

Between Hard and Soft Balancing: Are We Witnessing the Formation of an Anti-China Coalition
in the Asia-Pacific Region?

by

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Defense Date: March 27, 2024

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Thesis submitted in partial fulfillment of the requirements for the degree of Master of
Arts in the Department of Political Science in The Graduate School of
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ABSTRACT

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Abstract

The thesis investigates the nuanced responses of states in the Asia-Pacific region to the emergence of a powerful China, focusing on theories of balancing in international relations. Scholars have debated whether neighboring nations actively balance against China's growing influence and in what ways they do so. The study addresses gaps in the literature by examining both hard and soft balancing strategies employed by states in response to perceived threats from China. Through a systematic analysis of case studies, it reveals that while hard balancing is pursued in response to direct security threats, states often resort to soft balancing to counter China's influence when the threat level is manageable. The research contributes fresh insights into the conditions and strategies used by states when responding to China's rise, shedding light on the complexities of regional dynamics.

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1. Introduction

Theories of balancing in international relations explain how and when a country opts to balance against one or more other countries (Levy 2004). The implications of a rising China on the global stage and the responses of countries in the Asia-Pacific region have been a center of debate for scholars of international relations for over two decades. There is considerable interest in whether nations in this region are actively working to balance China's growing capacity and influence, and in what ways they are balancing China when navigating their relationships. These inquiries have gained particular significance in recent years, as China, under the leadership of President Xi Jinping, has exhibited a more assertive stance in its international engagements and has shown ambitions to reshape the prevailing world order (Swaine 2010, Johnston 2013, Morton 2020, Zhao 2023). Scholars observe a departure from China's earlier strategy of maintaining a low profile since the 1990s. Instead, there is a discernible shift towards seeking greater status and influence, evident in China's proactive and resolute defense of its positions on the global stage (Chen and Wang 2011, Yan, 2014, Zhao 2020). This evolution is interpreted by many as indicative of China's challenge to the established international order (Chen, Pu, and Johnston 2014, Weiss and Wallace 2021).

The debate on whether countries in the Asia-Pacific region are balancing against China traces back to the early 2000s, a period marked by the nascent stages of China's economic development, as China joined the World Trade Organization (WTO). Through the lens of power aggregation, many scholars argue that as China continues to develop its economy and modernize its military capacities, its neighboring countries will inevitably adopt measures to balance its growing influence (Posen 2013; Yahri-Milo, Lanoszka, and Cooper 2016; Doshi 2021). Mearsheimer (2005) even went further by arguing that China's rise is doomed to challenge the

existing order and would be far from peaceful, potentially leading to conflict with other major powers. Also, there is a viewpoint held by some scholars suggesting that nations within the region have indeed endeavored to balance China by strengthening military ties with the United States and enhancing their own arms (Ross 2006, Liff and Ikenberry 2014, Lim and Cooper 2015, Beckley 2022).

Other scholars argue against the notion that countries in the Asia-Pacific region will simply engage in balancing against China, asserting that various specific factors must be taken into account. Kang (2003) has particularly challenged the realist framework by suggesting that it may inadequately capture the intricacies of the East Asian landscape. He proposes that, instead of balancing against China, smaller states in the region might be more inclined to align themselves with the emerging power. Kang (2022) also noted, upon closer examination of economic and military dimensions, that there appears to be no consistent trend indicating the formation of a coalition to balance against China. Additionally, Ma and Kang (2023) have contended that granular scrutiny of the foreign policies of Vietnam does not reveal a clear adoption of a balancing strategy, but rather a mixed posture when engaging Chinese influence. Moreover, a body of literature explores the concept of the hedging strategy, which represents a middle-ground approach between clear balancing and bandwagoning. Some scholars argue that second-tier states neighboring China, especially the Southeast Asian states in the region are reluctant to outrightly balance China due to their significant economic ties, opting instead for hedging strategies to mitigate risks (Goh 2005, Liff 2016, Ciorciari and Haacke 2019, Haacke 2019). However, it appears that the concept of hedging in literature serves more of a broad framework for a strategic approach, encompassing the utilization of specific strategies including both hard and soft balancing strategies by states. Thus, a state identified as employing hedging as a set of strategies

may concurrently engage in balancing strategies without definitively aligning with any particular faction or position.

While the existing literature provides valuable insights into how states in the region respond to China's emergence as a great power, the question remains largely unanswered in a systematic manner, and consequently, some important aspects are yet to be explored. First, despite extensive literature examining the potential formation of a coalition in the Asia-Pacific region targetting China, a consistent explanation regarding the conditions prompting such behavior and the specific strategies employed by states to balance against China. Second, many of the cited studies concentrate solely on hard balancing, which emphasizes the strategic aspects of power aggregation, while few explore soft balancing strategies. Additionally, current literature on balancing China pays less attention to how China's rise is perceived. As China signals its capacities and aspirations, neighboring states may perceive varying levels of threat. These nuanced dynamics necessitate comprehensive and nuanced analyses to fully grasp the complexities at play.

Building upon previous studies, this thesis aims to provide fresh insights into the conditions and balancing strategies employed by states when responding to perceived threats. Upon analysis, it becomes apparent that there is little evidence indicating a consistent trend toward hard balancing against China. Instead, states appear to resort to hard balancing options only when they perceive sustained material and security threats emanating from China. However, through detailed case studies, this thesis identifies consistent instances of soft balancing against China, wherein states in the region endeavor to counter China's endeavors aimed at challenging the regional and international order.

This thesis is structured as follows: First, I provide a brief overview of China's rise, its foreign policy objectives, and how it signals its ambitions on the global stage. Next, I review the

existing scholarship in international relations regarding theories of balancing, encompassing both hard and soft balancing strategies. I also examine the specific context of China's rise, exploring when states opt for hard or soft balancing strategies in response to China. I argue, that when China poses a direct security threat to a state, the state will utilize hard balancing strategies against China; but when the threat level is manageable, states tend to pursue soft balancing to counter China's influence. Following the theoretical discussions, I examine general trends in balancing China's capacity in the Asia-Pacific region and assess the extent to which consistent patterns are emerging. I also identify indicators of balancing behaviors, including both hard and soft balancing approaches. Then, I utilize the foreign policies of three Asia-Pacific countries (Japan, the Philippines, and Vietnam) as case studies to analyze the formation of a coalition to balance China. Finally, I conclude the thesis by revisiting the theoretical expectations, reflecting on recent developments, and offering insights into future directions for research.

2. China's Rise and Its Foreign Policy

From a perspective of power transition, the incentives for balancing associated with China's rise stem from the presumption that an emerging power is inclined to challenge the existing order, driven by the shift of relative capabilities (Shiffrinson 2020). Against this backdrop, China's increasingly assertive foreign policy stance and its adoption of a so-called "Wolf Warrior" style of diplomacy have led to the perception of China's foreign policy as highly confrontational. Shirk (2022) characterizes China's current, apparently overly aggressive foreign policy stance as a process of overreach, that may bring unfavorable consequences, including the undermining of China's image as a peaceful rising power. This development is believed to be influenced by a multitude of domestic and international factors, particularly the influence of strongman leadership (Miura 2023). Indeed, China's escalating assertiveness is often demonstrated through both its actions and rhetoric, such as its utilization of gray-zone coercion in the South China Sea dispute (Zhang 2019) and its advocacy for the establishment of a more equitable and just international order in its statements at the Ministry of Foreign Affairs (e.g. Chinese MFA 2024).

This trend has become particularly pronounced in the era of Xi Jinping's leadership, where the role of history and nationalism has gained heightened prominence. While his predecessors relied heavily on strong economic development to bolster state legitimacy (Fravel 2008, Dickson 2016), Xi Jinping regards nationalist legitimacy as paramount for his governance (Pei 2020). Central to this concept is the linking of the legitimacy of China's governance to the Communist Party's historical narrative of overcoming the "century of humiliation" inflicted by foreign invasions, primarily by Western powers during modern history (Wang, 2012). Xi Jinping's foreign policy agenda emphasizes not only an expanded role for China in global affairs but also the pursuit of great national rejuvenation, entailing the restoration of China's once

prominent international status (Yan, 2014). Essentially, the Party portrays contemporary China as a nation that refuses to be subjected to humiliation by foreign powers any longer. This assertive stance enjoys considerable domestic support, as its alignment with nationalist sentiments renders it difficult for other elites to oppose (Zeng 2020, Shirk 2022). Such discourse permeates the diplomatic rhetoric of the Xi era. For instance, in response to external criticism of China's handling of the Covid-19 pandemic, Chinese Foreign Minister Wang Yi asserted that it is impossible to blackmail China today, highlighting that China is no longer the country that was bullied a century ago (Chinese MFA 2020).

Despite its increasingly overreaching posture, China's vision of its role in world politics may be more nuanced than the simplistic dichotomy often presented: it is neither solely a revisionist state seeking to disrupt the current international order, as some suggest, nor solely a peaceful and benign power, as asserted by the Chinese state. As highlighted by Schweller and Pu (2011), China participates in an international order that has facilitated its development but also imposes constraints on its further ambitions. Consequently, as perhaps the biggest beneficiary, China has limited incentive to either completely overthrow or significantly strengthen this order. This complexity often places China in a conflicted position in global affairs (Shambaugh 2011), driven by its aspirations to revise certain aspects of the order while simultaneously establishing itself as a legitimate normative power (Morton 2020).

Johnston (2019) has identified China's mixed stance towards the international order, noting its lower level of support for certain norms such as political and civil liberties and intrusive responsibility to protect, juxtaposed with its backing of key institutions like the United Nations (UN), UN Security Council, and non-proliferation treaty. As China actively engages in various global governance platforms, it is argued that its support for international norms is particularly pronounced when the issues at hand also hold significance domestically (Weiss and Wallace

2021). This nuanced approach reflects China's reluctance to compromise its domestic objectives in support of the international order, while also avoiding the perception of being a revisionist force within the existing system, thus positioning itself to shape the order over the long term. These endeavors show China's pursuit of establishing itself as an internationally recognized major power rather than a disruptive challenger. Consequently, China's actions and statements often needed to be carefully calibrated to ensure acceptance and comprehension. Moreover, China demonstrates a willingness to engage more actively in various domains, including counter-terrorism, counter-narcotics, and climate change cooperation (Lian and Li 2024), with the aim of projecting itself as a positive force on the global stage. However, this proactive foreign policy stance can prove costly for China, as its perceived assertiveness may undermine its efforts to obtain international legitimacy.

3. Theories of Balancing in International Relations

The notion of an anti-China alliance in the Asia-Pacific region, aimed at balancing China's influence, is primarily rooted in the realist tradition of international relations theory. Structural realists, in particular, prioritize capabilities over intentions, asserting that states perceive the growth in material capabilities of rising powers as a potential threat that must be addressed individually or as a coalition (Waltz, 1979). While various strands of the realist family exist, they generally converge on the argument that states will seek to balance against the power of dominant actors, either through internal balancing (arming themselves) or external balancing (forming alliances). The balance of power theory, a central tenet of realist international relations theory, elucidates how states navigate an anarchic international system without a higher authority to ensure their security. However, theories of balance have transcended the confines of realist IR theory. Some scholars cited previously emphasize the significance of relative power dynamics in explaining why they anticipate the potential containment of China. For instance, Liff and Ikenberry (2014) argue that the security situation in the Asia-Pacific region is likely to deteriorate in the short term due to the impact of the security dilemma.

Balancing behavior, as traditionally understood through Waltz's lens of relative power, may not comprehensively explain most phenomena observed in international relations. Indeed, historical evidence suggests that instances of nations uniting against the most powerful state, as Waltzian realism would predict, are relatively few. In response to this, Stephen Walt (1985, 1987) proposed the balance of threat theory in his exploration of the origins of alliance formation. According to this theory, countries tend to balance against states they perceive as the most threatening, not necessarily the ones with the most material power. This framework proves invaluable in understanding dynamics in the Asia-Pacific region, particularly in relation to China. The identification of threats is influenced by a multitude of real-world factors. Consequently,

countries with territorial disputes with China or a history of adversarial relations with the state, as well as those ideologically at odds with China, are more inclined to view China as a security threat. As a result, they may collaborate with the United States, the established power in the region, to balance China's rising influence. The balance of threat theory offers a nuanced perspective that considers not just relative power, but also perceptions of threat and danger, in shaping alliance behavior and strategic alignments.

From the perspective of threat perception, some countries may pose a greater threat than others. Levy and Thompson (2010) argue a distinction between balancing on land and balancing at sea. They argue that maritime states, which rely on trade for development and influence, are less inclined to engage in territorial conquests through force. In contrast, continental states, as they grow stronger, may resort to territorial expansion to sustain their growth, which may potentially pose a greater level of threats to their neighbors. Furthermore, the intents of states are deemed as crucial as their capabilities in shaping threat perceptions. The security dilemma, a central concept in realism, arises from the inherent uncertainty surrounding the intentions of each other in an anarchical system (Glaser 1997). Distinguishing whether a state's intentions are merely geared towards ensuring its own security without seeking further expansion can mitigate the danger of a security dilemma. For Glaser, it is suggested that state intentions can vary, with security-seeking states opting for cooperation, while more expansionist (greedy) states continue to engage in competition. Thus, the choice of balancing strategy, even within an anarchic system where uncertainty is entrenched, can be influenced by the available information and understanding of the intentions of other states. States may opt for cooperation or competition based on their assessments of the intentions of potential adversaries, thereby shaping their strategic choices in the international arena.

Following the end of the Cold War, scholars observed a deviation from the traditional balance of power theory. Despite the United States possessing overwhelming material capabilities, other countries did not overtly engage in forging military alliances or bolstering their military capacities to balance against the US. This anomaly marked the emergence of the so-called unipolar moment for the United States. Consequently, some scholars have argued that, in contrast to traditional hard balancing, which typically involves military measures, smaller powers may respond to perceived threats through a concept termed soft balancing. In the paradigm of soft balancing, even allies of the United States may utilize international mechanisms or diplomatic channels to increase the costs or undermine the legitimacy of US international actions (Paul 2005, Pape 2005). According to Paul, soft balancing, just like traditional hard balancing or limited hard balancing, is essentially a coercive strategy aimed at altering the cost-benefit calculations of the target country.

Paul (2018) further developed the concept of soft balancing, asserting that it is not a post-Cold War phenomenon but rooted deeply in world politics, observable throughout history, dating back to events such as the Napoleonic Wars and the Concert of Europe. He suggested that soft balancing emerges due to several factors, including the expansion of globalization, technological advancements in warfare reducing the likelihood of direct conquest, respect for norms of territorial integrity, and the absence of expansionist ideologies. Under such conditions, countries tend to resort to soft balancing, sometimes accompanied by limited hard balancing, to achieve their objectives. Paul categorized the objectives of soft balancing into four overlapping areas: preventing the target state from deriving benefits from specific actions; increasing the cost of the target state's actions; challenging the legitimacy of the target state's actions in the eyes of third parties; and signaling that non-compliance by the targeted state will trigger a hard balancing

response. These objectives are pursued through four main means: institutions, limited alignments, economic sanctions, and legitimacy denial.

Importantly, Paul delineated the conditions under which soft balancing is more likely to be embraced. He posited that when a country confronts a direct existential threat from a major power, it is inclined to resort to hard balancing to safeguard its own defense. However, in situations where the perceived level of threats is relatively moderate, and the threat is deemed negotiable and amenable to persuasion, the country is more likely to opt for lower-cost soft balancing or limited hard balancing. Once again, the perceived level of threat and the assessment of intentions play pivotal roles in determining the selection of different types of balancing strategies.

4. Strategies for Balancing and Theoretical Expectations

To what extent do different countries adopt varying strategies to confront the perceived threats? Soft balancing, though notably recognized post-Cold War, has been a strategic recourse for nations for quite some time. The 1930s exemplify this phenomenon, notably through the case of Japan, whose rising and increasingly aggressive behaviors underscored the dynamics of different balancing options. Paul (2018) highlights the pivotal event: the Mukden Incident in September 1931, where Japan's incursion into Chinese territory violated the 1905 Portsmouth Treaty. Despite this breach, European powers, preoccupied primarily with the concerns over Germany, perceived Japanese aggression as a secondary concern, choosing not to perceive it as an immediate threat. Consequently, their response to Japan was mainly institutional, wherein they contested the legitimacy of Japan's invasion through the League of Nations and refrained from acknowledging the Japanese-backed Manchukuo regime. According to Paul, the Japanese government endeavored to enhance its international image before the 1930s, thus the European powers would consider soft balancing through the League of Nations as a plausible approach.

Similarly, the United States also prioritized the European threat. Viewing arms control agreements post-World War I as a means to curb Japan's capabilities, the US and its allies predominantly directed their attention towards Europe. Despite publicly denouncing Japan's actions on the Asian continent, especially when American interests were implicated in China, the United States relied heavily on soft balancing tactics in response (Paul 2018). This entailed imposing economic sanctions based on Japan's reliance on American raw materials, despite Japan's significant military buildup surpassing the limits set by arms control treaties (Paul 2018).

Australia, situated in closer proximity to Japan, shared similar threat perceptions with its allies. While Australia had long been concerned regarding the potential of a Japanese attack, it did not accord significant attention to this concern. The prevailing belief was that Japan's focus

would be occupied on the Asian mainland, particularly China, and lacked the capacity and intent to target Australia directly (Grattan 1972). Consequently, Australia predominantly adopted soft balancing strategies to address Japan's aggressions, aligning its policies with those of its allies and seeking to influence its circumstances through British diplomacy.

On the contrary, the Soviet Union's threat perception of Japan evolved following Japan's invasion of Manchuria in 1931. The contentious events surrounding the China Eastern Railway, particularly Japan's pursuit to acquire its operational rights from Russia, contributed significantly to shaping the Soviet perception of Japan as a strong geopolitical threat. This understanding became materialized in negotiations with Japan during incidents concerning the China Eastern Railway, which was under the control of the USSR. This perception is evidenced by reports from the Soviet NKVD (People's Commissariat for Internal Affairs), which suggested Japan's potential intentions to invade the Soviet Union (Lozhkina, Shulatov, and Cherevko 2019).

Following such perceptions, during the early 1930s, substantial military defense initiatives were implemented along the borderline. Static defense lines were established, featuring reinforced concrete bunkers known as *tochika*, while military settlements known as *zemlyanka* were established along the Manchurian border. These settlements, primarily manned by Kazakhs, aimed to bolster border security and achieve agricultural self-sufficiency. Discharged soldiers were often encouraged, sometimes compelled, to remain in Siberia, strategically positioned to exploit Primorie's advantageous position relative to the Japanese mainland. The Soviet military swiftly deployed a considerable number of aircraft to the region in 1932-1933, significantly altering Japanese military planning. By late spring of 1933, the Special Far Eastern Army boasted twelve divisions, with Primorie alone hosting seven divisions and between 350 to 400 aircraft. This buildup left the Japanese Kwantung and Korean Armies outnumbered, particularly in terms of infantry and air forces. (Kovalio 1984) Following several border conflicts until the late 1930s,

the Soviet Red Army emerged victorious over Japan at the Khalkhin Gol River, leading the two nations to sign a non-aggression pact just before the outbreak of war in the Pacific (Lozhkina, Shulatov, and Cherevko 2019). Taken together, it is evident in historical context that, states choose different balancing strategies, as they develop varying level of threat perception.

Distinguishing between hard and soft balancing proves highly interesting and important in the case of balancing China, particularly in today's intricate political and economic milieu. Conducting a comprehensive hard balance against China can be prohibitively costly for many of its neighboring countries due to China's substantial market influence, with China's economic influence even translating into political effects (Kastner 2016). Many surrounding nations rely on economic ties with China, hence they aspire to maintain a cooperative relationship with Beijing. Therefore, discerning when countries in the Asia-Pacific region will resort to hard or soft balancing measures is crucial for understanding shifts in the regional political landscape. As previously discussed, the perceived level of threat plays a pivotal role in determining the chosen strategy. Against this backdrop, the responses of countries in the region to China can be elucidated through two key elements evident in China's foreign policy: its increasingly assertive stance and its quest for international legitimacy. These factors shape the calculus of neighboring nations as they navigate their relationships with China, influencing the adoption of balancing strategies that best serve their interests and security concerns.

China's increasingly assertive foreign policy has strained its relations with neighboring countries, as evidenced by disputes over the Diaoyu/Senkaku Island with Japan, conflicts in the South China Sea involving several Southeast Asian states, and borderline conflict with India (Fravel 2019, 2020). These instances underscore China's ability to evoke a tangible and immediate sense of threat among neighboring nations.

However, the perceived levels of these threats vary considerably, as China selectively employs the use of force. Military coercion is not a frequent tactic employed by China; it is utilized only when Beijing calculates that the benefits outweigh the reputational, economic, and geopolitical costs (Zhang 2019). Consequently, not all countries in the region perceive the security threat posed by China in the same level, and they are likely to harbor different threat perceptions based on their unique geopolitical circumstances and historical relationships with China.

Despite China's assertive foreign policy, it continues to maintain its narrative of portraying itself as a peaceful rising power. Projects such as the Belt and Road Initiative (BRI), aimed at connecting Asia and Europe, are perceived as China's endeavors to cultivate a positive image on the global stage. Scholars argue that the BRI raises questions about development facilitation, as China's economic success has been closely tied to infrastructure development. Through the BRI, China seeks to share its development model with other nations, thereby contributing to its broader efforts to shape global perceptions and enhance its international standing (Brown, 2020). China's official discourse often highlights the BRI's role in providing global public goods. Notably, during the Covid-19 pandemic, China utilized the BRI to supply personal protective equipment and medical supplies to other countries, underscoring its commitment to international cooperation (People's Daily, 2021). These efforts are indicative of China's pursuit of international legitimacy, which resonates with its neighboring countries facing cultural and economic challenges in their interactions with China. Understanding China's intentions becomes imperative in light of these initiatives.

Understanding China's foreign policy preferences is crucial for grasping the approach of balancing its influence. China's aspiration to position itself as a positive force in the international arena suggests that it is amenable to persuasion and cooperation. Soft balancing strategies, which

encompass utilizing international organizations, imposing economic sanctions, and engaging in public criticism, serve to increase the costs associated with China's statement and behavior (Paul, 2018). Consequently, regional countries may view soft balancing or limited hard balancing as viable strategies to respond to China's rise. Therefore, regional states may recognize that China's foreign policy is not solely characterized by aggression; rather, it has the potential for persuasion and negotiation. When China refrains from consistently signaling a direct military threat, regional countries may be inclined to adopt soft balancing or limited hard balancing measures to address China's growing influence and assertiveness effectively.

I anticipate that countries in the region will primarily adopt a strategy of soft balancing to contest China's legitimacy, rather than resorting to hard balancing, unless a state perceives a consistent and direct material threat to its sovereignty. While China's membership in international organizations may suggest a commitment to friendly and peaceful foreign policy, its actual pursuit of changing international perceptions has been fraught with challenges. Positive attempts to improve its image on the global stage can often be undermined by contentious issues such as maritime disputes, human rights violations, and intellectual property rights infringements. This dynamic underscores China's susceptibility to soft balancing strategies, as many of its actions are scrutinized by third parties on the international stage. The use of soft balancing tactics allows regional countries to exert pressure on China and shape its behavior without resorting to direct confrontation or military escalation. As such, soft balancing emerges as a pragmatic approach for regional actors to navigate the complexities of China's evolving role in the international arena while safeguarding their own interests and sovereignty.

5. Trends of Balancing in the Asia-Pacific Region

The most widely utilized criterion for assessing a state's commitment to countering potential threats is the ratio of military expenditure to GDP (Wohlforth 2012, Lanoszka 2015). This method can largely reflect a state's priorities, with fluctuations in fiscal allocations serving as indicators of its perceived need to arm itself against perceived threats. Thus, to detect whether countries in the Asia-Pacific region exhibit a propensity to bolster their military capabilities in response to China's rise, I will examine a thirty-year period spanning from 1992 to 2022. The choice of 1992 as the starting point is meaningful, as it marks the beginning of China implementing the reform and opening up policy comprehensively, which catalyzed its rapid economic growth.

I will categorize the relevant countries in the region into three groups for analysis. Firstly, I will focus on the US treaty allies in the Asia-Pacific region, encompassing Canada, South Korea, Japan, the Philippines, Thailand, Australia, and New Zealand. As these are states most likely to balance against China's rise. Secondly, I will include five Association of Southeast Asian Nations (ASEAN) states: Singapore, Vietnam, Malaysia, Indonesia, and Brunei. These Southeast Asian nations are often viewed as occupying a precarious position between China and the US, with their balancing preferences perceived to be fluctuating and inconsistent over time (Goh, 2005). Thirdly, I will examine member states of the Shanghai Cooperation Organization (SCO), including India, Iran, Kazakhstan, Kyrgyzstan, Pakistan, Russia, Tajikistan, and Uzbekistan. The SCO, a multilateral initiative led by China, is considered a significant strategic asset for China in its strategic competition with the US (Zhao, 2023).

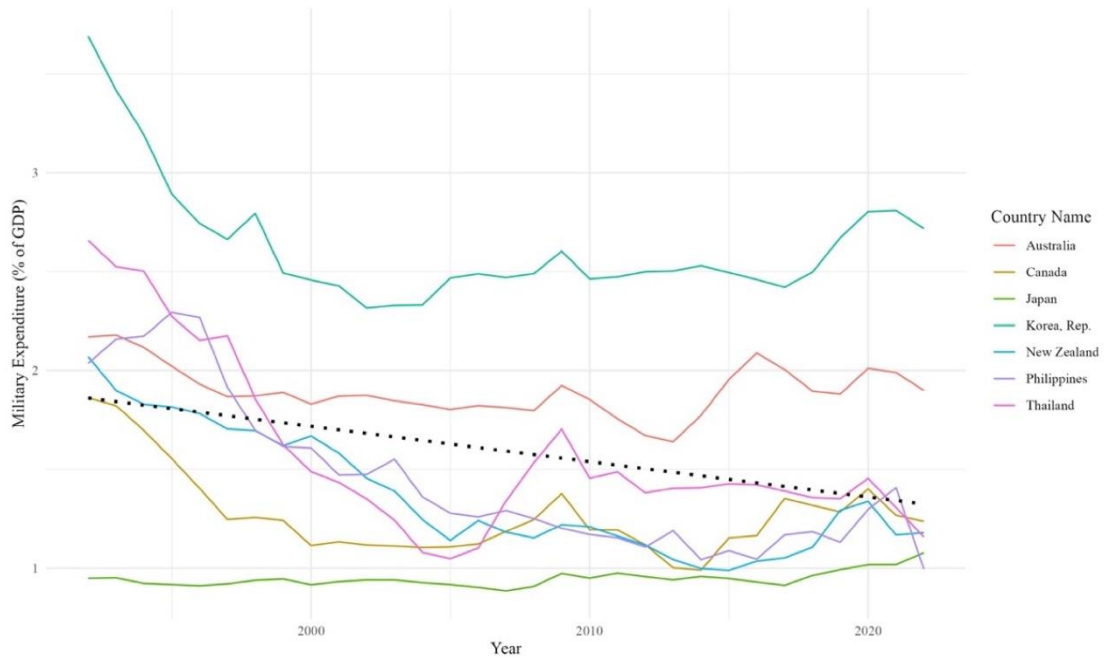


Figure 1: US Allies in Asia-Pacific Military Expenditure as a Share of GDP, 1990–2021 (World Bank 2024)

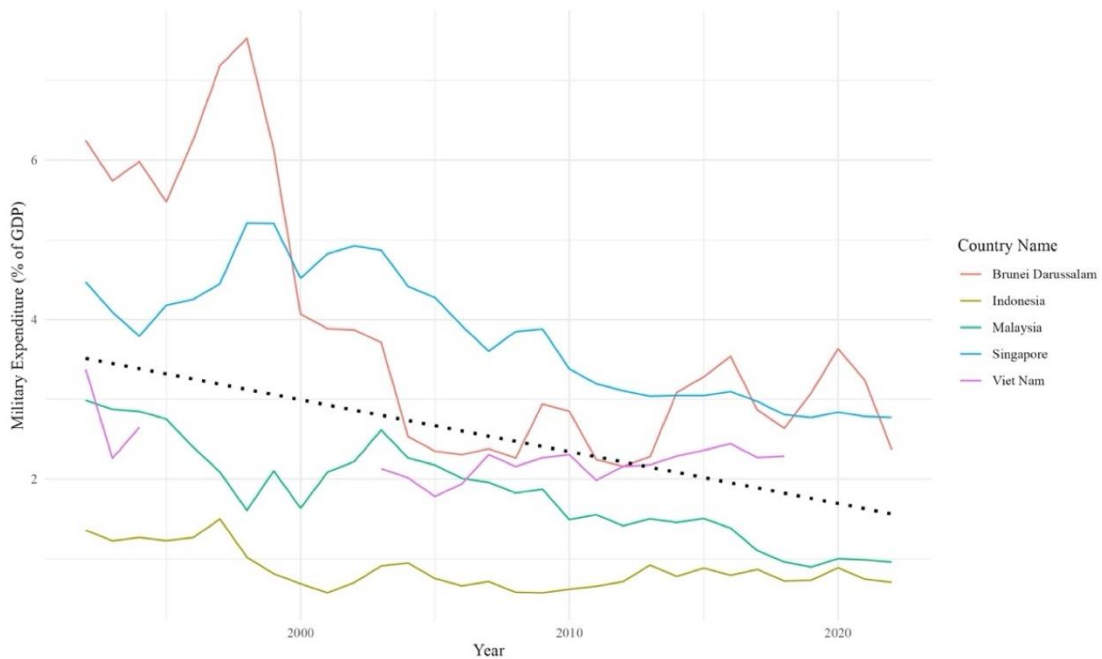


Figure 2: Five ASEAN States Military Expenditure as a Share of GDP, 1992–2022 (World Bank 2024)

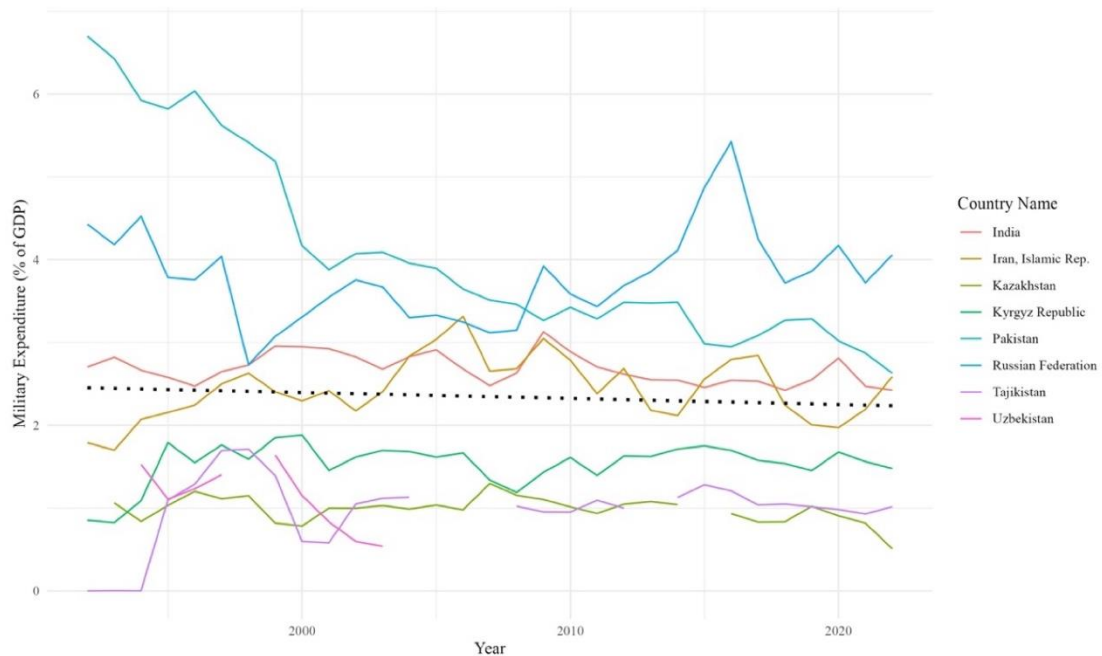


Figure 3: SCO States Military Expenditure as a Share of GDP, 1992–2022 (World Bank 2024)

In general, countries across the Asia-Pacific region, whether they are allies of the United States, partners with China in the SCO, or members of the ASEAN, have exhibited a downward trend in their military expenditures as a share of GDP. This trend has been particularly noteworthy in recent years, coinciding with China’s most apparently confident and assertive diplomatic posture. The trend is further supported by figures in Appendix A, which demonstrates how military spending as a percentage of central government budgets aligns with the overarching decrease observed across the Asia-Pacific region. Despite China’s perceived assertiveness, in recent years, many countries in the region have recorded their lowest levels of military expenditure in the past three decades. This suggests that the perceived assertiveness posed by China does not necessarily prompt neighboring countries to significantly increase their military spending, or at least it is not a top priority for these nations. While there are instances of increased

military spending in some countries, including Japan, which has approved record amounts of military expenditure in recent two years (Yamaguchi, 2023), such increases do not necessarily translate into a substantial shift in the overall military expenditure landscape. Even Japan, despite its heightened military spending, remains one of the countries with a relatively smaller share of military expenditure up to 2022. At the same time, its military spending does not demonstrate any significant upward trend as a share of government expenditure (see Appendix B). Therefore, speaking from the current stage, there is still no clear evidence suggesting a concerted effort among neighboring countries to contain China through internal balancing measures.

While a clear trend towards internal balancing may not be evident, there are indications of external balancing initiatives gaining traction, particularly among US allies. NATO, for instance, has been actively strengthening its relations with US allies in the Asia-Pacific region, including Japan, South Korea, New Zealand, and Australia. This has been facilitated through the Individually Tailored Partnership Program (ITPP), which has led to increased defense cooperations between NATO and these countries (Moriyasu and Tsuji 2023). Moreover, there are several U.S.-led security collaborations such as The Quad, an informal security pact comprising India, Australia, Japan, and the US, and AUKUS, an alliance aimed at modernizing Australia's nuclear-powered submarines, involving the US, UK, and Australia. These initiatives exert a certain degree of influence in the region. The emergence of such partnerships in recent years suggests that some countries are indeed bolstering military ties with the United States as a means of balancing China. However, these efforts have not been without criticism, as these structures have failed to attract the participation of many countries and are not central to the regional affairs (Kang, 2022). Furthermore, not all countries have increased their ties with the United States over the years. For instance, Vietnam upgraded its security cooperation with the United States in late 2023 (Grossman, 2023), but subsequently joined China's efforts to foster a community with a

shared future and deepened its defense cooperation with China (Xinhua, 2023). Therefore, while the trend of external balancing against China appears to be emerging in recent years, it does not seem to extend to the majority of countries in the region.

When examining choices related to soft balancing, it is challenging to discern general trends among countries in the region due to the nuanced nature of soft balancing, which often overlaps with broader foreign affairs strategies. Therefore, I have employed case studies to observe behaviors that can be broadly categorized as soft balancing, aiming to understand the circumstances under which countries may be inclined to adopt this strategy. In measuring soft balancing, economic sanctions, particularly those imposed through international organizations, emerge as crucial tools utilized to soft-balance a perceived threat, as highlighted by Paul (2018). Furthermore, the condemnation of a country through legitimate platforms such as international organizations, coupled with criticism of China, underscores the authority and normative significance of international organizations, including the United Nations, in global affairs (Thompson and Verdier, 2014). Additionally, instances where states openly denounce China's actions through their Ministries of Foreign Affairs or equivalent institutions are monitored. Public and authoritative condemnation serves as a signal that increases the cost of the other party's behavior, thereby delegitimizing their actions and rhetoric.

For the next section, I will focus on three countries as subjects of the case study: Japan, the Philippines, and Vietnam. These countries have been selected as they represent distinct perspectives and responses to China's rise in the Asia-Pacific region. Japan, as an ally of the United States, has consistently expressed significant concerns about the growing influence of China. Vietnam, as a member of ASEAN, faces economic dependence on China, while also grappling with territorial disputes with this neighbor. Similarly, the Philippines, while economically reliant on China, maintains a treaty alliance with the United States and contends

with territorial disputes in the South China Sea. These three countries share similar threats to a certain extent due to their territorial disputes with China. However, they exhibit distinct reactions in their foreign policies towards China. In the subsequent analysis, I will explore the foreign policies of Japan, the Philippines, and Vietnam concerning China separately. I will examine the circumstances under which these countries opt for either a hard or soft balancing strategy in response to China's rise, offering insights into their respective approaches.

6. Hard and Soft Balance Strategies for Asia-Pacific States

Japan

Japan's strategic response to the challenge posed by China's rise involves a multifaceted approach encompassing both hard and soft balancing strategies. While Japan has primarily focused on hard balancing measures at the military level, it has simultaneously engaged in some soft balancing strategies through diplomatic channels. The gradual shift towards explicit hard balancing was triggered by key incidents such as the 2010 Diaoyu/Senkaku Islands collision and was further exacerbated by the 2012 Diaoyu/Senkaku Islands purchase (Koga 2016).

Japan's inclination to perceive China as a force requiring strategic balance appears to be intensifying, a trend predominantly shaped by Japan's perception of China's behaviors. Over the past decade, Japan's responses to China's behavior have been a consistent trend, with China being portrayed as a significant security concern. Dell'Era (2022) highlights that during the tenure of Former Prime Minister Abe, China is increasingly positioned as an urgent security concern in Japan, warranting special measures to build defense.

This progression is rooted in Japan's evolving threat perceptions of China, a sentiment notably amplified over the very recent years. This perception is underscored by the issuance of three important documents by the Japanese government at the close of 2022: the National Security Strategy (NSS), the National Defense Strategy (NDS), and the Defense Buildup Program (Tsuneo 2023). Notably, while these documents refrain from explicitly labeling China as an existential threat, the new NSS characterizes China as "an unprecedented and greatest-ever strategic challenge" (Kantei 2022: 9). This shift is interpreted by scholars as indicative of Japan's consistently negative stance towards China and its evolving understanding of the regional security landscape. As such, Japan's response to China is largely informed by the perception of China as a significant security challenge (Liff, 2023). At the same time, Japan's concerns have extended

beyond the Senkaku/Diaoyu Islands disputes to encompass China's escalating assertiveness regarding its claimed sovereignty over Taiwan. This heightened assertiveness has prompted Japan to view the situation in the Taiwan Strait as a significant security challenge (Kantei 2022).

At the forefront of Japan's hard balancing strategy is the enhancement of its military capabilities and security cooperation with key allies, particularly the United States. This approach involves relaxing constitutional and political restrictions on Japan's military capabilities, as well as sharing more of the security burden with the United States. Japan has directed significant resources towards bolstering its defense posture in response to China's rise, focusing on intelligence, surveillance, and reconnaissance (ISR) activities, as well as strengthening its defenses in the East China Sea (MOD 2010). Additionally, Japan has increased the readiness of its Self-Defense Forces (SDF) to manage "gray zone" situations and is actively developing amphibious capabilities to defend remote islands in the region (Koga 2016). Through the strategic allocation of air and naval assets in the southwest, Japan aims to establish a dynamic joint defense force that integrates land, air, and naval forces to effectively counter and defeat threats, particularly through ISR-capable air and naval superiority (NDPG 2013). Moreover, new documents released in 2022 indicate Japan's intention to pursue the development of defense-oriented technology, particularly emphasizing the acquisition of long-range missiles to bolster its counterstrike capability (Tsuneo, 2023).

Continued efforts to bolster Japan's military capabilities are evident in recent developments regarding its defense spending. The 2022 NSS outlines Japan's ambitious goal to increase defense spending to 2% of its GDP by 2027 (Kantei 2022). This departure from Japan's longstanding 1% cap policy, instituted to restrain militarism after World War II, marks a significant shift. As highlighted by Le (2023), Japan is also adopting a new defense budget calculation method, with allocations directed towards initiatives such as coastal patrol and

research and development incorporated into the defense budget. These strategic adjustments suggest Japan's commitment to enhancing its defense capabilities in response to the evolving security environment.

For external balancing, the Japan-US Defense Cooperation Guidelines of 2015 represent an advancement in the US-Japan alliance, institutionalizing a robust coordination mechanism to address regional security challenges. This revision institutionalizes a framework for continuous information sharing and situation assessment, enabling both countries to enhance their collective response capabilities from peacetime to contingencies (MOD 2015). By deepening cooperation within the U.S.-Japan alliance, the updated guidelines aim to bolster the deterrent effect against China's assertive actions in the region.

On a diplomatic level, Japan has pursued softly balancing China through security cooperation and diplomatic initiatives aimed at strengthening its external balance against China. Japan has deepened security cooperation not only with the United States but also with other US allies in East Asia, including Australia, India, and the Philippines. The enactment of the 2014 Decision on Seamless Security Legislation represents a significant step in enabling Japan to exercise its collective right to self-defense in collaboration with diplomatic partners, providing a basis for uniting with other Asia-Pacific countries to counterbalance China (Cabinet Secretariat 2014). Additionally, the Japan-US-Australia Trilateral Strategic Dialogue (TSD), established in 2002, has served as a platform for strategic consultations among Japan, the United States, and Australia on regional security issues. The TSD issued a joint statement in 2013 expressing concern about China's behavior in the East and South China Seas, highlighting the cooperative efforts among like-minded countries in the region to address shared security challenges from China (MOD 2010, MOD 2013, MOFA 2013, Cabinet Secretariat 2013). These diplomatic initiatives, while contributing to balancing China, do not constitute full-fledged military alliances

or entail specific security commitments in traditional security contingencies. Instead, they serve as diplomatic means of enhancing regional security cooperation and collective responses to shared challenges.

The Philippines

The Philippines' stance towards China, particularly in military balancing, diverges from Japan's proactive approach. This contrast is particularly evident in recent years, marked by a relative decrease in the Philippines' assertiveness under President Rodrigo Duterte's administration. This shift in activity might stem from a nuanced assessment of threat perception against China. Unlike Japan, the Philippines may not perceive China as an immediate existential threat, prompting a recalibration of its strategic priorities. However, this apparent reduction in military posturing should not be construed as a concession to China's expanding influence in the region. Rather, it signifies an approach where the Philippines seeks to engage China on different fronts, and shifted its strategic focus from hard balancing to limited hard balancing as well as soft balancing.

Duterte's predecessor, President Benigno Aquino, pursued a different approach to addressing territorial concerns and bolstering national defense. During his tenure, Aquino placed a significant emphasis on territorial defense, recognizing the strategic importance of safeguarding Philippine sovereignty amidst escalating tensions in the region (Paquin 2023). To this end, his administration prioritized enhancing security cooperation with the United States, a longstanding ally, to bolster the country's military capabilities. One of the pivotal actions undertaken by Aquino was the signing of the Enhanced Defense Cooperation Agreement (EDCA) with the United States. This agreement provided a framework for increased defense collaboration between the Philippines and the United States, granting American forces access to Philippine air and naval

bases (Paquin 2023). By leveraging this partnership, Aquino sought to address the Philippines' security challenges more effectively, particularly in light of China's growing assertiveness in the South China Sea (Thayer 2014). The EDCA underscored the Philippines' commitment to strengthening its defense capabilities through strategic alliances while also signaling a proactive stance in regional security affairs. This collaborative approach exemplified Aquino's strategic vision of balancing China to safeguard Philippine interests and uphold regional security.

For Duterte, he has adopted a more conciliatory stance towards China, reshaping the Philippines' strategic balancing in the region. Duterte has demonstrated a willingness to prioritize engagement with China (Paquin 2023). Under his leadership, several joint military exercises with the U.S. have been canceled. Additionally, Duterte has imposed restrictions on U.S. forces, including banning them from constructing weapons depots and launching deterrent operations against China from Philippine bases. Furthermore, Duterte has openly threatened to terminate the Visiting Forces Agreement (VFA), which allows U.S. troops to utilize Philippine military bases for various operations (Heydarian 2017). These actions underscore Duterte's efforts to recalibrate the Philippines' foreign policy towards a more limited balancing strategy.

For the Philippines, the South China Sea dispute represents a complex challenge, but not one that warrants a significant reallocation of economic resources toward defense against China. Despite the tensions in the region, the Philippines has been cautious in its hard balancing strategy to China's rise, exhibiting limited spending on defense initiatives aimed at independently countering Chinese influence in the South China Sea (Ma and Kang 2022). Instead, the country's focus remains primarily on addressing domestic security concerns rather than engaging in direct military balancing against China (Cook 2016). Given its constrained military budget, the Philippines lacks the financial capacity to engage in a full-fledged arms race with China (Ma and

Kang 2022). Consequently, the country has opted for a pragmatic approach that prioritizes non-confrontational strategies over direct hard balancing strategy.

In this evolving landscape, the Philippines appears to be pursuing a strategy of balancing China's power through avenues beyond military means, this means using soft balance strategies through international institutions to undermine the legitimacy of China's claim. Emphasizing legitimacy over direct military confrontation, the Philippines seeks to assert its sovereignty and rights as well as balance China in the South China Sea through international law and multilateral engagements. Although Duterte expressed willingness to resolve the South China Sea disputes through bilateral negotiations with China (Saighal 2017), his administration took proactive steps to address the issue through international legal channels. The Philippine government referred the South China Sea disputes to the Hague Tribunal for adjudication.

The Duterte administration's decision on July 12, 2020, to recognize the 2016 UNCLOS ruling on the South China Sea dispute reaffirmed the Philippines' adherence to international law and its determination to assert its sovereign rights in its Exclusive Economic Zone (EEZ) (De Castro 2022). In addition, during ASEAN meetings where discussions on the South China Sea were held, while Duterte refrained from making confrontational remarks against China, the ASEAN Chair's Statement retained language emphasizing the importance of respecting legal and diplomatic procedures in resolving disputes (Chairman's Statement, 2017; Sutter and Huang, 2017). As the Philippines's Foreign Affairs Secretary Teodoro Locsin once presented, China's "certain actions within the Philippines' EEZ violated the Philippines' sovereign rights and were thus unlawful (Locsin 2020)." These developments highlight the Philippines' resolve to pursue a soft balanced approach to the South China Sea issue, one that combines diplomatic engagement with adherence to international legal frameworks to challenge China's legitimacy in the dispute.

Vietnam

The relationship between Vietnam and China has historically been characterized by tensions, particularly stemming from the conflict they experienced in the late 1970s. Today, Vietnam's alignment with the United States is often interpreted as a strategy to balance China's influence (Colby, 2021). However, Ma and Kang (2023) conducted an analysis of territorial disputes between China and Vietnam over the past century, revealing that the two nations have consistently sought to resolve their differences through diplomatic negotiations and peace talks. Consequently, while the complexities of disputes in the South China Sea persist, they do not necessarily pose a direct existential threat to Vietnam.

Moreover, official interactions between China and Vietnam often emphasize cooperation and engagement, underscoring a long-standing diplomatic dialogue between the two nations (Thu, 2020). This ongoing engagement allows for mutual understanding of each other's preferences and concerns, facilitating the formation of relatively accurate perceptions during communication (Ma and Kang 2023).

Regarding Vietnam's diplomatic and defense efforts, it's important to note that despite the ongoing maritime dispute with China, Vietnam has not aligned itself with US security policies. Ma and Kang (2023) argue that beyond symbolic gestures, Vietnam and the United States have limited substantive military ties. In fact, in 2018, Vietnam even canceled 15 defense engagement activities with the United States (East Asia Forum, 2020). Additionally, the United States does not hold a prominent position on Vietnam's list of military partners; instead, Vietnam maintains "comprehensive strategic partnerships" with Russia, India, and China (Grossman and Huynh, 2019). This indicates that Vietnam is not engaging in hard balancing against China. Despite the potential for tensions in the South China Sea, Vietnam's diplomatic and defense efforts have not demonstrated a clear alignment with US security policies. Moreover, Ma and

Kang (2023) highlight the frequent high-level exchanges between Vietnam and China, even during periods of strained relations. China consistently maintains the highest frequency of high-level exchanges with Vietnam, indicating a robust channel of communication between the two nations. This open line of communication allows both countries to effectively convey their intentions and concerns, contributing to Vietnam's perception of China as a less immediate threat.

Indeed, while Vietnam maintains active diplomatic exchanges with China, it does not maintain silence in responding to China's regional assertions. A notable incident occurred in 2023 when one of China's scientific research ships entered waters Vietnam deemed as its EEZ. Despite refraining from a military response, Vietnam expressed its condemnation and dissatisfaction with China through an official statement from the Foreign Ministry. In this statement, Vietnam underscored its commitment to upholding its claims and protecting its rights in accordance with international law (Strangio, 2023). By leveraging diplomatic channels and international legal frameworks, Vietnam employs soft balancing tactics to counter China's influence and assert its territorial claims. This approach serves to challenge China's legitimacy on the global stage, particularly given China's assertions of adherence to international norms and laws. Through such measured responses, Vietnam aims to mitigate China's regional assertiveness and safeguard its own interests within the bounds of international legality. Additionally, Vietnam demonstrated solidarity with the Philippines when the latter secured a favorable arbitration ruling against China. Vietnam openly expressed its support and appreciation for the Philippines' victory in the legal dispute (Medina, 2017). This gesture of solidarity underscores Vietnam's commitment to upholding international law and collective efforts to counter China's expansive claims in the region. When adopting soft balancing strategies, Vietnam aligns itself with regional partners in challenging China's assertive actions and advancing a rules-based approach to dispute resolution in the South China Sea.

Taken together, Japan, the Philippines, and Vietnam exhibit varying degrees of hard balancing in response to their individual perceptions of the threat posed by China. Japan, considering China as its most immediate and potent threat, predominantly employs hard balancing strategies. Conversely, the Philippines and Vietnam, while recognizing China's influence, do not prioritize it as their primary security concern. Consequently, they tend to rely more on soft balancing techniques aimed at delegitimizing China's actions and assertions on the regional and international stage. This nuanced approach reflects each country's distinct threat perceptions and strategic calculations in navigating their relations with China and safeguarding their respective interests in the Asia-Pacific region.

7. Conclusion

The rise of China and its impact on the Asia-Pacific region is a significant area of study in international relations. As China's influence grows, academic and policy interest in the region's balancing dynamics intensifies. This thesis first provides a concise overview of China's rise, its foreign policy objectives, and its global ambitions. Following this, existing scholarship on balancing theory in international relations, encompassing hard and soft balancing strategies, is reviewed. The circumstances under which countries opt for soft balancing as a strategic option are also explored. By merging balancing theory with China's foreign policy goals, the thesis proposes that neighboring countries' perceptions of China are shaped by both its assertiveness and its quest for international legitimacy. The thesis argues that neighboring countries are more likely to adopt a hard balancing strategy against China only when faced with a direct security threat. In situations where the threat is perceived as manageable, soft balancing methods are often employed to counter China's influence, given China's desire to maintain a positive image for international legitimacy. Moving into the empirical section, overall trends in balancing China's capabilities in the Asia-Pacific region are examined, with a focus on identifying indicators of balancing behavior, including both hard and soft balancing methods. I then use case studies of three Asia-Pacific countries—Japan, the Philippines, and Vietnam—to gauge the extent to which, and in what way, neighboring countries engage in balancing strategies in response to China's rise.

Bringing soft balancing strategies back into the discussion provides some valuable insights into the security dynamics of today's Asia-Pacific region. However, the extent to which the balancing strategies discussed can effectively alter China's behavior remains a subject of debate. Paul (2018) aptly observes that soft balancing efforts can sometimes produce unintended consequences. He points to historical instances, such as the soft balancing attempts against Germany, Italy, and Japan in the 1930s, which ultimately fueled nationalist sentiments and

contributed to further aggression. In the case of China, while the country may seek legitimacy within the current international order, it indeed harbors ambitions to reshape this system. For instance, the South China Sea arbitration ruling, which favored the Philippines and undermined many of China's claims, was met with a refusal by China to acknowledge its legitimacy (Zhao 2023). This incident fuels strong nationalist sentiments within China, which may subsequently drive its assertive actions further (Chubb 2014). Thus, while China's assertiveness stems from internal political processes and its evolving ambitions, efforts to balance the threat it poses may inadvertently exacerbate this very threat.

Also, future trends are constantly evolving, much like the ever-shifting perceptions and misperceptions between countries. By the end of 2023, South Korea engaged in discussions with China-led banks, a move interpreted as an attempt to strengthen its ties with China, despite its past efforts to balance against it. Additionally, under President Bongbong Marcos, scholars have argued the Philippines appears poised to adopt a hard balancing strategy aimed at containing China and turning back to the United States (De Castro, 2024). At the same time, following the unveiling of Japan's ambitious strategic blueprint, analysts have commented that Japan's decision to permit the export of fully assembled defense equipment manufactured under foreign licenses signifies its aspiration to assume a more prominent role in regional security (Kim, 2024). Furthermore, in the wake of China's conspicuous diplomatic overtures to South Pacific island nations in 2022, the United States has intensified its defense cooperation with its partners in the Pacific islands (The White House, 2023). This development suggests the potential emergence of balance efforts in the region.

Future research should continue to explore the shifting dynamics of the region. By understanding the objectives underlying China's foreign policy and how these objectives are communicated to and perceived by neighboring countries, one can better assess the extent to

which countries in the Asia-Pacific region are taking actions to balance China. For future research, it would be important to construct a dataset that tracks the alignment trends of Asia-Pacific states between China and the US in recent years, thereby offering deeper empirical insights into regional dynamics. Additionally, it is crucial to recognize China's objectives, which include safeguarding its interests confidently and attaining legitimate international status. However, the perception of these intentions varies among different countries, shaping their responses to China. Therefore, future research can systematically analyze whether countries in the region hold a positive view of China or perceive it as a security threat. This will enable a better understanding of the overall trend in the regional security. Furthermore, the lens of soft balancing offers tools to understand options for Asia-Pacific countries for balancing China, thus fully conceptualizing the indicators of soft balance can offer a promising avenue for future researchers.

Appendix A

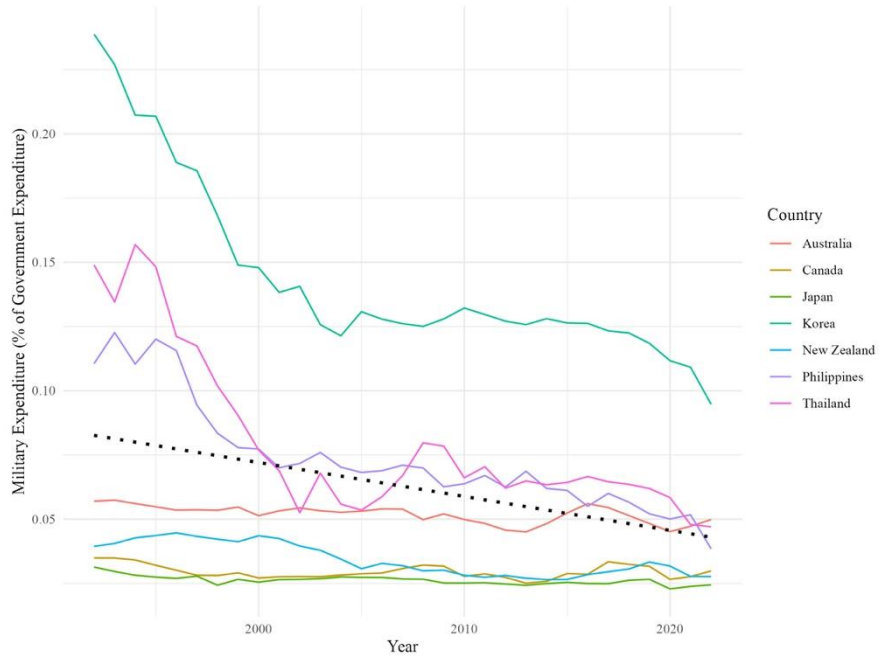


Figure 4: US Allies Military Expenditure as a Share of Government Expenditure, 1992–2022 (International Monetary Fund 2023, World Bank 2024)



Figure 5: ASEAN States Military Expenditure as a Share of Government Expenditure, 1992–2022 (International Monetary Fund 2023, World Bank 2024)

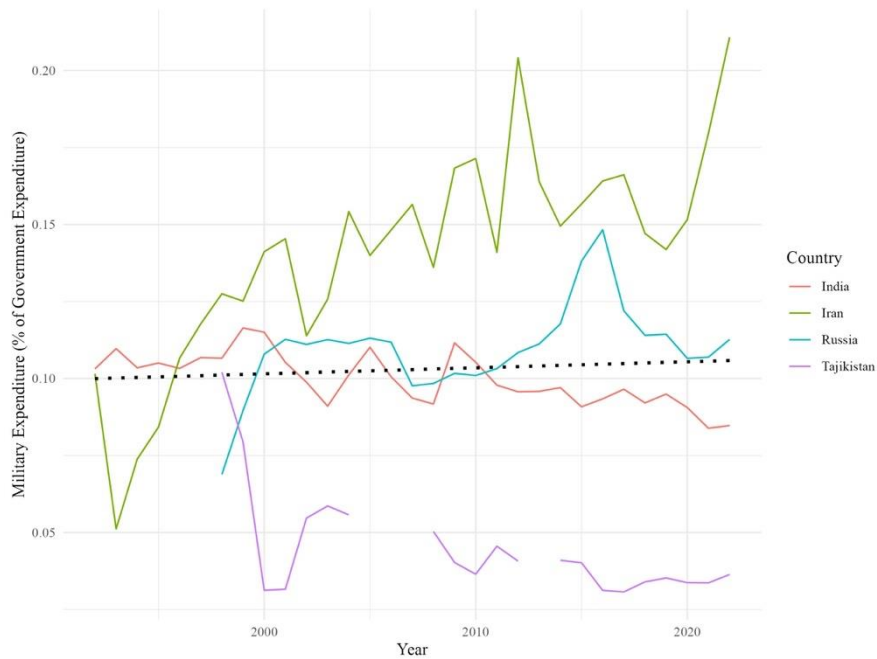


Figure 6: SOC States Military Expenditure as a Share of Government Expenditure, 1992–2022 (International Monetary Fund 2023, World Bank 2024)

Appendix B

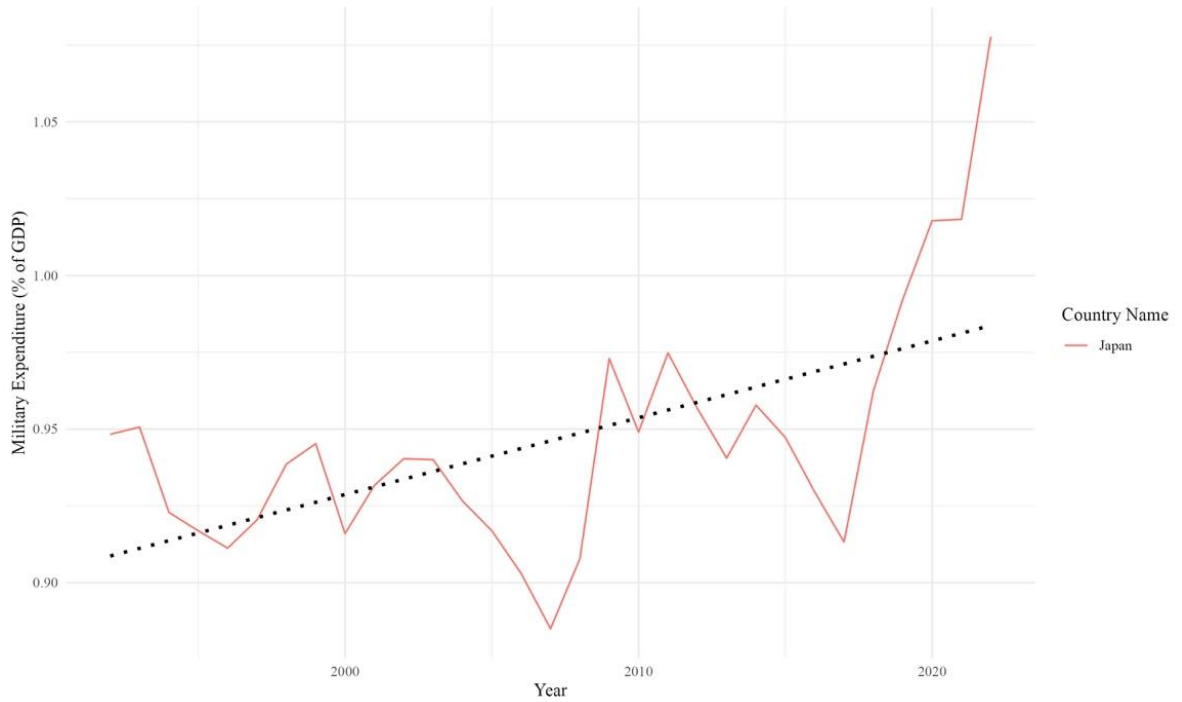


Figure 7: Japan's Military Expenditure as a Share of GDP, 1990–2021 (World Bank 2024)



Figure 8: Japan’s Military Expenditure as a Share of Government Expenditure, 1992–2022 (International Monetary Fund 2023, World Bank 2024)

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