24-27).

From these two elements, we can infer that the US' relative decline, as a result of the differential in US-China growth rates, necessarily increases the risk of conflict, and that China's rising trajectory depends more on its internal efforts rather than its interactions with the outside world. If we assume that the legitimacy of the Chinese Communist Party is dependent on the continuation of economic development, and that China's high "socio-economic" and "political development" (as defined by PTT) results from the regime's control over the state, its population and resources, there is a high probability that this self-sustaining relationship will endure. So, as development feeds legitimacy and vice-versa, the first determinant for a greater likelihood of conflict – China's *relative growth vis-à-vis* the hegemon – can be regarded as probable.

The second variable – the *degree of satisfaction* with the international order – is decisive, but harder to assess. PTT assumes that China's dissatisfaction will increase as it approaches the hegemon (ibid, 19-20). According to the mechanics of the model, China will seek to secure a place in international society which matches the actual distribution of power, while the US will not be willing to share the advantages provided by the rules governing the international system that it itself crafted. This expectation is based on the assumption that hegemons build orders whose rules provide them with substantial advantages over the others and that rising powers are ostracised, leading to grievances. Therefore, it follows that

China's recognition as the top dog requires a reshaping of the world order, only possible if the US is toppled.

5.1.2 Institutionalism and the exceptional character of the Western order

Hegemonic transitions, according to Ikenberry, must not be assumed to unfold in the same way. The “nature of the rising state's regime”, and most importantly “the character of the international order itself”, helps us understand why the rising state will choose to challenge or accept the rules of the game (2008: 27). In other words, when institutional arrangements are erected in such a way that they allow newcomers to be accommodated, those nations will have an incentive to integrate and become more satisfied with an order that favours their rising trajectory.

This may well be the case of the transition between the US and China by virtue of the post-World War II order, seen as “historically unique” (ibid, 28). Ikenberry points out that the leading states of the last three post-war settlements (1815, 1919, and 1945) have increasingly resorted to institutionalism, pulling together orders that were favourable to their interests but also durable. In order to achieve this, the hegemon's power is self-restrained (2001: 4)³⁷. The density of the present institutional web in particular was further fuelled by the democratic states that were part of it, making it more difficult for an alternative order to replace the existing one (ibid, 5). The end of bipolarity did not affect the structure of the international order, but rather reinforced it with the adherence of Russia and the former communist countries, becoming thereafter truly global in scope. The post-1945 order provides today “conditions for rising states to advance their expanding economic and political goals within it” (Ikenberry 2008: 29).³⁸

³⁷ For a more detailed analysis of the characteristics (and shortcomings) of the 1815 and 1919 settlements compared to the special features of the 1945 order, see Ikenberry (2001: Chs. 4-6).

³⁸ For example, within institutions such as the International Monetary Fund, the World Trade Organisation (WTO) and the World Bank, states' influence increases or decreases according to economic shares. The conversion of perceived power position and say, voting power, may not be linear – yet, there is flexibility in these IGOs to accommodate a rising state, as China's entry, and then growing influence, demonstrates.

In a highly interdependent world in the economic and security realms, China has a strong incentive to reassure others of its benign intentions as it increases its power (Ikenberry 2011: 65-66). In the recent past, aggressive policies have been counterproductive, causing regional instability and drawing neighbours closer to the US; hence, revisionist attitudes that reject multilateralism do not serve China's economic development, its near cross-border relations, and the crucial connection to the advanced, Western economies. In short, the continuation of China's upward growth trajectory is dependent on a status quo posture, as growth and stability are intrinsically intertwined (Liu, 2006). That said, why would China challenge this non-discriminatory order based on the openness of markets which it has benefited tremendously from? A hypothetical attempt to redraft the rules of the game would anyhow be highly problematic, as it would meet the opposition of not only the US but the whole liberal, democratic world (an aspect that PTT overlooks by not paying enough attention to alliance formation). Secondly, it would be unrealistic to picture China forcefully trying to impose an alternative order, as in the nuclear age "war-driven change has been abolished as a historical process" (Ikenberry 2008: 31). In fact, even a 'new Cold War' based in some sort of economic warfare would have devastating effects on both sides, given China's connectedness to the global economy and to the US – as is the case of the nuclear dimension, economically the two powers are in a "mutually assured destructive relationship" (Art 2010: 364).

The hypotheses derived from each of the frameworks diverge greatly.³⁹ On one side, Organski and Kugler and their 'one size fits all' approach to power transitions point to the gloomy prospect of deep instability as China relies only on itself to overtake the US and redraft the rules of the game, coercively or not. On the other side, Ikenberry draws attention to the exceptionality of the present order, with

³⁹ Both approaches provide important insights but also have shortcomings. For instance, Organski and Kugler's treatment of the dominant state as automatically having an interest in preserving the existing order suggests, at least implicitly, that the rising power is endemically revisionist. On the other hand, Ikenberry's optimism, rooted in deep economic interdependence, underestimates to a certain degree the potential for instability caused by the dominant and challenger regimes' disparate character.

China as a major beneficiary. Hence, as there is no apparent reason to challenge the US-led order (a source of prosperity), and doing so would entail unacceptable risks (nuclear deterrence), China is expected to keep navigating within, rather than outside, the system.

5.2 Is China a status quo or a revisionist power?

There is still no consensus on how to assess states' satisfaction with scientific precision.⁴⁰ I will not try to shorten the knowledge gap of that under-theorised term (for a survey of past attempts to define 'status quo', see Johnston, 2003), rather I will analyse China's position through a more general lens, based on its attitudes towards the prevailing institutions and rules of conduct in international relations. Therefore, a status quo oriented China will not seek to replace the rules of the game, abiding to the ordering principles of "the legitimacy of [its] ruling elites, the rules of warfare, the mechanisms for making territorial adjustments, and the mutual observance of spheres of influence" (Chan 2008: 29).

Signs of whether China is satisfied or dissatisfied can be detected, for example, in its IGO participation (particularly its actions in the United Nations Organisation, and its Security Council) and ratification of international agreements (ibid, 32-35). In the previous section I demonstrated how China has undergone a steady 'normalisation' process in terms of IGO participation in relation to the US (see Figure 4.3), an observation which can be extended to the other great powers. Regarding the ratification of international treaties, that indicator too reveals that China is in tune with its peers (I will return to this measure with more detail on the final section). Yet, the best barometer is the general atmosphere between Beijing and Washington, shaped by the regime's stance on a number of important

⁴⁰ For example, Kang and Gibler (2012) cross-test the most widely used indicators of satisfaction, such as 'alliance formation', 'military build-ups' and 'status inconsistency' (e.g. a state whose military power does not match its prestige) with the 'cost of money for borrowers' – only to find out that their ability to predict conflict is limited and are weakly correlated among each other.

issue-areas valued by both sides – this atmosphere shifts between the darker and lighter shades of pure conflict and pure cooperation.⁴¹

The analysis that follows is based in rational choice reasoning, the point of departure being the behaviour (China's *actions*) that is observed in a given context, or in relation to a certain issue (the *environment*), which inform of its goals (the *preferences*). Verifying whether China has a revisionist agenda or is a status quo state is an inductive process that inverts the direction arrows of the *preferences-environment-action* triangle. However, this approach is not free of pitfalls, as for more than one motive can coexist at one time in shaping outcomes, and the causal nexus presented may not even be the strongest drive in action.

5.2.1 The mid-1990s strategic twist: from assertiveness to cooperation

As I have shown in the last chapter, over the past two decades China has improved immensely in a wide range of power indicators, both in absolute terms and relative to the system's leading power. Has this process generated increasing tensions among the two powers as PTT would expect? To find an answer to this question in the challenger's perspective, and given that it is still far from global domination, it is more reasonable to assess the US-China clash at the regional level: in Mearsheimer's terms, China's pursuit of regional hegemony against America's offshore balancing strategy to prevent it (2001: 40-42). If we assume that the power gap has been closing at a constant rate, we should expect tensions to heighten accordingly.

With the end of the Cold War, although China no longer regarded the US as a military threat, its spreading influence in the region, as a result of the breakdown of the Soviet empire, constituted a serious risk in terms of its regime security. This 'democratic threat', amplified by the Tiananmen demonstrations, but which also

⁴¹ It is however important to stress that the analysis should not confuse revisionism with the legitimate aspirations of an increasingly powerful nation attempting to acquire the share of influence that it believes matches its new power position within the international system.

had a strong impact in Taiwan (one of China's vital national interests) led China, whose self-confidence was boosted by its rapid growth, to pursue an assertive foreign policy. In relation to territorial claims in the South China Sea and the status of Taiwan, this strategy produced not only fears in the neighbouring states but also US apprehension concerning its interests in the region. Though more powerful economic and militarily in the mid-1990s, China's strategy jeopardised its own security and further growth, as its leaders sensed the dangers of the combination of America's post-Cold War unprecedented capabilities and the belief that their own national security frontiers knew no borders (Goldstein 2003: 67).

Confronted with this paradox and the growing antagonism of the regional powers (especially Japan) which moved closer to the US to resist China's rise, the strategy adopted, described as *neo-Bismarckian*, reveals a sharp perception of the benefits that China could extract from multilateralism, decreasing the risk of isolation and, at the same time, advancing its national interests.⁴² Hence, a series of 'strategic partnerships' became China's trademark in its bilateral relations with the other great powers, including the hegemon. In spite of tensions such as its human rights' record or the US bombing of the Chinese embassy in Belgrade, there was no viable alternative but to foster a constructive relation with the US in order to secure the necessary conditions for continued modernisation. China's strategy, in Goldstein's words, of integrating "available means with preferred ends" (ibid, 83) is thus quite stable. Unlike Bismarck's system of alliances, whose rigidity and complexity eventually resulted in an all-out war, in this case not only the nuclear deterrent but also China's military backwardness *vis-à-vis* the US suggests that the probability of such an outcome is low, as restraint serves China's interests best during its ascendant trajectory.

⁴² Goldstein identifies three possible strategic alternatives which were not practicable: internal balancing (increasing military capabilities would lead to further isolation); discrediting the 'China threat' perception (this attempt did not match the regime's assertiveness and did not restore its neighbours' confidence); and securing allies (this option would put in risk China's integration in the Western order which fuelled its impressive economic growth, in addition to the prohibitive cost of challenging the US and its partners in the region) (ibid, 71).

5.2.2 The regional issues and China's military: are ambitions still limited?

After a period of a more assertive foreign policy which alarmed its neighbours and the US, the Chinese regime realised that the opportunity cost of that strategy was too high and acknowledged the benefits of becoming a “responsible nation”, so long as the other powers welcomed its integration efforts into the international economic and political mechanisms (Liping, 2001). In an examination of what are considered the three main critical cases in East Asia – China’s territorial disputes in the South China Sea; the management of the troublesome Korean peninsula; and the status of Taiwan – Goldstein (2007) concludes that the evidence indicates that the first two reveal a prudent China that shifted from a policy consistent with PTT to institutionalised multilateralism. In the case of the disputed islands, after initially showing resolve, China apparently recognised that cooperative solutions, forged in the emerging Asian institutions, would best serve its interests. The Korean case evolved in the same direction: seen at first as an opportunity to challenge American influence in the region, the circumstances changed as the economic ties with South Korea deepened and the region was no longer regarded as a zero-sum game, rather a venue where both the challenger and the hegemon had shared interests.⁴³

On the other hand, the case of Taiwan, which symbolises the preservation of the US’ prevailing position in Asia even as China rises, has not evolved in the same direction as the other two – understandably, as it ranks highest in the hierarchy of the regime’s priorities. Besides the question of prestige, the problem is framed as a matter of state sovereignty and even regime security (He and Feng, 2009). Although the economies in both sides are increasingly interdependent, China’s hypersensitivity towards Taiwan’s political options has led to a focus on relative, rather than absolute gains, with modest institutionalised cooperation (Goldstein 2007: 670). Concurrently, Taiwan’s perception that the window of opportunity

⁴³ It is possible that the shift in behaviour in these two cases reflects China’s strategy of buying time, given that it is not yet in a position to force its will; in any case, as the author notes, even if its actions do not reveal its preferences, the present policy is consistent with institutionalist theory.

for attempting the ultimate aim of formal independence is closing as China becomes more powerful, together with the uncertainty as to whether the US would not abandon its ally in the worst case scenario of a Chinese military intervention, makes the cross-strait venue the one with the highest risk of a direct Sino-American confrontation. Given the challenger's growth trajectory (and its perception that time is on its side) and the hegemon's presumed determination in preserving its international reputation if a war between the sides ever breaks out, Goldstein believes that PTT better explains the dynamics in course.

For that matter, the modernisation of China's army has been regarded as being directed primarily at the possibility of a war against Taiwan, and only then comes the underlying purpose of deterring the application of American power in East Asia (Johnston 2003: 39). Figures of military spending suggest that there is no serious internal balancing effort. Externally, one cannot claim that China attempts to undermine US alliances in the region, as it is not even clearly against them.⁴⁴ There are recent signs, however, that China may be on its way to a more assertive position. If we recognise that the US and China cancel each other out in terms of nuclear capabilities (the question of each side's second strike capabilities is only secondary), in the next strategic dimension, naval forces, the hegemon's global reach contrasts with the challenger's traditional weakness. China's investment in its blue-water navy, and the construction of aircraft carriers in progress, has led to different interpretations. Some consider that these displays of power just carry out a political function: an injection of nationalist pride that consolidates the regime's legitimacy before its people (Chen and Feffer 2009: 65), or that the modernisation of China's military forces is a very basic necessity in line with its growing economic power – given its dependency on the external markets, it is particularly important to secure its overseas interests (Huang, 2011).

⁴⁴ For instance, the US-South Korea alliance is seen as a stabilising factor in the division of the peninsula that benefits all, including China; regarding the US-Japan alliance, the regime is only against its strengthening, not its existence, as it serves as a guarantee that Japan's military power remains constrained (ibid, 40-44).

However, China's naval ambitions also spark worries among US officials, who believe that its 'core interests' (traditionally associated with the Sino-Taiwanese question) are now expanding into areas where the US had never felt challenged before, namely its freedom of action from the Persian Gulf to the Strait of Malacca (Wong, 2010).⁴⁵ On China's stiffer attitude, Swaine and Fravel (2010: 15) come to the conclusion that although its strategy in dealing with the maritime periphery is not likely to change fundamentally in the near to medium term, its rising levels of national self-confidence in this specific subject will lead to behaviours that are "arguably one of the most important potential causes of serious confrontation or even conflict" with the US and its alliance partners over the coming years.

5.2.3 The liberal democratic order: satisfying or to be weakened?

As China's power grows, so should its dissatisfaction with the institutional setting, assumed to favour its creator at the same time that it denies newcomers' demands for influence proportional to their growing share of power. But is this post-1945 order, as Ikenberry argues, exceptional for allowing rising states to fulfil their goals within it? China's willingness to integrate the global economy and its capitalist institutions and the success of its gradual process of absorption partly answers this question. In fact, the power of attraction of the international financial web of institutions on socialist China represented an important, long-term victory for the Western order, but does it say anything about the satisfaction of this rising power? At a first glance, one would assume that this rapprochement reveals China's status quo orientation. Yet, the circumstances in which it takes place opens room for discussion regarding its actual degree of satisfaction.

⁴⁵ Besides the naval issues, the American perception of China's growing assertiveness rests too on the ambiguous selection of issues that the regime has introduced and considered as part of the state's 'core interests', which perhaps should not be described in those terms, such as "the US arms sales to Taiwan, meetings between foreign leaders and the Dalai Lama, and disputed territories in the South China Sea" (Swaine 2010: 6).

Notwithstanding the changing behaviour patterns witnessed in the last twenty years (confrontational behaviour after the end of the Cold War up until the 1995 Taiwan crisis; possibly growing assertiveness in the recent past), there has been a clear, long-term option pursued by successive Chinese leaderships, starting in the late 1970s, of prioritising the country's economic development, in what was "a fundamental break with the autarkic and militaristic model of political survival of the past" (Hiim 2010: 50).⁴⁶ It is therefore reasonable to speculate whether China's apparent satisfaction with the rules of the game is merely a by-product of the overarching objectives over the past decades (i.e. becoming a great economic power) or if it is genuine. If its satisfaction is only calculative, and given that China has already established itself as an economic giant, the cost of destabilising the present peaceful setting – without which growth would have not been possible – is now lower. In other words, as China's power grows, so will its interests. The expansion of what it considers to be its core interests, mentioned above, may be an early signal of restraint giving way to assertiveness. According to this logic, cooperative behaviour during an upward trajectory lasts only until after a certain amount of power has been accumulated. On the opposite direction, Qin (2003) points at the redefinition of China's national identity (from a revolutionary to a status quo power) and the reconstruction of its strategic culture (from conflicting to cooperative), suggesting that the efforts to identify with the international society and being a responsible and active player within the world system has become an enduring feature of that nation.⁴⁷

But can China be considered a typical status quo power? It has, in fact, chosen to behave as a 'responsible' great power externally, but China's regime still falls

⁴⁶ An analysis of China's nuclear policies exposes a striking lack of urgency in the modernisation of its arsenal. Even as the economy grew, there were successive cuts in the military budget since the end of the 1970s despite a turbulent security environment. The new approach to security linked political, economic and military components. Because the regime's survival was thought to be directly dependent on economic growth, investment in that area was prioritised (ibid, 54; Johnston 2003, 16-17; on China's concept of 'comprehensive national power', see Ong 2007: 11).

⁴⁷ This is especially remarkable because, in the absence of a traumatic event, elements such as 'national identity' and 'strategic culture', though not static, change slowly along time (Gray, 2006), and China was arguably not shaken by such an event.

short of the Western democratic standards. Although not directly linked to the dangers of inversed trajectories at the contender level with regards to hegemonic war, its authoritarian nature is looked upon with apprehension by the pessimist liberal-institutionalists, which believe that this element will make Sino-American relations more prone to clashes. China is still far from subscribing the democratic (political) dimension of the Western-led order,⁴⁸ in spite of the fairly successful integration, calculative or not, in its market system component. The accession to the WTO, in terms which “far surpassed those made by the founding members” (Beeson 2009: 109) exposes its willingness to integrate the global marketplace; in return, institutions of this kind welcome the newcomer’s arrival. The fact that they consent to being captured from within confirms the US-led order’s openness to accommodate China’s rise, a position which is expected to be reciprocated with satisfaction and acceptance of the status quo. However, at the same time, China has developed what was coined as the ‘Beijing consensus’, an alternative economic development model that stands in opposition to the ‘Washington consensus’ (the guidelines governing the existing financial institutions). The political, economic, and military implications of this model are only vaguely defined, but the hallmark of Chinese policy in the international arena is the support for national sovereignty irrespective of the characteristic of the regime in power (Williamson 2012: 7). This stands in stark contrast to the moral praxis (even if cynical at times) of the Western-led world order in its relations with the Third World.

China, the non-democratic intruder in the liberal order, can thus be seen twisting the rules of the game as it consolidates its power position and seeks to expand its economic ties. At the same time, it calls for greater multipolarisation and criticises what is considered to be the excessive influence of the US in the domestic politics of other countries (Legro 2007: 517). Both in the political and

⁴⁸ Presently, China does not challenge that notion of pluralism but acts defensively towards that order and the US, cultivating a policy of ‘pretending to be friends’ since the mid-1990s which the Americans reciprocate. Throughout the past fifteen years, the various leaders of both countries insist in describing US-China relations as cooperative rather than competitive – yet, they cannot at any point be classified as ‘friendly’ or even ‘favourable’ (Xuetong 2010: 270).

economic realms, after a period of steady rise in which divergences with the US were strategically muted, an increasingly powerful China is recently beginning to reveal a more assertive position towards its peers with the intent of putting into practice globalisation on its own terms. Shambaugh (2010) warns that the cycle of Chinese restraint is probably over, within the pattern consisting of 'one step back followed by two steps forward'.⁴⁹

5.3 Future trends for Sino-American relations

Finally, what are the future prospects for China's relation with the US and the Western order? Buzan (2010: 18) describes this rising power today as a 'reformist revisionist' power (rather than a 'revolutionary' one) for its resistance and desire to reform some of the institutions of international society, even though it accepts others for a mixture of calculated and instrumental reasons. He concludes that its resistance to the Western ideas of democracy, civil society, human rights and environmental issues – considered the "key driver of the normative deepening of international society" (ibid) – suggests that we are in the verge of a turning point in China's engagement with international society. China's greater responsibilities as a great power, the effects of the global economic crisis, environmental decay, and the erosion of US leadership will have an impact on the rules of the game (p. 20) and it is clear that the recipe for peaceful rise, based on a low-profile and rather inwards attitude of the last decades, cannot be applied indefinitely. Peaceful rise is still possible, but it will be progressively more complicated within an international community in which China undertakes a central role, which will consequently require a reformulation of its strategy (p. 34).

⁴⁹ The author counts a number of uncompromising attitudes on the behalf of government officials in recent times, both at home and abroad, towards the US and beyond, in a wide range of issue-areas: protectionist measures against foreign multinationals based in China, military demonstrations, unwillingness to ease climate control measures, sweeping arrest of internal dissidents, blocking of sanctions against Iran's nuclear programme, protests and threats against the US and the EU over the hosting of the Dalai Lama, and even frictions over economic issues in other regions, ranging from other Asian countries to Australia and Latin America.

For now, without having taken explicit actions to challenge the status quo, the rising power's signs of antagonism against the hegemon are present, and easily inflammable. In a list of seven major issues, Kim (2011) only detects one (North Korea's nuclear ambitions) in which the US and China have shifted from conflict to cooperation. In all the other issues, either both conflict and cooperation coexist (such as in their economic relations, military and security issues, and the future direction of their relations in general), or there is evidence for the predominance of conflict (regarding human rights and the Sino-American clash in the Asia-Pacific region). Finally, the case of Taiwan is considered one of regulated conflict, where the US support for a 'One-China policy' and its efforts in improving cross-strait relations has contributed to mute a potential conflict.

In any case, given that the US and China disagree in most of the interests that they define as 'core', it is hard to envisage their bilateral relations developing in a positive direction in the long term, as their differences "cannot be easily resolved unless each side agrees to the same international norms when they communicate to the world" (ibid, 8). China will reject the universality of international norms, interpreted as a means of hampering its rise; on the other hand, the US will oppose to China's stance on sovereignty, perceived as a smokescreen to harm its long run interests (ibid). Which norms are the 'international standard' is in the eye of the beholder, and a rising China which will sooner or later become the world's most powerful nation, feels that time runs on its side. Hence, if in the future a serious confrontation does occur, it will most likely be ignited by political-ideological clashes around the democratic component of the US-led liberal order.

6. Subverting power transition theory: can the hegemon become revisionist?

According to PTT, the potential for a hegemonic war rises when a revisionist power overtakes (or is close to overtaking) the dominant nation. The hegemon is committed to the preservation of the status quo, which is ultimately 'its' creation. Logically, the terms 'hegemon' and 'status quo' stand opposite to 'challenger' and 'revisionism'. In this section, I will expose some of the arguments that run counter to PTT's original assumptions of the dynamics of the rising and declining great powers.

The hypothesis of a dissatisfied leading state was first introduced by Gilpin, who believed that a hegemon would "attempt to change the international system if the expected benefits exceed the expected costs" (transcribed from Ikenberry, Mastanduno and Kupchan 2009: 12), the international system being defined as the rules, institutions, and standards of legitimacy that frame daily interactions (ibid). Before the implosion of the Soviet Union, the probability of an American attempt to reshape the system was low – because of the mistaken perceptions of its relative decline throughout the 1980s the costs of doing so were thought to be too high. The subsequent systemic change from bipolarity to unipolarity implied that the hypothesis put forward by Gilpin could materialise. US revisionism, however, was never seriously considered because that behaviour is generally viewed as typical of challenging states. Still, as mentioned earlier in relation to PTT's alternative propositions, it makes perfect sense to ask why a declining hegemon would not contemplate waging preventive war against the challenger (and not the opposite) before it is too late. This is a particularly logical question given that prospect theory foretells that individuals and states are more risk-averse when trying to avoid losses than when capitalising on gains, even if the net value of one or the other is identical (Levy, 1992).

The basic assumption of PTT by which rising powers are anti-status quo, the declining hegemon is conservative by nature, and that war is precipitated by the increasingly powerful challenger, is explicitly questioned first by Chan, who rests his argument both on historical facts of past transitions⁵⁰ and empirical evidence to speculate on the prospects of a US-China conflict. Great power war, as he notes, usually originates from local conflicts, ignited as a result of the failure of extended deterrence (ibid, 109). In 1914, Austro-Hungary's intervention following a minor incident in Serbia set up the stage for World War I; in 1939, the German invasion of Poland sparked World War II. Therefore, if a war between the US and China is to occur, it should not start from direct confrontation; instead, it would develop from a conflict between a third party and the hegemon or the challenger. In the case under study, the strongest candidate in playing the third party role is clearly Taiwan.

In the next two sub-chapters, I will first evaluate the hypothesis of a declining US becoming dissatisfied with the order that it itself created, and then make some observations on the delicate question of Taiwan.

6.1 America's changing priorities and the rules of the game

Jervis (2006) identifies the September 11 terrorist attacks as the event that marked a shift from a "post-Cold War conservative impulse" towards "hegemonic revisionism". Before 2001, George H. W. Bush and Bill Clinton's administrations had concentrated on preserving the status quo, in other words, US superiority to avoid the emergence of challengers. After that, George W. Bush's controversial belief in the linkage between terrorism and tyranny, and the absence of a peer competitor, allowed the US to focus on "remaking the system in its own image"

⁵⁰ Chan challenges the common view that in World War I and World War II Germany was the rising power taking advantage of its momentum to strike Britain. Instead, in both cases, although Germany was still becoming more powerful in absolute terms, it was already past its peak point and decided to launch a preventive war against Russia (then Soviet Union), which was beginning to close the power gap. Hence, his claim that it is the nervous, declining state, rather than the rising one, that is inclined to initiate wars (ibid, 52-53 ss.).

(ibid, 12), which involved actively taming non-democratic regimes, regarded as the greatest threat to the security of America and its liberal allies. Jervis' remarks are well-founded, but one can disagree on the "hegemonic revisionism" label. While the 'hegemonic' element is accurate (the US could only engage itself so extensively due to its power supremacy), describing its actions as 'revisionist' fails to recognise the deep-rooted Wilsonian tradition in American foreign policy.⁵¹ Even when it twisted or disregarded the rules of the game – as was the case of the 2003 Iraq intervention, which objectively violated international law (Anghie, 2009) – the underlying principles guiding the US (the promotion of the its liberal-democratic order) remained unaltered, in a "merger of liberal moralism and realist method" (Bishai 2004: 51). Ultimately, what changed with the 2001 terrorist attacks was America's sense of vulnerability, which led it to redefine priorities. The focus on rogue states and asymmetric threats to homeland security pushed the great power game to the backburner. In terms of power transitions and Chan's suggestion of aggressive declining nations, there is no evidence, at least during this period, of such an attitude on behalf of the US. In fact, the stress on international terrorism contributed to lower China's position on the hegemon's threat list, and provided an excellent opportunity for improved relations and more ground for cooperation (Xinbo, 2004).⁵²

Ikenberry (2001: 29) points out that institutions shape the political order into allocating rights and restraining the exercise of power. Throughout the latest Bush administration and its 'war on terror', the US was criticised for having disregarded international law in general (and particularly the refusal to become a member of the International Criminal Court (ICC)) and adopting the controversial doctrines

⁵¹ This tradition has heavily influenced the US administrations of the past two decades. The interventions in Somalia (1992), Bosnia (1995), Afghanistan (2001), Iraq (2003) and, most recently, Libya (2011) are examples of its foreign policy culture.

⁵² America's eagerness to seal partnerships in the context of the 'war on terror' was most notably exploited by Russia to launch violent offensives on its Chechen rebels, but China too was quick to capitalise on the new circumstances by initiating its own war against the separatist Muslim minority in the Xinjiang region: the Chinese government reframed the conflict in international terms and Al-Qaeda became a convenient justification for arbitrary repression (Chung, 2002).

of preventive war and 'coalitions of the willing' – exclusive privileges which could not be employed by other states. In the United Nations, the embodiment of the international community, we can also find evidence which could suggest a US anti-status quo orientation or, at least, its opposition to what is frequently seen as consensual. This can be observed both in the Security Council (as a permanent member, it has blocked majorities as many times as all the other four states put together from 1976 to 2006) and in the ratification of international agreements (it persuades other states to join those instruments only to reject being bound by them in a later stage), being the major power which has joined less treaties, with special incidence in the most important international human rights agreements.

This posture, far from being conservative, showed according to Jervis that in a hegemonic system the rules of the game applied to all states except the hegemon itself (2006: 14). In the same tone, Chan concludes that, looking at the raw data that he uses as indicators of satisfaction, America has not shown great commitment to the rules of the game, operating barely inside the boundaries of the international community (2008: 36). This general feeling spread to public opinion. At the wake of the 2003 Iraq war, a particularly sensitive period for US popularity, opinion polls conducted throughout the European Union showed that even the citizens of its main partner viewed it as big as a threat to world security as Iraq, Iran and North Korea, the members of the so-called 'axis of evil' (ibid, 37-38).

Yet, US unilateralism was not part of a plan to subvert the international order, but a firm response to an exceptional event (its mainland had not been attacked since the War of 1812 by the British). Paradoxically, underlying its assertiveness was the defence of the basic values of the international society. Most importantly, much of the American aggressiveness of the past decade can be credited to the "schizophrenic" (Archibugi, 2004) pursuit of security in the context of the 'war on terror', and its inability to transpose the democratic principles in use domestically to its foreign affairs. Concerning the American refusal of ICC membership – which attracted so much criticism – one must not overlook the extensive scope of US

involvement abroad⁵³ and the exposure of its troops to what could be politically motivated prosecutions.⁵⁴ In the United Nations, where the high incidence of US vetoes in the Security Council (as many as the sum of the other four permanent members) could also indicate growing dissatisfaction, it is important to note that this trend can be observed since the 1970s, a period in which no analyst would consider the US an anti-status quo power. At the same time, its reluctance to join the ICC, and also other important human rights-related treaties, is not related to reservations on their substance. Simmons (2009) describes the US as a 'false negative': the costs of commitment to the corresponding instruments are too high (in terms of legal-political processes among the different branches and levels of government) and so it opts for decoupling, nonetheless enjoying a respectable human rights record. Therefore, interpreting America's attitude towards those treaties based solely on its (low) ratification rate is not very informative – just as a large number of states, the 'false positives', violate systematically the norms of human rights-related treaties which they chose to join.

In the run-up for the 2008 presidential elections, democratic candidate Barack Obama promised a rupture with the preceding administration's *praxis* and the inauguration of a new era of multilateral engagement, after a long period marked by the influence of republican hawks in the White House. In terms of military involvement abroad, the assistance provided to Libya's rebel forces to topple an undemocratic regime can be interpreted as a sign of continuity. In other fields, although it may be too early to evaluate the magnitude of change, Homolar (2012) analyses the current president's performance in terms of four transnational issue-areas which require effective collective action (nuclear proliferation, climate change, humanitarian emergencies and economic crises) and claims that Obama's record for his multilateral leadership is, at best, mixed. In the end, she suggests

⁵³ In 2004, the US had 405,000 troops deployed abroad, more than four times as much as Britain, France, Germany, Russia, Japan and China (with no troops abroad) put together (Chan 2008: 23).

⁵⁴ Obama, despite not being intuitively against the Court as the Bush administration was, is still not likely to make the US join it (Fairlie 2011: 548).

that the difference between Bush and Obama's bearing on these security-related issues can be resumed to "a matter of emphasis (and style)" rather than the actual implementation of core substantive changes (ibid, 122).

The alternative PTT's proposition of an aggressive declining power is indeed compelling, but the argument of a revisionist US misses the point. Although some of the latest actions of the hegemon are reprehensible regarding compliance with international law, there was never an effort to subvert the existing order. Besides, whichever breaches to the rules of the game one can accuse the US of perpetrating, they are not directly connected to the great power game in general or the relations with China in particular. Quite the contrary – China's cool acceptance of US plans for a long-range ballistic missile defence shield in Europe, which coincided with the 'war on terror', epitomises the lack of the sort of tension expected by PTT in face of an initiative whose success would provide an extraordinary competitive advantage to the hegemon and its allies in the military arena.⁵⁵ Most importantly, the US-China relationship, despite the significant policy differences between each side, is one of deep interdependence. The current administration understands the importance of preserving solid ties with China, recognising that "cooperative relationship based on mutual interest and mutual respect is not only in the interests of the United States and China, but is also in the interest of the region and in the interest of the United States – in the interest of the world" (Obama, 2012). Therefore, rather than resisting it, the US "welcome[s] its peaceful rise" (ibid).

6.2 Taiwan: a powder keg under control

In the section dedicated to the fragile balance of the US-Taiwan-China triangle, Chan's analysis points to a satisfied China based on the hypothesis that the rising power will logically try to perpetuate that trend. At the same time, the US' resolve

⁵⁵ It is bewildering that only Russia protested against the American plans under the basis that they were directed beyond what had been announced (preventing attacks carried out by rogue states or non-state, terrorist organisations). China's apparent passiveness, given its position in the international hierarchy, is hard to justify.

in defending its ally in a scenario of a Chinese aggression following a declaration of *de jure* independence cannot be compared to China's commitment to fight for what it justifiably claims to be a vital interest, which in turn restrains Taiwan's impulse to take risky steps.⁵⁶ Time is effectively running in favour of mainland China, as not only the cross-strait economic relations are deepening, but also low-politics activity, such as the exponential growth of tourism (in both directions), which has an important role in reducing animosity among each sides' populations (Chen, 2010). Taiwan's current President Ma Ying-jeou, unlike his predecessor, has clung to a non-confrontational, moderate position of accepting the status of the island; on the same tone, Chinese President Hu Jintao shifted from Jiang Zemin's ambitious unification rhetoric into postponing unification indefinitely (Saunders and Kastner 2009: 88-89). This suggests that the Chinese regime is confident that its power of attraction over Taiwan will grow, and that if (or when) a future Sino-American clash over cross-strait issues occurs, it will benefit from a more advantageous power position than the present one.

In what is considered East Asia's hottest flashpoint, the latest moves of the challenger seem not to conform to PTT's logic of a challenger whose rise is aggressive. Rather, although both sides have expressed publicly their desire for a peace agreement (ibid, 90), it seems more likely that a hypothetical confrontation would originate from a misguided action from the government of Taiwan, whose democratic character could, in principle, be more prone to errant impulses (e.g. following popular support for immediate independence – which at this moment is a distant scenario), as opposed to the more predictable, non-democratic Chinese bureaucracy. If we consider Taiwan's undefined status as the status quo itself, it is the declining hegemon which is closer to getting involved, even if unwillingly, in a situation where it would be considered the 'attacker', as would be the case if it came to Taiwan's rescue following a unilateral *de jure* independence declaration;

⁵⁶ Given the US' wider strategic interest of exerting influence on both sides while preventing one or the other to precipitate a crisis, the author prefers the term *pivotal*, rather than *extended*, deterrence to explain the ambivalent relation with China and Taiwan.

conversely, China's military intervention, aimed at restoring the status quo ante, would make it the conservative side. All in all, none of the three feel the benefit of a confrontation, hence the tightly controlled powder keg. In the case of the US, a China-Taiwan showdown would only bring harm, as it would have to choose one of two "bads": either abandon Taiwan and lose face, or embark in a conflict of unimaginable consequences to honour its commitments. If the second option was taken, that action would be seen as a mere excuse for a preventive war against a rising China (Layne 2008: 17), very different in character from other interventions in the past two decades.

By way of conclusion, because the evidence points to a stable stalemate, with all three parties fairly satisfied, I maintain that in the case of Taiwan there is no reason to suspect that a dissatisfied US is hoping for the right moment to use this latent conflict in order to stop its rival's ascent to superpowerdom. In relation to the first question – the hypothetical American desire to change the rules of the game as it senses China closing the power gap – I come to a similar conclusion: the US has not attempted to subvert the order it itself created – even if, in the heat that followed unprecedented events in its history, the opposite impression may have come across.

7. Concluding remarks

The aim of this investigation was to understand why and how power transition theory and liberal-institutionalist theory differ on the effects of a forthcoming US-China power transition in terms of hegemonic war. This required contrasting the two opposing camps, namely in their understanding of *power* and the expectations on the evolvment and effects of *transitions*.

The analysis on power exposed the clear-cut theoretical divergences among the two theories, which in turn led to disparate evaluations on the size of the power gap between the hegemon and the challenger, the speed at which it is being closed down, and a rough estimate of where the crossover point is situated. The power indexes selected to represent each side magnified the theories' deviation, the CINC avowing that the US-China crossover has already occurred, and the SNPI suggesting that it is far from happening, or might never occur. The discrepancies in the reading of 'reality' constituted an analytical problem which forced me to rely on observers' common interpretation of the existence of a closing power gap (at a slower or faster rate) from which my empirical test for Chinese revisionism was based on. Juxtaposing the CINC (closely related with Organski and Kugler's power construct) with the SNPI (linked to the institutionalist 'power as networks' dimension) for a head-to-head comparison of the hegemon and the challenger ended up revealing the limitations of those models' applicability.

Regarding the likelihood of transitional periods resulting in violent conflict, although definite yes-no answers are not provided, power transition theory shares an overall pessimism on the outcome of those events. On the other hand, liberal-institutional theory considers that crossover periods can be peaceful, and even likely, in the particular US-China case given the ability of the present order to accommodate the rise of challengers to dominance. The theoretical contributions on transitions proved more useful than those on measuring power. Even though it is falsifiable only some point in the future (when the overtaking actually occurs),

the power transition theory's hypothesis of the challenger's rising aggressiveness as it becomes stronger can be tested from the early stage of China's ascending growth trajectory (roughly the beginning of the 1990s). Notwithstanding the distance from the critical crossover point, that hypothesis was not observed; in fact, the opposite is true in a first period (assertiveness to accommodation), followed by some indicators suggesting that the challenger's attitude may be reaching a turning point (accommodation to assertiveness) in the past few years. For that reason, China's conscientious strategic choices in its interactions with the US show that the exponential dissatisfaction of the challenger should not be presupposed. In the case under study, the argument of a unique post-1945 order becomes more convincing than the generalisations offered by power transition theory.

Finally, although a number of indicators from both theoretical frameworks point at the general trend of China's growth relative to the US, uncertainty on the actual crossover period means that conclusions should be guided by prudence. For instance, if the overtaking takes place in 2050, because China's dissatisfaction with the status quo is only expected to surface and build up some years prior, it is too early to be tested; if, however, the crossover happens in the near future (for instance, by the end of this decade, as some analysts predict), my claim that Sino-American relations in the verge of a power shift are best captured by liberal-institutional theory is more robust in face of the empirical findings.

In sum, even after taking into account the important caveats mentioned above, liberal-institutionalist theory provides a more accurate picture of the evolution of US-China relations. In a record that is mixed and non-linear, China nevertheless shows stronger signs of successful accommodation to the rules of the game. On the other hand, the alternative proposition of a declining hegemon's revisionist inclinations in the context of great power contest is not corroborated by American actions.

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Annexes

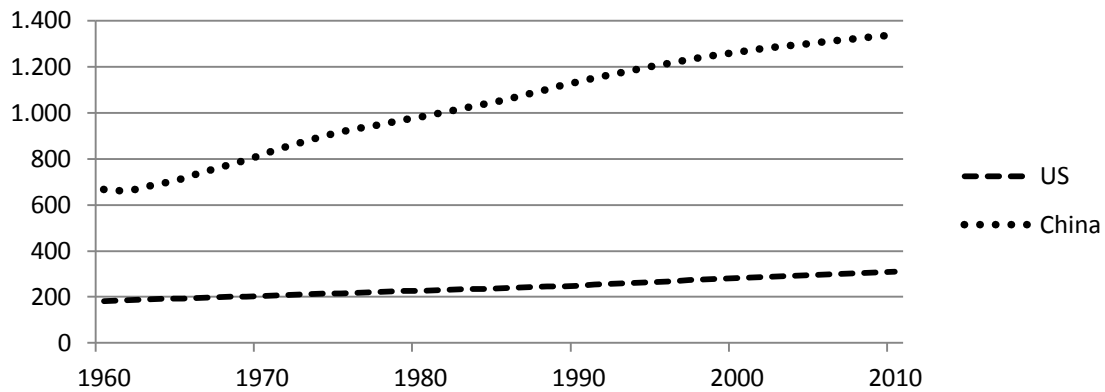
Annex I: Dyadic distribution of power and the incidence of war⁵⁷

Central major powers: Contenders

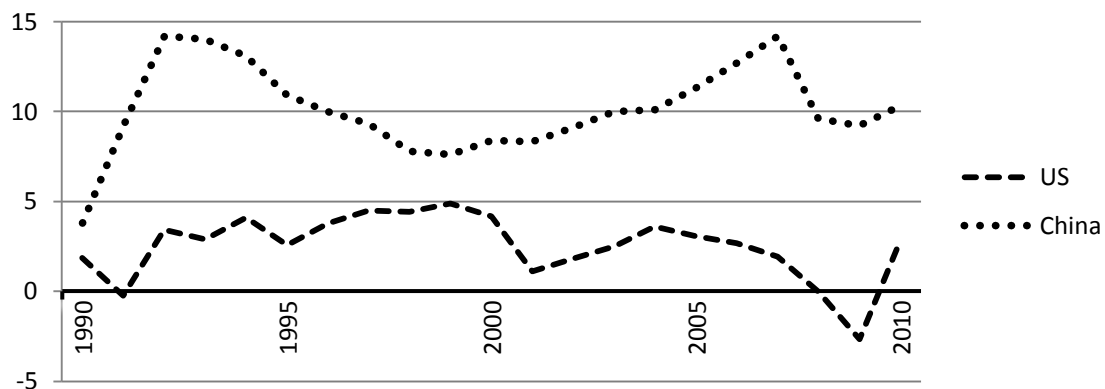
War: No
Yes

Unequal		Equal, No Overtaking		Equal and Overtaking	
4	(100%)	6	(100%)	5	(50%)
0	-	0	-	5	(50%)

Annex II Population (in millions)⁵⁸



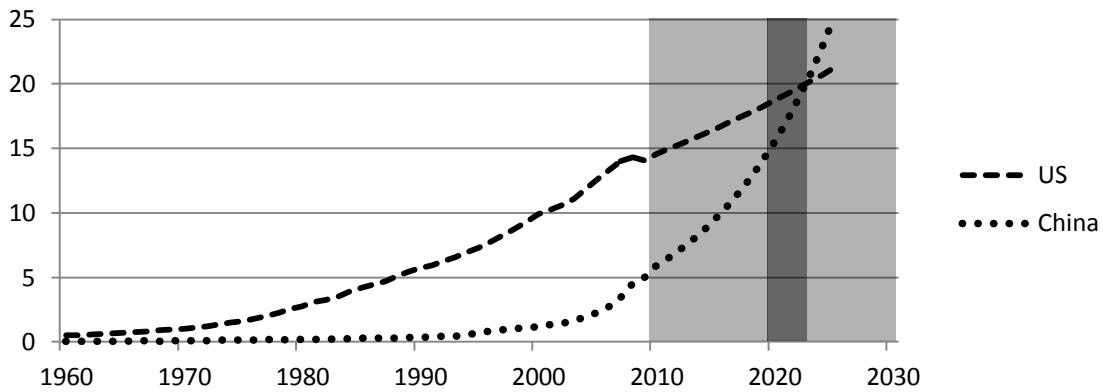
Annex III GDP growth (annual %)



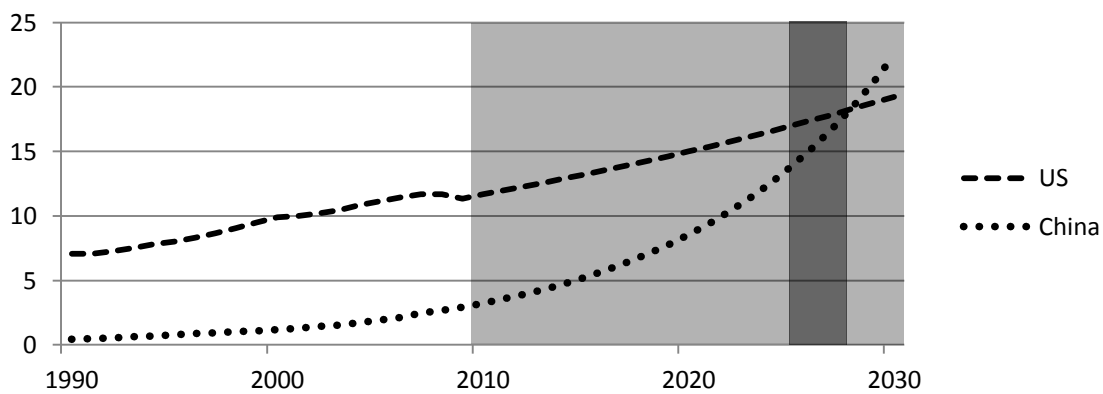
⁵⁷ Organski and Kugler (1980: 52).

⁵⁸ The data used in Annexes II to V, VII, IX, and XI to XVII was collected from World Bank (2011).

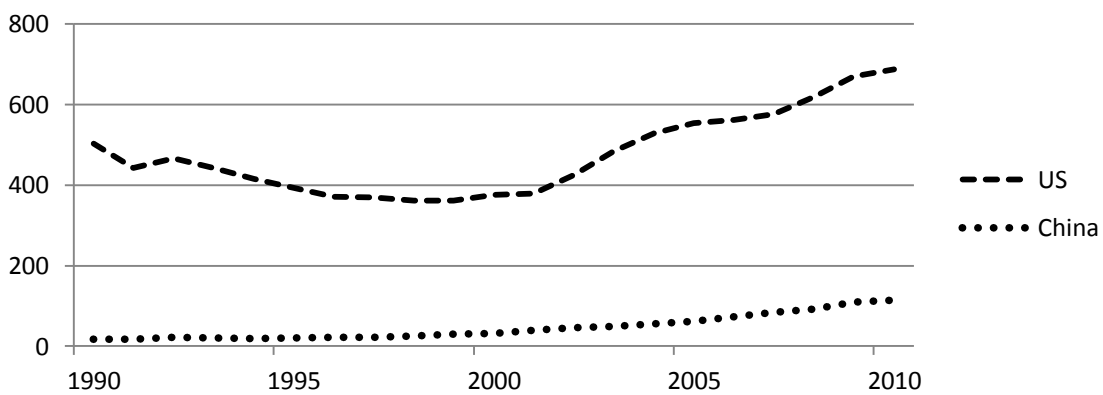
Annex IV Projections based on 1990-2010 average GDP growth rate (current US\$, in trillions)⁵⁹



Annex V Projections based on 1990-2010 average GDP growth rate (constant 2000 US\$, in trillions)



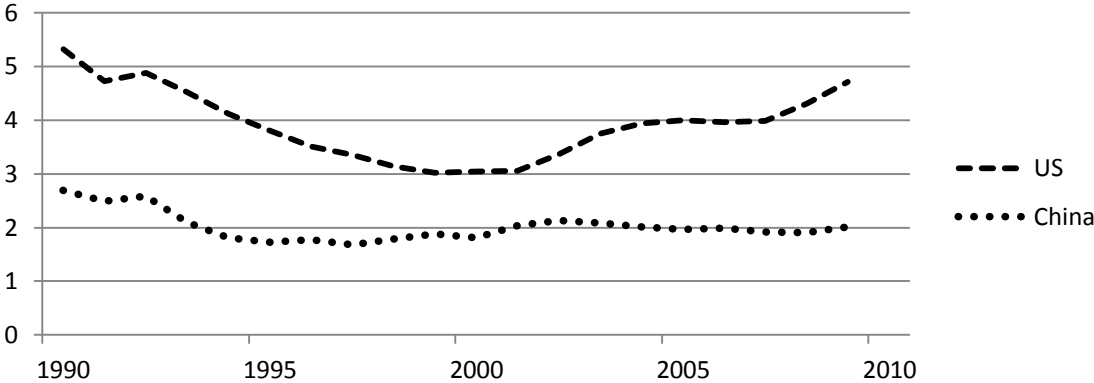
Annex VI Military expenditure (constant 2009 US\$, in billions)⁶⁰



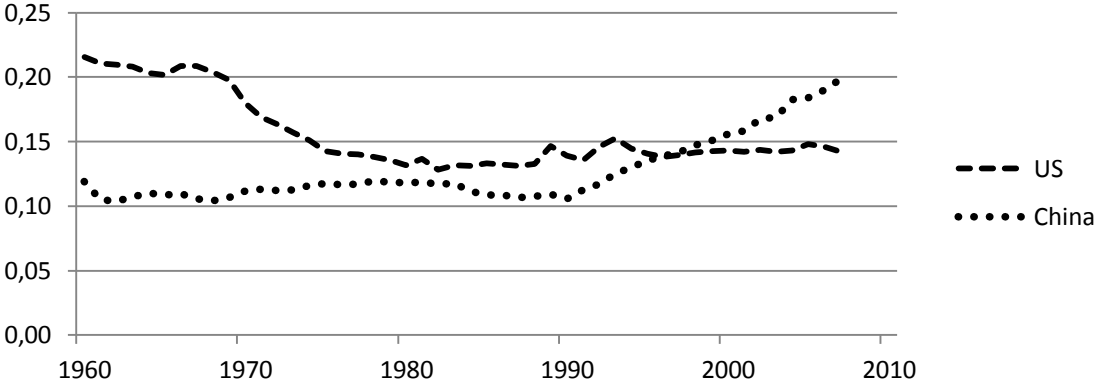
⁵⁹ In Annex IV and V, the heavier shaded areas represent the period between the points where China reaches 80% of the US' GDP (left margin) and the "crossover" occurs (right margin).

⁶⁰ SIPRI (2010).

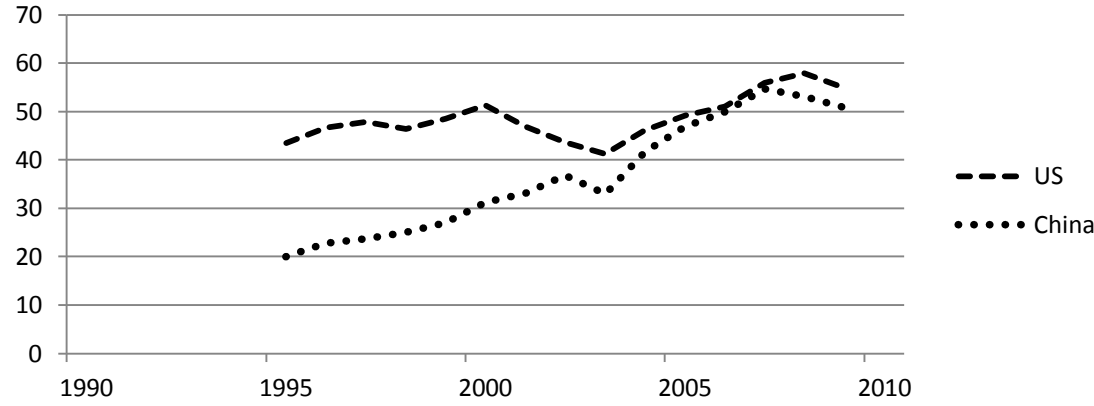
Annex VII Military expenditure (% of GDP)



Annex VIII Composite Index of National Capabilities (% of global aggregate)⁶¹

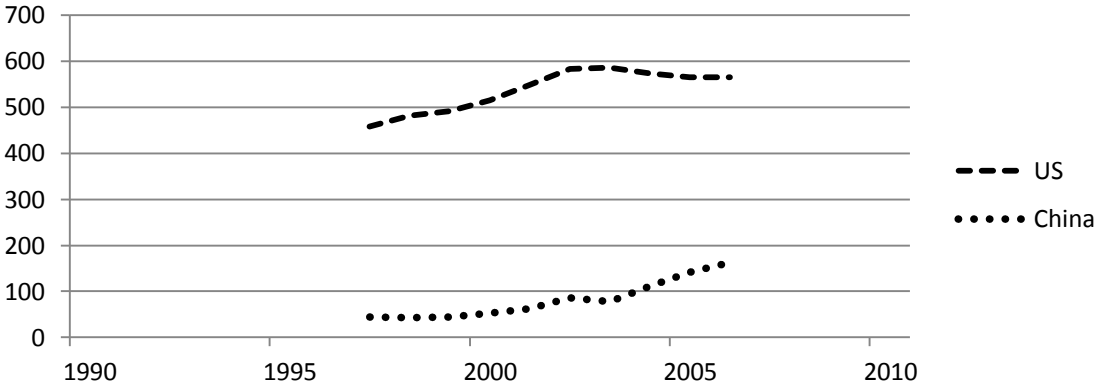


Annex IX International tourism (millions of arrivals)

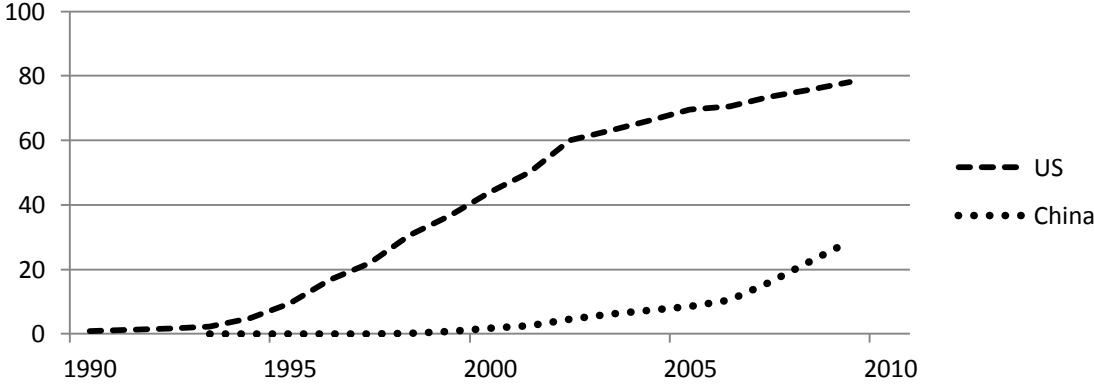


⁶¹ COW (2007).

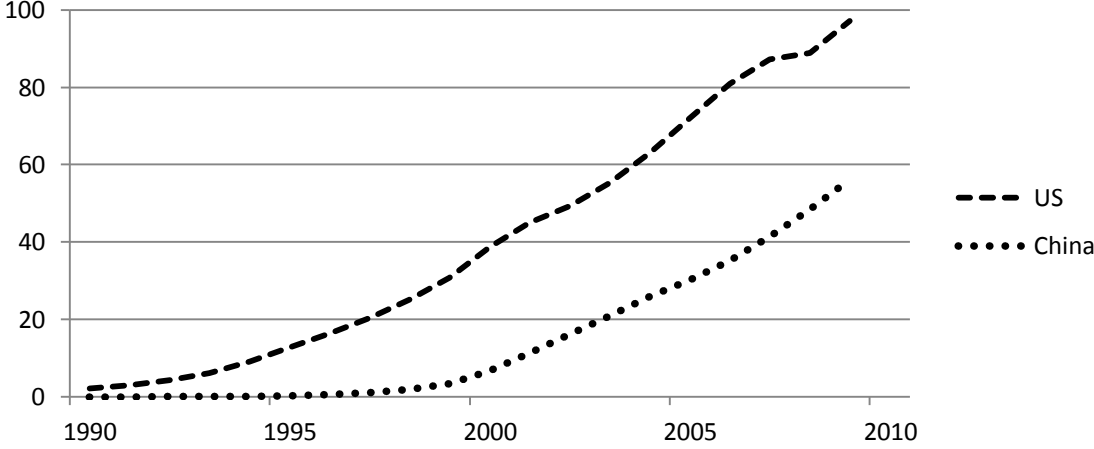
Annex X **International student mobility (destination country) (in thousands)**⁶²



Annex XI **Internet users (% of population)**

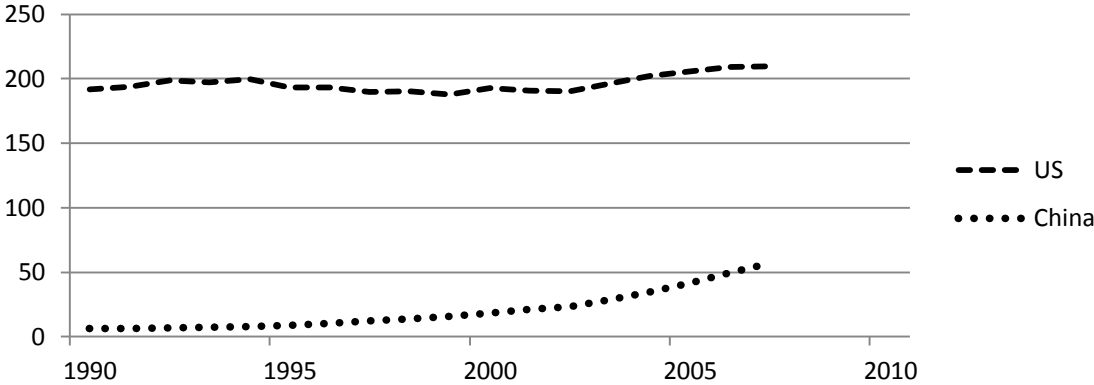


Annex XII **Cellular phone subscriptions (% of population)**

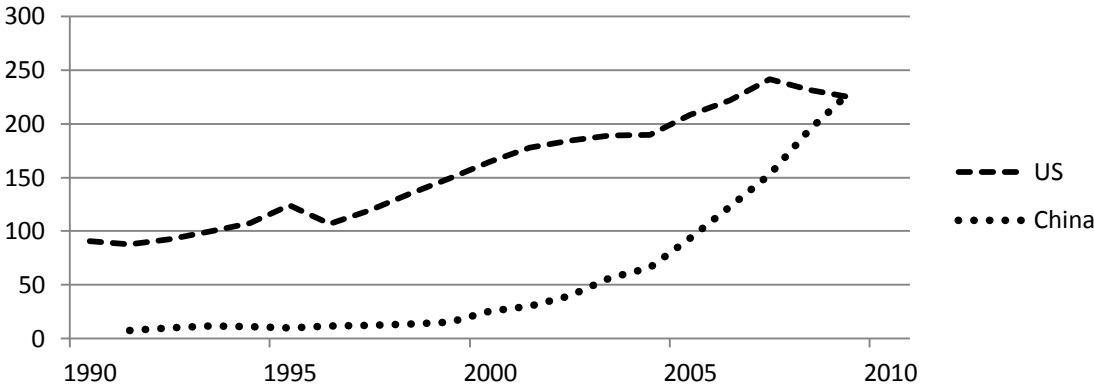


⁶² Verbik and Lasanowski (2007). From 1997 to 2006, despite the four-fold increase of its figures, China only jumped from 8th (assuming that France’s score was not much lower in 1997 – no data available – from what it scored in the subsequent years) to 6th place in the ranking.

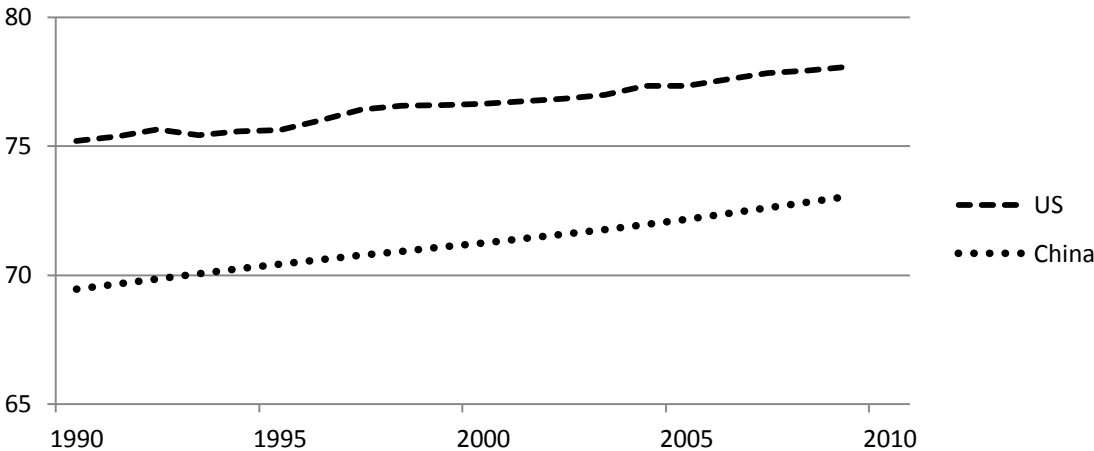
Annex XIII Scientific and technical journal articles (in thousands)



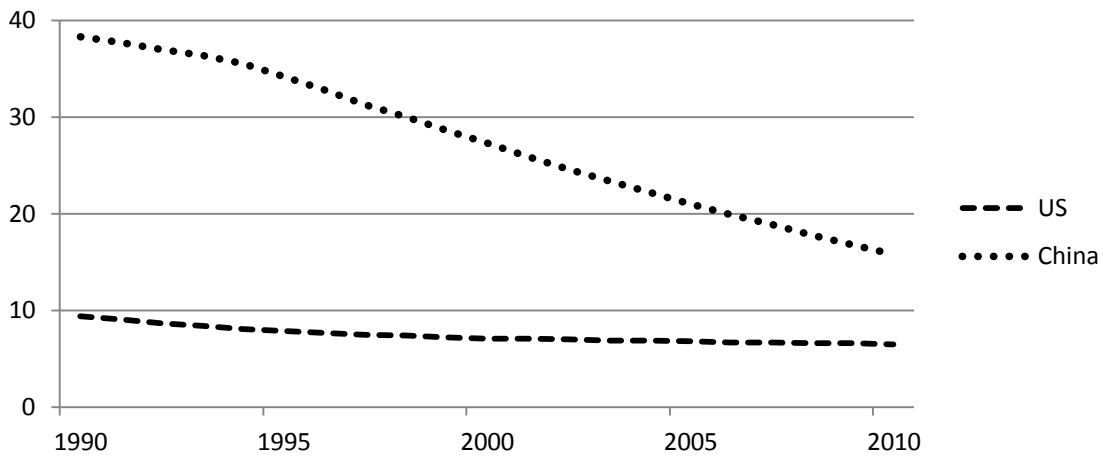
Annex XIV Patent applications (in thousands)



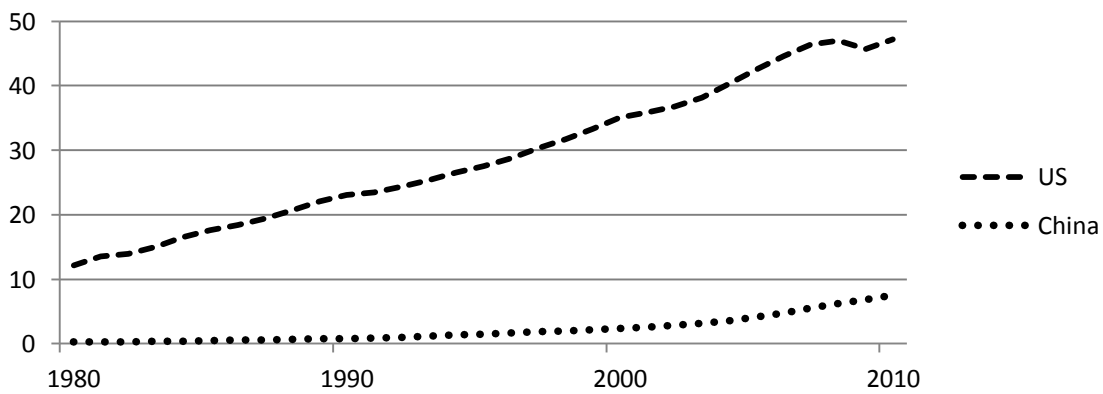
Annex XV Life expectancy at birth (in years)



Annex XVI Infant mortality rate (per 1,000 live births)



Annex XVII GDP per capita, PPP (current US\$, in thousands)



Annex XVIII Ranking of countries on SNPI measures: 'Degree'⁶³

Pos.	1960		1970		1980		1990		2000	
1	US	(0.595)	US	(0.551)	US	(0.600)	US	(0.592)	US	(0.580)
2	UK	(0.437)	UK	(0.488)	France	(0.528)	France	(0.540)	France	(0.513)
3	France	(0.399)	France	(0.469)	UK	(0.509)	UK	(0.487)	UK	(0.489)
4	Italy	(0.271)	Italy	(0.345)	Italy	(0.375)	Italy	(0.400)	Canada	(0.406)
5	FRG	(0.269)	Canada	(0.272)	Belgium	(0.316)	Canada	(0.390)	Italy	(0.391)
...	<i>(China always below 15th pos.)</i>									

⁶³ Annexes XVIII to XXII are adapted from Kim (2009).

Annex XIX Ranking of countries on SNPI measures: 'Betweenness'

Pos.	1960		1970		1980		1990		2000	
1	US	(0.100)	US	(0.097)	US	(0.101)	US	(0.100)	US	(0.106)
2	France	(0.075)	France	(0.066)	France	(0.051)	France	(0.048)	France	(0.038)
3	UK	(0.048)	UK	(0.060)	UK	(0.046)	UK	(0.035)	UK	(0.034)
4	FRG	(0.034)	FRG	(0.024)	Italy	(0.024)	Italy	(0.023)	Germany	(0.033)
5	USSR	(0.020)	Italy	(0.021)	Japan	(0.019)	Germany	(0.018)	Italy	(0.033)
...										
8			<i>(below 15th pos.)</i>						China	(0.012)
9	China	(0.009)								

Annex XX Ranking of countries on SNPI measures: 'Flow-Betweenness'

Pos.	1960		1970		1980		1990		2000	
1	US	(0.075)	US	(0.069)	US	(0.068)	US	(0.071)	US	(0.062)
2	France	(0.059)	France	(0.052)	France	(0.040)	France	(0.042)	France	(0.034)
3	UK	(0.035)	UK	(0.048)	UK	(0.040)	UK	(0.031)	UK	(0.024)
4	FRG	(0.025)	USSR	(0.026)	Italy	(0.019)	Italy	(0.018)	Italy	(0.023)
5	USSR	(0.021)	FRG	(0.019)	Japan	(0.017)	Germany	(0.016)	Russia	(0.022)
...										
8	China	(0.011)			<i>(below 15th pos.)</i>		<i>(below 15th pos.)</i>			
9									China	(0.013)
...										
14			China	(0.007)						

Annex XXI Ranking of countries on SNPI measures: 'Coreness'

Pos.	1960		1970		1980		1990		2000	
1	US	(0.493)	US	(0.257)	US	(0.407)	US	(0.378)	US	(0.347)
2	UK	(0.227)	UK	(0.254)	France	(0.220)	Italy	(0.226)	UK	(0.253)
3	France	(0.197)	France	(0.224)	UK	(0.210)	France	(0.225)	Canada	(0.229)
4	Italy	(0.171)	USSR	(0.215)	Italy	(0.175)	UK	(0.224)	France	(0.211)
5	Belgium	(0.166)	FRG	(0.202)	FRG	(0.164)	Netherl.	(0.201)	Switz.	(0.208)
...										
	<i>(China always below 15th pos.)</i>									

Annex XXII Ranking of countries on SNPI measures: 'Egonet brokerage'

Pos.	1960		1970		1980		1990		2000	
1	US	(0.876)	US	(0.876)	US	(0.877)	US	(0.872)	US	(0.870)
2	UK	(0.858)	UK	(0.874)	UK	(0.857)	France	(0.847)	France	(0.838)
3	France	(0.844)	France	(0.857)	France	(0.849)	UK	(0.832)	UK	(0.818)
4	Italy	(0.785)	Italy	(0.821)	Italy	(0.809)	Canada	(0.782)	Italy	(0.798)
5	FRG	(0.719)	Canada	(0.749)	Japan	(0.752)	Italy	(0.770)	Canada	(0.778)
...										
	<i>(China always below 15th pos.)</i>									