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China’s rise in a liberal world order in transition – introduction to the FORUM

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ABSTRACT

In a time of great uncertainty about the future and resilience of the liberal world order this Forum focuses on China’s rise and interplay with the foundations of that liberal order. The key question is the extent to and variegated ways in which China - with its (re)ascendance to power and potential global leadership – is adapting to and perhaps even strengthening liberal institutions and rules of the game, confronting them, or developing alternative paths. In this introduction to the Forum we advance three key points based on the contributions. First, contrasting the orthodox binary scenarios of either inevitable conflict or co-optation offered in the mainstream IR debate, the Forum highlights the possibility of a third scenario of China’s interplay with the liberal world and its key actors, institutions, and rules. A hybrid and variegated scenario that entails both conflict and adaptation, differently entangled in different issue areas. Second, it stresses the need to conceptualize and empirically comprise the essentially interlinked nature of domestic state-society models and the global political economy. Third, we argue for a perspective that incorporates underlying economic and social structures and the power relations embedded therein.

KEYWORDS

China’s rise; liberal world order; hegemonic transition; elite agency; IPE; state capitalism; US-Sino relations; IR theory

Introduction

The past years have been packed with uncertainty and ambiguity about the future of the liberal world order. The ascent of Donald Trump to the American presidency under the banner of ‘America First’ has been accompanied by non-liberal economic policy positions and the contestation – or even outright rejection – of established institutions and agreements at the heart of the liberal world order (e.g. WTO, G7, Paris Climate Accord, NAFTA and TPP). According to President
Trump at the 2019 UN General Assembly, “The future does not belong to globalists. The future belongs to patriots,” a theme by now familiar to observers (CBS, 2019).

At the same time, paradoxically for many, China is increasingly portraying itself as a champion of liberal globalization. A salient illustration of what such a reverse of roles could look like was Xi Jinping’s performance at the 2017 World Economic Forum in Davos. Xi appeared as a fervent advocate of globalization and free trade, while Trump stayed at home, leading to speculation on China’s ambition and potential to lead the global system’s continued move towards globalization and openness if the US should step back from its historic role. Indeed, Xi renewed calls to build a more open global economy and oppose trade protectionism several times since (e.g. Global Times, 2019). With the ongoing US-China trade war and its underlying competition over technological leadership, the speculation about a possible de-coupling of the world’s two largest economies, and the rise to power of populist and autocratic leaders worldwide, many observers and analysts inside and outside of the study of world politics fear an impending end of the liberal order, the world reverting into rival nationalist or regionalist blocs led by authoritarian despots, in which China is assumed to desire taking the lead.

This Forum proposes to take a step back and observe current events with some caution and in a longer-term perspective. Surely, the ‘Chinese Dream’ under Xi and the associated desire to make China an innovation-driven economy with great global presence and power must be taken seriously (Xi, 2014). But the Chinese potential – and wish – to take a leading role in the global political economy, let alone to take over the leading role from the US, should be treated with caution and is circumscribed by structural and social conditions both domestically and internationally. The presumed ‘threat’ that China poses to the liberal order and its institutions, norms and main protagonists, should not be overstated.

In fact, China has since opening up in the early 1980s under Deng Xiaoping both integrated and adapted quite substantively to the main institutions and rules of the liberal international order. While conflicts abound between the US and China, from trade wars to simmering military tensions in the South-China Sea, Sino-US relations are still also characterized by collaboration and strong economic interdependencies, posing severe impediments to a possible unravelling. Yet, it must be acknowledged that the Sino-US relationship appears at an inflection point due to both the rhetoric and policies of the Trump administration which are more widely seen as part of a coherent strategy to isolate, contain and perhaps subordinate China by increasing its costs of membership of the liberal world community, for instance by demanding its official status as a “developing economy” be substituted for “newly-developed economy” status (New York Times, 2018; Presidential Memoranda, 2019).

All of this points towards the need for nuanced assessments of the developing relation of China with the liberal world order, which we conceptualize to be characterized by a capitalist global economy and a variety of liberal democracies, as well as the guiding principle of the rule of law, and crucially centered around American power and a set of liberal institutions established by the US as well as its preponderant military. Thus rather than reverting to a black-and-white response to the challenges the liberal order is currently facing and the role of China within this turbulence, we argue the following: On the one hand, there is the need to
investigate the variegated ways in which China – with its (re)ascendance to power and potential global leadership – is adapting to and perhaps even strengthening some liberal institutions and rules of the game, confronting others, or developing alternative paths. On the other, we need to ask how this is both conditioned by – as well as influencing – its distinctive domestic state-society model, and its relations with other major powers – in particular the US.

These questions form the key focus of the Forum with the aim to provide empirically fine-grained, theoretically informed analyses from an International Political Economy (IPE) perspective that moves beyond the orthodox voices and US-Eurocentric perspectives that still tend to dominate the debate in IR (Turner, 2014).1 In that debate, two binary visions seem to prevail. One envisages a scenario of inevitable conflict in which China fundamentally challenges the liberal order, and one of co-optation, in which China adapts to it. The first key contribution of this Forum is that it highlights, empirically substantiates, and conceptualizes, the possibility of a third scenario of China’s interplay with the liberal world and its key actors, institutions, and rules. A scenario that entails both conflict and adaptation, differently entangled in different issue areas, in an era of transition, of flux. The Forum provides a rich illustration of the various aspects of such a hybrid and variegated scenario within the realms of international economic institutions, and rules, and as mediated by elite agency.

A second key argument the Forum advances is that an understanding of China’s rise within the liberal order should start from the essentially interlinked nature of domestic state-society models and the global political economy. China’s rise – as driven by its unprecedented economic growth – is premised upon its embrace of capitalism and the opening up of its economy to global markets, production chains, and (if less so) financial flows. This has thus set China on a path of gradual and selective integration into the global political economy – and the fundamental interdependence this entails – and also leads to the transnationalization of the Chinese political economy (ten Brink, 2019). The latter, in turn, invites a set of dynamics that both enable, but also modify and limit, China’s rise and its interplay with the liberal order. In addition, the particularities of the Chinese political economy, characterized by the Communist Party-state-business-nexus, generate a particular kind of state-directed capitalism – in this Forum also coined ‘state-permeated capitalism’ and ‘Sino-capitalism’. As will be elaborated below, each of the articles in this Forum takes on different aspects of the transnationalization of the Chinese political economy and how this impacts on its rise and interaction with the liberal order; as well as the way this is conditioned by – and affects – the particularities of the Chinese state-society model.

A third and related point the Forum foregrounds is that when analyzing the interplay of China with the liberal international order and its main protagonists – in particular the US – we need to also look at underlying social structures and power relations embedded therein. In particular, we draw attention to the social power structures as constituted by political, corporate and intellectual elites and the national and transnational networks of interlocking boards, think tanks, foundations and elite universities they establish, which in this Forum are introduced as key analytical dimensions, largely overlooked in the literature so far. Moreover, while not discussed in detail in this Forum, an analysis of deeper structural trends may also reveal that the US globally still is much more powerfully positioned than
China, because of its structural primacy in for instance consumption, capital export, and the status of the dollar as the world’s main reserve currency, all of which, of course, is underpinned by a globe-spanning military apparatus (e.g. Hung, 2015).

Before elaborating on the contribution as put forward by the collection of articles in this Forum, we will in the next section critically discuss the assumptions in conventional IR theory, as well as recent work by authors from IPE, emphasizing the need for more in-depth empirical evidence; an understanding of developments in different issue areas; and for new conceptualizations of recent developments. We will then discuss the individual contributions of this Forum in more detail.

**Beyond the binary scenarios**

Much of the debate in the field of IR and IPE on China’s rise and the future of the liberal order, as well as the relation between China and the US, has tended towards opposing theoretical scenarios and rather one-sided US- and Euro-centric views. Most of this research seems to elide the particularities of China’s political economy, lacking empirical knowledge of Chinese elites’ outlooks and ambitions or empirical assessments of ‘national interests’ in different policy fields (but see Noesselt, 2015; Wang & Blyth, 2013). It often appears informed by what seems a rather dogmatic adherence to theoretical claims. However, as this section also shows, recent IPE research as well as from other disciplines and traditions has already started to address these weaknesses.

One prevailing orthodox scenario offered is of conflict and resistance, principally by the realist tradition, portraying the inevitability of interstate conflict, in particular US-Sino rivalry (Mearsheimer, 2010; Allison, 2017; for a Chinese realist perspective, see Yan, 2010). Indeed much of this literature portrays the future of US-Sino relations as some variety of the ‘Thucydides trap’ (Allison, 2017; Moore, 2017). The assumption is that China’s growing power – economically but also militarily – will follow the same trajectory as other rising hegemons historically, thereby challenging and threatening the incumbent hegemon, as well as neighbouring states, hence making conflict and interstate war inevitable. This is especially the case regarding China’s rise, it is argued, given major cultural (and at times even racialized) differences with American and Western norms and values. As Schake observes, even the transition from British to American hegemony featured ‘turbulence’ despite shared language, culture and liberal-ideological affinities (Schake, 2017).

The recurring question in this literature boils down to whether, when and how other major and minor powers should balance or contain China’s further rise (Liff, 2016; Krickovic, 2017) or opt for a ‘hedging’ strategy; or a strategy of ‘congagement’ that blends containment and engagement (Khalilzad, 2017). The key problem of much of this type of scholarship is, first of all, empirical; it neglects the extensive economic (and other forms of) interdependency between contemporary major powers. Hence, these analyses tend to overlook the fact that major powers are too invested in an interlinked world economy, as well as in each other’s economies (from trade to T-bills), to risk a full-blown conflict. Second, and more theoretically, the realist argument basically assumes that each great power acts alike, i.e.
it brackets the variety in state-society models, and thus differences in culture, ideology, history, and distinctive political economy (see also Allan, Vucetic, & Hopf, 2018; Goh, 2013). This neglects a core feature determining China’s growth trajectory and thus the underpinning of its growing power: the particularities of its state-permeated economy with a distinct political culture and identity.3

Whereas most realist perspectives thus tend to abstract the analysis from domestic variables, there is a smaller body of more nuanced analysis – often taking a neo-classical realist perspective – which does incorporate domestic variables (e.g. Layne, 2018). However, these approaches still take the state as the primary actor and assume states act alike, that is, they react to systemic threats to secure national interests, yet mediated by domestic pressures. A revised version of this analysis is to expect authoritarian “state capitalisms” such as China to react even more aggressively to such systemic threats, and to assume they use their corporations as “weapons of war” (see Kurlantzick, 2016).

While in general the realist school insufficiently accounts for variation in state-society models – or simply concedes that China falls outside of their theoretical parameters and thus cannot be explained by it (Brooks & Wohlforth, 2016; Womack, 2016) – it remains the case that realists raise significant questions about the nature of state behaviour and geopolitical conflict, especially when new powers emerge (Levy, 2008). The ‘Belt and Road Initiative’ (BRI) is a key example here. Hailed by Xi Jinping as the project of the century, BRI on the one hand may be highly attractive for European and Asian countries. Simultaneously, however, it raises concerns about China’s geo-economic intentions and could even function (if intended or not) as a potentially divisive instrument to foster friction within the European Union, playing off individual member state interests against each other; questions that take on heightened significance when the American hegemon’s current president challenges the very fundamentals of international order and its role in it. The contestation in our view, however, is shaped along different parameters, rooted in the distinctive state-society complexes of incumbent and rising major powers, which imply particular histories, worldviews, social relations and interests. Rather than simply assuming that all rising states will structurally act alike, these differences and particularities in our view need to be taken into account since they will significantly impact upon the configuration and nature of major power conflict and collaboration.

The other main scenario, one of co-optation, pictures a gradual adaptation and integration of China into the liberal world order. Such a scenario is mostly found in liberal (institutionalist) approaches, in which opportunities for the US and the West to accommodate China’s economic rise within the liberal order are emphasized (Ikenberry, 2008, 2009, 2014; Lieber, 2014; Steinfeld, 2010). In global trade, China’s WTO membership accordingly constituted a cornerstone of integration into the liberal order, and as previous research has pointed out, China is most of the time acting as a pragmatic WTO rule-taker (Zeng & Liang, 2013; but see Weinhardt and ten Brink in this Forum).

However, from a liberal perspective the key determinant for successful integration of China is adaption to liberal rules and norms, which first of all erroneously takes liberal norms per se to be superior and universally desirable. Moreover, although liberal internationalists lay claim to support a post-1945 order built on liberal, egalitarian and broadly democratic principles, underpinned by a web of
institutions that uphold those principles – including the rule of law and the equality of sovereign nations – in practice the international order has been criticized as hierarchical, imperial, elitist and racialized (Parmar, 2016; 2018). This may explain the narrow liberal vision for integrating and assimilating emerging powers like China. This dominant narrative, accentuated by core elites attached to the post-1945 US-led order (Foreign Affairs 2017/8) used to be echoed by American policymakers, e.g. Zoellick’s by now (in)famous phrase that China had to become a ‘responsible stakeholder’ of the global order, implying that if China wanted to matter it would have to adopt the rules of the game as dictated by Washington (Zoellick, 2005).

Notably, in the current period, with the unipolar dream in tatters, and the prospect of the US as a ‘benign hegemon’ uni-directionally enforcing its preferences on China becoming less and less credible – when the US itself appears to be the biggest threat to the liberal order – faith in the resilience and universal desirability of liberal institutions remains (Deudney & Ikenberry, 2018; Ikenberry, 2018). Such a conviction, however, neglects the very fundamentals of diversity in state-society models and the possibility – and indeed legitimacy – of other preferences, norms or worldviews. Moreover, it excludes the possibility of mutual adaptation or learning. This scenario is thus ultimately premised on a gradual convergence of China to liberal norms and institutions, which in practice would imply shedding its ‘statist’ and partly non-liberal model of economic and political governance.

A key point that we take from liberal institutionalists, however, is their recognition of the significance of institutional interconnections and the growth of economic interdependence, which acts as a structural constraint on major powers propensity to go to war. Additionally, we would argue, such economic and social structural relations provide channels for elite socialization across national borders, which may enhance the likelihood of cooperation and association.

However, interdependence and the potential for cooperation does not necessarily implicate co-optation (see also Dai & Renn, 2016). It might as well lead to a reinterpretation and transformation of the principles of cooperation, or it may lead to contestation over the conditions of interdependence. An understanding of the implications of China’s rise and increased engagement with the liberal world order and its constitutive economic and social structures (including institutions) hence needs to incorporate the particularities of China’s domestic state-society model and how this both shapes the interaction with the liberal order and is transformed by it. Serrano (2016) for instance uses such a ‘second image’ IPE perspective on how the domestic political economy translates into policy preferences at the level of international regimes, in this case property rights, and rightly concludes that “one needs to look deep into domestic politics and ideational cleavages (and their evolution over time) in order to understand the international and domestic behavior” of China and other emerging economies (ibid., 343).

Moving beyond the binary scenarios, then, we find a burgeoning literature on the domestic political economy of China, its institutions, its particular variety of capitalism, and the distinctive and often diverse configuration of domestic political and economic networks (e.g. Breslin, 2011, 2013; Chen, 2017; McNally, 2012; ten Brink, 2013, 2019; Töpfer, 2017). This literature finds evidence for novel forms of capitalist development, of a combination of state-centric modes of governance at different administrative levels with bottom-up networked modes of
entrepreneurship, and points to the inherent tensions and contradictory outcomes of China’s party-state driven capitalism (also see Chen & Naughton, 2017). While agreeing on the deep integration of Chinese capitalism into the world economy, if more so in the realms of production and trade compared to finance, and into other political and inter-societal processes, it also recognizes the need for further empirical research on the effects of these transnationalizing dynamics (Nölke, ten Brink, Claar, & May, 2015; ten Brink, 2015).

It is upon this scholarship, then, that the Forum builds further, explicitly aiming to relate the distinctive domestic nature of the large and heterogeneous Chinese political economy to its variegated integration into the global political economy and global governance institutions, as well as the dominant power structures within that order. A rapidly emerging literature on this topic reveals evidence of paradoxical trends and ambiguity within a wide range of domains, such as the internationalization of the RMB (Germain & Schwartz, 2017; McNally & Gruin, 2017), of state-owned, private and hybrid firms going global (Chalmers & Mocker, 2017; Jones & Zhou, 2017; ten Brink, 2015; De Graaff, 2014; for earlier evidence on Chinese internationalization, see Zweig, 2002); the integration into global value chains (Schleifer & Sun, 2018), the intellectual property rights regime (Serrano, 2016); and China’s role in infrastructure development and energy finance (Gonzalez-Vicente, 2017; Güven 2017; Harpaz, 2016; Kaplan, 2016, Kong & Gallagher, 2017; La Forgia, 2017; Yu, 2017), regional institution building (Chen, 2016), as well as the governance of these key areas (Gao, 2017; Heilmann, Rudolf, Huotari, & Buckow, 2014; Zhongying and Wang 2013; Stephen, 2017; Yue, 2016).

These studies have in common that they highlight the hybrid and contradictory outcomes of China’s internationalization trajectory, due to the unique and complex nature of China’s capitalism, with the role of the party-state as both an arbiter, driver and inhibitor of change, defying simple classification and requiring close and in-depth empirical research. This also suggests the need to differentiate between various constellations of actors as well as to integrate trajectories in different institutions and issue areas. It is to this on-going debate that our Forum adds, picking up where an earlier special issue of this journal – focusing on ‘IPE with Chinese characteristics’ (Chin, Pearson & Yong 2013) – ended, by heeding its call to investigate how China’s rise and the resulting shifts in the nature of the world system can be empirically analyzed and conceptualized, in a time when that very order seems in a phase of major transition.

The contribution(s) of this forum

A basic departure point of this Forum is that, from an IPE perspective, China’s rise is premised on the embrace of capitalist imperatives and opening up. With the subsequent transnationalization of the Chinese economy and some of its elites, a set of specific dynamics and contradictions are set in motion, which promote, but also limit and modify China’s rise and its interplay with the liberal order. The contributions in this Forum all address the nature and implications of China’s increased transnationalization – as conditioned by its state-permeated political economy – in various key realms of the political economy, including finance and trade, transnational corporations, and elite knowledge networks.
The authors of this Forum address this from a range of analytical angles – ranging from neo-Gramscian theory, and constructivism, to comparative capitalism approaches. They find that with the increased transnationalization of China’s economy – in the context of globalizing neoliberal capitalism – it partly needs to emulate liberal practices, institutions, rules and networking modes, as shaped by a largely US-dominated liberal order and partially integrates into these global power structures, networks and institutions. Yet, while doing so China encounters severe impediments, some of which are structural (McNally, 2019), some of which pertain primarily to the norms, rules and principles embedded in the liberal order (Weinhardt & ten Brink, 2019), and others that are related to elite power structures that are argued to form a social foundation of the liberal order (De Graaff, 2019; Huo & Parmar, 2019).

On the basis of these analyses, three main conceptual points can be distilled. The first is about the need to take into account social structure(s). Approaching the question of China’s global expansion from a critical political economy and political sociology angle, the contribution by Nana de Graaff, China Inc. goes global. Transnational and national networks of China’s globalizing business elite, zooms in at what she calls elite power structures. Tapping into the literature on transnational corporate elite networks – hitherto largely dominated by Anglo-American elites (Carroll, 2010, Van Apeldoorn & De Graaff, 2016) – her extensive and novel mapping of the globalizing faction of the Chinese business elite shows how there are substantial transnational linkages between the latter, the partly state-owned TNCs they direct, and the corporate boardrooms of Western globalized capitalism. This indicates potential pathways of access and influence in both directions. Moreover, the Chinese boardrooms – like their Western counterparts – seem well connected to the domain of policy planning, i.e. platforms like think tanks and business associations, both at home and abroad, providing them with potential channels of intra-elite communication, domestically and transnationally. At the same time her analysis reveals the strong ties of the Chinese state-business elites to the party-state and the pervasive influence – directly and indirectly – of the latter over capital, including its transnationalizing elements.

The tensions and contradictions this generates, De Graaff argues, lead to a hybrid form of capitalism in which the political leadership is juggling between the dynamism of market forces and the need to recentralize its power and authority in order to retain control of capital accumulation, while the corporate elite is constantly balancing between its two faces of commercially oriented businessmen with the priorities, competencies and values this entails on the one hand; and loyal party-members on the other, which implies a different set of values and priorities such as social stability and domestic economic development, as being prioritized by the party-state.

From a neo-Gramscian perspective, the contribution by Shuhong Huo and Inderjeet Parmar, ‘A new type of great power relationship? Gramsci, Kautsky and the role of the Ford Foundation’s transformational elite knowledge networks in China,’ addresses the ideational social structures of liberal, US-led hegemony (also see Parmar, 2012). More specifically, they analyze the influence of American economic thought through transnationalizing elite knowledge networks on the development of economics as a discipline and educational and technocratic policy instrument in China. Their argument is that American hegemony is constructed by
state and ruling class civil society elements, particularly corporate foundations, that built elite knowledge networks which established east coast elite dominance at home and, more recently, laid the intellectual foundations of global neoliberalism. Perhaps surprisingly, China was gradually integrated into this US sphere from 1978, with a special role played by elite knowledge networks built and sustained by the Ford Foundation. Ford funded Sino-American elite knowledge networks thus closely connected with Chinese globalizing elites, through which, and with their full participation, neoliberal tendencies penetrated China, though always adapted by domestic elites. Huo and Parmar conclude that these socially networked structures have played – and arguably still play – significant roles in managing change both within China, and in Sino-US relations, during a time of global power transitions, thus challenging both liberal and realist approaches.

A second key argument advanced by the Forum is the need to grasp the *interlinked nature of domestic state-society models and the global political economy*. The articles in this special forum draw attention to the domestic determinants of foreign policy making and world order, which means they include the characteristics of China’s political economy and of its state-society model in the analysis of changing world orders and policy preferences – with potential for both cooperation and conflict. By utilizing refined ‘second image’ perspectives, they propose to understand state activity as inherently related to society. According to Weinhardt and ten Brink in this Forum, this not only entails an in-depth look into the changing empirical contours of different arrangements in the areas of trade, finance, or infrastructure development, but also fosters an understanding of the diversity in Chinese foreign economic policies and preferences across – and even within – different policy fields.

Clara Weinhardt and Tobias ten Brink with their contribution *Varieties of contestation: China’s rise and the liberal trade order*, in this regard provide a differentiated assessment of China’s recent role in the WTO. Significantly, they demonstrate variation in China’s stance towards liberal principles in three large sectors that played a crucial role in WTO discussions from 2013 to 2019 – steel, agriculture and information technology. They propose a two-step approach which for the first time applies recent constructivist research that differentiates between the contestation of the justification (‘frame’) and the application (‘claim’) of a norm to Chinese trade policy-making in the WTO. This helps to disentangle how China contests the liberal trade order. In a second step, they utilize political-economic expertise from China Studies on economic preferences in the three sectors under scrutiny to reveal why China engages in contestation (or not). One of the key findings Weinhardt and ten Brink advance is that China is more likely to contest liberal principles in sectors in which state-permeation in the domestic economy and the maintenance of discretionary national autonomy remain essential (e.g. in the steel industry). This does not imply that the WTO – or the liberal international trade order it upholds – is bound to fail, but rather the WTO only remains vital in those areas in which common ground between China and the established trading powers remains greatest. Thus, the trajectory towards a minimalist WTO is likely to continue, focused on less contested areas such as tariff cutting rather than elements of ‘deep integration’ that touch upon domestic regulation (also see Stephen, 2017).
Certainly these findings make for a characteristic polymorphic overall interaction with the liberal world order. Christopher McNally explores this in his contribution *Chaotic mélange: neo-liberalism and neo-statism in the age of Sino-capitalism*, on Sino-capitalism and the internationalisation of the RMB, which he analyses as a complex two-level dynamic by which China seeks to create an international currency that falls outside the neo-liberal tenets of a global regime of free-floating currencies with free capital flows and market determined exchange rates. This, he claims, aligns with his notion of “Sino-capitalism” emerging globally as a multifarious power, neo-statist and neo-liberal at the same time, signifying that the liberal order will be faced with a major economic force quite unlike any other it has so far accommodated. As argued especially in the articles by Huo and Parmar and by De Graaff, the study of domestic state-society relations producing polymorphic foreign economic preferences and diverse, variegated forms of inter-state and business-to-business interaction should be complemented by analyzing these very preferences and forms as increasingly interlinked with global processes such as transnationalizing US-Chinese elite networks. This is conceptualized by McNally with his two-level “second image” cum “second image reversed” analytical framework, stressing how intrinsic diversity in state-society models shape the liberal world order, while changes in this very order reshape national political economies. An image of complex two-directional, two-level dynamics might be unsatisfactory to research inclined towards conceptual parsimony, but it may help creating a more nuanced understanding of China’s impact on the liberal world order (see also Hameiri & Jones, 2016).

This leads us to the final conceptual point put forward by the Forum, namely that the outcome and future direction of China’s interplay with the liberal order, first, should be seen in a longer-term historical perspective and not treated as static and uni-directional but as an *essentially dynamic and contested transitory process*, which, second, can best be conceptualized as leading to an *increasingly hybrid order* – more fragmented in certain respects, but not necessarily less integrated in other domains. What the articles in this Forum find is a system under construction and reconstruction, unique in the modern world, and, as all transitory stages, hard to grasp; an edging towards a relationship that defies easy classification, but needs to be taken beyond the simplicities of benign liberal incorporation or inevitable realist hegemonic transition warfare.

Indeed, China is partly adapting to the liberal order, its institutions, networks and rules of the game. But it also partly resists the call for liberalization and holds on to distinctive aspects of its state-society model and governance (Weinhardt and ten Brink). Similarly, the findings of De Graaff of inter-linkages between Chinese elites and the Western-dominated corporate elite networks highlight that in terms of China’s interplay with the corporate elite power structures at the heart of the liberal order, rather than presenting an outright rejection, or indicating full co-option, a more hybrid scenario unfolds. The Chinese elite here partly adapts to the liberal networking practices and ‘rules of the game’, while simultaneously holding on to its distinctive state-directed form of capitalism, and the party control this entails. As summarized by McNally, China’s capitalism ‘buttress[es] certain aspects of the order, transforms others, and threatens to undermine those that are too far outside its logic’ (2019, p. 16).
As exemplified in the area of trade, the resulting hybridity even holds within single international organizations. Weinhardt and ten Brink show that with regard to WTO negotiations in the IT industry, preferences of Chinese officials led to a policy of support and use of the WTO to achieve greater market opening via the ITA expansion agreement, which falls into the traditional realm of trade in goods and, as a tariff-cutting deal, leaves sensitive behind-the-border issues untouched. While China’s support was indeed crucial for concluding the ITA expansion agreement in 2015, in the steel sector China not only bended existing WTO rules to justify alleged cases of rule breaking, but also engaged in ‘frame contestation’ by questioning the validity of the prevailing liberal compromise. Moreover, there is also evidence for instances of alleged ‘rule breaking’ of China which does not challenge the WTO’s liberal norms. In agriculture, the conflict is less about the validity of prevailing liberal norms, as existing WTO rules on agricultural subsidies hardly qualify as liberal: ‘Instead, China, as an emerging trading power, engages in claim contestation to bend existing rules in ways that better match its own preferences, resembling other trading nations’ (2019, p. 16).

It is too early to determine the long-term direction of Sino-US relations – which are arguably at the core of the future developments of the liberal order – in such a hybrid scenario. China and the US might, as concluded by Yong and Pauly earlier, remain “locked in a delicate dance” (2013). In the scenario unfolding then both powers would maintain their own distinct political and economic systems, but both systems would be – in different ways – part of and compatible with a capitalist and globally interlinked world economy (see also Chacko & Jayasuriya, 2018): indeed a ‘chaotic mélange’. And although, in particular under Trump, the US seems to be adding a substantial amount of chaos of its own to this ‘mélange’, the economic inter-linkages and concomitant interdependencies from which arguably neither can disentangle without causing large-scale socio-economic instability abroad and at home, may go a long way to temper both latent and blatant Sino-US conflicts.

Huo and Parmar in this regard suggest a Kautskyan ultra-imperialist scenario in which the US and China, as President Xi has coined it, form a “new type of great power relationship”, which according to their analysis has an ideological superstructure based on US-Sino elite knowledge networks that in fact have a much longer historical background. The point is that within the narratives of American and Chinese relations, it is possible to tell a story of mutually shared interests and values, extending into the deeper past, to provide ideational scaffolding to economic and financial interdependencies (see Chang, 2011 on shared underlying philosophical ideals and values of universalism, and equal human worth, between the United States and China; and Wang, 2014 on the influence of Confucian values and thought on the revolutionary years of the American republic. Finally, Mead, 2008 argues that Anglo-Saxonism is no longer biologically-determined and is capable of assimilating immigrant and minority elites, at home and abroad).

While Huo and Parmar are not suggesting that Chinese and American interests are non-conflictual – due to uneven development and changing global strategies – they highlight that there is leeway for Sino-US relations to navigate a hybrid path in which China is neither fully assimilated nor ends up in inevitable inter-hegemonic military conflict. Indeed, one of their key findings is that there remain positive American and Chinese tendencies indicating the possibility of strong elite Sino-US relations (also see Liss 2012). Hence, the elite knowledge networks
explored in Huo and Parmar’s article – as well as the increasing integration of Chinese corporate and political elite networks with existing Western dominated networks as illustrated by De Graaff – remain a powerful force for managing and keeping open channels of communication and deliberation between the world’s two major economic powers.

In spite of these partial (elite) collusions, however, it is to be expected that the US-Sino relationship will experience periods of great turbulence when nationalist rhetoric and policies – like Trump’s America First – prevail and/or when an expected break under Xi Jinping with earlier characteristics of Chinese foreign policy materializes – from moderate to more assertive attempts to influence global institutions and norms by ‘striving for achievement’ (see Sørensen, 2015; Xi, 2014; on attempts to popularize the idea of a ‘Chinese exceptionalism’, see Callahan, 2012). Significant turbulence most certainly is caused by rising economic competition, especially over dominance of the leading technology sectors of the future (Rapkin & Thompson, 2013; Friedberg, 2018; White House, 2018). Hence, US and indeed EU policy-makers are increasingly focused on the threat of Chinese technology competition. All this exemplifies that the liberal order indeed is facing serious friction, with threats of fragmentation, and a tug-of-war between the diverging pressures of national economies favoring state intervention for competitive advantage and the converging pressures of global business in a world economy that has been organized with neo-liberal precepts.

Altogether, the above highlights that the direction into which China’s position vis-à-vis the liberal order will evolve is far from evident and will require attentive, critical, eclectic, fine-grained, and continuous IPE research, to which this Forum hopes to provide a vital impulse. Such an assessment defies simplified binary projections and needs a more complex interpretation of the polymorphic ways in which China interacts with the liberal order and its main institutions, rules and protagonists.

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Notes

1. Although we do not explore socio-cultural or racialised discourses and dimensions of China’s relationship with the US or wider West, it is clear that the exploration of these could add significantly to a comprehensive understanding of the relationship (see also the special issue on China’s ‘externalisation’ by Henderson, Appelbaum, and Ho, 2013). On the contradictory interaction between “cultures” producing interwoven forms of capitalist modernization(s), see e.g. Arnason, (2003); Dirlk, (1997). Inquiries of this kind may also stimulate a non-culturalist, historical-sociological understanding of “civilisations” and “civilizational traditions”, which at the same time counter cultural determinism and exaggerated assumptions of inner-civilizational homogeneity.

2. It is clear that the Trump administration’s rhetoric has a more openly racialised character, evident not only in presidential rhetoric and policies but also in US state
department thinking. For example, policy planning staff head, Kiron Skinner, stated: Rivalry with Beijing is “a fight with a really different civilisation and a different ideology, and the United States hasn’t had that before”, she said, before adding that this would be “the first time that we will have a great power competitor that is not Caucasian” (South China Morning Post, 2019). Dikotter, (1994) argues, however, that Chinese elite discourses and world views are also heavily racialized. For historical analysis of racialised world views among US foreign policy elites, see Hunt, 1987; Parmar, 2012.

3. See for constructivist perspectives that stress the role of domestic beliefs and the socially constructed and hence negotiated nature of concepts such as great power responsibility e.g. Miller, 2016; Loke, 2016; Turner, 2014; Zhang, 2016; on constructivist perspectives in Chinese IPE: Wang and Blyth, (2013).

4. For an argument that takes economic structures seriously, see Hung, (2015). Contrary to the rampant Sinomania where GDP growth rates are prematurely extrapolated, Hung argues against the idea that liberal US-led globalization is coming to an end. According to him, the liberal world order is inherently based on the exceptional status of the US in the world economy, especially in consumption, in capital export, currency transactions, and military capacities. If China wants to replace the US, it will need to attain these structural positions. However, since few signs exist that China is close to fulfilling these positions, the most realistic outlook then is not power transition but increasing fragmentation of the global order, especially if the US retreats from its leadership role.

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