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As the only remaining superpower, the United States currently commands a degree of global influence unparalleled since the demise of British hegemony a century ago. America's world-wide military engagements and its leadership in all kinds of international institutions increasingly incite international criticism, even among former or current allies such as China and France which call for a multipolar system that could put an end to unchecked U.S. predominance.¹ Some realist political scientists, such as Kenneth Waltz and Christopher Layne, call attention to the temptations of unbalanced superiority and predict the inevitable rise of new challengers.² Other scholars expect U.S. hegemony to last for decades. Due to America's huge material superiority and to the benevolent exercise of its global leadership these scientists claim that potential challengers lack both the resources and the ambition to overthrow U.S. leadership.³

This contribution evaluates the prospects for hegemonic rivalry in the first decades of the new century. Based on a model of the reemergence of great power rivalries⁴ it is argued that, apart from relative material capabilities, the compatibility of domestic political systems and elite interests plays a pivotal role in the emergence of hegemonic conflicts. Accordingly, a European superstate with resources equal to the United States would hardly pose a challenge as long as both Europe and America remain democratic market economies. On the other hand, a China with a larger GNP and a

¹ John Vinocur, "Going It Alone, U.S. Upsets France," *International Herald Tribune*, 3 February 1999; Robert Graham, "Chirac hits at US Congress 'isolationism'", *Financial Times*, 5 November 1999; David Shambaugh, "Sino-American Strategic Relations: From Partners to Competitors," *Survival* 42.1 (2000): 97-115; 99; John Pomfret, "China Maps Changes In Defense Strategy", *International Herald Tribune*, 1-13 June 1999; John Thornhill/James Kynge, "Anti-Nato stance draws China and Russia closer together", *Financial Times*, 10 June 1999.

² Kenneth Waltz, "The Emerging Structure of International Politics," *International Security* 18.2 (1993): 44-79; Christopher Layne, "The Unipolar Illusion: Why New Great Powers Will Arise," *International Security* 17.4 (1993): 5-51.

³ William C. Wohlforth, "The Stability of a Unipolar World," *International Security* 24.1 (1999): 5-41; 8; G. John Ikenberry, "Institutions, Strategic Restraint, and the Persistence of American Postwar Order," *International Security* 23.3 (1998/1999): 43-78; 76-78.

⁴ Reinhard Wolf, *Partnerschaft oder Rivalität? Sicherheitsbeziehungen zwischen Siegermächten* (Baden-Baden: Nomos, forthcoming).

fragile autocratic system could pose a far more realistic threat to United States leadership at least in the Asia-Pacific region if not even on a global scale. Hence, Western leaders are well advised to steer a careful middle course which avoids cornering Chinese communist leadership while offering cautious support for democratic transition and more liberal elites and interest groups.

In the first part of the article I will briefly assess the nature of current U.S. hegemony. In the second part I shall outline a liberal model explaining the emergence of great power rivalries. In the final and longest part I will apply this model to the two political entities which seem most likely to close the material gap currently favoring the United States: a uniting Europe and a rising Peoples Republic of China.

Unipolarity or Hegemony?

Without question, the United States currently commands resources which by far surpass those of any potential competitor. As the last remaining superpower, America ranks as a power in a class of its own. At the turn of the century, the global system has a unipolar structure.⁵ America's clear preponderance, however, should not necessarily be equated with U.S. hegemony. As the American scholar David Wilkinson recently pointed out, the concept of hegemony implies not just overwhelming capabilities but also systemic leadership. A hegemonic power actively uses its superior resources to shape and manage international order according to its own interests. Often it even tries to manage domestic institutions and power transitions within foreign states. On these accounts Wilkinson regards the United States as a weak hegemon at best, as it rarely prevails over the ranking great powers in a conspicuous manner.⁶

Wilkinson's argument notwithstanding, most experts are correct in claiming that the United States must be considered not just a regional but also a global hegemon.⁷ While it is true that, when enforcing its preferences, Washington scarcely resorts to the use or threat of force, this reluctance should not be confused with a lack of global influence. Instead, the relative benign exercise of American leadership is due to the unusually cooperative nature of current U.S. hegemony. It is the result of Washington's often, if not always, expressed willingness to act within the constraints of self-

⁵ Wohlforth 9-22. To be sure, in the economic field the European Union comes close to American capabilities. As of now, however, the EU cannot be considered a singular pole in the international system as far as "high politics" is concerned.

⁶ David Wilkinson, "Unipolarity Without Hegemony," *International Studies Review* 1.2 (1999): 141-72; 142-45.

⁷ Ikenberry 78; Wohlforth 39; Charles A. Kupchan, "After Pax Americana: Benign Power, Regional Integration, and the Sources of a Stable Multipolarity," *International Security* 23.2 (1998): 40-79; 77. Of Course, this does not mean that the United States pursues identical policies in different regions. See the contribution of Hubel, Kaim and Lembcke to this volume.

binding institutions which accord voice and influence to lesser powers, thereby giving them a stake in the preservation of the U.S. dominated international order.⁸ It is quite obvious that the United States is willing to shape and protect global order in many fields, not only with regard to security and the territorial status quo in the most important regions but also in crucial fields such as trade and human rights. Lack of force should not be equated with a lack of leadership.

Still, Wilkinson's differentiation between unipolarity and hegemony calls attention to a critical issue concerning the nature and preconditions of any hegemonic challenge. Just as preponderant resources do not necessarily imply hegemony, a state's catching up with the hegemon's material capabilities does not by itself lead to hegemonic conflict. To challenge the hegemon a rising power needs both equal (equivalent) resources and the positive ambition to overthrow the international order erected by the existing hegemon. Sometimes, as in the case of America's surpassing of Britain's capabilities, the rising power may lack the desire to change the basic rules and distribution of territory and other vital resources. Thus, before I turn to America's potential rivals, I will first discuss the factors which may induce a rising power to challenge existing orders.

Causes and Preconditions of Hegemonic Conflict

Neorealism contends that hegemonic rivalry is bound to occur once a rising power catches up with the capabilities of the established hegemon. Neorealists back this claim with two basic arguments. The first one is based on the notions of anarchy and the balance of power. According to Kenneth Waltz and his disciples, a bipolar distribution of capabilities leaves the two dominant powers little choice but to balance against one another. Without a common threat powerful enough to make them join forces in common defense the two poles have little reason to trust one another. Rather, they have to consider each other as the only threat conceivable. Under conditions of an anarchical self-help system they are forced to take precautions lest the other superpower becomes so dominant that it can prevail in a future conflict. Because both poles will no longer be able to compensate major power shifts by skillful alliance diplomacy, they will become more dependent on their own resources. Accordingly, they will do everything to prevent the other superpower from increasing its relative power.⁹ The second realist argument focuses on the power transition which

⁸ Ikenberry. This is not to deny that, over the last decade, Washington has increasingly given in to unilateralist temptations. If this trend will continue is an open question, though. In any case, the United States has still a long way to go before its conduct resembles the predatory behavior shown by most previous hegemonies. On unilateralist tendencies in current U.S. foreign policy see the contribution by Kubbig, Dembinski and Kelle (in this volume), as well as Peter Rudolf, "Vision Impossible? The United States as Benign Hegemon", in: David G. Haglund (ed.), *The France-U.S. Leadership Race: Closely Watched Allies* (Kingston, Ontario: Queen's University; 1999): 143-55.

⁹ Kenneth Waltz, *Theory of International Politics* (Reading, Mass.: Addison-Wesley, 1979); 171p.

occurs when another power catches up with the hegemonic state. In this process, the hegemon gradually loses the superiority required for the defense of the existing international order while the rising power acquires the capability to undermine an order shaped according to the interests of the hegemon. As the protection of the status quo becomes ever more expensive for the hegemon, undermining or destroying that order becomes ever more attractive for the other superpower. Sooner or later, either the hegemon will initiate a preventive war or the rising power is bound to attempt a forceful overthrow of the established order.¹⁰

On both empirical and theoretical accounts these realist arguments fall too short. Although they correctly point to the changes in costs and opportunities affecting the stability of great power relations, there is little evidence that a mere shift from either unipolarity or multipolarity to bipolarity inevitably leads to hegemonic conflict. To be sure, the defeat of a powerful common opponent often feeds distrust among the most powerful victors. This change will be potentially stronger if a major conflict ends with just two polar states. Yet often perceptions and concerns do not change to an extent which necessarily brings about intense conflict between erstwhile allies. Even in cases where just two dominant powers remain, security cooperation may be continued for many years.¹¹ After the Napoleonic Wars, for instance, Britain and Russia clearly commanded much greater capabilities than all the other powers. Some historians, therefore, have called these states the two superpowers of that age.¹² Bipolarity, however, failed to bring about an early conflict between the two preponderant poles. It took 17 years until Britain and Russia finally became rivals. Moreover, they did so at the very moment when France was successfully closing the resource gap separating it from the two "superpowers". That means, Britain and Russia became antagonists just when the European system seemed to shift from bipolarity to tripolarity, i.e. when security interdependence between them actually should have increased again.¹³ Nor is there convincing evidence that power transitions between preponderant states must always result in intense rivalry. Otherwise, Britain and the United States should have become bitter enemies during the first decades of the twentieth century when America was overtaking Britain in terms of economic and military

¹⁰ George Modelski and William R. Thompson, "Long Cycles and Global War," in: Manus I. Midlarsky (ed.), *Handbook of War Studies* (Boston: Unwin Hyman; 1989); chap. 2; Jacek Kugler and A.F.K. Organski, "The Power Transition: A Retrospective and Prospective Analysis," in: Manus I. Midlarsky (ed.), *Handbook of War Studies* (London: Unwin Hyman, 1989); chap. 7; Robert Gilpin; *War and Change in World Politics* (Cambridge: Cambridge University Press, 1981); 208p.

¹¹ Wolf.

¹² Paul Schroeder, "Did the Vienna Settlement Rest on a Balance of Power?", *American Historical Review* 97.3 (1992): 683-706; 688; Enno E. Kraehe, "A Bipolar Balance of Power," *American Historical Review* 97.3 (1992): 707-715; 708; Wolf D. Gruner, "Was There a Reformed Balance of Power or Cooperative Great Power Hegemony?", *American Historical Review* 97.3 (1992): 725-732; 731; see also Paul Kennedy, *The Rise and Fall of the Great Powers. Economic Change and Military Conflict from 1500 to 2000* (London: Fontana Press; 1989): chap. 4.

¹³ Wolf; William B. Moul; "Measuring the 'Balance of Power': A Look at Some Numbers," *Review of International Studies* 15.2; appendix; Kennedy; chap. 4.

capabilities. Although this power transition sometimes complicated relations between the two Anglo-Saxon powers, its destabilizing effects were quite easily mitigated by other factors such as common economic and ideological interests or conflicts with other powers.¹⁴ All this points to the conclusion that shifts in the distribution of power can hardly be regarded a sufficient cause of hegemonic challenges.

One plausible explanation of such deviant cases, it seems, is that decision makers rarely comply with the Waltzian premise that they feel unable to predict each others' intentions. In fact, governments always try to make mid or long term forecasts of foreign intentions or they simply assume that a given power will not become a threat: either because inertia and transparency of its decision making procedures make a surprise unlikely or because its dominant groups apparently lack an interest in expansion and intimidation. Yet, if governments assume that they can reliably assess future intentions of foreign powers, a fundamental pivot of realist theory is destroyed. For in this case governments are no longer compelled to balance against each and every power with superior capabilities but only against those states whose intentions seem unpredictable or actually hostile. Balancing would thus be rational only in those instances where specific conflicts are known or where there are additional facts which make an unbalanced foreign power an unacceptable risk. The latter could be the case whenever a foreign power whose intentions cannot be predicted could cause irreparable harm by using its capabilities for sudden aggrandizement. This is most likely to occur where decision making systems lack transparency, when distrust is fueled by competing ideologies and international power is highly concentrated on very few states. Under such circumstances, prudence calls for precautionary measures even when there are no hostile intentions to be detected. A spiral of distrust might thus contribute to a hegemonic rivalry between two superpowers.

Another important factor state centric theories such as realism are missing in that context concerns the domestic mobilization of power resources. Challenging an established hegemon is a very costly undertaking. Usually the societies of rising powers must forego a large degree of domestic consumption to acquire the military wherewithal needed for overtaking the hegemonic state. Moreover, their male citizens must be forced or induced to risk their lives in a bloody hegemonic conflict. Both preconditions will hardly be fulfilled as long as those carrying the economic and physical burden of the challenge have an equal say in foreign policy decision making. Initiating a hegemonic conflict is therefore much easier and more likely when the predominant groups within the challenging state have both a special interest in that conflict and the political means to impose its costs on the other strata of society. Alternatively, the elites favoring the costly challenge require at least superior

¹⁴ D. Cameron Watt, *Succeeding John Bull: America in Britain's Place, 1900-1975* (Cambridge: Cambridge University Press, 1984); Stephen Rock, *Why Peace Breaks Out: Great Power Rapprochement in Historical Perspective* (Chapel Hill: University of North Carolina Press, 1989); chap. 2; Bradford Perkins, *The Great Rapprochement: England and the United States, 1885-1914* (New York: Atheneum, 1968).

access to information and expertise enabling them to construct political myths which distort the costs or the political causes and motivations behind the conflict. Thereby, the dominating groups may be able to convince the disadvantaged segments of society that a given power is an irreconcilable enemy which can be defeated rather easily.¹⁵

These insights can be integrated into a parsimonious model which specifies the causes and preconditions of hegemonic challenges. Condition 1 must always be fulfilled for a hegemonic rivalry to develop. Condition 2a and condition 2b list alternative paths to such a conflict. Hence, a challenge might evolve with one of them not being met.

Condition 1: A hegemonic challenge will evolve only when the challenger has acquired the capabilities for a major conflict, that is, when the economic, technological and military capabilities of the rising state come close to those of the hegemon.

Condition 2a: A rising state which has acquired the necessary capabilities will mount a challenge only when its dominant groups can expect to benefit from such a conflict and can impose the latter's costs on other segments of society.

Condition 2b: A hegemonic conflict between two superpowers could also be caused by mutual concerns that, even in the absence of clear hostility, resolute balancing behavior is necessary to prevent the other pole from gaining a crucial advantage. Such worries presuppose that (a) intransparent decision making procedures and antagonistic ideologies make both current and future intentions difficult to assess and (b) that factors such as geography, technology and polarity make it difficult to restore an equilibrium once it has been shattered by a surprise move.¹⁶

America's Potential Challengers: Europe and China

On the basis of this model, China appears to be the only power which over the course of the next decades might mount a major challenge to America's system-wide hegemony. Russia and Japan lack the necessary resources and are unlikely to acquire them in future. The states of the European Union already combine capabilities which in many fields equal those of the U.S. However, the EU will hardly change into an

¹⁵Jack Snyder, *Myths of Empire: Domestic Politics and International Ambition* (Ithaca, N.Y.: Cornell University Press, 1991); 35-38; Andrew Moravcsik, *Liberalism and International Relations Theory* (Harvard University, Center for International Affairs, Working Paper 92-6, 1992); Moravcsik, "Taking Preferences Seriously: A Liberal Theory of International Politics," *International Organization* 51.4 (1997): 513-553.

¹⁶Conceivably, the effects of opaque political systems and hostile ideologies might be compensated by international institutions which provide sufficient information for forecasting foreign intentions. I regard this to be a very unlikely constellation because authoritarian governments with decision making bodies closed for the wider parts of their own society seldom consent to international institutions which permit foreigners close inspection of national plans and ambitions. On the rather small impact of international institutions on the emergence of great power rivalries see Wolf.

integrated state with the cohesion of the United States. Moreover, even were a "United States of Europe" to evolve, it would almost certainly lack the ambition to overthrow the current international order. This leaves only China as a possible rival. In the not too distant future, China's impressive economic growth rates and its large population might enable it to catch up with America's power. Whether such a power shift would actually lead to hegemonic rivalry with the United States will largely depend on Chinese domestic developments. China need not become a hostile challenger if its political system becomes more transparent and accessible to those social groups which prefer international cooperation within the American led international order to costly attempts to replace it with something else.

Europe as a Challenger?

Unlike Russia and Japan, over time the European Union might acquire the resource base it would need to challenge United States predominance. Already today, the EU's GNP approximately equals that of the United States. As a result of the EU's further enlargement, Europe's future GNP may clearly surpass America's economic potential. Concerning technological development, the U.S. is still leading in many fields; but Europe is catching up and may quite conceivably reach America's overall level over the years to come. Hence, the only field where Europe is far behind the United States is military power. The EU states trail the U.S. in most military technologies, in nuclear capability and especially in modern force projection capacity. No doubt, Europe's current military power is insufficient to challenge the United States, and this is unlikely to change over the course of the next decade. The financial burdens of the enlargement project, the budgetary strictures of monetary union, large public debts and the mounting problems of generational accounting, all indicate that the EU governments will not soon find the money for large scale defense programs.¹⁷ Still, this may change as the century advances. Europe thus could reach the overall potential it would need to challenge American predominance. However, this does not at all imply that Europe would actually be able and willing to do so.

Even with capabilities equal to those of the United States the institutional structure of the European Union may prevent it from an ambitious, let alone aggressive foreign policy. The EU has still a long way to go before it becomes an integrated federal state with a single foreign and defense policy -- if it will ever reach that point at all. To be sure, Europe has made some progress with harmonizing national foreign and defense policies and it may well make more progress in the years and decades ahead. However, it seems more than unlikely that the EU will ever achieve the political cohesion required for mounting an aggressive challenge against a powerful and more or

¹⁷ Reinhard Wolf, "Finanzierungsprobleme der Europäischen Sicherheits- und Verteidigungspolitik unter den Bedingungen der Währungsunion", *Aus Politik und Zeitgeschichte* B 47/2000: 31-38.

less benign hegemon like the United States. Such a costly, risky and unprovoked undertaking would almost certainly incite deep ruptures among EU member states and their societies. If ever tried, it would weaken the EU to a larger degree than it would threaten U.S. predominance.

Finally and most importantly, Europe's democratic systems and its bourgeois elites rule out a grand strategy for overthrowing U.S. hegemony. French complaints about American "hyperpower" notwithstanding, there is little ambition in Europe's politics to embark on a costly challenge of the American made international order. This will not change if EU members remain democratic states. Europe will not start a costly challenge as long as it lacks domestic groups which have a positive stake in transatlantic confrontation as well as the political power to shift its costs on disadvantaged segments of society. Working democracies practically rule this out because they give sufficient political influence to groups, such as the average tax payer or transatlantic business people, whose interests would probably suffer from such a confrontation. In addition, democratic procedures render decision making transparent for foreign leaders, thereby reducing the danger of misperceptions which otherwise could lead to preventive arms programs or other superfluous and provocative balancing measures. Democratic stability on both shores of the Atlantic thus seems a sufficient guarantee against hegemonic conflict.

Interestingly, the only process which conceivably could weaken European and American democracies, globalization, seems very unlikely to increase the chances for hegemonic conflict. Certainly, globalization may undermine the social and institutional foundations of the democratic nation state; yet within these states, globalization tends to increase the influence of the very groups which benefit from international exchanges and thus from international cooperation in general. This holds particularly for multinational firms and private investors. The globalization of production and finance has enhanced their exit options as well as their opportunities for avoiding taxation and other kinds of national regulations. It increases the influence and bargaining power of owners of mobile factors at the expense of governments and labor. Therefore, economic globalization contributes to the concentration of power and wealth within the industrial democracies. Insofar as this shift in the domestic distribution of power actually affects state preferences on both shores of the Atlantic, however, it tends to enhance the cooperative ambitions of nations. Since bourgeois segments of society will gain both in terms of political influence and economic wealth they will hardly act against globalization and transatlantic cooperation. Rather, they will become ever more interested in protecting the American order and American made international regimes which helped them to acquire all that wealth and influence.¹⁸

¹⁸On the cooperative features of American hegemony which gave foreign groups an increasing stake in maintaining the established order see Ikenberry.

Serious conflicts between Europe and America thus might only result from the unlikely development that globalization indirectly brings about the political marginalization of the international business community. Such a hypothetical turn of events could occur if eventually the concentration of wealth and influence were to provoke political destabilization within some of the northern democracies. Possibly this would lead to radical political shifts which would put an end both to international liberalization and the domestic dominance of the business communities. In such a scenario, domestic predominance could shift again to groups which can benefit from conflict while burdening other groups with its costs. However, it seems extremely unlikely that such a sociopolitical destabilization could turn the EU into a serious challenger of U.S. hegemony. For one thing, the wealthy segments of society could preempt such an upheaval by timely countermeasures, e.g. a moderate redistribution of income and influence. And even if Europe were to be hit by political destabilization it would hardly affect all of its nations at the same time. Hence, it would scarcely lead to a more aggressive European Union but rather to an inner split between some destabilized nations and the rest of the Union in which democratic political cultures would still prevail.

The Rise of China

A Chinese challenge of U.S. hegemony is much more likely than a European one. China already is a unitary state with impressive growth rates, an authoritarian system and an antiliberal ideology increasingly mixed with assertive nationalism. Not before too long, China may thus fulfill all three conditions the above model specifies for hegemonic challenges. If current trends continue China could become America's hegemonic rival within a couple of decades, if not earlier.

With a population of 1.2 billion and further economic reforms China clearly has the potential to become the second superpower. Between 1979 and 1993 its GNP almost quadrupled, and in the years thereafter China still experienced growth rates around 10%.¹⁹ If such rates can be maintained for another two decades China may well become the largest economy in the world. To be sure, such economic preponderance need not result in early military equilibrium let alone superiority over the United States. In terms of military technology China is still far behind the United States. Increased cooperation with Russia may help closing this gap. But it will take a couple of decades before China can match American might not only in East Asia itself but also on a global scale. In the regional context, though, where China already acts as a great power, it may rather soon acquire the capacity to challenge American policies aimed at guarding the status quo.²⁰ History contains few examples of rising eco-

¹⁹Richard Bernstein and Ross H. Munro, *The Coming Conflict with China* (New York: Alfred Knopf, 1997): 57-60; Fei-Ling Wang, "To Incorporate China: A New Policy for a New Era," *Washington Quarterly* 21.1 (1998): 68.

²⁰Shambaugh, "Sino-American Strategic Relations"; 104; Bruce Russett and Allan C. Stam,

conomic powers which ultimately failed to convert their growing potential into comparable military power. And it should not be forgotten that in the case of authoritarian systems, such as the Soviet Union or inter-war Japan, even a weaker economic basis can permit a serious military challenge.

All this does not imply that China's advance to superpower status is inevitable. In fact, there is no shortage of potential impediments: For instance, economic gains may again be absorbed by uncontrolled growth of population. In such a "Malthusian scenario" even the largest economy of the world may not provide sufficient technological and military resources for an active *Weltpolitik* that would threaten U.S. hegemony. Also, continued high growth rates might lead to increased social and political frictions which ultimately could undermine the very cohesion of the Chinese state. Rapid growth could thereby bring about a more inward looking China that would have to cope with its domestic rifts rather than engaging in assertive foreign policies.²¹ Finally, Chinese economic and military progress could induce regional powers like Japan, India and Russia to balance against Beijing's growing preponderance. As a result, China might be forced to focus on the regional equilibrium instead of using its potential for challenging U.S. hegemony. (Although such regional problems could also act as a catalyst for growing American-Chinese confrontation.) Any of these three factors has the potential to delay China's rise to superpower status for at least some years. It is even conceivable that China will never attain that status. Yet it seems even more unlikely that a liberalizing market economy of 1.2 billion consumers will ever catch up with the United States. Scholars and policy makers are therefore well advised to ponder the political consequences of American-Chinese bipolarity.

On the basis of the liberal model of great power rivalry which has been outlined above it seems rather likely that such a bipolar distribution of capabilities would lead to hegemonic rivalry between Washington and Beijing. If current trends continue both preconditions 2a and 2b may be fulfilled by the time China reaches rough equality with the United States. Together with the economic and strategic importance of East Asia, China's authoritarian system, its intransparent decision making structures, its antiliberal ideology and growing nationalism will probably incite deep mutual distrust between both countries which in turn would stimulate competitive balancing behavior. If faced with wide-spread social unrest and vocal public demands for more political participation, China's *nomenklatura* could easily be tempted to embark on a more assertive foreign policy.

"Courting Disaster: An Expanded NATO vs. Russia and China," *Political Science Quarterly* 113.3 (1998): 361-382; 364-365; Robert S. Ross, "The Geography of the Peace: East Asia in the Twenty-first Century," *International Security* 23.4 (1999): 81-118.

²¹Up to certain level, domestic tensions could, of course, also have the opposite effect and induce the ruling elites to embark on more assertive foreign policy which would make use of the "rally around the flag" effect. See below.

A turn against the United States might be regarded especially useful in such a scenario. For one thing, China's leaders may well see in Washington's policies one of the main sources of domestic destabilization.²² Confronting the United States could thus appear as a way to address at least one of the roots of the problem. For another, such a move would seem useful for inciting Chinese nationalism and fostering the domestic legitimacy of the party's rule. The latter could thus hope to reap a two-fold benefit from confrontation, while it would be able to impose its economic and social costs on the other segments of society. Current projections hence suggest that China's leaders will eventually have both the material resources and the political incentives for challenging U.S. hegemony.

If recent East Asian history holds any significance for the future, it should not be too difficult for Chinese leaders to find an issue where Beijing's ambitions collide with Washington's status quo policies. As of now, American-Chinese relations display an ambiguous pattern: instances of cooperation still mix with elements of rivalry.²³ Yet China's political and military elites increasingly perceive the United States as an obstacle which blocks aspired changes of the established regional order. Seen from Beijing, the U.S. plays a by far too prominent role in East Asia as Washington protects Taiwan's de facto independence, impedes Chinese territorial gains in the Spratley archipelago and other parts of the South China Sea, and encourages Japan to re-arm without heeding Beijing's admonitions to the contrary.²⁴ As China's relative power continues to grow these conflicts will hardly go away. Rather, increased capabilities may induce Beijing to behave even more assertively in these disputes.

Conclusion: Practical Implications

What is to be done? Obviously, the United States and the other industrialized democracies have an interest in preventing Beijing from challenging U.S. hegemony. By and large, America has been a benign hegemon for Japan and Western Europe. It has not exploited them but acted as their military protector during the Cold War, gave them voice in allied decision making and enabled them to catch up with American economic development. Without question, the U.S. and its allies would face considerable risks should China ever try to replace American leadership with a new order more akin to Beijing's desires. Such a challenge would not only threaten instability and military conflict in East Asia, it could also lead to an unwelcome change in international norms, for instance by weakening constraints on the use of force or com-

²²Wang; David Shambaugh, "Containment or Engagement of China? Calculating Beijing's Responses," *International Security* 21.2 (1996): 180-209; 194, 207.

²³ Shambaugh, *Sino-American Strategic Relations*.

²⁴Shambaugh, *Containment or Engagement?* 186-187; Thomas J. Christensen, "China, the U.S.-Japan Alliance, and the Security Dilemma in East Asia," *International Security* 23.4 (1999): 49-80.

plicating the free exchange of goods, services and ideas.

Unfortunately, Western options for preventing a Chinese challenge are limited. Retarding China's growth by isolating its economy would be difficult and contrary to established norms and the interests of international business. Such a policy would, therefore, undermine the global economic order and meet significant resistance from private business in the advanced democracies. Moreover, economic containment would risk to hasten the very confrontation it is supposed to prevent. Binding China more effectively into international institutions which might constrain its freedom of action would be a policy much more in line with traditional Western practices and interests. However, it will hardly be appreciated by the Chinese leadership. On the contrary, Beijing is wary of any attempts to infringe upon its sovereignty. Tying China into international institutions dominated by Western interests and values seems possible merely in those rare instances where Beijing anticipates a tangible *quid pro quo*, e.g. a better market access coming with WTO membership.²⁵ Accordingly, just as liberal international relations theory points out, the best hope for the Western countries seems to lie with cautious efforts to support domestic change within China.

In this context, many considerations call for the continuation of a circumspect engagement approach which takes into proper account the self-interest of the current elites in China. This counsel is based on the assumption that, for the foreseeable future, the West will have to live with the established party leadership. Although China's economic and social transformations may increasingly undermine the traditional power structure, China still lacks any alternative elites which might be able to replace the party. At the moment, there are not even well organized social groups capable of actively pushing the reform process. Therefore, China will hardly democratize within the next decade, and foreign countries have little means to accelerate such a transition in a large and culturally closed society as China's.

Ambitious policies to promote human rights and democracy in China would merely alienate the current leadership and induce it to steer an even more detached and hostile course. Should China's elites come to see foreign influence as a serious threat to their rule, they would be strongly tempted to prop up their domestic legitimacy by further inciting nationalism and xenophobia. Indeed, over the past two centuries this strategem has all too often been applied by regimes which felt threatened by democratization. In many cases interstate war was the outcome.²⁶ Just as resolute containment policies, ambitious democratization efforts might thus hasten the very development they would be meant to impede.

Instead of replacing the current party elite with a democratic leadership, at least for the short and medium term, the advanced democracies should rather aim at en-

²⁵Shambaugh, *Containment or Engagement?* 204-207.

²⁶Edward D. Mansfield and Jack Snyder, "Democratization and the Danger of War," *International Security* 20.1 (1995): 5-38.

hancing the current elite's self-interest in international cooperation. China's economic reforms may open up the path to such a policy. Although its economic transformation so far has largely failed to democratize political processes, it has at least contributed to the professionalization of party and army. Especially among the party elites, committed enemies of capitalism and "imperialism" have made way for younger technocrats with college education, thus increasing the prospects for a more pragmatic foreign policy. Even more important are the growing business activities of the traditional elites. Especially in rural China, many party cadres have partly turned into entrepreneurs. Since the army has also become more and more involved in civil production, some parts of the country have even witnessed the emergence of a profit oriented coalition of business people, party cadres and army officers.

From a Western perspective, further transformation of China's current elites may be useful in several respects. Like in Russia and other transition states, involvement in business activities could provide some cadres with the "golden parachute", that is, with the outlook that they will not be among the losers should the transformation move further ahead. Thus, expected economic profits may make political changes more tolerable. As a result of greater business opportunities, some parts of the elites may even become interested in accelerating socio-economic liberalization. In addition, the transformation of ruling elites will strengthen the ranks of those cadres benefiting from international cooperation. If this transformation were to proceed further and China's economy were to become more integrated with the world market, the overall preferences of the ruling elites could be expected to change significantly. Thus, according to the liberal theory of national preference formation, interest in cooperation with the West would increasingly trump over calls for a nationalistic policies designed to minimize foreign influence. Encouraging both elite changes and China's economic integration with the world might thus be a useful approach which could promote the domestic preconditions for constructive East-West relations without provoking a hostile reaction from a Chinese leadership fearing for its social and economic privileges.

To be sure, it is much easier to propose such a general policy than to come up with specific policy options which could make a real difference. Obviously, Western influence on China's domestic evolution is rather limited. Yet this can hardly justify a fatalistic policy approach which gives in to humanitarian outrage or certain protectionist sectoral interests. However small Western chances for affecting Chinese developments actually may be; in light of the possible consequences of hegemonic rivalry these chances ought to be used as effectively as possible -- even if all that could be done at first is buying some time.