How Does Neo-liberalism Explain the Likelihood of China’s Threat towards United States’ Global Hegemony in the 21st Century?

Dennyza Gabiella     Bina Nusantara University, Indonesia

Abstract

This paper elaborates the likelihood of China to revise the current international regime led by US’ global hegemony. The main questions of this paper are: How does neo-liberalism explain the chance of China’s threat towards United States’ Global Hegemony in the 21st century? Moreover, how the assertive approaches of China under Xi Jinping leadership could be explained under ‘China Peaceful Rise’ thesis? A number of analysts, such as John J. Mearsheimer and G. John Ikenberry have already engaged in a debate on whether the rise of China’s economy would change it into a revisionist state that engage in a hegemonic war against the United States. This paper contributes to this debate by providing an analysis of ‘China Threat Theory’ vs. ‘China Peaceful Rise’ thesis. In order to find out the likelihood of China to pursue global hegemony in the near future, an analysis is conducted by utilizing Neo-liberalism as a theoretical framework. This paper argues that despite the neo-realists’ assumption of China’s potential threat over the current liberal international system, China’s tremendous economic rise can be accommodated peacefully. The assertive foreign policies of China under Xi Jinping leadership do not necessarily imply China’s threat towards US global hegemony. The inference of this paper has a wider implication on the literature of ‘China Peaceful Rise’, as the concept has evolved in addressing the dynamic challenges encountered by China along the way.

Keywords: China, Hegemony, Neo-liberalism

Introduction

Ever since the Chinese economic reform under Deng Xiaoping’s leadership in 1978, the People’s Republic of China (PRC) has experienced a transformation from a rural agricultural society to an urban market-based society. The Chinese economic reform has lifted 500 million people out of poverty as China’s poverty rate fell from 65 per cent to less than 10 per cent in 2014. China’s economy in the 21st century is among the biggest economies in the world. After overtaking Japan’s economy in 2010, China today is the second largest economy after the United States (World Bank 2014: p. 4). In the International Relations realm, China’s transformation and economic rise consequentially have created a political
debate on whether the country will be a revisionist power (considering China’s different ideological orientation from the United States, it can be a system-challenging power or threat to United States’ global hegemony) or a power that preserves the ‘status quo’ of the current international system led by the United States. The idea of China’s rise as a threat towards the current international regimes led by the United States is originated in the neo-realist school of thoughts, the idea then spread out across other International Relations’ perspectives. Within the neorealists’ literature, the ‘China Threat Theory’ portrays China as a rising power that will destabilize global political and economic system (Scott and Wilkinson 2013: p. 761).

According to the ‘China Threat Theory’, the growing economic strength of China will lead the country to pursue its national interests in a more assertive manner. China’s assertiveness then will trigger the United States to balance against it and create a competition between these two great powers. This competition will generate a situation parallel to the ideological hegemonic war between the United States and the Soviet Union during the Cold War (Glaser 2011: p 81). In response to the ‘China Threat Theory’, the Chinese government felt an urgency to decrease the tension and build a supportive international environment for China’s ascendancy. In his December 2003 speech at Harvard University, the Chinese Premier Wen Jia bao came with the thesis of ‘China’s Peaceful Rise’. Several points that highlighted in the speech were

First, China’s development will rely more on its own resources and market; fourth, China is prepared for a long-term process of hard work, even several generations, for economic prosperity. Finally, even as China has achieved its economic development, it will not seek hegemony in the world or come out as a threat to any country (Ming Xia: 2005).

Despite the Chinese government’s effort to calm down the speculation about China’s intention to challenge United States’ global hegemony in the 21st century, a neo-realist scholar, Mearsheimer (2010: p. 383) argued that a country’s intention could not be empirically verified from its diplomats’ statements, as it has been known that the credibility of leaders’ statements to foreign audiences is doubtful. Hence, it is hard to know Chinese leader’s motivation with their rising economic power just from their claim on a peaceful rise. This essay examines the existing debate between ‘China Threat Theory’ and ‘China’s Peaceful Rise’ in the 21st century from the neo-liberal perspective. It tries to elaborate the possibility of China to challenge the United States’ global hegemony by utilizing its rising economic power.

By means of neo-liberal perspective and supported by empirical analysis, this essay makes two main arguments. First, it argues that despite the neo-realsists’ assumption of China’s potential threat over the current liberal international system (which is led by the United States as the global hegemony), China’s tremendous economic rise can be accommodated peacefully for two reasons. The first reason is that China’s economic rise itself is enabled by the existing liberal international system, which is perpetuated by the United States’ and its allies. Whereas the second reason is because it is less costly for the current
one-party-rule China to achieve its national interests by maintaining a cooperative strategic relationship with the United States compared to challenging the United States’ global hegemony and revising the current liberal international system.

Second, this essay argues that the assertive foreign policies of China under Xi Jinping leadership do not necessarily imply China’s threat towards US global hegemony. China has entered the ‘peaceful rise 2.0’ period. In this period, China is more tenacious in protecting its core national interest. The ‘peaceful rise 2.0’ does not signify zero conflict with other countries, yet China still strives to accommodate its rise peacefully. Even though China does not have the ambition to challenge US’ global hegemony in the near future, it does pursue a hegemon status in the region. China sees its leadership in the region as naturally and historically legitimate; however, China’s ambition to be regional hegemon would meet challenges including the indirect balancing from Southeast Asia.

This essay will be organized into three main parts. The first part of this essay will elaborate the theoretical debate between neo-realism and neo-liberalism perspectives and their assumptions about the ‘China Threat Theory’. The second part will provide empirical analysis to support the analysis of China’s likelihood to challenge United States’ global hegemony in the 21st century based on the neo-liberalism perspective. The third part will analyze the potential of China to become the regional hegemonic power and then followed by a conclusion.

How Neo-Liberalism is Different from Neo-Realism in Explaining the ‘China Threat Theory.’

The neo-realist school of thought is an International Relations’ perspective that is built on several main assumptions (Mearsheimer 2013: p.79). The first assumption is that the world politics operates in an anarchic system, and great powers are the main actors within it. The second assumption is that states are uncertain about other states’ purpose. Therefore some states balance their power against each other (the revisionist states) while other states are satisfied with the current system and have no intention to change it (status quo states). The third assumption is that the main goal of all States is maintaining their survival. States always try to maintain the autonomy of their domestic political order and their territorial integrity. The fourth assumption is that states are rational actors that always come out with a strategy to perpetuate their survival.

Based on the neo-realists’ assumptions mentioned above, the rising economic power of China will be a serious threat for United States’ hegemony, as China’s rising economy will rationally be followed by its military build-up. Moreover, as the World Bank confirmed China’s position as the second-largest economy after the United States, the United States will try to balance its power against China. All United States’ post-Cold War presidents, including Barack Obama, have stated that they were committed in maintaining American primacy. Hence, Washington is more likely to go to prevent China from becoming too powerful (Mearsheimer 2010: p. 385). As neo-realists assume that both China and United States are rational actors that will maximize their security in the anarchic world politics, there is no way for both countries to secure their survival but to compete in becoming the most powerful state or the only
hegemonic state of the system. According to neo-realists, a hegemonic war is the logical consequence of China’s rising economy (Mearsheimer 2010: p. 387). Furthermore, the neo-realists argue that in order to fully eradicate its poverty, China has to make a fundamental change in this Western imperialist economic regime and promote its ideology (being a revisionist power to the existing system). China also will use its newly built economic power to coerce other states towards Chinese interests. The neo-realists believe that China’s economic power is worth nothing if it is not being used. China could, for example, utilize its holding of US Treasury bonds to get the United States to stop selling arms to Taiwan (Shambaugh 2011: p. 11-12).

In contrast to neo-realism perspective, neo-liberalism offers a different view of China’s threat towards United States’ hegemony. Neo-liberalism shares neo-realism assumption that states are unitary, rational, utility-maximizing actors that interact in an anarchic system. States always make decisions that prioritize their national interests. However, it also includes the role of international institutions as a framework for analyzing International Relations’ issues. International institutions or international regimes are “sets of implicit or explicit principles, norms, rules, and decision-making procedures around which actors’ expectations converge in a given area of International Relations” (Krasner 1983: p.2). International regimes give positive contributions in the anarchic global politics by helping states in obtaining international collective outcomes. States will obtain an absolute gain through collective cooperation on a global scale. The negative impacts of the anarchic international system can be mitigated through the existence of international institutions (Folker 2013: pp. 114-115).

The neo-liberals’ optimism in international institutions makes them see the prospect of China’s peaceful rise in a more optimistic way, relatively to the neo-realists. Ikenberry, a neo-liberalist, argue that the narrative of China as a revisionist state that will challenge United States’ global hegemony and bring the word into hegemonic transition period has missed the reality that despite there is diminishing gap between China’s and United States’ power, the liberal international order which is currently led by the United States is still alive and stands firm. It is rational for China to struggle in pursuing its national interest by utilizing its economic power in global politics however China will not pursue its interest by contesting the basic rules and principles of the existing liberal international order. Instead, China wishes to gain more bargaining power and leadership within it. In other words, China will not be a revisionist state to the current international system that goes through an ideological hegemonic war against the United States, despite the fact that China holds different ideology (communism) from the United States’ (democracy) (Ikenberry 2011: p 57). Moreover, “an aggressive or hegemonic China is out of the question because China needs as a long-lasting peaceful international environment for its development” (Roy 1996: p. 762).

The neo-liberals argue that the current international order be defined by economic and political openness through international regimes and institutions (such as Word Trade Organization (WTO) and International Monetary Fund (IMF)). Thus, it can accommodate China’s rise peacefully (Glaser 2011: p.80).
Furthermore, China’s economy has already deeply integrated into the international economic system that its domestic national interests have become part of a larger quest (Nathan 2012: pp.32-33). The deep economic interdependence between China and United States in the existing liberal international system will be the reason for both powers to avoid a breakdown of the multilateral international regime itself. As a consequence, China’s rising economy will not threaten United States’ global hegemony in the existing order as the international regimes should enable both the United States and China to protect their vital interests without posing large threats to each other (Glaser 2011: p.83). Overall, a strategic peaceful partnership between China and United States within international regime framework will be more advantageous for both powers compared to a hegemonic war as it could increase the probability of sustained worldwide economic growth, peaceful resolutions of outstanding regional disputes, and successful cooperation in solving global transnational problems including terrorism and the nuclear weapons proliferation (Friedberg 2005: p.8).

**Analysis of China’s Likelihood to Threat United States’ Global Hegemony in the 21st Century**

Since the neo-realists argue that the neo-liberals’ thesis of a peacefully rising China in the 21st century could not be empirically verified by Chinese diplomats’ statements only, an analysis of China’s national interests and how the state rationally pursues them in the global international institutions is prominent in order to confirm the validity of neo-liberals’ argument about China’s non-threatening intention towards United States’ global hegemony. The neo-liberals argue that China’s rising economy in this 21st century will not make China a revisionist threat to the United States’ global hegemony because the rise happens in and is enabled by the United States-led international order. China is currently facing a Western international order (consisting of international regimes and institutions), which is a product of centuries of struggle and innovation. The existing international regimes (for example the International Monetary Fund, World Bank and World Trade Organization) are highly developed, integrated, institutionalized and rooted in both advanced developed countries and developing countries (Ikenberry 2011: p.58).

As the world largest manufacturer and exporter, the availability of foreign markets and low trade tariffs are important for China’s economic development. One of the clearest evidence of how China maintains the status quo of United States-led international system is China’s effort to integrate deeper into the Western international regimes by joining the World Trade Organization (WTO) in 2001. After 15 years of diplomatic effort, the country became a fully-fledged member of the WTO after the 142 members of the WTO ratified China’s application (BBC: 2001). China’s decision to integrate itself to United States-led international economy regime is fully rational. Without WTO membership China will counter protectionism and discriminatory trade tariff, whereas by being WTO member, China is granted the Most Favored Nation (MFN) status that gives it non-discriminatory equal trade advantages to other WTO members. The WTO is one of the most developed regimes of the liberal international system. China is deeply integrated to the existing
global trading system in which 40 per cent of its Gross National Product contributed from exports, and 25 per cent of its export market is the United States. China’s tremendous economic development in the past few decades is also enabled by unrestricted investment and trade with the United States and European countries (Ikenberry 2011: p. 62).

The United States leadership in the existing international economic system can be traced in its dominance power in the World Bank. The World Bank, which consists of five institutions, is one of the international regimes in which the voting power system is varied among member states based on their share of capital stock. The voting share in International Bank for Reconstruction and Development (IBRD), one of the World Bank’s institutions, for example, is dominated by the United States by 15.09 per cent share, Japan holds the second largest share of 8.17 per cent, whereas China’s share is 5.7 per cent and the majority of developing countries has less than one per cent voting share in IBRD decision-making process (IBRD: 2014). In International Finance Corporation (IFC), another World Bank’s Institution, the United States dominates the voting power by 21.92 per cent share (IFC: 2014). The United States also dominates voting power in International Development Association (IDA: 2014) by 10.42 per cent share and the Multilateral Investment Guarantee Agency (MIGA: 2014) by 15.02 per cent.

The primacy of on-going economic development for China at this moment is rationally translated into the neoliberalists’ integration strategy to the existing international liberal economy system led by the United States. It is more rational for China to gain its national interests by pursuing more bargaining power and leadership within the well-established international system (being a status quo state) compared to challenging US’ global leadership or trying to overthrow the liberal international regime led by the United States through the Cold War-type of hegemonic war (being a revisionist state). China finds incentives and opportunities in engaging and integrating itself into this US-led world order, doing so to advance China’s own national interests. For China, the road to modernity runs through integrating itself to the existing international order (Ikenberry 2011: p.61). Furthermore, China is externally bound by interdependence with their markets and suppliers. Therefore, the Chinese government is now convinced that strong links with the liberal international regime will best facilitate China’s struggle for economic development. This requires China to maintain a peaceful relationship with all states in the system since a conflict would destroy the political environment and opportunity necessary for economic development (Roy 1996: p.762).

A strategic cooperative relationship with the United States is advantageous for China at the moment, not only in economic matter but also in many other areas. Regarding economic interest, The United States has been taking 40 percent of China’s exports and has been a major source of foreign direct investment (Scott 2013: p. 80). China would be vulnerable if the United States decided to punish it economically. China’s strategists believe that the United States and its allies could deny supplies of oil and metal ores to China during a military or economic crisis and that the US Navy could block China’s access to strategically crucial sea-lanes (Nathan 2012: p.38).
Foot (2006: p.80) argued that aside from economic benefit, the US global hegemony is also critical to China’s pursuit of another core national objective, which is reunification with Taiwan. Without United States’ support, the Taiwan’s leader would have long since been forced to give up their independent existence. It is also advantageous for China to integrate itself in the United States led international regimes to gain support in solving transnational problems such as terrorism, epidemics, and environmental degradation.

Overall, even though China undoubtedly would like to be recognized as an equal to or even better than the United States in the future, it realizes that this is unlikely to happen any time soon. In the present, China’s goal is a more egalitarian world system, which it hopes to achieve by maximizing the benefits of integration to the existing liberal international system led by the United States (Foot 2006: p.95). How long then China’s rising economy can be accommodated peacefully before it challenges US global hegemony? Ikenberry (2012: p. 64) argued, considering the fact that democracy and the rule of law are the hallmarks of global governance standard in the existing liberal international order, China will not overtake the US in world leadership in the current 21st century world order until it changes its authoritarian one-party-rule government system into a democratic government system, because the majority of Democratic states in the current system will not support the leadership of authoritarian China. It has not been predicted how long a democratic reform will take place in China, yet the growing Chinese middle class, the business elites, and human rights defenders will keep bringing the pressure.

What the neo-realists missed in analyzing the likelihood of China’s threat towards United States’ global hegemony in the present is to include the well-established liberal international order as the variable of analysis. The existing international order is the background of China’s rising economy that eventually will not only create opportunities but also constrain China’s rational choices of foreign policy. Whereas the neo-realists assume the state as a unitary rational actor, the neo-liberals assume the state as a unitary rational actor whose policy options are limited by the international order.

**China’s Peaceful Rise vs. China’s Assertiveness in the Region**

As the emerging superpower in Asia, the rise of China has inevitably affected Northeast Asian and Southeast Asian countries directly due to geographical proximity. The region stability, in particular, is greatly influenced by China – ASEAN relation. China – ASEAN relation has historically gone through evolution. China was previously perceived as a threat by ASEAN member states. However, the end of Cold War was marked as a pivotal point of China – ASEAN relation. China aimed to play a role as a benevolent neighbor for ASEAN member states to strengthen regional stability, which would support China’s interest of economic development. (Egberink 2011: pp. 19-20).

Despite the claim of the neo-liberals regarding the negligible potential of China’s rise to challenge United States’ world hegemony in the immediate future, China’s rising economy and military power in the region has formulated several discourses arguing that China has succeeded United States’
status as a hegemonic power in South East Asia. The notion of China’s rise as a threat towards the current international regimes led by the United States has also remained as China, under Xi Jinping leadership, pursues more leadership and assertive foreign policies in the region. In November 2013, China established the Air Defence Identification Zone (ADIZ), which included the disputed Senkaku/Diaoyu Islands in East China Sea (Zhang 2015: p. 9). China also developed anti-access/area denial (A2/AD) force that could deter US intervention in a conflict in the East China Sea and the South China Sea (O’Rourke: 2016). The initiative of Asian Infrastructure Investment Bank (AIIB) by Chinese President Xi Jinping in October 2013 was another indication of China’s assertive policy in providing economic leadership in the region. The Chinese-led financial institution is a multilateral development bank that will fund the development of infrastructure and other productive sectors in Asia (AIIB: 2015).

Around 50 states have signed the legal framework of AIIB in June 2015, excluding the United States and Japan. AIIB -which 30.4 percent of its equity belongs to China- was suspected as a revisionist instrument of China towards United States’ hegemony, particularly in the region. US President, Barack Obama, stated that China might utilize AIIB loans to meet its political or strategic rather than economic interest. As a consequence, the AIIB would have lower lending standards than existing US multilateral financial institutions like the World Bank and the Asian Development Bank, and thus decreasing their effectiveness (Aiyar: 2015).

Nevertheless, China tried to mitigate the rising competitive tension with the United States as Xi Jinping visited the White House in September 2015. During the visit, the United States and China issued the official factsheet on US-China economic relations which notes that “the United States welcomes China’s growing contributions to financing development and infrastructure in Asia and beyond.”(The White House: 2015). The AIIB is not mentioned explicitly in the document, yet the content of the document implicitly signals mutual understanding between the United States and China concerning multilateral financial institution. United States officials also noted that Xi Jinping provided his guarantee that the AIIB would abide by the highest international environmental and governance standards, just as other multilateral financial institution led by the United States (Panda: 2015). From this commitment, the presumption of AIIB as a revisionist effort of China towards the US hegemony in the region is quite weak, as the AIIB’s lending standard would less likely challenge the US-led liberal international system.

China’s assertive approaches under Xi’s administration inevitably raised questions towards the Chinese peaceful rise thesis, which was developed by Zheng Bijian (an important policy adviser to Chinese leaders) in 2003 and has been embraced by Chinese leaders ever since. Such assertiveness seemed like an endorsement to the proponent of ‘China Threat Theory’, such as Schweller and Pu (2011) whose paper argued that China is mapping various strategies to delegitimize US-led international order. According to them, on the one hand, China currently pragmatically accommodates US hegemony, but on the other, it contests the US’ legitimacy.
Jian Zhang (2015: pp.1-4) provided an alternative in depth analysis to China’s assertive approaches under Xi Jinping. According to Zhang, Beijing still adheres to its declared ‘peaceful rise’ policy to maintain the stability of external environment conducive to its ascendance. The manner in which it seeks to do so is considerably different from past decades. China under Xi’s leadership faces more challenges in foreign relations compared to its predecessors. He concluded that Beijing since 2013 had entered the so-called ‘peaceful rise 2.0’.

Zhang’s thesis of China’s ‘peaceful rise 2.0’ has three main features. First, China is more determined to vigorously protect its core national interest. In 2014, Xi called for the Chinese military to accelerate its effort in military modernization and improve its capabilities of winning wars. China has in recent years taken provocative actions in the region, especially in the South China Sea and the South China Sea disputes. According to Zhang interpretation, the new China’s ‘peaceful rise 2.0’ does not equal to zero conflict at all. Even if several limited conflicts takes place between China and other countries on certain issues, those conflicts will not amend the overall peaceful nature of China’s rise (Zhang 2015: pp. 4-5).

The second feature of China’s ‘peaceful rise 2.0’ is the conditional nature of China’s commitment to the peaceful development policy. Under Xi’s leadership, China’s commitment is opted based on reciprocity. China seeks reciprocal strategic reassurances from other states in various international forums. China called for an augmentation of an Asian community with shared responsibility to maintain regional peace and stability. The third feature of China’s ‘peaceful rise 2.0’ is a more coordinated and proactive effort to create and maintain a stable external environment for the sake of China’s internal development. This feature is marked by Xi’s top-level foreign policy formulation, meaning the urgency to develop strategic visions, strategic planning and coordination at the national level (Zhang 2015: pp. 6-7).

Jian Zhang (2015: pp. 9-11) argued that in an effort to manage its relations with the US and its neighboring countries in the region, Beijing proposed two concepts: ‘the new type of great power relationship’ and ‘community of common destiny.’ The purpose of ‘the new type of great power relationship’ is to manage US-China relations based on non-conflict and non-confrontation principles, mutual respect and win-win cooperation. On the other hand, the concept of ‘community of common destiny’ is utilized by Xi to manage its relationships with neighboring countries, particularly in Southeast Asia. Regarding external relations, ASEAN has occupied a strategic importance as a top priority in China’s periphery diplomacy. China aims to let the sense of the ‘community of common destiny’ take root in its neighbors. This initiative reflected China’s ambition to create a China-centric regional order.

China’s claim over peaceful nature of its rise and its assertive behaviors in the region, particularly in the East China Sea and the South China Sea, somehow evoke a fundamental question as to whether the current China is aspiring for hegemony. Professor Minxin Pei (2016) addressed this question by arguing that the current China is aspiring for regional hegemony, but not a global hegemony. China seeks regional hegemony for three reasons. First, it sees its role as Asia’s preeminent power
as a legitimate, natural and part of historical reality. China sees nothing wrong in becoming Asia’s hegemon because it has always been, except for the last 150 years (including the century of humiliation). The second reason is because China under Xi has the capabilities to pursue regional hegemony compared to the past when it has the aspiration but no capabilities. If the current growth of China continues, the gap of capabilities between China and the rest of Asia’s rising power is projected to be wider in the next ten years, whereas the gap between China and the US is forecasted to be closer. The last reason is that China aspires to gain the capacity to veto US’ actions in East Asia and the region in general.

The expected question followed then is why China does not seek global hegemony in the near future. Pei (2016) argued that China not pursue global hegemony because it does not have the ability to do so. Global hegemony requires the ability to acquire allies, while China does not have allies. China does not consider North Korea and Pakistan as its regional allies. China might have many trading partners inside and outside the region, but no allies. In order to be allies, two states should share the same value system and fundamental strategic interest. China also does not aspire for global hegemony because the current US’ global hegemony provides many benefits for China. China does not see US’ hegemony outside Asia as an obstruction for China’s interests. From the perspective of the ruling Chinese Communist Party, seeking for global hegemony in the near future would bring detriments to China. If China pursues global hegemony, it has to commit enormous resources abroad and engage in an arms race with the US. A global hegemon should bear a lot of responsibilities abroad in the expense of its domestic regime security. The Chinese Communist Party is a very inward-looking regime. It prioritized domestic survival compared to international glory. Lastly, to be a global hegemon, a state should have an ideological vision that justifies its international role. China is clearly lack in this aspect. Miller (2006) presented the concept of global hegemon as a status that plausibly attained by a superpower that possesses four axes of power (political, military, economic and cultural) and a capacity to project power and influence in more than one region of the globe at a time.

As Liu (2010) argued that each theoretical perspective in International Relations be inadequate to comprehend the rise of China, this paper acknowledges that neo-realism does provide supplementary explanation towards Southeast Asian states’ balancing behavior against China’s rise. Aside from China’s ambition to become the regional hegemon, how did Southeast Asia respond would be a strategic variable that determines China’s prospect as a regional hegemon. Karim and Chairil (2016: p.3) argued that despite the less perceived balancing behavior from Southeast Asian states towards China, it does exist. The rationales behind the less apparent balancing behavior from Southeast Asian states, even though China’s potential power is increasing and creating a military threat in Southeast Asia, is because Southeast Asia countries pursue indirect balancing against China by facilitating the continued US security commitment to the region. Indirect balancing is also being conducted through military build-up with the purpose of deterring the expansionist nature of the rising China, not of directly opposing China. Given China’s more assertive
approaches in the region, several Southeast Asian countries have increasingly decided to conduct indirect balancing due to the close economic relations between China and Southeast Asia, the state of asymmetric power between the Southeast Asian states and the lack of a possible defensive coalition among the Southeast Asian countries.

China under Xi Jinping would indeed gain more leadership in the region through its assertive approaches. However, China’s effort to succeed US’ hegemony in South East Asia would be restrained by several factors including China’s non-interference principle; other remaining well established US-led multilateral financial institutions in the region; China’s conflicting interest with its neighboring countries over the East China Sea and the South China Sea; and Southeast Asia’s indirect balancing against China’s rise.

Conclusion

The rising economic power of China has generated speculations and scholarly debate on its likelihood to challenge the United States’ global hegemony and the existing international order. According to the neo-liberal school of thought, China’s rising economy in the 21st century will not pose a challenge to the well-established liberal international system that has been maintained by the US since the Cold War era. Moreover, China becomes a free rider in the system and its tremendous economic rise is enabled by the existing liberal international system. Instead of going through ideological hegemonic war with the US, a peaceful economic rise will give China more bargaining power and leadership within the whole system in general and its region in particular. From the elaboration of neo-liberal theory, it can be generated that the United States leadership and the existing liberal international system are two correlated yet separated facts. While the neo-liberals argue that China’s rising economy will not bring it to challenge the system, there is still possibility for China to challenge US’ global hegemony within the liberal international order. Even though it is less likely to happen in the immediate future as a democratic governmental system is a prerequisite for China’s global hegemonic role in the well-established liberal international order. The current one party ruled China aims to maintain its growth rate and to gain leadership in the region.

About the Author

Dennyza Gabiella, M.A. is currently lecturer at Bina Nusantara University. She graduated from University of Nottingham and received her master’s degree in School of Politics and International Relations. She can contacted at dgabiella@binus.edu

References

AIIB (2015) “What is the Asian Infrastructure Investment Bank?”. Asian Infrastructure Investment Bank. Available at http://www.aiib.org/html/aboutus/AIIB/. Accessed on 26 December 2015.

Aiyar, Swaminathan S Anklesaria (2015) “Why US Allies Are Happy to Join China’s AIIB”. The Diplomat. Available at http://thediplomat.com/2015/07/why-us-allies-are-happy-to-join-chinas-aiib/. Accessed on 26 December 2015.

BBC (2001) “ China Joins the WTO-At Last”. BBC News. Available at
http://news.bbc.co.uk/1/hi/business/1702241.stm. Accessed on 25 April 2014.

Egberink Fenna and Frans Paul Van Der Putten (2011) “ASEAN, China’s Rise and Geopolitical Stability in East Asia”. Clingendael Paper No. 2. Available at http://www.clingendael.nl/sites/default/files/ASEAN,%20China’s%20rise%20and%20geopolitical%20stability%20in%20Asia.pdf. Accessed on 26 December 2015.

Folker, Jennifer Sterling (2013) “Neoliberalism” in Tim Dunne, Milja Kurki and Steve Smith. International Relations Theories: Discipline and Diversity. 3rd edition. Oxford: Oxford University Press. pp. 114-131

Foot, Rosemary (2006) “Chinese Strategies in a US-hegemonic Global Order: Accommodating and Hedging”. Foreign Affairs 82. pp. 77-94.

Friedberg, Aaron L. (2005) “The Future of US-China Relations: Is Conflict Inevitable?”. International Security. Vol. 30. No. 2. pp. 7-45.

Glaser, Charles (2011) “Will China’s Rise Lead to War? Why Realism Does Not Mean Pessimism”. Foreign Affairs 90. pp. 80-91.

IBRD (2014) “International Bank for Reconstruction and Development Subscriptions and Voting Power of Member Countries”. Available at http://siteresources.worldbank.org/BODINT/Resources/278027-1215524804501/IBRDCountryVotingTable.pdf. Accessed on 26 April 2014.

IDA (2014) “International Development Association Subscriptions and Voting Power of Member Countries”. Available at http://siteresources.worldbank.org/BODINT/Resources/278027-1215524804501/IDACountryVotingTable.pdf. Accessed on 26 April 2014.

IFC (2014) “International Finance Corporation Subscriptions and Voting Power of Member Countries”. Available at http://siteresources.worldbank.org/BODINT/Resources/278027-1215524804501/IFCCountryVotingTable.pdf. Accessed on 26 April 2014.

Ikenberry, G. John (2011) “The Future of the Liberal World Order”. Foreign Affairs. Available at http://www.foreignaffairs.com/articles/67730/g-john-ikenberry/the-future-of-the-liberal-world-order. Accessed on 16 April 2014.

Karim, Moch Faisal and Tangguh Chairil (2016) “Waiting for Hard Balancing? Explaining Southeast Asia’s Balancing Behaviour towards China”. European Journal of East Asian Studies. Vol. 15. pp. 1-28.

Krasner, Stephen D. (1983) International Regimes. New York: Cornell University Press.

Liu, Qianqian (2010) “China’s Rise and Regional Strategy: Power, Interdependence and Identity”. Journal of Cambridge Studies. Vol. 5. No.4. pp. 76-92.

Mearsheimer, John J. (2005) “Structural Realism” in Tim Dunne, Milja Kurki and Steve
Neo-Liberalism explain China Threat towards United States

Smith. *International Relations Theories: Discipline and Diversity*. 3rd edition. Oxford: Oxford University Press. pp. 77-93

Mearsheimer, John J. (2010) “The Gathering Storm: China’s Challenge to US Power in Asia”. The Chinese Journal of International Politics. Vol.3. pp. 381-396.

MIGA (2014) “Multilateral Investment Guarantee Agency Subscriptions and Voting Power of Member Countries”. Available at http://siteresources.worldbank.org/BODINT/Resources/278027-1215524804501/MIGACountryVotingTable.pdf. Accessed on 26 April 2014.

Miller, Lyman (2006) “China an Emerging Superpower?”. Stanford Journal of International Relations. Available at https://web.stanford.edu/group/sjir/6.1.03_miller.html. Accessed on 10 June 2016.

Nathan, Andrew F. and Andrew Scobell (2012) “How China Sees America: The Sum of Beijing’s Fears”. *Foreign Affairs*. Vol.32. pp. 32-47.

O’Rourke, Ronald (2016) “China Naval Modernization: Implications for U.S. Navy Capabilities—Background and Issues for Congress”. Available at https://www.fas.org/sgp/crs/row/RL33153.pdf. Accessed on 31 May 2016.

Panda, Ankit (2015) “Have the US and China Come to an Understanding on the AIIB?”. *The Diplomat*. Available at http://thediplomat.com/2015/09/have-the-us-and-china-come-to-an-understanding-on-the-aiib/. Accessed on 27 December 2015.

Pei, Minxin (2016) ”Is China Aspiring For Hegemony?”. Lecture. Available at http://besacenter.org/videos/besacenter-2020-conference-panel-1-7-10/. Accessed on 10 June 2016.

Roy, Denny (1996) “The “China Threat Issue”: Major Arguments”. *Asian Survey*. Vol.6. No.38. pp.758-771.

The White House (2015) “ Factsheet: US-China Economic Relations”. Available at https://www.whitehouse.gov/the-press-office/2015/09/25/fact-sheet-us-china-economic-relations. Accessed on 28 December 2015.

Schweller, Randall L. and Xiaoyu Pu (2011). “After Unipolarity: China’s Visions of International Order in an Era of US Decline”. *International Security*. Vol.36. No.1. pp. 41-72.

Scott, James and Rorden Wilkinson (2013) “China Threat? Evidence from the WTO”. *Journal of World Trade*. Vol.47. No. 4. pp. 761-782.

Shambaugh, David (2011) “Coping with Conflicted China”. *The Washington Quarterly*. Vol. 34. No. 1. pp. 7-27.

World Bank (2014) “China 2030 Overview”. Available at http://www.worldbank.org/content/dam/Worldbank/document/China-2030-overview.pdf. Accessed on 25 April 2014.

Xia, Ming (2005) “ ”China Threat” or a "Peaceful Rise of China”? ”. *The New York Times*. Available at
http://www.nytimes.com/ref/college/coll-china-politics-007.html.
Accessed on 25 April 2014.

Zhang, Jian (2015) “China’s New Foreign Policy under Xi Jinping: Towards ‘Peaceful Rise 2.0?’” Global Change, Peace & Security, Vol. 27. No.1. pp. 5-19