Limited Rebranding: Status Signaling, Multiple Audiences, and the Incoherence of China’s Grand Strategy

DISSERTATION

Presented in Partial Fulfillment of the Requirements for the Degree Doctor of Philosophy in the Graduate School of The Ohio State University

By

Xiaoyu Pu

Graduate Program in Political Science

The Ohio State University

2012

Dissertation Committee:

Randall Schweller, Advisor
Bear Braumoeller
Richard Herrmann
Abstract

This dissertation provides a theoretical framework to analyze how a rising great power could signal its preferred status in the international hierarchy. Contrary to the familiar story of status conflict in power transitions, the status signaling of rising powers is a more complicated matter than is typically assumed. China, as a rising power, does not always maximize its status, and China is sending seemingly contradictory status signals. Why does a rising China send lower status signal? Why does an authoritarian China implement a seemingly incoherent grand strategy? This dissertation aims to provide a two-level theory of status signaling in international politics and to explain the seemingly incoherent grand strategy of an emerging world power, China. Status signaling is a special type of signaling in international politics that aims to demonstrate what kind of standing a state wants to have in the international society. China provides a useful set of cases for exploring the plausibility of status signaling arguments in international politics. This dissertation focuses on three “transformative moments” in Chinese foreign policy, including China’s aircraft carrier building, its initiatives during the Asian financial crisis of 1997, and its responses to the global financial crisis in 2008. In each case, the project analyzes China’s status signaling and role choices, including the trade-offs between status and responsibility, as well as the competing expectations from domestic and international audiences. The research design includes case studies, interviews, and content analysis. This study will contribute to the scholarly and policy debates on rising powers, grand strategy, and international order.
For Ying
Acknowledgments

I feel grateful to have studied with an outstanding group of scholars at Ohio State. First of all, I am indebted to the professors on my dissertation committee. Rick Herrmann always provides insightful and penetrating comments. Whenever I receive his feedback, I often feel I have gotten a clear roadmap to move forward. An excellent methodologist, Bear Braumeoller not only helps me identify problems in my research but also gives me practical suggestions to fix them. My committee chair, Randy Schweller, has been an excellent mentor who challenges me intellectually but is professionally supportive. I have learned a lot from him. In addition, I thank Alex Wendt for his suggestions and guidance in the early stage of my research. I also thank other professors who have taught me, especially Bill Liddle, Jennifer Mizen, Ted Hopf, and Alex Thompson. I gratefully acknowledge the two research grants I got from the Mershon Center for International Security Studies.

I have presented my ideas at various places. The workshop on “Rising Powers, Status, and the World Order” at Dartmouth College was extremely stimulating. I thank the three co-organizers—Deborah Larson, T.V. Paul, and William Wohlforth—for their comments. The comments from all the other participants are also greatly appreciated. At other meetings and workshops, I am grateful for the comments offered by Andrew Bennett, John Mearsheimer, Paul Musgrave, David Kang, Tudor Onea, Michael Reese, Ren Xiao, and Yan Xuetong. Scholars in the China field have given me great support. I thank the following who provided written comments on one or more chapters of the dissertation: Chen Dingding, Ja-Ian Chong, Liu Feng, Greg Moore, Jeremy Wallace, Jessica Weiss, Xu Bin, Yin Jiwu, Zhou Fangying, Zuo Xiying, and especially Tang Shiping. I also appreciate the suggestions from Fang Changping, Han Zhaoying, Men Honghua, Xu Jin, Xue Li, Sun Xuefeng, and Zhang Qingmin. I have been hosting a global scholarly listserv (GCIR) on China’s international relations, and I thank each of
the 160 scholars from around the world for sharing ideas, thoughts, and information. I am grateful to the many scholars, policy analysts, and officials I interviewed during my fieldwork in China in 2010 and 2011. My fellow graduate students at Ohio State have been very collegial, and I especially appreciate the comments from Bentley Allan, Zoltán Búzás, Austin Carson, Brian Chorley, Sean Escoffery, Erin Graham, Loren Goldstein, Jason Keiber, Joshua D. Kertzer, Nina Kollars, Tim Luecke, John Oates, Marcus Holmes, Joshua Wu, Jiwon Suh, and Chaekwang You. I presented various drafts at the Research of International Politics (RIP) workshop at Ohio State and wish to thank all who attended my presentations.

Every ending is a new beginning. While my dissertation is completed, I will continue my research on China’s international relations. I thank Thomas Christensen and Alastair Iain Johnston for awarding me a postdoctoral fellowship in the Princeton-Harvard China and the World Program. I look forward to an exciting year ahead. I am also indebted to the many scholars who taught me in my early years, especially Steve Brown, Steve Hook, Zhang Ruizhuang, and Zhu Guanglei. In addition, Li Liangjian and Zhang Guang have often given me encouragement and suggestions.

Finally, I want to thank my family. My parents, Pu Jiaxu and Li Sirong, are very supportive of my academic study. I regret that I have not spent the Chinese New Year with them in so long. I am deeply indebted to my elder brother Pu Guoyong, who has shouldered disproportionately greater responsibility in our family. Most of all, I thank my wife Ying for her support and encouragement all these years.
Vita

2000 ................................................................. B.A. Political Science, Nankai University
2003 ................................................................. M.A. Political Science, Nankai University
2006 ................................................................. M.A. Political Science, Kent State University

2006 to present ................................................. Graduate Research/Teaching Associate,
Department of Political Science, The Ohio State University

Publications


Fields of Study

Major Field: Political Science
# Table of Contents

Abstract .......................................................................................................................... ii

Acknowledgments ......................................................................................................... iv

Vita.................................................................................................................................. vi

List of Tables................................................................................................................... ix

List of Figures.................................................................................................................. x

Chapter 1: Introduction ................................................................................................. 1

Chapter 2: A Theory of Status Signaling in International Politics ............................. 39

Chapter 3: Regional Hegemony without Authority: Conspicuous Consumption as Status Signaling and The Case of China's Aircraft Carrier Project ........................................... 84

Chapter 4: Selective Involvement as Responsible Power: Conspicuous Giving and China's Response to the Asian Financial Crisis ................................................................. 116

Chapter 5: Signaling Low Status through Spinning: China’s Response in Global Financial Crisis......................................................................................................................... 150

Chapter 6: Conclusion ................................................................................................. 185

Bibliography .................................................................................................................. 204
List of Tables

Table 1. Status Signaling in International Politics ................................. 28
Table 2. Multiple Incentives, Multiple Audiences ................................. 28
Table 3. Status Signaling with Different Means and Goals ..................... 60
Table 4. The Impact of Asian Financial Crisis ................................. 127
List of Figures

Figure 1. Chinese Opinions on Aircraft Carrier Project: A Survey……………………… 107
Chapter 1: Introduction

A “normal” prestige-maximizer in the 1990s, China today sends contradictory status signals. Rising powers cannot avoid projecting an international image of themselves through various status signals. Though little theoretical work has been done on the subject, the management of a rising power’s image is a central task for its political leaders and diplomats. The rising power’s future trajectory, as well as that of the existing international order, largely depends on how adroitly its leaders (and that of the declining power) navigate the troubled waters of the power shift caused by its growth. The existing literature on rising powers would predict that a rising great power should never say anything that might lower themselves in others’ eyes. A rising power should consistently boost its high prestige and status. If a rising power such as China does seek enhanced status, why do its leaders highlight the weaknesses and lower status of their country? A rising China is sending two opposite signals: one the one hand, China is sending higher status signal as a rising great power through various high-profiled projects; one the other hand, China is sending signal about its low status as a weak and developing country. Admittedly there might be some short term reasons for China to take such a low-profile approach in some negotiation tables, but isn’t it still painful for the Chinese leaders to reveal (or even exaggerate) the weaknesses and low status of their country?
The rise of China is widely viewed as one of the great political dramas of the 21st century, and there is an open question regarding how this drama will play out.\(^1\) The history of international politics is often told as a story of the rise and decline of great powers and few events could be more important than the emergence of new great powers.\(^2\) E. H. Carr identifies the problem of “peaceful change” as a core issue of international relations.\(^3\) Since the end of the Cold War, the prospect of China’s rise to prominence has been subject to endless speculation and debate within the international community, the crucial questions being whether China’s emergence will destabilize the international order and whether the established powers will be able to incorporate China peacefully.\(^4\) In recent years, China’s power has outpaced the expectations of even its own leaders. As a consequence, the international community has focused more intently on assessing the possible motives and behaviors associated with China’s foreign policy. Yet, whether China has a coherent grand strategy to support its new found status is open to debate, complicating the need of other nations to understand China’s strategic thinking and forecast how it might evolve.\(^5\)

Within China’s foreign policy community, there are new debates on China’s grand strategy and emerging roles after the global financial crisis. Two decades ago, Deng

Xiaoping set a guiding principle for China’s foreign policy, emphasizing that China should “hide its capabilities and bide its time” (Tao Guang Yang Hui, TGYH). In recent years, the Chinese foreign policy community has been rethinking if China should continue maintaining its low-profile approach in international affairs. Realizing that there are many ideational and political obstacles if China wants to play a larger role in global affairs, some Chinese scholars argue that China should take a “creative involvement” approach, actively providing public goods and taking more responsibilities in global affairs. While scholars might have different opinions, the official line still emphasizes that China should continue maintaining a low profile.

It is not easy for rising and declining powers to objectively evaluate their shifting power and make adjustments of their policy accordingly. Not only will the inherent uncertainty and complexity in the international system constrain the objective assessment

---

6 It is extremely difficult to translate Deng Xiaoping’s original Chinese words into English. But Deng Xiaoping’s main message was that China should maintain a low profile in international affairs. For a detailed analysis of the influence and debates of this idea in China, see: Dingding Chen, and Jianwei Wang, "Lying Low No More?: China’s New Thinking On the Tao Guang Yang Hui Strategy," China: An International Journal, Vol. 2, No. 9 (2011), pp. 195-216.


8 The political and ideational obstacles for China to play a larger role include not only Deng Xiaoping’s low-profile principle, but also China’s long-term principle of non-intervention of the domestic affairs of other countries. To overcome these problems, Chinese scholars recently tend to use “creative involvement” to conceptualize China’s relatively more active role in some issue affairs, see: Wang Yizhou, Chuangzhaoxin Jieru: Zhongguo Waiji Xin Wuxiang [Creative Involvement: A New Direction in China’s Diplomacy] (Beijing, China: Peking University Press, 2011).

9 According to a senior foreign policy analyst, China’s Ministry of Foreign Affairs sent letters to its overseas embassies to reemphasize Deng Xiaoping’s Taoguang Yang Hui Strategy. Interview, Beijing, June 28, 2010. Also Dai Bingguo, China’s leading diplomatic official, publishes an article to reemphasize China’s “peaceful development” and to clarify China’s national interests, see: Dai Bingguo, “‘Stick to the Path of Peaceful Development,” cited from: http://www.chinaembassy.nl/eng/hldt/t815433.htm
of power and capability at a national level, domestic politics could also complicate the process of strategic adjustments, leading to various pathologies such as under-expansion, over-expansion or under-balance. In the case of Great Britain in the late nineteenth century, domestic political fragmentation inhibited the ability of the declining power to assess its relative power position accurately. In particular, the divisions among bureaucracies and disagreements among political elites resulted in an uncoordinated response to British decline. Could a rising power experience a similar problem through its implementation of a seemingly incoherent grand strategy? How can a rising power evaluate its relative status and adjust its strategic commitments accordingly? Under what conditions will a rising power pursue an over-expansionist policy? When and why will a rising power pursue a shirking policy and under-expand?

Since the global financial crisis of 2008, it has been hotly debated whether the American-led liberal order will be ending or the renegotiation of status and responsibilities between the United States and rising powers will help maintain an essentially unchanged liberal order. In critical respects, China is the “swing state” in

---

10 Very few literatures actually catch the complexity in the international relations system. For a recent effort to deal with the complex great power system, see: Bear F. Braumoeller, "Systemic Politics and the Origins of Great Power Conflict," *American Political Science Review*, Vol. 102, No. 1 (2008), pp. 77-93.


14 For the view that the American-led liberal order faces serious challenges from a rising China, see Martin Jacques, *When China Rules the World: The End of the Western World and the Birth of a New Global Order*
The nature and content of the international order in coming decades will largely depend on what roles the emerging powers, especially China, decide to play. The emerging powers may choose to be supporters, spoilers, or shirkers.\(^{16}\)

In contrast to the prevailing view that a rising China has a coherent and “calculative” grand strategy,\(^{17}\) the project focuses on an under-studied problem: why a rising China is sending contradictory status signals and how these signals are confusing its domestic and international audiences. In other worlds, why does an authoritarian great power implement a seemingly incoherent grand strategy? And how should we understand the contradictions in China’s grand strategy? These questions have important international implications because a pluralist China might pose some new challenges and

---

\(^{15}\)“Swing state” could be viewed as a metaphor. Just like Ohio could greatly shape presidential election in the United States, China’s future political choice will largely shape the overall trajectory of world politics. See: Ikenberry, \textit{Liberal Leviathan: the Origins, Crisis, and Transformation of the American World Order}, pp.342-343.


the international community may find it increasingly more difficult to get China’s cooperation in a number of areas that have salient domestic constraints.

On the one hand, China’s seeking of higher status seems to be a problem for international politics. Since President Obama’s visit to China in 2009, there have been escalating diplomatic tensions between China and the United States that can be partially attributed to a rising China’s increasing status demands. As the Chinese come to believe that the global financial crisis has led to an American decline, they are more likely to treat U.S. efforts at compromise as signs of weakness rather than conciliation.\(^\text{18}\) From an American perspective, it is crucial for the United States to reassure the world of its unshakable standing; hence, the United States will not easily accommodate China’s assertive demands.\(^\text{19}\) This is not surprising, as the existing literature has highlighted status conflicts in international politics.\(^\text{20}\) Status inconsistency (the disequilibrium of power and status) is the core issue of the power transition problem in world politics. The status demand of rising powers is often related to their revisionist goals, and this fuels the animosity in power transitions. Relations among established and ascending powers tend to be troubled and often violent. According to power transition theory, the onset of war between a dominant and a rising power grows more likely as the gap in relative strength between them narrows and as the latter’s grievances with the existing order—grievances


that expand in lockstep with its mounting capabilities—move beyond any hope of peaceful resolution.\textsuperscript{21} Little wonder then that rising powers have been portrayed in both theory and practice as “troublemakers” that “feel constrained, even cheated, by the status quo and struggle against it to take what they think is rightfully theirs.”\textsuperscript{22} Because status demands are usually at the forefront of their dissatisfaction with the established order, rising powers are expected to act assertively to signal their increased strength and preferred higher status.\textsuperscript{23}

On the other hand, China’s lack of assertiveness and its “shirking” lead to another problem in international politics.\textsuperscript{24} On global problems from nonproliferation to climate change, the United States needs a confident China as a partner, but China is sometimes unwilling to take a greater role.\textsuperscript{25} Thus, how do we discern the reasons for China’s shirking behaviors? While China in the 1990s was seeking a higher status primarily through socializing into the existing American-led order, an emerging new

\textsuperscript{22} Aaron L. Friedberg, “Hegemony with Chinese Characteristics,” \textit{The National Interest}, no. 114 (July/August 2011), 18.
\textsuperscript{24} It should be noted that rising powers in history were often trying to free ride and to avoid paying the costs of system management. The United States in the late 19\textsuperscript{th} was such a rising power, see: Zakaria, \textit{From Wealth to Power: The Unusual Origins of America’s World Role}. But as rising powers are often described as challengers to the existing international order, such a shirking orientation of rising powers is understudied. For a preliminary analysis of the shirking strategy of a rising power, see: Schweller and Pu, “After Unipolarity: China’s Visions of International Order in an Era of US Decline,” pp. 64-70.
China is sending seemingly contradictory status signals. There is an “assertive” China that demands greater accommodation of what it considers its “core interests” in Taiwan, Tibet, and the South China Sea, and a “shirking” China, whose leaders are urging international audiences to recognize “the real China,” one that is not an up-and-coming superpower but, instead, a still relatively poor country. Above all, how are we to understand all these variations of status signaling? When and why does a rising power signal a lower status?

Building on insights from comparative politics, strategic studies, social psychology, and behavioral economics, this project will offer a two-level theory of status signaling in international politics that could help explain the incoherence of grand strategy of an emerging power. A complete theory of status signaling in international politics should address several questions: first, why do states want status, and how this motive of status could drive states to do certain things? Second, what is the process of status signaling in international politics and how could a great power signal its preferred status? Third, how is status signaling related to the rebranding (repositioning) of an emerging power with respect to its shifting roles and national interests? More specifically, for status signaling, who are the targeted or unintended audiences? This project will focus on the question of how and why a rising power is sending contradictory signals to multiple audiences. In other words, it aims to provide a coherent two-level theory to explain the incoherent grand strategy of an emerging power.

**The Puzzle: Contradictory Status Signaling and Incoherent Grand Strategy**

A rising China sometimes signals higher status and other times signals lower status.
China’s current status-signaling behavior appears puzzling when viewed through the lens of existing international relations theories—especially when Beijing intentionally downplays its status. Status signaling of a rising great power is also related to its grand strategy. Many studies aim to interpret China’s recent grand strategy as reassurance strategy, or peaceful rise. While contemporary China’s grand strategy is often defined as reassurance in international politics, it can also be called a “rebranding” strategy—one that aims to foster an image of China as an emerging great power that has found an appealing way to combine Chinese tradition with impressive economic modernity. The Chinese government started the process of rebranding China in the 21st century, but the debates about China’s images are far from being settled. In foreign policy, the “peaceful rise” thesis is largely a rebranding effort. Country branding, like product branding, is all about aspirations and visions. A peaceful and responsible China driven by innovation will be a powerful marketing concept. China’s rebranding project includes the image of the country presented during the Beijing Olympics and the Shanghai Expo, the development of space programs, and the establishment of “Confucius Institutes” to spread Chinese culture. The rebranding campaign aims to differentiate today’s China

27 Here “rebranding” refers to the efforts of building a new image and it is also a process of “repositioning.” That said, it should be noticed that “rebranding” is used as metaphor here to conceptualize China’s unfinished diplomatic transformation, and it is different from typical rebranding in business. For China’s repositioning, one of the key issues is whether China’s political economic system represents a new type of modernity and whether China’s great power status is regarded as being legitimate. For the detailed discussion of China as an alternative modernity, see: Jacques, *When China Rules the World: The End of the Western World and the Birth of a New Global Order*.
from Maoist China and the Soviet Union. Like a rapidly-growing company trying to redefine its brand, China aims to project a new image and to establish a new status. In business, rebranding is the creation of a new name, symbol, or a combination of them for an established brand with the intention of developing a differentiated position. This may involve radical changes to the logo, name, and advertising themes. These changes are typically aimed at the repositioning of the brand, sometimes in an attempt to distance itself from negative connotations of the previous branding.  

The concept of branding or rebranding could also be applied in politics and international relations.

If we conceptualize China's grand strategy as a “re-branding” strategy, it will still be incoherent, contradictory and confusing for a number of reasons.

First, China's grand strategy has no clear and coherent blueprint, and there are competing visions for the emerging grand strategy. China has had such a diverse domestic discourse about its roles as a major rising power during the past two decades. Officials and scholars in China’s foreign policy circle actively debate the opportunities and responsibilities of being a great power. Thus, China remains a deeply conflicted rising power with a series of competing international identities. Many new actors are

---


32 Wang, "China's Search for a Grand Strategy;" Schweller and Pu, “After Unipolarity;”

now part of a complex foreign-policymaking process.\footnote{Linda Jakobson, and Dean Knox, “New Foreign Policy Actors in China,” \emph{SIPRI Policy Paper no. 26}, No. 26 (2010), pp. 1-47.} China’s foreign policy often sends diverse and contradictory signals. It is important to investigate how Beijing’s increasingly contradictory signals will play out on the world stage. In particular, while China was clearly a status-maximizer in the 1990s, China is unprepared for its new international status, and its rapid rise has occurred more quickly than anticipated.

Second, China’s rebranding campaign has not succeeded in establishing a new image, and China has failed to create stable and clear expectations of its intentions, status, and roles. In fact, contemporary China has been sending mixed and confusing signals about its status in international society. While mixed signals are difficult to avoid in all but the most tightly controlled regimes, they seem especially common in the case of contemporary China. While the mixed signals pose some challenges for China in projecting a desired image, these mixed signals also provide Chinese leaders some flexibility as they explore the complicated and challenging paths ahead.

Third, China's mixed signals are especially salient in its status signaling behaviors. To signal a higher status, China is pursuing various conspicuous projects such as the Beijing Olympics, the Shanghai Expo, the space program, and an aircraft carrier project. While China is clearly seeking a higher status through these conspicuous projects, why doe a rising China occasionally signal a lower status? In other words, while the existing literature predicts the various “status-maximizing” behaviors, the “status-minimizing” behaviors of a rising power are puzzling and under-studied. China as a
“status-maximizer” is not surprising, because power transition theory posits that a rapidly rising great power will enhance its status and maximize its prestige. But, in reality, China is not always signaling a higher status. We see a distinct range of status signaling behaviors in the case of contemporary China. For instance, China refused to take a greater role during the global financial crisis in 2008, while it was very eager to provide assistance to Asian neighbors during the Asian financial crisis in 1997. While the G-8 is widely regarded as an elite power club and the invitation of China to join in the group might consolidate China’s great power status, the consensus within China’s foreign policy circle is that China should not join the G-8, partly because a membership in the G-8 would be contradictory to China’s professed own identity as a “developing country.” The idea of a G-2 (the United States and China) might have escalated China’s international status, but Chinese leaders publicly rejected this proposal. What are China’s incentives to repeatedly emphasize its identity as a “developing country”? China’s two-faced self-presentation to the world, both as a rich great power and as a poor developing country should be further examined. The existing literature on rising powers would predict that a rising great power should consistently maximize its prestige and status. If a rising China does seek higher status, why would its leaders highlight the weaknesses and lower status of their country? While there might be some pragmatic reasons for China to take such a low-profile, it is still unclear how these motives are shaping China’s status signaling behaviors.

35 I thank Ren Xiao, Director of Chinese Foreign Policy Center at Fudan University, for pointing this out. Conversation with Ren Xiao during the Annual Meeting of International Studies Association, February, 2009, New York.
China in particular is a veritable optical illusion, a state that can be seen (and therefore signaled) as both a powerful rising challenger and a weak developing country. Unique to current international politics, some rising powers such as China and India, owing to the unprecedented size of their population, possess historically unparalleled flexibility in terms of the type of status they can choose to signal. Both China and India have large economies but are still poor in GDP per capita. No great powers in history have had leading positions in world politics while still in an early stage of economic development as developing countries. No other state in history has ever boasted the world’s second largest economy while ranking one hundredth among all countries in gross domestic product (GDP) at purchasing power parity (PPP) per capita.

In addition, China’s status signaling behavior is incompatible with its other foreign policy goals. For instance, as China has been trying hard to send a reassuring message of its “peaceful rise,”\(^\text{36}\) China’s decision to build an aircraft carrier is puzzling, if China only seeks to maximize its national security. China’s decision of building an aircraft carrier seems to be contradictory to China’s reassurance purpose in East Asia. Also a Chinese aircraft carrier would pose little or no threat to American naval supremacy and would be, at best, an inefficient method for Chinese security. For the security maximization purpose, China’s aircraft carrier project is a suboptimal, and arguably counterproductive, choice.

Finally, in contrast to the view that China is implementing a calculative and long-term grand strategy, China’s confusing status signals indicates that China is increasingly implementing a contradictory and incoherent grand strategy. To implement a coherent grand strategy, a great power should adjust its international commitments appropriately as its power and capabilities change. A coherent grand strategy also means that the international commitments and capabilities are compatible.  

A great power is overextended when it extends international commitments that it cannot support because of insufficient capabilities. A great power is under-extended if it makes insufficient international commitments in relation to its growing power, capabilities and interests.

**Conceptualizations: Status Signaling and Grand Strategy**

Great powers care about their power and status in international society, particularly during the period of shifting balance of power. A nation-state might project its preferred image through various status signals in front of domestic and international audiences. What is status signaling in international politics? How is status signaling related to grand strategy of great powers?

In domestic society, “status signals” are defined as rituals and behaviors people use to demonstrate their preferred social standing in a community. In international politics, status signaling is a special type of signaling that aims to demonstrate what kind of

---

standing a state wants to have in international society. Status signaling can be applied to explain various international phenomena, such as China’s space project, India’s nuclear testing, and the rebranding of U.S. leadership in a new era. Throughout the history of international politics, there have been many types of status signals, such as hegemonic wars, military build-ups, the establishment of new international organizations, hosting of the Olympic Games, racing to the moon, and others. Status signaling, as an unconventional type of signaling, is under-explored in international relations literature.

Status signals are discussed in different disciplines, particularly in psychology, sociology, behavioral economics, and biology, and these findings can be intuitively applied in international politics. On an individual level, a nouveau riche might choose to signal her enhanced social status through various strategies. She could use conspicuous luxury consumption to symbolize her wealth in some status games; however, if her target audience is former college roommates who may live in other parts of the world, conspicuous consumption of luxury goods will not work for the signaling purpose, and “conspicuous giving” (a charitable donation) recorded in her alumni magazine would be a better choice. In international politics, a rapidly rising great power can transform its wealth into status in a similar way. Just like individuals might purchase luxury goods to symbolize their wealth and status, a rising power might use material goods (e.g. in the form of building or buying a particular type of weapons) to symbolize its preferred status in the international hierarchy. A rising power could also choose to signal a higher status

---

39 For a classical analysis of conspicuous consumption, see Veblen, *The Theory of the Leisure Class.*
through the provision of public goods in international affairs.\textsuperscript{41} There are many other ways that a rising great power can signal its preferred status in the international society. As there are complicated political processes within states, status signaling in international politics is often more complicated than status signaling at the individual level.

Status signaling in international politics is related to the formation and implementation of grand strategy of great powers. Grand strategy generally refers to the distinctive combination of military, political, and economic means by which a state seeks to ensure its national interests.\textsuperscript{42} Grand strategy is a specific type of strategy which explains how nation-states employ available means to achieve their goals in a setting of interdependent choice. What distinguishes grand strategy from other strategies is its scope: it refers to the overarching vision or guiding principle about how a country’s leaders combine a broad range of capabilities linked with military, economic, and diplomatic strategies to pursue international goals. Grand strategy refers to the central logic that informs and links those policies, the government’s vision about how it can most sensibly serve the nation’s interests and goals.\textsuperscript{43}

Status signaling is related to grand strategy in several respects. First, in a hierarchical international system, different international status means different power and responsibilities, which will shape the formation of national interests and national purposes. Second, both the declining hegemony or rising great power care about their

\textsuperscript{42} Goldstein, \textit{Rising to the Challenge: China's Grand Strategy and International Security}, p. 17. Here we adopt a broad definition of grand strategy. However, some scholars have taken a narrow definition of grand strategy, which refers to the military instruments to deal with security threats and to promote national interests. See: Robert Art, \textit{A Grand Strategy for America} (Ithaca, NY: Cornell University Press, 2003).  
relative status because the shifting power and status would require them to make adjustments in grand strategic commitments, either pursuing a retrenchment strategy of reducing commitments or pursuing an expansionist strategy to enhance status and responsibilities.\textsuperscript{44}

How a great power projects an image of its preferred status is important, and miscommunication of these status signals will have serious consequences. For instance, a rising China’s status signaling is crucial in shaping the future of international politics. If Chinese foreign policy is fundamentally oriented toward gaining higher status within the existing international order,\textsuperscript{45} it might be relatively easy for the United States to accommodate a rising China, and the great power conflicts will be largely mitigated. However, if China’s long-term goal is not to seek higher status within the existing order but to reorganize the fundamental principles of the international order, it will be extremely difficult to engage such a rising China. Furthermore, a rising China might act as a shirker. Instead of seeking higher status, the dominant orientation of a shirking China is to avoid taking unwanted responsibilities by focusing on internal development.

\textbf{Literature Review}

To understand the important challenges of the emerging international order, it is important to investigate the complexity of status signaling in the contemporary world.

\textsuperscript{44} Paul K. MacDonald and Joseph M. Parent, “Graceful Decline?” \textit{International Security} 35, no. 4 (Spring 2011): 7-44.

\textsuperscript{45} According to some existing studies, China has tried to seek higher status in the post-Cold War era, and China’s status-seeking is an “uphill struggle” in the international hierarchy. See Alastair Iain Johnston, "Realism(s) and Chinese Security Policy in the Post-Cold War Period," in Ethan B. Kapstein and Michael Mastanduno, eds., \textit{Unipolar Politics: Realism and State Strategies After the Cold War} (New York: Columbia University Press, 1999), pp. 261-318; Deng, \textit{China's Struggle for Status: The Realignment of International Relations}; and Larson and Shevchenko, "Status Seekers: Chinese and Russian Responses to U.S. Primacy," pp. 63-95.
This project will help move the existing studies of international relations forward in several respects.

First, this project will challenge the conventional arguments on power transitions and the emergence of new great powers. Power transition theory identifies the status inconsistency (the disequilibrium of power and status) as the core issue in world politics. Thus the status maximization of rising powers is regarded as a major source of international instability and conflict. According to power transition theory, the onset of war between a dominant and a rising power grows more likely as the gap in relative strength between them narrows and as the latter’s grievances with the existing order move beyond any hope of peaceful resolution.\(^\text{46}\) As rising powers are often eager to expand their power and influence in the international system, rising powers are expected to act assertively to signal their increased strength and preferred higher status.\(^\text{47}\)

In contrast to the existing literature, this project will study the variation of status signaling behaviors and focus more on the trade-off between status and responsibilities. In particular, the trade-off between status and responsibilities has not been studied in great depth, but this trade-off is a crucial factor in the process of great power emergence and international change.\(^\text{48}\) If tensions arise among the hegemon and the rising powers, it will be over this issue of status and responsibilities. The declining hegemon expects

\(^{46}\) For a comprehensive review of power transition theory, see M. DiCicco, and Levy, “Power Shifts and Problem Shifts: The Evolution of the Power Transition Research Program.” For a critique of power transition theory, see Chan, *China, the U.S., and the Power-Transition Theory.*


rising powers to assume the role of supporter. For instance, according to *The National Security Strategy* of the United States, “We welcome a China that takes on a responsible leadership role in working with the United States and the international community to advance priorities like economic recovery, confronting climate change, and nonproliferation.” However, the rising powers such as China often attempt to pass off some of their responsibilities and obligations. Awareness of this “status at a price” trade-off is crucial to understanding the relationship of a rising power and a declining hegemon. It is a trade-off that has gone unrecognized by power transition theory.

In the Cold War era, the bargaining over great powers’ responsibilities often focused on common defense, coercive diplomacy, and management of weapons of mass destruction to assure the survival of each other. In contrast, the most important political bargaining in the emerging international order focuses on the redistribution of status, roles, and authorities between the existing hegemon and the rising powers in terms of global governance. The dilemma for the existing hegemon is this: while the hegemon might need the rising powers to share the responsibilities of co-managing an evolving global order, it might also hesitate to reduce its own authorities and privileges within the governance structure. For rising powers, with status comes responsibilities, and the dilemma of rising powers is to calculate the trade-off between higher status and the

---

50 Schweller, and Pu, “After Unipolarity: China's Visions of International Order in an Era of U.S. Decline,” p.68. Before they can expand their interests, rising powers must first develop the state capacity to extract resources from their society. A disjunction between aggregate national power and state power often explains anomalous cases of under-expansion. See Zakaria, *From Wealth to Power: The Unusual Origins of America's World Role*;

19
associated responsibilities. Rising powers do not always choose to maximize their international status. Far from aiming to overthrow the international order, rising powers are often not eager to take charge of managing the existing international order. They would prefer, instead, that the declining hegemon pay the costs of maintaining international order, while they continue to free-ride. Emerging powers tend to be inward-looking states, reluctant to take on the responsibilities associated with a leading role on the world stage.

Second, by investigating several mechanisms of status signaling behaviors, the project will enrich the research on status concerns of great powers in international relations. Status conflict is an important issue in international politics. Classical realism, peace studies and political psychology have identified some patterns of status/prestige motives in international politics. Status signaling behaviors are different from status-seeking behaviors. Status-seeking behaviors convey an implicit assumption that the status-seeker is unsatisfied with her status, while status-signaling behaviors do not come with such an assumption. For instance, the United States, as the existing hegemon, does not seek a higher status, but it does need to send status signals to maintain or strengthen

53 Admittedly sharing great power responsibilities is not necessarily a pre-condition for achieving great power status at least in some situations. For instance, Nazi Germany and Imperial Japan were recognized as great powers because of their military capabilities and coercion, not because of their sharing of great power responsibilities. However, in terms of global governance, not only the hegemon but also some other great powers are often willing to share some common responsibilities to overcome the collective action problem. In fact, the hegemonic leadership is just a special case of international cooperation, and sometimes several “larger” states have the intentions and capabilities to provide public goods, and thus to share great power responsibilities, see: Duncan Snidal, “The limits of hegemonic stability theory,” International Organization 39, No. 4 (1985), pp. 579-614.
55 Sometimes the behaviors of status seeking and status signaling can overlap.
its hegemonic status in the international system.\textsuperscript{56} By bringing politics back into the study of status concerns in international politics,\textsuperscript{57} this project will investigate the complex interactions between international status signaling and domestic political calculations. For instance, the project will study the relationship between the acquisition of status-symbolizing weapons and the domestic political process of nationalist myth-making. By discussing various costs of higher international status through domestic political lenses, this project will also provide a domestic explanation of a rising power’s “under-expansion” behavior.\textsuperscript{58} The project does not take the status signaling of great powers at face value. For various reasons, nation-states and their leaders have incentives to misrepresent their true intentions to achieve strategic advantages. As indicated in economic theory literature, a symbol of social status can be manipulated to build a desired image through deceitful consumption behaviors. Nation-states and their leaders have motives to misrepresent and deceive in international politics.\textsuperscript{59} The regularities of status signaling need to be studied further.

Third, while hegemonic war might be efficient to resolve the uncertainty of status in the international hierarchy, such kind of war is increasingly unlikely in the

\begin{flushright}
\textsuperscript{57} Some existing studies of status concerns in international relations largely ignore the domestic political calculations. See Lilach Gilady, "Conspicuous Waste in International Relations," Dissertation, Yale University, 2006; Larson and Shevchenko, "Status Seekers: Chinese and Russian Responses to U.S. Primacy."
\textsuperscript{58} For an early study of a rising power’s under-expansion, see Zakaria, \textit{From Wealth to Power: The Unusual Origins of America’s World Role}.
\end{flushright}
contemporary world. The project will provide a framework to analyze how great powers could signal their preferred status short of war. In the history of international politics, great power wars have been the principal mechanism for dealing with the core issue of international order (the disequilibrium of power and status), but the nuclear age has made power transition by means of a deliberate hegemonic war unthinkable. While war is not necessarily obsolete, a great power war is no longer viewed as a viable option to change the international order. If so, how do new great powers signal their status in the international hierarchy? While Robert Gilpin assumes international prestige is primarily determined by military victory, we need a new dynamic theory of international change that can include or take into account factors that are crucial in the contemporary world. A new framework of status signaling is necessary for shedding new light on international change in the contemporary world. Military power is no longer viewed as the primary source of status in the eyes of some countries; there are multiple sources of status and prestige. Additionally, status concerns of great powers do not always lead to conflict and war; there are multiple strategies for great powers to signal their preferred status. One interesting question is whether China will signal a higher status by emulating the Western norms or will emphasize that its international status implies it should have a say in establishing some new norms. China’s approach could be somewhere between the two options.

---

61 Gilpin, *War and Change in World Politics*, 30-33.
Fourth, the study can enrich the discussion of signaling in international politics. The existing models of signaling in international politics focus on two types of questions: how can a state signal its benign intentions in an anarchic international system? How can a state signal its credible resolve in coercive diplomacy? Status signaling does not truly address these questions and is instead used to demonstrate what kind of standing a state wants to have in a hierarchic international society. In other words, status signaling is a different type of signaling model in international politics: it does not signal a benign intention nor does it signal a resolve.

Status signaling in international politics could be a complex process as national leaders face multiple audiences and it is difficult for leaders or governments to send clear and coherent signals and to target only specific audiences. While the studies of domestic constraints on signaling focus on cases in Western democracies, there are some reasons for mixed signals that are universally valid in domestic and international politics. Whenever multiple bureaucracies or diverse groups take part in policymaking, mixed signals are likely. In an increasingly globalized world, political leaders in

---

66 Status signaling is overlapped with the signaling of intentions because intentions could have multiple meanings. Thus signaling status could be viewed as a special case of signaling intentions.
authoritarian great powers cannot really dictate many public policies because of the multiple pressures from domestic and international audiences.  

For instance, political pluralism can take place within the policy process in single-party, authoritarian China. As contemporary China becomes more pluralized and constrained by domestic fragmentation, the outside world may find it progressively more difficult to get China’s cooperation in a number of areas.

In addition, status signaling is different from many conventional signaling models in international politics because of different roles of domestic audiences. For instance, there is an under-studied relationship between audiences and signaling in international relations. That is, the phenomenon of “self as the targeted audience” is largely ignored in the existing signaling models of international politics. In conventional signaling models, the existence of “domestic audience cost” serves as a mechanism to strengthen a nation’s bargaining credibility at the international level. In these models, the international adversary (or ally) is the primary targeted audience, and the domestic audience is often treated as an intervening variable. However, in some status signaling behaviors, the domestic audience should be viewed as the primary targeted audience. The primary goal of these status signaling behaviors is not to project an image in inter-state interactions; rather, the goal is to satisfy the status needs of domestic audiences for various political

---


purposes. In this sense, the international audience becomes an intervening variable, and projecting an image in the eyes of domestic constituents is more important for various political reasons.

Finally, the study will contribute to the literature of grand strategy. How great powers make adjustments of their grand strategy is an important issue for theoretical and policy reasons. By building a two-level theory of status signaling, this project argues leaders take both international and domestic politics seriously, and they have often faced domestic and international audiences simultaneously. Thus, it is crucial to combine both international and domestic variables. By combining both international and domestic variables, this project will provide a two-level theory of grand strategy in international politics, which is different from many existing studies of grand strategy. There are three general approaches to the study of grand strategy in international relations. First, structural realism argues that grand strategies are primarily determined by a country’s international environment, particularly the distribution of power among states in the international system (whether the system is multipolar, bipolar, or unipolar). The international constraints shape states’ ambitions and possibilities as well as leaders’ foreign policy choices. Second, the domestic politics approach argues that grand strategy has a domestic face and states’ foreign policy choices are constrained and even distorted.

There are different types of status signaling, some primarily for instrumental purposes and others for expressive/psychological purposes. It is not necessarily the case that all status signaling targets a domestic audience. I will discuss different type of status signaling in the theoretical chapter. Most studies of grand strategy do not combine the two levels into a coherent framework. For an exception, see: Trubowitz, Politics and strategy. Kenneth Waltz, Theory of International Politics (New York: McGraw-Hill, 1979); Mearsheimer, The Tragedy of Great Power Politics.
by societal interests and pressures. Pressures *within* states could largely explain leaders’ foreign policy choices. The domestic politics approach operates on the premise that societal interests have a stake in whether a nation’s foreign policy is expensive or cheap, offensive or defensive. Leaders are thought to respond to these interests in setting grand strategy and choosing national priorities in international affairs. For instance, this approach argues that the roots of “strategic overextension” lie on the domestic side: the combination of powerful economic interests and weak, ineffectual governing institutions allow narrow special interests to push political leaders into overly ambitious foreign policies.\(^\text{74}\) Drawing upon insights from social constructivism and political psychology, the third approach emphasizes ideas and culture shape the strategic preferences of leaders in the formation of grand strategy and foreign policy.\(^\text{75}\) For instance, Johnston argues that a Chinese strategic culture does exist and influences grand strategic choices of Chinese leaders.\(^\text{76}\)

In addition to these theoretical implications mentioned above, this study could also shed some new light on China’s foreign policy. Status has often been regarded as an important motive of Chinese foreign policy. Iain Johnston argues that China in the 1990s was not a security-maximizer, but a prestige maximizer.\(^\text{77}\) Yong Deng argues that China has been struggling for great power status since the end of the Cold War. Without assuming China is a status-maximizer, this project aims to study the variations of China's status.

---

\(^{74}\) Snyder, *Myths of empire domestic politics and international ambition*.


\(^{77}\) Johnston, "Realism(S) and Chinese Security Policy in the Post-Cold War Period," pp. 261-318.
signaling behaviors. This study also clarifies the mechanisms of China's status signaling behaviors, and will interpret the complex and sometimes confusing signals China is sending to the international community. Other analysts explain why and how the Chinese government is sending confusing signals to the domestic audiences. In particular, the Chinese state often sends mixed signals about the limits of the permissible. The Chinese state speaks with many voices, and its bottom line is often unclear. Some of these arguments about mixed signals can be applied to analyze China’s international behaviors. China's pluralization could lead to some negative and unintended consequences. The international community may find it more difficult to get Chinese cooperation in a number of areas that inflict costs on China’s domestic well-organized constituencies, and China is heading in the direction of a more constrained leadership.

Mechanisms

A complete theory of status signaling in international politics should try to clarify several questions: first, why would a great power signal its preferred status; second, who are the intended and unintended audiences? Third, what are some primary means of status signaling? Finally, what are the policy implications of status signaling for national interests and grand strategy?

78 Yong Deng, China's Struggle for Status: The Realignment of International Relations (New York: Cambridge University Press, 2008).
79 Rachel E. Stern, and Kevin J. O'Brien, "Politics at the Boundary: Mixed Signals and the Chinese State," Modern China, Forthcoming (2012). This is primarily refers to the signals to domestic audiences. However, the regularity is applicable in international politics.
The core puzzle or dependent variable is: why a rising great power sometimes signals higher status and sometimes lower status. In other words, how do we explain the variations of status signaling?

<table>
<thead>
<tr>
<th>Table 1- Status Signaling in International Politics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Motive/Incentives</td>
</tr>
<tr>
<td>Audiences</td>
</tr>
<tr>
<td>Means</td>
</tr>
<tr>
<td>Outcome</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Table 2- Multiple Incentives, Multiple Audiences</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td>High Status</td>
</tr>
<tr>
<td>Low Status</td>
</tr>
</tbody>
</table>
Motives/Incentives

People's concerns about status shape their behaviors in systematic and often unexpected ways. Sometimes people strive for a certain status even if the striving has a negative impact on their material resources.\(^{81}\) It is also widely recognized that nation-states care about their status and prestige in the international society. Status is a core concept in sociology and it is also studied by behavioral economists and social psychologists.

International status serves both instrumental and expressive purposes for relevant political actors. States want to enhance their status because higher status in international society can bring about two types of benefits for a rising power: the first includes various instrumental interests, such as privileges in international institutions; the second includes the satisfaction of motivation for prestige (including satisfying prestige needs of domestic constituents). The existing literature leaves out the fact that this enhanced status in international society might also be costly for the rising power.\(^{82}\) The first type of cost is increased responsibility, such as providing public goods and helping maintain security and order. The second type of cost is the risk of balancing or containment from the hegemon.\(^{83}\) Because of the varying costs and benefits of enhanced status, the status

---


\(^{83}\) Throughout the history of international politics, the established powers have been known to sometimes use preventive wars or containment to deal with the challenges of rising powers. See Jack S. Levy,
signaling behaviors of a rising power might vary, and a rising power does not always maximize its status.

National leaders and governments face complicated pressures from both domestic and international audiences. There are different incentives to signal high international status or low international status to different audiences. Regarding the incentives to signal higher status, at the domestic level, high international status could satisfy the prestige needs of domestic constituents and thus consolidate the legitimacy of the ruling party or the ruling political coalition. At the international level, signaling high international status might help a rising power maintain or gain privileges and special rights in various international institutions. There are also several incentives to signal low status. For domestic audiences, signaling lower status will help relocate the valuables resources to improve social welfare instead of using those resources in international projects (such as fighting costly wars or providing foreign economic assistance).  

For international audiences, signaling lower status could be viewed as a “shirking” strategy to avoid taking unwanted responsibilities (or to free ride as much as possible), to reassure the established powers of its non-threatening intentions, and to demonstrate solidarity with a lower status group.


84 This is a classical trade-off between “gun” and “butter,” and states often pursue “satisficing” strategies. See: Gilpin, *War and Change in World Politics*, pp.18-21.
Audiences

Audiences are always essential for signaling in international relations. For status signaling, there are two types of audiences: domestic audience and international audience.

First, domestic audience is vital for status signaling because of several reasons. As domestic constituents might often be concerned about the status or prestige of their country, status signaling at the international level is often connected with a domestic political struggle for legitimacy. In some status signaling behaviors, domestic audience is the primary target and the international audience might be viewed as an intervening variable. In addition, domestic politics can also be treated as an intervening variable. A rational theory of signaling in international relations would give us a normative theory of how states should act strategically, given the constraints of the international environment.

85 Domestic political variables can help us understand when and why states might make suboptimal choices. Second, leaders or governments send various signals to domestic and international audiences. Because of the dynamics of the two-level game, the sending and interpreting of signals is often complex. Third, different types of international audiences could also make signaling process more complicated. For instance, China might face a variety of international audiences, including regional audiences in Asia, developing countries in the South, and the established powers such as the United States.


31
Means

There are four means that a great power can use to signal its preferred status: conspicuous consumption, communal sharing, fighting, and spinning. While a great power war is traditionally an important mechanism of signaling a higher status, this project will not focus on war as a mechanism of status signaling for two reasons: On the one hand, since a great power war is less likely, it is more important to focus on the problems that are important and relevant to the contemporary world. On the other hand, even if war as a mechanism of status signaling is still important, there is already literature that focuses on the relationship between status and war, and this project aims to cover under-explored issues.86

The first means we will discuss is conspicuous consumption. In a consumer culture, individuals define their social status not only through their ancestry, occupation or hometown but also through conspicuous consumption of particular products.87 This logic can be applied in international politics to explain the powerful urge of great powers to possess particular status-symbolizing weapons. Although both international and domestic audiences matter in status signaling behaviors, the domestic audiences are often the primary targets of conspicuous consumption projects. As Snyder argues, “among the great powers, domestic pressures often outweigh international ones in the calculations of

86 For the discussion that status competition can lead to wars, see: Lebow, Why Nations Fight: Past and Future Motives for War; Wohlforth, "Unipolarity, Status Competition, and Great Power War."
national leaders.\textsuperscript{88} In peacetime, conspicuous military acquisition is a useful “weapon of mass distraction” to divert domestic complaints and to boost leadership’s domestic prestige and legitimacy.\textsuperscript{89}

The second means is conspicuous giving. At the individual level, the fundamental motive for conspicuous giving is that the contributor has a strong sense of belonging to a community and a desire of demonstrating her usefulness in this community. Sometimes a nation-state will pursue a strategy of conspicuous giving to signal its preferred status in the international community. When and why would a nation-state pursue such a strategy? People have different understandings of social communities, and thus their sense of morality and communal obligations are different. If we apply the social theory of conspicuous giving at the international level, China's status signaling behaviors might be closely related to its understanding of its membership and belonging in various international communities. Contemporary China might not feel it is a full member of the American-led global order, and thus it has fewer obligations to share the burden of governing the global system. However, because of historical, cultural, and geopolitical factors, China has a strong sense of leadership and belonging within the East Asian community and thus is more willing to take greater responsibilities within East Asia. In addition, because of historical legacy and strategic reasons, China also has a strong sense of its identity and belonging within the developing world. Thus, status concerns might promote cooperation through conspicuous giving on the part of great powers.

\textsuperscript{88} Snyder, \textit{Myths of Empire Domestic Politics and International Ambition}, p.20.
The third means is strategic spinning. Why and how does a rising power occasionally signal a lower status? It can do this through a tactic called “strategic spinning.” At the individual level, “spinning” is when a person telling a story emphasizes certain facts and links them together in ways that play to his advantage, while at the same time downplaying or ignoring inconvenient facts. A rising power might have different attributes in terms of power and capabilities, and the multiple identities of a rising power might simply reflect different dimensions of the same country. In the case of status signaling, great powers can pursue the strategic spinning tactic.

A rising power has several strategic reasons to signal a lower status. On one hand, a rising power might signal a lower status for reassurance purposes, such as to let the global community know it is not trying to upset the current world order. On the other hand, a rising power might signal a lower status so as to be able to shirk responsibilities a higher status would seem to require. A third reason is that a rising power might signal a lower status for solidarity purposes and to woo support from lower status groups or nations (such as “the developing countries,” “the South,” and “the third world”).

Although not the focus of this project, fighting is also an important means to signal status. People and nations fight for various reasons. These fighting behaviors sometimes serve as means to get other valuable resources such as power and territory, and other times these behaviors serve as an end. In international politics, the struggle for status or

---

90 In a general sense, any leadership in international politics must have some followers, see: Stefan A. Schirm, "Leaders in Need of Followers: Emerging powers in Global Governance," *European Journal of International Relations* 16, No. 2 (2010), pp. 197-221.
standing has been a major source of international wars. Some psychological studies indicate that people enjoy winning and dominating in competitive games, even when there is no obvious material reward. The possible implication of these studies for international relations is that nations may fight for status, even though the fighting would bring risks to the nations without obvious material rewards.

As a status signaling tool, fighting can generate common knowledge of status belief, and fighting could be ritualistic. Fighting might send information of who is more superior to each other or to a wider social community. In international politics, hegemonic wars have been the major mechanisms for deciding who should have the authority and status to rule in the international system.

**Research Design: Methods and Case Selections**

Contemporary China provides a useful set of cases for exploring the plausibility of status signaling arguments in international politics. This project will take a multi-method approach, including case studies, content analysis, and interviews. Within each case, I will examine the specific mechanism of China’s status signaling. I will also investigate ideational sources of China’s status signaling through content analysis of government policies.

---


documents and interviews of officials and foreign policy analysts.

The evidence collected here is about a single country.\textsuperscript{95} China’s interaction with the world is treated as a theory-generating case instead of just testing the validity of existing theory. The goal is to link observations of Chinese foreign policy to a larger research agenda in international relations. This approach is different from Yong Deng’s approach that emphasizes a detailed analysis of China. Yong Deng’s analysis of China’s status-seeking behavior is insightful, but he emphasizes that his book focuses on an explanation of China, not theory-building.\textsuperscript{96} Furthermore, my focus on “status singling” is different from Deng’s argument on “struggle for status,” because status signaling does not assume China always seeks higher status and status signaling is not necessarily an “uphill struggle.”

A strong case can be made for looking at China; it might be easy to find within-case variations in China’s status signaling behaviors, which will be useful for hypothesis testing.

This study presents findings from Chinese foreign policy, particularly through several “transformative moments” in China’s interaction with the world, seeking to explain and conceptualize instances of status signaling. The selected cases will provide some variations for intra-country comparisons. I will investigate the following cases: China’s aircraft carrier building, China’s “communal sharing” during the Asian financial crisis (1997-1998), and China’s “strategic spinning” in the global financial crisis (2008-


\textsuperscript{96} See Deng, \textit{China’s Struggle for Status: The Realignment of International Relations}. 
The case of aircraft carrier building is selected for two reasons: first, it could be used to illustrate the mechanism of conspicuous consumption as status signaling in international politics; second, it could also be regarded as a “crucial case” of status signaling with competing and contradictory expectations from multiple audiences. The case of China’s responses to Asian financial crisis is selected for two reasons: first, it could be used to illustrate the mechanism of communal sharing as status signaling; second, it could also be regarded as a “crucial case” of status signaling with compatible expectations from multiple audiences. The case of China’s responses to global financial crisis is selected for two reasons: first, it could be used to illustrate the mechanism of strategic spinning as status signaling in international politics; second, it could also be regarded as a “crucial case” of status signaling with incompatible expectations from different types of international audiences.

The purpose of these case studies is to illustrate various mechanisms of status signaling in international politics as well as their implications for grand strategy. In each case, the project will analyze the trade-offs between status and responsibility as well as the competing expectations from domestic and international audiences. The purpose is to illustrate each mechanism of status signaling on its own, and it does not mean to test which mechanism better explains China’s status signaling behaviors.

---

98 From a method perspective, this is similar to the research design of Johnston’s book Social States. That book’s primary purpose is to investigate the three processes of socialization (mimicking, social influence and persuasion), and it does not test which mechanism better explains the socialization process of a rising power. See: Johnston Social States: China in International Institutions, 1980-2000.
Preview of Theory and Empirical Chapters

In the following chapter, I will first develop a general two-level theory of status signaling in international politics. Then I will use the three aforementioned empirical cases of Chinese foreign policy to illustrate the various mechanisms of the status signaling theory. The three cases will be applied to illustrate and test hypothesized mechanisms on “conspicuous consumption,” “conspicuous giving” and “strategic spinning” respectively. More importantly, these cases not only illustrate how China is signaling higher status or lower status, but also whether China’s status signaling is compatible with various expectations of domestic and international audiences.

The theoretical framework is general enough that it can guide research beyond the case of China. The definitive evidence of the status signaling argument uncovers the motivations of national leadership and shows that leaders send the hypothesized status signals. While it is extremely difficult to directly observe foreign policy intentions, there is reasonable evidence that can shed light on the mechanisms hypothesized here. Multiple methods can provide different types of evidence.
Chapter 2: A Theory of Status Signaling in International Politics

In history, a rising power that sought higher status could act assertively to signal its preferred status.\textsuperscript{99} Power transition theory expects that war is more likely when the rising challenger is catching up with the hegemon and the rising challenger is dissatisfied with the existing international order.\textsuperscript{100} Contrary to this familiar story, status signaling among rising powers is a more complicated matter, particularly in the current world, than is typically assumed. First, rising powers do not always choose to maximize their international status. Determined to sustain their growth trajectory, emerging powers tend to be inward-looking states, reluctant to take on the burdens and responsibilities associated with a leading role on the world stage.\textsuperscript{101} Second, national leaders of rising powers face multiple audiences, making it difficult for them to send clear and coherent signals and to target only specific audiences.\textsuperscript{102} Third, contemporary China, owing to the unprecedented size of its population, possesses historically unparalleled flexibility in terms of the type of status it can choose to signal. China is a veritable optical illusion

\textsuperscript{101} Schweller and Pu, “After Unipolarity: China's Visions of International Order in an Era of U.S. Decline,”
\textsuperscript{102} During the Cold War, internal divisions and lack of cohesion in the Communist and Anti-Communist alliances complicated coercive diplomacy by sending confusing signals about strength, resolve, and intent. See Christensen, Worse Than a Monolith: Alliance Politics and Problems of Coercive Diplomacy in Asia.
which can be seen (and, therefore, credibly signaled) as both a powerful rising challenger and a weak developing country. What is the strategic logic behind all these status signaling behaviors? When and why does a rising power act as a “status minimizer”?

Building on insights from social sociology, behavioral economics and sociology, this chapter will discuss a general theory of status signaling in international politics. The first section will discuss the concept of status in international relations. The following section will identify the similarities and differences between status signaling and other signaling models in international politics. The third section will examine theoretical assumptions. The fourth section will provide a typology of status signaling in international politics. The fifth section will discuss several hypotheses and observable implications.

**Status in international relations**

Why is status crucial in social life as well as in international politics? Sometimes people struggle for their status even if the strive has a negative impact on their material resources. It is also widely recognized that nation-states care about their status and prestige in the international society. Status is a core concept in sociology, and it is also studied by behavioral economists and social psychologists. In domestic society, status is the social or professional standing of an individual in relation to another or others.

First, status is a social attribute that is primarily “located” in other people's minds. Status, like beauty, tends to lie in the eye of the beholder. To change your status, you must change other people's opinions. Since social status might be unobservable, people might signal their preferred status through some observable behaviors such as
conspicuous consumption of luxury goods. It is difficult to translate wealth directly into status. In international politics, status is similar to other social attributes such as reputations, credibility and prestige. Since material capabilities can not automatically bring status to a country, there could be some gaps between material capabilities of a country and its recognized status. The status inconsistency has often been a significant source of international conflict or even war.

Second, status competition could be a zero-sum or non zero-sum game. If status is regarded as scarce positional good in some absolute sense, status competition is a zero-sum game. According to this view, the pursuit of status is inherently competitive because status is relative and scarce. This would imply that great power competition could be positional, as one state gains status, another loses it. This zero-sum view of status competition is qualified by the notion of a “club good.” A club is “a voluntary collective that derives mutual benefits from sharing one or more the following: production costs, the members' characteristics, or an impure public good characterized by excludable benefits.” Club goods are often partially rival in their benefits owning to congestion or crowding. Crowding means that one user's utilization of the club good decreases the benefits still available to the remaining users. In social life as well as in international politics, members of elite groups might restrict membership to preserve their status and privileges. If anyone can become a member of the club, then membership is

---

not worth much. In international politics, there are different kinds of power clubs, such as the club of the Western industrialized economies (G8), the nuclear powers club, the permanent five at United Nations Security Council (UNSC), and emerging power club (the BRICS countries). The permanent seat of UNSC is a typical case of an elite club membership in international politics.

Third, people’s struggle for status could be based on instrumental reasons, but status can have intrinsic values. In some situations (such as social mobility), people strive for status in order to get more material resources and material benefits. However, status may also be an end itself, an intrinsic component of an individual’s utility function in addition to the pursuit of resources. In international politics, political actors sometimes value status as ends in and of themselves with wealth and power. According to an experimental study, people are willing to trade off a status symbol against immediate material rewards. Poor peasants in developing countries might borrow money to hold lavish wedding celebrations to signal the preferred social status of the family. Some economists examine the determinants of expenditures on wedding celebrations by rural Indian families, and they develop a status signaling model of wedding celebrations where the wedding celebration signals the quality of the new groom's family and, thus, the

---

enhanced social status of the bride's family.\textsuperscript{110} Here, status signaling is a typical expressive action to demonstrate one's preferred identity. A young American lawyer may purchase expensive clothes and a luxury car not to satisfy a psychological need but rather because she feels that it is a necessary tool for instrumental reasons: a well-dressed lawyer with a luxury car signals (projects the image of) success and competence to new clients.\textsuperscript{111} The expressive and instrumental goals are different and also overlapped. The interplay of two types of goals (instrumental values vs expressive logic) might make status signaling complicated in international politics. In many situations, political actors must consider the trade-off between instrumental value of status and expressive value of status. However, we should not try to provide a single factor explanation for highly complex international politics. The more realistic goal is to integrate status into a larger package of explanatory variables pertinent to the purpose of investigating great power behaviors. In other words, although we want to highlight the role of status concerns, we should not treat status as the only driving factor of state behaviors in international politics.

Fourth, it is crucial to clarify the relationship between status and other related concepts such as power, capability and authority. Status is related but different from power, which is the ability to achieve desired outcomes. A country might be extremely powerful but does not have its desired status in the international society (such as the former Soviet Union). Material capability can provide some basic foundation for gaining

\textsuperscript{110} Ibid.
status, but it is also separated from status. Status is a broader concept than authority, which is a legitimate claim to command, backed up by coercive force. Some scholars such as David Lake conceptualize status and authority as exclusively two types of social goods. 112 If so, authority becomes crucial while status might be politically irrelevant. However, I argue that authority could be viewed as a special case of status: there could be many types of status competitions; if a status competition is concerned about a zero-sum game of who should have a final say in a community (such as the King of a country), this particular type of status competition could also be viewed as a competition of authority. However, many other politically important status competitions are not a competition of authority.

In international relations context, status can be defined as the following: The beliefs of relevant political actors about a given state's overall standing on valued attributes, such as wealth, coercive capabilities, socio-political organization, or diplomatic clout. Status is thus a set of collectively held beliefs. 113

To narrow the focus, this project will particularly focus on great power status instead of status in a general sense. Hedley Bull defines great powers as “powers recognized by others to have, and conceived by their own leaders and peoples to have, certain special rights and duties.” 114

---

Colleagues and critics might raise the issue of aggregation problem when we discuss status in international politics. It is true that individuals want social status in a social community, but how do we know if nation-states care about their status in international relations? If individuals have different preferences domestically, how could we aggregate their preference as a national preference?  

There are different types of solutions when we apply social theories or social psychological theories in international politics. The first solution may lie in the anthropohomorphization of the state in international politics. Political leaders and people tend to anthropomorphize the states in diplomacy and public propaganda. From this perspective, we could easily assume that states are people or at least states act like people, and thus we could attribute agency to nation-states. The second solution does not assume a unitary actor of states and will often focus on domestic process of preference aggregation in international politics. From this perspective, the motive of nation-states for international status reflects the collective preferences of its citizens and political elites. While domestic preferences and political regime types might complicate the aggregation process, this does not mean we cannot analyze it. There is no perfect solution for such an aggregation problem, and the choice might largely depend on theoretical purpose. This project takes the second option by assumes a model of the domestic-international interaction.

115 For the discussion of aggregation problem in social theories of IR, see: Johnston, Social States: China in International Institutions, 1980-2000, pp.95-99.


Status Signaling in International Relations

Status signaling, as an unconventional type of signaling, is under-explored in international relations literature. Status signaling is the use of a particular subset of signals to convey the information that a state is willing to have a particular standing in international society. In a general sense, status signaling is the mechanism of information transmission that aims to change or maintain a special type of “status belief” among relevant political actors. “Status signaling” is a theoretically under-developed type of signaling in international relations. Different from the existing signaling models, status signaling transmits information with the aim of changing or maintaining perceptions of the sender’s standing (its position relative to others) held by targeted actors within domestic and international audiences.

Status signaling shares several defining properties common to all signaling models in international politics.

First, all signaling models involve information transmission process and image projection. Signaling occurs when the holder of information takes observable action to make information available to those who do not have it in order to shape a desired image. In international politics, signaling is a kind of communication, which refers to the use of language and behaviors by one state aimed at influencing the perceptions and actions of one or more others.118 Borrowing the dramaturgic notion of presenting images in daily

life, Jervis’s framework of signaling is comprehensive and broad.\textsuperscript{119} If we conceptualize signaling in a broad sense, there are many forms of it, both in social life and international politics. For instance, emotional behaviors of political leaders might be manipulated to shape a desired international image or to strengthen bargaining leverage in international crisis.\textsuperscript{120} In a more general sense, emotional behaviors can have important implications for strategic interactions and for signaling in particular.\textsuperscript{121}

Second, signaling is important in all kinds of strategic interactions, and it can often help mitigate potential conflicts. Biologists even find that signaling can play an important role in animal behaviors. Why would a gazelle waste time and energy jumping up and down instead of running away when it meets a wolf? According to one biological theory, the gazelle is signaling to the predator that it is able to outrun the wolf. The wolf, upon learning that it has lost its chance to surprise the prey, and that this gazelle is in tip-top shape, may decide to look for easier prey.\textsuperscript{122} The gazelle has successfully implemented a deterrence strategy through credible signaling of its capabilities and strengths. In this case, signaling has mitigated a potentially deadly conflict between two rivals in the animal world. In international politics, signaling is crucial in mitigating a variety of conflicts. Signaling can potentially reduce uncertainty in a security dilemma,
differentiate a defensive state from an offensive one, send credible threats in coercive diplomacy, and promote necessary cooperation in multilateral organizations.

Third, signals are most likely to broadcast credible and reliable information when they are costly to the signaler to the point where a different kind of actor would be unable or unwilling to make them. In the job market, for instance, employers are more likely to hire college-educated applicants than those with only a high school diploma because a college degree is a “costly signal” of the job seeker’s resolve and ability to learn. Among animal behaviors, the handicap principle suggests that animals of greater biological fitness signal their status during mate selection by means of handicapping behaviors. In social life, the consumption of expensive brands and luxury goods is often intended as a costly signal to convey the consumer’s status as a wealthy individual. Signaling models in international politics often rely upon the mechanism of costly signaling. For instance, to signal credible resolve during crisis bargaining, it is important to make a distinction between “cheap talk” and “costly signals.” Fearon distinguishes between two types of costly signals that state leaders might employ when trying to credibly communicate their foreign policy interests to other states. Leaders might either (a) tie their hands by creating audience costs (i.e., costs arising from the actions of domestic political audiences) that they will suffer ex post if they do not follow

---

123 That said, costly signaling is not the necessary condition for effective signaling.
126 This is sometimes referred to as the “Veblen effect” in economics. See Veblen, The Theory of the Leisure Class.
through on their threat or commitment or (b) sink costs by taking actions such as mobilizing troops that are financially costly ex ante. Likewise, in international politics, some projects—space programs, nuclear weapons, and aircraft carriers, to name a few—are intended as costly signals of great power status, for they require enormous capabilities and resources that most countries do not possess. If such projects were to become normal and widespread state behaviors, they would no longer confer status. That said, however, in diplomatic bargaining, costly signals are not always needed to signal resolve. Sartori argues that political leaders often use their deterrent threats honestly in order to maintain their ability to use diplomacy in future disputes.

Fourth, signaling is received by multiple audiences, domestic and international, whether or not this is intended or desired by the sender. Because, as Garrett Hardin notes, in a system “we can never do merely one thing,” it is difficult for the sender to prevent unwanted audiences from observing the signal. This means that, for national leaders, status signaling is tantamount to playing a tricky “two-level game” between domestic and international audiences. For rapidly ascending states, in particular, the domestic audience often trumps the international one. Why might this be so? Because the continued rise of emerging powers is rarely a given, because the process of rapid development usually generates dangerous social and political dislocations, and because future growth and internal stability often require fundamental political reforms, leaders of

129 Sartori, *Deterrence by Diplomacy*.
rapidly growing states confront intense internal pressures, whether from rising domestic expectations, heightened nationalism, or fears of descending into a period of long-term stagnation—what Minxin Pei calls a “trapped transition.”132 At a minimum, some domestic constituents and opposition groups within the rising power will express genuine or politically motivated concerns about the status or prestige of their country, thereby connecting status signaling at the international level to a domestic political struggle for legitimacy. As Jack Snyder observes, “among the great powers, domestic pressures often outweigh international ones in the calculations of national leaders.”133

Status signaling is different from the existing signaling models in the following aspects:

First, the purpose of status signaling is different from those of the more commonly recognized signaling models. Status signaling does not signal a benign intention in an inherently uncertain anarchy, nor does it signal credibility in crisis bargaining. Instead, the purpose of status signaling is to demonstrate a state’s preferred ranking in the international society. Through status signaling, relevant political actors (such as rising powers or the reigning hegemon) aim to maintain or change the status beliefs about themselves in the international hierarchy. While the status need of nation-states is neither benign nor aggressive in principle, the specific need for a particular status might still become problematic. As the status often depends on the inter-subjective recognition of

---

132 According to Minxin Pei, trapped transitions are a function of the limits of developmental autocracy. Unless it makes a clean break with its authoritarian past, the ruling regime will ultimately exhaust its political and economic vitality, undermining state capacity, heightening social tension, and threatening regime collapse. See Minxin Pei, China’s Trapped Transition: The Limits of Developmental Autocracy (Cambridge, Mass.: Harvard University Press, 2006).
133 Snyder, Myths of Empire: Domestic Politics and International Ambition, p.20.
others, the need for inflated status might appear threatening and aggressive to others. In other words, while status demand is simply one of the fundamental motives of state behaviors in international politics, the need is not inherently legitimate, and it largely depend on the social and political context of the status demand.

Status signaling is in contrast to many existing signaling models. For defensive realists, signaling benign intentions is crucial to reducing inherent uncertainty in international anarchy. Through signaling intentions, nations can mitigate the problem of security dilemma or promote necessary cooperation.\(^\text{134}\) To be more specific, costly signals and reassurance strategies can mitigate international conflicts and build trust for cooperation. Signaling intentions is not only crucial for defensive realists, but also for institutional theorists. To explain the puzzle of why powerful states often channel coercive policies through international organizations (IOs), Thompson developed a theory of strategic information transmission in international organizations (IOs): IO involvement sends information about the coercer's intentions and the consequences of the coercive policy to foreign leaders and their public, information that determines the level of international support offered to the coercing state.\(^\text{135}\)

Second, relationship between status signaling and domestic audiences is different from that in the existing signaling models. In coercive bargaining model, domestic audience can often be viewed as an intervening variable and the international audience is


the primary target. However, in some status signaling behaviors, domestic audience is the primary target and the international audience might be viewed as an intervening variable. For instance, in coercive bargaining model, domestic audience cost is often regarded as an important mechanism to generate credible threats in the crisis bargaining process. A leader who backs down incurs audience costs, and these enable other leaders to learn an adversary's true preferences concerning settlement versus war.\textsuperscript{136} The notion of audience cost is not only applied in democracies but also by autocratic leaders who try to signal their resolve in diplomatic bargaining.\textsuperscript{137}

Third, studies about status signaling will provide a new tool to examine states’ seemingly symbolic behaviors from a rationalist framework. Most rationalist signaling models assume that signaling has clear instrumental goals without considering the symbolic values of these behaviors. However, a theory of status signaling would take a position of thin rationality while treating the symbolic factors seriously and making strategic sense of these symbolic factors.\textsuperscript{138}

Fourth, status signaling could shed new light on the crucial bargaining in 21\textsuperscript{st} century world politics. The existing signaling models in defensive realism assumes that all non-security goals are problematic for international security, and the purpose of signaling is to differentiate a benign state with pure security goal from a threatening state


\textsuperscript{138} Here I assume that political actors often make decisions in a strategic interactive context. This does not mean that political actors (such as nations) always maximize their material interests. For similar position on this issue, see: O'Neill, \textit{Honor, Symbols, and War}.  

52
with non-security goal. One of the major debates between defensive and offensive realists is the differentiation of states as security-seekers or greedy states\textsuperscript{139}. Greedy states are those who seek national goals beyond the basic security of their territory. In power transition theories, it is critical to understand whether a rising power is a status quo power or a revisionist power. Revisionist powers are those rising powers that are unsatisfied with their status in the international hierarchy and seek to overturn the fundamental rules of the game in the international order. In these models, the motive for enhanced status is the root of international conflicts. Considering the fact that great power war is less likely and there is a trade-off between enhanced status and increasing responsibilities, a theory of status signaling focuses on the trade-off between status and responsibilities, which is arguably a crucial political bargaining between the hegemon and rising powers. However, as many studies indicate, status is one of the fundamental motives for state behaviors, and nation-states often treat status as a primary goal together with other motives such as security and wealth. Since all states pursue some non-security goals (honor, prestige and status), the categorization of non-security goals as “greedy” is problematic\textsuperscript{140}. The real problem of rising powers is not their drive for status and prestige, and the real question is to what extent these rising powers would be willing to pay for their enhanced status. In addition, instead of focusing on the dichotomy of security-seekers versus greedy states, this project argues that the more crucial difference is between offensive states and


\textsuperscript{140} That said, this does not mean that non-security goals are always legitimate. Sometimes states have an inflated view of their status and their demand for higher status could appear threatening to other countries.
defensive states, the former pursue an offensive strategy (such as aggression) to promote their interests, while the latter pursue a defensive strategy.\textsuperscript{141}

**Theoretical Assumptions**

To build a theory of status signaling at the international level, this project starts with several assumptions. The project will investigate the hierarchical aspects of international politics. The international system is a social system, in which sociological terms such as prestige and status can be applied. While international politics is a competition for the scarce resources of social and material goods (including status), the standards of status are changing. Status signaling must face various types of audiences, and it is useful to consider domestic-international interactions in status signaling. Instead of always maximizing status, a rising power often calculates the trade-off between status demands and other values.

First, international politics is organized hierarchically based on the different levels of authority, prestige, and status of nations. Major theoretical approaches to international relations assume that anarchy is a fundamental organizing principle in international politics. According to Kenneth Waltz, the difference between international and domestic politics is that the former is anarchic and the latter is hierarchic.\textsuperscript{142} The principle of equal sovereignty is an influential norm in contemporary international society. However, classical realism, power transition theory, and English school make implicit assumptions about international hierarchy.\textsuperscript{143} In international political economy, dependency theory

\textsuperscript{143} Lake, *Hierarchy in International Relations*. For the discussion of hierarchy in a regional international context, see: David C. Kang, "Getting Asia Wrong: The Need for New Analytical Frameworks,"
and world system theory have also paid attention to the inequality problems. The norm of equal sovereignty and the hierarchic ranking of nations have co-existed in the international system. While some might assume that anarchy and hierarchy are exclusively different organizing principles, this project takes the position that the two principles co-exist within the same international system. The anarchic nature of the international system might strengthen the inequality and hierarchy of international system. Unlike in domestic societies in which governments can use tax and welfare policies to mitigate inequality among individuals, in international society there is no world government that enforces such policies to mitigate the differences among nations.

In the international society, nations are equal in the name of sovereignty, but they are also differentiated by their different status, responsibilities, and authority.

Second, status is social and cultural. Nation-states are concerned about their social attributes in international society, such as legitimacy, prestige, reputation, and status. These social attributes for nation-states are important, because nations with authority, prestige, or recognized status might not always rely upon coercive tools to maintain the stability of international order or to promote their national interests. As

---


Gilpin said, “Prestige, rather than power, is the everyday currency of international relations.”

Third, the standards of status are changing and there are multiple status criteria in the social community as well as in international society. Just as people in domestic societies achieve status in various ways and the criteria of status changes over time and across societies, status in the international system also varies, and states have engaged in all sorts of competitions to gain status. Traditionally, military capabilities and victory have been a major mark of status and prestige in international politics. However, prestige and status have not been derived from military strength alone; ideological appeal, economic growth, and technological innovation can also be sources for achieving international status and respect. Because there are different criteria to rank countries, states that seek to have a distinct positive national identity might choose different strategies to achieve status, including the strategies of competition, emulation, or creativity. One important question for international politics in the 21st century is whether great powers still regard military capabilities and wars as a major tool for gaining status or standing. There are multiple cultures and multiple understandings of status in international relations, and status signaling targets at both international audiences and domestic audience. As the international cultures change, political actors in

---

145 Gilpin, War and Change in World Politics, p.31.
146 Gilpin, War and Change in World Politics.
different times might regard different things as “status symbols.” The investigation of status signaling of rising powers will help us understand the trends and processes of international political change.

Fourth, signaling at the international level might often assume nation-states to be rational and coherent actors. However, this project assumes that political performance is a “two-level game,” and it is important to bring domestic politics into the discussion of signaling. Domestic politics provides both challenges and opportunities for building a theory of status signaling. If we break down the unitary actor assumption of nation-states, how can we talk about the interactions of signaling between states? For instance, if there are different groups in China pushing to send different signals, how can we discuss China’s status signaling? Admittedly, there is a real tension between the assumption of rational coherent states and the assumption of domestic political cleavages. In this project, domestic politics can serve several purposes. First, domestic politics might be an important factor driving status signaling at the international level. As domestic constituents might often be concerned about the status or prestige of their country, status signaling at the international level is often connected with a domestic political struggle for legitimacy. Leaders or governments send various signals to domestic and international audiences. Because of the dynamics of the two-level game, the sending and interpreting of signals is often complex. Second, domestic politics can also be treated as an intervening variable. A rational theory of signaling in international relations would give

---

150 For the discussion of “status markers” and social influence in IR, see: Johnston, Social States: China in International Institutions, 1980-2000, p.87.
151 Putnam, "Diplomacy and Domestic Politics: The Logic of Two-Level Games.", pp. 427-460.
us a normative theory of how states should act strategically, given the constraints of the international environment.\footnote{Glaser, \textit{Rational Theory of International Politics: The Logic of Competition and Cooperation.}}

Finally, international status serves both instrumental and expressive purposes. Nation-states might carry out sophisticated cost-benefit analysis in its status signaling. According to the literature, enhanced status in international society can bring about two types of benefits: the first includes various instrumental interests, such as privileges in international institutions; the second includes the satisfaction of prestige needs of domestic constituents. However, this enhanced status in international society might also be costly.\footnote{There are some rare exceptions for the analysis of the costs of great power status, but these studies are not systematically integrated into the study of great power behaviors. For an analysis of great power responsibilities, see: Claude, "The Common Defense and Great-Power Responsibilities," pp. 719-732; Bull, \textit{The Anarchical Society: A Study of Order in World Politics}, pp. 194-222.} The first type of cost is increased responsibility, such as providing public goods and helping maintain security and order. The second type of cost is the risk of balancing or containment from the hegemon.\footnote{Throughout the history of international politics, the established powers have been known to sometimes use preventive wars or containment to deal with the challenges of rising powers. See Jack S. Levy, "Declining Power and the Preventive Motivation for War," \textit{World Politics}, Vol. 40, No. 1 (1987), pp. 82-107; Dale C. Copeland, \textit{The Origins of Major War} (Ithaca, NY: Cornell University Press, 2000).} Because of the trade-off, the status signaling behaviors of a rising power might vary.

**Status Signaling: Typology and Implications**

Status signaling is a special type of signaling in international politics aiming to demonstrate what kind of standing a state wants to have in international society. A nation-state might project its preferred image through various status signals. In domestic society, “status signals” are defined as rituals and behaviors people use to demonstrate their preferred social standing in a community. At an individual level, a nouveau riche
might choose to signal her status through various strategies. A rising great power might engage in similar behaviors in international politics. Just like individuals might purchase luxury goods to symbolize their wealth and status, a rising power might use material goods (such as a particular type of weapons) to symbolize its preferred status in the international hierarchy. Similar to the charitable donation option, providing public goods in international affairs is also a useful strategy to signal a desired status in international society. In domestic society, conspicuous consumption could lead to a wasteful outcome, while charitable actions benefit the community. When and why do nation-states choose one way rather than the other to signal their status?

Status signals are discussed in psychology, sociology, behavioral economics, and biology. These findings can be intuitively applied in international politics. Based on different means to achieve status, status signaling behaviors can be categorized into four types: status signaling through materialistic consumption, through communal sharing, through fighting, and through spinning. Based on different purposes, status signaling behaviors can be categorized into those with an instrumental objective and those with an expressive objective.

---

156 The typology of status signaling is “ideal type.” The means and purposes of status signaling are more complicated in reality. For the discussion of typology and IR theory building, see: Colin Elman, “Explanatory Typologies in Qualitative Studies of International Politics,” International Organization 59, no. 2 (Spring 2005): 293-326.
### Table 3. Status Signaling with Different Means and Goals

<table>
<thead>
<tr>
<th>Means Purposes</th>
<th>Materialistic consumption</th>
<th>Communal sharing</th>
<th>Fighting with instrumental goal</th>
<th>Spinning with instrumental goal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Instrumental Goal</td>
<td>Conspicuous consumption with instrumental goal</td>
<td>Communal sharing with instrumental goal</td>
<td>Fighting with instrumental goal</td>
<td>Spinning with instrumental goal</td>
</tr>
<tr>
<td>Expressive Goal</td>
<td>Conspicuous consumption with expressive goal</td>
<td>Communal sharing with expressive goal</td>
<td>Fighting with expressive goal</td>
<td>Spinning with expressive goal</td>
</tr>
</tbody>
</table>

**Status Signaling Through Materialistic Consumption**

Since status is an unobservable or intangible social good, individuals tend to use materialistic consumption of luxury goods to symbolize their desired status in society.

While the concept of status has a long tradition in sociology, the concept of the status signal was pioneered by Veblen and further developed by Hirsch and Frank.\(^{157}\)

---


60
French sociologist Pierre Bourdieu’s work on distinction bears a resemblance to Veblen’s work on leisure class. These scholars focus on the negative impact of conspicuous consumption of luxury material goods upon welfare and growth.

In economics, status signaling was originally discussed as “conspicuous consumption” or “positional goods.” According to Veblen, people of the “leisure class” would consume luxury material goods to show off or pretend their association with a certain status. Individuals over-consume these material goods, resulting in wasteful “conspicuous consumption.” Hirsch developed a related concept of “positional goods,” which are socially limited, stating “consumer demand is concentrated on particular goods and facilities that are limited in absolute supply not by physical but by social factors, including the satisfaction engendered by scarcity as such.” This social limitation of positional goods may be derived from psychological motives of various kinds, notably envy, emulation, or pride. Satisfaction is derived from relative position alone, from being in front or from others being behind. Command over particular goods becomes an indicator of such precedence in its emergence as a status symbol.

159 For the economic concept of “consumption” or “positional good” applied to status/prestige motive in international relations, see: Schweller, "Realism and the Present Great Power System: Growth and Positional Conflict Over Scarce Resources," pp. 28-68; Gilady, "Conspicuous Waste in International Relations". My analysis differs from the existing literature in two respects. First, while some work on focuses on conceptualizes conspicuous consumption as “wasteful behavior,” my study assumes that conspicuous consumption has both instrumental and expressive (symbolic) purposes. Second, I emphasizes that conspicuous consumption in international relations is a complicated political process that involves multiple audiences with the goal of investigating the political process of status signaling in international relations.
159 Veblen, *The Theory of the Leisure Class*.
161 Here it might be useful to make a distinction between real social positions and positional goods. Most of the positional goods as defined by Hirsch and Frank would be more appropriately called “position-symbolizing material goods,” which are defined as material consumption to symbolize people’s preferred
Spence’s “market signaling” conceptualizes how consumption behaviors can serve as a type of status signal.\textsuperscript{163} Status signaling is also related to the notion of “identity economics,” which means that people’s understanding of their identities shapes their choices in all kinds of economic decisions.\textsuperscript{164} According to Frank, concerns about relative position lead to many socially undesirable outcomes, including wasteful spending patterns for luxury goods.\textsuperscript{165} Conspicuous consumption as a status signaling tool has important implications for international politics.

It is widely recognized that some types of weapons, such as nuclear weapons and aircraft carriers, can symbolize great power status in international politics. More recently, James Fearon argues that consumption is a useful starting point to conceptualize state motives.\textsuperscript{166}

\textit{Status Signaling Through Communal Sharing}

Status signaling is not necessarily always competitive and wasteful. Sometimes status signaling behaviors are compatible with community norms and might benefit the whole community. At the individual level, people have a strong desire to belong to a group or a community. Status hierarchies often emerge in cooperative social interactions to achieve

\footnotesize{
status. The positional market of a particular society is the sum of all social hierarchies within that society. In the positional market, the real positional goods are positions, not position-symbolizing material goods. See: Shiping Tang, "The Positional Market and Economic Growth," \textit{Journal of Economic Issues}, Vol. XLIV, No.3 (2010), pp. 1-28.
\textsuperscript{163} Spence, \textit{Market Signaling: Informational Transfer in Hiring and Related Screening Processes}, chapter 8. As a classical treatise on information economics, Spence’s theory is widely applied in international relations literature. Most such literature focuses on the concept of “costly signal” without developing the related concept of “status signal” in an international context.
\textsuperscript{165} Frank, \textit{Luxury Fever: Why Money Fails to Satisfy in an Era of Excess}, p.145.
}
a common goal. In daily life, philanthropy and donating blood are all examples. In these cases, people might want to demonstrate their usefulness for a group in order to signal their status.

Thus, rich people can signal their status not only through conspicuous consumption of material goods, but also through charitable donations or “conspicuous giving.” People have different motives for donating to charity; however, the desire to demonstrate wealth and to socialize with individuals of the same or higher social status is an important driving factor of charitable giving in many cases. Compared with conspicuous consumption, conspicuous giving has some comparative advantages in signaling status. First, while conspicuous consumption may be viewed negatively, charitable giving always makes a good impression. Second, because of the existence of counterfeit brand products, ownership of luxury goods may be difficult to observe. Third, charitable donations may be especially good signals to people who belong to a peer group but cannot see the luxury goods of another member. The aforementioned case of the woman making a charitable donation to impress her distant former college

---

169 For a discussion of a signaling explanation for charity, see: Glazer and Konrad, "A Signaling Explanation for Charity,"
170 Signaling is not necessarily the only motive for donating to charity. In some situations, people give to charity anonymously, because they may be motivated by moral sentiments rather than self-interested instrumental calculations. For the analysis of moral sentiments and human behaviors, see: Robert H. Frank, Passions within Reason: The Strategic Role of the Emotions (New York: W.W. Norton &Company, 1988), chapter 8.
171 For the discussion of counterfeit brands and deception of status signaling, see: Kempen, "Fooling the Eye of the Beholder: Deceptive Status Signaling Among the Poor in Developing Countries.," pp. 157-169. Han, Nunes, and Drèze, "Signaling Status with Luxury Goods: The Role of Brand Prominence.," pp. 15-30.
roommates is an excellent example of this.

Conspicuous giving as a status signaling tool has important implications for international politics. Since providing public goods is an important source of leadership in international politics, we will examine when and why a rising power is willing to provide public goods in international affairs. However, it should be noticed that conspicuous giving or communal sharing is not necessarily altruistic, and these types of behaviors might be shaped by social influence because political actors are pursuing social rewards and avoiding social sanction.\textsuperscript{172} For individuals, communal sharing could bring a variety of social rewards such as reputation and social status. For nation-states, provision of public goods or foreign aid is an important part of statecraft that will enhance international status and image.

*Status signaling through fighting*

People and nations fight for various reasons. Signaling status is one of the most important reasons for fighting. These fighting behaviors sometimes serve as means to get other valuable resources such as power and territory, and other times these behaviors serve as an end. In international politics, the struggle for status or standing has been a major source of international wars.\textsuperscript{173}

Some people might enjoy winning and dominating in competitive games, even when there is no obvious material reward.\textsuperscript{174} At individual level, dueling is an extreme case of fighting for status. The possible implication is that nations may fight for status,

\textsuperscript{173} Lebow, *Why Nations Fight: Past and Future Motives for War*.
\textsuperscript{174} Rosen, *War and Human Nature*
even though the fighting would bring risks to the nations without obvious material rewards.

Fighting can generate common knowledge of status belief and facilitate the diffusion of the status belief among relevant actors in a social system. In this sense, fighting and war are ritualistic.\textsuperscript{175} Fighting might send information and message of who is more superior to each other or to a wider social community. In international politics, hegemonic wars have been the major mechanisms for deciding who should have the authority and status to rule in the international system. Hegemonic wars generate the common knowledge or the status beliefs of who are superior in the international system, the mechanism of which might be similar to that of the Crown’s ceremonies establishing the common knowledge of who is the supreme ruler in a country.\textsuperscript{176}

\textit{Status Signaling Through Spinning}

Why does a rising power signal a lower status? It can do this through a tactic called “strategic spinning.” At the individual level, “spinning” is when a person telling a story emphasizes certain facts and links them together in ways that play to his advantage, while at the same time downplaying or ignoring inconvenient facts. A rising power might have different attributes in terms of power and capabilities, and the multiple identities of a rising power might simply reflect different dimensions of the same country. In the case of status signaling, great powers can pursue the strategic spinning tactic.

A rising power has several strategic reasons to signal a lower status. A rising

\textsuperscript{175} Smith, "Codes and Conflict: Toward a Theory of War as Ritual.," pp. 103-138.
\textsuperscript{176} For the analysis of why rituals can generate common knowledge in a community, see: Chwe, \textit{Rational Ritual: Culture, Coordination, and Common Knowledge}.
power might signal a lower status for reassurance purposes. A rising power might signal a lower status so as to be able to shirk responsibilities. A third reason is that a rising power might signal a lower status for solidarity purposes and to woo support from lower status groups or nations (such as “the developing countries” and “the third world”).

*Status Signaling with Instrumental Objective*

Based on different purposes, status signaling can be categorized as having an instrumental objective or an expressive objective. In the former situation, individuals or states signal their status in order to get other valuable resources such as power and material rewards. In the latter situation, individuals or states seek status as an end in itself to demonstrate who they are or who they want to be.

There are two types of conspicuous consumption: instrumental conspicuous consumption and expressive conspicuous consumption. In some situations, lavish consumption expenditures, while appearing wasteful, might involve some rational instrumental calculations. “To the extent that wearing the right watch, driving the right car, wearing the right suit, or living in the right neighborhood may help someone land the right job, or a big contract, these expenditures are more like investments than like true consumption.”

According to some biological and psychological studies, the instrumental calculations of conspicuous consumption are rooted in biological evolution. Status signaling is documented in research on animal behavior. As discussed before, a gazelle

---

177 In a general sense, any leadership in international politics must have some followers, see: Schirm, "Leaders in Need of Followers: Emerging powers in Global Governance," pp. 197-221.
seems to waste time and energy jumping up and down instead of running away as fast as it can, but the gazelle is signaling to the predator that it is able to outrun the wolf. It is not demonstrating its abilities just to show off; rather, the demonstration is an instrumental move designed to preserve its life. The wolf, upon learning that it has lost its chance to surprise the prey, will now look elsewhere for a meal. 179

Status Signaling with Expressive Objective

While status signaling can serve an instrumental purpose in some contexts, it is also a type of expressive demonstration of who we are or who we want to be. In this sense, status signaling is similar to the logic of expressive choice. For the purpose of expressive choice, people may sacrifice their material interests to express who they are or who they want to be. In other words, conspicuous consumption does not serve any instrumental purpose, but can satisfy people’s psychological need.

Expressive choice refers to the instances in which individuals express and reaffirm, to others and to themselves, who they are through various actions, such as voting or purchasing. For instance, consumers choose to purchase particular goods and voters support a particular political party in part motivated by their understanding of what it means to be someone in possession of those goods or in support of a particular party. Through their participation, these voters and consumers express who they are and attach themselves to a collective organization they feel is like them and reflects their interests. 180

According to one economic study, people enjoy the process of over-consumption,

and the process of seeking and getting desired goods is pleasurable. According to Scitovsky's book *The Joyless Economy*, there are two sources of displeasure: one is too much stimulus (pain) and the other too little stimulus (boredom). In affluent societies with widespread comfort and ennui, people might hopelessly try to buy happiness with money. After the basic need for food and housing is satisfied, people try to make themselves happier through the process of buying more goods, which can lead to wasteful over-consumption. The huge “McMansions” and SUVs people purchase may yield them some gains, but these purchases frequently lead to the accumulation of more bills or loans in the long term.

The insights from *The Joyless Economy* can be applied to international politics to understand the residual conventional arms races in a new era of great power peace. As basic survival is assured partially because of a stable nuclear deterrence, great power wars become increasingly unlikely, and “ennui becomes us.” However, why will great powers still try to upgrade their conventional weapons? High-tech jet fighters and aircraft carriers for great powers are like “McMansions” and large SUVs for consumers in affluent societies; the purpose is not just to satisfy instrumental needs for physical security, but also to get excitement and happiness in an atmosphere of ennui.

---


According to one economic study, the drive toward spending on an otherwise useless good comes from the desire to enter clubs and benefit from a social status effect.\textsuperscript{185} By entering into a club, an individual gains a certain social status. Spending on a conspicuous good emits a signal. The joint incentives of club goods and social status induce people to over-spend on conspicuous goods. Similarly, for some countries that are eager to acquire nuclear weapons, their motive for weapons acquisition is not only survival, but also admission into a particular club to establish a particular national identity.\textsuperscript{186} That said, the value of nuclear weapons as a status symbol might be debatable.\textsuperscript{187}

Some psychological studies demonstrate the correlations between different levels of power and conspicuous consumption behaviors. As powerlessness fosters a compensatory motive to restore power, the powerless people or groups prefer visible and conspicuous consumption that signals status to others. The insight that the powerless prefer conspicuous consumption can be applied in international relations. For instance, while the Olympics were treated simply as a sporting event in a particular city in the West, the “games” in Japan, South Korea, and China were all presented as conspicuous status signals to demonstrate the emergence of these countries on the world stage.\textsuperscript{188}

\textsuperscript{186} Jacques E. Hymans, \textit{The Psychology of Nuclear Proliferation} (New York: Cambridge University Press, 2006).
\textsuperscript{188} Victor D. Cha, \textit{Beyond the Final Score: The Politics of Sport in Asia} (New York: Columbia University Press, 2009).
Hypotheses

This chapter will identify several mechanisms of status signaling respectively: “conspicuous consumption,” “conspicuous giving,” and “strategic spinning.” It will also discuss when and how status signaling behaviors will generate coherent or incoherent grand strategies. There are various means through which the national leaders can signal the preferred status of their nation. Based on the previous discussions about the incentives and means of status signaling, the following hypotheses will guide the research in the empirical chapters of this dissertation.

Multiple Audiences Hypotheses

National leaders have competing incentives to signal higher or lower status to various audiences. However, it is difficult for these national leaders to signal only toward targeted audiences. Thus, the status signaling behaviors become complicated and sometimes contradictory. However, it is not necessarily the case that status signaling will always lead to the implementation of an incoherent grand strategy. If international and domestic audiences have a similar expectation, this will contribute to the implementation of a coherent strategy.

Multiple Audiences Hypothesis: If signaling status for one type of audience is incompatible with the expectation of other type of audience, such an inconsistent signaling will contribute to the formation and implementation of an incoherent grand strategy. If signaling a particular type of status is compatible with both domestic and
international expectations, such a behavior will contribute to the formation of a coherent grand strategy.

Conspicuous Consumption

In domestic society, the higher a person’s income, the greater that person’s propensity to purchase luxury goods to signal her status. Furthermore, conspicuous consumption of luxury goods can be nuanced. According to a recent study of consumer behaviors of luxury brands,\(^\text{189}\) there are four types of consumers, based on their income level and consumption patterns. The “patricians” are those extremely rich people who might avoid loud brand signals to symbolize their wealth. In other words, they want to avoid being misconstrued as people who use salient luxury brands to differentiate themselves from the masses. Instead, the “patricians” purchase extremely expensive but less salient brands to signal to other patricians. “Parvenus” are also rich, but they do not have the “cultural capital” to interpret the subtle status signals. They tend to use loud signals (salient luxury brands) to associate with other “haves.” “Poseurs” are highly motivated to consume for the sake of status, but they do not possess the financial means to readily afford authentic luxury goods. Thus, “poseurs” are prone to buying counterfeit luxury goods. “Proletarians” are not motivated to consume for the sake of status.\(^\text{190}\)

The stratification of consuming behaviors seems to have intuitive implications for understanding the status signaling behaviors of nation-states. Buzan provides a category of three status hierarchies (superpowers, great powers, and regional powers) and

\(^{189}\) Han, Nunes, and Drèze, "Signaling Status with Luxury Goods: The Role of Brand Prominence.,” pp. 15-30.
\(^{190}\) Ibid.
describes how these different types of powers have different capabilities and roles in international society.\textsuperscript{191} If nation-states are stratified because of their different material capabilities and international standing, they might also have different patterns of status signaling behaviors. Intuitively, we can see that the status signaling behaviors of established superpowers may be similar to that of “patricians,” while emerging and rising powers would be similar to “parvenus” or “poseurs.” During the Cold War, the United States and the Soviet Union had played many status games that other countries might not afford to play. “The United States was the billionaire among the world's countries and, unlike the others, operate free of the need to distinguish carefully between necessities and luxuries. If building another missile or aircraft carrier or rescuing a particular country was important, the United States could afford to do it.”\textsuperscript{192}

In international politics, most nations recognize the importance of maintaining military parity, and the result often has been a wasteful escalation of expenditures on armaments, the logic of which is similar to that of conspicuous consumption for individuals.\textsuperscript{193} Just like newly independent nations that are eager to acquire weapons to symbolize their modern statehood,\textsuperscript{194} an emerging great power might build weapons for status signaling purpose.

\textsuperscript{192} Michael Mandelbaum, \textit{The Frugal Superpower: America's Global Leadership in a Cash-Strapped Era} (New York: Public Affairs, 2010), p. 8. According to Michael Mandelbaum, the conspicuous consumption era of the United States might be ending, and the challenge for the United States is to how to become a “frugal superpower” in a new era.
\textsuperscript{193} For one illustration of this logic by an economist, see: Frank, \textit{Choosing the Right Pond: Human Behavior and the Quest for Status}, p.125.
**Conspicuous Consumption Hypothesis:** If the primary goal of the acquisition of particular weapons is to signal a higher status through conspicuous consumption, there are several observable implications: first, the domestic support for such an acquisition of weapons will be positively correlated with increasing economic resources, not with increasing security threats; second, the particular weapon will not be the most cost-efficient tool to deal with the country’s security challenges; third, the main official statements about the weapon acquisition will emphasize the connection between the weapon and the implication for status.

In many situations, contestants compete for what in the end must be a fixed number of favored positions in some hierarchy. In this type of competition, the payoffs depend much less on performance against some absolute standard than on performance in relation to each other. When the stakes are high, each contestant may face irresistible pressures to make heavy investments that in the end turn out to be mutually offsetting. The weapons acquisition of a rising power might lead to backlashes from the hegemon and other powers, the logic of which is similar to the spiral model of a security dilemma.

**The status dilemma hypothesis:** If status is perceived as positional goods, material investments (such as military build-up) that aim to enhance a country’s own status threatens or reduces the status of other country. If the other country responds by

---

expending resources to increase its own status, a return to the original status hierarchy is possible.

Colleagues and critics might doubt if the status dilemma is a valid analogy to the security dilemma. If states are striving for security as well as status, it is hard to say that the investment for status is really a dilemma. After all, the state demanding more status through weapons acquisition will be recognized as a peer competitor and thus will achieve its desired status. This recognition of great power status comes at a cost but not a cost in terms of status. From this perspective, the rising power gets its new status and there seems to be no dilemma as the way there is in a security dilemma. In a security dilemma, the moves to enhance security actually undermine it and lead to cyclical escalation. In the status situation, the demand for status works in terms of achieving status as a peer competitor, it just does not come free. However, I argue that, from a theoretical perspective, the status dilemma could exist if the survival is almost guaranteed and both sides struggle for their preferred status instead for security. If one state decides to invest materially to increase its status and other state responds accordingly, the original status hierarchy will maintain even if both sides have invested to strengthen its status.  

Consipuous Giving

As discussed before, status signaling is not necessarily always wasteful and competitive. While many rich people demonstrate their social status through conspicuous consumption of luxury goods, some of these rich people choose to be philanthropists, trying to

---

demonstrate their usefulness and status for the society through donations to charity. The philanthropists can demonstrate their leadership and social status in a community through “conspicuous giving” of their wealth to charity. Similarly, a great power might take a similar approach to signal its preferred status in the international community. There might be different formats of “conspicuous giving” in international politics, such as foreign economic aids, loans, and humanitarian relief efforts during natural disasters. “Conspicuous giving” implies that signaling status (or projecting a particular image) is one of the major motives behind these behaviors. However, “conspicuous giving” behaviors do not necessarily mean that the donors of foreign aids have no instrumental calculations. When and why would a nation-state pursue such a strategy?

At the individual level, the fundamental motive for conspicuous giving is that the contributor has a strong sense of belonging to a community and a desire of demonstrating her usefulness in this community. People have different understandings of social communities, and thus their sense of morality and communal obligations are different. For instance, according to Chinese sociologist and anthropologist Fei Xiaotong, traditional Chinese society is organized following a model of Chaxugeju, which is a differential mode of association (1992 [1947]). This social mode is composed of distinctive networks spreading out from each individual's personal connections. Social relationships in China possess a self-centered quality. Like the ripples formed from a

---

stone thrown into a lake, each circle spreading out from the center is more distant and insignificant. Hypothetically, if a country views its relationship with other countries through a perspective of the differential mode of association, this country might have a different sense of obligation for different regions. For instance, contemporary China has a different sense of belonging and membership in the Asian regional community and the American-led global order. If China does not feel it belongs to the American-led global community, it will be less willing to contribute to this community. However, if China has a strong sense of its belonging and membership in the Asian community, it will be more willing to demonstrate its usefulness and status within the Asian community.

The conspicuous giving hypothesis: The stronger a nation feels it belongs to a certain community, the more it is willing to pursue a conspicuous giving strategy to signal its status in this community.

Strategic Spinning

Conventionally, we expect that a rising power will always want to demonstrate its strengths and maximize its status in international society. However, strategic deception is a widely observed phenomenon in international politics. For various reasons, nation-states and their leaders have incentives to misrepresent their true intentions to achieve strategic advantages. As indicated in economics literature, a symbol of social status can be manipulated to build a desired image through deceitful consumption behaviors.

---


199 For instance, poor peasants borrow money to hold lavish wedding ceremonies, or consumers purchase fake luxury goods. See: Bloch, Rao, and Desai, "Wedding Celebrations as Conspicuous Consumption:
Similarly, states may have incentives to misrepresent their true standing.

However, it should be noted that there are various kinds of strategic deception in international politics, and strategic deception does not necessarily mean lying. Lying is “when a person makes a statement that he knows or suspects to be false in the hope that others will think it is true. A lie is a positive action designed to deceive the target audience.” 200 Spinning is “when a person telling a story emphasizes certain facts and links them together in ways that play to his advantage, while at the same time downplaying or ignoring inconvenient facts.” 201 Spinning is all about emphasizing and deemphasizing particular facts to portray one's position in a positive light. 202 Concealment involves withholding information that might undermine or weaken one's position. The individual remains silent about the evidence, because he wants to hide it from others. 203

In the case of status signaling in international politics, great powers can easily pursue a strategic spinning strategy. In the case of China’s status signaling, the Chinese government might pursue a strategy of spinning or concealment, though it is extremely difficult to lie about China’s ranking in the international hierarchy. For instance, it is impossible for Chinese officials to deny the fact that China became the world’s second largest economy in 2010. However, there is room for strategic spinning in terms of emphasizing different aspects of China’s international ranking. In the late 1990s, Gerald

---

201 Ibid, pp.16-17.
202 Ibid, pp.16-17.
203 Ibid, p.17.
Segal asked, “Does China matter?” According to Segal, “at best, China is a second-rank, middle power that has mastered the diplomatic art of theater: it has us willingly suspending our disbelief in its strength.” In other words, China seemed to exaggerate its strength to gain bargaining leverage in the 1990s. However, if China in the 1990s could be viewed as a “prestige-maximizer,” China in the 21st century often appears to downplay its capabilities and sometimes intentionally emphasizes its weakness. This type of behavior is better conceptualized as a “spinning” strategy instead of “lying” in international politics.

How could a rising power pursue such a spinning strategy? A rising power might have different attributes in terms of power and capabilities, and the multiple identities of a rising power might simply reflect different dimensions of the same country. However, the different identities of a rising power provide conditions and incentives to highlight some attributes rather than others. When a rising power wants to highlight its enhanced status to gain privileges, it will emphasize its strength (such as the total size of the economy); when a rising power wants to shirk from taking greater responsibilities, it will emphasize its weakness (such as GDP per capita).

A rising power might have different “possible selves.” In psychology, “possible selves” represent “individuals’ ideas of what they might become, what they would like to become, and what they are afraid of becoming, thus providing a conceptual link between cognition and motivation.” In some sense, the “possible selves” thesis is consistent with the societal constructivist argument that domestic society shapes the range of foreign

---

policy choices at the international level. A rising power like China might have various “possible selves:” the collectively-shared ideas of what China might become, what China would like to become, and what China is afraid of becoming. For instance, China might like to become a “brand new China,” with a reassuring, “good” image of being forward-looking. China might be afraid of becoming or being recognized as backward-looking and threatening. There are strategic reasons to highlight different aspects of these identities. In other words, there are reasons why strategic ambiguity characterizes diplomatic signaling, and it may be a deliberate means to retain flexibility. Rising powers might pursue different strategies in different stages of their rising. If status in income hierarchies is like other things that yield satisfaction, people will differ substantially in the sacrifices they are willing to make to attain it. Variations in earning power are likely to cause differences in demands for status. Beyond some point, the extra satisfaction begins to diminish. As discussed previously, powerlessness fosters a compensatory motive to restore power and the powerless prefer visible or conspicuous consumption that signals status to others. Multiple factors shape the aspiration level for status, including both material capabilities and ideational factors. For instance, Beijing’s strategies may shift as China continues to grow, and the various strategies during different rising periods (early period vs. late period of rising) have been identified by several scholars. In the early rising period, China emphasized the importance of integration with the existing


order and primarily played a supporter role. Recently, China has adopted more of a shirker role. Thus, a rising power in its early period of rising will try to exaggerate its strength; a rising power in its late period of rising will try to downplay its strength and highlight its weaknesses.

In general, why does a rising power occasionally signal a lower status? We argue that there are three main reasons for a rising power to signal a lower status. A rising power has several strategic reasons to signal a lower status, including reassurance, shirking, and solidarity.

**Strategic Spinning Hypothesis 1:** When a rising power projects an image of status in the eyes of the established powers in the security domain, it is more likely to signal a lower status for reassurance purpose.

**Strategic Spinning Hypothesis 2:** When a rising power aims to enhance its status to gain more privileges, it will exaggerate its strength; when a rising power tries to shirk from taking greater responsibilities, it will downplay its strength and signal a lower status.

**Strategic Spinning Hypothesis 3:** When a rising power aims to consolidate political support from the lower status group, it will signal a lower status for the solidarity purpose.

---

208 For the debates on China’s strategy in different stages of its development, see: Schweller and Pu, "After Unipolarity: China’s Visions of International Order in an Era of U.S. Decline,"
Readers might raise two critiques. First, if we know there are several motives for China to signal lower status and all these motives seem to be logical and reasonable, who should argue otherwise and what is puzzling here? After all, as nobody will reject that China might have these motives to signal lower status, the answers seem to be too obvious. My argument is that even if we know there are several logical reasons for China to signal lower status, it will still be appealing to investigate how these motives play out in China’s foreign policy practices. In other words, even if the “why” questions have some obvious answers, it will still be interesting to investigate the “how” questions. That is, how are these motives shaping China’s foreign policy during and after the global financial crisis?

Second, China’s motives to signal lower status seem to be rational and good geopolitical calculations, such as claiming privilege and shirking costs. If status signaling is for political bargaining, is status signaling still a bargaining over status? Signaling lower status is like the situation that you claim to have a particular status but your real purpose is to achieve some bargaining advantage. If the purpose is to maximize privilege and to minimize costs, isn’t it just a standard bargaining game? My argument is that status signaling is not necessarily in conflict with conventional bargaining game. Status signaling is about a political bargaining about status, but it could also be viewed as a bargaining theater to achieve other material gains. Here status might be viewed as an intervening variable. In other words, even if the ultimate purpose is for materialist interests, status signaling might still be viewed as a useful and important framework.
Conclusion

Different from the existing models of signaling in international relations, status signaling is used to demonstrate what kind of ranking or standing a state wants to have in international society. A nation-state might project its preferred image through various status signals. There are several theoretical implications.

First, while power transition theory expects that status competition is a vital source of international conflict, the status signaling behaviors of a rising power could be more complicated. A rising power sometimes highlights its strength and in other times voluntarily emphasizes its weakness. It is crucial to understand the variations of status signaling behaviors.

Second, while status competition is often viewed as a major source of conflict, status signaling can also generate prosocial and cooperative behaviors. At an individual level, the motive to enhance status in a community could generate prosocial and cooperative behaviors, and such an insight could be applied in international relations. In the contemporary world, there are many ways through which a rising power can signal its status. At an individual level, a nouveau riche could use conspicuous luxury consumption to symbolize her wealth, and she can also demonstrate her status through “conspicuous giving.” A rising great power might engage in similar behaviors in international politics. Just like individuals might purchase luxury goods to symbolize their wealth and status, a rising power might use material goods (such as a particular type

---

of weapons) to symbolize its preferred status in the international hierarchy. Similar to the charitable donation option, providing public goods in international affairs is also a useful strategy to signal a desired status in international society.

Third, international status and prestige are traditionally derived from military capabilities and victory. In such a world, there is a limited amount of status, less than enough to go around and its scarcity is what makes status competition a zero-sum game. But as sociologist Joel Best argues that Americans have experienced an era of “status affluence,” there are far more opportunities to gain status than in the past at domestic society level. In the contemporary world politics, as status is social and cultural, there are multiple “social worlds” in the international system. Each “social world” judges its members and assigns them status according to its own criteria. People or nations can create their own “social worlds” and they acquire the ability to mint status of their own. Since status might not always be a scarce resource in international society, a rising power can play multiple status games. That said, status affluence does not mean that rising powers do not compete for status. It just means that rising powers in contemporary world can have more flexibility to gain status.

---


211 This is related to the social creativity strategy of rising powers, see: Larson and Shevchenko, "Status Seekers: Chinese and Russian Responses to U.S. Primacy,"
Chapter Three: Regional Hegemony without Authority: Conspicuous Consumption as Status Signaling and The Case of China's Aircraft Carrier Project

Whether China is seeking to become a regional hegemon in East Asia has important implications for international politics in general and Sino-American relations in particular.\textsuperscript{212} While China’s official discourse always emphasizes that China will never seek any hegemony in the world, some Western strategists have deep suspicions about China’s long term strategic intentions. In his famous book The Tragedy of Great Power Politics, John Mearsheimer boldly declared, “A wealthy China would not be a status quo power but an aggressive state determined to achieve regional hegemony.”\textsuperscript{213}

China’s recent assertive diplomacy seems to be different from its earlier cooperative diplomacy in the Asia-pacific region.\textsuperscript{214} Between early 2009 and 2010, China’s diplomacy elicited strong reactions from the United States and many Asian countries.\textsuperscript{215} In contrast to a successful “peaceful rise” strategy that enabled Beijing to develop

\textsuperscript{212} Friedberg, "Hegemony with Chinese Characteristics.," pp. 18-27.
\textsuperscript{213} Mearsheimer, The Tragedy of Great Power Politics, p.402.
\textsuperscript{214} For an analysis of China’s new diplomacy in the late 1990s, see: Evan S. Medeiros, and M. Taylor Fravel, "China's New Diplomacy.," Foreign Affairs, Vol. 82, No. 6 (2003), pp. 22-35.
cooperative interactions with the world, within two years since 2009 China had damaged its relations with many Asian countries. Is the source of all this assertive Chinese diplomacy due to China’s emergence as a regional great power with corresponding confidence? Or it is largely because of the Chinese Communist Party’s increasing dependence on nationalism for domestic stability? The Obama administration has pushed back, pursuing an active diplomacy in the Asia-pacific region to counter-balance China’s increasing influence. The United States sends some strong signals that it will maintain its presence in Asia-pacific region through various statements, deployments, and announcements. For instance, the United States is moving forces to Australia, and also is seeking a better relationship with Myanmar that is entering a new era of openness. Some of the region’s countries have agreed to work out a new trade group (Trans-pacific Partnership or TPP) that does not include China. The strong posture of the United States aimed at reversing a decade of perceptions (or misperception) about American decline and disinterest in Asia.

In such a context, some strategists both in China and the United States claim that a contest for supremacy between the two countries is inevitable and already under way. The crucial question is whether a rising China seeks a form of regional hegemony. If it does, what are the features of the Chinese vision of regional hegemony? If not, how could...

China reassure the international community that it will not seek any sphere of influence? For instance, Zhang Zhijun, Vice-Minister of China’s Foreign Affairs Ministry, in a recent speech at the Munich Security Conference in 2012, emphasizes that “China does not seek a sphere of influence” and “The country does not intend to build an exclusive regional order and is not capable of doing so.”

East Asia is strategically important for China and the United States for different reasons. China has been a predominant power in East Asia for thousands of years, and the Chinese view China’s leading status in the region as a natural thing instead of a situation of challenging the status quo. From a security perspective, China’s strategic fear is that an outside power will establish military deployments around China’s periphery capable of encroaching on China’s territory. Countries around China's periphery have been the main arena of Chinese foreign relations. Chinese efforts to keep this periphery free of potentially hostile great-power presence and pressure represent a long-lasting trend that shows wariness of outside powers. The United States has been a leading power in the Asia-pacific region since World War II, and the United States does not want to be pushed out of Asia by an exclusionary bloc. As China’s power and status grows in Asia, the


United States increasingly sends signals to its allies and friends to maintain its credible commitments and unshakable status in the region. “Because the United States regards Asia as the most important region in the world for the long-term U.S. interests, there is special sensitivity to the potential long-term significance of Chinese actions in Asia that suggest that the PRC is either assuming a more hegemonic posture toward the region or specifically seeking to constrain the American presence and activities there.”

China’s status signaling in East Asia is an important issue in international politics. East Asia is a critical geopolitical theater in Sino-American competition, and how to handle the status relationship between the United States and China is a key issue in international politics of the 21st century. According to power transition theory, the onset of war between a dominant and rising power grows more likely as the gap in relative strength between them narrows and as the latter’s grievances with the existing order move beyond any hope of peaceful resolution. And because status demands are usually at the forefront of their dissatisfaction with the established order, rising powers are expected to act assertively to signal their increased strength and preferred higher status.

That said, status signaling among rising powers is a more complicated matter, particularly in the current world, than is typically assumed. Most of all, rising powers do not always choose to maximize their international status. China’s current status-signaling behavior appears puzzling when viewed through the lens of existing theories—especially

---

226 For a comprehensive review of power transition theory, see DiCicco, and Levy, “Power Shifts and Problem Shifts: The Evolution of the Power Transition Research Program,”, pp. 675-704. For a critique of power transition theory, see Chan, *China, the U.S., and the Power-Transition Theory*.
when Beijing downplays its status. Different from a prestige-maximizer in the 1990s, China today sends contradictory status signals.\textsuperscript{228} A general theory of international status signaling should explain when and why rising powers signal higher and lower status.\textsuperscript{229}

In this chapter, we limit our focus here to how rising powers signal a desire for higher status.\textsuperscript{230} As Larson and Shevchenko point out, rising powers can pursue three different strategies to enhance their status: emulation, competition, or social creativity.\textsuperscript{231} We explore how conspicuous consumption of materials goods combines elements of both emulation and competition to signal higher status.\textsuperscript{232}

Within the realm of consumer culture, many individuals define themselves through conspicuous consumption of particular material products. This “to have is to be” logic, when applied to international politics, could help explain the urge of rising powers to undertake status-laden projects.\textsuperscript{233} We see evidence of this kind of conspicuous consumption in cases such as the Beijing Olympics, the Shanghai Expo, and the fashionable skyscrapers in many Asian cities. These, however, are “easy cases” of the

\textsuperscript{228} According to some exiting studies, China has tried to seek higher status in the post-Cold War era and China’s status-seeking is an “uphill struggle” in international hierarchy. See Johnston, "Realism(s) and Chinese Security Policy in the Post-Cold War Period," pp. 261-318; Deng, China’s Struggle for Status: The Realignment of International Relations; Larson and Shevchenko, "Status Seekers: Chinese and Russian Responses to U.S. Primacy," pp. 63-95.

\textsuperscript{229} This chapter will focus on signaling higher status, not lower status. However, great powers can signal a lower status through strategic spinning. For more discussions on signaling lower status, see chapter five of this dissertation. For the discussion of spinning in international politics in a wider context, see Mearsheimer, Why Leaders Lie: The Truth About Lying in International Politics.

\textsuperscript{230} The need for new thinking about realism and great powers in the 21st century is discussed in Schweller, "Rational Theory for a Bygone Era," pp. 460-468.

\textsuperscript{231} Larson, and Shevchenko, "Status Seekers.”

\textsuperscript{232} For the economic concept of “consumption” or “positional good” applied to status/prestige motive in international relations, see Randall L. Schweller, "Realism and the Present Great Power System: Growth and Positional Conflict Over Scarce Resources," pp. 28-68; Gilady, "Conspicuous Waste in International Relations," As discussed in the theory chapter, my understanding of conspicuous consumption in IR is different from the existing literature. In my analysis, conspicuous consumption in IR is a complicated two-level political game that is different from those arguments of “conspicuous wastes.”

\textsuperscript{233} Dittmar, The Social Psychology of Material Possessions: To Have Is to Be.
phenomenon in international politics. We focus, instead, on hard cases of conspicuous consumption—those found in military affairs, which, in terms of research design, may be treated as “least likely” cases because one would expect their causes to be rooted in national security, not international status. As such, if we can identify conspicuous consumption as a causal driver in military affairs, we gain confidence that it matters in other “more likely” issue-areas within international politics.234

Specifically, this chapter explores recent debates over China’s aircraft carrier project. The chapter opens with a conceptual analysis of signaling higher status through conspicuous consumption in international relations. It then turns to China’s decision to build an aircraft carrier, examining the underlying motivations and comparing status signaling argument with competing approaches. Then we will discuss the implications for Sino-American relations from a “status dilemma” perspective. Finally we will discuss how the various expectations from different audiences have generated incoherent grand strategies.

**Status Signaling Through Conspicuous Consumption**

Just as the nouveau riche use conspicuous luxury consumption to symbolize their newly acquired status, rising powers use material goods to indicate their preferred status in the international hierarchy.235 While argument that weapons acquisitions could symbolize international status is not a new argument, most existing studies largely ignore domestic

---

234 This study also serves as a plausibility probe to determine whether more intensive and laborious testing is warranted. Alexander George, *Case Studies and Theory Development in the Social Sciences* (Cambridge, MA: MIT Press, 2005), p. 75.

235 See Veblen, *The Theory of the Leisure Class*. 89
political calculations. In comparison, my project will emphasize that conspicuous consumption in international politics is a complicated two-level political game. The weapons acquisition as a status signal targets both internal and external actors, and the domestic audience is often the primary object. In peacetime, for instance, conspicuous military acquisition may serve as a useful “weapon of mass distraction” to boost the leadership’s domestic prestige and legitimacy.

In economics and sociology, Veblen, Hirsch, and Frank developed the concept of the status signal. In economics, status signaling was originally discussed as “conspicuous consumption” and in terms of “positional goods.” According to Veblen, people of the “leisure class” would consume luxury material goods to show off or pretend their association with a certain social status. Hirsch developed the related concept of positional goods (material and social), whereby “consumer demand is concentrated on particular goods and facilities that are limited in absolute supply not by physical but by social factors, including the satisfaction engendered by scarcity as such.” Here, satisfaction is derived from relative position alone, from one’s comparative standing in

---


239 Veblen, The Theory of the Leisure Class.

240 Hirsch, Social Limits to Growth, p. 20. For the application of Hirsch’s concept of “positional goods” in international relations, see Schweller, "Realism and the Present Great Power System,” pp. 28-68.
front of others.\textsuperscript{241} Spence’s concept of “market signaling” describes how consumption behaviors signal certain types of status.\textsuperscript{242} In addition, “identity economics” claims that people’s understanding of their identities shapes their choices in all kinds of economic decisions.\textsuperscript{243} Finally, just as conspicuous consumption among individuals generates competition in society,\textsuperscript{244} newly independent nations eagerly acquire weapons to symbolize their modern statehood and emerging powers build weapons for purposes of status signaling.\textsuperscript{245} Here, it is useful to distinguish between two purposes of conspicuous consumption: instrumental and expressive.

In domestic society, lavish consumption expenditures might serve a rational instrumental goal. “To the extent that wearing the right watch, driving the right car, wearing the right suit, or living in the right neighborhood may help someone land the right job, or a big contract, these expenditures are more like investments than like true consumption.”\textsuperscript{246}

\textsuperscript{241} It is useful to make a distinction between real social positions and positional goods. Most positional goods as defined by Hirsch and Frank would be more appropriately called “position-symbolizing material goods,” defined as material consumption to symbolize people’s preferred status. The positional market of a particular society is the sum of all social hierarchies within that society. In the positional market, real positional goods are positions, not position-symbolizing material goods. See Shiping Tang, “The Positional Market and Economic Growth,” \textit{Journal of Economic Issues}, Vol. 44, No. 3 (2010), pp. 1-28.

\textsuperscript{242} Spence, \textit{Market Signaling: Informational Transfer in Hiring and Related Screening Processes}, chapter 8. As a classical treatise on information economics, Spence’s theory is widely applied in international relations literature. Most such literature focuses on the concept of “costly signal” without developing the related concept of “status signal” in an international context.

\textsuperscript{243} Akerlof, and Kranton, \textit{Identity Economics: How Our Identities Shape Our Work, Wages, and Well-Being}.

\textsuperscript{244} For an illustration of this logic by an economist, see Frank, \textit{Choosing the Right Pond}, p. 125.


\textsuperscript{246} Frank, \textit{Luxury Fever}, 140. In comparison, Gilady’s analysis of conspicuous consumption does not develop the instrumental aspect of the story, see: Gilady, “Conspicuous Waste in International Relations,”
In world politics, “instrumental” conspicuous consumption provides a motive for acquiring advanced weapons such as aircraft carriers and nuclear weapons. By contrast, “expressive” conspicuous consumption describes a situation in which people sacrifice their material interests to express who they are or who they want to be. The primary goal of this type of conspicuous consumption is to satisfy one’s ideational needs. Expressive choice occurs when individuals communicate and reaffirm to others and themselves who they are through various actions, such as voting or purchasing certain goods—that is, voters and consumers attach themselves to a collective organization that they believe is like them and reflects their interests. For instance, consumers choose to purchase particular goods and voters support a particular political party because of their understanding of what it means to be someone in possession of such goods or in support of a particular party.  

In international politics, cultural activities, such as the Shanghai Exposition, fall under the category of expressive conspicuous consumption.

Whether motivated by instrumental or expressive purposes, status signaling can be done in many ways. Contemporary China, for example, is engaged in several types of status-signaling behaviors. Chinese military leaders have confirmed that China is building an aircraft carrier, foreshadowing, perhaps, Beijing’s ambitions for a blue-water navy. Similarly, China’s space program has been an especially strong focus of the

---


248 For instance, China’s aircraft carriers and space projects have military and strategic implications, whereas the Beijing Olympics was more a case of expressive conspicuous consumption.

government’s campaign.\footnote{Cunningham, "The Stellar Status Symbol," pp. 71-86.} In business, China is mobilizing resources to build large passenger planes that will rival Boeing and Airbus.\footnote{Xinhua, “China's jumbo passenger aircraft company established in Shanghai,” Xinhua News Agency, May 11, 2008.} In education, it is trying to develop several “world-class” universities.\footnote{Richard C. Levin, "Top of the Class: The Rise of Asia's Universities," Foreign Affairs, Vol. 89, No. 3 (May/June 2010), pp. 63-75.} In the diplomatic arena, it is establishing new regional organizations and forum, such as the Shanghai Cooperation Organization, to strengthen cooperation among emerging powers.\footnote{David Shambaugh, "China Engages Asia: Reshaping the Regional Order.,” International Security, Vol. 29, No. 3 (2004), pp. 64-99.} These “status signaling” activities not only symbolize China’s great power status but have specific instrumental purposes.

Other activities, however, should be viewed solely as expressive choices. In 2008, for instance, the Chinese Communist Party (CCP) promoted its legitimacy by hosting the Beijing Olympics, vividly broadcasting China’s “coming out” party to the entire world. Though ostensibly a sporting event, “the games” were treated in Japan, South Korea, and China as a conspicuous status signal—one that expressed the enormous wealth of the “East” and its rightful “front and center” place on the world stage.\footnote{Cha, Beyond the Final Score: The Politics of Sport in Asia.}

**Conspicuous Consumption, Status Signaling, and Multiple Audiences**

This section discusses conspicuous consumption as status signaling and its multiple audiences.

Conspicuous consumption sometimes signals status in international politics. Arms races are typically explained as a function of uncertainty and competitive security-seeking behavior under anarchy. This is the familiar spiral dynamics story, grounded in
security dilemma logic and told by both offensive and defensive realists. Cultural perspectives complement but do not replace this standard realist explanation, for they, too, share the assumption that security is the primary motivation for arms acquisitions. Recognizing that, traditionally, there has been a single international hierarchy based on military power, consensus on this matter is not terribly surprising. Yet, in theory and recent practice, the possibility exists for many hierarchies, opening up new space for social creativity among status-seekers. Thus, whereas the United States still prioritizes military power as the essential source of status, Germany and Japan have pursued national security policies that de-emphasize military instruments as a means of achieving national objectives. China, for its part, presents an interesting mixed case: it consistently signals that it desires a peaceful rise to superpower status, while it steadily upgrades its military capabilities.

The propensity to seek distinct status is largely correlated with the material resources people have. According to a recent study of consumer behaviors of luxury brands, there are four types of consumers based on their income level and consumption patterns. Patricians are extremely rich people who avoid loud brand signals to symbolize their wealth. Seeking to avoid being misconstrued as people who use luxury brands to differentiate themselves from the masses, patricians purchase expensive but less salient (loud) brands to signal their status to other patricians. Parvenus are also rich but,

---

256 Larson and Shevchenko, "Status Seekers."
259 Han, Nunes, and Drèze, “Signaling Status with Luxury Goods: The Role of Brand Prominence,” Journal of Marketing 74 (July 2010), pp. 5-30.
lacking the “cultural capital” to interpret subtle status signals, tend to use loud signals to associate with other “haves.” Poseurs are highly motivated to consume for the sake of status but do not possess the financial means to buy authentic luxury goods, so they buy counterfeit brands. Only Proletarians do not consume for the sake of status.\(^{260}\)

In international society, nation-states are stratified according to their different material capabilities and international standing, and so they, too, exhibit different patterns of status signaling behaviors. Intuitively, we can see that the status signaling behavior of established superpowers is similar to that of patricians. During the Cold War, for example, the United States and the Soviet Union played status games that other countries could not afford.\(^{261}\) Conversely, emerging and rising powers resemble parvenus or poseurs, for example, in their motives for, and pattern of, weapons acquisitions.\(^{262}\) For ascending powers, such as India and China, the symbolic value of certain advanced weapons systems is as important as the instrumental values achieved by them. Thus, India, seeking to become the world’s largest buyer of weaponry, is expected to spend $100 billion on its military over the next decade, even though its security environment shows few signs of worsening in the foreseeable future.\(^{263}\) Likewise, the CCP saw value in finishing the race to put humans in space forty years after the United States and Soviet Union achieved this feat, even though the project came with an exorbitant price tag and

---

\(^{260}\) Ibid.

\(^{261}\) Mandelbaum, *The Frugal Superpower: America's Global Leadership in a Cash-Strapped Era* p. 8. According Mandelbaum, the conspicuous consumption American era might be ending, and the challenge ahead for the United States is how to become a “frugal superpower.”

\(^{262}\) Lebow categorizes a particular type of great power as a “parvenus power.” See Lebow, *A Cultural Theory of International Relations*, p. 539.

\(^{263}\) “India’s Mega Defense Deals to Reach $100 Billion By Next Decade,” *India Times*, http://oneclick.indiatimes.com/article/0dFe9Yu13xg18?q=Jaguar
no obvious tangible benefits. China’s pursuit of manned space flight is a manifestation of its quest for improved international status, a necessary prerequisite for admission into the superpower club.²⁶⁴

As discussed in the theoretical chapter, if the primary goal of acquiring a particular weapon system is to signal enhanced status, then we will see the following observable implications: (1) domestic support for the arms project will be positively correlated with economic growth and not a heightened security threat; (2) the particular weapon will not be the most cost-efficient means to deal with the country’s security challenges; and (3) official statements of weapons acquisition will make the explicit connection between the weapons system and the symbolic value for status.

National leaders and governments confront complicated pressures and different incentives from both domestic and a variety of international audiences. China faces a variety of international audiences include regional audiences in Asia, developing countries in the South, and core established powers such as the United States. International status signaling often arises from a domestic political struggle for legitimacy. Bolstering the country’s international status satisfies domestic prestige needs, consolidating the legitimacy of the ruling party or the ruling political coalition. At the international level, signaling high international status helps a rising power maintain or gain privileges and special rights in various international institutions. Sometimes, the international audience is merely an intervening variable between status signaling and the domestic target, which explains why the choice, from an international viewpoint, may

appear suboptimal. And because leaders send various signals to domestic and international audiences, the sending and interpreting of signals is often a complex two-level game. Simply put, national leaders have difficulty signaling only targeted audiences, so these behaviors often appear contradictory. That said, status signaling can be consistent and it need not result in incoherent grand strategies, especially when international and domestic audiences have similar expectations.

Status signaling through conspicuous consumption has important implications for the grand strategy of an emerging power. As discussed in the theory chapter, there is a complicated relationship between multiple audiences and grand strategy. In general, multiple audiences might have complicated effects on status signaling and grand strategy. If domestic expectations for signaling higher status are incompatible with international expectations for reassurance, an incoherent grand strategy will likely result. It is not necessarily the case that signaling higher status will always face incompatible expectations from domestic and international audiences. For instance, China’s response to Asian financial crisis as a responsible power was praised by both domestic and international audiences. Here we just focus on one aspect of the multiple audience proposition.

Before proceeding to the case study, it is necessary to distinguish competitive arming driven by status as opposed to security concerns, that is, status dilemma vs. security dilemma logic. In a security dilemma, one state’s increase in security necessarily decreases the security of others. In a status dilemma scenario, the security of each state is

---

265 For more discussion on multiple audience and status signaling, see: chapter 4 and chapter 5 for different cases.
largely assured; competitive arming threatens the other’s status, not security.\textsuperscript{266} This logic yields the following proposition: If material investments such as military build-ups are intended to enhance a country’s status, they necessarily threaten to reduce other countries’ status.

As discussed in the theory chapter, while some readers might doubt if the status dilemma is a good analogy to the security dilemma, I argue that from a theoretical perspective, the status dilemma could exist if both sides struggle for their preferred status instead for security. If one state decides to invest materially to increase its status and other state responds accordingly, the original status hierarchy will maintain even if both sides have invested materially to strengthen its status.\textsuperscript{267}

\textbf{The Case of China’s Aircraft Carrier Project}

Over the past two decades, China has engaged in a sustained drive to create a modern military.\textsuperscript{268} As China has the best security environment since the Opium War of the 19th century and China emphasizes that it will rise peacefully, why does China increase its defense budget by double-digit percentage each year since the 1990s? To be sure, China’s military modernization has some obvious instrumental and strategic purposes.


\textsuperscript{267} For the conceptualization of “status dilemma” in a general sense, see: Worlforth, “Status Dilemmas and Inter-State Conflict.”

\textsuperscript{268} We are not arguing that China is primarily a military power like the former Soviet Union. Instead, China’s rise is primarily a product of its internal economic growth, which facilitates multiple dimensions of Chinese power. See David M. Lampton, \textit{The Three Faces of Chinese Power: Might, Money, and Minds} (Berkeley: University of California Press, 2008).
Nevertheless, the struggle for superpower status must be considered among the most important motives driving the process.269

China appears determined to develop a world class blue-water navy—a strategic transition that can be traced to several recent developments. The status of the People Liberation Army Navy (PLAN) has been enhanced in the military structure of the People Republic of China, and the power projection capabilities of the PLAN have been growing steadily. In December 26, 2008, a blue-water convoy flotilla composed of two destroyers and one depot ship was sent to the waters off the Horn of Africa to fight piracy—the very first time that the Chinese navy had participated in a combat expedition. China is also obtaining solid and widespread access to overseas logistical support.

The construction of an aircraft carrier is an integral part of China’s naval transformation.270 In recent years, senior Chinese officials have formally acknowledged that China is preparing to build aircraft carriers. In 2009, China’s Defense Minister Liang Guanglie said, “the fact that China does not have its own aircraft carriers won't last forever.”271 In 2011, China tested its first aircraft carrier and observers believe that China will soon begin building its first indigenous aircraft carrier, or has begun to do so already, and that China may build a total of one to six indigenous carriers in the coming years.272

China’s naval strategy has undergone two major changes: from “near-coast defense” prior

---

to the mid-1980s, to “near-seas active defense” after the mid-1980s; and then to the advancement of a “far-seas operations” strategy. Related to the evolution of naval strategy is the change in naval capabilities from limited capabilities for coastal defense to more expansive ones to operate more effectively in China's near seas.273

China’s determination to build a blue-water navy will have important implications for international relations in general and Sino-American relations in particular. The motives and implications of China’s aircraft carrier project have been heatedly debated. Robert Ross argues that China’s aircraft carrier project is a suboptimal choice because China is a continental power.274 Conversely, Michael Glosny and Philip Sanders argue that China’s development of a limited naval power-projection capability reflects changes in China’s threat environment and expanded Chinese national interests.275 I agree with Ross that China’s aircraft carrier is not a cost-efficient project for security-seeking purpose. However, I do not agree with Ross that China is always a continental power. Glosny and Sanders focus on the functional utilities of China’s carriers but do not make sense of the carrier project from a status-signaling perspective.

Here we will first discuss defensive realism as a major alternative explanation for China’s aircraft carrier project. The question is, is security maximization the best approach to understand China’s motives to build aircraft carriers? I argue that status signaling with instrumental purpose will provide a more convincing explanation. That

said, our analysis is different from those pure symbolic approach because we acknowledge that China’s aircraft carriers have important instrumental values.

A security-seeking state should only adopt competitive arms policies under certain restricted conditions; otherwise, it should exercise restraint.\(^{276}\) From the standpoint of security maximization, China’s decision to build an aircraft carrier makes little sense for several reasons. First, domestic support for the aircraft carrier project is positively correlated with China’s economic growth, not an increasing security threat. In the 1980s and 1990s, China’s hesitation to acquire aircraft carriers was largely due to a lack of funds; Chinese leaders decided to delay military modernization to focus, instead, on economic development.\(^{277}\) According to Liu Huaqing, the Commander of the Chinese People’s Liberation Army Navy from 1982 to 1988, the financial and economic resources of China could not really support China to pursue a carrier project, and Liu expected that the carrier project would be delayed until the year of 2000.\(^{278}\) Today, the Chinese government possesses an abundance of economic resources that can be directed towards a military buildup. Yet, there is no urgent security problem that justifies the development of aircraft carriers: China’s main security challenges come from territorial border disputes, and most of them have already been settled peacefully.\(^{279}\)

Second, even if the Taiwan issue erupts in military conflict, the building of an aircraft carrier is not the most efficient way for China to strengthen its war-fighting


capabilities. While they might provide some limited military utility in a hypothetical Taiwan-related conflict, aircraft carriers are not considered critical for Chinese operations under any scenario. Because Taiwan is within range of land-based Chinese aircraft, there are many existing alternative strategies that can maintain China’s deterrence more efficiently than one that involves aircraft carriers. The Chinese navy is much weaker than the U.S. navy. A more cost-efficient approach for China would be to pursue an asymmetrical strategy, including the deployment and development of anti-ship missiles and submarines. In contrast, the financial challenge of building aircraft carriers and the organizational one of operating them are sufficiently high that a credible investment by the Chinese Navy would divert funds from the current naval program, which focuses on anti-ship missiles and submarines. For these reasons, Shen Dingli, a senior Chinese security expert at Fudan University in Shanghai, argues that the building of a blue-water navy is an inefficient defense strategy for China in the twenty-first century.

Third, if not managed prudently, China’s aircraft carrier project might lead to an arms race in East Asia that would jeopardize China’s security environment. During the past two decades, China has successfully implemented a reassurance strategy toward the United States as well as its Asian neighbors. China’s acquisition of aircraft carriers would likely increase regional tensions, damaging China’s reassurance in the Asia-pacific region.

---

Status Signaling and China’s “Luxury Fleet”

If, indeed, China’s aircraft carrier project is a suboptimal choice in terms of its security, the project might be viewed, instead, as a strategic decision for status signaling purposes; that is, the project may be better understood as conspicuous consumption with instrumental purposes. This argument differs from both security-seeking and pure symbolic explanations.

First, aircraft carriers are widely regarded as symbols of great power status, and China’s carrier project is closely related to domestic debates over its identity as a great power. Of the nine countries that currently operate aircraft carriers, most have only one carrier and have not adopted carrier warfare innovation. There are enormous financial and organizational challenges in building and deploying carriers. China’s official statements highlight the rationale of carriers as status symbols. For instance, when the Chinese defense minister Liang Guanglie explained why China should build aircraft carrier, he emphasized that among all the great powers in the contemporary world, China alone does not have aircraft carriers. True, China, given its geopolitical environment, may be viewed strictly as a continental power. The distinction between continental and sea powers, however, is not always a fixed one; whether a great power acts as a continental or sea power depends on how political elites view the role of their country. In the very first decades of the 15th century, the Chinese admiral Zheng He led a series of

---

284 These nine countries are Brazil, France, India, Italy, Russia, Spain, Thailand, United Kingdom, and the United States. The United States operates eleven carriers. Horowitz, The Diffusion of Military Power, pp. 78-80.
maritime expeditions to the outer world. Zheng He’s naval exploration was not strategically driven and it did not add any new colonies to China’s Ming Dynasty. It was, instead, a status symbol of the Chinese empire. Within a decade, however, China’s overseas ventures were scrapped by high officials in Beijing, anxious not to divert resources away from meeting the Manchu landward threat in the north and about how a seaward-bound open-market society might undermine their authority.\footnote{Paul M. Kennedy, “The Rise and Fall of Navies,” \textit{New York Times}, April 5, 2007,\url{http://www.nytimes.com/2007/04/05/opinion/05edkennedy.1.5158064.html}.}

Second, just as the high price of luxury goods serves as a costly signal to symbolize social status, the financial and organizational difficulties of building an aircraft carrier send costly signals about China’s preferred status. Far from deterring Chinese ambitions to acquire carriers, the project’s high costs and barriers are required to fulfill the CCP’s purposes because status signals, in principle, must be costly to be reliable. China’s Ministry of National Defense spokesman said that aircraft carriers are "a reflection of a nation's comprehensive power."\footnote{China Daily, “China to ‘Seriously Consider’ Building Aircraft Carrier,” 23 December 2008.} As mentioned previously, the progress of China’s aircraft carrier project is positively correlated with China’s increasing wealth. Comparing with naval powers in history, China is not a unique case as there is always a clear correlation between economic resources and the strength of naval power.\footnote{For instance, Britain's naval rise and fall has been so closely bound up with its economic growth cycles. See Paul M. Kennedy, \textit{The Rise and Fall of British Naval Mastery} (Atlantic Highlands, New Jersey: Ashfield Press, 1976).}

Third, the aircraft carrier project represents conspicuous consumption with an instrumental purpose. Here, my argument is different from some existing explanations of
naval power from a strict symbolic perspective.\textsuperscript{290} While acknowledging the symbolic values of aircraft carrier projects, we also emphasize the instrumental and strategic values of aircraft carrier projects for China, including the power projection capabilities and bargaining leverages vs. South East Asian neighbors over the South China Sea.\textsuperscript{291} Even if China’s aircraft carrier has more symbolic values in the short term, than the long term but the strategic implications will become more salient in the long term as China gets more carriers. Rather than treating identity as the only motive, we argue that the project can serve both expressive and instrumental purposes. Regarding the latter, an aircraft carrier would enhance China’s ability to defend regional interests in contingencies not involving the United States. China has territorial disputes on the sea with a number of Asian countries, and a strong blue-water navy would strengthen China’s bargaining leverage in these disputes. Moreover, an aircraft carrier would help protect China’s expanding overseas interests, and they would also increase China’s status and prestige by facilitating its engagement in various non-traditional missions. According to Wang Jisi, Dean of international Studies at Peking University, the Chinese government has adopted a comprehensive understanding of security that incorporates economic and nontraditional concerns with traditional military and political interests. Chinese military planners have taken into consideration transnational problems (piracy and terrorism) as well as cooperative activities (United Nations peacekeeping operations).\textsuperscript{292} But while they may serve all of these instrumental purposes to some extent, aircraft carriers, as we have

\begin{footnotesize}
\textsuperscript{290} For naval expansion from a symbolic perspective, see Murray, “Identity, Insecurity, and Great Power Politics.”
\textsuperscript{291} For more analysis of the strategic values of China’s aircraft carrier project, see Erickson, Denmark, and Collins, "Beijing's 'Starter Carrier' and Future Steps: Alternatives and Implications,” pp. 15-54.
\end{footnotesize}
already argued, are, at best, an exceedingly inefficient way to achieve these goals and, at worst, counterproductive for China’s security concerns.

Finally, the aircraft project is a status signal targeted primarily at China’s domestic audience for the purpose of legitimizing the CCP’s rule, which is not without internal challenges to its legitimacy. Chinese nationalism is on the rise and, as Thomas Christensen observes: “Since the Chinese Communist Party is no longer communist, it must be even more Chinese.” 293 Thus, the CCP appeals to nationalist sentiments both to consolidate its power basis in the military and to strengthen its support among the public—one that generally supports China’s aircraft carrier ambitions (see Figure 1 below). The building of aircraft carriers is just one of many “conspicuous projects” that the CCP is pursuing to boost its prestige at home and abroad.

Figure 1. Chinese Opinions on the Aircraft Carrier Project: A Survey

<table>
<thead>
<tr>
<th>China’s economic Resources and Aircraft Carrier project</th>
<th>Building a carrier is economically viable for China.</th>
<th>41%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>It is worthwhile to have a carrier despite the huge construction costs.</td>
<td>35.5%</td>
</tr>
<tr>
<td></td>
<td>China should still focus on economic development and there is no urgency for building carriers.</td>
<td>18.4%</td>
</tr>
<tr>
<td></td>
<td>Do not know/No Opinion</td>
<td>5.1%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Aircraft Carrier project and arms races</th>
<th>It is highly likely to have arm races</th>
<th>14.2%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>It is likely to have arm races</td>
<td>42.3%</td>
</tr>
<tr>
<td></td>
<td>It is less likely to have arm races.</td>
<td>22.4%</td>
</tr>
<tr>
<td></td>
<td>There will be no arm races</td>
<td>14.5%</td>
</tr>
<tr>
<td></td>
<td>Do not know/No opinion</td>
<td>6.7%</td>
</tr>
</tbody>
</table>

Source: Global Times Survey, *Global Times* (Beijing), May 5, 2011. The poll is based on telephone interviews of a random sampling of 1,166 people in various Chinese cities.
Implication for Grand Strategy

While China’s aircraft carrier project has been strongly supported by domestic audiences, such a status signaling behavior has generated very complicated responses from regional and global audiences. While China’s aircraft carrier project has generated tensions and anxiety in East Asian region, the project has received mixed responses from the United States.

First, China’s aircraft carrier runs the risk of increasing the threat perception of China in Asia, which, in the short term, will likely cause many Asian countries to strengthen their alliances with the United States. Over the long term, however, if China successfully establishes a formidably navy in Asia and offers to provide security protections for some regional countries, then American hegemony in Asia would indeed be threatened. Moreover, if China successfully establishes its own hierarchic sphere of influence in Asia, in so doing, it would most likely provoke a global zero-sum competition with the United States over legitimate regional and global authority. Such competitive behaviors on the part of China and the U.S. would risk recreating the Cold War bipolar system, at least, in the Asia-pacific region. That noted, a competitive bipolar system is not inevitable. Precisely what kind of international order eventually emerges in

---

294 For instance, China’s “assertive” regional policy has encountered some backlashes from its neighbors. See Philip Bowring, “China’s Troubled Neighbors,” New York Times, 8 June 2011
295 Lake, “Authority, Status, and the End of the American Century,” While Lake thinks that status and authority are mutually exclusive concepts, I argue that authority is a special case of status.
East Asia depends entirely on how the United States and China envision their roles in the Asia Pacific region.296

Second, the question of how the United States should respond to China’s military modernization effort, including its desire for a blue-water navy, has emerged as a key issue in U.S. defense planning. While China’s aircraft carrier project will surely complicate Sino-American relations, it hardly poses a direct threat to the United States naval primacy in the near future. Indeed, in any potential Sino-American naval confrontation, China's carriers would be little more than a vulnerable target. The alternative strategy of access denial would prove a far more efficient and effective way for China to provide for its security. Second, the United States has no interest in heightened tensions with China, and China can certainly find better ways to spend its new wealth than a naval arms buildup. And the CCP leadership seems to fully appreciate the dangers of an arms race with the United States. As the then Secretary of Defense Robert Gates points out: “I think that the Chinese have learned powerful lessons from the Soviet experience, and they do not intend to try to compete with us across the full range of military capabilities. But I think they are intending to build capabilities that give them a considerable freedom of action in Asia, and the opportunity to extend their influence.”297 If China does decide to make a push to strengthen its blue-water navy, the United States will surely push back with equal or greater force—not primarily because of the military implications of a Chinese naval buildup (that is, a heightened security dilemma) but

296 Kissinger, On China; Schweller and Pu, "After Unipolarity."
rather because China would be signaling a challenge to America’s dominant status in Asia (a heightened status dilemma in the region).

Handled poorly, China’s carrier project will probably trigger a naval arms race driven by “status dilemma” dynamics. The competition is not about the survival of the United States and China, but their appropriate status and authority in the emerging East Asia order. In that case, as Robert Ross explains, a measured U.S. military response would be a necessary signal to China:

Most important will be timely acquisition of the next generation of power-projection surface ships to succeed the Nimitz-class aircraft carrier. This will be a necessary signal to Chinese leaders of the futility of their expansive and costly naval ambitions. Such a signal is especially important given China’s emergence as a global economic power, its growing confidence in the wake of the 2008–09 U.S. recession, and its corresponding assessments of U.S. decline.

Third, if the problem is not rooted in a security dilemma, then it is crucially important for the U.S. and other regional actors to understand what precisely is triggering China’s need to signal higher status through weapons acquisitions. China’s “naval nationalism” is targeted at its domestic and regional audiences. As Ross points out, these “naval nationalist projects” are mainly for the purpose of “seeking greater domestic legitimacy.” If the U.S overreacts to the situation, it would surely strengthen nationalist voices within China, poisoning the political atmosphere for Sino-American cooperation.

in several key areas of grave concern to both countries. Of course, it has been long debated in the U.S. foreign policy circle whether a tougher or softer approach will be more likely to get more cooperation from China, and such a debate will not end soon.\textsuperscript{300} That said, given China’s determination to build aircraft carriers and the dangers of a full-blown naval arms race, an urgent task for both the United States and China is to engage in a serious and prolonged dialogue on the appropriate role of their navies in the region.

On the bright side, if China’s primary aim in building an aircraft carrier is to signal its superpower status, then the project may present the U.S. with more opportunities than challenges. The key question is not the aircraft carrier itself as a new weapon system for China, but how China will use its aircraft carrier.\textsuperscript{301} Superpower status is not free; it comes with global responsibilities and obligations. Thus, China’s aircraft carrier provides an opportunity for the United States to bolster its maritime cooperation with China. As Robert Kaplan argues, China's navy is largely rising in a legitimate manner: to protect economic and rightful security interests as America has done rather than to forge a potentially suicidal insurgency force at sea.\textsuperscript{302} More generally, as China continues to modernize its military capabilities and demand greater status commensurate with its growth in power, the U.S. can ask in return that China become a “responsible stakeholder” willing to play a larger role in managing global problems.

\textsuperscript{301} Erickson, Denmark, and Collins, "Beijing’s ‘Starter Carrier’ and Future Steps: Alternatives and Implications," p. 50. Other naval experts also emphasize that China’s aircraft carriers could provide opportunities for Sino-American maritime cooperation, see Li and Weuve, "China's Aircraft Carrier Ambition: An Update," p. 28.
including maritime security issues. To which, China may respond, “It’s your order, you manage it!” Or, signaling a lower status: “We are merely a poor developing country—one not remotely close to being your peer competitor or junior partner.” The official view, delivered by Foreign Minister Yang Jiechi in a 2010 speech before three hundred leading diplomats and several senior US officials, is that:

A more developed China will undertake more international responsibilities and will never pursue interests at the expense of others. We know full well that in this interdependent world, China’s future is closely linked to that of the world. Our own interests and those of others are best served when we work together to expand common interests, share responsibilities, and seek win-win outcomes.

This is why focusing on its own development, China is undertaking more and more international responsibilities commensurate with its strength and status.³⁰³

Here, China sounds comfortable with the role of supporter and happy to contribute to global governance, which serves its own interests as well as those of the international community. In the same speech, however, Yang assertively declared—in terms more consistent with a spoiler than a supporter—that China is getting stronger on the international stage; that China’s television and radio news service contains “more solid” and reliable news than Western media.

**Conclusion**

China’s decision to build an aircraft carrier has generated a lot of debates on China’s strategic intentions in the region.

The aircraft carrier project is puzzling if China only seeks to maximize its security. A Chinese aircraft carrier would pose little or no threat to American naval supremacy and would be, at best, an inefficient means for Chinese security. A suboptimal, and arguably counterproductive, choice in terms of China’s security, the aircraft carrier project is more accurately viewed as conspicuous consumption with both instrumental and expressive purposes. Just as the *nouveau riche* show their newfound status through conspicuous consumption of luxury goods, rising powers signal higher status through various conspicuous projects. A rising power can signal its preferred great power status through various conspicuous projects. These projects are often expensive. Just like rich people buy luxury brands to signal their preferred social status, costly and expensive weapons systems such as aircraft carriers and space programs can usually send costly signals of great power status. Not every country can afford to build those weapons and that is why they are costly signals to symbolize great power status in international politics.

However, it should be noticed that conspicuous consumption in international politics is different from conventional consumption at individual level. Unlike conventional conspicuous consumption, status signaling in international politics is a complex political process that involves multiple audiences and sometimes produces incoherent grand strategies. China’s aircraft carrier project, while not the most efficient weapon to defend China’s security, is still not a wasteful investment. It can still serve several instrumental purposes. China’s carriers could increase China’s limited power projection capabilities, strengthen its bargaining power over the South China Sea, and expand China’s navy’s capacity to fulfil non-traditional security missions. Thus, instead
of interpreting China’s aircraft carriers as a project exclusively for status and recognition, it is more appropriate to see the project as conspicuous project with instrument purpose. In other words, it is similar to the luxury car of a young lawyer, the purpose is to project a desired image but the behavior has instrumental purpose.

The case could also be used to illustrate the conditions and mechanisms of why and how status signaling could produce an incoherent grand strategy. China’s aircraft carriers are driven primarily by domestic demands to signal higher great power status in the international society. However, the project has faced complex responses from regional and international audiences. The regional audiences in East Asia concern that China’s military buildup and naval expansion will strengthen China’s expansionist tendency to become a regional hegemony. However, unlike in historical East Asian when China’s primacy was taken for granted and was recognized as being natural and legitimate, contemporary China’s status and authority is still uncertain and is not regarded as a consolidated regional hegemony. No matter if China has a true intention to be a regional hegemony, there are lots of uncertainty and suspicion on China’s intentions. The aircraft carrier project has added more suspicions over China’s intentions, and has damaged China’s successful reassurance strategy in the regional since the late 1990s. The responses from the U.S. seem to be a mixed story. On the one hand, the US certainly concerns about any rapid growth of China’s military build-up. While China’s aircraft carriers cannot compete with their American counterparts in the foreseeable future, some scholars and analysts still worry about China’s long-term transformation from a land power to a sea power. According to his view, if China is expanding its naval power, the
Sino-American conflicts over the seas will become inevitable. However, there is also a cautiously optimistic view on China’s naval expansion. From this perspective, China’s naval power is rising peacefully and responsibly. If managed carefully, China’s naval rise will produce more opportunities for Sino-American cooperation on the sea. China should be encouraged to play a larger role on the world stage.

The truth is that China does not yet have a fixed position or identity. Like most emerging powers, China is a conflicted state with a political discourse grounded in several competing ideologies. Only time will show which one of the many competing visions of China’s future global role will ultimately triumph and, depending on the ever-changing nature of its internal and external environments, what kind of status China will find most comfortable and beneficial.

---

304 Shambaugh, "Coping with a Conflicted China.," pp. 7-27.
Chapter Four: Selective Involvement as Responsible Power: Conspicuous Giving and China's Response to the Asian Financial Crisis

Since the start of the European debt crisis, China has been hesitating whether it should provide assistance to Europe.\(^{305}\) A prominent policy advisor to the Chinese government declared “Beijing will not ride on Eurozone’s rescue.”\(^{306}\) This attitude is in contrast to China’s response to the Asian financial crisis in the late 1990s. In 1998, China took an active and responsible role by maintaining the value of Renminbi (RMB), and China also voluntarily provided assistance to rescue its Asian neighbors. China’s response to the Asian financial crisis was widely praised by the international community. Asian financial crisis was a transformative moment in China’s foreign policy. After the Asian financial crisis, China started to be actively involved in regional diplomacy and to participate in many regional institutions.

China’s status signaling in East Asia is an important issue in international politics. While many existing studies focus on how status concerns will generate great power conflicts or even great power wars,\(^{307}\) there are many ways a great power can signal higher status, and some of the status seeking strategies could contribute to international

---


cooperation. This chapter first reviews the existing arguments on China and East Asian order. Then it introduces a framework of status signaling through conspicuous giving. Thirdly it will use the case of China’s responses to the Asian financial crisis to illustrate the mechanism of “conspicuous giving” in international politics. This is a “crucial case” of status signaling with compatible expectations. When domestic and international expectations are compatible, the implementation of the foreign policy will generate a coherent grand strategy.

**Getting Asia Right: China and East Asian Order**

In recent years, the relationship between a rising China and East Asian order has been a source of endless speculations and debates. Some argue that most theories of balance of power have failed to explain hierarchical nature of reality and history in East Asian international relations, and thus these theories are “getting Asia wrong.” The existing theories of international relations have different predictions about the rise of China and East Asian order. According to a comparative case study, China’s regional polices that have threatened US interests in Asia have often been suffering from frustration or failure.

---

From a realist perspective, when the Cold War ended, many scholars offered a pessimistic prediction for East Asia. Aaron Friedberg argues that the emergence of multipolar international system will generate conflicts in East Asia.  

Richard Betts argues that the shifting balance of power in East Asia and the rise of China in particular would lead to instability in that region. Offensive realists such as John Mearsheimer argue a rich China will not be a status quo power in East Asia and China will try to become a regional hegemon. The United States has an important interest to prevent China from becoming a regional hegemon, and thus Sino-American security competition is inevitable. Most recently, Aaron Friedberg argues that China is seeking regional hegemony, which will become a major source of conflict between China and the United States. That said, some realists have a more optimistic view on the rise of China and the peaceful East Asian order. According to Robert Ross, secondary states in East Asia tend to accommodate rather than balance a rising China. There is nothing culturally-determined in East Asian international politics and realism can explain alignment behavior among East Asian countries as well as it does among European countries.

From the late 1990s to 2008, China’s foreign policy was much more cooperative and peaceful than many previous predictions describe. According to some scholars, East Asia region has not descended into intense security competition as predicted; instead an

---

315 Friedberg, "Hegemony with Chinese Characteristics," pp. 18-27;
317 Ibid.
interim order continues to prevail. In contrast to the view of China’s rise as a malign regional hegemon, other scholars argue that China’s rise will bring stability and peace to East Asian order because of several reasons.

First, the pessimistic predictions that Asia would experience a period of increased arms racing in a post-Cold War era has largely failed to materialize. Contrary to the expectations of standard formulations of realism, East Asian countries do not appear to be balancing against a rising China, and they seem to be bandwagoning. The logic of balance of power does not apply in East Asia because Asian international relation was hierarchic in history and the neighboring countries got used to the fact that China was a dominant player in the region.

Second, China's rise has also brought opportunities of development to the regional countries. Many Asian countries can benefit from economic cooperation with a rising China. The economic interdependence between China and its neighbors can mitigate conflicts and contribute to the peaceful relations.

Thirdly, China has actively participated in multilateral institutions of Asia, and China has been socialized into the existing East Asian order. How to integrate China into the international society is a major question for China. Through participating in multilateral institutions, China has gradually learned international norms and rules of the

Kang, “Getting Asia Wrong.”
Kang, China Rising: Peace, Power and Order in East Asia.
game. From this perspective, China’s participation in multilateral institutions can ameliorate China’s non-status quo elements in its strategic preferences and foreign policy behaviors.

Fourth, China has implemented a reassurance strategy toward East Asian countries. The general consensus of Chinese leaders in the late 1990s was that China should try to create favorable international conditions for continuing China’s domestic growth while reducing the risk that other countries will see a rising China as a threat.

Finally, there are many liberal factors that could contribute to the peace of East Asian order such as the dynamic trade and emerging network of multilateral institutions. Because of these liberal factors, East Asian order is (and will be) more peaceful even if the power structure is shifting as China is rapidly rising and the United States is relatively declining.

That said, the rise of China has generated a dilemma or disjunction for many countries in East Asia. While many regional countries have increasingly strengthened their economic cooperation and interdependence with China, these Asian countries have a deep suspicion on China’s strategic intentions, and they have strengthened their military ties with the United States. “Economically, most East Asian countries increasingly expect their future economic relations to be tied to China. In terms of security, most of these

---


324 Goldstein, *Rising to the Challenge: China's Grand Strategy and International Security*

countries continue to expect to rely on American alliance protection.\textsuperscript{326} Thus, many East Asian countries rely upon the United States for security protections, and the “hub-and-spokes” alliance system with the United States as the center is stable and sustainable.\textsuperscript{327}

This chapter aims to explain China's regional policy from a theory of status signaling in international politics. As discussed in the theory chapter, there are many ways through which a rising power could signal a higher status, and some of these strategies can contribute to regional stability and cooperation. As social psychology and sociology studies indicate, status signaling is not necessarily competitive and wasteful, and people could demonstrate their preferred status in a community through “conspicuous giving” to charity.\textsuperscript{328} In international politics, a great power can also demonstrate its leadership and preferred status through providing public goods. However, this type of behavior is not necessarily driven by purely altruistic motive. When a great power provides public goods to international community, it indicates that this great power might want to take an active role as a supporter or leader in international affairs,

and this great power could also get various social rewards. \(^{329}\) The relationship between status signaling and provision of public goods is understudied. \(^{330}\)

**Signaling Higher Status through Conspicuous Giving**

This chapter discusses an understudied aspect of rising power’s strategy: how could a rising power try to project a benign image through provision of public goods? While most studies of international status focus on how status drives international conflict,\(^{331}\) this chapter will readdress this imbalance by focusing on how the status signaling could promote cooperation in a regional context. As Gilpin argues, there are three major sources of great power legitimacy in international politics: the provision of public goods, a widely accepted ideology, and military victory.\(^{332}\) In order to operate successfully, any leadership in international politics must be accepted by followers, and that followership depends on the inclusion of the interests or ideas of possible followers into the leadership project.\(^{333}\) For instance, emerging powers such as Brazil and India increasingly express their desire for leadership in global governance. The bids for permanent membership in the United Nations Security Council might be one example. These emerging powers,

\(^{329}\) As Gilpin emphasizes, “Empires and dominant states supply public goods that give other states an interest in following their lead.” Gilpin, *War and Change in World Politics*, p.30.


\(^{332}\) Gilpin, *War and Change in World Politics*, p.34.

however, often fail to achieve their goals because they do not include the ideas and interests of potential followers in their leadership projects.\textsuperscript{334}

The concept of signaling status through conspicuous giving (or communal sharing) is borrowed from social psychology and sociology. But it should be noted that there are also some crucial differences between individual status signaling and international status signaling. The former is psychological and social behavior while the latter is international political strategy.

At an individual level, people have a strong desire to belong to a group or a community. Status hierarchies often emerge in cooperative social interactions to achieve a common goal.\textsuperscript{335} In daily life, philanthropy and donating blood are all examples. For instance, a nouveau riche might choose to signal her status not only through conspicuous luxury consumption or but also through “conspicuous giving” (a charitable donation).\textsuperscript{336} People have different motives for donating to charity; however, the desire to demonstrate wealth and to socialize with individuals of high social status is an important driving factor of charitable giving in many cases.\textsuperscript{337} Thus, status signaling is not necessarily wasteful. Sometimes status signaling behaviors are compatible with community norms and might benefit the entire community.\textsuperscript{338} Compared with conspicuous consumption,

\begin{footnotesize}
\begin{itemize}
\item \textsuperscript{334} Ibid.
\item \textsuperscript{335} Mark, Smith-Lovin, and Ridgeway, "Why Do Nominal Characteristics Acquire Status Value? A Minimal Explanation for Status Construction.," p. 834.
\item \textsuperscript{336} Glazer and Konrad, "A Signaling Explanation for Charity," pp. 1019-1028.
\item \textsuperscript{337} Signaling is not necessarily the only motive for donating to charity. In some situations, people give to charity anonymously, because they may be motivated by moral sentiments rather than self-interested instrumental calculations. For the analysis of moral sentiments and human behaviors, see: Robert H. Frank, \textit{Passions within Reason: The Strategic Role of the Emotions} (New York: W.W. Norton &Company, 1988), chapter 8.
\item \textsuperscript{338} Mark, Smith-Lovin and Ridgeway, "Why Do Nominal Characteristics Acquire Status Value? A Minimal Explanation for Status Construction.," p. 834.
\end{itemize}
\end{footnotesize}
conspicuous giving has some comparative advantages in signaling status. First, while conspicuous consumption may be viewed negatively, charitable giving always makes a good impression. Second, because of the existence of counterfeit brand products, ownership of luxury goods may be difficult to observe.\textsuperscript{339} Third, charitable donations may be especially good signals to people who belong to a peer group but cannot see the luxury goods of another member. The aforementioned case of the woman making a charitable donation to impress her distant former college roommates is an perfect example of this.

A rising great power might engage in similar behaviors in international politics. Nation-states might take the opportunity of conspicuous giving to promote their preferred image and to increase their status in international affairs. Similar to the charitable donation option, providing public goods in international affairs is a valuable strategy to signal a desired status in international society. Furthermore, different from conventional status signaling through conspicuous giving, status signaling in international politics is a two-level game with various audiences and it is a much more complex political process than status signaling at an individual level. Sometimes domestic audiences might want their government to relocate more resources to improve their social welfare instead of promoting status and prestige through expensive foreign aid programs.\textsuperscript{340} At least domestic politics could pose some serious constraints on international behaviors of public goods provisions. However, when both domestic and international audiences expect an

\textsuperscript{339} For the discussion of counterfeit brands and deception of status signaling, see: Kempen, "Fooling the Eye of the Beholder: Deceptive Status Signaling Among the Poor in Developing Countries.," pp. 157-169; Han, Nunes and Drèze, "Signaling Status with Luxury Goods: The Role of Brand Prominence.," pp. 15-30.

\textsuperscript{340} For the analysis of gun vs butter trade-off, see: Gilpin, \textit{War and Change in World Politics}, p.19.
emerging power to take a larger role, status signaling through conspicuous giving will produce a successful strategy to improve international status. Comparing with other status signaling strategies, conspicuous giving in international politics has several advantages. First, by contributing to the public goods and stability of regional order, conspicuous giving normally could increase the legitimacy of the donor states in international politics, and therefore will reduce the odds of backlashes. Second, conspicuous giving is also a good reassurance strategy for regional neighbors. Such a strategy of giving could signal the benign intention of an emerging power, and therefore could mitigate the potential conflicts.

Conspicuous giving as status signaling has important implications for international politics. Since providing public goods is an important source of leadership in international politics, we will examine when and why a rising power is willing to provide public goods in international affairs. During the Asian financial crisis in 1998, China provided financial assistance to the Asian neighbors, and also took a responsible act by not devaluing its currency (Renminbi). These behaviors were widely praised by the Asian countries. China also started to pursue a proactive regional diplomacy after the Asian financial crisis. China’s regional diplomacy after the financial crisis was an important “transformative moment” in Chinese foreign policy. The following sections will discuss China’s responses to the Asian financial crisis, and will also analyze China’s behaviors from a perspective of status signaling.
Asian Financial Crisis

The Asian financial crisis was a period of financial crisis beginning in July 1997. It started in Thailand with the financial collapse of the Thai baht caused by the Thai government’s decision to float the baht. As the crisis spread, many Asian countries saw slumping currencies, devalued stock markets, and a precipitous rise in private debt. Countries such as South Korea, Indonesia, and Thailand were most affected by the crisis. Hong Kong, Malaysia, Laos and the Philippines were also hurt by the crisis. China, Pakistan, India, Taiwan, Singapore, Brunei and Vietnam were less affected, although all suffered from a loss of demand and confidence throughout the region.


Ibid, pp.36-49.
Table 4: The Impact of the Asian Financial Crisis

<table>
<thead>
<tr>
<th>Catastrophic results</th>
<th>Limited Effects</th>
<th>Prior Recession Prolonged</th>
<th>Caught in Regional Downturn</th>
<th>Avoid the Crisis</th>
</tr>
</thead>
<tbody>
<tr>
<td>Thailand</td>
<td>Malaysia</td>
<td>Japan</td>
<td>Singapore</td>
<td>China</td>
</tr>
<tr>
<td>Indonesia</td>
<td>Philippines</td>
<td></td>
<td></td>
<td>Vietnam</td>
</tr>
<tr>
<td>South Korea</td>
<td>Taiwan</td>
<td></td>
<td></td>
<td>Cambodia</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Laos</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Myanmar</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>India</td>
</tr>
</tbody>
</table>

The International Monetary Fund (IMF) stepped in to introduce a $40 billion program to stabilize the currencies of South Korea, Thailand, and Indonesia. The Chinese currency, the renminbi (RMB), had been pegged to the US dollar. There was considerable speculation that China would soon be forced to devalue its currency to protect the competitiveness of its export-driven industries. However, the RMB's non-convertibility protected its value from currency speculators. Unlike investments of many of the Southeast Asian nations, most of China's foreign investments took the form of real economy rather than securities. While China’s economic situation was better compared to that of Southeast Asian countries, GDP growth slowed sharply in 1998 and 1999.

Though there has been general agreement on the existence of a crisis, the causes of the crisis are heatedly debated in the international community, and the policy solutions were politically contentious in international relations. The evolution of the crisis produced a strong narrative of resentment against Western-dominated institutions (such as International Monetary Fund) among many in the hardest-hit Asian economies. Many Asian countries believed that the onset of the crisis caused by Western investors, that the crisis was worsened by the hardline prescriptions informed by Western neo-liberal economic principle that the International Monetary Fund attached to its assistance package.\textsuperscript{343} The United States had insisted that many East Asian countries must take a neo-liberal approach to solve the problem of financial crisis. Japan proposed an Asian Monetary Fund, an East Asian regional organization to provide emergency liquidity to

economies facing runs on their currency. Japan’s proposal was not successful because of the pressure from the United States. But that idea of East Asian currency swap arrangement was put into practice.

Another implication was the rapid development of regional institutions, such as the ASEAN +3 Summit (ASEAN plus China, Japan and South Korea). The Asian financial crisis provided the impetus to the concept of Asian regionalism. It has damaged the Asian development model but it also strengthened regional cooperation.

East Asian financial crisis has extensive impacts on international relations in the Asia-Pacific region. East Asian financial crisis was an important watershed moment in Chinese foreign policy. Some experts of Chinese diplomacy even argue that China’s regional policy in the post-Cold War era could be divided into three stages: pre-financial crisis, post-financial crisis, and the Hu-Wen leadership. After the Asian financial crisis, China transformed itself into a major active participant in regional diplomacy. China’s policy during the Asian financial crisis was appreciated by its neighbors and ASEAN countries.

**China’s Response to the Asian Financial Crisis**

Initially the Chinese policy elites underestimated the difficulty of the Asian financial crisis. The Chinese government was not seriously concerned about the Asian financial

---

344 Ibid.
crisis until the Hong Kong dollar came under speculative attack in October 1997.\textsuperscript{347} That said, the Chinese leaders had initiated some financial reforms before the financial crisis.\textsuperscript{348} After the fall of Hong Kong’s stock market in mid-1997, China began to understand the scope of the regional crisis and responded swiftly.

The Chinese leadership decided to respond actively and responsibly to the Asian financial crisis.

First of all, despite some minor resistance from some export-driven industries in coastal provinces, the Chinese government decided to keep the value of Renminbi (RMB) and refused to devalue the Chinese currency.\textsuperscript{349} While some export-driven industries in coastal provinces such as Guangdong opposed the no devaluation policy, these local and sectorial interests are counter-balanced by more powerful central leadership and bureaucrats.\textsuperscript{350}

Second, during this crisis, China made a significant contribution in the number of US$ 1 billion to the Thai support package. The financial crisis convinced China that it needed to play more active role in the region, and otherwise, the Chinese interests and wealth could be hurt by the crisis. To international audiences in the region, Chinese elites emphasized those complementarities among Asian states. The Chinese


\textsuperscript{349} Moore, and Yang, "Empowered and Restrained: Chinese Foreign Policy in the Age of Economic Interdependence," p. 209.

government emphasized that the rise of China was a major opportunity instead of a threat to Asian countries because China could provide a major market for the rest of Asia. While material interest was certainly an important issue for China’s decision in response to the Asian crisis, the projection of a responsible power image was also important in shaping the unique way the Chinese government dealt with the crisis. For instance, according to the Chinese leader Li Peng, the International Monetary Fund (IMF) asked China to provide assistance to Thailand through IMF’s medium, but the Chinese leadership insisted that China would deal with Thailand directly and provided assistance accordingly.\textsuperscript{351} China wanted to deal with Thailand directly because this might provide a good opportunity for China to improve its own prestige and image.

Thirdly, at the same time, Chinese officials became more interested in the establishment of regional institutions. Although China objected to Japan’s Asian Monetary Fund (AMF) proposal,\textsuperscript{352} China found itself increasingly drawn into closer cooperation with South Korea and ASEAN nations. Thus, during the latter part of 1997, China projected the image of a “responsible regional power,” through prudent responses, continued growth drives, and financial assistance to the region.\textsuperscript{353} As China and some other Asian countries were unsatisfied with the response from International Monetary Fund, they started to maintain and establish regional multilateral arrangements to strengthen regional economic cooperation.

The Chinese elites started to think more about China’s role in Asian community and China participated in regional cooperation more actively. The crisis made Chinese leaders also recognize that China could be exposed to international economic pressure. China emphasized its regional role to stabilize the currency crisis. Despite the plunging devaluation of its economic competitors such as ASEAN states and South Korea, China managed to project a responsible image by maintaining non-devaluation stance on its currency. In part its decision for non-devaluation came from Chinese leaders’ confidence that the Asian financial crisis on China would be not significant, but China also had a strong incentive to build a better image in the region. During and after the Asian financial crisis, China had strengthened its domestic and financial reforms. In the late 1990s, the Jiang-Zhu leadership emphasized the importance of economic openness and they had strengthened China’s embracing of economic globalization.

Although many Asian experts mostly agree that China has been more active in participating in Asian regional cooperation, there is little consensus about the real motivations of China’s active regional policy. Furthermore, China’s new regional diplomacy is not balanced. While China has actively pursued cooperation with ASEAN countries, it has some hesitation in participating in economic integration in Northeast Asia. One of the most striking cases in China’s regional diplomacy is the proposed China-ASEAN Free Trade Area (CAFTA).

Before the mid-1990s, China was skeptical about the importance of participating in regional multilateral organizations and it preferred to deal with its neighbors and with the major powers on a bilateral basis. As the organizer of the Northeast Asia Cooperation
Dialogue (NEACD), Susan L. Shirk provided an insider’s point of view: “At the time of the first meeting of NEACD in 1993, it was easier to persuade the North Koreans to come than it was the Chinese…. In those early days, the Chinese also vetoed any proposal for study projects or agenda items that might lead NEACD in the direction of greater institutionalization.” Since the late 1990s, China has changed its previous inactive policy toward regionalism and has actively participated in most of regional multilateral institutions. China is now actively participating in various regional organizations, such as APEC, ASEAN plus Three (ASEAN and China, Japan, South Korea), and ASEAN plus one (ASEAN and China). China is not only an active participant, but also becomes an active initiator in Asian regional cooperation. China has launched a regional dialogue composed of business leaders and government officials, the Boao Forum for Asia. The forum holds annual meetings in China’s Hainan Province, where more than 1,000 political elites, business leaders and experts from around the region meet to discuss economic cooperation in Asia. China was one of the primary initiators of the Shanghai Cooperation Organization (SCO), whose members now include China, Russia, Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan.

---

355 Although there are different interpretations about China’s policy toward Asian regionalism, most Asian experts have largely agreed that China has become a more active participant. See for instance, Shambaugh, "China Engages Asia: Reshaping the Regional Order.,” pp. 64-99; Shiping Tang, and Yunling Zhang, "China's Regional Strategy," in David Shambaugh, ed., Power Shift: China and Asia's New Dynamics (Berkeley, CA: University of California Press, 2005).
356 China initiated the Shanghai Cooperation Organization (SCO) primarily to deepen its regional cooperation with Russia and Central Asia. Although the SCO is different from other Asian regional institutions, it is still regarded as an important indicator of China’s multilateral diplomacy in Asia. See Tang, and Zhang, "China's Regional Strategy," pp.48-60.
At the ASEAN-China Summit in November 2000, Chinese Premier Zhu Rongji proposed to have a Free Trade Agreement (FTA) with ASEAN. In late 2002, leaders of China and ASEAN signed the framework agreement to create a free trade area of China and ASEAN within 10 years. In November 2004, the two sides signed a series of agreements, the most notable of which are the two known as The Agreement on Trade in Goods of the Framework Agreement on Comprehensive Economic Co-operation between ASEAN and China and The Agreement on Dispute Settlement Mechanism, which indicated that cooperation between China and ASEAN developed from the framework level to more useful content. The establishment of the free trade area aimed to promote the development of an economic region with 1.7 billion consumers, about US$1.8 trillion in GDP and US$1.2 trillion in trade volume. CAFTA has allowed all members to enjoy more favorable treatment in trade and investment than the World Trade Organization can offer.

**China’s Active Diplomacy in Asia and Conventional Explanations**

This section will summarize China’s active regional diplomacy and will analyze how various conventional international relations theories will help us understand China’s motives and behaviors. While not rejecting the validity of these conventional international relations theories, the next section will demonstrate why a theory of status signaling could provide a more compelling and comprehensive analysis of China’s motives and behaviors.

China’s response to the Asian financial crisis was a “transformative moment” in Chinese foreign policy, and it could be understood in a wider context of China’s active
regional diplomacy. During the 1990s, while fast growth of regionalism was achieved in the EU and NAFTA, there was a stunted regionalism in East Asia in general and North East Asia in particular. Scholars provide various explanations for the stunted East Asian regionalism. Among all the reasons, China’s inactive policy toward regionalism was regarded as one of the major reasons for the failure of East Asian economic integration. In the mid 1990s a well-known expert commented, “Today it is China and Japan who oppose rapid moves toward a formal institutionalization of regional integration. China fears being trapped in institutions not of its own making.”357 However, since the late 1990s China has changed its earlier opinion and has pursued a proactive policy toward regional integration. China now actively participates in most of the regional institutions and forums in Asia-Pacific regions, such as ASEAN+1 (ASEAN and China), ASEAN+3 (ASEAN, China, Japan, and South Korea) and APEC. It has even initiated some new regional institutions.358

How do we explain the motivations behind China’s response to the Asian financial crisis and its next active diplomacy in Asia? For instance, why did China maintain the value of RMB instead of devaluing RMB? Why did China provide assistance to Thailand shortly after the crisis? Why did China choose to sign free trade agreement with ASEAN? Considering the fact that the trade structure of China and ASEAN is similar and competitive and that of China and Japan is complementary, why did China give priority to build a FTA with ASEAN instead of Japan and South Korea? Does China’s active participation of regionalism demonstrate a credible signal of China’s peaceful intentions?

or a Bismarckian strategy to grow stronger without provoking others to balance against it? Does China’s regional policy indicate a real politick consideration of national interests and balance of power? Or does it indicate the Chinese idealist commitment to norms and values of multilateral cooperation? 359

Within the literature of international relations, there are various traditional theoretical approaches to explain the motivations and origins of China’s regional policy. This chapter does not aim to prove all conventional theoretical explanations are wrong. Instead, it aims to demonstrate how status signaling is a necessary driving factor for China’s regional behavior. In other words, it aims to demonstrate how status signaling is combined with other factors and how these combined factors are driving China’s response to the Asian financial crisis. This section will first review how the various existing theoretical approaches explain China’s behaviors. The next section will provide an argument of why and how status signaling through conspicuous giving could provide a more compelling and comprehensive explanation.

First, the liberal-institutional approach assumes that economic regionalism is caused by economic interdependence in a region, and thus China’s behavior in regional diplomacy is driven by rational calculations of economic interests and rewards. For instance, Kwan argues that intraregional interdependence among Asian economies is the rational for deepening cooperation among Asian governments. 360 Following this approach, we will expect that economic rationales, such as intra-regional trade and

359 Shirk, "China’s Multilateral Diplomacy in the Asia-Pacific,"
economic interdependence, are the primary motivations for China’s active policy toward ASEAN. For instance, in the China case, Kevin Cai follows this approach by explaining the economic logic behind the ASEAN-China Free Trade Agreement. This approach reminds us of the economic necessity of regional integration; however, it is incomplete for explaining the complex reality of regionalism. As Mansfield and Milner argue, there are many factors other than economic considerations that are shaping regionalism, such as domestic politics, interstate relations and international security. The liberal-institutional approach assumes that economic interdependence is the primary motive of economic regionalism, but economic interdependence only explains a small part of China’s motivations. Admittedly, economic interdependence does have a role in shaping China’s foreign economic policy. During the past decade, China has deepened its integration into the world economy, and there is a growing economic interdependence between China and ASEAN countries. China and ASEAN trade started from a low level, but it had grown fast and by late 1990s they had become important trade partners. Since 1990 ASEAN had been China’s fifth largest trading partner for 11 consecutive years. Since early 1990s, the average annual growth rate in trade between ASEAN and China has been more than 20%, higher than the average of the growth rate during the same period.

361 Kevin G. Cai, “The ASEAN-China Free Trade Agreement and East Asian Regional Grouping.” Contemporary Southeast Asia 25 (December 2003), pp.287-404
However, economic interdependence is not the major motivation for China’s responses to the Asian financial crisis in general and its FTA initiative in particular. Actually during and after the Asian financial crisis, China did not pursue those policies to maximize its economic interests. For most of the years since early 1990s, while China has had a trade surplus with the world, it has had a trade deficit with ASEAN. A striking phenomenon in China-ASEAN trade relations is that China has become a major market for ASEAN’s exports. ASEAN countries have benefited largely from China’s phenomenal growth since China’s imports from ASEAN have grown faster than from the rest of the world. China has made some unilateral concessions to open up first in its framework agreement with ASEAN. Furthermore, China’s nationalistic developmental strategy plays a larger role in explaining why China gives priority to building an FTA with ASEAN instead of with Japan and South Korea.

Second, the realist approach assumes that economic regionalism should be understood in the context of interstate power politics or hegemony in international system. The power politics approach reminds us that we can not understand the real logic behind regionalism without understanding the political structure of the international system. China’s behavior is driven by reassurance of a rising power to mitigate the negative effect of the so-called China threat. In the China case, David Kerr analyzes the

---


power politics behind Asian regionalism, particularly the rivalry between China and Japan for the leadership of Asian regionalism. Some others argue that China wants to demonstrate its benign intention and to ease the fear of the “rise of China” to its Asian neighboring countries. Following this approach, we will expect that considerations of balance of power and security are the primary motivations of China’s Asian regional policy. Realists remind us that security is the primary concern of foreign policy makers. Thus, the structure of international politics shapes the long-term strategic context of China’s regional diplomacy in general and its active engagement with ASEAN in particular. CAFTA is an important step in China’s reassurance strategy in regional diplomacy. As China’s power grows in Asia, one of the fundamental challenges in Chinese foreign policy is: How can China ensure a peaceful environment for domestic economic development while avoiding being seen as a threat to others?

Under such a context, it is crucial for China to reassure its Asian neighbors about its cooperative and peaceful intentions. On the eve of China’s entry into the World Trade Organization (WTO), the Chinese government wanted to demonstrate that China’s economic rise would be an opportunity rather than a threat for ASEAN countries. Furthermore, CAFTA is also an integral part of China’s comprehensive cooperation with

---

368 For instance, strategists in Beijing paid specific attention to the geo-strategic implications of CAFTA, see Sheng, “China-ASEAN Free Trade Area: Origins, Developments and Strategic Motivations.” p.4.
ASEAN. China has developed a strategic partnership with ASEAN, and is the only major power outside the ASEAN to join *The Treaty of Amity and Co-operation (TAC)* in Southeast Asia.

Third, the domestic approach assumes that the domestic societal groups and political institutions shape regionalism. Putnam’s metaphor of “two-level games” and Gourevitch’s proposition of “the second image reversed” are the most representative examples of this approach.\(^{371}\) Within the literature on regionalism, for instance, Mansfield and Milner analyze that increased economic flows among members of the EU have changed the preferences of domestic actors, leading them to push for policies and institutions that promote deeper integration.\(^{372}\) Min Ye examines China’s regionalist policies from domestic coalition politics and internal factors, arguing that China’s shift in regional policy co-varied with its growing economic power, increasing openness, more diverse intellectual thoughts, and bureaucratic reform.\(^{373}\) Following this approach, we will expect that the preferences of domestic interest groups and political process will shape China’s policy toward regional integration.

Finally, the constructivist approach argues that regionalism is a socialization of collective identity. The constructivist approach proposes that ideas and norms play the constitutive role in the formation of actors’ identities and interests and in the structure of

---


\(^{372}\) Mansfield and Milner, “The New Wave of Regionalism,”

\(^{373}\) Ye, “Evolution of China’s Regionalism: From Balancer to Catalyst.”
the system itself.\textsuperscript{374} Although the rational political economy framework is still dominant in the study of regionalism, the literature of the constructivist approach is expanding as more scholars pay attention to the role that ideas and norms have played in shaping world politics in general and regionalism in particular. To explain China’s previously inactive policy toward regionalism, some argue that China’s attitude was caused by its historical experience. “Encroachments on its sovereignty by colonialist and imperialist powers for over a century produced a China that wants to assert itself with absolute state sovereignty.”\textsuperscript{375} Following this approach, we will expect that China’s new regional policy is caused by new ideas and norms that Chinese elites accept in international relations. That is, Chinese elites have become more responsive to idealist norms of multilateralism and international cooperation.\textsuperscript{376}

**Status Signaling Explanation**

A theory of status signaling in international politics could provide a more complete and convincing explanation of China’s response to the Asian financial crisis as well as China’s active diplomacy in Asia. China’s response to the Asian financial crisis was motivated by the strong incentives to project an image of responsible great power in international society. China’s policy initiative contributed to the formation and implementation of a coherent “peaceful rise” strategy in the late 1990s: it was consistent


\textsuperscript{375}Wanandi. “China and Asia Pacific Regionalism,” pp.39-40

with the international and regional expectations for China’s reassurance; the central leadership and bureaucrats were actively supporting China’s policy response during the Asian financial crisis, and the domestic audiences were expecting that China should play a larger role regionally, and China’s international audiences (regional neighbors in particular) were welcoming China’s policy in the region.

First, China’s response is closely related to its efforts of building an image of responsible great power in the 1990s. The image of responsible great power is an important motive for China’s active regional strategy during the Asian financial crisis. After the Asian Financial crisis, the Chinese government began to embrace the idea of responsible power in the region openly. The Chinese government and leaders began to use the label of “responsible power” (fuzherendaguo) frequently after the Asian financial crisis. For instance, the annual review of China’s Ministry of Foreign Affairs in 1999 opened with the following sentence, “The image of China as a peaceful, cooperative and responsible power becomes more salient.” Chinese President Jiang Zhegming also emphasized that China should reassure the surrounding small powers and take a responsible and cooperative policy toward them. By taking a responsible regional policy, China has increased its status and influence in the region. As discussed previously, all emerging powers must demonstrate its usefulness and contribute to regional public

---

goods if these emerging powers want to consolidate their authority and legitimacy in the region.  

Colleagues and critics might raise a counterargument: it appeared that China’s cooperative policy after the Asian financial crisis was driven by calculation of material interests, not necessarily the image and status. Admittedly there were important considerations for material interests when China made some important decisions after the financial crisis. If the economy of Hong Kong and Thailand collapsed, there would be more damaging effects for China’s economic stability, and China also faced enormous international pressure. We are not arguing that status was the only factor that shaped China’s response in the Asian financial crisis. It was more likely that, in this particular case, China’s interest calculations were compatible with China’s efforts of projecting a “responsible power” image. That said, the status consideration to project a responsible image was still indispensable because such a consideration had shaped the particular way China responded to the crisis. As discussed previously, conspicuous giving or communal sharing is not necessarily always an altruistic behavior, and political actors estimate that they could get social rewards (reputation and status) and avoid social sanctions through providing public goods to the community.  

In a general sense, status signaling is not in conflict with some existing explanations based on instrumental reasons. In other words, status signaling through conspicuous giving could promote national interests and

---

380 Schirm, "Leaders in Need of Followers: Emerging Powers in Global Governance,"
influence of a rising power. Strategic use of trade policy and foreign aids can often expand diplomatic influence of an emerging power.  

Second, at international level, competition with Japan on regional leadership was also an important consideration. China and Japan have been struggling to achieve leadership in East Asian cooperation. China and Japan have a very complicated relationship because of geopolitical, historical and economic reasons. Economically both China and Japan are important trading partners to each other, and both sides have strong incentives to cooperate with each other. However, politically both sides have deep mistrust because of historical memory and territorial disputes. Different from arm races, however, competing for regional leadership in a nontraditional security issue will not add more tension to the regional order.

Third, China’s response to Asian financial crisis is a “crucial case” of status signaling with compatible expectations from multiple audiences. Domestically, many policy proposals of China’s leaders were supported by powerful bureaucracies in the central government agencies. For East Asian economic cooperation, the Chinese leadership is less constrained by public opinion, and thus was more willing to take an active international role. The dominant idea within the Chinese society is that China should play a larger role in East Asian region. While the Chinese feel it is natural for

---

382 For a classical study of strategic trade policy, see: Albert O. Hirschman, National Power and the Structure of Foreign Trade (Berkeley, CA: University of California Press, 1945).
383 Young Choi Ji, "Power, Identity, and Asian Regionalism: Political Rivalry Between China and Japan and a Contested Regional Identity in East Asia.," Conference Papers -- International Studies Association (2008)
385 Liew, "The Role of China's Bureaucracy in its No-Devaluation Policy During the Asian Financial Crisis," pp. 61-76.

144
China to play a more important role in regional affairs, they understand that China should still have more hesitations to play a leadership role in global affairs. According to the Chinese scholar Yan Xuetong, there are two widely-shared beliefs among the Chinese elites and the general public: first, the Chinese regard China’s rise as regaining China’s lost status, and the Chinese will be dissatisfied with their economic achievements until China resumes its leading status in East Asia. Second, the Chinese consider the rise of China as a restoration of fairness, and the Chinese people take the rise of their nation for granted.\textsuperscript{386} Also as Iain Jonston argues, China was acting, not like a security-maximizer, but like a “prestige-maximizer.”\textsuperscript{387} From these perspectives, it was natural that the Chinese elites and the public largely supported the idea that China should take any opportunity to improve its power and status in the region.

Internationally, most states expect that China should take a more responsible leadership role in the region. Regional states would welcome China’s contribution to regional stability and order. China’s responsible behaviors have played an important role in rebuilding China’s image in the region. First, it has helped reduced the image of China threat by projecting a rising China with greater opportunities for the regional countries. Thus, this strategy is consistent with China’s reassurance purpose toward its neighbors since the end of the Cold War. Second, it has strengthened cooperation with ASEAN countries and has improved China’s diplomatic relationship with these countries. Before the mid1990s, China had troubling relationship with several ASEAN countries because of

\textsuperscript{387} Johnston, "Realism(S) and Chinese Security Policy in the Post-Cold War Period,"
historical mistrust, territorial disputes, and economic competitions. After the Asian financial crisis, China’s influence has dramatically expanded in Southeast Asia.  

Implications for Grand Strategy

China’s response to Asian financial crisis is a critical moment in the history of China’s foreign relations. It has several important implications for China’s grand strategy.

First, China’s regional diplomacy was transformed from a passive diplomacy into active and outward looking diplomacy. After the crisis, China became an active participant of Asian regional diplomacy. Before the Asian financial crisis, China’s regional diplomacy had faced many obstacles and problems: China was sanctioned and isolated by the Western powers after the Tiananmen suppression in 1989; China tested missiles against Taiwan, which led to an escalation of crisis across the Taiwan strait; the anti-American sentiments and nationalism were on the rise in Chinese society. However, shortly after the Asian financial crisis, China’s active regional policy made much progress. China negotiated many territorial disputes peacefully with its Asian neighbors, actively participated and initiated many regional international organizations, signed the peace treaty emphasizing the peaceful resolution of the South China Sea disputes. In particular, the ASEAN-China Free Trade Agreement has strengthened

---

389 Deng, *China's Struggle for Status: The Realignment of International Relations*.
393 Shambaugh, "China Engages Asia: Reshaping the Regional Order.," pp. 64-99.
China’s international image and cooperation with ASEAN countries. Also, China has improved its power and influence through its “charm offensive” strategy in Asia.  

Second, China’s response to Asian financial crisis is also a successful implementation of “peaceful rise” strategy. This is largely because the policy met consistent expectations from both domestic and international audiences. Domestically China’s active diplomacy was consistent with domestic expectations for China to play a larger role in regional affairs. As some scholars point out, China in the 1990s was a prestige-maximizer, taking whatever opportunities to increase its power, status and influence. Within bureaucratic politics, many central governmental agencies supported China’s decision to play an active role in regional affairs. In terms of public opinion and domestic interest group politics, there was little domestic opposition against China’s regional diplomacy. Internationally, as China’s rise has generated much anxiety in the region, China’s active diplomacy has both boosted China’s image and also reassures China’s neighbors that China could make great contributions to regional order.

Third, it is also an active diplomacy of reassurance. It indicates that the status signaling of a rising power does not necessarily lead to conflict among great powers. As discussed in previous chapters as well as in other research, there are many strategies a great power could signal its preferred higher status, and some of these strategies could promote cooperation and mitigate conflict. Status is social and cultural, and it might have some materialist basic but fundamentally status also depends on the social construction and understanding of relevant actors. Thus, status signaling behaviors of

---

394 Kurlantzick, *Charm Offensive: How China's Soft Power is Transforming the World*
great powers might sometimes promote international cooperation instead of generating conflicts and wars.

That said, this case also illustrates some specific conditions under which status signaling could promote international cooperation. First of all, the power gap between the rising power and leading hegemony is still wide, and the rising power has no chance to challenge the core interests of the leading hegemony in the region. Second, the rising power could provide public goods that could benefit most members of the region. China’s successful diplomacy after the Asian financial crisis occurred in a time period that the above two conditions exited. However, if the power gap between China and the United States will narrow in the future and the status hierarchy in East Asia will become more ambiguous, it will be more difficult for the two countries to handle the Sino-American status competition in the region. In other words, if both China and the United States want to play a leadership role in the East Asian region and China is catching up materially, it will be more difficult for China to expand its power and influence without hurting U.S.-China relations.

Conclusion

A rising power could signal its preferred status through various strategies, and not all these strategies are competitive and wasteful. In particular, a rising power could demonstrate its leadership through conspicuous provision of public goods. As all leadership must have some followers, an emerging power could build its leadership and

---

legitimacy by taking consideration of interests and values of its followers. Also, when domestic and international expectations are consistent with a foreign policy initiative, such a policy initiative could contribute to implementation of a coherent grand strategy.

China’s response to the Asian financial crisis could help illustrate the above arguments on status signaling behaviors.

First, while there are various economic and political approaches to explain China’s response during the Asian financial crisis, the theory of status signaling in international politics could provide a comprehensive and compelling explanation of the motives. China’s decision of no devaluation of RMB, its provision of aid to Asian neighbors, and its subsequent active diplomacy in the region were all driven by China’s strong motive of projecting an image as a responsible great power.

Second, this case study also illustrates why and how a regional policy could contribute to the implementation of a coherent grand strategy. When both domestic and international audiences expect that the state should take a larger role on the world stage, such a policy of an expanding role will be supported both by domestic audiences and international partners.
Chapter 5: Signaling Low Status through Spinning: China’s Response in Global Financial Crisis

Since the start of global financial crisis, China’s economic status has outgrown the expectations of even its own leaders and elites. In an article published at Foreign Affairs in 2005, Zheng Bijian, a top political advisor to the Chinese leadership, emphasized “China’s economy is one-seventh the size of the United States’ and one-third the size of Japan’s.” Perhaps the Chinese leadership did not expect that China’s economy would surpass Japan’s five years later (in the year of 2010). Some recent studies indicate that China might become the largest economy much faster than previous predictions. While China might enjoy high status in international affairs, China’s leaders and bureaucracies—ill-prepared for the country’s sudden high profile in global affairs—remain resistant to change when it comes to Beijing’s global status and responsibilities, emphasizing that China remains a developing country. At the United Nations General Assembly in September 2010, for instance, Chinese Premier Wen Jiabao urged the


150
international audience to recognize “the real China,” which is not a superpower but a mere “developing country.” 397

Within China’s foreign policy community, there are various debates on China’s emerging role on the world stage during the global financial crisis. Some argue that China should continue keeping a low profile and focus on domestic priorities, while others argue that China should take the global financial crisis as a strategic opportunity to expand its power and influence. If there might be a general consensus about China’s grand strategy from late 1990s to 2008, the global financial crisis has broken such a consensus, and Beijing is rethinking its grand strategy in a new era. 398

In the history of great power politics, as its power and capabilities increase, a rising power will naturally expand its influence and increase its status. Among other reasons, increased power of a rising power will create both incentives and opportunities to expand its influence. 399 Not surprisingly we would expect that a rising power like China would want to maximize its influence and status in international politics. However, the relationship from wealth to status is not necessarily linear. When the United States became a political and military superpower on the world stage, it had been the largest economy for several decades. 400 One explanation for America’s “under-expansion” was that the United States did not have enough state capabilities to extort resources for

---

400 Zakaria, From Wealth to Power: The Unusual Origins of America's World Role
international expansion, and thus the “shirking” orientation of the United States in the 19th century seemed to be inevitable. In comparison, the shirking behaviors of contemporary China seems to be more puzzling than the example of the United States in the 19th century, because the Chinese state does not lack financial and economic resources. Furthermore, contemporary China is like an optimal illusion: it is both a rapidly rising great power and also a weak developing country.

Why and how does a rising China signal a lower status? While the United States wants a rising China to take a responsible leading role to co-manage many global issues, China has not demonstrated a strong willingness to transform itself from an underpaying consumer of global public goods (such as secure sea lanes and East Asian regional stability) to a provider of global public goods. Freeriding on the current system, which is underwritten in large part by American hegemony, China has become adept in extracting various types of benefits from the status quo without having to pay for its costly maintenance. For instance, during the global financial crisis of 2008, the international community expects that China would play a larger role on the world stage. China doesn't want to lead the world. Chinese leaders said “no thanks” to the development of a G-2—a group of two advocated by Zbigniew Brzezinski that would have elevated China to the status of America’s co-managing partner on issues such as trade, climate change, the proliferation of weapons of mass destruction, and perhaps even the Israeli-Palestinian conflict. Why would China say “No thanks” to the proposal of G-2?

The traditional theory of power transition might expect that a rising China’s struggle for higher status will be a major source of conflict in international politics. However, in a variety of critical issues from global financial stability to climate change, the United States might want China to play a larger and responsible role. A shirking China might be a new problem for the international community. Thus, in contrast to the expectations from existing theories, a rising power does not always maximize its status. Contemporary China has been sending mixed and confusing signals about its status in international society. Chinese foreign policy making has included more participants from more agencies and more groups, which will inevitably introduce different interests, agendas, and voices. The foreign policy agenda of great powers has been expanded in a new era, which will further decrease the likelihood of a single, clear message as policies make their way from different agencies with opportunities for distortion each step of the way.

Furthermore, are mixed signals an outgrowth of a decentralized state or a deliberate strategy to keep options open? While acknowledging interest groups and bureaucratic politics have complicated the process of China’s signaling, this chapter will try to make a strategic sense of these mixed signals. In other words, we treat the conventional explanations of mixed signals such as bureaucratic politics as complementary rather than competing theories, and these factors are more appropriately viewed as intervening variables. Based on a framework of status signaling, the chapter will try to understand the political calculations of China’s mixed signals.

Above all, a rising power can not only signal higher status through various mechanisms as discussed in previous chapters, and they can also signal lower status
through strategic spinning. This chapter discusses the mechanism of why and how a rising power would signal a lower status. The first section will discuss the meaning of strategic spinning and how that concept is related to status signaling. The second section will discuss the reasons why a rising power would signal a lower status. The third section will illustrate the mechanisms of how a rising power could signal a lower status. The fourth section will discuss the implications for grand strategy.

As discussed in the theory chapter, readers might raise two critiques. First, the motives for China to signal lower status seem to be too obvious. Second, if the bargaining is ultimately related to cost-benefit analysis to gain privileges and to shirk cost, is such a bargaining still a bargaining over status? As said previously, even if the why questions are obvious, it is still pertinent to investigate the how questions: the specific mechanisms through which these motives are shaping China’s signaling behaviors. Also, status could be viewed as an intervening variable and the status signaling is not in conflict with some conventional bargaining model. In other words, even if the ultimate purpose is for materialist interests, status signaling might still be viewed as a useful and valuable framework.

**Signaling Low Status through Spinning**

For various reasons, nation-states and their leaders have incentives to misrepresent their true intentions to achieve strategic advantages. Furthermore, if we understand the image projection as a political performance, signaling lower status through spinning is

---


one of many possible formats of political performance, and this type of political behaviors does not necessarily always send inherently credible signals, but they are still politically important.

Signaling a lower status might be a specific format of strategic spinning in international politics. That said, spinning works both way, either signaling higher status or signaling lower status, and this chapter will focus on signaling lower status. While deception is a widely spread phenomena in international politics, there are various kinds of deception in international politics and deception does not necessarily mean lying. Lying is “when a person makes a statement that he knows or suspects to be false in the hope that others will think it is true,” and a lie is “a positive action designed to deceive the target audience.” 404 Concealment involves withholding information that might undermine or weaken one's position. 405 Spinning refers to the situation that a person telling a story emphasizes certain facts and links them together in ways that play to his advantage, while downplaying inconvenient facts. 406

Most existing literature discusses spinning in a domestic political context. Spinning is about “interpreting the known facts in a way that allows the spinner to tell a favorable story,” and it is also about “emphasizing and deemphasizing particular facts to portray one's position in a positive light.” 407 The concept of spinning can not only be applicable in domestic politics but also in international politics. National leaders spin not

---

404 Mearsheimer, Why Leaders Lie: The Truth About Lying in International Politics, p.16.
405 Ibid, p.17.
406 Ibid, p.17
407 Ibid, pp.16-17.
only in a domestic context but also in international relations. For instance, a commentary on George W. Bush's speech emphasizes “Bush spins at UN.” While national leaders can manipulate information in international politics, it is not easy for them to lie on some salient issues. According to John Mearsheimer, leaders rarely lie to each other at the interstate level, and leaders more often lie to their domestic audiences. In the case of status signaling in international politics, great powers often pursue a spinning strategy instead of lying. In the case of China’s status signaling, the Chinese government might pursue a strategy of spinning. It is extremely difficult to lie about China’s ranking in the international hierarchy. For instance, it is impossible for Chinese officials to deny the fact that China became the world’s second largest economy in 2010. However, there is room for spinning in terms of emphasizing different aspects of China’s international ranking. Large emerging economies such as China and India, owing to the unprecedented size of their population, possess unparalleled flexibility in terms of the type of status they can choose to signal. They have already entered into the club of great powers based on the size of their economy, but they are also ranked as the around 100th among all countries in gross domestic product (GDP) per capita. A rising China can be seen as both a powerful rising challenger and a weak developing country.

A rising power could signal a higher or lower status through spinning. For instance, in the late 1990s, China was widely viewed as a prestige-maximizer. Gerald Segal asked, “Does China matter?” According to Segal, “at best, China is a second-rank, 

---

409 Mearsheimer, Why Leaders Lie: The Truth About Lying in International Politics.
410 Johnston, "Realism(S) and Chinese Security Policy in the Post-Cold War Period," pp. 261-318.
middle power that has mastered the diplomatic art of theater: it has us willingly suspending our disbelief in its strength.\textsuperscript{411} In other words, China in the 1990s seemed to exaggerate its strength in international politics, and China was “struggling” for higher status in world affairs after the end of the Cold War. \textsuperscript{412} However, China in the 21st century sometimes appears to downplay its capabilities and intentionally emphasizes its weakness. This type of behavior should be better conceptualized as “spinning” instead of “lying” in international politics.

Similar to coercive diplomacy, status signaling could take different formats, and states can choose from a range of signaling tactics to communicate and manipulate information to project a desired image. In coercive bargaining, states could use three different ideal types of tactics to communicate their resolves and intentions, including verbal, nonmilitary action (such as economic sanctions), and limited use of force (such as military exercises). How could a state signal a lower status in international politics? Verbal communication is a crucial format and states could signal a low status through spinning. Spinning, as a specific type of signaling, is a unique type of political communication. Spinning in politics is also a particular type of political performance, aiming to transfer some strategic information to some targeted audiences. Thus, spinning is related to the notion of “political rhetoric.”\textsuperscript{413} As a communicative act or process of information transmission, political leaders might use spinning to persuade their targeted audiences to accept one particular interpretation of a social reality. As political

\textsuperscript{411} Segal, "Does China Matter?" p. 24.
\textsuperscript{412} Deng, China’s Struggle for Status: The Realignment of International Relations.
rhetoric, does spinning have the effects of persuasion? Some rationalists might assume that all “political rhetoric” (including spinning) should be regarded a “cheap talk,” not costly signaling. Some constructivists would argue that political rhetoric might not be effective in persuasion. From these perspectives, spinning is not important in international politics. However, I argue that there are some compelling reasons to focus on spinning.

First, if signaling is viewed as a communicative action, costly signaling is a sufficient but not a necessary condition for effective political communication. Spinning could be viewed as a costless signaling, which is an under-theorized topic in international politics. If rhetoric is all just cheap talk without political effects, why should a state and its political leaders bother to repeat that political rhetoric? For instance, if China’s identify as a “developing country” is simply a cheap talk, we still need to know why the Chinese leaders often emphasize this particular political rhetoric. In fact, if we understand these types of spinning behaviors as political performances, they have important implications for domestic and international audiences.

Second, there are different types of informative behaviors: deeds are not necessarily more informative than words. Sometimes words can carry significant evidence of their validity while some deeds are ambiguous and can be used for deception. “Although behavior may reveal something important about actor, often it is not clear exactly what is being revealed, what is intended to be revealed, and what others will think

---

is being revealed.\textsuperscript{416} If words and talks are all a waste of time, it would be hard to explain why politicians who mistrust each other bother to talk to each other at all.

Third, the distinction between costly signals and cheap talk is not necessarily absolute. Cheap talk is sometimes defined as “behaviors that do not cost the actor anything to undertake and sometimes as behavior that can be taken equally well by an actor of any type.”\textsuperscript{417} These definitions are overlapped but not identical. Behavior often is highly diagnostic if it is cheap for an actor of one type but not for an actor of another kind.\textsuperscript{418} There are two different types of costly signals. Taking an action in the face of significant domestic opposition can be a costly signal. The second category of costly signals: threats and promises that will be costly to break.\textsuperscript{419} Commitment is more easily signaled in deeds than in words because “significant actions usually incur some cost or risk, and carry some evidence of their own credibility.”\textsuperscript{420} As a consequence, Schelling repeatedly insists that talk is cheap, “verbal messages come from different parts of government with different nuances, supplemented by ‘leaks’ from various sources and can be contradicted by later verbal messages.”\textsuperscript{421} However, while Thomas Schelling emphasizes talk is cheap in most cases, he also leaves room for the role of rhetoric. Schelling notices “enforceable threats, promises, commitments, and so forth” should be

\textsuperscript{416} Ibid, p.298.
\textsuperscript{417} Ibid, p.301.
\textsuperscript{418} Ibid, p.301.
\textsuperscript{419} Ibid, p.301.
\textsuperscript{421} Schelling, \textit{Arms and Influence}, p.150.
analyzed under the heading of *moves* rather than communication. This remark acknowledges the possibility of “discursive practices;” if bargaining is about the communication of intentions, the performativity of language should be taken seriously.

Thus, while some argue that we should avoid focusing on unanswerable questions about actors’ motives by studying “political rhetoric,” I argue that it is crucial to investigate the reasons why and how national leaders pursue different type of spinning strategy.

**Rising Power Signaling Low Status: Multiple Incentives, Confused Audiences**

A rising power might have multiple incentives to signal higher status or lower status in the international hierarchy. While enhanced status can bring about various benefits for a rising power, this enhanced status might also be costly for the rising power. A rising power would have several incentives to signal lower status: first, signaling lower status is a format of reassurance strategy; second, signaling lower status is a shirking strategy to avoid taking greater responsibilities; third, signaling lower status is a solidarity strategy to consolidate support from the lower-status group. In addition, for domestic audiences, signaling lower status helps relocate valuable resources for welfare programs, which is related to the classical “gun vs. butter” dilemma. To make the situations more complicated, these incentives to signal lower status might be incompatible with other

---

424 There are some rare exceptions for the analysis of the costs of great power status, but these studies are not systematically integrated into the study of great power behaviors. For an analysis of great power responsibilities, see: Claude, "The Common Defense and Great-Power Responsibilities," pp. 719-732; Bull, *The Anarchical Society: A Study of Order in World Politics, Third Edition*, pp. 194-222.
incentives to signal higher status. Those incentives of signaling higher status include gaining privileges and special rights, and demonstration of leadership, and the strengthening of international legitimacy.

Overall, there are three main incentives for China to signal a lower status in international affairs.

First of all, a rising power has often pursued various strategies such as reassurance, legitimating, hedging to create a better international environment for its growth. In particular, a rising power has strong strategic reasons to pursue a reassurance strategy, including keeping a low profile and signaling a lower status. In the history of great power politics, the status competition is often a main source of international conflict in power transitions. If the hegemon is determined to maintain its primacy, it will often view the rise of a peer competitor from the midst of the great powers as the major threat to its hegemonic status. Because status demands are usually at the forefront of rising powers’ dissatisfaction with the established order, rising powers are expected to act assertively to signal their increased strength, and these enhanced status signals might be viewed as a threat to the dominant status of the established hegemon. For instance, based on a primacy vision of U.S. grand strategy, the objective of primacy is not merely to preserve peace among the great powers, but to preserve U.S. supremacy by politically,

economically, and militarily outdistancing any global challenger. 427 In other words, from a primacy perspective, the United States has a strong interest in maintaining its unique superpower status. Since a rising power is often viewed as a real or potential threat to the primacy of the existing hegemon, a rising power will easily become a primary target for balancing. Throughout the history of international politics, the established powers have been known to use preventive wars or containment to deal with the challenges of rising powers. A rising power will often signal that it is not a primary threat to the established powers. Since status competition could be a significant source of conflicts, a rising power could mitigate the potential conflict by signaling lower status. In this sense, signaling lower status could be regarded as a case of reassurance. For instance, contemporary China is rising in an American-led unipolar system. 428 Compared with other system, unipolarity is the most dangerous structural condition for China’s rise, which partly explains why China has pursued a reassurance strategy since the end of the Cold War. 429

Second, a rising power signals a lower status so that it can avoid taking unwanted responsibilities. While the classical IR literature of signaling focuses on the appropriate balance between coercion and reassurance, 430 a fundamental dilemma of status signaling in international politics is the trade-off between the enhanced status and increased

responsibilities. As discussed previously, a great power has the unique privilege and responsibilities in governing world affairs. According to Hedley Bull, great powers are "powers recognized by others to have, and conceived by their own leaders and peoples to have, certain special rights and duties."431 Although a rising power might be eager to have more privileges and influences by joining a higher status club, the cost of taking greater responsibilities might not be what a rising power wants. In history, rising powers tended to avoid paying the costs of system management, but these types of behaviors are relatively understudied. Furthermore, a rising power is often inward-looking, and thus it is not eager to take greater responsibility. For instance, during the era of its rapid economic rise, Japan had chosen to “maintain a low posture in international political affairs, to cooperate with other nations rather than take initiatives, to defend its own interests rather than assume responsibility for preserving peace and order around the world.”432 Power transition theory and offensive realism would expect that a rising power will often take opportunities to maximize its power and status. Power diffusion theory does not expect rising powers to become dissatisfied challengers.433 Far from aiming to overthrow the international order, rising powers are not eager to manage the existing international order. As discussed previously, a rising power will calculate cost and benefit in its status signaling. Instead of always maximizing its status, China is carefully calculating the trade-off between enhanced status and its costs.

Third, a rising power signals a lower status to consolidate support from the lower status group. In domestic politics, many politicians, although achieving high status, still emphasize their grass root background. This type of political spinning is driven by the motive to consolidate power base in political mobilization. Similarly, in international politics, an emerging power might have some followers so that its international legitimacy and influence could be consolidated. In order to perform successfully, any leadership in global governance must be accepted by some followers, and that the leaders must credibly include interests and/or ideas of potential followers into the leadership project.” Sharing similar identity is a contributing factor to build a relationship among different countries. To consolidate its relationship with the developing countries, China has traditionally emphasized its identity as a developing country. China is traditionally viewed as a leading power among developing countries, and the political support from the developing countries has been an important foreign policy asset for the People’s Republic of China (PRC).

In the following section, I will use China’s responses during the global financial crisis to illustrate the various mechanisms of signaling lower status. The crucial question is: why does a rising China increasingly emphasize its identity as a fragile and developing power? 

---

country? The three hypothesized mechanisms are independent mechanisms, each of which can explain China’s lower status signaling behaviors on its own way. While we apply different mechanisms to explain the same outcome, this is not necessarily a problem. First, because of equifinality, many social facts can be explained through different causal paths, that is, many alternative causal paths can lead to the same outcome; second, the primary purpose of the study is to investigate mechanisms within case, not investigate causal effects across different cases. In addition, the case could also be used to illustrate the status signaling with inconsistent international expectations. Crucial case is used to help define a concept or exemplify a theoretical argument.

China and Global Financial Crisis: An Overview

The global financial crisis in 2008 posed both challenges and opportunities for China. In many aspects, China seemed to have a “good crisis.” Even though the global crisis had a negative impact on Chinese exports and employment, the Chinese government responded with a range of policy responses that helped maintain high rates of growth. On November 9, 2008, China announced a fiscal stimulus of RMB 4 trillion ($586 billion), and the Chinese government began to take many measures to counter the socio-

438 Gerring, "Is there a (Viable) Crucial-Case Method?" pp. 231-253.

165
economic effects of the financial crisis.\textsuperscript{441} As the world sought for solutions to the global crisis, China became a central actor in global economic governance.\textsuperscript{442}

The global financial crisis has boosted China’s ideational confidence about China’s political economic model. Admittedly there are still debates on whether China should further reform its political and economic system. However, there is no doubt that the “China model” has gained its momentum. “It is a popular notion among Chinese political elites, including some national leaders, that China’s development model provides an alternative to Western democracy and experiences for other developing countries to learn from, while many developing countries that have introduced Western values and political systems are experiencing disorder and chaos.”\textsuperscript{443} Many in the developing world are looking at the “China model” (or the “Beijing Consensus”) as a potential alternative to the Washington Consensus.\textsuperscript{444} The Chinese model has empowered China to better resist the negative effects of international financial crisis. To be sure, the Chinese model is still confronted with many challenges such as serious environment pollution and rampant corruption. Yet, the Chinese model demonstrated its strength in the global financial crisis.

\textsuperscript{442} Breslin, "China and the Crisis: Global Power, Domestic Caution and Local Initiative,"
Before we discuss China’s shirking behaviors in international affairs, we will briefly discuss why and how China is taking the global financial crisis to strengthen its power and status international politics. According to Wu Xinbo, a Professor at Fudan University in Shanghai, the global financial crisis provided a great opportunity to expand Chinese influence in international affairs.446 China has taken several steps to increase its power and status after the global financial crisis.

First, governor of China’s Central Bank, Zhou Xiaochuan, called for the creation of a new currency to eventually replace the dollar as the world’s reserve currency. Zhou proposed to expand the use of Special Drawing Rights and to move from the dollar reserve system to a global reserve system. Beijing is particularly worried that its huge dollar-denominated foreign exchange reserves—the largest in the world, valued at nearly $2 trillion—could lose significant value in coming years. Zhou’s proposal, though impractical, signaled Chinese dissatisfaction with the existing international monetary order and served as a trial balloon to elicit responses from like-minded emerging powers such as Brazil and Russia.

Second, China takes the opportunities to increase its voices and representation in global economic governance. China, as the world’s second largest economy and the largest foreign reserve holder, ascended to center stage in global governance. Western media and politicians were even discussing if China could save the world economy during the financial crisis. The idea of a G-2 reflected recognition of China’s enhanced profile on the world stage. In April 2010, World Bank member countries reached an

446 Ibid.
agreement to shift more power to emerging nations, under which China's votes increased to 4.42 percent from 2.77 percent, making it the third largest voting power in the World Bank. The International Monetary Fund (IMF) is also expected to raise China’s representation and will make China’s third largest quota-holder. Thus, in terms of international status, the financial crisis turned China from a peripheral member into a key player in global economic governance. Within East Asia, the Chiang Mai Initiative is a regional reserve (an insurance pool of liquidity) that supplements the lending facilities of the International Monetary Fund, strengthening the region’s capacity to safeguard against increased risks and challenges in the global economy. That said, while China might be dissatisfied with the existing global order, China does not attempt to overthrow the current order because China’s growth has benefited from the existing order. China might be a dissatisfied power, but it will express its dissatisfaction gradually.

Finally, while there are still many obstacles for the RMB to become a major international reserve currency, the global financial crisis has turned out to be a starting point to increase the RMB’s international status. The crisis caused Beijing to think seriously about the internationalization of the RMB. Although the dollar’s status will remain uncontested in the near future, China is taking steps to lay the groundwork for a


The global financial crisis revealed the volatility of the U.S. dollar, and China is taking measures to internationalize RMB. Although the RMB is not yet freely convertible, some of China’s trading partners saw the benefits of increasing the holding of the RMB. China has signed bilateral currency swap agreements with increasing number of nations, and more countries also moved to take the RMB as one of its reserve currencies. In early 2009, the State Council (cabinet) of the Chinese government proposed the goal that Shanghai should develop itself into an international financial center by 2020, matching China’s international influence and the RMB’s international status.

In addition, during and after the global financial crisis, China seemed to become more assertive in various political and security issues, and China’s “assertive behavior” is partially due to the perception and misperception about the rise of China and the decline of the United States. \footnote{Nye, “American and Chinese Power After the Financial Crisis,” pp. 143-153.} “The United States is seen in China generally as a declining power over the long run. America’s financial disorder, alarming deficit and unemployment rate, slow economic recovery, and domestic political polarization are viewed as but a few indications that the United States is headed for decline.” \footnote{Lieberthal and Wang, \textit{Addressing U.S.-China Strategic Distrust}, p9.} Thus, between early 2009 and 2010, China committed a series of diplomatic blunders that
elicited strong reactions from the international community. In contrast to three decades of a successful reassurance strategy, within two years since 2009 China’s relations with many Asian country and advanced industrial nations had deteriorated. While China’s “assertive behaviors” are not surprising given China's power and influence is increasing during the financial crisis, the other side of Chinese foreign policy behaviors is under-studied: Why and how does a rapidly rising China signal a lower status? If a rising power should be largely viewed as a “prestige-maximizer,” why would a rising power sometimes downplay its status by highlighting its weakness and backwardness?

For instance, the Chinese leaders rejected the idea of G-2 and refused to take leadership in global affairs. Addressing the global financial problem would require considerable sacrifices of sovereignty. It seems unlikely that China will be willing to contemplate such a sacrifice. China frequently denied taking a leadership role. In addition, in various circumstances, the Chinese leaders often emphasizes that China is still a “developing country.”

In the following sections, I will analyze China’s status signaling from three perspectives. Signaling lower status can serve three purposes: reassurance toward the established powers, shirking from taking greater responsibilities, and consolidating political support from the lower-status group. As discussed previously, while it is not surprising to know China has these motives to signal lower status, it will still be

---

appealing to investigate the mechanisms and processes of how these motives are shaping China’s foreign policy and grand strategy.

**Signaling Lower Status for Reassurance**

It is crucial for a rising power to reassure the established powers of its peaceful and non-threatening intentions if a peaceful change should occur. Thus, it makes strategic sense for a rising power to keep a lower profile so that it can mitigate the security pressure from the established powers. Power transitions theory often predicts that war is more likely when a rising power is catching up with the hegemon and the rising power is unsatisfied with the status quo.\(^{456}\) In reality, the declining hegemon is more likely to attack a rising power to prevent its further rise.\(^{457}\) Or at least it is the declining hegemon that is more likely to initiate conflicts in a period of power transition, and a rising power is more likely to avoid such a conflict. Thus, China's lower status signaling is not necessarily unique. All rising powers have some strategic incentives to signal a lower status.

While China's lower status signaling is not necessarily unique, China's strategic behaviors are related to its strategic thinking and grand strategic legacy. From a grand strategic perspective, China’s approach of signaling a lower status is related to the legacy of Deng Xiaoping's teaching of *tao guang yang hui* (generally means “low profile” approach).\(^ {458}\) Deng proposed such a low profile approach to international affairs in a particular time when China was sanctioned by the West after the 1989 political repercussion. According to Ma Zhengang, president of the China Institute of International

---


Studies (CIIS), Deng Xiaoping formed a judgment that international conflict could be avoided for a considerable period into the next century and that peaceful development with a low profile approach should be regarded as a long-term strategy rather than expediency. \(^{459}\) Wang Yusheng, another senior policy analyst at the CIIS commented that China should not seek a leadership role internationally, and China should continue to main a low profile approach in diplomacy. \(^{460}\)

Deng's strategic thinking about China's international posture has a lasting impact on China's diplomacy. Two decades after the end of the Cold War, China has emerged from a marginalized actor to an emerging superpower on the world stage. \(^{461}\) However, the dominant and official idea is still the approach of keeping a low profile. Among the Chinese prominent political elites, such as Tang Jiaxuan, former foreign minister, and General Xiong Guangkai, former deputy chief of staff of the People's Liberation Army all supported this idea. \(^{462}\) The group also includes some prominent intellectuals such as Wang Jisi, Dean of Peking University School of International Studies and member of the advisory board of China' Military of Foreign Affairs, Qin Yaqing, vice-President of China's Foreign Affairs University.

For reassurance purpose, signaling a lower status is related to China’s policy of attempting to divert fears among other countries about its growing power. China has

---


\(^{460}\) Ibid, p.32.

\(^{461}\) Deng, *China's Struggle for Status: The Realignment of International Relation*.

repeatedly reassured the established powers and the regional neighbors that its future posture will be peaceful and non-threatening. The Chinese leaders are so eager to reassure the world about China’s non-threatening intentions that they even change the slogan of “peaceful rise” (heping jueqi) to “peaceful development (heping fazhan).” \(^{463}\) While the change from “peaceful rise” to “peaceful development” is the change of terminology, the change further emphasizes the reassurance message of the Chinese leaders about China's intentions and strategy. In other words, while the fundamental message of the two concepts is essentially the same, “peaceful rise” has a more competitive tune because the notion of “rise” indicates a relatively enhancement of China's status and possible “decline” of other countries’ status. Thus, Chinese leaders preferred to use the term of “peaceful development” instead of “peaceful rise.” \(^{464}\)

How do the Chinese leaders reassure the world through signaling a lower status?

In military affairs, the Chinese leaders emphasize that China's military modernization is still far behind, and China's military development is many decades behind that of the American military. During his high-profile visit to the United States in 2011, General Chen Bingde, China’s Chief of General Staff, emphasized that China posed no threat to the United States or anyone else. In a speech at the National Defense University in Washington, Chen said, “The world has no need to worry, let alone fear, China’s growth.


\(^{464}\) Ibid.
China never intends to challenge the U.S.” He added that China’s military is decades behind the U.S. military in capabilities.  

In many circumstances, the Chinese leaders emphasize that China is a beneficiary of the existing international order, and will not overthrow the existing order. During Hu Jingtao's visit to the United States in the 2011, he emphasizes the importance of US-China cooperation. To address the question about the role of U.S. dollar in the world, President Hu said, “The current international currency system is the product of the past. As a major reserve currency, the U.S. dollar is used in a considerable amount of global trade in commodities as well as in most of the investment and financial transactions.”

In the foreseeable future, China’s RMB cannot challenge the status of the US dollars, but the RMB’s role is expected to grow in the future.

**Signaling Lower Status for Shirking**

A rising power not only has strategic reasons to signal a lower status for reassurance, it also has a strong incentive to signal a lower status to avoid taking unwanted responsibilities. Chinese political elites argue that since China remains a developing country, keeping a low profile in the coming decades will allow China to concentrate on domestic priorities.

First, China signals a lower status so that it can avoid taking unwanted responsibilities in global governance. The Chinese government wants to emphasize that China is still essentially a poor country with many domestic problems to resolve. Having

---


achieved such a high global profile, China has already generated high expectations of providing global public goods. The high profile with high expectations is not what the Chinese leaders are prepared to handle at this early stage of China’s rise. The Copenhagen climate summit became a forum where different understandings of global responsibility clashed. The Chinese Premier Wen Jiabao's speech at the summit made China's position as a developing country exceptionally clear. Premier Wen emphasized the principle of “common but differentiated responsibilities” on environmental issues, and thus China should be treated as a developing country. Premier Wen said that it is totally unjustified to ask developing countries “to undertake emission reduction targets beyond their due obligations and capabilities in disregard of historical responsibilities, per capita emissions and different levels of development.”

Second, keeping a lower profile would allow the Chinese leaders to focus on domestic priorities. Given the speed and size of its economic miracle, China can be expected to experience growing pains as it transforms from a regional to a global player. It may even be wary of assuming this new global role. Some Chinese officials worry that China is heading to either superpower status or economic and social implosion. China’s potential is enormous, but its domestic challenges are many. For instance, China is a rapidly aging society with demographic trends. The biggest question hanging over China, of course, is its political stability. The bottom line is that China is strong abroad but

fragile at home. Thus, China may be reluctant to take on major international responsibilities with respect to the global economic, climate change, and security crises. Instead, it may choose to focus inward, negotiating favorable international deals, while shouldering less global burdens than other major powers will want it to bear. Some Chinese scholars also emphasize that dealing with China’s domestic challenges is also an important part of China’s international responsibilities.

Thirdly, China signals a lower status as a developing country so that it could continue free ride (or cheap ride) on the American-led international system. In economic affairs, the basic message is that it might be too soon to expect China to play a leading global role – it is the established powers that should continue to take the major global responsibilities. Even though China became the world's second largest economy in 2010, this does not mean that China’s average development level is comparable to the United States and other Western countries. Thus, it is unfair and impractical to expect too much from China. Chinese officials and scholars often emphasize that China is still majorly a developing country. China’s task of reducing poverty is so enormous, and China’s domestic development is beneficial for the rest of the world because Chinese consumption could boost the growth of the world economy in the long term.

Signaling Lower Status for Solidarity

While many politicians might have achieved high social status, they might occasionally emphasize that they share the same background with a lower status group (such as

workers, peasants or “common folks”). This type of political performance is common in modern democracies where populism is often important to consolidate political support. Is the idea of signaling a lower status for solidarity applied in international politics? As long as there is a hierarchy in international politics, a leading power might need followers to consolidate its legitimacy, normative preferences and prestige. In international politics, any leadership might also need followers so that the emerging leading power could have enough political support for legitimacy and prestige. Thus, a rising power such as China can consolidate its political influence by emphasizing its identity as a “developing country.” In this sense, signaling lower status is not a wasteful and meaningless rhetoric but an important solidarity strategy in international politics. South-south unity and cooperation has long constituted a core component of Chinese foreign policy. China has always declared it stands with the South and developing world. China’s South-South policy has been influenced by diverse factors and has been largely shaped by China’s domestic priority. In the global financial crisis, although China’s international status and influence have been enhanced, China still emphasizes its belonging toward the lower status group-------the South or the developing world.

The identity of developing country has always been an important theme in China’s diplomacy. China in the Mao era was determined to export revolution, even to the

---

detriment of its relations with many Third World countries. People’s Republic of China (PRC) regained its seat at the United Nations largely because PRC received many supports from the developing world. During the Cold War, China competed vigorously with the Soviet Union to woo the support from the developing and the Communist countries. In the late 1970s, Beijing started its economic reforms, and China gradually abandoned the image as a radically revolutionary power. China’s identity as a developing world has intensified since the end of the Cold War. China attempted to break through the initial isolation after the Tiananmen, and also looked for an alternative reference group after the collapse of the communist bloc. Furthermore, as China’s economic growth continues, economic interest and natural resources have been a new major driving force behind China’s engagement with the developing world. The closer economic relations have helped China to strengthen its political influence in the developing world as well. Thus, while its relations with the developing world were weakened in the initial stage of the “reform and opening” age, China’s national identity as a developing country remained intact.

China’s national identity has evolved, and it is increasingly a country with conflicted identity. As China becomes the second largest economy and a major player in the world economy, is China still a developing country? The picture is complicated, as the

---

473 Christensen, Worse than a monolith: alliance politics and problems of coercive diplomacy in Asia, chapter 5.
476 Shambaugh, "Coping with a Conflicted China," pp. 7-27.
Sinologist Lowell Dittmer emphasizes, “The truth may be that China, like a young adult, is now more confused about its national identity than it was when it was more radical and less developed. To some extent this confusion has affected images of China among other countries as well." In the opening and reform era, China's economy has developed rapidly, but China has been hesitating to give up its preferred identity as a "developing country." In terms of social and economic ranking, the identity of a “developing country” is a lower status group. The identity of "a developing country" has been a useful solidarity tool to consolidate support from many developing countries. This partially explains why China is unwilling to join in a higher status group such as "Group 8," which is primarily composed of western industrialized countries.

First, by emphasizing China's identity as a developing country, China is trying to strengthen its representation and voices in the global governance structure. China has been asserting its discontent with the current global order, and China has called for a greater say for developing countries towards ultimately parity with the developed world. Membership of the G20 is an important signal of China's crucial status in the creation of any reformed mechanism of global governance. China welcomes the change in quotas at the IMF as a starting point.

Second, signaling a lower status as a developing country could also help China develop its soft power in the developing world. During the global financial crisis, the Chinese political and intellectual elites become more confident about the Chinese model of political economic system. However, there is still no clear definition of the Chinese model, and the debates about the meanings still continue. That said, for the China model to have some followers, China must emphasize its shared identity with the developing countries.

Third, signaling a lower status can help China develop new regional institutions and engage other developing countries. While China might reject to be viewed as a leader of the developing world, it might have enjoyed the default status as a leader of the developing world, and in recent years China has strengthened its efforts to build multilateral forums and institutions within the developing world.

**Implications for Grand Strategy**

Signaling lower status is a highly pragmatic approach in Chinese diplomacy. While it provides the Chinese leadership with some flexibility, this pragmatic diplomacy is increasingly incompatible with China’s long-term strategic goal in several respects. This section will first discuss the advantages of this approach for China’s grand strategy. Then it will discuss the increasingly contradictions and inconsistency of this approach

First of all, this pragmatic approach of signaling lower status through spinning serves China’s foreign policy purpose in several respects. As status competition is a major

---


source of international conflict during power transitions, signaling lower status is an vital part of reassurance strategy. As China is still in its early stage of development, signaling lower status could help avoid taking unwanted international responsibilities and China could focus more on domestic growth. In addition, the developing countries are still China’s primary sources of political support in the international struggle for legitimacy and norms. Despite China’s rapid development, it is still vital to maintain its identity as a developing country. As one senior policy analysis in Shanghai said, “The status as a developing country is primary based on political and strategic calculations. China will never get political support from G 8, but China can often get some political support from G 20 or the developing countries. Thus, China will never give up the identity as a developing country. Economically it will increasingly less appropriate to think China as a developing country. However, China will always maintain the identity as a developing country for various political reasons.”

While China’s pragmatic approach of signaling lower status could serve China’s foreign policy purposes at this moment, such an approach will increasingly bring contradictions into China’s foreign policy. Many Chinese scholars and policy analysts are calling for repositioning and reforms of China’s diplomacy.

First, signaling lower status is inconsistent with many international expectations that China should play a more prominent role in world affairs given China’s increasing economic size. Some international audiences do not recognize China as a “developing

---

481 Interview, Shanghai, September 1, 2010.
482 For instance, Wang, Chuangzhaoxin Jieru: Zhongguo Waiji Xin Wuxiang [Creative Involvement: A New Direction in China's Diplomacy].
country” and there is a perceptional gap between China’s own definition as a developing country and the international recognition of China as a rapidly emerging great power. For instance, American leaders increasingly no longer regard China as a developing country, especially given China’s overall GDP and extraordinary foreign exchange reserves. American leaders look to have China both reinforce global norms regarding such issues as nuclear proliferation and increasingly assume the burdens that major powers must bear to provide various types of public goods in the global and regional systems.\textsuperscript{483}

Second, signaling lower status will be increasingly incompatible with China’s expanding overseas interests. As China’s national interests are expanding, it is increasingly difficult for China to continue shirking its common responsibilities to co-manage the international system. As China grows furthers, it will have an increasing stake in peace and stability of the international system. The instability and problems in the international system will increasingly jeopardize China’s own expanding interests in many parts of the world.

Third, signaling lower status will be increasingly incompatible with China’s changing identity as an emerging great power. China is not just sending status signals as a developing country, it is also sending signals as rapidly emerging power such as the building of aircraft carriers and the hosting of Olympics and Expo. The two types of status signals are inherently contradictory.

\textsuperscript{483} Lieberthal and Wang, \textit{Addressing U.S.-China Strategic Distrust}, p.24.
Conclusion

The status demands of a rising power have often led to conflicts and instability in the international system. However, rising powers do not necessarily always maximize their power and status. After the global financial crisis in 2008, China was put into the center of global economic governance. While China has taken some opportunities to increase its power and influence, it also tries all efforts to signal a lower status, emphasizing it is still a poor and fragile developing country. This chapter has provided a new framework of status signaling through spinning to analyze China’s behaviors.

First of all, spinning is an important mechanism to signal lower status. Rising powers such as China cannot lie about their ranking and status in international society, however, all governments could spin by emphasizing some aspects and deemphasizing other aspects of their status. In the case of China, China is an optical illusion in a sense that it is both a rising great power as well as a relatively poor developing country. China has a room for maneuvering both sides of its ranking and status in the international hierarchy.

Second, a rising power such as China signals a lower status because of three reasons: reassurance, shirking, and solidarity. As rising powers are often viewed as challengers to the dominant status of the existing hegemon, a rising power could reassure the established powers by emphasizing the weakness of its power and status. A rising power might also signal a lower status so that it could avoid taking unwanted international responsibilities. A rising power such as China could also consolidate its
solidarity with developing countries by emphasizing its own identity as a developing country.

Finally, while signaling lower status might serve the foreign policy purposes of China for the time being, such a low profile approach might also generate an incoherent grand strategy. It is increasingly incompatible with expectations from various international audiences. Chinese scholars and policy elites are starting to rethink China’s status and responsibilities in a new era.
Chapter 6: Conclusion

In the history of international politics, the status demands of rising powers have often generated uncertainty and instability in the international order. This is not surprising, as rising powers have many incentives to expand their influence and power in the international system. In the process of power transitions, status competition is regarded as a major obstacle for peaceful international change, and the competition over great power status is a major source of conflict and war. Classical realism, peace studies, and political psychology have identified some patterns of status motives in international politics. However, the status signaling behaviors of rising powers is somewhat more complicated: rising powers do not always maximize their status, and they do not necessarily always reply upon hegemonic war as a means to signal their preferred status in the world. For instance, contemporary China is such a case: it has been sending contradictory status signals to the international community, sometimes acting assertively to signal its preferred great power status and other times voluntarily highlighting its low status as a fragile developing country.

Drawing upon insights from comparative politics, strategic studies, social psychology, and behavioral economics, this dissertation builds a two-level theory of status signaling in international politics and also provides a new explanation of
In contrast to the prevailing view that a rising China has a coherent grand strategy, this project focuses on some under-studied questions: why is a rising China sending contradictory status signals? How are these signals confusing China’s domestic and international audiences? Why does China sometimes implement a seemingly incoherent grand strategy? Why does a rising China sometimes send a lower status signal? These questions have important implications because a pluralist China might pose some new challenges for the international community.

**Major Arguments and Findings**

This project investigated the processes and mechanisms of status signaling in international politics. Instead of explaining the familiar story of status conflicts in great power politics, it has focused on the variations of status signaling and the implications for grand strategy. This project aimed at accomplishing two goals: first, to provide an original two-level theory of status signaling in international politics; second, to provide a new theoretical explanation of the contradictions in China’s grand strategy. The arguments and findings are summarized in the following pages.

First, this project introduces the concept of “status signaling” into international relations literature. Status signaling is widely discussed in various disciplines such as sociology, social psychology, and behavioral economics. At level of the individual person, status signals refer to the behaviors and rituals people use to demonstrate their preferred

---

I am not arguing that status signaling is the only factor that shapes grand strategy; of course grand strategy has different dimensions. What I am arguing is that status signaling is closely related to grand strategy. For the relationship between grand strategy and status signaling, see the introduction chapter.
ranking in a community. As long as states care about their status in international society, the regularity of status signaling can be applied in the international context. Status signaling is different from conventional signaling in IR. The purpose of status signaling is not to demonstrate coercive capability or benign intention; rather, status signaling aims to demonstrate the preferred ranking a state wants to have in international society. Great powers can signal their preferred status through various mechanisms and strategies. While hegemonic war has been regarded as a major mechanism of power transition and international political change, there are multiple mechanisms for rising powers to signal their preferred status in the contemporary world. Through the analysis of three particular cases, this project has illustrated three processes or mechanisms of status signaling in the contemporary world: conspicuous consumption, communal sharing, and strategic spinning.

As a *nouveau riche* might signal her preferred status through conspicuous consumption, a rising great power can also signal its preferred status through various conspicuous projects. However, conspicuous consumption in international politics is different from conventional consumption at the individual level. In international politics, conspicuous consumption as status signaling is a complicated, two-level political process involving multiple audiences. Conspicuous consumption in international politics often has the instrumental purpose of establishing reputation and prestige, and this type of behavior can also lead to status competition among great powers. However, status

---

485 Gilpin, *War and Change in World Politics.*
486 In this sense, my argument is different from some previous studies on status and prestige. My project emphasizes that status signaling through conspicuous consumption is a complicated political process in international politics, and it is not always a wasteful investment for psychological needs. For a different take on conspicuous projects in IR, see Gilady, "Conspicuous Waste in International Relations,"
signaling is not always competitive, and sometimes status signaling is also compatible with community norms. A rising power can signal higher status through “conspicuous giving” of public goods to the international community. Instead of generating conflicts, a political actor’s status signaling may promote cooperation within a community among nations. However, these status signaling behaviors are not necessarily altruistic, because political actors may receive various social rewards and avoid possible social sanctions. As a general regularity, the more a nation has a sense of belonging to a regional community, the more the nation will be willing to demonstrate its preferred status through conspicuous giving to this particular community. In addition, a great power can signal not only higher status, but it may also choose to signal lower status for various reasons. In particular, a rising great power can signal lower status through strategic spinning. The primary reasons for signaling a lower status include reassuring the international community that it is not a threat, positioning itself so it may shirk the responsibilities that a higher-status nation would have, and demonstrating solidarity with other lower-status nations.

The empirical chapters have illustrated the three mechanisms of status signaling, focusing on several “transformative moments” in China’s foreign policy. The case of aircraft carrier building was used to illustrate the mechanism of conspicuous consumption as status signaling, and it is also a crucial case of signaling a higher status with contradictory expectations. The case of China’s responses to the Asian financial crisis

487 Here my argument is similar to Iain Johnston’s “social influence” proposition; see Johnston, Social States: China in International Institutions, 1980-2000, p.88.
488 Ibid.
was used to illustrate the mechanism of communal sharing as status signaling, and it is a crucial case of signaling a higher status with compatible expectations. The case of China’s responses to the global financial crisis was used to illustrate the mechanism of strategic spinning as status signaling, and it is also a crucial case of signaling lower status with incompatible expectations.

Second, the study identifies several reasons why a rising China sends various status signals. Multiple audiences with multiple incentives can help us understand the contradictory status signaling in international politics. National leaders face complicated pressures from both domestic and international audiences, and there are competing incentives to signal high or low international status to different audiences. Depending on various expectations, status signaling will generate different types of grand strategies. When domestic and international expectations are compatible, the status signaling will generate a coherent grand strategy. When domestic and international expectations are incompatible, the status signaling will generate contradictions and incoherence in grand strategy.

As discussed in Chapter 3, China’s aircraft carrier project does not make sense if China only wants to maximize its security. Such a conspicuous project is largely driven by domestic demands for signaling high international status. However, it should not necessarily be viewed as a total wasteful investment. Similar to a young lawyer’s luxury car, China’s aircraft carrier is a conspicuous project with an instrumental purpose. Such a project also faces complicated responses from regional and international audiences. For regional audiences, China’s aircraft carrier project indicates that China might seek a
regional hegemonic status in the long term, but China’s leading authority is not recognized as being legitimate by regional actors. The United States is concerned that China’s naval expansion will challenge American naval primacy in the long term. However, as China’s challenge is not salient in the foreseeable future, the United States also has a strong incentive to encourage China to play a larger role in co-managing maritime security. In this case, status signaling through a conspicuous project has faced incompatible expectations from domestic and international audiences and thus generates an incoherent grand strategy.

As discussed in Chapter 4, China’s response to the Asian financial crisis can be viewed as an example of China’s successful implementation of a coherent grand strategy. China was eager to provide assistance to its Asian neighbors. Similar to conspicuous giving at an individual level, an emerging power can signal its preferred leading status through the provision of public goods in a regional community. The more the great power feels it belongs to the community, the more it will be willing to shoulder greater responsibilities. During this period, the dominant idea in China was that China should try to play a larger role in the region, which would consolidate China’s regional status and also break its relative isolation after Tiananmen and the end of the Cold War. Since such a policy met compatible expectations from domestic and international audiences, this status signaling behavior generated a coherent grand strategy. Since the Asian financial crisis, China has actively participated in regional institutions and provided public goods to its neighbors throughout the region. It implemented a coherent grand strategy of peaceful rise from the late 1990s to 2008.
Chapter 5 provided an analysis of China’s strategic spinning during the global financial crisis. While China has used the global financial crisis to increase its power and influence in many international organizations, it also increasingly signals its preferred status as a developing country. Why should a rapidly rising China signal lower international status in the international hierarchy? As stated above, there are three major incentives for signaling lower status: reassurance, the ability to shirk responsibilities, and solidarity. This project argues that China’s pragmatic spinning of its lower status might satisfy the needs of China’s diplomacy in the short term, but it is increasingly incompatible with the international expectations that China should play a larger role on the world stage.

Thirdly, the study also sheds some new light on China’s foreign policy by providing a novel interpretation of China’s foreign policy motives and grand strategic direction. The existing literature on China often assumes that a rising China will try to maximize its power or status and that China has a clear and calculative long-term strategy to achieve its long-term strategic goals. However, this project argues that contemporary China has no clear answer about its emerging roles largely because of its domestic pluralism and the complex process of domestic-international interactions in the contemporary world. Thus, by providing a novel interpretation of China’s foreign policy behavior, this study has contributed to a better and more nuanced understanding of China’s foreign policy. For instance, status has often been regarded as an important motive of Chinese foreign policy, and most studies investigate how China tries to maximize its preferred status. Instead of assuming China is a status-maximizer, this
project has investigated the variations in China's status signaling behaviors. In particular, it has provided some explanations of why and how China is sending contradictory status signals to the outside world. The interpretation of China as a diverse and pluralist power provides a more nuanced approach to understanding China’s foreign policy behaviors. As discussed elsewhere, the choices for China’s emerging role are still being debated in China. While the existing literature focuses on China’s role either as a supporter or (spoiler), a rising China may also be playing the role of a shirker.

Finally, this project also analyzed the various sources of China’s incoherent grand strategy, and some of the analytical framework herein can be applied to analyze the dilemmas in other cases. Mixed signals are a key feature of contemporary Chinese politics. China's political pluralization may be contributing to this complexity of foreign-policy signaling and could lead to some negative unintended consequences. China is gradually heading in the direction of a more constrained leadership, and it will be increasingly difficult to achieve cooperation with China on some issues.

China’s foreign policy is entering into a transitional period, and the incoherence and contradictions of the state’s grand strategy will be increasingly salient. The analytical framework can be used to analyze more domestic sources of China’s foreign policy. The interaction between domestic and international audiences has generated a major dilemma for China’s leaders in the contemporary era. In many foreign policy issues, it is increasingly difficult for Chinese leadership to reconcile the dilemma of competing expectations from domestic and international audiences. From the late 1990s to 2008,

---

many scholars argued that China had a coherent grand strategy, and most scholars and analysts characterized China’s grand strategy during that period as that of reassurance.\textsuperscript{491} China wanted to reassure the world while focusing on domestic economic growth. However, in recent years, there have been more contradictions and uncertainty in China’s grand strategy. For instance, by building some offensive weapons, China’s peaceful rise strategy has faced serious challenges from within. Additionally, China’s reassurance strategy has been challenged because of the nation’s tense relationships with its Asian neighbors.

\textbf{Theoretical and Policy Implications}

This project challenges the conventional arguments on power transitions. Power transition theory identifies status inconsistency as a crucial issue in world politics. However, this project has studied the variations of status signaling behaviors. In considering the power transition model, the trade-off between status and responsibilities has not been studied in great depth, but this trade-off is a crucial factor in the process of great power emergence and international change. The declining hegemon expects rising powers to assume the role of supporters, while the rising powers attempt to pass off some of their responsibilities and obligations. In addition, in the history of international politics, great power wars have been the major mechanism for dealing with the core issue of international order (the disequilibrium of power and status), but the nuclear age has made power transition by means of a deliberate hegemonic war unthinkable.


193
Additionally, status concerns of great powers do not always lead to conflict and war; there are multiple strategies for great powers to signal their preferred status.\textsuperscript{492}

This study focuses on a new concept of status signaling that could expand the research agenda of status in international politics. First, status signaling behaviors are different from status-seeking behaviors.\textsuperscript{493} Status-seeking behaviors convey an implicit assumption that the status-seeker is unsatisfied with her status, while status signaling behaviors do not come with such an assumption. Second, status signaling may do other things than simply generate conflict; in some situations, such as signaling status through conspicuous giving, it can also generate opportunities for cooperation and peaceful change.

This study contributes to the research agenda of signaling in international politics in several respects. First, the dissertation has conceptualized a new type of signaling in international politics. Unlike conventional signaling models in international politics, status signaling does not truly address these questions and is instead used to demonstrate what kind of standing a state wants to have in a hierarchic international society. In other words, status signaling is a different type of signaling model in international politics: it does not signal a benign intention, nor does it signal a resolve.\textsuperscript{494}

Second, the dissertation provides a framework for analyzing complex processes of signaling in international politics. Status signaling in international politics can be a complex process, as national leaders face multiple audiences, and it is difficult for leaders

\textsuperscript{492} Larson, and Shevchenko, "Status Seekers: Chinese and Russian Responses to U.S. Primacy."
\textsuperscript{493} Sometimes the behaviors of status seeking and status signaling can overlap.
\textsuperscript{494} Status signaling is overlapped with the signaling of intentions because intentions can have multiple meanings. Thus, signaling status can be viewed as a special case of signaling intentions.
or governments to send clear and coherent signals and to target only specific audiences. Whenever diverse groups take part in policymaking, mixed signals are likely. In an increasingly globalized world, political leaders in authoritarian great powers cannot really dictate many policies because of the multiple pressures from domestic and international audiences.

Third, status signaling is different from many conventional signaling models in international politics because of the different roles of domestic audiences. For instance, there is an under-studied relationship between audiences and signaling in international relations. That is, the phenomenon of “self as the targeted audience” is largely ignored in the existing signaling models of international politics. In conventional signaling models, the existence of “domestic audience cost” serves as a mechanism to strengthen a nation’s bargaining credibility at the international level. In these models, the international adversary (or ally) is the primary targeted audience, and the domestic audience is often treated as an intervening variable. However, with some status signaling behaviors, the domestic audience should be viewed as the primary targeted audience. The primary goal of these status signaling behaviors is not to project an image in inter-state interactions; rather, the goal is to satisfy the status needs of domestic audiences for various political purposes.

The study has contributed to the literature of grand strategy. This project argues leaders take both international and domestic politics seriously, and they have often faced domestic and international audiences simultaneously. By combining both international and domestic variables, this project provides a two-level theory of grand strategy in
international politics, which is different from many existing studies of grand strategy. The interaction of domestic and international audiences also provides a new framework to evaluate coherence or incoherence of grand strategy.

In addition to the theoretical implications mentioned above, this study may hold implications for policy. This study clarifies the mechanisms of China's status signaling behaviors and has interpreted the complex signals China is sending to the international community. The study also helps us understand why China sends many inconsistent signals to the international community. China’s foreign policy is in a transition period, and it is increasingly difficult for China to implement a coherent grand strategy in this transition period. While a rising China will increasingly expand its role and influence in the long run, we cannot assume that China will automatically maximize its status all the time. It is more appropriate to evaluate when and why China will expand its power and when and why China will continue maintaining a low profile.

**Future Research Agenda**

The project has focused on contemporary Chinese foreign policy, and there are important limitations, as the current project is a single-country study. However, the theoretical framework is broad, and the research agenda could be extended in several respects.

First, as the dissertation has focused on only China’s foreign policy, it will be fruitful to add cross-country comparison in the future. In a general sense, the theoretical framework of status signaling in international politics could be applied to analyze other great powers. For instance, countries such as India, Russia, and Brazil are currently engaging in various status signaling behaviors. As status is social and cultural, the study
of status signaling behaviors of great powers will reveal some important trends of international political change. The future transformation of world politics will not only be a shifting redistribution of hard power, but also a change of international norms and international culture. Emerging powers such as China, India, Russia, and Brazil will have a seat at international tables, and they will bring with them new rules for the game.\textsuperscript{495}

For international political change, the existing theories in international politics often focus on how emerging powers are socialized into the existing international norms and orders,\textsuperscript{496} and there are few discussions on how these emerging powers will shape the emergence of new norms and new cultures. The other side of the story—how emerging powers might influence the evolution of international norms and international cultures — has been relatively under-theorized, probably because this is a relatively new face of an emerging power’s foreign policy.

Furthermore, the framework of status signaling is different from the notion of “status seeking,” because status signaling can also be applied to analyze the behavioral pattern of the existing hegemon. The existing hegemon will not seek any higher status but to maintain or strengthen its preferred status. Thus, a theory of status signaling may also shed new light on the behaviors and strategies of the existing hegemon, the United States. The current grand strategic debates in U.S. foreign policy are related to the evaluation of U.S. power and status in the international system. If the United States anticipates that it cannot maintain its primacy in the long term, it would be wise to think about strategic


\textsuperscript{496} See, for example, Johnston, \textit{Social States: China in International Institutions, 1980-2000}.
retrenchment now and make adjustments in its grand strategic commitment. If the United States can maintain its primacy, it will be necessary to think about how it can continue maintaining its image as the leading power in the international system. In both cases, it is crucial for the United States to manage its status signals carefully in a period of strategic uncertainty and international political change. In particular, the question of how to manage America’s status signals in a time of financial deficit will be very crucial.

Second, a complete theory of strategic interactions should include both a theory of signaling and a theory of perception or recognition. At this moment, this project has not yet developed a theory of recognition of signals in international politics. This project has analyzed different incentives for sending different status signals, and the next branch of research will be to investigate the other side of the story: how and why particular types of status signals are perceived and recognized by different types of audiences. Thus, while this project focuses on a theory of signaling, the next extension of research is to develop a theory of recognition (or perception) of signals in international politics.

Third, it will be promising to develop a more comprehensive framework of signaling in international politics. As discussed in previous chapters, status signaling is different from conventional signaling in international politics. The purpose of status

---

497 MacDonald and Parent, "Graceful Decline? The Surprising Success of Great Power Retrenchment," pp. 7-44.
signaling is not to signal a benign intention or credible threat, but to signal a preferred ranking in a hierarchic international society. The notion of status signaling challenges the dichotomy between symbolic approach and rational approach in international politics and thus could further promote the dialogue between social constructivism and rationalism. Status signaling is just one example of many possible formats of signaling in social life and international politics. In fact, it would be beneficial to revisit Robert Jervis’s Logic of Image. If we conceptualize signaling as a communicative behavior to project an image, there are many possible formats of signaling that might be under-theorized.

Fourth, in international politics, there are studies focusing on how states deal with victory or defeat, but the specific topic of how states deal with their unsuccessful efforts of status signaling has not been studied well. A systematic examination of failed status signaling might add some new insights in international politics. While the successful launch of space projects and the development of advanced weapons might boost prestige and status for relevant countries, how do these governments deal with failures of their status signaling projects? North Korea’s recent satellite launch might be an illustrative example. More likely, the failure of status signals will add stigmatization.

to the international image of the relevant nation-states and even generate a sense of national shame and inferior status. How do these stigmatized states manage their image and foreign policy accordingly?  

Finally, it is promising to further bridge the gap between area studies, comparative politics, and international relations theories. In recent years, some scholars have argued that we should go beyond the Euro-centric approach in international relations theories. They argue that the existing theories of international politics, such as balance of power, are largely based on the historical and empirical evidence of Western powers in general and European history in particular. Some even argue that the rediscovery of Chinese history in the East Asian order will help create an emerging “Chinese school” of international relations theory.

Bringing the history and practice of East Asia into international relations theories is a valuable effort. From a policy perspective, as rising Asian powers play a larger role in global governance, it is crucial to investigate the practices and preferences of rising Asian powers. Theoretically, the cases in East Asian international relations may not only

---


enrich the existing theories of international relations, but also contribute to the construction of new theories in international relations. First, the historical evidence of East Asian international relations could extend the external validity of many existing international relations theories. For instance, to extend the validity of my theory of status signaling in international relations, I could further examine the historical cases of China’s interactions with other powers in East Asian history. In particular, the asymmetrical power, hierarchy, and status are all important concepts for understanding the historical patterns of East Asian international relations. Second, the cases from Chinese diplomatic history can provide sources and evidence to generate new theories in international relations.

That said, the purpose is not to over-emphasize the uniqueness of Asian regional conditions or the Chinese world order. Instead, it will be useful to think about the healthy dialogue between general theories and specific local knowledge. In conceptualizing the rise of China and international relations theorizing, there are two primary errors. One is totally ignoring the local conditions of the East Asian order and Chinese cultural tradition. Those who operate from this perspective equate a rising China with previous rising powers. Thus, they posit that China will inevitably have expansionist goals and aggressive motives. This type of realist view of China does not take into consideration nuanced regional conditions. As David Shambaugh argues, “It is a

511 Ibid.
classic example of an international relations theorist, who is not well grounded in regional area studies, deductively applying a theory to a situation rather than inductively generating theory from evidence." 512 The second error consists of essentializing Chinese cultural differences and may even take an exceptional view on China’s traditions and behaviors. From this perspective, the peaceful rise of China is inevitable simply because China has a strong strategic culture of peace and harmony. 513 The two perspectives might still be useful and insightful to construct ideal-type theoretical models, but they cannot help build a middle-range theory of international relations that takes into consideration the nuanced reality of the East Asian order.

In this sense, status signaling is a promising research agenda because it could potentially reconcile the tension between general theories and regional expertise. In principle, the theoretical framework of status signaling developed in this project is generalizable across different cultures and political systems; however, the application of that theoretical framework requires the in-depth knowledge that comes with regional expertise. 514 While my theoretical construction has heavily depended on the Chinese

---


514 For a discussion of the relationship between regional expertise and international relations theorizing, see Christensen, Useful Adversaries: Grand Strategy, Domestic Mobilization, and Sino-American Conflict.
cases, I do not essentialize the differences between China and the West. It will be more fruitful to compare the similarities and differences between Chinese foreign policy behaviors and those of other countries. While we should notice the cultural differences, we should also avoid essentializing any cultural differences.\textsuperscript{515} Otherwise, the alternative to the Eurocentric approach will be a Sino-centric approach in international relations theories. Neither approach will be helpful for bridging the gap between the East and the West. The insights from sociology and anthropology might be useful for international relations scholars. When conceptualizing different cultures in the world, sociologist Erving Goffman said, “underneath their differences in culture, people everywhere are the same . . . And if a particular person or group or society seems to have a unique character all its own, it is because its standard set of human-nature elements is pitched and combined in a particular way.”\textsuperscript{516} The challenge for international relations theorizing is to identify the same elements as well as the different combination of these elements across different cases, countries and cultures.

\textsuperscript{515} For instance, Iain Johnston makes an important clarification about his first book Cultural Realism: “Contrary to many readings of the book, it did not make an essentializing argument about a Chinese strategic culture across time. It was emphatically not an argument about an inherent collective personality of the Chinese people. Rather it made an argument about the socialization of Chinese decision makers in particular periods of time into a hard realpolitik strategic culture.” See Johnston, Social States: China in International Institutions, 1980-2000, pp. xviii.

Bibliography


Cai, Kevin G, “The ASEAN-China Free Trade Agreement and East Asian Regional Grouping.” *Contemporary Southeast Asia* 25 (December 2003), pp.287-404


Clark, Ian, "How Hierarchical Can International Society be?" *International Relations*, Vol. 23, No. 3 (2009), pp. 464-480


Dai, Bingguo, “"Stick to the Path of Peaceful Development,” cited from:
http://www.chinaembassy.nl/eng/hldt/t815433.htm


Feng, Huiyun, Chinese Strategic Culture and Foreign Policy Decision-Making: Confucianism, Leadership and War (New York: Routledge, 2007


Kerr, David, “Greater China and East Asian Integration: Regionalism and Rivalry.” *East Asia* 21 (Spring 2004), pp. 75-92


216

__________ "Water Politics and Political Change in China." *Asia Policy* 8 (2009), pp.122-125


__________, Atomic Obsession: Nuclear Alarmism From Hiroshima to Al-Qaeda (New York: Oxford University Press, 2010)


221


Segal, Gerald, "Does China Matter?," *Foreign Affairs*, Vol. 78, No. 5 (1999),


222


224


Sutter, Robert, China's Rise in Asia: Promises and Perils (New York: Rowman &Littlefield, 2005),
Swaine, Michael, *Interpreting China’s Grand strategy: Past, Present, and Future* (Santa Monica, CA : Rand, 2000);


Xinhua News Agency, “Rise of Asia signals greater balance in int'l power structure:

China's vice FM,” cited: http://news.xinhuanet.com/english/china/2012-02/05/c_122656665.htm


Yu, Yongding, “Zhongguo Shenxian Meiyuan Xianjing” [China is deeply trapped by U.S. dollars], *Di Yi Caijin Ribao*, May 31, 2010


