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CAN CHINA IMPROVE ITS STATUS WITHOUT CHALLENGING THE LIBERAL INTERNATIONAL ORDER?

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Abstract

China's great-power status-seeking faces a dilemma. Despite considerable status recognition within the Western-dominated status hierarchy, China still faces institutional constraints on further status advancement. What status-seeking strategies does China adopt to overcome this status dilemma, and how do these strategies affect the Liberal International Order? In fact, China has mainly relied on a creativity strategy since the end of the Cold War. This strategy works on two tracks. First, China continues to engage with Western-dominated status hierarchy. Second, it constructs new status standards within the Global South, with BRICS serving as a key platform. China should manage the intensity of great-power competition and strengthen cooperation between the new institutions it has established and existing ones. At the same time, Western powers should avoid making the existing institutions too closed and treat China as an equal on the world stage.

The status dilemma of China's rise

China's approach to the Liberal International Order (LIO) depends on the extent to which the order's rules and institutions recognize China's status aspirations.[1] In China's view, unfortunately, the LIO is unjust and inequitable in terms of status ranking and the classification of status standards.

On the one hand, the institutional closure of the LIO has produced a widening gap between China's material power and its recognized international ranking.[2] Generally speaking, 'rising' usually implies the synchronous improvement of material capabilities and international status. Yet, in the course of its rapid material rise, China faces a distinctive status dilemma: as long as it does not change its domestic political and economic systems, it is difficult for it to be admitted into the core of Western clubs such as the G7 and the OECD, and it cannot obtain status recognition from high-status states.

On the other hand, the existing binary status standard of the LIO does not align with China's developmental realities and fails to accurately reflect its positioning within the international status order. Consequently, China faces specific status dilemmas in multilateral institutions. For example, under the WTO framework, China confronts the issue of developing-country status. Although it has forgone special and differential treatment, it insists on retaining its developing-country identity. Similarly, in the IMF and the World Bank, China faces the same predicament regarding the 'graduation issue of borrowing countries'.

In recent years, China has increasingly responded to this perceived unfairness at both the discursive and operational levels.

At the discursive level, China has criticized the LIO's unfair status hierarchy. To reshape this hierarchy, China promotes concepts such as "a community with a shared future for mankind" and "a new type of great-power relations." It has also proposed Global Governance Initiatives (GGI) to build a more just and equitable global governance system.[3]

At the operational level, China has markedly accelerated the creation of new international institutions, as evidenced by the successive establishment of the Shanghai Cooperation Organization (SCO), the New Development Bank (NDB), the Asian Infrastructure Investment Bank (AIIB), the International Organization for Mediation (IOMed), and the World Artificial Intelligence Cooperation Organization (WAICO).

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[1] Rohan Mukherjee, "China's Status Anxiety: Beijing Fights to Be Treated as America's Equal on the World Stage," *Foreign Affairs*, May 19, 2023, https://www.foreignaffairs.com/china/united-states-china-status-anxiety
[2] Steven Ward, *Status and the Challenge of Rising Powers* (Cambridge: Cambridge University Press, 2017).
[3] Ministry of Foreign Affairs of the People's Republic of China, "Concept Paper on the Global Governance Initiative", September 1, 2025, https://www.mfa.gov.cn/eng/xw/wjbxw/202509/t20250901_11699912.html

China's status anxiety-driven rhetoric and actions are increasingly viewed as 'challenges' to the LIO. But is this really true? Probably not. For example, China has increased its support for the United Nations. It has become the second-largest contributor to UN assessed contributions. In addition, the Asian Infrastructure Investment Bank (AIIB) was open to G7 countries from the outset. It has an increasing number of co-financed projects with the World Bank.

These actions have created confusion about China's status-seeking intentions. What does China want? What status-seeking strategies does China adopt, and how do these strategies affect the Liberal International Order?

China's status-seeking strategy

Based on social identity theory, Deborah Larson and Alexei Shevchenko (2010) suggest that a rising power can enhance its status in world politics through three status-seeking strategies. Social mobility involves assimilating into the existing elite order and joining higher-status clubs. Social competition refers to directly challenging the dominant powers on established dimensions of power and influence to achieve parity or dominance. Social creativity entails redefining the parameters of prestige—creating alternative venues, norms, or benchmarks to advance status without directly confronting the established hierarchy.

China has increasingly adopted a 'social creativity' strategy since the end of the Cold War. Rather than directly challenging the dominant power on traditional terms, this strategy entails a rising power introducing alternative venues and new parameters of prestige to elevate its status. China's use of the social creativity strategy is one of the most viable peaceful pathways for integrating into the LIO.[4] By actively shaping and redefining regional and global status benchmarks, China has achieved deeper institutional integration and gradual order reform while preserving its distinct 'Chinese characteristics'.

Why has the social creativity strategy become China's primary status-seeking strategy, rather than social mobility or social competition? The answer lies in China's status dilemma, which neither social mobility nor social competition can resolve.

At first, the social mobility strategy could not facilitate China's advancement in status. Established institutional rules have prevented emerging powers from reaching the top tier of the Western-dominated status hierarchy. China has considerable status recognition within the LIO, serving as a permanent member of the UN Security Council, the third-largest shareholder of the World Bank and the International Monetary Fund (IMF), and the largest trading partner of over 160 countries.[5] Yet as the status gap between China and the United States keeps narrowing, the United States is increasingly unlikely to recognize China's status enhancement.[6]

Russia's choice of social mobility strategy and its failed attempt to join the G7 served as an important warning for China. Because the G7's institutions are only partially permeable, Russia remained in a 'second-class citizen' position within it. Although China once considered joining the G8, Russia's precedent made it aware that mobility strategy could not satisfy China's status goals.

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[4] Deborah Welch Larson and Alexei Shevchenko, "Status Seekers: Chinese and Russian Responses to U.S. Primacy," *International Security* 34, no. 4 (2010): 63-95, https://doi.org/10.1162/isec.2010.34.4.63; Deborah Welch Larson, "Will China Be a New Type of Great Power?," *The Chinese Journal of International Politics* 8, no. 4 (2015): 323-348, https://doi.org/10.1093/cjip/pov010

[5] Xinhua Press, "China becomes major trading partner for over 160 countries, regions", July 22, 2026, https://www.gov.cn/lianbo/202607/content_7076325.htm

[6] Robert Gilpin, *War and Change in World Politics* (Cambridge: Cambridge University Press, 1981), https://doi.org/10.1017/CBO9780511664267; Pål Røren, "The Power of Recognition: Rethinking the Instrumentality of Status in World Politics," *International Affairs* 101, no. 3 (2025): 987-1004, https://doi.org/10.1093/ia/iiaf014

A social competition strategy, similarly, has not become China's ultimate choice. This strategy presupposes that China will launch a frontal challenge to the US-led international status quo, yet such confrontation is inconsistent with China's status-seeking objectives.

As a principal beneficiary of the existing international order, China has little incentive to overturn it.[7] Across the international organizations it has established, China has, on the one hand, refrained from codifying its domestic institutions and ideology as universal standards or exporting its own values. The AIIB, for instance, has adhered to the relevant rules of the game during the institutional design process and actively admitted G7 members. On the other hand, China does not cast the West as a putative adversary. For example, the Shanghai Cooperation Organization (SCO) has consistently adhered to a logic of non-alignment and non-confrontation.[8]

Moreover, against the backdrop of intensifying great-power competition, even if China were to surpass the United States in material-capability dimensions, within the Western-led status narrative, it would still be framed as a 'challenger' rather than a 'leader', making it difficult to attain legitimate positioning under the existing status standard.

An aggressive competition strategy would therefore likely fall into the predicament of 'the more one does, the more one errs', sliding into Cold War-style adversarial geopolitics and reinforcing the perception of China as a revisionist power.

Given these constraints, China has adopted a social creativity strategy as a core pathway to pursue a great-power status. Rather than overtaking the United States, China aims to co-exist with the United States at the top of the international status hierarchy—a position in which both countries are likely to remain for the foreseeable future.[9]

Social creativity strategy and China’s BRICS cooperation

China is constructing new status standards grounded in the Global South, with BRICS serving as a key platform. In China's view, BRICS cooperation has the potential to create Global South status standards.[10] By cooperating with other rising powers that share similar status aspirations within the BRICS mechanism, China can push status criteria from a singular Western standard toward pluralization, opening up a new path for emerging market countries to enhance their status.

Social creativity strategy hinges on two conditions: innovativeness and feasibility. Whether China supports a BRICS initiative depends on how well it satisfies both. We test this proposition by comparing China’s responses to two BRICS proposals: India’s initiative to establish the New Development Bank (NDB) and Russia’s proposed BRICS Bridge payment system.

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[7] Matthew D. Stephen, “China and the Limits of Hypothetical Hegemony,” *Security Studies* 33, no. 1 (2024): 152-159, https://doi.org/10.1080/09636412.2023.2259801
[8] Ministry of Foreign Affairs of the People’s Republic of China, “Pooling the Strength of the Shanghai Cooperation Organization to Improve Global Governance (statement by Xi Jinping)”, September 1, 2025, https://www.fmprc.gov.cn/mfa_eng/xw/zyxw/202509/t20250901_11699629.html#:~:text=Over%20the%20past%2024%20years%2C%20the%20SCO%20has,diversity%20of%20civilizations%2C%20and%20pursuit%20of%20common%20development
[9] Michael J. Mazarr et al., The Scope and Nature of the U.S.-China Competition, *RAND Report*, RRA4254-2(2026), https://www.rand.org/t/RRA4254-2
[10] Randall L. Schweller and Xiaoyu Pu, “After Unipolarity: China’s Visions of International Order in an Era of U.S. Decline,” *International Security* 36, no. 1 (2011): 41-72, https://doi.org/10.1162/ISEC_a_00044

India's NDB proposal satisfies both the innovativeness and feasibility conditions of the creativity strategy. It therefore gained China's support. The NDB proposal is innovative because it advocates an equal partnership among emerging market countries based on South–South cooperation. This forges a new status standard distinct from the North–South cooperation-based 'donor–recipient' hierarchy represented by the World Bank and the IMF.[11]

The NDB proposal is also feasible, with CAF (Development Bank of Latin America and the Caribbean, formerly Corporación Andina de Fomento) as a key reference. CAF has long practiced a South–South equal partnership and formed a borrower-led governance structure. It neither imposes conditions on borrowers nor reinforces the 'donor–recipient' hierarchy. As the first South–South multilateral development bank to receive investment-grade ratings from S&P, Moody's, and Fitch, CAF demonstrated the feasibility for the NDB.[12] CAF officials were therefore invited to advise during NDB's preparation stage. As K.V. Kamath, the NDB's first president, put it, "Without CAF, there would be no NDB."[13]

From the perspective of China's status-seeking logic, the NDB does not directly challenge the existing status standard of the LIO. Instead, it pushes status standards toward pluralization and opens a new path for the status enhancement of rising powers. Therefore, the NDB satisfies China's status aspirations.[14]

In contrast, Russia's BRICS Bridge initiative aims to circumvent US-led financial sanctions imposed via SWIFT. It reflects a logic of social competition rather than social creativity.

In terms of innovativeness, Russia's BRICS Bridge proposal focuses not on innovation and breakthrough but on rapidly building an alternative cross-border payment system. This proposal responds to the continuously escalating external sanctions pressure following the outbreak of the Russia–Ukraine war. It seeks to leverage the existing technological base and infrastructure of BRICS members. Its purpose is to address Russia's urgent needs, including liquidity shortages in foreign-trade local currencies and exchange-rate volatility.

In terms of feasibility, Russia's BRICS Bridge proposal lacks strong precedents. The EU's experience shows that building an alternative independent of the SWIFT system has operational shortcomings. In 2019, Germany, France, and the United Kingdom jointly created and capitalized a cross-border payment system called INSTEX. However, INSTEX's implementation progressed slowly. More than a year after its establishment, INSTEX did not complete its first transaction until March 2020.[15] Compared with Russia, the EU should have faced smaller geopolitical resistance when independently building a cross-border payment system. Yet its similar attempt fell short of expectations.

From the perspective of China's status-seeking logic, Russia's BRICS Bridge proposal directly challenges the existing SWIFT-based status standard rather than creating a new one. It does not push status standards toward pluralization or open a new path for status enhancement. Instead, it risks reinforcing geopolitical confrontation and the perception of China as a revisionist power. Consequently, BRICS Bridge does not satisfy China's status aspirations, and therefore China remains cautious.

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[11] Jiejin Zhu, "China and New Multilateral Development Banks," in *Global Governance and Sustainable Development: Perspectives from China & the Global South*, ed. Jin Sun and Hanzhi Yu (Singapore: Palgrave Macmillan, 2025), 451–474, https://doi.org/10.1007/978-981-95-0756-6

[12] Chris Humphrey, *Financing the Future: Multilateral Development Banks in the Changing World Order of the 21st Century* (Oxford: Oxford University Press, 2022).

[13] Alvaro Mendez, "Latin American Agency: The New Development Bank, Uruguay's Accession and Brazilian Influence," *Global Policy* 15, no. 2 (2024): 405-413, https://doi.org/10.1111/1758-5899.13214

[14] Emel Parlar Dal, "Status Competition and Rising Powers in Global Governance: An Introduction," *Contemporary Politics* 25, no. 5 (2019): 499-511, https://doi.org/10.1080/13569775.2019.1627767

[15] Gottfried Leibbrandt and Natasha de Terán, *The Pay Off: How Changing the Way We Pay Changes Everything* (London: Elliott & Thompson, 2021).

Policy recommendations

FOR CHINA

- Manage great-power competition with the United States and handle relations with other Western countries appropriately.
- Continue to pursue status within the Western-dominated international order. Strengthen cooperation and coordination between newly established international institutions and existing ones.
- Enhance comprehensive strategic cooperation with the Global South (non-Western status hierarchy). Maintain innovativeness and feasibility within the non-Western-dominated international order.

FOR THE WEST

- Avoid making the existing international institutions too exclusive. Leave space for China to renegotiate rules and participate in agenda-setting.
- Engage China in rule-making within emerging technological domains, including artificial intelligence, outer space, critical minerals, and cyberspace.
- Recognize that status ranking encompasses diverse issue areas and multiple evaluation criteria.
- Acknowledge China's status advancement in electric vehicles, transportation and energy infrastructure, and other specific fields.

Conclusion

China's rise has been one of the key drivers of change in the international status order since the 21st century. As a rising power experiencing rapid material growth, China is actively positioning itself within the international status hierarchy. Mutual expectations remain ambiguous: the world is uncertain about what kind of China to expect, and China is equally uncertain about what kind of world it seeks.

The current LIO creates status dilemmas for China regarding status ranking and the classification of status standards. This reinforces a sense of unfairness and inequity. Since social mobility and social competition strategies have proven inadequate in alleviating this dilemma, China has gradually pivoted toward a social creativity strategy. This may represent the most viable pathway for China to achieve a peaceful rise.

The critical question, however, is how much space remains for China to sustain a social creativity strategy amid intensifying great-power competition. Put differently, under what conditions might rising powers shift from social creativity to social competition? Such a shift is likely only when two conditions align. Domestically, a major political upheaval would be necessary. This condition does not currently hold. China continues to maintain high-level opening-up, and there is little indication of a fundamental political turn. Internationally, China's relations with the existing international system would need to deteriorate comprehensively. This condition also does not currently hold. US-China competition does not amount to a complete rupture between China and the West. China's relations with the EU and middle powers remain stable.

To preserve room for a social creativity strategy, major powers must manage the intensity of their competition, and the LIO must adapt responsively to shifts in the global power structure.

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