

Introduction

How do rising powers shape international order? Answering this question has profound implications for understanding how and where a rising China will contest the rules-based international order. Existing approaches in power transition and institutional change are too focused on rule compliance, collapsing China's behavior into a simple binary of whether it is following the rules.¹ This overlooks strategies that enact change gradually over time and those that do not explicitly break or change the rules.² Put simply, we need a wider vocabulary to describe Chinese behavior towards the rules-based international order. To this end, this chapter introduces the project's dependent variable (DV) — a rising power's strategy of change, which I define as a deliberate policy aimed at changing the effects of a rule.

Before presenting the different strategies, I first situate the DV within the framework of international order, which I define as a stable, structured pattern of relationships among states that is consciously constituted through rules. Specifically, I spell out how the DV connects to order change. I then argue that rules are the appropriate level of analysis, because regardless of how one conceptualizes order, states have to act upon rules to shape it. Subsequently, I present the full universe of functional orders which are delineated by issue area, and explain why it is appropriate to structure analysis in this manner. Taken together, this

¹ Rush Doshi, *The Long Game: China's Grand Strategy to Displace American Order*, Bridging the Gap Series (New York: Oxford University Press, 2021); Joshua R. Itzkowitz Shiffrin, *Rising Titans, Falling Giants: How Great Powers Exploit Power Shifts*, Cornell Studies in Security Affairs (Ithaca: Cornell University Press, 2018); Alastair Iain Johnston, "China in a World of Orders: Rethinking Compliance and Challenge in Beijing's International Relations," *International Security*, Vol. 44, No. 2 (October 2019), pp. 9–60, doi:10.1162/isec_a_00360; A. E. Kent, *Beyond Compliance: China, International Organizations, and Global Security*, Studies in Asian Security (Stanford, Calif: Stanford University Press, 2007); Jessica Chen Weiss and Jeremy L. Wallace, "Domestic Politics, China's Rise, and the Future of the Liberal International Order," *International Organization*, pp. 1–30, doi:10.1017/S002081832000048X; Scott L. Kastner, Margaret M. Pearson, and Chad Rector, *China's Strategic Multilateralism: Investing in Global Governance* (Cambridge, United Kingdom; New York, NY: Cambridge University Press, 2019); Michael J. Mazarr, Timothy R. Heath, and Astrid Stuth Cevallos, "China and the International Order," https://www.rand.org/pubs/research_reports/RR2423.html.

² Wolfgang Streeck and Kathleen Ann Thelen, *Beyond Continuity: Institutional Change in Advanced Political Economies* (Oxford University Press, 2005); Jacob S. Hacker, Paul Pierson, and Kathleen Thelen, "Drift and Conversion: Hidden Faces of Institutional Change," in James Mahoney and Kathleen Thelen, ed., *Advances in Comparative-Historical Analysis*, Strategies for Social Inquiry (Cambridge: Cambridge University Press, 2015), pp. 180–208, doi:10.1017/CBO9781316273104.008.

exercise justifies the project's analytical approach — China's strategy towards specific rules across different functional orders.

Having established the project's analytical approach, I present the full range of the DV, which are six strategies defined by distinct mechanisms of change. Following a common definition of strategy as the connection between ends and means, each mechanism of change is a function of the means of change — whether it uses existing rules and procedures or introduces new ones — and the rising power's goal towards the targeted rule.³ In short, I ask what China is *doing* to the rules *over time*, rather than whether China is playing by the rules at any given moment.

In brief, internal strategies include *drift*, which blocks change to outdated rules; *reform*, which updates existing rules; and *cooptation*, which repurposes the rule, such as shifting its interpretation. External strategies include *layering*, which introduces new rules to compete with the old ones; *dismantle*, which removes the existing rule via external means; and *exceptionalism*, which imposes an inconsistent application of the rule on others. I present each strategy in more detail in this chapter, and offer illustrative examples for each one. Each mechanism of change has implications for the conditions under which China is likely to pursue the associated strategy, which will be explored in more detail in the theory chapter.

The final part of the chapter will briefly sketch out how I code China's strategy towards each rule, and summarize the coding thus far for selected cases.

Rules and Order Change

This section situates China's behavior towards a rule within the broader framework of order change. Specifically, it justifies the project's approach of examining China's strategy towards specific rules across different functional orders. To preview my argument, focusing

³ John Lewis Gaddis, *On Grand Strategy* (New York: Penguin Press, 2018).

on rules avoids many conceptual debates over what is and is not order — regardless of how one defines order, change stems from some action towards its rules. That said, I do offer my own definition of order as a stable, structured pattern of relationships among states that is consciously constituted through rules. Subsequently, I explain how I delineate functional orders and choose which rules to examine.

Definitions of order abound — one key division is whether order requires intentionality. For instance, Koremenos, Lipson & Snidal’s seminal article on rational institutional design contends that “states construct and shape institutions to advance their goals.”⁴ The English School goes further, arguing that order is patterns of state behavior that advance *shared* goals, thereby constituting an international society.⁵ Similarly, liberal scholars such as Ikenberry argue that mere patterned behavior is insufficient to create order, and states have to have “some acknowledgement or awareness of the order.”⁶ Others argue that such a definition is too narrow, and fails to consider how order can arise unintentionally as an emergent property. Under this account, order can emerge through unintentional behavior by actors pursuing their own interests. The primary advocate of this approach is Schweller, who argues that order can emerge simply through states responding to balance of power pressures under anarchy without explicit coordination.⁷

This project’s definition of order lies at the middle of this spectrum. I argue that some intentionality is required, and order emerges from states’ efforts at structuring their interactions.

⁴ Barbara Koremenos, Charles Lipson, and Duncan Snidal, “The Rational Design of International Institutions,” *International Organization*, Vol. 55, No. 4 (ed 2001), pp. 761–799, doi:10.1162/002081801317193592.

⁵ Hedley Bull, *The Anarchical Society: A Study of Order in World Politics*, 4. ed (Basingstoke: Palgrave Macmillan, 2012).

⁶ G. John Ikenberry, *After Victory: Institutions, Strategic Restraint, and the Rebuilding of Order after Major Wars*, Princeton Studies in International History and Politics (Princeton: Princeton University Press, 2001), p. 45.

⁷ Randall L. Schweller, “The Problem of International Order Revisited: A Review Essay,” *International Security*, Vol. 26, No. 1 (2001), pp. 161–186.

In this sense, my definition is similar to that of Ikenberry and Mearsheimer,⁸ but deviates from the stronger interpretation of intentionality advanced by the English School, which implies shared purpose. This ‘stronger’ version of intentionality is analytically unhelpful, because actors can pursue similar patterned behavior for different purposes. For example, in the area of technical standards, both the European Union (EU) and China prefers standard-setting fora with state-based membership; however, the EU does so because of concerns over privacy, whereas China does so because of its state-dominated standards-setting process.⁹ On the other hand, a definition of order which does not require awareness is too broad. Under this account, even patterned behavior in areas where states have not consciously tried to structure their interactions would count as order. Yet the very lack of effort — or their failure — at structuring interactions is interesting, and would be overlooked by this broad definition. As such, states have to consciously structure their patterns of behavior for it to qualify as order.

Specifically, states structure their interactions through rules, making them the building blocks of order. Rules are specific prescriptions or proscriptions for action, and includes both first-order rules about content, and second-order rules about decision-making. They can be embedded in formal arrangements negotiated among actors — institutions — or be standalone rules.¹⁰ As long as order is defined as the product of state’s conscious efforts at structuring their interactions, rules become fundamental to sustaining and changing order. Put differently, rules are the lowest common denominator across all conceptualizations of order, provided that order implies intentionality.¹¹ Analyzing state behavior towards rules is therefore a good

⁸ John J. Mearsheimer, “Bound to Fail: The Rise and Fall of the Liberal International Order,” *International Security*, Vol. 43, No. 4 (April 2019), pp. 7–50, doi:10.1162/isec_a_00342. Mearsheimer defines order as “an organized group of international institutions that help govern interactions among the member states.”

⁹ Dan Breznitz and Michael Murphree, “The Rise of China in Technology Standards: New Norms in Old Institutions” (US-China Economic and Security Review Commission, January 17, 2013), <https://www.uscc.gov/research/rise-china-technology-standards-new-norms-old-institutions>; Daniel W. Drezner, *All Politics Is Global: Explaining International Regulatory Regimes*, 1. paperback print (Princeton: Princeton Univ. Press, 2008), chap. 4.

¹⁰ Koremenos, Lipson, and Snidal, “The Rational Design of International Institutions.”

¹¹ Issac Kardon, *China’s Law of the Sea*.

starting point to understanding order change. To be sure, acting upon rules is a necessary, but not sufficient condition for shaping order — it may well be the case that that order change fails to materialize due to a poorly executed strategy. However, since the goal of this project is understanding how rising powers shape international order, focusing on the first step — taking some action towards rules — is a productive starting point.

Having established the level of analysis at the rule-level, why structure analysis across separate functional orders? I see two advantages to this approach. First, given the high degree of specialization across different areas of state activity, countries develop specialized bureaucracies to manage their interactions in each functional area. For instance, China is represented at the World Bank by personnel from the Ministry of Finance, at the WTO by the Ministry of Commerce, and at the IMF by the People's Bank of China (China's central bank).¹² In other words, analyzing the international system through a functional approach is empirically defensible because it maps closely to how states organize their international interactions. Second, such an approach can accommodate contradictions between the rules across different functional orders.¹³

I delineate each functional order by the governance issues it seeks to address. This is similar to the concept of spheres of state activity in the existing literature, and denotes the substantive scope of the functional order.¹⁴ Framing state activity in terms of concrete governance issues offers more clarity — heuristically, all questions of governance can be represented through the form “how to solve/determine X?”¹⁵ For instance, the trade order seeks

¹² This is based on reviewing the background of the most senior Chinese representative at these institutions.

¹³ Johnston, “China in a World of Orders.”

¹⁴ Elizabeth Economy and Michel Oksenberg, eds., *China Joins the World: Progress and Prospects* (New York : [Washington, D.C.]: Council on Foreign Relations Press ; Distributed by Brookings Institution Press, 1999); Weiss and Wallace, “Domestic Politics, China's Rise, and the Future of the Liberal International Order”; Johnston, “China in a World of Orders”; Mazarr, Heath, and Cevallos, “China and the International Order.”

¹⁵ Jeff Colgan, *Partial Hegemony: Oil Politics and International Order*, 1st Edition (New York: Oxford University Press, 2021), chap. 2.

to address the question “how to determine the extent to which states are allowed to favor their own products?”

One implication of this analytical approach is that major players can vary across different functional orders. This stems from the simple observation that power is “issue-specific”, in that actors may be more or less capable in different functional areas.¹⁶ Intuitively, different capabilities are weighted differently across different governance issues. To take an extreme example, the EU is a powerful actor when it comes to issues of trade because of its large market size, but is not a coherent actor in matters of security. The *timing* of when a state becomes a rising power — if at all — can in theory vary across functional orders. For instance, Japan in the 1980s was a rising economic power, but due to its unique circumstances was not a rising power in security orders.

Having delineated functional orders, how to select which rules to examine? To recap, rules are specific prescriptions or proscriptions for action. Most functional orders have a plethora of rules, and assessing all of them will be intractable. I select rules based on relevance and significance. For a project focused on how rising powers shape international order, the most relevant rules are those involved in contestation between the rising power and other members. However, only looking at these rules will select on the DV. As such, I also include the primary rules of the order. To do so, I review documents from the focal institution(s) in each functional order, such as the WTO in trade.

In sum, I take the following steps to identify the universe of cases of rules. First, relying on scholarship that adopt a similar functional approach and the UN’s list of 23 ‘Global Issues’, I identify 13 functional orders. Second, I identify the key institutions in each functional order and their primary rules. Finally, I review the rules contested between China and other members.

¹⁶ Robert Owen Keohane and Joseph S. Nye, *Power and Interdependence: World Politics in Transition* (Boston: Little, Brown, 1977).

The combination of primary and contested rules makes up the universe of cases.¹⁷ The full universe of cases is provided in the Appendix, while coding for select cases are provided at the end of this chapter. Note that I focus on questions of *global* governance, and therefore exclude regional orders, which can plausibly fulfill the four criteria as well (e.g., regional security).

DV – Rising Power Strategy

The project's DV is a rising power's strategy towards the rules of a functional order. More precisely, a strategy is a *deliberate policy aimed at changing the effects of a rule*. There are two key terms in this definition. First, a strategy has to be *deliberate action*, and not just inertia. This is particularly relevant for drift, where the rising power obstructs change to outdated rules. Simple bureaucratic inertia does not qualify as a strategy *per se*, even if it produces a similar outcome. The rising power has to take deliberate measures to obstruct change for it to qualify as drift.

The second term in the definition is the effects of a rule. Defining change in this way shifts the focus from the letter of the rule to its effects. For instance, advancing a new interpretation of a rule leaves the letter of the law unchanged but can drastically change the effect of the rule. As I argue later, China is coopting the definition of human rights to emphasize economic rights over political and civil ones. While not explicitly changing the definition of human rights — the letter of the law — it has successfully blunted the ability of international human rights fora to criticize countries.

Finally, I use change as a value-free term; indeed, some changes sought by rising powers — such as increased representation for emerging economies at the World Bank — is arguably good.

¹⁷ Weiss and Wallace, "Domestic Politics, China's Rise, and the Future of the Liberal International Order"; Johnston, "China in a World of Orders"; Mazarr, Heath, and Cevallos, "China and the International Order"; United Nations, "Global Issues," United Nations (United Nations), accessed February 16, 2022, <https://www.un.org/en/global-issues>.

Strategies of change vary in two important ways — the means of change and the rising power’s goal towards the targeted rule. This builds on the idea that strategy is a connection between means and ends. Strategies rely on either *internal* or *external* means of change. Internal strategies rely on existing rules and procedures to pursue change, while external strategies introduce new ones. External strategies are more costly and are involve higher uncertainty in the process of change.

There are two sources of costs to an external strategy. The first is those incurred from an opposing coalition. Goddard notes that rising powers — more so than other states — “must worry about collective mobilization in response to its behavior.” Indeed, using brute force to get what it wants is often costly, and rising powers aim to manage the collective mobilization of their adversaries.¹⁸ The substantive content of this cost varies across functional orders, but in the abstract, it is the ‘cost of doing business’ in the order. For instance, being labelled a non-market economy (NME) imposes costs on operating in the WTO framework, allowing others to more readily impose anti-dumping duties against the NME.¹⁹ Internal strategies are less likely to incur costs from an opposing coalition because they rely on existing rules and procedures, meaning there is no explicitly revisionist behavior for the incumbent to mobilize around.

The second source of costs are those associated with setting up new institutions, and is only applicable in layering. Setting up new institutions is costly — beyond the simple cost of setting up a new bureaucracy, new institutions can also incur domestic approval costs (e.g., side payments to domestic constituents to gain approval for the institution), and long-term operating costs.²⁰

¹⁸ Stacie E. Goddard, *When Right Makes Might: Rising Powers and World Order*, Cornell Studies in Security Affairs (Ithaca: Cornell University Press, 2018).

¹⁹ Wayne Morrison, “China’s Status as a Nonmarket Economy (NME),” CRS Report (Congressional Research Service, January 2019).

²⁰ Kenneth W. Abbott and Benjamin Faude, “Choosing Low-Cost Institutions in Global Governance,” *International Theory*, Vol. 13, No. 3 (November 2021), pp. 397–426, doi:10.1017/S1752971920000202.

In addition to costs, external strategies also involve higher uncertainty around how change will occur. Uncertainty refers to whether the range of possible outcomes can be known *a priori*, as opposed to risk, which is whether one can assign a probability to each possible outcome.²¹ By definition, internal strategies rely on existing rules and procedures, whose mode of operation are known to the rising power and thus reduces uncertainty over the process of change. For instance, if the rising power seeks to coopt the interpretation of a rule by submitting a resolution to a vote, at least it knows *a priori* that a vote on its resolution will occur. Of course, there is a *risk* that the vote might not go in its favor, but at least it knows the possible outcomes (favorable or not favorable) and can plan accordingly. In contrast, if a rising power seeks to change a rule by creating a new institution, it is harder to anticipate the full range of possible outcomes. Will it catalyze others to create their own institutions? Will the rising power have to make compromises or side payments in order to gain sufficient following? Will the new institution actually be competitive? These considerations increase the uncertainty of the strategy.

Because strategies that rely on internal means incur lower costs and are less uncertain, rising powers will attempt them first before resorting to external strategies. This sequential logic builds on existing approaches in the literature on institutional change, which I will elaborate on further in the theory chapter.²²

Strategies also vary in their goals towards the targeted rule: dismantlement seeks to *remove* existing rules; layering seeks to *outcompete* them; exceptionalism *inconsistently applies* them on others; drift *obstructs* changes to them; cooptation *repurposes* them, and reform *updates* them. The combination of the means of change and the goal towards the

²¹ Joseph Jupille, Walter Mattli, and Duncan Snidal, *Institutional Choice and Global Commerce* (Cambridge: Cambridge University Press, 2013), p. 34, doi:10.1017/CBO9781139855990.

²² Jupille, Mattli, and Snidal, *Institutional Choice and Global Commerce*.

targeted rule results in a distinct mechanism of change for each strategy, which is summarized in Figure 2. The remainder of this chapter covers each strategy in more detail.

	Drift	Reform	Cooptation	Dismantle	Layering	Exceptionalism
Means of change	Internal	Internal	Internal	External	External	External
Goal towards targeted rule	Obstruct change	Update	Repurpose	Remove	Outcompete	Inconsistent application
Mechanism of change	Stagnation	Voice	Redirection	Erosion	Competition	Dominance

Figure 1 Rising Power Strategies of Change

Drift

Drift is defined by obstructing change to a rule that becomes outdated due to shifts in the external environment.²³ In doing so, the rising power derives benefits by sustaining a mismatch between a new context and the outdated rules. The mechanism of change is therefore stagnation. To use the canonical example of drift from CPE, Hacker argues that although there has been no formal retrenchment of US social policy, it nevertheless offered increasingly incomplete risk protection because of dramatic social change. For instance, medical costs have risen much faster than the median wage, outstripping the ability of workers and employers to finance protection.²⁴ Under my definition, the rising power uses internal means to enforce this stagnation, such as litigation and exercising its veto power, if it is a veto player. This is a low-cost strategy, in part because it relies on existing rules and procedures, but also because the rising power is technically defending the status quo, allowing it to deflect criticism.

Drift is an active strategy, in that the rising power actively obstructs attempts at updating rules — I assume that other states recognize the need for change in these rules, and

²³ Hacker, Pierson, and Thelen, “Drift and Conversion”; Streeck and Thelen, *Beyond Continuity*.

²⁴ Jacob S. Hacker, “Privatizing Risk without Privatizing the Welfare State: The Hidden Politics of Social Policy Retrenchment in the United States,” *American Political Science Review*, Vol. 98, No. 2 (May 2004), pp. 243–260, doi:10.1017/S0003055404001121.

will attempt to do so. I do not consider stagnation stemming from pure inertia as drift. Of course, this begs the question of what makes a rule outdated. In a sense, identifying a strategy as drift inevitably requires some assumptions about the ‘intended function’ of a rule. One could get around this problem by simply defining any obstruction of reform by the rising power as drift, but that introduces status quo bias — there is no reason to assume that the incumbent’s proposals advance the ‘intended functions’ of the existing components by default. To avoid slippage in my analysis, I begin by identifying obstruction efforts by the rising power, and then demonstrate that 1) the original conditions under which the rules were established no longer hold, and that 2) the continued existence of those rules benefits the rising power.

While the rising power will always try to obstruct changes to outdated rules it benefits from, the *effectiveness* of the strategy varies depending on the veto structure of the institution. Even though strategy effectiveness is beyond the scope of this project, this shows how my project can connect to the institutional design literature — the more veto points there are in an institution, the easier it is for actors to pursue drift. Canonical arguments about institutional design note that veto points are likely when the future is uncertain and actors anticipate divergent preferences.²⁵ This project shows that there is a tradeoff between including such features into an institution and its vulnerability to drift in the future.

I argue that China is pursuing drift across many salient issues in the trade order. For instance, WTO rules defining a public body were written at a time when state-owned enterprises (SOEs) did not play a significant role in the leading economies. By preventing this rule from being updated through extensive litigation in the WTO, China is able to avoid some of its SOEs from being classified as public bodies, and thereby exempted from countervailing

²⁵ Koremenos, Lipson, and Snidal, “The Rational Design of International Institutions”; Randall W. Stone, *Controlling Institutions: International Organizations and the Global Economy* (Cambridge: Cambridge University Press, 2011), doi:10.1017/CBO9780511793943.

duties.²⁶ Indeed, this is one of the reasons cited by the US Trade Representative for its continued disengagement from the WTO.²⁷

In a similar vein, China is pursuing drift towards the “special and differential treatment” (SDT) principle, which provides an exception to the WTO principle of reciprocity by allowing “less-than-full reciprocity” for developing countries. In concrete terms, this means that developing countries have less stringent obligations on lowering barriers to trade, such as cutting subsidies to domestic agricultural or fisheries producers. Crucially, the classification of ‘developed’, ‘developing’, and ‘least developed’ rely on self-identification.²⁸

Setting aside the point as to whether China should be treated as a developing country overall, I argue China is pursuing drift by invoking the SDT during negotiations on agricultural and fisheries subsidies. This is perhaps the starkest in the case of fisheries subsidies. WTO negotiations have been trying to reach an agreement on limitations — ‘disciplines’ in WTO jargon — on subsidies in these two sectors for decades.

The Hong Kong Ministerial in 2005 first codified the SDT principle into fisheries negotiations. China did not provide *any* fishery subsidies in 2005; yet today it is the world’s largest subsidizer and has the world’s largest fishing fleet.²⁹ This represents a shift in the external context during which the original rule was written, at least on the issue of fisheries. Given China’s dramatic rise as one of the world’s largest fisheries producers, SDT provisions for it should arguably be updated. Indeed, according to a negotiator from a least-developed country, “China doesn’t need SDT in fields where it’s already the major exporter. It is

²⁶ Petros C. Mavroidis and André Sapir, *China and the WTO: Why Multilateralism Still Matters* (Princeton: Princeton University Press, 2021).

²⁷ USTR, “Report on the Appellate Body of the World Trade Organization” (Office of the United States Trade Representative, February 2020).

²⁸ Kristen Hopewell, *Clash of Powers: US-China Rivalry in Global Trade Governance* (Cambridge: Cambridge University Press, 2020), p. 39, doi:10.1017/9781108877015.

²⁹ Hopewell, chap. 3.

absolutely unacceptable to say I need special treatment when you are the major player in the market.”³⁰

China has consistently objected to any modifications to SDT provisions in fisheries subsidies across multiple negotiation rounds, rejecting any move to introduce more differentiation within developing countries. I argue this is a form of drift, because 1) the original context under which SDT principles were written no longer hold, at least in the case of fisheries; and 2) the continued absence of fisheries disciplines benefits China immensely. The mechanism of stagnation is captured by a negotiator, “part of the reason the negotiations failed was that the world had changed and there was already a sense then that what was on the table no longer fit.”³¹ Interestingly, the most recent Geneva Ministerial in June 2022 reached an agreement on fisheries subsidies, which contained, *inter alia*, prohibitions on subsidies for illegal, unreported, and unregulated fishing, and fishing on the unregulated high seas and overfished stocks.³² Notably, SDT provisions have been deferred to future negotiations.³³ Fieldwork at the WTO could inform how states were able to reach such an agreement, and whether China continues to pursue drift based on SDT.

In sum, drift enacts change through stagnation, where the rising power actively sustains a gap between a new context and the outdated rule from which it benefits. It is a low-cost strategy because it uses internal means and maintains the status quo, allowing the rising power to portray itself as a defender of the status quo.

Reform

³⁰ Hopewell, 98.

³¹ Hopewell, *Clash of Powers*.

³² World Trade Organization, “Implementing the WTO Agreement on Fisheries Subsidies” (World Trade Organization, 2022).

³³ Alice Tipping, “WTO Members Clinch a Deal on Fisheries Subsidies | News | SDG Knowledge Hub | IISD,” *IISD’s SDG Knowledge Hub* (blog), <https://sdg.iisd.org:443/news/wto-members-clinch-a-deal-on-fisheries-subsidies/>.

Reform uses existing rules and procedures to update the targeted rule. The rising power deems the status quo outdated and seeks what it is entitled to under the existing rules, using internal means to enact change. Importantly, reform is defined by changing the *letter* of the targeted rule, which distinguishes it from cooptation. It incurs low costs of change because it relies on internal means, and the rising power can legitimately claim to be ‘using the rules to change the rules.’ The mechanism of change is *voice* — the rising power channels its dissatisfaction through existing rules and procedures.

Most examples cited by proponents of China’s integration into the international order are ones of reform. For instance, China is pursuing vote share reform at the IMF, since the existing IMF rules entitles it to higher vote shares — “an individual country’s quota broadly reflects its relative position in the world economy.”³⁴ Indeed, China has relied on IMF quota reviews that occur every five years to pursue these changes. Similarly, China has worked alongside other emerging markets (BRICs, G20) to reform the IMF position on capital controls. These actors lobbied Fund officials for a greater acceptance of ‘capital flow management measures’ (CFMs), supporting projects within the Fund that reassessed the role of such instruments. Commissioning studies is an established means of change at the IMF, therefore qualifying such behavior as reform.

These examples also show how reform aims to change the *letter* of the targeted rule. In the case of vote shares, this is the literal percentage of votes China holds; in the case of capital controls, this resulted in *two* updates — in 2012 and 2022 — to the IMF document *The Institutional View on The Liberalization and Management of Capital Flows*, which acknowledged the role of certain CFMs in protecting countries from capital flow volatility, and exempted certain categories of CFMs from the IMF’s country assessments.³⁵ This represents a

³⁴ IMF Website

³⁵ Julian Gruin, Peter Knaack, and Jiajun Xu, “Tailoring for Development: China’s Post-Crisis Influence in Global Financial Governance,” *Global Policy*, Vol. 9, No. 4 (2018), pp. 467–478, doi:10.1111/1758-

change to the *letter* of the rule over how the IMF assesses the use of CFMs. Indeed, the logic of updating is exemplified in the document — “this review aims to bring the institutional view *up to date* [emphasis added] with advances in theoretical and empirical research and policy experiences.”³⁶

In sum, reform uses internal means to update the letter of the targeted rule. The rising power relies on voice to enact change, and works through existing rules and procedures. Because such behavior ‘uses the rules to change the rules’, it incurs low costs of change. Indeed, it is difficult for the incumbent to justify why emerging economies continue to be underweighted when the IMF itself asserts that voting rights should reflect relative economic positions.³⁷

Cooptation

Cooptation uses existing rules and procedures to repurpose the targeted rule, such as how it is interpreted. In contrast to reform, it does not seek to change the letter of the law. The mechanism of change is redirection, since the strategy shifts how the rule is applied, which can ultimately redirect how the institution functions. Since it relies on internal means of change, it is a low-cost strategy.

Cooptation and reform are distinguished by whether the rising power seeks to change the letter of the law. For instance, in the IMF China seeks to change the percentage of its vote shares and the Fund’s official view of CFMs. In contrast, China has sought to shift the definition of human rights without explicitly changing the written rule, which is codified in

5899.12566; International Monetary Fund, “Review of the Institutional View on the Liberalization and Management of Capital Flows” (International Monetary Fund, March 2022).

³⁶ International Monetary Fund, “Review of the Institutional View on the Liberalization and Management of Capital Flows,” 1.

³⁷ Ayse Kaya, *Power and Global Economic Institutions* (Cambridge: Cambridge University Press, 2015), doi:10.1017/CBO9781316343258.

instruments like the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights, and International Covenant on Economic, Social and Cultural Rights.

To delve deeper into the human rights example, China is pursuing cooptation by emphasizing economic and social rights over political ones.³⁸ In this case, the targeted rule is the definition of human rights. Such a shift in interpretation creates space for China to block — usually alongside other authoritarian countries— resolutions critical of violations of political freedoms. Certainly, this has been true long before China’s rise as a major power, but its efforts have intensified over recent years, shifting from an “essentially defensive strategy towards one that aims to promote its own ideas in this issue area.”³⁹

Two recent examples show this strategy in action. When Beijing curtailed political freedoms in Hong Kong in 2020, China’s declaration — which commended the move — at the UN Human Rights Council gained more votes than the one by the US and UK which criticized Beijing’s actions.⁴⁰ More recently, China was able to block a Western-backed resolution to hold a debate on Xinjiang.⁴¹ Taken together, this shows how cooptation has redirected the UNHRC from an institution intended to protect human rights to one where certain countries can blunt criticisms and even legitimize problematic policies.

This example illustrates how cooptation is different from reform. Gaining more vote shares at the IMF commensurate with China’s economic size changes the letter of the law. In contrast, emphasizing social and economic rights over political ones leaves the letter of the law intact while shifting its interpretation. Indeed, China has not tried to change the *letter* of the

³⁸ Shannon Tiezzi, “Can China Change the Definition of Human Rights?,” <https://thediplomat.com/2021/02/can-china-change-the-definition-of-human-rights/>.

³⁹ Rosemary Foot, *China, the UN, and Human Protection: Beliefs, Power, Image* (Oxford: Oxford University Press, 2020), doi:10.1093/oso/9780198843733.001.0001.

⁴⁰ Yaroslav Trofimov O’Keeffe Drew Hinshaw and Kate, “How China Is Taking Over International Organizations, One Vote at a Time,” *Wall Street Journal*, sec. World, <https://www.wsj.com/articles/how-china-is-taking-over-international-organizations-one-vote-at-a-time-11601397208>.

⁴¹ Emma Farge, “U.N. Body Rejects Debate on China’s Treatment of Uyghur Muslims in Blow to West,” *Reuters*, sec. China, <https://www.reuters.com/world/china/un-body-rejects-historic-debate-chinas-human-rights-record-2022-10-06/>.

rule(s) defining human rights, and continues to pay lip service to political rights.⁴² The example also shows how cooptation uses internal means — assembling a coalition to block critical resolutions relies on existing means of change.

Interestingly, China may be shifting from cooptation to layering, notably by establishing the South-South Human Rights Forum in 2017,⁴³ where the group issued the Beijing Declaration, which for the first time explicitly *elevated* economic and social rights above political ones — previously, China has merely stressed their equality.⁴⁴ Future fieldwork could investigate whether the SSHRF has had any impact at the UN Human Rights Council.

Given the mechanism of redirection, cooptation depends on whether the targeted rule gives the rising power room to maneuver, which is a function of its specificity. For example, a highly specific rule — ‘halve greenhouse gas emissions by 2030 relative to 2005 levels’ — leaves little room for redirection. In contrast, a less specific rule — ‘improve air quality’ — leaves much more room for interpretation. More formally, the more specific a rule, the fewer ways one can comply with it. This will be further developed in the theory chapter.

In sum, cooptation repurposes existing rules via existing rules and procedures without changing the letter of the rule. It incurs low costs of change because it is an internal strategy, and as the example of the UNHRC showed, it can drastically redirect an institution.

Dismantlement

In dismantlement, the rising power seeks to remove the existing rule via external means. Simply asking for a rule to be removed in an institution via existing rules and procedures — such as a vote — does not qualify, and would be considered reform. Examples of external

⁴² More details in empirical chapter, I primarily rely on Rana Siu Inboden, *China and the International Human Rights Regime, 1982-2017* (Cambridge, United Kingdom ; New York, NY: Cambridge University Press, 2021); Foot, *China, the UN, and Human Protection*.

⁴³ The South-South Human Rights Forum meets every two years.

⁴⁴ Inboden, *China and the International Human Rights Regime, 1982-2017*.

means include punishing others for abiding by the rule, or incentivizing others to break it. The mechanism of change is *erosion*.

As it currently stands, I do not consider Chinese behavior towards any rule in the universe of cases dismantlement. That said, two cases are worth further discussion — China’s use of informal economic coercion, and China’s delegitimizing tactics against the US ‘hub-and-spokes’ alliance architecture in East Asia.

The first case is worth discussing because it illustrates an external means of change. There is a rich literature documenting China’s use of informal economic measures such as trade restrictions and tourism curbs in retaliation for perceived violations of its interests on issues like Taiwan or Tibet.⁴⁵ For instance, Beijing essentially stopped trade with Lithuania by delisting it as a country of origin, in response to the latter permitting Taiwan to set up a representative office with the name “Taiwanese Representative Office.” Officially, however, Beijing denies imposing an embargo, citing individual choices by Chinese companies and technical glitches in the customs clearing system.⁴⁶ This would qualify as dismantlement if it were to occur in a functional order that did not accept ‘unilateral economic coercion’ as an established means of change, and had ‘establish robust relations with Taiwan’ as a rule. However, it is unclear that a functional order exists surrounding the Taiwan issue, and therefore such behavior falls beyond the scope of my analysis. That said, since most functional orders do not accept unilateral economic coercion as a procedure of change, such behavior serves as an example of what I mean by an external means of change. Indeed, it also illustrates why

⁴⁵ Peter Harrell, Elizabeth Rosenberg, and Edoardo Saravalle, “China’s Use of Coercive Economic Measures” (Center for a New American Security, June 2018), <https://www.cnas.org/publications/reports/chinas-use-of-coercive-economic-measures>; “How China Uses Economic Coercion to Silence Critics and Achieve Its Political Aims Globally” (Congressional-Executive Commission on China, December 7, 2021); Darren J. Lim and Victor A. Ferguson, “Informal Economic Sanctions: The Political Economy of Chinese Coercion during the THAAD Dispute,” *Review of International Political Economy*, Vol. 29, No. 5 (September 2022), pp. 1525–1548, doi:10.1080/09692290.2021.1918746; James Reilly, “China’s Unilateral Sanctions,” *The Washington Quarterly*, Vol. 35, No. 4 (October 2012), pp. 121–133, doi:10.1080/0163660X.2012.726428.

⁴⁶ Finbarr Bermingham, “EU Launches WTO Case against China over Lithuania Row,” *South China Morning Post*, sec. News, <https://www.scmp.com/news/china/diplomacy/article/3164845/eu-launch-wto-case-against-china-over-lithuania-embargo-row>.

external means are likely to incur higher costs, as evidenced by international reactions to China's informal economic coercion. Indeed, it sometimes backfires, spurring countries to reduce their dependency on China and build more resilient supply chains — for instance, after limiting rare earth exports to Japan in 2010, Japan reduced its reliance on Chinese supplies from 90% to 58% within a decade.⁴⁷

The second case is China's actions towards the US-led security architecture in East Asia. This case is worth discussing because analysts have suggested that China is seeking to replace the existing architecture.⁴⁸ Setting aside the fact that the regional alliance system is not a functional order of *global* governance, and thus falls beyond the scope of the project, I contend that at most, China's behavior could be categorized as delegitimation and not dismantlement.

Unsurprisingly, China is unsatisfied with the US-led alliance system, particularly in East Asia. The 'hub and spokes' alliance system in East Asia embeds a rule of regional scope — the US provides public security goods in return for recognition of its primacy. In English School parlance, this is the 'social compact' where US treaty allies and partners accept the US as the security public goods provider.⁴⁹

China has attempted to delegitimize this rule, as evidenced by its rhetoric against US alliances, such as the 1997 New Security Concept (*xin anquanguan*) and the 2014 Asian Security concept (*Yazhou anquan guan*), which were both framed "explicitly as foils to US alliances."⁵⁰ To be sure, such rhetoric predates China's rise, but has intensified as China's capabilities increased. A recent high-profile instance was Xi's speech in 2014, where he asserted that "it is disadvantageous to the common security of the region if military alliances

⁴⁷ "How China Uses Economic Coercion to Silence Critics and Achieve Its Political Aims Globally."

⁴⁸ Doshi, *The Long Game*.

⁴⁹ Evelyn Goh, "Contesting Hegemonic Order: China in East Asia," *Security Studies*, Vol. 28, No. 3 (May 2019), pp. 614–644, doi:10.1080/09636412.2019.1604989.

⁵⁰ Adam P. Liff, "China and the US Alliance System," *The China Quarterly*, Vol. 233 (March 2018), pp. 137–165, doi:10.1017/S0305741017000601.

with third parties are strengthened” and called for a “new regional security cooperation architecture.”⁵¹ The shift away from a US-led alliance system could result in numerous configurations. For instance, a network of strategic partnerships that excludes the US and centers on China might emerge; alternatively, a reversion to anarchy — no alliances with either China or the US — would similarly benefit China, as it is the dominant power in the region.

To this end, has China offered any alternatives to the US-led architecture, or has it sought to erode US alliances through punishment or incentives? To the first question, China has not proposed any alternatives, even on a rhetorical level. Doshi presents China’s rhetoric at the Conference on Interaction and Confidence Building Measures in Asia (CICA) as evidence of China building a new architecture, but such rhetoric offers little in terms of alternatives, beyond claiming that this new architecture should bring “common, comprehensive, cooperative, and sustainable security” in Asia. Certainly, China has sought to improve its existing partnership network in the region, upgrading almost all of its strategic partnership agreements in Southeast Asia.⁵² However, this is more a consolidation of existing security ties rather than an alternative towards a ‘non-alliance’ security architecture. This interpretation is consistent with other analysts’ assessment of China’s efforts of order-building in East Asia.⁵³

To the second question, China has taken limited action at compelling or incentivizing US allies to exit from their alliances. To connect this with the previous discussion on unilateral economic coercion —there is little evidence that China has punished US allies and partners for strengthening their alliance relationships, or incentivized them to break it off. To be clear, China has certainly complained about it. For instance, it drafted a proposal against the AUKUS

⁵¹ VOA, “China’s Xi Warns Asian Countries on Military Alliances,” VOA, <https://www.voanews.com/a/reu-xi-jinping-issues-veiled-warning-to-asia-on-military-alliances/1919035.html>.

⁵² Lindsey W. Ford, “Refocusing the China Debate: American Allies and the Question of US-China ‘Decoupling,’” *Brookings* (blog), <https://www.brookings.edu/blog/order-from-chaos/2020/02/07/refocusing-the-china-debate-american-allies-and-the-question-of-us-china-decoupling/>.

⁵³ Liff, “China and the US Alliance System”; Goh, “Contesting Hegemonic Order.”

deal — which would supply Australia with nuclear-powered submarines — at the International Atomic Energy Agency, which it ultimately withdrew due to a lack of anticipated support.⁵⁴

China has neither offered an alternative to the US-led alliance network, nor has it taken steps to compel or incentivize US allies and partners to break away. As such, its behavior does not qualify as dismantlement. Of course, some scholars argue that ideational attacks are a logical first step in a counter-hegemonic project, and delegitimization could be a precursor to dismantlement.⁵⁵ While that may be the case, Chinese behavior thus far does not clear the bar for dismantlement.

In sum, dismantlement is defined by the removal of the existing rule via external means. I offered China's use of informal economic coercion an example of external means, which also illustrated the costs associated with such a method. As it currently stands, China has not pursued dismantlement towards any rule.

Layering

Layering introduces new rules to compete with existing ones. More specifically, the new rules have to be substantively *incompatible* with the existing ones, and have to be introduced via external means. Because of these features, layering incurs costs from both pushback and startup costs. The mechanism of change is competition between the old and the new, and layering is the only external strategy where the rising power does nothing to the existing rule, and may even abide by them.

⁵⁴ Francois Murphy, "China, AUKUS Countries Clash at IAEA over Nuclear Submarine Plan," *Reuters*, sec. World, <https://www.reuters.com/world/china-aukus-countries-clash-iaea-over-nuclear-submarine-plan-2022-09-16/>; "China Withdraws Anti-AUKUS Resolution at IAEA Due to Lack of Support," *Hindustan Times*, <https://www.hindustantimes.com/world-news/china-withdraws-anti-aukus-resolution-at-iaea-due-to-lack-of-support-101664562728672.html>.

⁵⁵ Daniel W. Drezner, "Counter-Hegemonic Strategies in the Global Economy," *Security Studies*, Vol. 28, No. 3 (May 2019), pp. 505–531, doi:10.1080/09636412.2019.1604985; Randall L. Schweller and Xiaoyu Pu, "After Unipolarity: China's Visions of International Order in an Era of U.S. Decline," *International Security*, Vol. 36, No. 1 (2011), pp. 41–72.

The new rules have to fulfill two criteria to qualify as layering. First, in order to be a competitor to the existing rule, the new rule has to be incompatible with the existing one, in that an actor cannot follow both simultaneously in a single action. This implies that countries can abide by both under different contexts — for instance, if the existing rule is to use World Bank standards for project evaluation, a competing rule could be a less stringent set of standards. An actor could plausibly use each set of standards on separate projects, but cannot use both sets on the same project.

Furthermore, layering relies on external means of change by definition. Creating an alternative institution embedded with the new rule is one such method, but so is *n*-bilateralism — embedding the new rule in a number of similar bilateral actions.⁵⁶ I am agnostic over whether the new rule is introduced via a new institution or a series of bilateral agreements. In any case, because of the external means of change, layering generates high costs of change. First, it creates clear revisionist behavior for the incumbent to coordinate around, as evidenced by US efforts to prevent its partners from joining the AIIB, which were ultimately ineffective. It also incurs startup costs— China’s initial subscription at the AIIB was nearly USD3 billion, not to mention costs associated with setting up a new bureaucracy.

There are two pathways of change under layering, both relying on competition as the mechanism of change. First, the new rules — which better reflects the rising power’s preferences — may gain traction and become the preferred option among states, thereby outcompeting existing rules and rendering them obsolete. Under this pathway, layering leads to the displacement of existing rules over time. Displacement is conceptually distinct from replacement, which entails active removal of the existing rules. Displacement acquiesces to the existing rules until they are obsolete, while replacement entails active removal. While

⁵⁶ Alexander Thompson and Daniel Verdier, “Multilateralism, Bilateralism, and Regime Design,” *International Studies Quarterly*, Vol. 58, No. 1 (2014), pp. 15–28.

replacement is logically possible, I do not include it in this project because rising powers rarely remove the existing rules and impose a new alternative simultaneously. Indeed, defined as such, I do not consider any of China's behavior as replacement.

In the second pathway of layering, the new rule could improve the rising power's leverage within existing institutions to affect change in the future. In this pathway, layering is combined with — and renders more effective — other strategies that use existing procedures of change, such as reform. I still code these cases as layering, because the source of change still comes from competition between the old and the new.

In both pathways, the effects of layering occur *gradually*. More importantly, during the period of competition, the rising power does not take actions to remove or exempt itself from the existing rule, as it does in dismantlement and exceptionalism. For instance, while China is layering alternative project standards through both the AIIB and its own bilateral lending, it continues to abide by WB standards for WB projects in China, and in WB projects that Chinese companies execute abroad. This distinguishes layering from other external strategies of change because a rising power will not always be willing to endure the effects of the existing rule.

Current scholarship describes Chinese behavior in developmental financing in terms consistent with layering. Scholars often describe the AIIB as an alternative institution that is challenging World Bank rules on project standards, especially environment and social ones.⁵⁷ Indeed, they argue that the AIIB is a credible competitor to the WB because it does not impose policy conditionalities for loans.⁵⁸ However, fieldwork at the WB paints a slightly different picture — according to former WB staff, the real source of competitive pressure comes not

⁵⁷ Shahar Hameiri and Lee Jones, "China Challenges Global Governance? Chinese International Development Finance and the AIIB," *International Affairs*, Vol. 94, No. 3 (May 2018), pp. 573–593, doi:10.1093/ia/iyy026; Jing Qian et al., "Compete or Complement? How the World Bank Responds to the Establishment of the AIIB," p. 37; Philipp Dann and Michael Riegner, "The World Bank's Environmental and Social Safeguards and the Evolution of Global Order," SSRN Scholarly Paper (Rochester, NY, 2019), <https://papers.ssrn.com/abstract=3556161>.

⁵⁸ Ngaire Woods, "Whose Aid? Whose Influence? China, Emerging Donors and the Silent Revolution in Development Assistance," *International Affairs (Royal Institute of International Affairs 1944-)*, Vol. 84, No. 6 (2008), pp. 1205–1221.

from the AIIB but from China's bilateral developmental financing program, which dwarfs both the WB's and AIIB's lending capacity. Indeed, China is currently the largest official creditor to the developing world.⁵⁹ To quote a former WB country director for China, "if they [China] want to do anything, they can do it through the CDB (China Development Bank)."⁶⁰ In other words, China is pursuing layering, but through bilateral, rather than multilateral, means.

In sum, layering is defined by the introduction of new rules that are incompatible with the existing ones via external means, such as through creating alternative institutions or *n*-bilateralism. Because it uses external means, it incurs high costs of change from potential pushback and start-up costs. Change occurs through competition between the old and new rules, and layering is the only external strategy where the rising power has to endure the effects of existing rule.

Exceptionalism

Exceptionalism is defined by the inconsistent application of the targeted rule — either the rising power exempts itself from an obligation while imposing it on others, or claims rights that it denies others; furthermore, it has to do so via external means. As such, proposing an exemption through existing rules and procedures does not qualify as exceptionalism. For instance, developing countries' efforts to limit their climate change obligations under 'common but differentiated responsibilities' does not qualify as exceptionalism. Conceptually, inconsistent application is a new rule in and of itself, therefore making exceptionalism an external strategy of change. Because the rising power imposes the rule's inconsistent application upon others, the mechanism of change is *domination*. This generates high costs of

⁵⁹ Hameiri and Jones, "China Challenges Global Governance?"; Sebastian Horn, Carmen M. Reinhart, and Christoph Trebesch, "China's Overseas Lending," *Journal of International Economics*, Vol. 133 (November 2021), p. 103539, doi:10.1016/j.jinteco.2021.103539.

⁶⁰ Author interview, former WB China Country Director, June 2022.

change from the act of imposition itself, and revisionist behavior for the incumbent to coordinate around.

China's behavior in the maritime order is an example of exceptionalism. The focal institution in this order is UNCLOS, which is part of a broader body of legal principles that make up the law of the sea. Specifically, China pursues exceptionalism explicitly towards rules that define the rights and limitations of maritime navigation, and less explicitly towards rules delineating maritime boundaries. These two cases are examples of both instances of exceptionalism — claiming a right while denying it to others, or exempting oneself from an obligation while imposing it on others.

UNCLOS allows coastal states to regulate other states' activities within its maritime jurisdiction. The exact activities subject to regulation vary in different maritime zones, and the wording of the UNCLOS rules on this issue are ambiguous by design. Given this ambiguity, I ask whether China is consistent in applying its *own* interpretation of the rule to others. Under this standard, I argue China is pursuing exceptionalism towards rules on the regulation of foreign military activities in Exclusive Economic Zones (EEZs).

It is worth noting that China has no delimited EEZ, and domestic legal instruments on EEZ restrictions have also been ambiguous. That being said, China's legal arguments clearly imply that it believes the coastal state has the right to regulate foreign military activities in its EEZ.⁶¹ Certainly, coastal states may decide to allow such activities — the key point is that China believes it is the coastal state's prerogative to decide on regulation.

Given this interpretation, China has pursued exceptionalism by conducting military activities in the EEZs of coastal states that *restrict such activities*, specifically Malaysia and Vietnam. Malaysia has a blanket prohibition on military exercises within its EEZ, and China has “disregarded this rule, *despite its similarity to its own rule* [emphasis added], exercising

⁶¹ Kardon, *China's Law of the Sea*.

and conducting surveys regularly in the area surrounding Luconia Shoals and James Shoal.”⁶² Similarly, Vietnam has similar restrictions as China on EEZ navigation, yet China has conducted military surveys and exercises in their overlapping EEZ.⁶³ This qualifies as exceptionalism because China is claiming a right for itself that it denies others. Specifically, it does so through external means — unilateral military surveys and exercises.

China also pursues exceptionalism on the issue of boundary rules, although less explicitly than the previous case. One of the most important rules in UNCLOS is the land dominates the sea — claims to maritime jurisdiction must be based on the ownership of land features. China has never made its maritime boundary claims explicit, and never published precise coordinates for the nine-dash line, nor clarified exactly what rights it is claiming within that line.⁶⁴

Despite the ambiguity of the nine-dash line, China uses the concept of ‘historic rights’ — which is ill-defined under international law — to justify its claims in the South China Sea. For instance, after the Hague Tribunal in 2016, China’s State Council issued a position paper which claimed that “China has historic rights in the South China Sea.”⁶⁵ China has never clarified what it meant by historic rights (e.g., traditional fishing rights or exclusive rights to hydrocarbons), nor has it explicitly linked historic rights as a justification for the nine-dash line.⁶⁶

Most relevant to this discussion are cases where China uses historic rights to justify claims inconsistent with maritime entitlements generated from land features *claimed by China*. The Natuna ‘carveout’ is one such case, where Indonesia’s Natuna Islands — which are not

⁶² Kardon, 201–202.

⁶³ Kardon, 201–202.

⁶⁴ Andrew Chubb, “PRC Assertiveness in the South China Sea: Measuring Continuity and Change, 1970–2015,” *International Security*, Vol. 45, No. 3 (January 2021), pp. 79–121, doi:10.1162/isec_a_00400.

⁶⁵ Rachel Odell, “Mare Interpretatum: Continuity and Evolution in States’ Interpretations of the Law of the Sea” (Massachusetts Institute of Technology, 2020), p. 390.

⁶⁶ Odell, “Mare Interpretatum: Continuity and Evolution in States’ Interpretations of the Law of the Sea.”

disputed — projects an EEZ into China’s nine-dash line. The ‘carveout’ is beyond 200 nautical miles from any high-tide Chinese-claimed feature, meaning that such claims cannot be based on any Chinese land claims.⁶⁷ China has claimed jurisdiction over these areas by describing them as “historic fishing grounds.”⁶⁸ Again, it is unclear what rights China is claiming exactly, but the point stands that China is relying on a vague concept of ‘historic rights’ to justify maritime claims inconsistent with those generated from any claimed land features.

This is exceptionalism because China is exempting itself from the rule by introducing the vague concept of ‘historic rights’, while continuing to apply the existing rule on others. Indeed, China’s insistence that ‘historic rights’ is consistent with UNCLOS rules showcases the mechanism of dominance — China is imposing an inconsistent application of the rule on others.

Some might argue that such behavior is more akin to layering. I argue that exceptionalism is a more appropriate description for two reasons. First, China has kept the concept of ‘historic rights’ vague such that it is impossible to adjudicate exactly what rights it generates. Consequently, it is better described as a rhetorical device for carving out an exemption, rather than a new rule that China seeks to introduce to the order. After all, a rule has to prescribe or proscribe certain behavior, and it is unclear what behavior ‘historic rights’ allows. Second, the goal of Chinese behavior is more consistent with a desire to create an exemption for itself, rather than to outcompete the existing rule. After all, China continues to insist that ‘historic rights’ is consistent with UNCLOS rules. As such, China’s goal towards the existing rule is more consistent with exceptionalism.

⁶⁷ Kardon, *China’s Law of the Sea*, 104; Taylor Fravel, “Traditional Fishing Grounds and China’s Historic Rights Claims in the South China Sea,” Commentary (The National Bureau of Asian Research, July 11, 2016), <https://www.nbr.org/publication/traditional-fishing-grounds-and-chinas-historic-rights-claims-in-the-south-china-sea/>.

⁶⁸ “Foreign Ministry Spokesperson Hua Chunying’s Regular Press Conference on June 20, 2016,” accessed October 10, 2022, https://www.fmprc.gov.cn/nanhai/eng/fyrbt_1/201606/t20160621_8525504.htm.

In sum, exceptionalism is the inconsistent application of a rule — the rising power either claims a right it denies others, or exempts itself from an obligation it imposes on others. It relies on dominance to impose this inconsistency on others, thereby generating high costs of change, since such inconsistency is clear revisionist behavior that the incumbent can coordinate around.

Accept/Support

Accept or support is defined by acquiescence towards existing rules and represent ‘no change’ options. Indeed, they are two sides of the same coin — change requires willingness and capability, and accept reflects a lack of capability, while support reflects a lack of willingness.

Accept is also called free-riding by some authors.⁶⁹ Accept occurs when internal strategies have failed to achieve the desired change, but the rising power lacks strong outside options. Support is also called cooperate in the literature.⁷⁰ This occurs when the rising power has no willingness to change the existing rules. This goes beyond mere compliance with the rules, and the rising power promotes the order’s object and purpose, which can include expanding its membership and enforcing its rules. An example of support would be China in the nonproliferation order, which it joined as a Nuclear Weapon State — one of five states legally allowed to possess nuclear weapons — in 1992.

Coding and Variation of the DV

⁶⁹ Kastner, Pearson, and Rector, *China’s Strategic Multilateralism*; Economy and Oksenberg, *China Joins the World*.

⁷⁰ Kent, *Beyond Compliance*.

The preceding discussion on different strategies informs how I code the DV for each case. To recap, each case is China's strategy towards a specific rule in a functional order. Coding China's strategy follows a two-step procedure.

The first step is to review the decision-making procedures of the institution in which the targeted rule is embedded to determine whether China is using internal or external means. For instance, does the institution use consensus or weighted voting? Does it have regular meetings in which members can propose changes? Are there established dispute resolution mechanisms? Are discretionary funding mechanisms — funding initiatives where the donor is allowed to direct funds towards specific purposes — allowed? The answer to these questions will form the baseline to determine whether China's behavior uses internal or external means of change.

The second step is to determine China's goal towards the targeted rule. This step will rely on official Chinese statements, the secondary literature in each issue area, and interviews with Chinese delegates and their counterparts at the relevant institutions. Indeed, we can derive observable implications for each strategy based on its goals and means, which is summarized in Figure 3.

Strategy	Observable Implications
Drift	Obstruction such as litigation or exercising veto in consensus-based organizations
Reform	Change the letter of the rule by proposing amendments within the institution
Coopt	Lobbying others to shift how a rule is applied or interpreted within the institution
Layering	Create competitor institution embedded with new rule
Dismantle	Unilaterally punish (reward) others for following (not following) rule
Exceptionalism	Unilaterally deny others a right that you claim, or impose on others an obligation you exempt yourself from

Figure 2

Finally, in order to capture within-case variation, I track any changes in China's strategy across time, beginning from China's accession to the institution. Note that this project only examines rules that China has already agreed to, and not emerging rules currently under discussion. Figure 4 shows the preliminary coding of Chinese strategies towards selected cases. The theory chapter will provide a more detailed discussion on case selection, but in brief, these cases were selected to maximize across- and within- case variation on the DV.

Functional Order	Strategy
Monetary	Reporting to IMF: Support
	Balance of payment lending: Support
	Weighted voting & SDR: Reform -> Accept
	IMF View on Capital Controls: Reform
	Banking Regulation: Support (?)
Developmental Finance	Weighted voting: Reform -> Layering
	Financing rules & project standards: Reform -> Layering
	Graduation Criteria: Drift
Trade	Trade w/o discrimination & lower trade barriers: Support (contingent on SDT)
	Fair Competition (incl. definition of public body): Drift
	SDT Principle: Drift
	Nonmarket Economy Status: Reform -> Accept
Human Rights	Definition of human rights: Cooptation -> Layering
Technical Standards	Market-driven standard setting: Cooptation -> (potentially) Layering
Maritime Rights	Boundary rules: Exceptionalism Navigation rules: Exceptionalism Resource rules: Exceptionalism (If interpreting claims of historic rights as ones about resources?)

Figure 3

Conclusion

This chapter presented six strategies of change a rising power can choose towards an existing rule. I first connected the DV to the broader outcome of order change, and explained why conducting analysis at the rule-level across different functional orders is appropriate. Having justified the project's analytical approach, I then presented the project's DV. Each strategy is defined by its means of change and its goal towards the targeted rule, which mirrors the common definition of strategy as a connection between ends and means. Internal strategies

rely on existing rules and procedures, while external strategies introduce new ones. Based on this definition, each strategy relies on a distinct mechanism of change.

Internal strategies include *drift*, which relies on stagnation to achieve change; *reform*, which updates the existing rule; and *cooptation*, which redirects the existing rule by shifting how it is applied or interpreted. I argued that internal strategies incur lower costs and less uncertainty over the process of change, and are thus attempted first by rising powers. The sequential logic will be developed further in the next chapter. External strategies include *layering*, which introduces a new rule and relies on competition to enact change; *dismantlement*, which removes the existing rule via external means; and *exceptionalism*, which imposes an inconsistent application of the rule on others. Combined with the no change options of accept and support, these strategies represent the full range of the DV.

The mechanism of each strategy has implications for the conditions under which the rising power is likely to pursue it. Indeed, this chapter has already touched upon some of these implications — for instance, cooptation requires rules with low specificity to provide room for shifting interpretations, while layering is the only external strategy where the rising power continues to be bound by the existing rule. The next chapter will connect these implications together into a theory of strategy choice, and delve deeper into case selection.