

OF BANKS AND ISLANDS:  
TRANSATLANTIC RESPONSES TO THE MANIFESTATIONS OF  
CHINA'S RISE AND IMPLICATIONS FOR A POTENTIAL  
POWER-TRANSITION

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*Note*

This paper started life as a stand-alone assessment of US and EU responses to recent developments in the 'rise of China'. However, I have since agreed to incorporate it as a new chapter in my forthcoming monograph contracted to Routledge. As such, the paper is structured largely as it will appear in the book, and at times makes references to content of previous chapters. I have included two sections after the introduction (which will not feature in the book version) with the intention of establishing the context in which the paper is now situated. The reader may wish to skip sections 6.2 and 6.3 which explain how US and EU foreign policymaking environments (under Obama and the Lisbon Treaty, respectively) from 2009 onwards differed compared to the original timeframe of analysis (1989-Jan 2009). Essentially, this paper builds upon my arguments which used in-depth case studies to show how perceptions of China's rise among US and EU policy elites contributed to the pursuit of strategies of engagement, contradicting the expectations of Power-Transition Theory. The paper takes the previously developed arguments and considers how they have held up since the end of the original timeframe of analysis. The chapter in the book is discursive, rather than presenting in-depth case studies. Future fieldwork (including policy elite interviews) will be conducted (but not included in the book) to ascertain the validity of my arguments and published elsewhere.

## **1. Introduction**

The previous chapters focussed on the contemporary historical responses of the US and the EU to the rise of China, using in-depth research to develop an argument regarding the importance of perceptions and how they shape political discourse around this major change in the international system. This chapter examines how these arguments hold up in light of developments since 2009 until the end of 2016 to allow for reflection on their continued applicability beyond the original timeframe of analysis. Rather than aim for breadth, I concentrate on the reactions of the US and the EU to two particularly salient facets of China's rise. First, its activities in the South China Sea (SCS), including island-building, a confrontational approach to territorial disputes, and increased militarisation of its presence generally. Second, the creation of the Asian Infrastructure Investment Bank (AIIB) and the associated One Belt, One Road project which potentially undermine international institutions currently dominated by the status quo powers. These are arguably the most concrete examples of China's rise spanning the political, economic, and military spheres and thus present an excellent test of the book's arguments. The chapter incorporates discussion of what Power Transition Theory would expect in these cases its potential explanatory power for US and EU behaviour. First, key changes in the US and the EU will be mapped out to contextualise the new domestic environments in which policymakers are operating.

The key takeaway from this chapter is that the arguments regarding the importance of perceptions as a key factor in shaping US and EU policy towards China in ways that contravene PTT expectations remain valid. Policy discourse in the US and EU remains locked on the political and economic opportunities presented by China's rise. On the South China Sea disputes there has undoubtedly been an increase in concern for the potential of conflict. However, the discourse justifying both US and EU actions has centred on the need to influence China's choices as it rises and facilitate its integration with the existing order - including the international legal regime - to ensure stability. Even China's increasingly assertive behaviour in the region has not resulted in European actors perceiving its rise as a military threat. The initial US response to the AIIB looked, on the surface, to reflect a concern that China now represented an economic threat insofar as it could displace US influence in the global economy. Yet this subsided in quick order, as the Obama administration identified areas of potential cooperation, with emphasis on the future economic benefits. On the EU side, the lack of any evident hesitation on the part of key

Member States to sign up illustrates the continued strength of the ‘economic opportunity’ interpretation. This helps to understand why both the US and EU continue to pursue strategies of engagement, confounding expectations of how status quo powers should act in the face of an impending power-transition that has the potential to result in conflict.

## **2. Power-Transition Theory**

I argue much of the ‘threat’ rhetoric surrounding China’s rise employs language and logic that is derived from PTT. This theory rests on analysis of international relations at the structural level in which states are the primary actors, differentiated by their relative power capacities. PTT shares with offensive realism (Mearsheimer, 2001a) and hegemonic stability theory (Keohane, 1980; Gilpin, 1981) the view that a preponderance, rather than equilibrium, of power maintains peace in the international system (Tammen, 2008: 317).

Deeply concerned by the upheavals of the two World Wars and post-WWII uncertainty, AFK Organski (1958) developed PTT to “provide a framework that... affords a better basis for the prediction of future events than does the theory of the balance of power” (Organski, 1958: 300). Organski’s (1958: 322-3) argument which formed the core of PTT was that

challenges by newcomers result in war... the major wars of recent history have all... [involved] the biggest power in the world and its allies against a challenger (or group of challengers) who had recently risen in power thanks to industrialization. One could almost say that the rise of such a challenger guarantees a major war.

Wars result when the rising power is dissatisfied with the status quo order; satisfied powers are not confrontational (Organski, 1958: 330-2). Thus whether Western policymakers take China to be a satisfied or dissatisfied rising power will shape their attitudes towards it. Organski and Jacek Kugler (1980) further developed the theory and through statistical analyses found that half of all historical transitions were followed by conflict. Adjusting earlier arguments, Organski and Kugler (1980: 28) postulated that conflicts would not always be initiated by the rising power in an attempt to accelerate the transition process, but could be “a desperate attempt on the part of the still-dominant nation to intercept the challenger’s progress”. Yet the transition is inevitable even if the process takes decades, “punctuated by a number of armed conflicts” (Organski and Kugler, 1980: 28).

An in-depth exploration of the nuances of PTT is beyond the scope of this paper. However, it is possible to derive its central expectations for great power behaviour:

1. The dominant power and its allies are satisfied with the status quo and seek to preserve it.
2. To qualify as a 'potential challenger', an actor's power must be on a trajectory for parity with the dominant power.
3. Fast-rising powers are more likely to cause instability.
4. Transitions involving dissatisfied rising powers are likely to result in conflict.
5. The dominant power and its allies will seek to preserve the status quo order, through encouraging integration or confrontation.
6. The rising challenger will eventually be successful, even if the transition takes time.

Although PTT scholars see two options for the dominant power(s) – engagement with a view to integration, or confrontation – they effectively treat these as binary and thus have difficulty explaining more complex behaviour which does not neatly conform to either. PTT cannot specify when one will be chosen over the other and anticipates a linear pattern of behaviour: as the challenger's power increases, the behaviour of the established power will become increasingly confrontational if the prospects for integration diminish (unless the rising power is clearly becoming satisfied – for which there is no definitive test).

PTT scholars have failed to recognise their own impact on how actors interpret the rise of new powers. Thanks to their scholarly efforts, the consequences of power-transitions are well known and frequently referenced by some analysts and policymakers – even if understanding of PTT's theoretical precepts and methodologies remains limited. This has led to the 'lessons' of PTT infiltrating some areas of policy discourse. PTT effectively assumes a single understanding of international relations between the rising and established powers, thus there is only one interpretation of the situation possible. We could thus expect that policymakers, armed with this knowledge, would favour confronting the rising challenger as soon as possible as allowing a challenger to approach parity will spell the end of the dominant power's reign. I aim to draw these assumptions into the light and challenge them, highlighting the problems with PTT's influence over conceptualisations of China's rise. Tackling PTT is important because it should be highly applicable to these relationships, yet it

constantly falls short of encapsulating their reality while still shaping the way that some think about them.

### **3. Interpretations of China's: Moving Beyond the Threat vs Opportunity Dichotomy**

Labelling China's rise as either a 'threat' or 'opportunity' obscures the reality that interpretations of this phenomenon are multifaceted. In Chapter Two, I established six overarching interpretations pertaining to different aspects of China's rise, covering the military, economic, normative and political dimensions. These are then presented in pairs: first, China as either a military threat or non-threat. This relates to the level of threat presented to its neighbours, the US within the regional context or potentially – in the extreme arguments – globally. Second, China as an economic threat or an opportunity, in terms of whether its economic power will hurt the established powers, or benefit them through increased trade and raising China's stake in the current international order.

Third, 'normative threat' versus 'political opportunity' are paired as there has been no discussion of China as presenting a 'normative opportunity'. Those attempting to counter perceptions of the Chinese regime as a threat to the norms and values of the international system tend to concentrate on political opportunities of drawing China into the established system, increasing its stake in the maintenance of the status quo and playing a more significant role internationally, commensurate with its growing size. In some respects, the threat interpretations are concerned with an 'active' China, whereas the opportunity interpretations convey a sense of passivity, wherein it is not so much China's direct behaviour that generates these, but rather they are a by-product of its rise. The former also spark a greater urgency about the immediate implications, as the threats were often seen as real in the present, rather than simply relating to what China *might* become.

These were developed through an iterative process of examining the evidence and drawing on some ideas explored by other academics – although to my knowledge no-one has delineated such a set of contrasting interpretations of China's rise. These interpretations are deliberately wide-ranging because they are not constant over time, thus a degree of flexibility facilitated identification of recurring patterns without getting tangled in aspects unique to specific situations. For instance, the perceived extent of the political opportunity China's rise presents

shifted dramatically between the early and late 1990s. These six interpretations provide a better foothold for examining how China's rise is perceived beyond the generic 'threat versus opportunity' dichotomy.

The preceding analysis demonstrated that US and EU interpretations of the China's rise had diverged in certain respects partly because the transatlantic partners had failed to engage each other in serious dialogue in order to build up mutual understanding. After the transatlantic arms embargo debate, a dialogue was initiated but both sides quickly lost interest. However, in July 2012, the EU and the US took a step forward when High Representative for Foreign Affairs and Security Policy Catherine Ashton and Secretary of State Hillary Clinton issued a joint statement on their policy objectives within the Asia-Pacific region.

Aside from general statements about common interests in peaceful development of the region and enduring stability, the document highlighted their stance on China under 'common objectives', iterating that the two would welcome its "active and constructive role" (EEAS, 2012) in the region. Yet no potential response was mentioned in the event that China's behaviour was not perceived as conforming to these expectations. A joint commitment to continue promoting democracy and human rights in the region was also included, although no direct reference was made to China in this regard. The document closed with an agreement to sustain "regular high level EU-US dialogue... at the political and senior officials' level" (EEAS 2012). While we would not realistically expect to see identical responses to China's behaviour, contradictory positions and open disputes should be minimal if the two sides take care to communicate their interests, perceptions, and preferences.

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**Thank you for your interest in my paper - as this will form a chapter in a monograph under contract with Routledge, I am not at liberty to upload the full draft. If you would like the fully copy of the paper, please email me!**