“Mix Engaging-Hedging” in Asia-Pacific and Rise of China

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1. Introduction

China’s rapid growing, which is called “the Rise of China”, is most significant international movement in the post-Cold War Era. The rise of China has been effecting a change in not only Beijing’s foreign diplomacy but also behaviors of many countries. The rise of China impacts over a wide range, and even Europe is not an exception either. East Asian countries, however, are that get the most substantial and various influence of the rise of China. This difference between Europe and East Asia is from a geopolitical reason. Basically, the other regions gets only economic influence of the rise of China, but East Asia faces more complex issues between security and economic policies. China shares international borders with 16 states. In addition, China contacts many counties across sea. China’s behavior, therefore, has an effect on national interests of neighboring countries directly.

By the way, why dose the rise of China arouse the notice of the world? Historically, East Asia has experienced several economic booms after the World War II. In the 1960s and 1970s, Japan had a rapid economic expansion, called the Japanese economic miracle. Between the early 1960s and 1990s, Hong Kong, Singapore, Republic of Korea (ROK) and Taiwan had rapid industrialization and growth, called the Four Asian Tigers. During rapid growth, every nation increased not only national economic capacity but also military capacity. Thus, each case had not negligible impact on East Asia, and in some cases, economic boom posed international conflict. For example, the Japanese economic miracle is one of the good cases understand relationships between an economic growth and international relations. The Japanese economic miracle changed Japan’s position in North East Asia in the 1970s
and 1980s. This changing included two potential issues that effect international relations. First issue was serious economic frictions with the United States. Increasing Japan’s international competitiveness made huge trade surplus with the US. The U.S. trade deficit in 1985 was 50 billion USD, thus this economic friction issue had a bad influence toward Japan-U.S. relations for a long time. Second potential issue was a power balancing with USSR. Japan’s rising power triggered drastic power shift from USSR to Japan. USSR was a central state in the communist bloc during the Cold War era. However, Europe side was a front line of the Cold War. Thus, USSR disposed limited military capacity in the Far East Theater. Graham Allison explains this power shifting between Japan and USSR using the Thucydides Trap theory. USSR was a ruling power, and Japan was a rising power. This power shifting didn't involve any war, and this is one of 4 cases of power shift without war. Allison argues that the result has been bloodshed in 12 of 16 past cases of power shifts.

As outlined above, China’s case is not the first case of economic booms in East Asia. The rise of China also causes several wide economic issues as with previous economic booms in the world. However, every past rapid boom couldn’t change international system, because of American heavy influence. During the Cold War era, the U.S. forged several military alliances with Japan, ROK, Philippines, Australia and New Zealand, called Hub and

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2 USSR spared much military capacity into Europe side, the military capacity in the Far East Theater is limited. In 1980, USSR had 1.82 million army soldiers all over the areas, but only 0.36 million army soldiers was deployed in the Far East Theater. International Institute for Strategic Studies, *Military Balance 1980-81*, Westview Press, 1980.
Spoke system. This system has provided peace and stability in East Asia, and the U.S. put these nations under control. By contrast, China doesn't have any organized military relations with the United States. Additionally, current China has massive national power. Therefore, it is assumed that the rise of China has possibility to change the international system. In short, because China has a chance to change American system in Asia-Pacific, the rise of China arouse the notice of the world

At present, China economy provides a huge economic advantage to many states. Thus they seek to expand economic relations with China. For this national interest, sometimes one state is willing to lose the other benefit or relations with other countries. On the other hand, the rise of China and power shifting in East Asia have worsening of territorial disputes, which make strong reaction of several neighboring countries and the United States. Whatever is Beijing’s choice, the rise of China power encourages attracting the potential attention of other states. Because, the rising power increases gaps of national power. Thus the other nations weaken relatively. Furthermore, China’s aggressive military movements in debatable areas boost reactions of some countries, for example, Japan, Philippines and Vietnam. At present, these states actively build up own defense capabilities.

For several years, when we discuss about the rise of China, people call trends of each national behaviors “China tilts”, “Encirclement”, “Anti- or Pro-China” and so on. However, reality, no state depends on only one way policy. Every state combines engaging and hedging policies toward China. For example, Philippines is one of the most anti-China country in ASEAN, but Philippines signed up AIIB end of 2015. Because, both two countries, U.S.
and China, don’t want to make a military conflict now, thus the other countries have a space to mix two different type policies.

This paper aims to provide theoretical framework of current strategy of small-middle states in East Asia. Especially, this research focuses on theoretical assumptions and background of states behavior. Though many scholars provided ideas of national strategies, not much is known about inducing factor and promoter of small-middle states behaviors. This research, in short, recapitulates China-United States relations using theories in the IR, and to analyze national strategies in Asia-Pacific.

2. The Current and Future U.S.-China Relations

Before discussion of the mix engaging-hedging strategy, I like to recapitulate theoretical analyses for the U.S.-China relationship. The weight of this relationship has been increasing for several decades. Over the last several years, thus, we can see several special words to express the U.S.-China relations, for example, “G2” and “the new model of major country relationship”. There are two reasons to form an importance of U.S.-China relationship. First reason is scales of economy. Both China and the United States have remarkable existences in the international economy. According to IMF estimate, in 2016, the U.S. Current GDP is 18.7 trillion USD, and China’s Current GDP is 12.25 trillion USD\(^3\). Even it is decreasing, China still keeps more than 6% economic growth rate. The sum of American and Chinese GPD dominates 40.6% of the world GDP; US 24.5%, China 16.1%. On the other hand, G7, Canada, France, Germany, Italy, Japan, the United Kingdom, and the United States, dominates 46.4% of the World GDP, and it was 67.1%.

\(^3\) IMF, World Economic Outlook Databases, April 2016.
in 1994. It is recognize that the growing importance of national capacities of 2 states in the global economy.

The second reason is Beijing stance toward the United States. In 1994, the U.S. and Japan dominated more than 43% of the world GDP; the U.S. 26% and Japan 17.8%. Although Japan’s economic capacity came close to the U.S., Japan–United States relations didn’t have a major effect on East Asia. Because, there is Japan-U.S. alliance and this relation was not relationship of equals. China has much equal relation with the U.S., and Washington and Beijing don’t have any systemized regional military cooperation. Thus, Beijing can commute military relations from positive to negative freely. This security circumstance brings uncertainty in the future.

Already, many scholars provided us many frameworks and theories as tool to explain the U.S.-China relations. If we understand current the U.S.-China political struggle as fight for supremacy of next world order, the Hegemonic Stability Theory (HST) explains a theoretical explanation of the U.S.-China relations. Robert Gilpin provides another lens of the Hegemonic Stability Theory to understand substitutions of hegemons as hegemonic wars.\(^4\) Robert Gilpin said ‘In short, hegemonic wars have (unfortunately) been functional and integral parts of the evolution and dynamics of international systems’.\(^5\) According to the HST, Crash between the U.S. and China is inevitable. Because the U.S. wants that China keep to stay under American system, but China doesn't want.

Current national strategies of the U.S. and China bear eloquent

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\(^5\) Ibid., p.198.
testimony to scholar’s analysis and prediction. Both sides have increased military and economic influence into East Asia for a few years. In economic competition, both nations established each economic cooperation frameworks that assume a leading role. China founded new organizations without the U.S. in Asia, Asian Infrastructure Investment Bank (AIIB), BRICs Bank and Shanghai Cooperation Organisation (SOC). On the other hand, the U.S. led to reach agreement of TPP.

South China issues are front line of the confrontation between China and the United States. By man-made islands and militarization in South China Sea, China tries to make South China Sea own inner sea. This strategy is making a serious international problem with the United States.

Meanwhile, the most important point is that both the U.S. and China don’t want make an extreme hostile relation. Though the U.S. faces several challenges from Beijing, the U.S. has to continue a commitment with China for own national interest. Last year, the U.S used China’s cooperation to make a comprehensive agreement with Iran. On the other hand, China also needs to keep a relationship with the US. It is necessary for China’s economic development to keep joining current international systems that are established by the US. This community of interests induces both the U.S. and China to sustain this relationship, and this present situation has provided some countries in East Asia a particular circumstance for 2 decades.

3. Mix Engaging- Hedging Strategy

Over the last 2 decades, every nation faced several changes in the international environment, and have shifted own policy each time. The impact of the rise of China toward East Asia is far ahead of others.
Before I explain the mix engaging-hedging strategy, I like to discuss fundamental framework of small-and-medium states strategy. Many scholars have established various theoretical approaches for major power strategy. Unlike major power, small-medium states have limited options, and these nations are affected by the effect of major powers. Because, a small-medium state is not an independent variable but a dependent variable in international relations. What are selectable strategies of small-medium states to survive between the U.S. and China?

John J. Mearsheimer argues 8 state strategies for survival in international relations; War, Blackmail, Bait and bleed, Bloodletting, Balancing, Buck-passing, Bandwagoning and Appeasement. First 4 strategies are for gaining power, and only major powers effectively use these strategies. It is necessary to have enough military capacity to select war and blackmail strategies. Meanwhile, strategies of bait-and-bleed and bloodletting also demand enough power for performer. Therefore, small-middle states cannot actively use strategies for gaining power. In many cases, small-middle states are not independent valuables. As the result, the last 4 strategies are main options for non-major powers. Strategies of balancing and buck-passing are for checking aggressors. Balancing is the strategy to prevent balance of power form breaking by aggressors. One state is immediately responsible to balancing toward aggressors. Buck-passing is the main alternative to balancing. A buck-passer that embraces buck-passing use buck-catcher that is another state to make a balance toward threats of aggressors. A buck-passer shifts balancing cost to a buck-passer, and a buck-passer doesn’t confront

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aggressors directly. Bandwagoning is the opposite strategy of balancing. Whereas balancing makes hostile relations, bandwagoning is that one state joins aggressor side, and then makes a profit. Appeasement is a conciliatory strategy. One state appeases an aggressor by giving enough interests to content with the status quo. Mearsheimer concludes that bandwagoning and appeasement are strategies to be avoided. Because, both strategies enhance aggressor’s capacity, then an aggressor take control of this relationship.

Stephen M. Walt also discusses bandwagoning and balancing strategies. Walt concludes that states tend to select not bandwagoning but balancing strategy but weak and isolated states mostly select bandwagoning. In Asia cases, Walt argues Asian nations have a high probability of balancing. As the result, both discussions of Mearsheimer and Walt accomplish similar result.

However, current national strategies in East Asia are not simple but complicated. Already, several years has passed since China has had various decided conflicts with neighboring countries. However, no state embraces clear balancing, buck-passing, bandwagoning and appeasement strategies. To maximize own interest between China and the U.S., small-middle states mix 2 types strategy toward China; engaging and hedging. In the background, there are two reasons as assumptions of mix engaging-hedging strategy. First reason is relationship between the U.S. and China. Both Washington and Beijing doesn't want to spoil each other's relationship. Thus, 2 states maintain a certain distance. This unclear the U.S.-China relations provide diplomatic space for the other nations in East Asia. If it is more hostile the U.S.-China relation, both nations would demand the other nations to define balancing or

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bandwagoning toward China. During the Cold War Era, the U.S. and USSR split the world into two blocks. Therefore, the other nations had to take sides. Nowadays, we can observe moderate block, for example, AIIB and TPP, but these are different in character form previous blocks. Consequently, any countries are freed from the constraints of blocks.

Second reason is that every nation has twist relationship with the U.S. and China. In security issues, several nations have territorial disputes with China in South and East China Sea, and tensions of territorial disputes have become higher in recent years. Moreover, these nations don't have enough national capacity to retaliate against China’s blue-water presence by themselves, especially some of ASEAN. It is necessary, therefore, for them to get a higher commitment of the United States toward China’s militarization in South China Sea. There are 2 types’ nations.

On the other hand, in economic issues, China has a significant role to play in Asia. Since Lehman’s fall, China’s economic stimulation has led international economy, thus every country needs to join China’s economy. By geographical conditions, especially East Asia increases dependence on China’s market. In 2014, Japan, China, EU and the U.S. are major trading partner of ASEAN’s offshore trading. Among them, trading with China dominated biggest share of both export and import; Import 22.9%, Export 16.7%8. China, in addition, was the biggest trading partner for 6 nations of ASEAN; Singapore, Thailand, Malaysia, Indonesia, Vietnam and Myanmar. ROK is strongly dependent on China’s market, the trading value with China.

8 IMF, Direction of Trade Statistics.
comprised 25% of total trading value and 16% of South Korean GDP in 2014.\textsuperscript{9} Japanese economic degree of dependence on China was 19% of total trading value and 3% of Japanese GDP. China’s strong economy, as the result, induces neighboring countries to keep and increase a good relationship with China. It is, in short, that every nation is torn between security and economy.

Because of above 2 reasons, many states embrace 2 opposite policies. First policy is engagement toward China. For every country, China is very important to keep own economic growth. For this political goal, one nation engages with China to encourage China to join multilateral cooperation. It is essential, therefore, to make China play a role in various international associations and get habit of cooperation. To keep China in international relations as a stakeholder is a mutually beneficial circumstance. From official one to unofficial one, from private one to international one, already there are many multifactor systems to keep relations with China. Over the last 2 decades, China has founded new international organization, and this China’s behavior give neighboring countries new way of engaging with China. This is a new way of engaging with China. In this case, China has the initiative.

On the other hand, many states don't want to get security risk that is caused by the rise of China. Thus they fix power balancing in East Asia by the hedging strategy. The purpose of the hedging strategy is to prevent someone’s behavior that damage own interest, or to deal with the worst-case scenario. Nowadays, many nations use several ways to hedge China. First of all, it is self-help. Actually, Asian nations have been increasing military capacity for a decade. One index is arms trades. According to SIPRI, the value of arms

imports in Asia and Oceania from 2011 to 2015 increased by 26% as compared with the value from 2006 to 2010. This volume dominates 46% of the world arms trade. Second way is regional cooperation. Only self-help military expansion has limitations to increase own security level. Thus, regional cooperation toward China’s military rising is useful way for small states. For several years, ASEAN members have improved relations with the United States to increase the U.S. commitment into this region. For example, Philippines had US forces withdraw in 1992; however Manila concluded a new defense pact with Washington in 2014.

These 2 opposite strategies are embraced by one state in same time, but each state’s weights of engaging and hedging are not same. Each directional ways influence each other, therefore sometimes one-policy impacts negatively on another side. This wideness of diplomatic freedom of East Asia gives both the U.S. and China chances to intervene each East Asian state moderately. Recently, each state’s mix engaging-hedging strategy is increasing in complexity.

4. Conclusion

Current the U.S.-China relations provide East Asia special circumstance. The rise of China bring in economic benefit in East Asia, on the other hand, rapid power shit set off an escalation of territorial dispute. Both Washington and Beijing like to avoid an extreme hostile relations, thus East Asia could get diplomatic space to use both engaging and hedging strategies. In addition, small-middle states in East Asia don’t need to clear up own position between China and the United States. Therefore, they can act flexibly

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in international relations. This situation also gives the U.S. and China chances to interpose to each country. As long as the U.S. and China keep current relations, the other states adopt the mix engaging-hedging strategy.

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