

# China in the New World Order

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At the end of the 1990s, Kenneth N. Waltz made the following observation: in the 20<sup>th</sup> century, the structure of international politics had changed three times. “Multipolar at the outset, it became bipolar after the Second World War, unipolar with the disintegration of the Soviet Union, and as the new millennium dawn it is gradually becoming multipolar once more.”<sup>1</sup>

America’s unipolar moment was very brief, lasting perhaps around 10 years. It was short for three reasons.

First, even before the arrival of the moment, the US share of global GDP had declined almost continuously for four decades, from nearly 28% of the world total in the early 1950s to barely 21% by the beginning of the 1990s, despite the fact that the its GDP was still more than 2 times that of its nearest rival.<sup>2</sup> In addition, by the end of the 1980s, “The U.S. has less day-to-day leverage over others, including [its European] allies, than a generation ago.”<sup>3</sup>

Second, the end of the Cold War removed many of the constraints that had previously held back the United States from acting freely abroad. As a result, interventions became more frequent after 1990, and the US was much less concerned

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<sup>1</sup> Kenneth N. Waltz, “Intimations of Multipolarity,” in Birthe Hansen and Bertel Heurlin, eds., *The New World Order: Contrasting Theories* (New York: St. Martin’s, 2000), pp. 1-17.

<sup>2</sup> Angus Maddison, *Historical Statistics of the World Economy: 1-2008 AD*,

[https://www.rug.nl/ggd/historicaldevelopment/maddison/data/md2010\\_horizontal.xlsx](https://www.rug.nl/ggd/historicaldevelopment/maddison/data/md2010_horizontal.xlsx).

<sup>3</sup> Joseph Lepgold, *The Declining Hegemon: The United States and European Defense, 1960-1990* (New York: Greenwood Press, 1990), p. 17.

whether its actions were consistent with international law. Now the unipolar moment has long gone, but the hegemonic mindset takes longer to shed. In the last 30 years, the frequency of US military invasions—with or without UN approval—has increased, so has all kinds of sanctions, totaling around 8000 in place at this moment.<sup>4</sup> Taking too many tasks beyond its core national interests inevitably weakened its international position in the long run.

Third, faced by unbalanced power, other states tried to increase their own strength, or they allied with each other to bring the international distribution of power into balance. It was perhaps no coincidence that the European Union was formally established in 1993, not long after America's unipolar moment had begun.

Thus, no wonder that Waltz regards unipolarity to be a very unstable power arrangement, and a temporary state of affairs.<sup>5</sup>

For obvious reasons, like many other countries, China does not want to live in a unipolar world mastered by the United States alone. Meanwhile, when the rise of China may challenge American dominance, China has neither desire nor capacity to replace the United States as the world's hegemon.

No desire because the United States has already served as an unattractive example. If the United States could not maintain a unipolar world, China certainly sees no reason to follow suit. More important, China has benefited from a peaceful and stable external environment over the past decades, and it also needs such an external environment in the future. It sees no reason to rock the boat by challenging such international order.

No capacity because, for foreseeable future, China will simply not be able to surpass the United States in terms of “structural power,” that is, “the ability to define the context in which others must make decisions.”<sup>6</sup>

This is not to say that China will not surpass America “as the world's largest economy”. According to IMF, measured by PPP, China's share of the global GDP has

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<sup>4</sup> Kathy Gilsinan, A Boom Time for U.S. Sanctions: The Explosive Growth in Their Use Has Prompted Questions about How Much is Too Much,” *The Atlantic*, May 3, 2019.

<sup>5</sup> Kenneth N. Waltz, “Intimations of Multipolarity.”

<sup>6</sup> Bruce Russett, “The Mysterious Case of Vanishing Hegemony; or, is Mark Twain Really Dead?” *International Organization*, Vol. 39, No. 2 (Spring, 1985), p. 211.

already overtaken that of the United States by 2014. By 2019, the size of the Chinese economy is about 25% larger than the United States'.<sup>7</sup> Given the fact that, throughout the Cold War period, the United States always had a GDP more than 2 times larger than that of the USSR or Japan, China's growing economic power is indeed quite extraordinary. Along with the largest size of population and the third largest size of territory, the largest economy in the world give China a very high degree of independence, which makes it very hard for any country, the United States included, to push China around.

However, the United States has no reason to be panic. The size of a country's GDP does matter, but it does not tell us everything. At the beginning of the 19<sup>th</sup> century, China had the largest economy in the world, but it was a weak state bullied by great powers rather than being a great power herself. By contrast, it was then the second largest economy, Great Britain, that dominated the world. Britain gained its position due to the high income per capita of the population, its innovative ability, and its massive naval power.

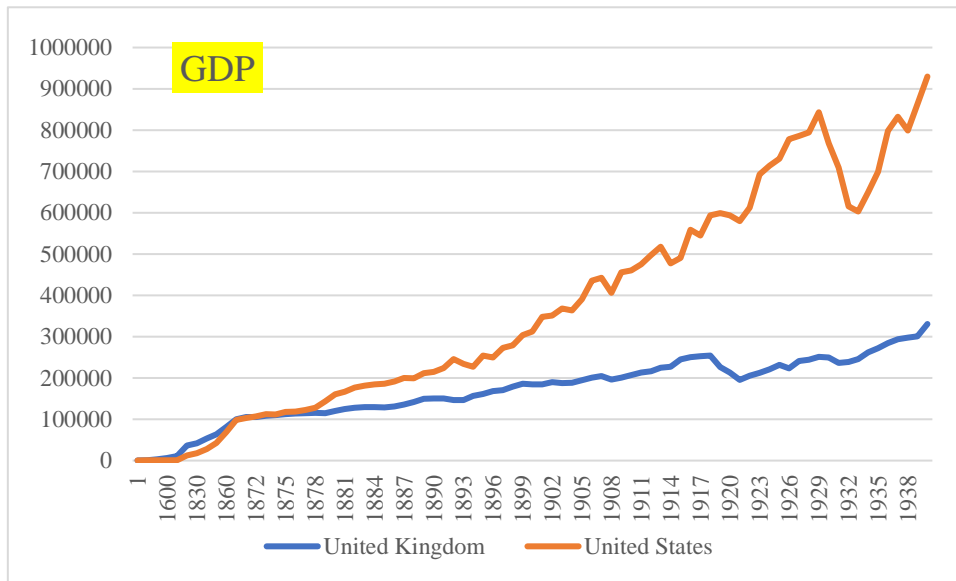
The United States is another case that illustrates this point.

The U.S. economy surpassed the U.K.'s in the 1870s and became the world's largest by 1890. At that time, American industry produced twice as much as Britain, but its per capita GDP still lower than Britain's. Moreover, the United States was not yet a great military or diplomatic power. Britain's army was five times the size of its American counterpart, and its navy was ten times bigger.<sup>8</sup> For some, the 1898 Spanish-American War marked the birth of a new world power. As a matter of fact, the US was still largely a regional power at that time.

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<sup>7</sup> IMF, GDP based on PPP, share of world, <https://www.imf.org/external/datamapper/PPPSH@WEO/OEMDC/ADVEC/WEOWORLD>.

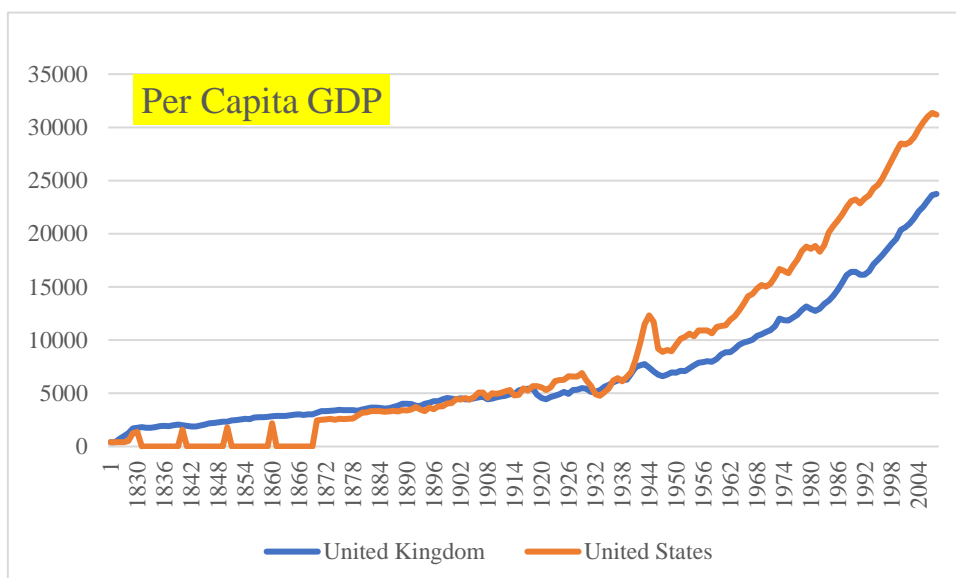
<sup>8</sup> "The United States Becomes a World Power," [http://www.digitalhistory.uh.edu/disp\\_textbook.cfm?smtid=2&psid=3158](http://www.digitalhistory.uh.edu/disp_textbook.cfm?smtid=2&psid=3158).



**Source:** Angus Maddison, Historical Statistics of the World Economy: 1-2008 AD, [https://www.rug.nl/ggdc/historicaldevelopment/maddison/data/md2010\\_horizontal.xls](https://www.rug.nl/ggdc/historicaldevelopment/maddison/data/md2010_horizontal.xls)

In the following decades, the US economy continued to grow at higher rates than Britain's. The US GDP was 150% of Britain's in 1900 and twice the size of Britain's when World War I started.

After 1900, America's per capita GDP began to reach Britain's level. In the next four decades, the two countries' per capita GDPs were more or less the same: Sometimes, the US was slightly higher than Britain; other times, Britain was slightly higher than the US. In any case, Britain still managed to maintain its position as the leading world power for decades after it lost its economic dominance.



Source: Angus Maddison, Historical Statistics of the World Economy: 1-2008 AD, [https://www.rug.nl/ggdc/historicaldevelopment/maddison/data/md2010\\_horizontal.xls](https://www.rug.nl/ggdc/historicaldevelopment/maddison/data/md2010_horizontal.xls)

In 1917, the US entered the World War I, which marked the beginning of its path to becoming a world power. However, it took two more decades for the US to be an undisputable world power. It was until after 1940 that America's per capita GDP became consistently higher than Britain's and the gap continued to grow. By then, 70 year had passed since the U.S. overall GDP first surpassed the U.K.'s.

It was only after the end of the WWII that the United States emerged as the pre-eminent military and economic power in the world. Coincidentally, William T. R. Fox coined the concept "superpower" in his 1944 book on a new post-war world order.<sup>9</sup> The crown of No. 1 superpower then passed over from Britain to the United States. By that time, America's GDP was more than 4 times larger than Britain's. Even then, Britain remained remarkably influential in international affairs.

The case of the United States seems to suggest: 1) A country that just acquires the status of the largest economy would not instantly become an unrivaled superpower in the world; 2) Even if everything goes well, the country needs to travel long distance (70-80 years) for the transformation to complete. In other words, the process of what IR scholars call "power transitions" lasts very long.

In fact, the United States was quite lucky in that it took only 70 years for her to finish the journey. We all know, World War I devastated Britain, Europe, not the US. World War II devastated Britain, Europe and Asia, and the United States was the only country to emerge from the war in strong economic and military shape. It could be said that such uniquely favorable historical circumstances help the United States find a much shorter path to becoming a world power.

Would China be as lucky as the United States? Who knows?

Currently, China's per capita GDP (purchasing power parity adjusted) was just about 30% of America's (in 1870, America's per capita GDP had been 75% of

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<sup>9</sup> William T. R. Fox, *The Superpowers: The United States, Britain and the Soviet Union: Their Responsibility for Peace* (New York: Harcourt, Brace and Company. 1944).

Britain's).<sup>10</sup> It would take China at least several decades to catch up with the United States in this front. Meanwhile, China's improved military capacity might enable it to defend its territory, airspace, near seas, and important trade routes, but not to challenge the USA as a dominant actor on a global stage. More important, as a country with a population equivalent to the combined total of 35 OECD member states plus Russia, China faces many tricky domestic economic, social, demographic and political problems that have to be dealt with as its top priorities. It is the last thing China wants to pick a fight with the United States now or in the foreseeable future. Even if China would be as lucky as the United States, it might take at least 70-80 years for China to surpass the United States in structural power.

While China is not strong enough to invade the United States nor threaten American dominance, it is highly doubtful that the United States would start a preventive war against China, as China has a nuclear second-strike capability. Besides, as the world's largest economy, largest exporter of goods, largest consumer of goods, second largest FDI recipient, second largest outward investor, and a global leader in patent filings, the Chinese system is resilient enough to withstand any external headwinds, trade war, tech war, or otherwise. Even in the first three decades of the PRC's history when the United States completely cut off trade and orchestrated an international embargo against China (even tougher on China than on its main communist rival, the Soviet Union), the Chinese economy managed to grow on average 7.85% per year. Today, China is in a much better position to endure temporary pain than ever before.

For instance, despite trade war, China's foreign trade rose by 3.4% to total US\$4.58 trillion in 2019. Yes, trade with the United States declined 10.7%. However, the EU remained China's largest trading partner up 8%. And ASEAN replaced the United States to become China's second-largest trading partner up 14.1%.

China does not like US-China decoupling and would try hard to avoid that from happening. But it would be unwise for China not to prepare for such eventuality. The

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<sup>10</sup> IMF, GDP Per Capita, Current Prices, Purchasing Power Parity; International Dollars Per Capita, <https://www.imf.org/external/datamapper/PPP@WEQ/THA?year=2020>.

United States used to be the creator and enforcer of international order, but now it becomes one of takers of such order. Unhappy with the change of status, it acts lately in many ways like a revisionist power rather than a status quo power, opting out of some of the key international institutions (including the Law of the Sea, the International Criminal Court, and most recently the Paris Climate Accord).

If only for this reason alone, China would favor a multipolar world in which Europe, Russia, and perhaps others constitute other poles, bringing the world back to power balancing.