Why China’s Rise Will be Peaceful:  
Hierarchy and stability in the East Asian region

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Will China’s expected emergence as the predominant state in East Asia result in hierarchy or balancing?¹ There are at least three major bodies of literature that would predict that a rising China is destabilizing. Realpolitik pessimists see China’s rise as inherently destabilizing. For example, John Mearsheimer writes that if China threatened to dominate the entire region, “It would be a far more dangerous place than it is now…engagement policies and the like would not dull China’s appetite for power.”² Power transition theorists also see rapidly rising power as a likely cause of conflict. Robert Powell writes that, “A rapidly shifting distribution of power combined with the states’ inability to commit to an agreement can lead to war.”³ Finally, those who focus on

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¹ This paper is a shortened version of David C. Kang, “China Reassures East Asia: Hierarchy and Stability in International Relations,” (m.s., Dartmouth College, 2005).
signaling emphasize that an authoritarian state has more difficulty in making credible statements about its intentions than a democratic state.\textsuperscript{4}

However, China has already been growing rapidly for almost three decades, and there is little evidence that the region is devolving into balancing, nor that China’s rise is causing undue alarm in the region.\textsuperscript{5} Surely, given the anticipatory nature of the pessimistic arguments -- that states prepare for future contingencies today -- China’s growth should already have prompted a reaction from East Asian states. Stability is also not the result of the United States as an offshore balancer that attenuates regional conflicts and balances Chinese power, and which East Asian states welcome.\textsuperscript{6} Only Taiwan -- and perhaps Japan -- clearly rely on a U.S. security umbrella to balance Chinese power. There is a spectrum of relations between the U.S. and China, and while no state is completely allied with China, many states are at least accommodating its rise (Figure 1). States such as Vietnam, Thailand, the Philippines, and even South Korea could be much more focused on aligning with the U.S., but they have chosen not to do so. Indeed, the case of East Asia belies the notion that some states are “too small to balance.” With a potential offshore balancer in the U.S., even small states have a choice about whether or not to balance rising power. If Taiwan, with only 22 million people and close geographic proximity to China, can balance because of a U.S. umbrella, then all the other states in


East Asia could, as well. If my argument is right, the direction of state’s alignments will move towards China and away from the U.S., even though they may remain hesitant to clearly choose one side or the other.

//Figure 1 here//

China’s expected emergence as the most powerful state in East Asia has been accompanied with more stability than pessimists believed because China is increasingly becoming the regional hierarch. On the one hand, China has provided credible information about its capabilities and intentions to its neighbors. On the other hand, East Asian states actually believe China’s claims, and hence do not fear -- and instead seek to benefit from – China’s rise. This shared understanding about China’s preferences and limited aims short-circuits the security dilemma. One need only to imagine the consequences of Japan attempting to undertake such a role to realize how important is this social understanding about China’s position in East Asia. Furthermore, the U.S. may not be the key to stability in East Asia. If the U.S. withdraws significantly from the region, East Asia will not become as dangerous or unstable as the balance of power perspective expects, because other nations will accommodate China's central position in East Asia, rather than balance against it.

The Microfoundations of Hierarchy

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7 I use the term “hierarchy” instead of “hegemony,” because hegemony implies a comprehensive system-level dominance. My argument is focused on a region, and none of the East Asian states are challenging the U.S. for global leadership, nor do any states – including China – want to drive the U.S. out of the region.

8 On different types of rising powers, see Charles Glaser, Political Consequences of Military Strategy: Expanding and Refining the Spiral and Deterrence Models,” World Politics 44 (July 1992).

9 I define “East Asia” as comprising the states roughly from Japan through ASEAN.
A hierarchic system is one that involves a dominant power that does not fold secondary states under its wing in empire, and yet also does not cause other states to balance against it. Although much of the literature emphasizes that a rising power poses potential costs, just as importantly a rising power also offers potential benefits to secondary states. While a rising power may demand concessions or territory from the secondary state, it may also offer benefits from a growing economy and lower defense spending if relations between the two are warm.\textsuperscript{10} Balancing a rising power puts the balancer in a better position to avoid potential costs, if there is conflict. However, balancing will also be more likely to limit the benefits of cooperation with the rising power, and potentially raise costs through added defense expenditures and creating conflict where there may be none to begin with. By contrast, aligning with the rising power puts the smaller state in a more vulnerable position relative to the rising power, but also increases the probability of its enjoying the benefits the rising power can provide.\textsuperscript{11} Thus, a secondary state’s decision will depend in part on the tradeoff between the costs and benefits the rising power potentially provides. Most Asian states see China’s threat as relatively low, but also see the benefits of having warm relations with it as relatively high.

However, while material factors are important elements of hierarchy, shared expectations about state preferences are just as important a factor.\textsuperscript{12} In a system of unequal (or “unbalanced”) power, it is not just security and economic relations, but also


\textsuperscript{12} Robert Powell writes that “Although some structural theories seem to suggest that one can explain at least the outline of state behavior without reference to states’ goals or preferences…in order to specify a game theoretic model, the actor’s preferences and benefits must be defined.” Powell, “Bargaining Theory and International Conflict, p. 17.
the intentions and preferences of both dominant and secondary states that make China’s emergence as the largest regional state stable and not threatening. This coincides with recent formal work on international conflict that has identified asymmetric information as one of the main causal mechanisms that can lead to conflict. Information is asymmetric or incomplete when different actors know or believe more about their own preferences and vital interests than do other states. This can lead to conflict if two sides have different assessments of the other’s willingness to fight over an issue. In the reassurance context, signals must show that the state is moderate and willing to reciprocate cooperation. To the extent that China communicates restraint to its neighbors, and its neighbors believe China, then the system will be stable even in the context of rising power.

**Signaling China’s Intentions**

Viewed in material terms, China’s rise poses both potential costs and potential benefits. The potential costs of China’s rise are fairly obvious. The richer and more powerful that China becomes, the more likely it can bully other states. Furthermore, were China to provoke a war somewhere in East Asia, it would effect the entire region and quite possibly the United States. However, the potential benefits from China’s rise are just as obvious. As both a consumer and a producer, the Chinese market is increasingly seen to hold the future for many companies worldwide, and many countries – including


the U.S. – are attempting to gain access to the Chinese market. In addition, good relations with China also hold the possibility for regional stability and a spillover of increased economic and diplomatic cooperation.

Of all the Asian states, Japan is the most likely to have the capability to challenge China’s regional leadership, and the ultimate direction of Japan-China relations is still evolving. However, it is significant that so far, Japan has not sought regional leadership and appears unlikely to do so in the future. Although Japan and China still have unsettled historical animosities and territorial disputes, Japan-China economic ties have been rapidly increasing and the two countries cooperate on a range of issues. East Asian states believe China because its signals to East Asia about its intentions have become more moderate even as its power has increased. China’s power has risen over the past three decades, yet over that time it has moderated its rhetoric, resolved a number of territorial disputes with its neighbors, and joined (and proposed) a number of international and regional institutions. Most significantly, China has been willing to put in writing that it has no intention of using force in Southeast Asia. East Asian states increasingly see their economic and diplomatic futures tied to China. Thus, states such as Vietnam, the Philippines, and even South Korea are reorienting their foreign policies to adjust to China.

17 In November 2002, China signed the Declaration on the Conduct of Parties in the South China Sea, a memorandum that prohibits the use of force to settle rival claims over the oil-rich Spratly Islands. Declaration on the Conduct of Parties in the South China Sea, signed at the Eighth ASEAN Summit in Phnom Penh, November 2002 (http://www.aseansec.org). For an assessment of the details of the agreement, see Ang Cheng Guan, “The South China Sea Dispute Revisited,” (ms., Nanyang Technological University, 2004).
Why would China reassure other East Asian states? Most importantly, because China’s continued economic growth and domestic stability is predicated on its deep integration with, and openness to, the regional and international economy. This grand strategy is often called “peaceful rise.”  China recognizes that it needs continued economic growth and is dependent on continued open international economic relations. Indeed, the Chinese Communist Party’s main claim to legitimacy is its economic record. Furthermore, China realizes explicitly that it would gain very little from starting conflicts with its neighbors, but has much to gain from warmer ties. Even when China has become the undisputed dominant Asian power, it is unlikely that China could gain anything from provoking military conflicts with its neighbors. In this context, states in East Asia tend to find credible China’s reassurance signals that it intends to be a responsible leader.

Conclusion

Although material factors are an important aspect to predicting whether or not China’s rise will be destabilizing, I have focused on the often overlooked factor of information and assessments about preferences. Focusing on how China signals its intentions to its neighbors leads to the conclusion that East Asia will adjust to China’s rise, rather than balance against it.

In addition to the main prediction about East Asian stability, if China is ascending the hierarchy in East Asia, then two corollary predictions follow about the future. First, the U.S. may not be the key to stability in East Asia. If the U.S. withdraws significantly from the region, East Asia will not become as dangerous or unstable as the balance of power perspective expects, because other nations will accommodate China's central position in East Asia, rather than balance against it. Second, if East Asian nations do not balance China as realists expect, an American attempt to construct a balancing coalition against China using East Asian states will be highly problematic. East Asian states will be extremely reluctant to choose sides, and if forced to choose, many states may not choose the United States.
Figure 1. Current and predicted alignment of between the US and China

(selected East Asian states)