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“Asia's Rise and the Transition to a Post-Western Global Order”
(Pathways towards a hybrid order)

Chapter Contribution to:

Contending Views on the Decline of Western-Centric World and the Emerging Global Order in the 21st Century

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Introduction: Disruptions, Power Shifts, and the Future World Order

This book explores the nature of our current world order and the possible transition to a new post-Western order. Admittedly, this is a tall order in the post-2008 period and particularly the post-Trump period. Indeed, what is most striking today is the amount of disruption, change, and fragmentation happening both at domestic and global levels across the world. Darrell West calls this a moment of mega-change encompassing technological change, social change, identity change, and change in international relations: “something big is happening in the current period. Social, economic, and political patterns no longer are fixed but are generating rapid and transformative shifts. People need to be prepared for a scope of change that is grander than is typically envisioned” (West 2016) (p5). The celebrated scientist Martin Rees argues that the speed of technological transformation ahead (biotech, cyber, Artificial Intelligence) is such that it brings great potential risks. It requires an urgent new approach to governance so as to manage the great potential gaps in welfare and ensuing conflicts among regions (Rees 2018). Focusing on the current AI revolution, Kai-Fu Lee argues both it can transform the social order through a winner-take-all economic model and rebalance the world order toward China and the US (Lee 2018). Meanwhile, the acceleration of climate change and associated planetary crisis has begun to force drastic changes at all levels, a foretaste of momentous disruptions ahead (Wagner and Weitzman 2015; Wallace-Wells 2019; Wennersten and Robbins 2017).

Within many advanced economies and beyond, the social inequalities and regional disparities generated by technological change and globalization have led to the rise of anger, resentment, and populism. In turn, populist political entrepreneurs in key Western countries are advocating the unraveling of the liberal international order that has enabled globalization (Eichengreen 2018; Fukuyama 2018; Kuttner 2018; Rajan 2019; Rodrik 2018).

At the same time, the international relations system is going through major multi-pronged change, including the apparent failures of US liberal hegemony since its apex in 1991-1992 (Kagan 2018; Mearsheimer 2018; Walt 2018), the rise of China and other emerging nations (Allison 2017; Stuenkel 2016; Subramanian 2011), and the general multipolarization and complexification of world affairs with the rise of non-state actors and multi-nodal networks, even a possible “multiplex” theatre (Acharya 2014; Slaughter 2017).

These are but a few of the current disruptions and changes hitting our social and global order. Think tanks and policy analysts talk of a period of non-linear change, volatility, and uncertainty.

In order to guide the analysis of the impact of current disruptions on the Western liberal order, the debate among the diverse authors of this book can be broken down into five separate questions.

First, what is the current state of the Western liberal order? What are its deep drivers and sources of resilience? What are its limits and gaps? How legitimate is it? The exchange in this book has revealed a wide range of views and a great deal of variation within components of the order. Some areas are robust and even progressing (e.g. SDGs, Paris Agreement). Other dimensions are decaying (e.g. trade and cyber governance), while yet others are muddling through (G20). For Cox, the West can still count on significant structural advantages at the heart of the current system, no matter where current changes lead. We may be in a period of interregnum, but we are still far from a post-Liberal, post-Western order. Similarly, Buzan acknowledges that the West is losing ground, yet it remains at the heart of increasingly more pluralist system. Western liberal ideas remain embedded at the heart of international society. Katzenstein sees both an order that is “plural, complex, unpredictable,” yet also resilient. The West has nurtured a “polymorphic globalization,” but it is easy to overly focus on short-term disruptions, when disruptions have occurred at regular intervals. Wang reminds us that the Chinese mind sees a unique world order as unnecessary and meaningless. Instead, the China conceptualization accepts that two world orders (one Western, one Chinese) could live together, side by side.

In contrast to these voices, Tsunekawa argues that liberal internationalism was never complete or liberal. Under President Trump, the US commitment to liberal internationalism may be failing, triggering a possible search for new frameworks. Mahbubani goes further and argues that global power has shifted so fundamentally that major change is unavoidable. The fact that the US is unwilling to reform international organizations and to cede power to the newly emerged nations (mostly in Asia) may well precipitate the erosion of these institutions. In acting in such way, the US is violating the precepts of the order it created. To these voices, we could add Kagan’s recent argument that the 2016 election in the US and other ongoing tensions marked a profound shift against the liberal order created by the US, putting this order in profound danger. He writes: “the liberal order is fragile and impermanent. Like a garden, it is ever under siege from the natural forces of history, the jungle whose vines and weeds constantly threaten to overwhelm it” (Kagan 2018: 4). In the same vein, in a recent Brookings report, Jones and Taussig argue that the liberal order has entered a phase of great geopolitical struggle: “at the heart of the new era of geopolitical competition is a struggle over the role and influence of democracy in the international order” (Jones and Taussig 2019).

Second, how resilient are the underlying universalistic ideas and norms of the liberal order? Pogge argues that the essence of liberalism was to advance three core ideas: the idea of rule of law; the idea of freedom (from violence, from needs, but also freedom of movement and freedom of participation to government); and the idea of equality. It may be possible to transition from an order based on power, he argues, to an order based on those core values. If this transition can be made, then the core values of liberalism will remain in place. Bell adds

that these concepts could be further enriched into truly universal values, by adding the concept of harmony and the importance of respect for the community, in addition to individual rights. In other words, it may be possible to envisage a slightly hybridized version of the liberal order that would encompass other human values, making this enriched liberal order more resilient.

Third, how resilient is the level of domestic support for the liberal order in Western countries themselves? Is this support crumbling in the face of rising inequality, the crisis of capitalism, and growing social anger? The authors of this book tend to converge on this question and acknowledge this growing crisis. Dunn discusses the crisis of liberalism. Streeck argues that globalization has outpaced the coping capacity of democracies and triggered a domestic revolt, ushering a period of populism and great uncertainty. Schmitter states that liberal democracy faces its greatest crisis since the 1930s. The key link is the relationship between democracy and capitalism. In Katzenstein's view, financial globalization is causing the crisis of democracy. Mahbubani points to a strange dysfunction in the global order: the West controls the levers of power and yet Western societies have become pessimistic, in large part because of the growing concentration of wealth among the richer class. Where authors may disagree is on whether this internal crisis within Western societies dooms the liberal order or whether the liberal order can generate solutions and renewal to this crisis.

Fourth is the question of the changing balance of power and its implications. Can order and power be decoupled? If the West loses its dominance, will the liberal order crumble? Most authors tend to disagree. Pogge argues the liberal order can transition from an order created by power to an order based on non-partisan values. Buzan sees the liberal legacy of internal society as entrenched and likely to persist beyond the actual power of the West. Mahbubani agrees, showing that emerging nations have mostly accepted the liberal order. Yet, the transition process matters. Indeed, the West could well undo its universalistic norms by refusing to cede legitimate power, a point he also makes in his recent book (Mahbubani 2018).

Fifth, even if we assume that we are in the midst of a transition from a Western liberal order to an Asian or Chinese order, what is China's vision for a new order? Given that China has successfully rose within this liberal order, is China actually a supporter of this order? Or will China prove to be a disrupting power, one that advances its own new approach? In this book, Zheng argues that China does not have a pre-ordained concept of world order, since China's worldview always accepted the existence of other centers of civilization. Instead, China has pursued an approach of tailored multilateralism, an approach that is flexible, constantly adaptive, and varied; but ultimately an approach that does not challenge well-established international institutions and norms. Similarly, Chu sees China's agenda as still emerging and cautious, rather than a revisionist agenda. China may advance new initiatives and seek partial revisions, but the West has actually succeeded in socializing China into existing multilateral institutions. Chu sees a future post-hegemonic polymorphous world that will be shaped neither by a Pax Americana nor a Pax Sinica.

This chapter focuses on one ultimate question in this multifaceted debate: *what is the impact of historic rise of Asia – and particularly of China – on the global liberal order?* What is the most useful theoretical lens to understand the current process and gain some leverage over the possible scenarios ahead?

There is no question that we have been living through a period of historic power shift since 2000. In nominal \$, the share of advanced democracies (OECD countries) has dropped from 83% of world GDP in 1990 and 82% in 2000 to 61.5% in 2017, a shift of 20 points in the 17 years of the new millennium.¹ In PPP terms, the OECD share dropped from 62% of world GDP in 1990 and 60% in 2000 to 44% in 2017, putting the “West” (including Japan) in a minority position for the first time in over a century. Conversely, China’s share of world GDP increased from a mere 1.6% of the world in 1990 in nominal \$ (4% in PPP terms) to 4% in 2000 (8% in PPP terms) and 15.2% in 2017 (18.3% in PPP terms). Meanwhile, India’s share rose from 1.4% of world GDP both in 1990 and 2000 (4% in PPP terms) to 3.2% in 2017 (7.4% in PPP terms). The ASEAN zone went from 2% of the world in 2000 to 3.4% (5% in PPP terms) in 2017 (6.2% in PPP terms). In sum between 1990 and 2017, over 20 points of world GDP in nominal \$ accrued to emerging economies, of which 14 points went to China alone. Most of that transfer of world economic power took place between 2000 and the present. This is a massive displacement in geo-economic terms. Naturally, growing economic power is the foundation for growing military power as well.

The impact of China’s growing weight on the order also depends on its intentions. This begs the question of whether China has a grand strategy with respect to the global order. Two observations are in order. First, China is increasingly active in regional and global governance, especially since 2012. Recent high points of activity includes the November 2014 hosting of the APEC summit and the flurry of associated activity, the September 2016 G20 summit in Hangzhou, and the January 2017 speech by President Xi Jinping in Davos. Second, China’s global behaviour is diverse. Sometimes, China acts in support of the current global order in cooperation with the US, as in the G20 process. Sometimes, China works in cooperation with the European Union to help develop new dimensions in the global institutional order, as in the case of the Asian Infrastructure Investment Bank or in global environment governance (climate, biodiversity, genetically engineered foods). Sometimes, China cooperates with fellow emerging countries (BRICS) in pushing for reforms of the current global order, as in the cases of global financial institutions or cyber governance. Yet in other cases, China carves its own new path, as in the case of the Belt and Road Initiative (BRI) or in energy governance. What can explain such variations in behaviour?

The existing literature offers a range of system-level explanations for the impact of the rise of China in particular on the global order. Liberal views are rather optimistic and see the US-led global liberal order as sufficiently resilient and flexible to absorb rising powers within its rules and norms (Dobson 2013; Drezner 2014; Ikenberry 2011; Steinfeld 2010). In fact, the liberal order has enabled and supported the very rise of emerging powers, turning them into stakeholders of that order. The Great Financial Crisis of 2008 also brought established and emerging powers together in joint sense of destiny, proving that the order is holding well.

Realist views stand against such optimism. They argue that rapid power shifts can only accelerate competition, make the security dilemma more acute, and gradually erode the ability of established and emerging powers to cooperate over the global order (Friedberg 2012;

¹ Source: Worldbank World Development Indicators Database: <http://databank.worldbank.org/data/reports.aspx?source=world-development-indicators>, retrieved on 2019/02/10; and author’s calculation.

Mearsheimer 2014; Yan 2010). Emerging powers are bound to push for strategic space and voice in global institutions, while established powers have incentives to use the existing scriptures of the order to constrain the rise of new powers like China. The problem can be particularly acute when one fast rising power is on the cusp to dethrone the hegemon in the global order, as is currently the case between China and the US – the so-called Thucydides trap (Allison 2017). Worse still, the shift of power can be so threatening to the traditional hegemon that it may turn rogue against the order it created in order to protect its interest (Kagan 2018).

Alternatively, constructivist scholars see a more complex landscape, where preferences and interests are shaped by learning, norms, and societal interactions (Chwieroth 2009; Katzenstein 1996). The gradual shift away from US hegemony may usher a new decentralized “multiplex world,” where interactions among the established and emerging powers creates a new kind of stability (Acharya 2014).

This chapter disagrees with general systemic explanations and argues for a framework of *mediated strategic interactions* to understand the impact of the rise of China (and Asia) on the global liberal order. It sees the initial liberal order itself as a work in progress, with the perpetual need for adjustments, repairs, and enhancements in response to technological, political, natural, or political disruptions. Yet, the evolution of the different institutions and components of this overall order is likely to be the result of repeated interactions between emerging and established powers, where each move by one key player leads to a response by other players. This opens the door for an increasingly diversified and hybrid global order, in which some institutions may remain unchanged, while others appear *de novo*. In the process of institutional negotiation and creation, new norms may also appear and complement the traditional Western liberal norms.

I also argue that entrenched domestic narratives, experiences, and frameworks mediate the understanding of actions taken by other key powers and shape the reactions to these initial steps. This domestic mediation of a high-stake strategic interaction among great powers over the global order is often misunderstood and opens the door to misperceptions, overreactions, and ruptures. This chapter builds on insights from recent historical work on China’s international strategy to extract key features of China’s domestic framing (Brown 2018; Huang 2017; Muehlhahn 2019; Ooi 2015; Wasif Khan 2018). One common paradoxical feature that these authors present about China is the enduring geographical and historical vulnerability experienced by China’s elites and how this shapes their perceptions of external signals.

Applying this framework of *mediated strategic interactions* to China’s emerging role in the global order, this chapter argues that China’s approach does not follow any grand strategy toward world order. Rather, it is gradual, interactive, and hybrid. It combines sudden innovative accelerations with slow and prudent status quo preserving behaviour. China’s approach also varies according to policy domains and according to types of theatres (regional vs global). It is inherently tied to its domestic strategic priorities and often operates as an offshoot of domestic policies.

Where China finds significant systemic space in a permissive global order, it may act as a systemic stabilizer or systemic balancer, depending on domestic frames. Where China faces limited space or even threatening actions by traditional power, it acts either as systemic

innovator or as a systemic disruptor. Similar observations can be made about India's interactions with the LIO.

The remainder of this chapter proceeds in five steps. Section I evaluates the initial state of the liberal international order in the 21st century and discusses the current conundrum of global governance reforms. Section II presents the theoretical framework of mediated strategic interactions to analyze change in the global order. Section III turns to the China question in the global order and unpacks domestic frames prevalent in China toward the global order. Section IV offers a brief discussion of empirical variations across several dimensions of current negotiations of change in the global order. Section V concludes and offers possible scenarios ahead.

I / LIBERAL INTERNATIONAL ORDER AND GLOBAL GOVERNANCE IN THE 21st CENTURY

What is the nature of the Liberal International Order (LIO)? What are its fundamental organizing principles? How does it differ from earlier forms of international order? And what are key challenges facing this LIO today?

Ikenberry defines an international political order as a system of accepted relations among states that can overcome differences in power (Ikenberry 2001): "political order refers to 'governing' arrangements among a group of states, including its fundamental rules, principles, and institutions" (23). This requires "basic organizing arrangements" that provides rules of the game. Ikenberry defines three dominant types of political order over history: balance of power order (relying on the equilibrium of power among key states), hegemonic order (relying on the preponderance of power by one state), and constitutional order (relying on limits on the return to power) (24).

In turn, Ikenberry analyzes the modern Liberal International Order (LIO) as the result of a gradual evolution encompassing the legacy of the British Empire, Wilsonian liberalism of post World War I, and liberal institutionalism of Bretton Woods (1944) and the post World War II period (Ikenberry 2011). He defines the generic Western LIO as "order that is relatively, open, rule-based, and progressive" (2). In its general sense, the LIO encompasses "open markets, international institutions, cooperative security, democratic community, progressive change, collective problem solving, shared sovereignty, the rule of law" (2).

Ikenberry sees the post-WWII version of the LIO as distinctive form of LIO, namely "a liberal hegemonic order," defined as "the provision of security, wealth creation, and social advancement" (xi). This order was not just a generic rules-based international order, but one with an active manager. Ikenberry calls the United States "owner and operator" of the LIO, "supporting the rules and institutions of liberal institutionalism but also enjoying special rights and privileges" (2). The LIO relies on "strategic understandings and hegemonic bargains" (2). In terms of the typology of international orders, this post-WWII version of the LIO was a combination of a hierarchical order and of constitutional order, with a "loose system of multilateral rules and institutions" (7). As has been well analyzed in two recent historical books, the US approach to the world has always embedded imperial ambitions, along with ideals of internationalism (Bulmer-Thomas 2018; Hendrickson 2017). The tension between these two drivers has ebbed and flowed, with different domestic currents coming to power in the cycle of

presidential elections. Nevertheless, visionary idealist leaders did try to gradually enlarge and entrench the constraining power of internal law, rules, and norms on state behaviour within the enabling environment of this LIO (Hathaway and Shapiro 2017).

This fused order combining inherited liberal norms, hegemonic power, and newly created rules and institutions, has clearly been successful, offering space for wealth creation and system-level peace not seen before in human history. Kagan writes: “the creation of the liberal order has been an act of defiance against both history and human nature” (Kagan 2018, 9).

To Western policy-makers, the LIO appears as a sustainable set of global norms, rules, and institutions that support the spread of market-based open economics, along with freedom and democracy. Players such as Canada, Japan, or the European Union declare following the principles of such a “rules-based international order.” Yet, the LIO only functions in such a durable way because of five distinct components:

- A security architecture centered on US alliances;
- Mutually-beneficial liberal interdependence of trade, investment, finance, tourism, and human flows supported by the US and a critical mass of other large countries;
- Global rules and institutions as anchors for this liberal matrix and guarantors against cheating and occasional crises;
- Globally accepted norms of economic openness and liberal political ideas;
- And domestic support within systemically-important countries for these four levels of the LIO

Within this system of interactive pieces, global rules and institutions have emerged as a sensitive frontier issue for the durability of the LIO. These global rules are essential to maintain commerce, support international exchange, and provide global public goods. These rules and institutions require regular updating and renovation in the face of technological, natural, and economic changes. Yet, this process of global governance reforms always has distributional consequences and is thus fraught with conflicts, particularly in times of rapid shifts in power. As a result, the gradual expansion of markets through globalization has increasingly outpaced the capacity of global governance to generate sufficient rules of the game, generating increased levels of volatility and risk (Rodrik 2011; Stiglitz and Members of a UN Commission of Financial Experts 2010).

With a series of financial crises, technological challenges, and environmental systemic risks, along with power shifts, global rules and regimes have been gradually stretched. The various key arenas of global governance have faced erosion and conflicts, as shown in Table 1 below.

Table 1: The State of Key Pillars of Global Economic Governance

Major Global Regimes	Overall Situation	Key Battle Fronts
Trade	Erosion of unified global regime (WTO)	WTO crisis, proliferations of FTAs; competition of mega-FTAs; trade war after 2017
Investment (FDI)	Lack of global governance (failure of MAI in 1996)	Reliance on Bilateral Investment Treaties (BITs), conflicts over global rules in strategic sectors or dealing with SOEs
International Monetary System (Currency)	\$-centered global system without global governance	Competition with Euro and RMB
Finance	Inadequate global regulations to handle systemic risks	Limited G20 progress, creation of FSB Further IMF reforms stalled by US
Development (funding and norms)	Erosion of Washington Consensus, competing visions	WB/ADB vs AIIB, NDB, BRI; along with new SDG consensus
Climate Change	After long delay, incomplete Paris Agreement	US withdrawal
Cyber governance	Limited elements of internet governance, no agreed rules and norms on cyber security	Great tensions around cybersecurity and governance of artificial intelligence (AI)
Energy	No global regime, competition	IEA inadequate
Food Regulations	WTO vs UN and national rules	GMO battle

As shown in table 1, unified global governance has increasingly fragmented, with the possible exception of the global monetary system and global financial governance, even though these two arenas have been unable to develop sufficiently robust and legitimate rules. Climate change governance saw great progress with the Paris Agreement in 2015, only to face US withdrawal after 2017. Trade was long seen as the most robust pillar of the global governance architecture with the 1995 WTO creation. Yet, the global consensus has increasingly frayed, leading initially to a proliferation of free-trade agreements and eventually to a global trade war initiated by the US in 2017. Key arenas, such as global investments, energy, and cyber security lack unified regimes of global governance and rely on competitive bilateral or regional agreements.

Summing up, the Liberal International Order of the post World War II period is a hybrid order, combining liberal norms and interdependence, with a security structure rooted in US hegemony, and a set of global rules and institutions that undergird global economic activity. The liberal order has also supported democratic norms and the spread of democracy, ensuring a degree of interactive support between domestic politics and global politics. At the same time, the relation between domestic democracy and liberal international order was never a simple one, given that both global institutions and US hegemony often intruded into the domestic democratic realms of many countries.

In recent years, the LIO has faced multi-pronged headwinds from several concomitant disruptions: the gradual expansion of globalization beyond the underlying set of global rules; the gradual disruptive forces of globalization for domestic societies through the generation of great inequalities and dislocation; growing political discontent against both globalization and the general LIO in the US and other key countries; and technological and climate shocks.

In the US, a key debate has arisen regarding the self-inflicted overstretch of US-led liberal hegemony. While relatively sanguine on the ability of the LIO to provide incentives for rising states like China to get somewhat embedded into the order, Ikenberry noted a key vulnerability introduced in the LIO when the US reached a moment of unipolarity after the end of the Cold War. “The rise of unipolarity has altered – and to some extent diminished – the incentives that the United States has to bind itself to global rules and institutions” (Ikenberry 2011, 9). This new set of incentives played a crucial role in the actions of the Bush administration with respect to the war in Iraq and the turn against many international institutions. Ikenberry calls this a “crisis of authority within the old hegemonic organization of liberal order, not a crisis in the deep principles of the order itself. It is a crisis of governance” (6). Walt goes further, arguing that US liberal hegemony, carried by US foreign policy elites since the early 1990s, has put the US in great jeopardy and requires an urgent pulling back toward “offshore balancing” and more limited support for the LIO (Walt 2018). Likewise, Mearsheimer argues that liberal hegemony has backfired and generated instability and conflict, as it sought to override the core principles of international life, realism and nationalism. He concludes: “states that pursue ambitious foreign policies, as the United States has done in recent years, end up making the world less peaceful. Moreover, they risk undermining liberalism at home, an outcome that should strike fear into the heart of every liberal” (Mearsheimer 2018, 12).

Ultimately, given the reliance of the LIO on US hegemony and a secondary web of close alliances, no disruption may be greater for the sustainability of the LIO than the rise of China, given that the rise of China is on course to bring the end of US hegemony. We turn to this fundamental question of power transition and the question of change in the LIO.

II / A FRAMEWORK TO ANALYZE CHANGE IN THE LIBERAL INTERNATIONAL ORDER

Given the many concurrent disruptions outlined above and the observation of intense negotiation among systemic players over global rules, we need a new framework to analyze change in the global order. The current period is not one of gradual negotiations for marginal gains within stable rules, but a period of fundamental competition over the rules of the global order, even if at least some of the underlying norms remain accepted by most. The empirical analysis of key regimes listed in Table 1 also shows that change is not uniform across regimes, but appears to lead to a diversity of outcomes. As well, change is not linear, but follows irregular bursts and periods of stasis or reversals. In this context, structural models are not ideally suited to explain such change. We need a flexible framework that is able to account for such diversity of outcomes across issues and over time.

I advance here a framework of *mediated strategic interactions*. This framework broadly fits within a constructivist or social framework. It assumes that preferences and interests are not just the result of power and positioning (as realists would assume), but are constantly updated through interactions with systemically important opponents and partners in the

system. The system itself evolves according to the actions and interactions among its key players. For a rising state, preferences will depend on the actions of the dominant power, particularly whether the dominant power uses its allies and control of the rules to close or open strategic space for the rising state. Conversely, preferences of the dominant power will depend on the behaviour of new emerging states, and whether they appear to challenge existing rules or support these rules.

Further, the framework assumes that players update their preferences and behaviour according to bounded rationality. Their own domestic experience, norms, and inherited frames mediate their understanding of the actions of other systematically important states and how they subsequently adjust their behaviour. If a country has experienced painful episodes of trade imperialism at the hands of previous powers, it is likely to interpret subsequent episodes of intense trade negotiations through a very defensive framework. Learned experiences, traditions, and core historically-induced ideas, as constructed by generations of elites, become focal points for current leaders to make sense of events and shape their responses to challenges (Dobbin 1994; Goldstein and Keohane 1993). These domestic frames also shape the receptiveness of key domestic audiences to the actions taken by their leaders on the international arena and the legitimacy ascribed to those actions. Thus, well entrenched domestic focal points and ideas constrain the strategic options of leaders on the global scene and in their interactions with other leaders.

Thus, the few systemically important states update their preferences in response to the actions taken by powerful peers, subject to the constraints of their receptive domestic frames and relevant domestic audiences.

Under this framework, change in the global order depends on the combination of choices made by a small group of systemically important states in mediated interactions with each other. Occasionally, smaller states or various institutions can play the roles of rule entrepreneurs, mediators, or even spoilers in triggering interactions among larger players. Large groups of small states or regional groupings (such as ASEAN), or even non state actors, may also affect the outcome for the global order in their collective decisions to follow or not follow innovations in the global order proposed by an established or emerging power.

Ultimately, this is not an infinitely repeated game, since the negotiation of structural rules for the global order is a limited process with only a small number of finite moves that can lead either to reinforcement, retrenchment, collapse, or creation of new rules. The stakes are high and changes can be irreversible.

This framework generates the following observable implications.

First, we expect a highly fluid, interactive set of moves and countermoves among key countries in the negotiation for new global rules undergirding the global order. This includes surprise moves, sudden departures from traditional positions, and possible instability.

Second, domestic frames and actions by key players are likely to vary across domains (such as trade, finance, environment, energy, cyber, security). This can yield very distinct sequences of mediated interactions and distinct outcomes across domains.

Third, understanding the domestic frames of key counterparts is not an easy task and is one for which traditional policy-makers in different countries are not well equipped for, particularly in countries that bestow leadership on single charismatic or directly elected leaders. In turn, this means that key players are likely to misread and misinterpret the actions taken by

leaders of counterpart states. A common bias is one where a defensive move shaped by painful historical memories is likely to be misinterpreted as an offensive move. In that sense, the strategic interactions are taking place without good information, let alone perfect information.

Fourth, multiple games and interactions are taking place at the same time across policy domains and lessons from some settings can inform the understanding of other settings.

Fifth, states are usually divided among key interests and sub-state leaders who compete for setting outcomes. Domestic frames can also be multiple and beset by competition among incompatible frames in certain issue areas, making the decisions of leaders hard to read by leaders of a counterpart state.

A great application of the framework of *mediated strategic interactions* and their impact on the global order can be found in the historical analysis of the events that led to the onset of World War I on August 4, 1914, a mere 37 days after the seemingly minor event of the assassination of Archduke Franz Ferdinand of Austria on June 28 in Sarajevo. As Clark shows, it is the rational decisions and interactions among “five autonomous players of equal importance – Germany, Austria-Hungary, France, Russia, and Britain,” (xxvi) in the context of great uncertainty and in the presence of troublemakers or spoilers (particularly Serbia, Italy, Ottoman Empire) that led to war (Clark 2012). Clark clearly shows that the war was not pre-determined by larger structural forces. The same players had managed earlier crises that were at least as dangerous as the Sarajevo crisis. War was the result of a chain of interactive decisions among them, on the basis of best information and judgement. Yet, none of the five key protagonists wanted war and all of them had enough rational information to anticipate a costly and destructive war.

To elucidate this mystery, Clark shows how decision-makers evolved through the crisis and how their preferences changed in reaction to each other, as filtrated by their own beliefs. To make sense of the ultimate disaster, “we need to understand how those events were experienced and woven into narratives that structured perceptions and motivated behaviour” (xxx). “When decision-makers discoursed on the international situation or on external threats, were they seeing something real, or projecting their own fears and desires on to their opponents or both?” (xxxi). Calling this event a “tragedy not a crime,” Clark argues that the crisis was “multipolar and genuinely interactive” (561). Ultimately, the lessons from Clark’s magisterial unpacking of the 1914 crisis come down to this conclusion:

We need to distinguish between the objective factors acting on the decision-makers and the stories they told themselves and each other about what they thought they were doing and why they were doing it. All the key actors in our story filtered the world through narratives that were built from pieces of experience glued together with fears, projections and interests masquerading as maxims (561).

In the rest of the chapter, we apply the framework of mediated strategic interactions to the relation between the US and China, ultimately the two most important systemic players in the elaboration of the future of the Liberal International Order. The first necessary step is to explore the domestic frames that shape Chinese reactions to American moves and how the US may misunderstand Chinese actions as a result of these frames.

III/ CHINESE HISTORICAL FRAMES IN RELATION TO THE GLOBAL ORDER

The growing clash between the US and China increasingly dominates the debate over the future of the global order. As a case in point, in an article titled “the challenge of one world, two systems,” Martin Wolf wrote:

A new great power has emerged, one that was never part of a western-dominated system. In response, many are trying to shift the world into an era of unbridled strategic competition. History suggests this is dangerous. What is needed instead is a combination of competition and cooperation with a rising China. The alternative will be deepening hostility and rising disorder. Nobody sensible should want that. So stop, before it is too late (Wolf 2019).

The relation of China to the US-created Liberal International Order has become increasingly paradoxical. On many dimensions, China appears to be a convert to the LIO and a good performer. Witness China’s support for UN peace keeping operations, the Sustainable Development Goals (SDGs), the G20, the Paris Climate Agreement, the Nagoya protocol on biodiversity, the Cartagena protocol on biosafety, the WTO, and even the IMF. This growing acceptance of globalization and global institutions was epitomized by President Xi Jinping’s dramatic speech in support of global openness at the Davos World Economic Forum in January 2017. This attitude stands in great contrast to US President Trump’s opposition to all institutions of the global liberal order and even to free trade. Of course, we must add the caveat that China does not accept the political dimensions of global liberalism (democracy and civic and political human rights) and is not supportive of the US-dominated security architecture.

Nonetheless, this overall situation creates a certain Chinese liberal order paradox. How can China turn liberal abroad and remain so illiberal at home? Additionally, how can China exhibit great variation in its approach to changes in the global liberal order, supporting the US-created order at the G20 or at the WTO, working with Europe (and Japan) on improving global environmental governance, but opposing the West in cyber governance or the Law of the Sea? What can explain such variation in outcomes?

According to the mediated strategic interaction framework, we need to identify key domestic filters and frames that mediate the interactions of China with the US in the debate over the global order.

We focus here on three key concepts: the importance of geographic and historic vulnerability; the trauma of the 200-year long search for Chinese modernity and rejuvenation; and the importance of domestic order, infrastructure and development for leadership legitimacy.

As deeply emphasized by Wang Gungwu, China is marked by its inherited geographic vulnerability. First, its inland frontiers have always been very vulnerable (Ooi 2015, 167, 236) and China’s history has been shaped by struggles with invaders from the North. Second, unlike the US, China has many neighbours all around its periphery, leading to complex relations and multi-pronged threats. Third, China’s access to the Pacific Ocean is constrained by a maritime island chain that it does not control. Fourth, China’s access to the Indian Ocean and Middle East (recently important for access to energy) is limited by access through the Malacca Strait, the Indian presence beyond. In other words, China fears encirclement, especially maritime

encirclement. Finally, as noted by Wang Gungwu, China is fundamentally a Continental power; yet “modern globalism is a maritime phenomenon” (162). So China needs a navy to be part of the modern world, but this is a steep learning curve. Similarly in his historical study of modern China’s grand strategy, Khan writes that China feels locked in by its geography. “Xi’s China is not just a rising power inspiring fear in an established one, nor one whose sole ultimate purpose is the revival of its lost glory. It is a country uncertain of how durable its power and integrity will prove” (Khan 2018, 218). “Strategic geography” generates a sense of insecurity; and any effort by China to secure its border areas generates reaction from its neighbours that ends up decreasing its sense of security (7). Brown adds that this mindset of geographic and historic vulnerability creates a permanent disjuncture with the growing capacity of China (Brown 2018, 90). In a wonderful analysis of the China conundrum, Huang writes: “China does not see itself as the unstoppable economic powerhouse that some Western observers have suggested. Its vulnerabilities will continue to constrain its behaviour on the international stage” (Huang, 2017, 173).

A second key clue to understanding China’s frame lies in the trauma of its 200-year long “search for modernity” (Spence 2012). Thus, Xi Jinping’s first words as the newly anointed General Secretary of the CCP in November 2012 were: “our responsibility is to unite and lead people of the entire Party and of all ethnic groups around the country while accepting the baton of history and continuing to work for realizing the great revival of the Chinese nation in order to let the Chinese stand more firmly and powerfully among all nations of the world and make a greater contribution to mankind” (quoted in Brown 2018, 29). The focus on rejuvenation and revival and the completion of China’s modernization (China’s dream) dominates the thoughts and words of Xi Jinping, with a goal to ensure that China “would never return to this state of vulnerability” experienced by China in and after the Qing dynasty (36). The combination of historical memories, current struggles and social tensions are at the heart of China’s paradoxical anxieties in the midst of its great rise (Muehlhahn 2019).

Third, the legitimacy of leadership in China has traditionally been linked to the maintenance of order, water management (dykes of the Yellow river and other large infrastructure), and agricultural and economic prosperity. Internal unrest, fragmentation, floods or drought have all been connected to the fall of Emperors and dynasties.

These three historical frames play a role in shaping how China responds to US actions in the global order.

IV/ CHINA AND THE GLOBAL ORDER: EXPLAINING DIVERSE OUTCOMES

China’s responses to US moves and China’s approach to the LIO over the past decade are remarkably diverse. Table 2 presents a simplified typology of outcomes along two dimensions.

Table 2: Chinese Positions on Selected Global Governance Dimensions

Domestic Frame	Permissive Global Order	Constraining Global Order
Globalist/Open Frame	1. Systemic Stabilizer G20 SDGs Climate 2015 Trade (until 2017)	2. Systemic Innovator: competitive liberalization and rule-setting AIIB, NDB Belt and Road Initiative
Sense of Historic Vulnerability	3. Systemic Balancer (with strategic goals) GMOs rules Trade - 2018 Investment governance	4. Systemic Disruptor Climate - 2009 Cyber governance Energy governance UNCLOS (South China Sea)

This simplified table assumes that the actions of the US-led order are either permissive or constraining. These signals are mediated by two different Chinese domestic frames: the deeply ingrained sense of historic vulnerability outlined above or the more globalist Silk Road spirit experienced by China in good times. Each policy arena tends to be associated with one dominant frame, but a shift from one frame to another is also possible, when conditions experience large-scale changes.

The table outlines distinct ideal types. The first ideal type is the approach of China as a systemic stabilizer, when it faces a permissive approach by the US and sufficient slack and endowment at home to face a globalist domestic frame. This corresponds to China's behaviour in the G20, where it experiences sufficient strategic space, a number of possible allies (especially BRICS countries) and even the capacity to take leadership as in the 2016 Hangzhou Summit (Tiberghien 2017). It is interesting to note that in most cases of divisive debates over regulatory reforms (such as reforms of the international monetary system, banking reforms, Tobin tax, G20 institutionalization, capital controls), China acted as a median player, while the US mostly battled with the European Union.

A fascinating case is the one of climate change governance, where China experienced a dramatic shift from a disruptor (Copenhagen 2009) to a systemic stabilizer (Paris 2015). While in Copenhagen, China felt ambushed and treated unfairly by both the Danish presidency and the US, the preparation of the Paris conference saw both a highly cooperative US position and significant space opened by the French presidency and the international system. Meanwhile, a new domestic understanding formed within China that addressing climate change was both a historic necessity within the national development trajectory and a global opportunity in the future. China's chief climate negotiator Xie Zhenghua puts it as follows: "on climate change, the Chinese government and President Xi have made it clear that climate change is a challenge against all human beings, and it affects human being's welfare. We must be responsible. It is

not some else force us to do it, but we need to solve it (climate change). It is also the inner request of realizing sustainable development for China.²”

The cases of the AIIB or the Belt and Road are directly connected to the launch of the US pivot to Asia and the TPP, as well as to the refusal by the US to ratify the 2010 IMF reforms for over 5 years (until December 2015). Even though the development terrain was one where China was confident within its domestic globalist frame, China saw a US hegemon seeking to block China’s legitimate voice in international institutions and seeking to tighten the pacific encirclement of China. This called for a burst of innovative response and formed the basis for the launch of the Belt and Road initiative after 2013 and the AIIB in 2014. The creation of the AIIB, in particular was a direct response to obstruction by the US to the reforms of the IMF and World Bank and by Japan of the ADB.

The trade war of 2018 triggers the high sense of domestic vulnerability linked to the memory of the Opium War, but China still faces a range of opportunities in the current LIO with many other partners. Should more opportunities close and the environment with the US harden further, trade may well fall toward box 4 with even more defensive actions by China.

Cases such as cyber security or the law of sea ruling on the South China Sea are at the intersection of a constrained strategic move by the US and a defensive domestic frame, hence the very protective and non-cooperative responses by China to US moves.

V / CONCLUSION

The Liberal International Order is facing multi-pronged disruptions, including an internal social crisis in response to the inequalities generated by globalization, an American crisis of liberal hegemony, and great power shifts. Liberal norms remain relatively entrenched, but global rules and institutions are facing a global contest. The rise of China and Asia as a whole represent a systemic displacement of epic proportions and require adjustments to the rules of the LIO. However, the chapter argues that the ongoing transformation of the global rules and institutions of the LIO follows a process of mediated strategic interactions between systemically-important countries, especially the US and China. China’s approach to global governance reforms is often feared a process of fundamental revisionism. Rather, this chapter has shown that China’s actions are surprisingly diverse, flexible, and often in support of the current status quo. However, when facing adverse moves by the US or an effort to close its strategic space or voice and when its historical sense of vulnerability is triggered, China may indeed turn into a strategic disruptor.

Couching the current tensions in the world as a crisis for the survival of democracy is misguided. China does not seek to export its political system. It is solely focused on its own development trajectory. Its current political system is the product of 200 years of struggles and is seen within China as the current anchor of stability, but certainly not the endpoint. In a way, China is holding on to its current political system as the only way to go through the current hard development process and power competition without falling apart. Xi Jinping is essentially a

² Personal interview with Minister Xie Zhenghua (Vice Chairman of NDRC, former Minister of environment, Chief Climate Negotiator of the PRC since 2008) on May 17, 2017 in Beijing.

modern Emperor who is determined to complete China's transition into modernity, which started so wrongly in 1840. And the Chinese may be more driven by a sense of vulnerability (including geopolitical vulnerability) than by an urge to confront democracies.

Meanwhile, the current crisis of democracy in the US and Europe has nothing to do with China. Global business elites overreached in their lobbying for an ever more integrated economic globalization that was not accompanied by domestic systems to share benefits and global rules to limit its risks. In turn, global capitalism has eroded social contracts and triggered a political identity crisis in nearly all democratic systems. This is an internal crisis to the Western liberal order.

Understanding the negotiations over the future of the world order as a process of strategic interactions among large countries mediated by their own beliefs and domestic frames has several key implications. First, the key vulnerability in this interaction lies in the mutual misperceptions and misunderstandings about each other's domestic frames. The future of human governance lies in increasing the mutual understanding of such domestic focal points and in defusing misperceptions. Second, the future of our world order is highly interactive and relational. Third, the outcome of such transition in the world order is not pre-ordained, and a range of outcomes is possible, from a new hybrid negotiated order, to fragmentation and conflict. It is most likely to be a plural and complex order.

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