

Opinion **Chinese politics & policy**

## China's tribute system and the new world order

Exercising power without resorting to war could be Beijing's ultimate show of strength

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Donald Trump and Xi Jinping speak during the US president's visit to Beijing. Chinese leaders do not seek to build empires to control other countries because they view doing so as ineffective © Alex Wong/Getty Images

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I spent a month in Asia earlier this year meeting senior policymakers in China and elsewhere. I came away with the sense that a major shift in the world order is taking place for two reasons. First, America's handling of Iran's seizure of the Strait of Hormuz has led to widespread doubts among Asian leaders about Washington's willingness to endure the discomforts of fighting wars, especially on two or more fronts simultaneously. Second, it has also become clear that China is earning huge amounts of money from its exports, so Chinese companies and banks are building up large capital surpluses and accumulating buying power. This is exerting upward pressure on the Chinese renminbi relative to the US dollar and leading to its increased use for trade and capital transactions. Chinese investors and capital markets are emerging as competitors to their American counterparts.

I have been visiting China for 42 years and am committed to mutual US-Chinese understanding. I believe it is essential to understand China's perspective, which is rooted in lessons from history as reflected in Confucian culture, the tribute system and Beijing's *Art of War* approach to conflict. Also, the century of humiliation in which foreign powers took control of large parts of China and exploited it — including Japan's occupation of Taiwan from 1895 until its return to China in 1945 — has deeply affected China's psychology and strategic direction.

The tribute system was informed by Confucian values — in particular the idea that order comes from having clearly defined hierarchical roles. Relations within it are not between equals, but between superiors and subordinates that recognise their relative positions. The more powerful ones in the hierarchy should treat the less powerful well, and the less powerful should treat the more powerful well, so that there is harmony. If a lesser power treats the greater power inappropriately, the more powerful one punishes it, typically not violently but through pressure and deception. As Sun Tzu wrote in *The Art of War*, “to subdue the enemy without fighting is the acme of skill”.

As an extension of these cultural beliefs, Chinese leaders do not seek to build empires to control other countries because they view doing so as ineffective. Their approach is quite different from what they see as the western approach of fighting to take over others' territories and trying to control them. This is the main reason that the US has 700 to 800 military bases in about 80 countries and China has only one.

The events of the past few months have already foreshadowed what this shift in power could look like in the years ahead. Many foreign leaders have visited Beijing in person, or sent delegations, in order to build tribute-type relationships with President Xi Jinping — though nobody called them that. Reflecting this shift, Xi made clear to Trump, in the form of a veiled threat, that China would not appreciate planned US arms sales to Taiwan.

It is widely believed that Xi seeks some form of reunification with Taiwan under his leadership and will probably apply pressure to bring it about without a big military clash. Cheng Li-wun, the current head of Taiwan's Kuomintang party, the opposition party which is in favour of closer relations with China, met with Xi in Beijing in April and recently spent two weeks in the US, where she met members of Congress.

Because global leaders know that microchips are today's most important economic asset — more important than oil — and that the world depends on Taiwan's chips, there are increasing concerns about a threat to blockade the flow of chips from the island. This would be very bad for global stock markets (especially AI stocks), and even a subtle threat would have the desired effect of showing its power without violent conflict.

A military blockade that stops chip exports is just one of many potential pressure-points that China can exploit, but it is notable because the Chinese have a plan to be self-sufficient in chip production by late 2028, while the rest of the world will remain dependent on Taiwan.

Given these circumstances, China could put the US into the awkward position of needing to choose between fighting or not fighting, with each choice not to engage leading to the perception of diminished American power, so that China can gain ground by simply making threats.

Having power that one only needs to show, not use, is the greatest display of strength. I expect this Chinese approach, rooted in Confucian tradition, to emerge as the new order in Asia — making the battle for control over its geopolitics so subtle that we might not even notice it being fought.

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