China’s Future in a Multinodal World Order

Brantly Womack

ABSTRACT

Over the next twenty years China is likely to become the world’s largest national economy, though not home to the richest one-fifth of the world’s population. Chinese demographic power will be qualitatively different from American technological power despite bottom-line similarities in GNP, and China will face challenges of political and economic sustainability. Assuming that globalization, constrained state sovereignty and demographic revolution continue as basic world trends, the world order is likely to be one in which concerns about conflicts of interests drive interactions, but no state or group of states is capable of benefitting from unilaterally enforcing its will against the rest. Thus, there is no set of “poles” whose competition or cooperation determines the world order, despite the differences of exposure created by disparities in capacity. Although the United States and China will be the primary state actors and their relationship will contain elements of rivalry as well as cooperation, the prerequisites of Cold War bipolarity no longer exist. Rather, the order would be best described as “multinodal,” a matrix of interacting, unequal units that pursue their own interests within a stable array of national units and an increasing routinization of international regimes and interpenetrating transnational connections.

KEYWORDS: China, globalization, demographic power, multinodal, multipolar, asymmetry

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The continuing global economic turmoil since 2008 has ended the era of naïve confidence in the US-centred global system, and the future does not lie in its restoration. The status quo ante is history. Since the end of the Cold War, American hegemony provided a familiar, if erratic, context for world politics and economics. Although other states sometimes distanced themselves from particular American actions, expectations evolved

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1 This paper has benefitted from the patience, enthusiasm and suggestions of many audiences and individuals. I would especially like to thank Herman Schwartz, Robert Earle, Don Keysor, Tim Cheek, Ali Wynne, Hyung Gu Lynn, Miles Kahler, Peter Furia, John Owen, Feng Shaolei, Nicola Nymalm, Tony Spanakos, John Israel and the late Deng Zhenglai. Research was completed at the East Asia Institute, National University of Singapore.
in which most felt safe from arbitrary behaviour most of the time. The economic crisis of 2008 and the emergence of China have shaken the credibility and self-confidence of the United States at the same time that a comparable economic power is rising. More generally, the expectation of more rapid growth in the developing world complicates the array of forces of the “West and the rest” familiar for the past two hundred years. In short, the future does not lie in the restoration of the US-centred global system.

Then what lies ahead? China’s rise? Probably, but in what sort of world order? Beneath the current clouds of uncertainty and anxiety some general features of the emerging landscape of the world political economy can be discerned. Globalization, constrained national sovereignty, and a broad demographic revolution are trends well-established in the present, and their implications can be used to discipline our expectations of the future. Taken together, these three landscape characteristics of the post-2008 era make likely a configuration of world power significantly different from the preceding post-Cold War period. It is a structured world in which differences matter, but it is not one in which one or more polar powers can eliminate or dominate the rest. Relationships will be asymmetric, but most will be negotiated. Therefore I call this configuration “multinodal” rather than multipolar.²

My purpose here is to look forward toward 2030 and beyond and to put China’s prospects in the context of a multinodal world order. After a brief overview of the three basic trends, I analyze their effect on China’s trajectory and move to a critique of current multipolar frameworks. This is followed by the alternative model of a multinodal world order and its likely dynamics in the context of US-China rivalry.

Globalization is the first and most obvious trend unlikely to be reversed. States face the challenge of how—not whether—to relate to an intense and multidimensional global context. Globalization has the strategic effect of increasing each state’s exposure to external factors and at the same time tightly enmeshing unilateral and bilateral interactions in a web of broader indirect consequences. Globalization is a fact not because everyone is happily homogenized but rather because increasing contact sets the frame of national hopes and fears. Given the complexities of global production chains, bilateral beggar thy neighbour policies generate broader unintended consequences. For example, each iPhone assembled in China adds $179 to China’s total exports but includes $172 in imported components.³ If “Made in China” stamped

² For similar reasons the Center for Security Studies ETH Zürich suggests that the term “polycentric” be used instead of “multipolar.” I prefer “multinodal” because it better suggests (to me) the general texture of asymmetric interactions, but essentially the terms refer to the same phenomenon. See Daniel Möckli, ed., Global Trends 2012 (Zürich: Center for Security Studies ETH Zürich, 2012), 7-13.
³ Yuqing Xing and Neal Detert, “How the iPhone Widens the United States Trade Deficit with the People’s Republic of China,” Asian Development Bank Working Paper no. 257 (December 2010),
on a product means, in effect, “Last Seen in China,” then targeting trade sanctions at China becomes very difficult. By the same token, a trade war between China and Japan would affect Japanese components in China’s high-tech exports, possibly creating a bottleneck in China’s general trade. To be sure, neither individuals nor states can be counted on to act in their own best interests. But in a globalized world, aggression is more likely to be unsuccessful and self-limiting.

Second, states will be more robust, but governments will be more constrained and possibly more fragile. Despite the increasing importance of inter-governmental organizations (IGOs), the experience of the European Union demonstrates that states will be loath to put their ultimate control of vital interests in the hands of a trans-state organization. Moreover, globalization makes smaller states more secure internationally by increasing the collateral costs of domination. States might collapse internally or be split by separatism in the future, but they are less and less likely to be conquered. Since states will remain unequal in population, capacities and resources, their increasingly intense relationships with other states will remain asymmetric. Since states remain idiosyncratic in their location, identities and historical memories, globalization will not produce transparency or mutual understanding. Nevertheless, the set of sovereign states and their associated institutions of international governance are likely to remain, in Miles Kahler’s phrase, a “resilient status quo.”

While states are less likely to be eliminated by war, their governments are increasingly pressured by public opinion and domestic politics. The diffusion of informational media makes the world’s happenings more vivid to everyone, and the diffusion of social media facilitates opinion formation and collective action. Public opinion is increasingly volatile and powerful both within and outside of existing political institutions. Meanwhile states will explore cooperative and regulatory frameworks in order to further common interests and to avoid crises. Sovereignty therefore will be increasingly constrained domestically by public opinion and externally by international commitments. With publics demanding that something be done and the hands of sovereign discretion tied by prior agreements and the possible side effects of impulsive action, governments may become less stable even as states become more so.

Third, the geographical inequality of persons will diminish. A basic characteristic of the modern era since the nineteenth century has been the inequality of peoples in terms of personal productivity, wealth and power. While historians can debate the causal chains behind the rise of the West,
its bottom line was the creation and expansion of a geographical disparity of capacity. Hence the West could dominate the rest. Now the per-capita disparity between upper- and middle-income countries is growing smaller. According to the OECD, whose members comprise the currently developed countries, the global economic share of non-OECD countries is expected to increase from 35 percent in 2011 to 51 percent in 2030, with China in the lead. The developing country share will grow further to 57 percent by 2050, but China’s share will remain stable at 28 percent.\(^5\) Ironically, the technological gap whose creation made possible the grand inequalities of national wealth and power in the modern era now increasingly gives the developing world the late-comer advantages of demonstrable targets, technology transfer, and opportunities for expanding production, consumption and investment.\(^6\)

From a global perspective every dimension of personal inequality is changing, from life expectancy to education to productivity. While personal inequality within states may increase and give rise to domestic pressures, the radical dependence of life chances on national place of birth is diminishing, though it is unlikely to disappear. For example, Shanghai’s life expectancy would rank it in the upper third of American states, and almost 13 percent more than Guizhou, the poorest Chinese province.\(^7\) As individuals become more equal producers, taxpayers and consumers, the vast disparity of population among states raises demographic power to new significance. Population has always been a factor in national power, and it is again becoming the most important one in aggregate national capacity.

<table>
<thead>
<tr>
<th>Table 1</th>
<th>Shares of Global Population (40-year intervals)</th>
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<td></td>
<td>1970</td>
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<tr>
<td>Developed</td>
<td>27.3%</td>
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<td>Top 5 GDPs</td>
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While convergence is not likely to change the per capita rank ordering of wealthy countries, table 1 shows major shifts in shares of world population. Since developed countries have reached the limits of urbanization and additional children are an economic burden rather than a social safety net, their share of world population is declining. Meanwhile, the global increase in per capita productivity added China to the top five largest economies by 2010 and will add India by 2050. As a result, one-third of the world’s

\(^7\) Calculated from life expectancies in 2010.
population will be living in the world’s largest economies. Nineteen of the top thirty economies will be those of the developing world. But demographic power has domestic consequences as well as global ones. Close corollaries of per capita convergence are improved health and declining fertility, resulting in a rise in the average age of the world population. The UN estimates that by 2050 one-third of the population of developed countries and one-fifth of developing countries will be 65 or older. The global median age is expected to increase from the current 29 to 38. China is estimated to reach Japan’s current old age dependency ratio in 2040. While population increasingly determines aggregate national capacity, at the same time the demographic shift entails a larger welfare challenge for domestic governance. Moreover, the increased demands of a wealthier and more connected population will further limit the discretion of central governments.

The landscape elements described above do not determine the future. Accident, leadership and the momentum of decisions can create contrary vectors of development that have little relationship to underlying factors. Moreover, the longer the historical projection the more vulnerable it is to “black swan” events: unforeseeable surprises with major impacts. Black swans come in all sizes, and the very low probability of each event must be balanced by the near certainty that surprises will occur over time. However, a black swan large enough to create a long-term reversal of globalization, or to negate state sovereignty, or to cancel world demographic trends, would indeed be a large bird. And smaller black swans that do not challenge these basic trends will have to cope with the landscape that these trends increasingly shape. Thus the configuration of power appropriate to these framing elements is not simply a most likely scenario. Any alternative path will have to cope with the consequences of its deviation from the broad contours of multinodality.

China has been particularly advantaged by global trends. To be sure, China’s spectacular economic growth since 1980 is due to appropriate policies and effective leadership, but external context has been crucial to its success and to its impact. Without globalization, its labour factor advantage would have been simply a massive underemployment problem. Now China’s increasing disparity with neighbours and anticipated parity with the United States are reshaping its external relationships. As its one-fifth of the world’s population passes the threshold of upper middle-income status it enjoys an unaccustomed global voice. But in the not too distant future China’s current

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10 The ratio is population over 65/working population (15-65).
advantages will diminish. Its working-age population will drop off, it will reach a level of technological development at which expensive innovation must replace cheap technology transfer, and other developing countries will pursue similar patterns of rapid economic development. Moreover, the increasing diversity and wealth of the population will produce domestic political challenges that will limit the discretion of central government. China will become an “establishment” power, but in a global context quite different from the present.

This is a speculative essay, but the idea is not to predict the future, but rather to discipline our expectations regarding the future. The future is not merely uncertain, it is undecided. Its course will rest on real choices not yet made by its participants, and each choice made will affect the reality of subsequent choices. However, the momentum of current developments and the contours of possibility that can be projected provide a landscape on which the future, whatever direction it takes, must be played out.

**China’s World in 2030**

In March 2012 the World Bank published a massive and comprehensive forecast of the Chinese economy to 2030 in collaboration with the Development Research Center of China’s State Council. Roughly similar projections are made by other major studies. The World Bank predicts that although China’s growth rate will diminish to 5 percent, China in 2030 is likely to produce 20 percent of the world’s GDP and have twice the trade volume of the United States. Moreover, China will not be alone in this transformative achievement. The World Bank sees a global economy driven by the relative growth of middle-income countries. They will produce half of the world’s GDP and two-thirds of its growth, and intra-Asian trade will approach intra-European trade. The transformed world economy will cluster in the top half of per capita income, longevity and education rather than at the bottom, and China, with more “capitas” than most, becomes thereby the world’s largest economy.

**The Advantage and Price of Developing**

The World Bank’s prediction is not based on the success of an idiosyncratic “Chinese model.” On the contrary, it attributes the relative growth of the middle-income cohort, including China, to their larger proportion of fast-growing manufactures, the relative efficiency of technology transfer over

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innovation, and the growth potential associated with urbanization, all within the context of globalization. Developed countries have larger and slower-growing service sectors, must bear the costs of innovation, and are already fully urbanized. Essentially, China and its neighbours are narrowing the productivity gap with the West, though as they approach developed country status their relative rates of growth will slow down as their “advantages of backwardness” diminish. The World Bank’s recommendations to China boil down to behaving more like an idealised developed country: strengthen the market, encourage innovation, go green, improve social welfare, strengthen the fiscal system, and be a good world citizen.

China’s economic dynamism will continue to lead the global transformation, but internally it will remain a microcosm of world inequalities. With one-fifth of the world population, not everyone has to be rich in order for China to appear prosperous. Nevertheless, the distribution of growth within China has been extraordinary. If China were disaggregated into 31 provinces, of the 32 most rapidly growing economies in the world, 31 of them would be Chinese.\textsuperscript{15} Despite inequalities, health and education have also been transformed across China. That said, in 2030 China’s provinces will still be spread across the upper three quartiles of world per capita income, and there will still be considerable urban-rural and individual inequality. Urban-rural inequality is greatest in the poorest provinces. China’s Gini index is high, like most developing countries, though it has declined slightly since 2008.\textsuperscript{16} While China’s overall economy will be the world’s largest, its 20 percent economic share will be close to its population share, so its profile and agenda of domestic governance challenges will be more similar to the world average rather than to the world’s richest. Nevertheless, being the world’s largest single economic actor will create unique opportunities for domestic and external coordination.

China has the largest share of the price of development as well as of its benefits. Rapid growth increases the volatility of every aspect of life. Moving upscale in manufacturing can create better jobs but at the same time reduce employment. Urbanization creates tremendous identity, infrastructure and governance challenges. Moreover, urbanization initially creates a larger and more productive workforce that then shrinks rather rapidly over a generation. Peasants move into the city, making more money and having fewer children. Eventually the workforce bulge turns into a retirement bulge, as has already happened in Japan, South Korea and Taiwan. China jump-started the process with the one-child policy, and now urbanization is continuing on its own.

\textsuperscript{15}China 2030, 4.
momentum. The UN estimates that by 2050 China will have a median age of 49 and one hundred million people aged eighty and beyond.17

While the conditions that encourage China’s rise to prominence are to a great extent global, China’s unique combination of scale and a party-state political economy confront it with specific challenges. Moreover, its geopolitical situation resonates with its diplomatic history to provide historical referents for future action. However, globalization and technology have transformed what it means to be the centre of Asia. Preeminence in Asia will mean world preeminence, but neither the world nor Asia will be centred on China.

**Political Economic Sustainability**

China’s fundamental political-economic challenge over the next twenty years is to bind its executive form of governance to the needs and preferences of a modernizing society without losing ultimate public guidance of the economy.18 The party-state has been remarkably successful since 1980; it is hard to imagine any other form of government achieving a similar rate of material transformation. However, many of the factors that have advantaged a governance structure that is result-oriented rather than process-oriented diminish as a result of success. Goal-setting is more complex in a diversified society, and as society becomes wealthier its demands increase. At the same time a self-appointed officialdom is more tempted to become increasingly self-serving. Over the long term, a sustainable party-state must be more predictable, transparent, participatory, tolerant and inclusive. Otherwise it will drift into a complacent oligarchy with a shrinking societal base and no ideological legitimacy. But what appears to be two alternatives is more likely to unfold as a field of smaller concrete choices, and leadership is likely to pursue a variable course between the two extremes of cautious rigidity and bold reform.

The combination of the connectivity revolution and China’s rapid rise create special challenges for China’s foreign policy. The caution and prudence of official Chinese commitments to the “path of peaceful development” are increasingly pushed from below by netizens eager for China to enjoy its prestige and to exercise its new power.19 However, public opinion does not necessarily remain aggressively nationalistic. As democratic nations have learned, public opinion can turn against leaders as it becomes frustrated by their unsuccessful adventures,20 and in any case public opinion is less decisive in a party-state. Nevertheless, in China’s current situation of increasing power,

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aggressive domestic nationalism is a growing force influencing the options of China’s leadership.

China’s economic situation is also unique, and the World Bank’s usual nostrum of more market forces may be only part of a sustainable solution. To take a key example, its agriculture is labour intensive and poor in surface, soil and water. Given the scale of China’s food needs and increasing labour costs it cannot afford to be complacent about global market forces undermining agricultural production. In 2011 Guangdong Province produced half as much grain per capita as it did in 1952. Guangdong is a rich province that can afford to buy grain, but if China’s food security became as dependent on imports as its energy security already is, the scale of its needs would affect the structure of world food production and its accessibility to others.

Another fundamental economic challenge is to require enterprises to incorporate all so-called externalities—resource use, pollution and environmental damage—into their pricing and conduct. It is natural for profit-seekers to evade costs, but then the costs are borne by everyone. China’s population is crowded into one-half its national area and further concentrated in dense conurbations. Its labour factor advantage has led to a predominance of manufacturing that is particularly hard on resources and the environment. Pressure will be reduced to some extent by higher resource prices, upscaling and diversification, but not fast enough to avoid ecological crises.

A third challenge not likely to be solved by market forces is the increasing welfare burden of an unequal and aging society. Rationing is a rational mode of distributing limited vital goods; that is why it is done in lifeboats. In general, China is no longer in a lifeboat situation, but economic inequality leaves many in desperate circumstances and many more at risk to volatility. Meanwhile, retirement reduces earning power and raises the cost of living. If, as expected, China gets old before it gets rich, welfare will not be a safety net attached to the bottom of an otherwise healthy market economy, but rather must be an integral part of economic governance.

The World Bank’s suggestions for improving China’s market functioning are certainly appropriate and are not in conflict with the additional challenges raised above. The fact that China’s current challenges have been created by success gives an air of optimism to its prospects. However, with success also comes complacency. Complacency is warranted to the extent that there is the continued forward motion of China’s political and economic inertia, but structural reform is necessary to minimize crises of adjustment.

China’s new centrality is different from its pre-modern situation, and the difference transforms the context of its international relations. Clearly the

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21 According to the State Statistical Bureau, 2011 grain production in Guangdong was 158 kilograms per capita, while in 1956 it was 327 kg per capita. At the bottom of the Great Leap Forward it was 274 kg per capita. Calculated from data provided by subscription from China Data Online.
patriarchal presumptions of superiority and the restriction of contact to a ritualized minimum are now inappropriate. More importantly, China’s situation as the isolated solid centre of an Asian world died in the nineteenth century—not at the hands of British gunboats, but because of the globalization of communications. Neighbours increasingly have other options and China has other partners. China is again the centre of attention in Asia, but it has become a large node—and soon the largest node—in a multinodal global political economy. Both the number and scope of its potential relationships have expanded, and the possibility of domination is reduced. Moreover, social and informational interpenetration raise new challenges of multilateral frameworks of interaction.

China’s relationships with smaller states are asymmetric and intense, and its partners are at the same time attracted by what China has to offer and anxious about their greater exposure. The tributary system’s acknowledgement of the legitimate identities and interests of China’s partners, confirmed by the Five Principles, can provide a model of a secure environment in which partners can express deference without yielding to domination. Since globalization raises the collateral costs of domination and at the same time increases the exposure of states to asymmetric relationships, an approach that institutionalizes reassurance to smaller partners and an orderly international pattern for larger partners is especially appropriate. China has been less successful with more symmetric relationships such as those with the Soviet Union and Japan.

The Ambiguity of Number One: Demography Meets Technology

While asymmetry is increasing between China and most of its partners, the disparity in aggregate productivity between China and the United States is rapidly decreasing. The US National Intelligence Council estimates that China will reach the American level of aggregate GDP by 2022 in purchasing power parity (PPP) and before 2030 at market exchange rates. But the appearance of approaching parity is deceiving. Demographic power is meeting technological power, and they are qualitatively different. China has always had a larger population than the United States, and the United States will maintain an overall technological and wealth advantage long after China pulls ahead in GDP. It is convenient to use GDP as a bottom-line measure of national capacity, but demographic and technological strengths, while not completely separable, have different anatomies.

The American technological capacity has given an unprecedented global reach to its hard and soft power. Because of its unpredictable mix of threat and attractiveness it is likely to remain at the centre of world attention even

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when China becomes the largest economy. Its strengthening demographic base and its plentiful domestic resources guarantee the United States a base for further progress. However, the creeping loss of global share, technological (especially military) convergence, and the approach of China implies diminishing global preponderance. This is particularly difficult for Americans to face given the post-Cold War illusions of omnipotence and invulnerability and the rude awakening of global financial crisis. It is easy to mistake a transition to a more complex world for one of decline and vulnerability.

While China appears to be on the “up” escalator of world power, it must manage its large family as it goes forward. As long as it at least muddles through the political and economic challenges described above it will become the major producer and market in Asia. However, the same demographic scale that creates its power also creates tremendous distributive pressures on its budget, and further economic success will increase demands. China will arrive at its number one status being pulled by an increasingly vocal middle class and towing its less developed parts. Even when China’s GNP matches the US it will not create the same amount of discretionary central budget. A family of twelve with a thousand dollars has fewer choices than a family of three with the same amount. If faced with mortal threat the big family can decide to spend everything on defense, but at greater cost to other necessities. In terms of soft power, moreover, technology has a natural advantage over population. China’s crowded minivan is not likely to be as attractive to outsiders as the American sports car, even if the van costs more and the sports car is driven erratically. Dollar for dollar, demographic power is not likely to be either as threatening or as attractive as technological power.

Over the long run, however, it would be misleading to stereotype the United States and China in terms of their respective forms of power. The United States is currently the third most populous country at 310 million, and the UN expects it to grow to 400 million by 2050. With immigration, the US is projected to have the world’s third-largest population increase over the next 40 years. Moreover, the US is expected to have a significantly lower old-age dependency ratio than China. China will continue to lose working-age population through emigration as well as through aging. The UN expects China’s population to begin to decline in 2040 and to be at today’s level of 1.3 billion in 2050, three times the American population instead of four times, and it will be 14 percent of the nine billion world population instead of 20 percent. India’s population is expected to grow to over 1.6 billion.

We are faced with the interesting situation in which China’s rise is based on its demographic scale and American preeminence is based on its advantages in technology and wealth, and yet over the next forty years the US will be making relative gains in demography while China does the same.

in American strong points, though neither has a foreseeable prospect of reversing the respective overall advantages. Moreover, these developments are occurring in an overall global environment that will reduce the share of each.

**A Multinodal World**

What, then, should be our expectations of the landscape of world order? What difference does a multinodal context make? These questions require a closer analysis of multinodality. In brief, *a multinodal world would be one of horizonless, interactive, but located interests, unequal in capacities and exposure but robust as sovereign units, involved in increasingly important regional and global regimes*. The implications of each element of this description can be presented in turn.

*Horizonless, interactive, but located interests*

The connectivity revolution created by the internet and mobile phones has increased the exposure and reach of everyone beyond any set horizons. If we define a horizon as a limit of interaction centred on a given location, there are no more horizons. The remaining limits of information are those of the economies of interest and attention, and these are variable. Moreover, electronic participation has a near-zero marginal cost, a limitless potential audience, and instantaneous transmission. In conjunction with the earlier transportation revolution, connectivity creates a qualitatively new global environment of interaction.

Interests, however, remain located, and by choice the communities of shared interests (family and nation, to name the most prominent) will remain for each the most densely textured informational systems. Anxieties remain located as well. As Arjun Appadurai has observed, “It is worth noticing that for the people of Irian Jaya, Indonesianization may be more worrisome than Americanization, as Japanization may be for Koreans, Indianization for Sri Lankans, Vietnamization for the Cambodians, Russianization for the people of Soviet Armenia and the Baltic States.”

Politically, the most prominent effect of the connectivity revolution will be the constraint on national actors by popular opinion. In regimes with free media and legitimate opposition, the connectivity revolution does not expand the spectrum of opinion but it may have the perverse effect of more extreme opinions creating their own separate informational worlds. In countries with controlled media and restrictions on opposition, connectivity radicalizes the political spectrum and facilitates localized opposition. These effects will be spectacular in China.

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because the organized media system is a monopoly of official communication. As the party-state loses informational control, its international interactions will have to take into account popular opinion and unofficial information.

The arbitrary discretion of sovereign actors is thus increasingly constrained externally by the close texture of international interaction and internally by the emotional and diverse voices of electronic opinion.\textsuperscript{26} Neither of these constraints prevents violence. Indeed, despite horizonless information, states often do not face each other and work out their differences, but rather back into each other while the attention of each leadership is focused on domestic opinion and internal political rivals. Similarly, feelings of external dependence and fears of victimization can motivate assertive behaviour that more expresses a desperate need for self-protection than a belief in possible victory.

\textit{Unequal in Capacities and Exposure but Robust as Sovereign Units}

The multinodal international matrix can be pictured as a stable pattern of states, each the locus of one end of a radiating bundle of bilateral relationships. Given their vast differences of size and assets, most relationships between states are asymmetric. While the United States has been in the position of the stronger state in all of its contemporary relationships, most states deal with both larger and smaller partners. Moreover, no one chooses their neighbours or can change their neighbourhood, and each has its own historical memories of relationships. The matrix is generally stable in terms of state identities, geographic locations and relational histories.

In each bilateral relationship asymmetry structures the perspective, attention and interactive behaviour of each side. The smaller partner is proportionally more exposed to both the opportunities and the risks of the relationship, therefore it will be more attentive. The larger side is less exposed and is distracted by other and more important relationships. Thus the smaller will be quick to adjust policies and more anxious about negative possibilities, while the larger is likely to be inattentive except in crisis situations, and even then its primary concern is reaching closure and moving on to more important matters. In general, states tend to look up towards their larger partners rather than paying sustained attention to relationships where they are not at risk and have less to gain.

When interests conflict, the larger side is tempted to use its preponderant capacities to bully the smaller into closure, while the escalating fears of the smaller often lead it to protracted resistance. If war breaks out, the larger side usually overestimates the ease of victory because it underestimates the desperate resistance of the smaller. What for the larger side is a “small war” with limited aims poses a mortal threat to the smaller, and while the smaller cannot do to the larger what the larger is doing to it, protracted resistance

can frustrate the larger and lead to a stalemate and eventually to a negotiated end to the war.\textsuperscript{27}

In a horizonless multinodal world the chances and likely scope of “small wars” are reduced. States are less likely to have the illusion of unilateral omnipotence presupposed by the American occupations of Iraq and Afghanistan, nor are they likely to ignore the collateral costs of domination. Any coercive action will have negative effects on the attitudes of other partners, and the costs will increase with the extent and duration of attempted domination. To be sure, larger states can ignore the consequences, but each small war renews the lessons of the previous.

Larger states will be tempted to engage in more furtive and limited force. China's self-limited incursions into India (1962) and Vietnam (1979) are examples of military conflict strategies that minimize collateral effects by being brief and restricted. Neither of these incursions attempted regime change. Similarly, actions such as embargos, drone attacks and covert actions aim at policy change or at non-sovereign actors. Without predicting a more harmonious world, therefore, it is still possible to expect that conflicts will be fought within the matrix of existing states and that disputes will be increasingly likely to be negotiated between stable partners. Gone are the days of Genghis Khan.

Although globalization increases the cost of coercion, it also increases the asymmetry of attention among states since they are more exposed to one another. The concentration of international attention on regional and global powers puts them in default leadership positions and can be the basis for soft power. However, more than attention is required in order for larger states to be persuasive. Other states must be convinced that their interests will be furthered by cooperation. Thus the effectiveness of soft power is in the eye of the beholder.

\textit{Involved in Increasingly Important Regional and Global Regimes.}

Globalization creates interests in common as well as common interests. Interests in common can produce common solutions even without overall authority or coordination. The spread of traffic lights and their standardization are a good example. It is fitting that the traffic signal was invented in Detroit, and that the initial, rather arbitrary assignment of colours—red, green and yellow—have become a global standard without a global authority requiring their adoption. As global “traffic” becomes more intense, the need for regulation, quality control and standardization becomes more pressing as a domestic concern as well as a transnational one.\textsuperscript{28} For example, demands for food safety may come from trading partners, but pressure for food safety

\textsuperscript{27} Andrew Mack, “How Big Nations Lose Small Wars,” \textit{World Politics} 27:2 (1975), pp.175-200

\textsuperscript{28} Craig Murphy, \textit{The International Organization For Standardization (ISO): Global Governance Through Voluntary Consensus} (Milton Park: Routledge, 2009).
begins at home. Moreover, non-governmental organizations can pursue specific missions across national boundaries, speeding the diffusion of standards.

There are also common interests in shared global and regional regimes, though attitudes regarding the institutionalization of these interests are influenced by the relative power of states. Common interests such as preventing pandemics or coping with global warming become more urgent with closer global contact, while others, such as protecting wildlife, benefit from global attention and activism. In a multinodal situation, the options of profitable rogue action against common interests are reduced, and the motivation increases for avoiding conflict by routinizing common interests. However, larger states will tend to avoid being bound by multilateral regimes that are governed by a one-state, one-vote rule, and very small states remain tempted to free ride. Meanwhile established powers have an interest in preserving international arrangements that embed their control while rising powers urge a reassessment. Acknowledgement of a common interest can open a field of discourse about cooperation but there remains a long path to effective agreement.

**Multinodal Dynamics**

Despite the differences in content of American and Chinese capacities, they will be the primary nodes of the world economy. No other state will be close to them in aggregate economic mass. Inevitably they will be each other’s primary objects of comparison and concern, and their differences will contribute to misunderstandings and suspicion. Rivalry can take a variety of forms ranging from soft power competition to hostility. At the peaceful end of the spectrum rivalry enhances attention to smaller states as the primary nodes compete for favour. For example, the US was trying to catch up with China’s 2002 accession to ASEAN’s Treaty of Amity when it followed suit in 2009. Similarly, China’s Confucius Institutes address its relative deficiencies in cultural soft power. To the extent that rivalry moves from a concern over relative standing to zero-sum confrontation, the primary nodes themselves will lose both the benefits of bilateral contact and cooperative opportunities for global leadership. But the mutual strategic distrust noted by Kenneth Lieberthal and Wang Jisi is likely to persist, leading to hedging on cooperation and possibly to hostility.29

For other states, the bilateral relationship that each has with the United States and China will be more important than the US-China relationship per se, but the US-China relationship will be an important global influence. Thus states are likely to view their strategic relationships with the primary nodes

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as a triangle, with the US-China leg capable of affecting their bilateral options. Rather than allying with one primary node against the other, they are more likely to use relationships with one to buffer their exposure to the other.

Although the United States and China, and their relationship, are likely to be the centre of world attention, even together they will be a decreasing minority of the world’s population, technology and wealth. In a world of asymmetric but robust states, each state will have an attention agenda based on its own interests and concerns. For example, Thailand and Vietnam are likely to be more important for Cambodia than more distant states, and to some extent a state’s attitudes toward the primary nodes will be determined by how they affect its immediate environment. By the same token, the relationship of Mexico to China or that of Vietnam to the US will be conditioned by their relations with their respective proximate primary nodes. However, a situation of greater exposure to one primary node increases the incentive to have good relations with the other. Thus it is not surprising that Mexico and Canada normalized relations with China well before the US did, or that Vietnam has pursued better relations with the US since 1979.

Given the greater exposure of smaller states to situations beyond their control, reduction of risk and stabilization of expectations are their key diplomatic aims. As Leu has argued, the reason for the proliferation of preferential trade agreements among smaller states is that diversification buffers their exposure to larger states. Similarly, smaller states reduce their proportional exposure in bilateral relations with regional and global powers by buffering them with relations with other powers. Buffering a relationship does not require holding back; indeed, if a smaller state feels less isolated then it can safely expand all its relationships. Since self-isolation is a particularly bad policy for a small state in a globalized world, most will try to maximize multilateral and minilateral arrangements and to stay on good terms with primary nodes.

Smaller states benefit when primary nodes try to expand their soft power, but they are at risk if the competition between primary nodes becomes exclusive. If a smaller state must choose sides, then it is denied the opportunities offered by the now-hostile side and it becomes more dependent on its patron. Moreover, since the patron's interest in the smaller state is derivative from the great power hostility, the smaller ally runs the risk of being the front line of the conflict as well as of being abandoned if the global situation changes. History is replete with the remains of small friends betrayed. Moreover, the patron may have a heavy hand in constraining the domestic politics of the client. Therefore, while small states welcome attention from larger states, they will tend to evade exclusive commitments. In the

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case of binodal rivalry between the US and China, the great power that pressures a small state with an ultimatum of “you are with me or against me” becomes ipso facto the greater threat to that state.

In a multinodal world the pursuit of exclusive alliances would be a self-limiting strategy for primary nodes. Hostility has the direct bilateral consequence of higher security costs and lower mutually beneficial interactions with the adversary, and the attempt to form exclusive alliances forces analogous costs on partners. If one primary node pursues exclusive alliances and the other doesn’t, then the exclusive node is likely to alienate other states through the attempted imposition of its interest, while the posture of the inclusive node will be more compatible with the desire of others to avoid risk. If both primary nodes engage in escalating exclusive diplomacy, some states will be forced to choose sides, but most will evade choosing and seek to lower their exposure to the hostility. Binodal hostility would be the centre of world attention, just as in the Cold War, but the primary concern of most states would not be which side to take but rather how to insulate themselves from the conflict. Thus binodal hostility is likely to weaken both primary nodes and to strengthen regional and secondary nodal relationships. In a horizonless multinodal world it would be difficult to establish and maintain the artificial horizons of exclusive alliances.

With a more general multinodal framework China’s external politics can be viewed in the context of other large developing countries. Miles Kahler examines the post-2008 attitudes of Brazil, India and China toward international governance and concludes that they have been risk-avoiding and moderate reformers rather than system challengers. While they actively pursue their own interests, they perceive those interests as requiring a stable order, one in which they press to be more active participants. The interests of incumbent and of rising powers converge on the basic stability of the system, the “resilient status quo.”

One could argue that the caution of rising powers—and especially of China—is a temporary artifact of the general confusion of the crisis of global economic uncertainty. But even as states become accustomed to uncertainty, the multinodal effects of globalization, constrained sovereignty and demographic shift are more likely to induce risk aversion than adventurism. Prudence would be dictated by both the immediate costs and the unintended consequences of adventurism, and imprudence will bear the burdens of international isolation and alienation.

China’s cross-Strait diplomacy since 2008 provides a case study of the complex diplomatic effects of increasing military capacity. By 2007 China’s advances in missile technology, submarines and anti-satellite defense reached the point of rendering Taiwan’s own defenses inadequate and

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31 Miles Kahler, “Rising Powers and Global Governance.”
American intervention risky. However, instead of becoming more demanding, China’s greater confidence allowed its cross-Strait policy to become more accommodating. Hu Jintao’s diplomacy in his second term was considerably more relaxed than Jiang Zemin’s had been. According to Hu Jintao’s report to the 18th Party Congress in 2012, reunification “in the common home of the Chinese nation” remains the goal, but “to achieve peaceful reunification, we must, above everything else, ensure peaceful growth of relations between the two sides of the Taiwan Straits.”

Of course, the return of the KMT to power and the election of Ma Ying-jeou had much to do with China’s optimism, and the possibility of a victory by the DPP in 2016 prevents complacency. But China’s threatening moves in 1996 and 2000 had produced the contrary effect of alienating Taiwanese voters, and it has been more cautious since then. China has been more successful exercising its preponderance of carrots than its preponderance of sticks. Similarly, China’s management of overseas investment already displays a learning curve in which failures have led to strategic reassessments and host criticism has led to new policies on social responsibility and somewhat better oversight.

Conclusion

The challenge of anticipating the future is that while the unexpected happens, not everything is equally likely, and bad decisions can have self-limiting consequences. Predicting an actual course of events is a gamble, and yet history, the record of futures past, shows that the options faced by actors are shaped by the realities they perceive, and that the consequences of action are shaped by realities whether perceived or unperceived. The task of anticipation therefore is not to predict a linear course of events—therein lies black swan blindness—but rather to discipline expectations by considering the continuities and changes that are likely to underlie the general field of action.

This essay is based on the premises that globalization will continue, that states will continue to be the constrained but decisive loci of international interaction, and that the distance will diminish between the inequalities of technological power and wealth created by the modern era and the

inequalities of demographic power created by the increasing productivity of populous countries like China. Each of these premises can be questioned. However, the rejection of any one of them creates a deep hypothetical gulf between present dynamics and the future. The rise of China is both the most prominent evidence of the momentum of these structural changes and an important focal point for fleshing out their consequences.

If globalization continues, then the immediacy and variety of international contact will increase, and the indirect consequences of bilateral interaction will become more important. Globalization is not homogenization, however, and every political community will be anxious about its increasing exposure to international risk. If states remain the major locus of international action, then the international constellation will remain a fairly stable matrix of sovereigns despite the emergence of regional organizations, IGOs and transnational contact. However, government decision makers will be increasingly at the mercy of the vivid and active international awareness of their citizens. More specifically, the political and economic challenges of sustainability facing China have global consequences because they will shape a major actor.

Lastly, the demographic revolution is changing the rankings and relationships of the world order, but at the same time intensifying the welfare responsibilities of every state. China has led the way for the past thirty years in increasing the per capita productivity, health and wealth of its vast population, and it apparently has the momentum to continue reducing its per capita disparity with developed countries. The bottom-line consequence of achieving and exceeding American GNP is significant in its own right. China's aggregate capacity as a producer and consumer will make it a primary global node, and its scale will permit its central government to concentrate some of its resources on national projects. And yet its options will be shaped by the demography of its power. A healthier and wealthier population is less easy to manage and impossible to neglect for long. Moreover, China is only the leading state in a general evolution of demographic power. It is likely to pass the US in GNP, but it too will be passed by India in total population, and both China and India are only the tips of a general shift in demographic power as the cluster of developing states reduces the development gap.

As the consequences of the premises are elaborated, the disciplining of expectations steps closer to the dangerous territory of prediction. While it may be implausible to imagine a world in which globalization is reversed, it is easier to imagine one in which China failed to meet the challenges of political or economic sustainability. I would argue, however, that it is still useful to draw out the consequences of foundational trends for two reasons. First, it highlights the broader significance of the decision-points that all actors are likely to face. Self-isolation, for example, is an option, but it is both redefined and made more consequential by globalization. Second, decisions made that counter basic realities will be affected by their unanticipated
consequences. While the choices of actors cannot be foretold, few choices are so fatal that they cannot be amended by further choices. Even fatal choices are more likely to be fatal for the individuals and governments making them than for the broader global context. As Hegel might put it, the *List der Vernunft*, the “cunning of reason,” is evident both in peaceful progress and in the outcomes of conflict.

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