MAINTAINING A SMALL STATE’S STRATEGIC SPACE: 
“OMNIDIRECTIONAL HEDGING”

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INTRODUCTION

According to the realist logic, great powers shape the global politics. In this acumen, small states or medium powers have little or no space to affect the fate of their own survival—but are rendered mere ‘‘pawns of great power rivalry’’—forced to choose between balancing (against) and bandwagoning (with) the more threatening power. In this paper I argue that small and medium powers in Southeast Asia do not generally follow this logic. Instead, building on the more popular hedging narrative, I argue that most Southeast Asian states do indeed hedge their bets (for survival) between the great powers, however, not ‘‘two dimensionally’’,¹ as is often portrayed, but in a ‘‘multidimensional’’ fashion—or as is conceptualized here, Southeast Asian small states and medium powers are seen exercising a general strategy of omnidirectional hedging.

The omnidirectional hedging (ODH) logic aims to maximize a state’s (relative) strategic space.² This is to say that states are generally unwilling to strictly align with one great power over another, in fear of bearing unproportional long-term economic, diplomatic or strategic

¹ The “two dimensional” hedging refers to the part of hedging literature in the international relations and security studies that understand a state’s hedging strategy targeting predominantly two great powers (i.e. USA and China). The “multidimensionality”, then, refers to a state’s strategic balancing between multiple powers.
² This author uses the term strategic space here to refer to a state’s relative strategic autonomy or freedom of movement (i.e. diplomatic or strategic) within the given regional or international security environment.
losses in the process. Southeast Asian states generally refuse to choose sides between the United States and China, cherishing the great economic opportunities offered by the continued rise of China, flooding the region with unsurmountable trade and investment opportunities, and with the technological sophistication or the security provided by the US military preponderance in the region. However, as the strategic competition between the United States and China is set to grow, some scholars argue that Southeast Asian states may have to choose whether to balance against or bandwagon with with one or the other great power.

I argue, in contrast, that “refusing to choose sides” between Washington and Beijing means that Southeast Asian countries, or ASEAN to that matter, prefer to diversify their economic, diplomatic and security relations with other secondary (even tertiary) powers, such as Japan and India, to enhance one’s strategic space in the regional system, on one hand, and easing tension in the regional strategic environment, on the other. Omnidirectional hedging, thus, helps small and medium powers in avoiding being entrapped in an ensuing great power rivalry in which the more straight forward strategic alignment choices would render them pawns of that power contestation. Moreover, in the unit level, the ODH strategy allows states encountering repeated oscillation between democratic consolidation and illiberal rule, i.e. military takeovers, to diversify their diplomatic support and avoiding of becoming isolated in the international stage in the process. In both systemic and unit levels omnidirectional hedging logic works to either maintain or enhance a small states’ strategic space.

The following takes a comparative look at the most common alignment strategies—balancing, bandwagoning and hedging—and builds on these debates by adding this author’s concept of omnidirectional hedging to the discussion.

ALIGNMENT STRATEGIES: “BALANCING”

Contemporary structural realism proposes three strategies a state may pursue to ensure its survival in the international system: balancing, bandwagoning or hedging. From the three

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3 Small state aligning with one or the other great power may cause the other (“rejected”) power to pose economic sanctions or attempt to isolate the country diplomatically. For an excellent discussion on this, see Ciorciari, J., D. (2010). The Limits of Alignment: Southeast Asia and Great Powers since 1975. Georgetown University Press: Washington D.C., USA.

4 Neutrality in its strict form, as the “third option”, is not included here as it is very rare and almost always involves a level of the other alignment strategies.
primary alignment strategies the first two, balancing and bandwagoning, operate primarily when confronted by a significant external threat, whereas hedging operates especially under the normal condition of international relations short of imminent threats or crises. First, balancing requires an actor to engage in a countervailing behaviour in order to maintain “equilibrium” in the international system. Or, as Walt defines balancing as “allying with others against the prevailing threat.” This can be achieved primarily in two different ways, either internal balancing or external balancing (or in a combination of the two). A perceived security challenge caused by a “rising” actor, with status-quo-altering increase in relative power (military capability), neighbouring states are compelled to increase their own relative power in order to counter the original security threat. A state with adequate material resources may turn its economic strength into increased military spending, acquiring defensive or offensive capabilities, in order to enhance one’s deterrent, thus discouraging a threatening state from engaging in errant, coercive or adventurous behaviour.

Importantly, the internal balancing behaviour — modernising and increasing one’s relative military capabilities — causes substantial economic burden for a state’s fiscal policies, that may or may not be available to a given actor. Therefore, a state with relatively little resources to increase its respective material (military) power, the state may engage in external balancing, aligning one’s short-term strategic interests with one or more external actors. This (alignment) may occur in the form of forging security partnerships or alliances to balance against the perceived threat. The hypothesis of forming alliances in order to prevent stronger (upper-tier) powers from dominating the weaker (lower-tier) powers lies at the heart of the realist balance of power theory. According to the theory’s logic, states join alliances to protect

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10 Security partnerships, comprehensive or strategic, are defined here as less formal strategic alignment than alliance, but with clearly identifiable security purposes.

11 Alliance is defined here as a formal strategic alignment with signed treaty.
themselves from states or coalitions whose superior resources could pose a threat.\(^\text{12}\) External balancing necessitates two or more states to temporarily combine their collective countervailing power to return the balance or equilibrium to the system. However, as Walt notes, states choose to balance as “they place their survival at risk if they fail to curb potential hegemon before it becomes too strong”,\(^\text{13}\) yet, as Walt conclude, states tend to balance against the greater threat instead of greater power.\(^\text{14}\) It follows then, that as the level of threat is always subjective, it is in states’ interest to ameliorate the image radiated around one’s power or to moderate causes of war, by signalling benign or cooperative intentions, rather than competitive ones.\(^\text{15}\) As many scholars stress,\(^\text{16}\) however, security alignments are inherently temporary in nature, as one cannot predict which actor(s) will become threats to the system in future.\(^\text{17}\) Therefore, the underlying logic of the international system (balance of power), and its unpredictability — for instance, the rise and fall of great powers — necessitates a rational actor to exercise a mixture of internal and external balancing, determined by one’s relative material resource endowment and the regional (or global) geostrategic context in which the actor operate.

**ALIGNMENT STRATEGIES: “BANDWAGONING”**

In addition to balancing, changes in the distribution of power may compel states to engage in bandwagoning behaviour. Bandwagoning is traditionally defined as the opposite to balancing. In other words, as Waltz clarifies, balancing refers to the choice of joining the weaker side in a conflict, bandwagoning, then, is the choice of allying with the stronger side.\(^\text{18}\) For Waltz, conversely, bandwagoning refers to “alignment with the source of danger”,\(^\text{19}\) as opposed to the

\(^\text{13}\) Ibid.
\(^\text{14}\) Kenneth Waltz coined the term “balance of threat” to better comprehend the idea that power in itself is not necessarily threatening (balance of power), instead, power with malign intentions (motives), geographic proximity, and with offensive capability, generates threat.
\(^\text{17}\) I.e. the sudden rise of Imperial Germany after its unification in 1871, the collapse of the Soviet Union in December 1991, and the equally rapid and consequential rise of China in the contemporary international relations.
strategy of balancing against the threat. The bandwagoning act, therefore, necessitates a weaker actor to follow the overall strategic interests of a more powerful actor in the international system. According to Walt, bandwagoning involves an unequal exchange: ‘‘The vulnerable state makes asymmetrical concessions to the dominant power and accepts a subordinate role. Bandwagoning is [thus] an accommodation to pressure (either latent or manifest).’’  

Bandwagoning, however, is a contentious strategic phenomena and has garnered diverging interpretations. Perhaps most importantly, Waltz and Walt come to different conclusions on whether power or threat drive states to bandwagon, yet both agree that the goal of states engaging in bandwagoning strategy is to avoid attack and preserve national security. In this view, both balancing and bandwagoning are inherently defensive strategies and hence align with defensive realism well, as their aim is the preservation of security. Schweller (1994), on the other hand, contends that the aim of balancing is self-preservation and the protection of existing values, whereas bandwagoning is driven by the prospects of gain.  

Challenging Walt’s conclusion, Schweller argues that although significant external threat is required for a state to balance, it is not necessarily the case with bandwagoning, as states often bandwagon for profit. This is often the case with small states looking for beneficial economic gains through beneficial trade and investment opportunities in exchange to a level of political and security compliance to the stronger party. Rising powers thus often offer incentives to secondary states as the most effective means to induce bandwagoning behaviour.

In contrast to Walt and Waltz, Schweller argues that the fundamental difference between balancing and bandwagoning is cost: ‘‘Balancing is an extremely costly activity most states would rather not engage in. Bandwagoning rarely involves costs and is typically done in the expectation of gain.’’ However, Walt maintains that a small state gaining lucrative trade and investment deals also endangers becoming dependent on the stronger state, therefore being able to sway political influence over the smaller state. In short, the above differing interpretations on bandwagoning have diverging focus. The more traditional understanding, lead by Waltz and

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20 Ibid. p. 55.  
22 Ibid.  
23 Ibid.  
24 Ibid.  
Walt, emphasises the challenges rising powers pose, whereas Schweller focuses on the opportunities they create.26

To complicate matters further, other scholars, like Kang and Ross, have suggested alternative definitions of bandwagoning or introduced new terms to describe the complex state alignment strategies. First, Kang identifies a state’s bandwagoning behaviour as linked with military alliances or economic and diplomatic cooperation in response to a present threat, similar to Walt.27 Second, Ross employs a new term, *accommodation*, to better ‘‘capture the process of secondary state alignment with rising powers. Bandwagoning is often the preferred term but it can be misleading.’’28 Instead, Ross agrees with Schweller in maintaining that balancing and bandwagoning are not opposite behaviours but can be pursued simultaneously29 as part of a mixed strategy of complex alignment. However, Ross sides with Waltz, Walt and Kang on holding the presence of threat important to bandwagoning behaviour.30

It becomes clear that using the same term to describe such diverse strategies is one of the challenges that any debate over Southeast Asian security relations and responses to China’s rise pose. Therefore, scholars studying small and medium states’ alignment strategies look at hypotheses going beyond simple balancing or the more controversial bandwagoning. For the purpose of operationalising defensive realism in this context, the next section introduces strategic hedging as the alignment strategy of choice.

**BEYOND BALANCING AND BANDWAGONING: “HEDGING”**

It is evident that the principal realist approaches of balancing and bandwagoning are hardly desirable security strategies for small and medium powers, especially under the normal condition of international relations short of imminent threats or crises. This is because the above strategies inherently limit an actor’s security choices and freedom of action.31 In fact, many scholars of

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27 Ibid.
30 Ibid.
31 Particularly in Waltz and Walt’s more rigid understanding of security alignments. See the previous section.
Southeast Asian security relations agree that most states in the region are not pursuing the traditional dichotomous strategies of balancing or bandwagoning. Instead, to better comprehend the complexity of contemporary international relations in Southeast Asia and to complement the balancing and bandwagoning policy choices a strategy of hedging has gained prominence in foreign and security policy circles, as well as within academia.

Defining hedging strategy, however, has proven problematic. What does it include and what it does not include, has been a source of active debate. Goh, for instance, defines hedging as “a set of strategies aimed at avoiding in a situation in which states cannot decide upon more straightforward alternatives such as balancing, bandwagoning, or neutrality.” Others, like Medeiros, see hedging as a mixed strategy, that on one hand stress “engagement and integration mechanisms and, on the other, emphasise realist-style balancing in the form of external security cooperation.” More exhaustively, Kuik explains hedging as “a behaviour in which an actor tries to mitigate risks by pursuing multiple policy options, which would produce mutually counteracting effects, under the situation of high-uncertainties and high-stakes”; “keeping open more than one strategic option against the possibility of a future security threat”.

In this research, hedging is taken as a strategy of “multiple choices” to deal with strategic uncertainties in the international system by relying on a mixture of policy tools that, while helping to promote bilateral cooperation, also incorporates the competitive elements in case of future security threats posed by their partners. In effect, the policy tools available for an actor are situated anywhere along a continuum extending from pure bandwagoning to pure balancing. According to Kuik, for instance, these tools could include limited bandwagoning, binding engagement, economic pragmatism, dominance denial and indirect balancing.

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36 With this definition the author follows Hiep’s general definition of hedging strategy. See, Hiep, L. H., (December 2013), Vietnam’s Hedging Strategy Against China Since Normalization, in Contemporary Southeast Asia, Vol. 35, No. 3. p. 337.
37 Ibid.
However, as Hiep point out, the adoption of specific policy tools depends primarily on a state’s security perception of the partner to which the strategy is applied.\textsuperscript{39} The convertibility and diversity of the tools available therefore enables actors to move along the balance-bandwagoning continuum with ease, depending on developments in bilateral relations and changes in the international environment.\textsuperscript{40} Furthermore, in a case of extreme threat, actors can quickly switch to pure balancing or bandwagoning strategies without requiring a major overhaul of its foreign or security policies.\textsuperscript{41} In this sense, hedging strategy offers actors unprecedented flexibility to deal with strategic uncertainties in relation to their partners’ future behaviour, while also enabling them to benefit from the existing relationship.

This author approves Hiep and Kuik’s definitions of hedging, in general, but disagrees with their argument that the policy tools available are virtually the same for every state.\textsuperscript{42} The assertion needs a correction in that, as the policy tools in the basket might be similar for every state, their operational availability differs. In other words, one has to bear in mind the corresponding fixed variables, like the geopolitical context or security environment surrounding an actor. Geopolitical context may potentially completely neglect the use of certain tools and favor others. Walt supports this view in his assertion of the importance of geographic proximity in states’ alignment behavior, in the balance of threat perception.\textsuperscript{43} It follows then, that the scope and depth of utilizing one or the other foreign policy tool, in order to broaden one’s freedom of action, is thus restricted through domestic or external pressures. For example, the scope and availability of the same hedging tools for Cambodia and Laos, in comparison to, say Malaysia and Singapore, is drastic. In the case of Laos and Cambodia, on the one hand, due to their geopolitical proximity, remarkable asymmetry in comprehensive power and dependency on Chinese investment and aid, the operational availability of the same tools is restricted at best, if not limited, and therefore Phnom Penh and Vientiane find themselves close to the bandwagoning end of the continuum. Malaysia and Singapore, on the other hand, enjoy much more strategic flexibility and hence are able to choose their policy tools more freely and sustain relatively high

\textsuperscript{40} Ibid.
\textsuperscript{41} Ibid.
\textsuperscript{42} Ibid.
\textsuperscript{43} Walt, S, (1978) \textit{The Origins of Alliances}. 
freedom of action.\textsuperscript{44} It needs to be added, however, that even with the limited foreign policy freedom of action, particularly in the area of security, Laos have been able to exercise a level of strategic diversification in the fields of investment, trade relations, and diplomacy, even if limited. This is an element of economic hedging. Following the logic of diversifying an actor’s international relationships, the next section develops the logic of omnidirectional hedging.

\textbf{“OMNIDIRECTIONAL HEDGING”: THE MAINTENANCE OF STRATEGIC SPACE}

In addressing small and medium states’ alignment policies in Southeast Asia’s strategic context, scholars have frequently used strategic hedging to characterise the regional actors’, often perceived, indecisiveness or ambivalence in their different alignment choices. This strategic ambivalence allows, as this author argues, Southeast Asian secondary-sates to exercise a level of strategic sovereignty, or strategic space, in operating within the broader framework of Sino-US strategic relationship.\textsuperscript{45} Omnidirectional hedging (ODH) aims to maximize a state’s (relative) strategic space. This is to say that states are generally unwilling to strictly align with one great power over another in fear of bearing unproportional long-term economic, diplomatic or strategic losses in the process. Southeast Asian states generally refuse to choose sides between the United States and China, cherishing the great economic opportunities offered by the continued rise of China, flooding the region with insurmountable trade and investment opportunities, and with the technological sophistication or the security provided by the US military preponderance in the region.

As the strategic competition between the United States and China is set to grow, some scholars argue that Southeast Asian states may have to choose whether to balance against or bandwagon with one or the other great power. I argue, in contrast, that “refusing to choose sides” between Washington and Beijing means that Southeast Asian countries, or ASEAN to that matter, prefer to diversify their economic, diplomatic and security relations with other secondary (even tertiary) powers, such as Japan and India or even further, with Russia and South Korea, to enhance one’s strategic space in the regional system, on one hand, and easing tension

\textsuperscript{44} Kuik, C-C, (2008), The Essence of Hedging: Malaysia and Singapore’s Response to a Rising China, in \textit{Contemporary Southeast Asia}, Vol. 30, No. 2.

\textsuperscript{45} Lim, D. J. & Cooper, Z. (2015), Reassessing Hedging: The Logic of Alignment in East Asia
in the regional strategic environment, on the other. Omnidirectional hedging, thus, helps small and medium powers to avoid being entrapped in an ensuing great power rivalry in which the more straightforward strategic alignment choices would render them pawns of that power contestation. With the same logic, a small state’s strategic diversification that includes multiple rising or re-emerging regional and extra-regional powers—secondary or tertiary—help an actor to garner broader regional and international support with shared strategic interest, thus offering a tool of self-help to avoid the fears of abandonment, putting pressure on the stronger actor to “do more”. In the contemporary Asian international relations wherein military technology is rapidly altering the nature and focus of regional alliance or alignment constellations, from concentration of military power to decentralisation and networking of basing rights, instead of rigid bases. This change has put also extra pressure to, especially, Washington to cultivate its regional relationships regardless of domestic political tumults in a number of regional countries, in order to maintain access to military facilities and supply. This author argues that this development has offered some secondary states an added leverage over their great power patron(s). Omnidirectional hedging—diversification of strategic relationships—therefore, provides a small state a strategic alignment tool with which the maintenance of one’s relative strategic space becomes more manageable, in comparison to the two-dimensional hedging logic.

In the unit level, the ODH strategy allows states encountering repeated oscillation between democratic consolidation and illiberal rule, i.e. military takeovers, to diversify their diplomatic support and avoiding of becoming isolated in the international stage in the process. In both systemic and unit levels omnidirectional hedging logic works to either maintain or enhance a small states’ strategic space. In Thailand, for instance, America—Thailand’s treaty ally—downgraded its defence relations with Bangkok in the aftermath of a military coup in May 2014, followed by the European Union. Similarly to the 2006 military takeover that toppled the Thaksin government, Bangkok became, again, relatively isolated by the West, in the international community with demands of a return to a democratic rule. Bangkok sought to diversify its diplomatic, security, and economic relations to China and Russia, to avoid abandonment. Importantly, as fears of Thailand veering too close to China’s embrace, accepting massive trade and investment opportunities, Bangkok has increasingly cultivated her relations with Japan, and also South Korea, while carefully maintaining the crucial defence relations with the United States.
In the Philippines, another US’ regional treaty ally, the oscillation of maintaining close relationship with Washington and distancing from the “too close for comfort” patron-client relationship, has witnessed a similar tendency. After President Arroyo’s infamous rapprochement to China, President Aquino III embraced a new “honeymoon period” with the United States. Aquino signed a number of new defence related agreements to bolster ties with Washington, including the EDCA (Enhanced Defence Agreement) in April 2014, which allowed enhanced US military access to military bases in the Philippines archipelago. Moreover, the Philippines won a case against China’s excessive maritime claims over most of the South China Sea in the International Court of Justice, which raised Beijing’s anger against Manila further, causing a rift in the Sino-Philippines relations. After the populist President Duterte succeeded the office, he changed the course of Manila’s foreign policy, promising not to endorse the ICJ ruling, stopping most of the military exercises and training with the United States, and to throw out the US forces in the country, ceasing the joint naval patrols in the South China Sea, hence distancing from Washington. President Duterte was quick to court Beijing for investment and trade opportunities, calling for arms acquisitions from China and Russia to distance the Philippines from her perceived overdependence on the United States. While rhetorically distancing from Washington, Manila has maintained the underlying defence relationship with the United States, and further embraced diplomatic, security and economic relationships with, especially Japan, but also with India, Australia, and South Korea, to diversify Manila’s regional international relations.

Elsewhere, Malaysia, Indonesia and Vietnam, too, have balanced their relations with China and the United States—cultivating the economic opportunities offered by the rising China and maintaining security (and economic) relations with the United States—while proactively looking for enhanced partnerships with multiple other regional and extra-regional powers. Japan and India’s role has been the most prominent in this calculus as their regional role and power has increased and strategic interests crossing the South China Sea in the Indo-Asia-Pacific realm. Moreover, Indonesia, and Malaysia to certain extent, have also cultivated their strategic relations with the Middle East, sharing the same faith. Similarly, Russia’s own “pivot” to Asia and South Korea’s increased security interests in Asia have provided Southeast Asian countries with added sources for political, diplomatic, security, and economic diversification—managing their relative strategic space within the regional security constellation.
CONCLUSION

As I have argued, the binary assessment of strategic alignment in Southeast Asian international relations—balancing and bandwagoning or the two-dimensional view on hedging—looses the sight of the complexity of regional strategic relations and the relative strategic independence that small state actors exercise in the current regional security environment. Instead, I have argued that the logic of omnidirectional hedging—diversification of a state’s diplomatic, economic and security ties—assists a state in the maintenance of enhancement of its relative regional strategic space by cultivating or generating new partnerships with multiple regional or extra-regional powers.

Omnidirectional hedging assists small states to prevent strategic entrapment by being drawn into the evolving Sino-US rivalry in the region, on one hand, and to avoid strategic abandonment by their stronger partners, on the other. In the systemic level, strategic diversification, a core element of the ODH logic, help in reinforcing the common rhetoric in Southeast Asia and ASEAN, the one of refusing to choose sides between the United States and China, and, instead, stresses the importance of cultivating mutually beneficial relations with all actors in the region. In the unit level, the ODH logic acts to avoid regional or international isolation during domestic tumult, as was shown in the Philippines and Thailand’s cases.

In both, the systemic and the unit levels, therefore, the omnidirectional hedging strategy works as a small state’s tool for self-help, moderating the regional security environment by refusing to choose sides in the overarching Sino-US rivalry and by attracting multiple strategic partners to help diversifying sources for economic, diplomatic and security assistance—thus managing one’s relative strategic space in the evolving regional security dynamics.