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China's Rise and Balance of Power Politics

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Abstract

The post-Cold War international system, dominated by the United States, has been shaken by the relative downturn of the US economy and the simultaneous rise of China. China is rapidly emerging as a serious contender for America's dominance of the Indo-Pacific. What is noticeable is the absence of intense balance of power politics in the form of formal military alliances among the states in the region, unlike state behaviour during the Cold War era. Countries are still hedging as their strategic responses towards each other evolve. We argue that the key factor explaining the absence of intense hard balancing is the dearth of existential threat that either China or its potential adversaries feel up till now. The presence of two related critical factors largely precludes existential threats, and thus hard balancing military coalitions formed by or against China. The first is the deepened economic interdependence China has built with the potential balancers, in particular, the United States, Japan, and India, in the globalisation era. The second is the grand strategy of China, in particular, the peaceful rise/development, and infrastructure-oriented Belt and Road Initiative. Any radical changes in these two conditions leading to existential threats by the key states could propel the emergence of hard-balancing coalitions.

Introduction

International politics is in a state of flux as the 21st century advances towards its third decade. The post-Cold War international system, dominated by the United States, has been shaken by the relative decline of the US economy and simultaneous rise of China and countries such as India as economic powerhouses. In 2010, the two countries managed to dodge the financial crisis and emerge as stronger economies. Although their economies have slowed down since then, and show sustained rates of modest growth, in the decades to come they may indeed become major economic powerhouses, if not political players, in the emerging international system. China, meanwhile, has strengthened its military and economic power and assumed more assertive postures towards its neighbours in

disputes over small islands in the Pacific and the South China Sea. Russia, which substantially declined at the end of the Cold War, has also demonstrated some capacity to assert itself, partly due to wealth generated by oil price increases, and the active diplomacy pursued by President Vladimir Putin. What is noticeable is the absence of intense balance of power politics among these states, unlike their policies of yesteryears. China and Russia have formed limited strategic partnerships, while the United States and India have organised limited joint security activities, and neither of these ententes have matured into hard balancing military alliances.

More interesting still is the relative rise of China yet absence so far of a hard balancing military alliance against it like that during the Cold War era that the Soviet Union experienced from the West, and vice versa. We argue that there are two main reasons why the powers affected by China's rise are not pushing in the hard-balancing direction. The first is the deepened economic interdependence generated by globalisation, which has offered China an extraordinary opportunity to emerge as a leading global economy. The second is China's strategy of 'Peaceful Rise', later renamed 'Peaceful Development', along with the Belt and Road Initiative (BRI), which have helped to soothe the friction caused elsewhere.¹ Even though we notice some changes in China's peaceful rise strategy since the arrival of the Xi Jinping regime, many elements of the previous strategies are still in place. Unlike China and the West today, during the Cold War era, the Soviet Union, its allies, and the West were not economically interdependent. The Soviet global strategy was perceived as offensive and as posing an existential threat to the West, and vice versa. Soviet and Western military doctrines both assumed existential challenges against one another. Hard balancing, internally through building weapons and externally through forming strong military alliances, was perceived as essential for security in the bipolar world. Today, the absence of an existential threat helps to prevent the formation of a balancing coalition either by China or its opponents, such as the United States and India.

Balancing Against Threat Versus Balancing Against Power

Balance of power theory, as developed over the past three centuries, privileges balancing against power as opposed to threats,² the distinction that Stephen Walt

1 There are other normative and structural reasons for the absence of hard balancing, but they are secondary. These include: the relative decline of territory as a source of wealth and power; the norms of nationalism and territorial non-intervention/integrity that act as constraints on a potential expansionist power; the state of the military technology that favours defence and deterrence over offence; and the absence of an expansionist ideology, such as Fascism, Nazism, or Communism of the Soviet variety. For a discussion on these factors, see T. V. Paul, *Restraining Great Powers: Soft Balancing from Empires to the Global Era* (New Haven: Yale University Press, 2018), pp. 15–9.

2 For examples on how balancing against power influences US foreign policy, see Sebastian Rosato and John Schuessler, 'A Realist Foreign Policy for the United States', *Perspectives*

proposed. Uneven distribution of power is not automatically equal to threats, because 'the level of threat is also affected by geographic proximity, offensive capacities, and perceived intentions'.³ Historically, balancing against power was equated with threats, as the assumption, based on the realist logic, has been that the powerful will inevitably dominate the less powerful. In the European 'dog eat dog' world of intense realpolitik, no power could be allowed to become preponderant as it would eventually gobble up the weaker ones.⁴ However, history has several instances of this not happening in an orderly fashion, and many of non-balancing and under-balancing. European powers in the late 19th century did not balance against the undoubtedly rising United States; and due to their internal incoherence, Britain and France did not adequately balance against rising Nazi Germany in the 1930s.⁵ In fact, balancing is only one of several techniques states used in Europe, such as 'bandwagoning', 'buck-passing', 'hiding', and 'transcending', to face powerful states that pose threats.⁶ During the Cold War era, the vast number of global south countries beyond the European continent and East Asia was reluctant to use alliances consistently, or even balance of power regularly, as their main foreign policy tools.⁷

The large anomalies in state behaviour in the face of the rising power of a major state can be explained if we use the balancing against threats theory to understand the contemporary situation. Accordingly, should a rising power pursue a conscious non-threatening strategy of rise it may sometimes achieve its strategic goals without violence.⁸ However, by engaging in offensive military doctrines and rapid expansionist strategies it would face a balancing coalition as its rise will threaten the sovereign existence of the affected states. The theory is thus predicated on the level of threat as opposed to power.

When, in past epochs, rising powers emerged, the response of status quo powers was to form balancing coalitions against them. The relative absence of

on Politics, Vol. 9, No. 4 (2011), pp. 803–19, 963. On automatic balancing against power, see Kenneth Waltz, *Theory of International Politics* (MA: Addison-Wesley Pub. Co., 1979), pp. 107–14.

3 Stephen M. Walt, *The Origins of Alliances* (Ithaca: Cornell University Press, 1987), p. 5.

4 Balancing against power had been particularly common among European continental powers. Jack S. Levy and William R. Thompson, 'Hegemonic Threats and Great-Power Balancing in Europe, 1495-1999', *Security Studies*, Vol. 14, No. 1 (2005), pp. 1–33.

5 Randall L. Schweller, 'Unanswered Threats – A Neoclassical Realist Theory of Underbalancing', *International Security*, Vol. 29, No. 2 (2004), pp. 187–98.

6 For example, see Paul Schroeder, 'Historical Reality vs. Neo-Realist Theory', *International Security*, Vol. 19, No. 1 (1994), pp. 108–48.

7 K. J. Holsti, 'International Relations Theory and Domestic War in the Third World: The Limits of Relevance', in Stephanie G. Neuman, ed., *International Relations Theory and the Third World* (New York: St. Martin's, 1998), pp. 103–32; William C. Wohlforth et al., 'Testing Balance-of-Power Theory in World History', *European Journal of International Relations*, Vol. 13, No. 2 (2007), pp. 155–85.

8 For example, see John G. Ikenberry, *America Unrivaled: The Future of the Balance of Power* (Ithaca: Cornell University Press, 2002).

such balancing behaviour in the post-Cold War era has caused a general questioning of the concept, as well as strategy, among many International Relations scholars. Sceptics of non-realist persuasions have argued that balance of power theory has become irrelevant in the face of growing global social forces,⁹ while proponents, in particular realists, contend that balance of power dynamics operates in contemporary world politics in varying manifestations.¹⁰ Some realists forecast the return of intense balancing in the future as relative power capabilities change.¹¹

It should be clarified that balance of power is a contested concept.¹² Hence, the best we can do is to accept the commonly understood meanings of the terms, wherein ‘balancing’ is viewed as a state strategy or foreign policy behaviour, while ‘balances of power’ refers to an outcome at the systemic or sub-systemic level, i.e. a state of equilibrium of power among key actors. The purpose of balancing is to prevent a rising power or a dominant state from assuming hegemony, and if and when that effort succeeds, balance of power is expected to kick in.¹³

The recent literature, T. V. Paul’s works, in particular, has introduced three forms of balancing against threats. The three concepts—hard balancing, limited hard balancing, and soft balancing—describe ways in which balance of power

- 9 See, for example, Richard Ned Lebow, ‘The Long Peace, the End of the Cold War, and the Failure of Realism’, *International Organization*, Vol. 48, No. 2 (1994), pp. 249–77; John A. Vasquez, ‘The Realist Paradigm and Degenerative Versus Progressive Research Programs: An Appraisal of Neotraditional Research in Waltz’s Balancing Proposition’, *American Political Science Review*, Vol. 91, No. 4 (1997), pp. 899–912; Steve Chan, ‘An Odd Thing Happened on the Way to Balancing: East Asian States’ Reactions to China’s Rise’, *International Studies Review*, Vol. 12, No. 3 (2010), pp. 387–412.
- 10 For example, see Steven E. Lobell, ‘A Granular Theory of Balancing’, *International Studies Quarterly*, Vol. 62, No. 3 (2018), pp. 593–605. In history, the rising power strategies also affect the emergence of balancing behaviours. See Stacie E. Goddard, ‘When Right Makes Might: How Prussia Overturned the European Balance of Power’, *International Security*, Vol. 33, No. 3 (2009), pp. 110–42.
- 11 Kenneth N. Waltz, ‘Structural Realism after the Cold War’, *International Security*, Vol. 25, No. 1 (2000), pp. 5–41; Colin Gray, ‘Clausewitz Rules, OK? The Future Is the Past—With GPS’, *Review of International Studies*, Vol. 25, No. 5 (1999), p. 169; John J. Mearsheimer, *The Tragedy of Great Power Politics* (New York: W.W. Norton Press, 2001). John Mearsheimer, ‘Bound to Fail: The Rise and Fall of the Liberal International Order’, *International Security*, Vol. 43, No. 4 (2019), pp. 7–50.
- 12 For a discussion on the differences between ‘balance of power theory’, ‘power balance’, and ‘theory of power balancing’, see Daniel H. Nexon, ‘The Balance of Power in the Balance’, *World Politics*, Vol. 61, No. 2 (2009), pp. 330–40.
- 13 For a useful distinction between ‘balancing’ and ‘balances of power’, see Colin Elman, ‘Introduction: Appraising Balance of Power Theory’, in John A. Vasquez and Colin Elman, eds., *Realism and the Balancing of Power: A New Debate* (Upper Saddle River: Prentice Hall, 2003), pp. 8–9.

operates in the contemporary era at different threat levels.¹⁴ This is based on the premise that as long as the ultimate purpose of balancing is to reduce or match the power of a dominant state or a threatening actor, the means that states adopt—other than military build-up and formal alliance formation—should be included in our analysis in order to better understand balancing strategies in the contemporary era.¹⁵ Traditional hard balancing through formal alliance formation and military build-up is significant, but seems able to capture only one, albeit the most significant form of balance of power behaviour.

Hard balancing is thus a strategy among states engaging in intense rivalry. There are two approaches under this perspective—internal balancing and external balancing. For internal balancing, states adopt strategies such as acquiring and continuously modernising military capabilities that can match those of their adversaries.¹⁶ For external balancing, states form and maintain formal alliances and counter-alliances to match the power capabilities of their key opponents. The traditional realist and neo-realist conceptions of balancing are mainly confined to hard balancing.

Limited hard balancing relies on limited arms build-ups, semi-formal alliances, and strategic partnerships. Joint efforts and sharing of resources without formally committing to defend each other are what distinguishes such partnerships from hard-balancing alliances. Security cooperation under limited hard balancing can include sharing of information, joint exercises, coordinated actions against non-traditional security threats (such as terrorism, cybersecurity, and drug trafficking), and technology cooperation; however, the parties do not have joint operational plans similar to those in a hard-balancing alliance.¹⁷ Some Chinese studies define this balancing strategy as ‘lower-rank security cooperation’ and

14 See Paul, *Restraining Great Powers*, p. 22; T. V. Paul, ‘Introduction: The Enduring Axioms of Balance of Power Theory and Their Contemporary Relevance’, in T. V. Paul, James J. Wirtz, and Michel Fortmann, eds., *Balance of Power: Theory and Practice in the 21st Century* (Stanford: Stanford University Press, 2004), pp. 20–3. See also Robert A. Pape, ‘Soft Balancing Against the United States’, *International Security*, Vol. 30, No. 1 (2005), pp. 7–45.

15 He Kai, who develops the concept of ‘negative balancing’, suggests that when the rising power has a high level of threat perception, it tends to adopt a negative balancing strategy, defined as ‘strategies or diplomatic efforts aiming to undermine a rival’s power’. When the threat perception is low, rising powers tend to have a ‘positive balancing’ strategy, incorporating internal and external hard-balancing strategies. He Kai, ‘Undermining Adversaries: Unipolarity, Threat Perception, and Negative Balancing Strategies after the Cold War’, *Security Studies*, Vol. 21, No. 2 (2012), pp. 154–91.

16 Rosato and Schuessler, ‘A Realist Foreign Policy for the United States’.

17 For the most up-to-date list of security cooperation under the China–Russia Strategic partnership, see ‘Zhonghua renmin gongheguo he e’luosi lianbang guanyu fazhan xinshidai quanmian zhanlue xiezuo huobanguanxi de lianhe shengming’ (‘A Joint Declaration Between China and Russia on the Development of a Comprehensive Strategic Cooperative Partnership Facing the New Era’), 6 June, 2019, http://www.xinhuanet.com/world/2019-06/06/c_1124588552.htm.

suggest that, short of binding alliance treaties, this type of balancing is more flexible than a formal hard-balancing alliance.¹⁸ China and Russia have such a limited hard-balancing partnership today, as do India and the United States. Soft-balancing partnerships, on the other hand, should be distinguished as diplomatic coalitions without much of a military component, unlike hard- and limited hard-balancing coalitions.¹⁹

Soft balancing implies tacit balancing short of formal alliances. States generally develop ententes or limited security understandings, such as strategic partnerships or diplomatic coalitions, with one another in order to balance a powerful state, or a rising and/or a potentially threatening power. Soft balancing is often based on ententes, and/or cooperative exercises through institutions,²⁰ both regional and international, that may be converted to open hard-balancing strategies if and when security competition becomes intense and the powerful state develops into a threatening actor. In his recent book, Paul defined soft balancing as ‘restraining the power or aggressive policies of a state through international institutions, concerted diplomacy via limited, informal ententes, and economic sanctions in order to make its aggressive actions less legitimate in the eyes of the world and hence its goals more difficult to obtain’.²¹

It is the realities of contemporary international order that evoke the need for broadening the concept of balancing. We argue that the international system may not be experiencing the hard balancing of yesteryears, but that the system exhibits several attempts at soft balancing, as well as limited hard balancing, to varying degrees. We test these arguments in the context of China and compare it with Cold War era balancing to show that affected countries need not engage in intense hard balancing if they do not fear existential threats from a rising power.

China’s Grand Strategy and Balancing

The Chinese grand strategy between 1990 and 2010 has been dubbed ‘peaceful rise’.²² The essential basis of this strategy was not to alarm the international order

18 In Chinese, it is ‘Ciji anquan hezuo’, Sun Degang, ‘Lun “zhunlianmeng” zhanlüe’ (‘On “Quasi-Alliance” Strategy’), *Shijie jingji yu zhengzhi* (*World Economy and Politics*), No. 2 (2011), pp. 60–2.

19 Paul, *Restraining Great Powers*, pp. 21–2.

20 He Kai also develops the concept of ‘institutional balancing’, defined as states’ counter ‘pressure or threats through initiating, utilizing and dominating multilateral institutions . . . to pursue security under anarchy’. He Kai, ‘Institutional Balancing and International Relations Theory: Economic Interdependence and Balance of Power Strategies in Southeast Asia’, *European Journal of International Relations*, Vol. 14, No. 3 (2008), pp. 489–518; He Kai, *Institutional Balancing in the Asia Pacific: Economic Interdependence and China’s Rise* (London and New York: Routledge Taylor & Francis, 2008).

21 Paul, *Restraining Great Powers*, p. 20.

22 The peaceful rise policy was later replaced by the peaceful development policy. Bonnie S. Glaser and Evan S. Medeiros, ‘The Changing Ecology of Foreign Policy-Making in China:

unduly, but to use economic instruments to achieve global power status. Chinese scholars and political elite claim that China has no intention of challenging the international order, but would like to emerge as a major market in the world by using the capitalist instruments of trade and investment.²³ The ‘peaceful rise’ strategy holds that peace and development are the two essential characteristics of the current international system, and that the goal of China’s rise is to consolidate such a system rather than one of political and security competition.²⁴ Intense hard balancing was perceived as largely incompatible with the ‘peaceful rise’ strategy because despite being a rising power, China ‘is still substantially weaker than the US’.²⁵ Around 2010 China changed the ‘peaceful rise’ to the ‘peaceful development’ strategy. Wu Jianming, China’s ex-ambassador to France, commented that ‘they are essentially the same concept; We changed the terms because some think the word “rise” sounds a bit aggressive, but the phrase “peaceful development” is more peaceable’.²⁶ To another analyst, ‘China seems to have chosen the prudent course of avoiding unduly antagonising the United States while establishing a web of relationships with other states and state-based bodies that could serve to provide China with a degree of leverage where this proves necessary’.²⁷

China’s military strategy and alignment behaviour precluded intense hard balancing. We argue that China’s security strategy and military doctrines are yet to be perceived as existentially threatening to other states. The 2015 White Book on China’s Military Strategy defines China’s military doctrine as an ‘actively defensive strategy’.²⁸ The phrase ‘actively defensive’ implies that China will not initiate offensive war against other states, but that if China comes under attack, it can use

The Ascension and Demise of the Theory of “Peaceful Rise”, *The China Quarterly*, No. 190 (2007), pp. 291–310.

- 23 For example, see ‘Guowuyuan Xinwenban Fabiao “Zhongguo de Heping Fazhan” Baipishu Quanwen’ (‘The State Council Releases the “The Peaceful Development of China” Whitebook’), 6 September, 2011, http://www.gov.cn/jrzq/2011-09/06/content_1941204.htm.
- 24 For example, see Zheng Bijian, ‘Zhongguo heping jueqi de fazhan daolu’ (‘The Development Path of China’s Peaceful Rise Strategy’), 22 April, 2004, <http://tech.sina.com.cn/other/2004-04-22/2013353260.shtml>.
- 25 Denny Roy, ‘China’s Reaction to American Predominance’, *Survival*, Vol. 45, No. 3 (2003), p. 57.
- 26 Jiang Wei, ‘Zhongguo zitai: cong “heping jueqi” dao “heping fazhan”’ (‘China’s Position: From “Peaceful Rise” to “Peaceful Development”’), 25 October, 2010, <http://finance.ifeng.com/news/20101225/3113284.shtml>.
- 27 In the era of ‘peaceful rise’, hard balancing is not completely abandoned in China’s foreign policy. For example, China’s strategic partnership with Pakistan contains some hard balancing components against India. Rosemary Foot, ‘Chinese Strategies in a US-Hegemonic Global Order: Accommodating and Hedging’, *International Affairs*, Vol. 82, No. 1 (2006), p. 93.
- 28 China’s Ministry of Defence, ‘Zhongguo de junshi zhanlüe’ (‘China’s Ministry of Defence: The Military Doctrine of China’), 26 May, 2015, http://www.mod.gov.cn/regulatory/2015-05/26/content_4617812_4.htm.

offensive tactics to eliminate the offensive capacity of the antagonist.²⁹ China tries to facilitate security cooperation through multilateral institutions, such as the ASEAN Regional Forum (ARF), the Asia-Pacific Chief of Defence Conference (CHOD), and the Forum of China-Africa Defence and Security Cooperation.³⁰ These defensive doctrine and cooperative strategies have created mixed perceptions of China's security threats in the world, other than in the United States under the Trump administration which officially defines China as a challenger and a competitor, but not yet an 'existential threat' as the United States did the Soviet Union during the Cold War era.³¹

China Post-2010: Hedging, Limited Hard Balancing, and Continuing Soft Balancing

After nearly two decades of relying largely on hedging based on soft balancing and engagement, China and other major powers are moving closer to a hedging strategy based on limited hard balancing, soft balancing, and engagement.³² China, after a period of lying low on territorial disputes, has suddenly decided to ratchet things up, partly in response to moves by regional states themselves. China's foreign policy has shifted from the 'keeping a low profile' strategy to more proactive and assertive policies.³³ In the contemporary era, the hard-balancing components of China's foreign policy and grand strategy have

- 29 For the definition of 'Actively Defensive Strategy' and a review of the development of Chinese military strategy, see Taylor M. Fravel, *Active Defense - China's Military Strategy since 1949* (Oxford: Princeton University Press, 2019).
- 30 For a list of China's recent participation in multilateral security cooperation organisations, see China's Ministry of Defence, 'Xinshidai de zhongguo guofang baipishu' ('The White Book of China's National Defence in the New Era'), 24 July, 2019, http://www.mod.gov.cn/regulatory/2019-07/24/content_4846424_14.htm.
- 31 The 2017 US National Security Strategy officially defines China as a security competitor. See The White House, 'National Security Strategy of the United States of America, 2017', <https://apps.dtic.mil/dtic/tr/fulltext/u2/1043812.pdf>.
- 32 Strategic hedging means a set of insurance policies that helps states cope with certain kinds of uncertainty in international relations. For a typology and definition of hedging, see Brock Tessman and Wojtek Wolfe, 'Great Powers and Strategic Hedging: The Case of Chinese Energy Security Strategy', *International Studies Review*, Vol. 13, No. 2 (2011), pp. 214–40; Brock F. Tessman, 'System Structure and State Strategy: Adding Hedging to the Menu', *Security Studies*, Vol. 21, No. 2 (2012), pp. 192–231.
- 33 Scholars have debated on what assertiveness means in China's current foreign policies. See Alastair Iain Johnston, 'How New and Assertive Is China's New Assertiveness?', *International Security*, Vol. 37, No. 4 (2013), pp. 7–48; Michael D. Swaine, 'Perceptions of an Assertive China', *China Leadership Monitor*, Vol. 32, No. 2 (2010), pp. 1–19; Chen Dingding and Pu Xiaoyu, 'Debating China's Assertiveness', *International Security*, Vol. 38, No. 3 (2014), pp. 5318–25; Yan Xuetong, 'From Keeping a Low Profile to Striving for Achievement', *Chinese Journal of International Politics*, Vol. 7, No. 2 (2014), pp. 153–84.

increased; meanwhile, China also heavily relies on soft balancing and wedge strategies to restrain the United States and soften opposition by others.

The expansion of its naval presence in the Indian Ocean and South China Sea has produced limited hard-balancing coalitions by others, but not intense formal alliances. Even the US military build-up in the Pacific before and after the Pivot to Asia strategy of 2012 has not been as strong as one would expect if intense hard balancing was the intent. It is a puzzle as to why, if balancing against power were automatic, we see only limited activism in the military arena as well as coalition-building in the face of Chinese policies. Instead of active military balancing, many states are resorting to soft balancing based on institutional mechanisms, limited coalitions, and partial arms build-up similar to what we describe as limited hard-balancing activity. They are arming tepidly, and not to the extent of creating a proper balance of power equation in the military sense. Even institutional soft-balancing efforts are hampered by China's counter soft balancing as well wedge policies that are encouraging some states either to bandwagon with it or remain neutral.

The puzzle of the absence of intense hard balancing cannot be solved without reference to China's grand strategy of expansion. It appears that China has indeed developed asymmetric strategies while pursuing economic globalisation and providing collective and individual economic goods to smaller Asia-Pacific states, and managed to prevent emergence of a hard-balancing coalition in the current order. China's active efforts to frustrate a coalition, even a soft balancing variety are, evident in its interactions with potential candidates. In his recent book *Restraining Great Powers: Soft Balancing from Empires to the Global Era*, T. V. Paul outlines the various efforts of states such as Japan, India, and ASEAN to use institutions and limited coalitions to balance China's threatening policies.³⁴ However, these have received Chinese attention, and through diplomacy and a wedge strategy, Beijing has made intense diplomatic efforts to frustrate such soft-balancing coalitions from emerging.

For instance, China has strongly opposed India's joining the quadrilateral soft-balancing coalition (or Quad) involving the United States, Japan, and Australia. At their Wuhan summit in May 2018, Chinese leader Xi Jinping seemed to have successfully convinced Indian Prime Minister Narendra Modi not to include Australia in the now annual trilateral Malabar naval exercises between India, Japan, and the United States.³⁵ Beijing is concerned that although the Quad may be for soft balancing at present, it could potentially become a hard-balancing coalition.³⁶ India's subsequent decision not to participate actively in the US-led

34 See Paul, *Restraining Great Powers*, pp. 119–45.

35 Asha Sundaramurthy, 'India Keeps Australia Out of the Malabar Exercise – Again', *The Diplomat*, 8 May, 2018, <https://thediplomat.com/2018/05/india-keeps-australia-out-of-the-malabar-exercise-again/>.

36 On Chinese concerns about the potential security threats from the Quadrilateral alliance, see Song Haiyang and Jia Haitao, 'Shilun yinri "teshu de zhanlüe he quanqiu huobanguanxi" jiqi dui zhongguo de yingxiang' ('On the India-Japan "Special Strategic and

infrastructure investment projects involving the three countries suggests that the Chinese wedge strategy has worked, at least in the short run.

Similarly, China has managed to create a wedge among ASEAN states when it comes to the South China Sea. ASEAN's efforts at soft balancing via the code of conduct negotiations, ARF, and ASEAN Plus Three all are premised on the expectation of restraining China's aggressive foray into the South China Sea through soft-balancing institutional mechanisms.³⁷ However, since 2010, ASEAN has been able to come up with only whittled down resolutions at its annual meetings, and during some years failed entirely due to lack of consensus among members. The Chinese economic strategy helps Beijing in this regard. In recent months, even Japan, reeling under the Trump tariff threats, has mellowed its rhetoric and soft-balancing efforts against China.

BRI as a Chinese Mechanism to Prevent Hard-Balancing Coalitions

Analysts have discussed the economic and political pros and cons of the BRI. Economists see the BRI as an ambitious plan to facilitate state-led growth and international trade,³⁸ while political leaders from the United States are concerned about its function as a means of geopolitical competition.³⁹ But both neglect a key function it serves in the strategic arena. Beijing uses economic instruments such as BRI to prevent a balancing coalition, either soft or hard, from emerging in the Indo-Pacific region. The BRI has emerged as a major source of investment and infrastructure development for many states in the region. From 2013 to 2018, China invested some \$90 billion and completed some \$400 billion's worth of infrastructure construction projects in BRI countries.⁴⁰ By 2018, China had signed

Global Partnership" and Its Impact on China'), *Dongbeiyi luntan (Northeast Asia Forum)*, Vol. 26, No. 3 (2017), pp. 38–50, 127.

37 For example, on China's effective wedging strategy after the 2015 South China Sea tribunal, see Zhao Suisheng, 'China and the South China Sea Arbitration: Geopolitics Versus International Law', *Journal of Contemporary China*, Vol. 27, No. 109 (2018), pp. 7–11.

38 On China's economic motivation behind the BRI, see Yu Hong, 'Motivation Behind China's "One Belt, One Road" Initiatives and Establishment of the Asian Infrastructure Investment Bank', *Journal of Contemporary China*, Vol. 26, No. 105 (2017), pp. 353–68; Xiaoyu Pu, 'One Belt, One Road: Visions and Challenges of China's Geoeconomic Strategy', *Mainland China Studies*, Vol. 59, No. 3 (2016); On BRI's implications for global capitalism, see Astrid H. M. Nordin and Mikael Weissmann, 'Will Trump Make China Great Again? The Belt and Road Initiative and International Order', *International Affairs*, Vol. 94, No. 2 (2018), pp. 231–49.

39 For the US's concerns about the geopolitical implications of BRI, see Michael D. Swaine, 'Chinese Views and Commentary on the "One Belt, One Road" Initiative"', *China Leadership Monitor*, Vol. 47, pp. 3–27; Joel Wuthnow, *Chinese Perspectives on the Belt and Road Initiative: Strategic Rationales, Risks, and Implications* (Washington, DC: National Defence University Press, 2017).

40 A World Bank report suggests that BRI increases the GDP growth rates of developing countries in the Asia Pacific region from 2.6% to 3.9%. Francois Michel Marie Raphael De Soyres, 'The Growth and Welfare Effects of the Belt and Road Initiative on East Asia Pacific

46 technology cooperation agreements with BRI countries and supplied them with much-needed technology support.⁴¹ The beneficiary states are unlikely to join in a military balancing coalition against Beijing. Stronger regional powers such as India and Japan, hampered by their lack of available resources or commitments to regional states, can offer nowhere near what China has, which in these states' estimation and strategic calculations places them in a lower position when it comes to coalition building.⁴² The smaller states of South Asia, Bangladesh, Sri Lanka, Nepal, and the Maldives (until recently) have been effectively wedged from India through BRI and other economic and infrastructure aid that China offers.⁴³ India is thus forced to offer them economic support, albeit unequal in quantity, in order to prevent them from falling completely into Beijing's orbit.

China's wedge strategy has also worked to some extent in certain European Union (EU) countries, such as Italy. In March 2019, Italy became the first EU country to endorse the BRI programme. The United States, seriously concerned about the BRI's impact on the EU, warned that 'China is gaining a strategic foothold in Europe by expanding its unfair trade practices and investing in key industries, sensitive technologies, and infrastructures.'⁴⁴ However, Italy, which highly values the investment inflows and vast amount of business opportunities that the BRI programmes offer, and bearing in mind the anti-establishment mentality among newly elected Italian leaders, also gave space for China's wedge strategy.⁴⁵ Importantly, China has adopted proactive policies to establish robust political and economic connections with Italy under the BRI programme. Since 2013, when the BRI was established, China has signed 11 bilateral agreements with Italy, covering cooperation in economic issues, cultural exchange, environmental protection, science and technology, finance, and official channels for policy

Countries', World Bank, 23 October, 2018, <http://documents.worldbank.org/curated/en/896581540306960489/The-Growth-and-Welfare-Effects-of-the-Belt-and-Road-Initiative-on-East-Asia-Pacific-Countries>; State Council of China, 'Gongjian "yidaiyilu" changyi: jinzhan, gongxian yu zhanwang' ('A Proposal of the Co-construction of BRI: Progress, Contribution, and Perspectives'), 22 April, 2019, http://www.xinhuanet.com/world/2019-04/22/c_1124400071.htm.

41 State Council of China, *ibid*.

42 For example, on India's incapacity to compete with what China offers to Sri Lanka, see Rajeswari Pillai Rajagopalan, 'Sri Lanka: A Centre for Sino-Indian Strategic Competition', *The Diplomat*, 11 July, 2019, <https://thediplomat.com/2019/07/sri-lanka-a-center-for-sino-indian-strategic-competition/>.

43 Technology and R&D supports through the BRI programme also offer valuable opportunities to developing countries. Ehsan Masood, 'Scientists in Pakistan and Sri Lanka Bet Their Futures on China', *Nature*, Vol. 569 (2019), pp. 24–7. See also, T. V. Paul, 'When Balance of Power Meets Globalization: China, India and the Small States of South Asia', *Politics*, Vol. 39, No. 1 (2019), pp. 50–63.

44 The White House, 'National Security Strategy of the United States of America, 2017'.

45 Mercy A. Kuo, 'China-Italy Relations: The BRI Effect', *The Diplomat*, 24 April, 2019, <https://thediplomat.com/2019/04/china-italy-relations-the-bri-effect/>.

coordination.⁴⁶ By contrast, China signed only eight agreements with Italy from 1970 (when they established diplomatic relations) to 2000.

BRI has helped China to solidify its hard-balancing coalitions with countries such as Pakistan. But few others have opted for a military alignment with China, which shows that money may buy some loyalty, but forming a balancing or bandwagoning coalition in the 21st century is likely to be cumbersome. Making smaller states disinterested and thereby preventing them from forming balancing coalitions with the United States, India, or Japan against its expansionist pursuit may be the most China can achieve for now. Nor does Beijing show any signs of pressuring smaller states to form such military coalitions. This Chinese strategy has helped to prevent the emergence of a counter hard balancing coalition.

China has been engaging in asymmetrical internal hard balancing relying on technologically superior weapons. China's asymmetrical hard-balancing strategy can be illustrated by its rapidly increasing military spending since 2010. Supported by brisk economic development, China's military spending had reached \$228.173 billion in 2017 and increased 11-fold since 1990.⁴⁷ When inflation was controlled, China's military expenditure increased 210% from 2008 to 2017, while US military spending declined by 14% over the same period.⁴⁸ Fast-expanding expenditures have facilitated noticeable modernisation of military technology and allowed China to develop some of the most up-to-date offensive weapon systems, such as the J-20 stealth fighter and the Type 055 Aegis destroyer, even though the main thrust of the military strategy still remains defensive.⁴⁹

As regards external hard balancing, China strengthened its military cooperation with Russia through purchasing weapons, performing joint drills, and building institutions such as the Shanghai Cooperation Organization (SCO).⁵⁰ These are akin to limited hard-balancing exercises, and none amounts to an intense hard-balancing effort, at least as of now. Some US commentators argue that the Sino–Russia partnership is 'an alliance in all but name'.⁵¹ Nevertheless, this view overlooks the divergent interests and exaggerates the level of security cooperation between China and Russia. China and Russia have pragmatic

46 Foreign Ministry of China, 'Zhongguo yidali shuangbian guanxi' ('China-Italy Bilateral Relations'), April 2019, https://www.fmprc.gov.cn/web/gjhdq_676201/gj_676203/oz_678770/1206_679882/sbgx_679886/.

47 All figures are in 2016 US\$. Data are collected from SIPRI Military Expenditure Database, which is published by the Stockholm International Peace Research Institute. Data are available online at <https://sipri.org/databases/milex>.

48 *Ibid.*

49 Rick Joe, 'Predicting the Chinese Navy of 2030', *The Diplomat*, 19 February, 2019, <https://the-diplomat.com/2019/02/predicting-the-chinese-navy-of-2030/>.

50 Alexander Korolev, 'On the Verge of an Alliance: Contemporary China-Russia Military Cooperation', *Asian Security*, 30 April, 2018, <https://doi.org/10.1080/14799855.2018.1463991>.

51 Graham Allison, 'China and Russia: A Strategic Alliance in the Making', *The National Interest*, 14 December, 2018, <https://nationalinterest.org/feature/china-and-russia-strategic-alliance-making-38727>.

incentives to balance against the United States, but neither wants to become the primary target of US retaliation.⁵² Sino–Russia relations also face noticeable challenges, such as imbalanced trade, expanding Chinese influence in Central Asia, the lack of societal level interactions, nationalism in both countries, and Chinese migrants to Siberia.⁵³ Furthermore, the anti-US ideology is not strong enough either in China or Russia to provide a solid base for a hard-balancing security alliance.⁵⁴ Unless the threats from the United States overwhelm their divergent interests, the China–Russia strategic partnership is yet to become a military alliance like those that existed during the Cold War.

Balancing Responses by Key States

States in Asia, despite their long-standing rivalries with China, have responded with a multiple set of strategies in this uncertain phase of Chinese rise. These strategies come under the larger rubric of hedging, with engagement, soft balancing, and limited hard balancing as the main pillars. In many respects, they are strategies that rely on non-coercive means, and buy time for the affected states.⁵⁵ Between 1991 and 2010, the emphasis was on hedging, relying on soft balancing and engagement, but since then, limited hard balancing has more prominently entered the strategic arena. In the context of the rise of China, both China and the affected countries have been pursuing a hedging strategy based on engagement and soft balancing and growing diminution of hard balancing.

Hedging is an insurance policy in order to see if, in the future, the rising power will engage in aggressive behaviour or will need active hard balancing. Hedging is a dominant strategy in current international relations, first, because the rising power's position and military behaviour are of concern, but do not yet pose a serious threat to the sovereignty of other major states; secondly, because the rising power has been a major source of public goods in the economic area; thirdly, second-ranking states do not have the political will or military wherewithal to pursue a highly confrontational hard-balancing strategy; and fourthly, the rising power cannot easily retaliate, as the balancing efforts by others are not overt, and nor do they directly challenge its power position with military means.

Diplomatic engagement and soft balancing are two important pillars under a hedging strategy. Regional states in Asia have engaged in soft-balancing strategies

52 James Carafano, 'Why the China-Russia Alliance Won't Last', *The Heritage Foundation*, 7 August, 2019, <https://www.heritage.org/defense/commentary/why-the-china-russia-alliance-wont-last>.

53 Huang Dengxue, 'Zhong'e zhanlue xiezuo huobanguanxi xulun-wenti, duice yu qianjing' ('A Discussion on Sino-Russia Strategic Cooperative Partnership-Problems, Policies and Perspectives'), *Dongbeiyu luntan (Northeast Asia Forum)*, No. 2 (2008), pp. 37–43.

54 *Ibid.*, pp. 38–9.

55 For these strategies, see T. V. Paul, 'Strategies for Managing China's Rise', *Harvard Asia Quarterly*, Vol. 16, No. 2 (2014), pp. 11–8. Also see Chapter 2 and 3 in Ian Storey, *Southeast Asia and the Rise of China: The Search for Security* (London: Routledge, 2013).

towards China in response to its meteoric rise, especially through institutional means such as ARF.⁵⁶ The soft-balancing strategies involve the formation of limited diplomatic coalitions or ententes, with the implicit threat of upgrading alliance relationships if China goes beyond its stated goals vis-à-vis regional states.⁵⁷ Critics may call it a toothless strategy, but it is more pragmatic than critics argue. Soft-balancing strategy is indeed a ‘coercive strategy intended to alter the target state’s cost-benefit calculations’ through four mechanisms: ‘to prevent the target state benefiting from aggressive behaviours, to increase the marginal costs of aggressive behaviours, to delegitimise aggressive behaviours, and to signal the formation of an antagonist formal alliance’.⁵⁸

The United States in particular has responded to China in a much more benign fashion than previously to the Soviet Union or China itself in the early Mao era. President Clinton established ‘constructive engagement’—policies of ‘promoting economic and political ties, while at the same time pressing for democracy, open markets, and human rights’—towards China.⁵⁹ The United States supported China’s joining the WTO, and the bilateral trade has increased from US\$20 million in 1990 to US\$660 million in 2018. Besides economic engagement, the United States under the Obama administration also hedged against potential risks in East Asia through the ‘Pivot to Asia’ policy, defined as a reorientation of US foreign policy to ‘commit greater attention and resources to the Asia-Pacific region’.⁶⁰ Noticeably, the Pivot to Asia policy also involved soft balancing against China, as the United States has substantially increased its participation in multi-lateral institutions in Asia.⁶¹ These soft-balancing and hedging strategies are specifically designed to control the potential hostile policies of China.

56 For example, see Kuik Cheng-Chwe, ‘How Do Weaker States Hedge? Unpacking ASEAN States’ Alignment Behaviour Towards China’, *Journal of Contemporary China*, Vol. 25, No. 100 (2016), pp. 500–14.

57 For example, China signed a Code of Conduct on South China Sea Disputes under the ASEAN framework in 2002. In this case, the Philippines, Vietnam, and Malaysia successfully used international institutions to restrain the behaviour of the rising power. Leszek Buszynski, ‘ASEAN, the Declaration on Conduct, and the South China Sea’, *Contemporary Southeast Asia: A Journal of International and Strategic Affairs*, Vol. 25, No. 3 (2003), pp. 343–62.

58 Paul, *Restraining Great Powers*, p. 23; See also, Anders Wivel and T. V. Paul, ‘Maximizing Security Through International Institutions: Soft Balancing Strategies Reconsidered’, in Anders Wivel and T. V. Paul, eds., *International Institutions and Power Politics: Bridging the Divide* (Washington, DC: Georgetown University Press, 2019), pp. 89–100.

59 ‘Clinton Defends “Constructive Engagement” Of China’, 24 October, 1997, <https://www.cnn.com/ALLPOLITICS/1997/10/24/clinton.china/>.

60 Kurt M. Campbell and Ely Ratner, ‘Far Eastern Promises: Why Washington Should Focus on Asia’, *Foreign Affairs*, Vol. 93, No. 3 (2014), p. 106.

61 For example, the United States signed the Treaty of Amity and Cooperation with ASEAN in 2009, p. 109.

Since 2017, the Trump administration officially ended the engagement policy towards China and shifted to competitive policies; however, the United States has not yet adopted a full-fledged, hard-balancing strategy. The 2017 National Security Strategy straightforwardly states that China challenges the US's 'power, influence, and interests, attempting to erode American security and prosperity'.⁶² Nevertheless, the White House is not prepared for a Cold War-style security competition with China, and the Trump administration wants to carefully maintain a 'competitive but not confrontational' policy towards China.⁶³ The United States has increased its military presence in Asia. In 2016, the Pentagon decided to deploy the Terminal High-Altitude Defence Missile system to South Korea; and in 2019, the United States deployed two littoral combat ships to Singapore.⁶⁴ However, the United States is also very cautious, and tries not to deteriorate its relations with China any further. In a 2019 analysis, Campbell points out that the competition between China and the United States is that of two economic models rather than the Cold War-style military and ideological competition.⁶⁵ In that sense, hard balancing using military forces does not help the United States to tackle appropriately the major challenges from China. In the future, such limited hard balancing could change if the trade frictions become intense and both sides feel existential threats from each other to their security.

India's relations with China remain a limited, managed rivalry. However, other than China's traditional relationship with Pakistan neither India nor China has engaged in intense hard balancing coalition activity.⁶⁶ China and India also have strong interests in cooperating on issues such as global development, emissions control negotiations, technology cooperation, and the reform of the global economic order. Thus, hard balancing is inappropriate for the complicated Sino-India relations. In fact, limited hard balancing seems to be

62 The White House, 'National Security Strategy of the United States of America, 2017', p. 2.

63 As Lindsay Ford argues in an interview, the content of this 'competitive but not confrontational' policy is not clear. Campbell and Sullivan develop a set of policies on how the United States can compete and coexist with China; however, the validity of their policy suggestions is yet to be tested. ChinaFile, 'Is American Policy Toward China Due for a "Reckoning"?', 15 February, 2018, <http://www.chinafile.com/conversation/american-policy-toward-china-due-reckoning>; Kurt M. Campbell and Jake Sullivan, 'Competition Without Catastrophe: How America Can Both Challenge and Coexist with China', *Foreign Affairs*, 21 September, 2019, <https://www.foreignaffairs.com/articles/china/competition-with-china-without-catastrophe>.

64 Zhang Lim Min, 'US to Deploy Two Littoral Combat Ships to Singapore Later This Year: Indo-Pacific Command Chief', *The Straits Times*, 7 March, 2019, <https://www.straitstimes.com/singapore/us-to-deploy-two-littoral-combat-ships-to-singapore-later-this-year-indo-pacific-command>.

65 Campbell and Sullivan, 'Competition Without Catastrophe'.

66 On the discussion of India–China rivalry in the globalization era, see T. V. Paul, ed., *The China-India Rivalry in the Globalization Era* (Washington, DC: Georgetown University Press, 2018).

happening in this relationship along with soft balancing and regular diplomatic engagement.

India's economic growth since the 1990s has increased the state capacity of the New Delhi to pursue a limited hard-balancing strategy.⁶⁷ India became a de facto nuclear power after its nuclear tests in 1998 and has gradually built up its military power, both conventional and nuclear, including the purchase of nuclear submarines.⁶⁸ The conventional capabilities have mainly been acquired through purchases abroad, and in 2013, India became the world's largest arms purchaser.⁶⁹ As regards external hard-balancing strategy, India-US relations have significantly improved in recent years, but India has rejected a full-fledged alliance with the United States to balance against China. The quadrilateral cooperation—security cooperation between India, Australia, Japan, and the United States—is often seen as an emerging alliance to balance against China; however, India sees the quadrilateral cooperation as a loosely organised forum that shall not evolve into a formal alliance against China as long as China does not pose serious threats to India in the future.⁷⁰

Soft balancing, strategic hedging, and engagement are essential themes in India's policies towards China. India uses a number of international institutions, such as the BRICS mechanisms, the Russia-India-China trilateral frameworks (RIC), the Asia Infrastructure Investment Bank, and the SCO, as part of its soft-balancing strategy to restrain Beijing. India's membership in the SCO is seen as an effort by India and Russia to balance against China's increasing influence in the organisation.⁷¹ During the 2017 Doklam highland standoff, India maintained communications with China through the BRICS mechanisms. In July 2017, Indian National Security Advisor Ajit Doval attended the BRICS National Security Summit in Beijing and discussed possible solutions to the crisis with

67 David Malone and Rohan Mukherjee, 'Polity, Security, and Foreign Policy in Contemporary India', in T. V. Paul, ed., *South Asia's Weak States* (Stanford: Stanford University Press, 2010), pp. 147–69.

68 By 2018, India had rented two nuclear attack submarines from Russia. Other Indian major military purchases from Russia include Sukhoi jet fighters, T-90 tanks, and an aircraft carrier, Sandeep Unnithan, 'India Close to Sealing Rs 23,000 Crore Deal for Russian N-sub', 4 December, 2018, <https://www.indiatoday.in/india/story/india-close-to-sealing-rs-23-000-crore-lease-deal-for-russian-n-sub-1401875-2018-12-04>.

69 The data on Indian military purchase are collected from Stockholm International Peace Research Institute Arms Transfer Databases.

70 Jagannath P. Panda, 'India's Call on China in the Quad: A Strategic Arch Between Liberal and Alternative Structures', *Rising Powers Quarterly*, Vol. 2, No. 2 (2018), pp. 83–111; Also see Shyam Saran, 'The Quadrilateral: Is It an Alliance or an Alignment?', *Hindustan Times*, 25 November, 2017, <https://www.hindustantimes.com/analysis/the-quadrilateral-is-it-an-alliance-or-an-alignment/story-16CvgQjKHwaayoQjaOI2kM.html>.

71 Carla P. Freeman, 'China's "Regionalism Foreign Policy" and China-India Relations in South Asia', *Contemporary Politics*, Vol. 24, No. 1 (2018), pp. 87–8.

President Xi.⁷² Both sides agreed to disengage the frontier troops and restore the border status a week before the BRICS Xiamen Summit in September 2017.⁷³ Modi's threat to pull out of the summit might have been a factor in the changing of the conflict's dynamics. In short, soft balancing through international institutions has played an important role in restraining China's behaviour.

India's partnership with China highlights the strategic hedging and engagement tactic. Some scholars argue that the India–China relationship is best defined as 'enduring rivalry'⁷⁴; nevertheless, India and China established a 'Strategic and Cooperative Partnership for Peace and Prosperity' in 2005 and later developed it into a 'Closer Development Partnership' through Xi's visit to India in 2014. Even though India and China have many conflicting interests, the partnership relations allow India to cooperate with China to some extent while leaving disputes aside.⁷⁵ The strategic partnership concept is less binding than a formal balancing alliance, and gives India more flexibility in its policies when decision makers face complicated cooperative–competitive relations.⁷⁶ All in all, the rejection of formal alliance and the expansion of strategic partnership constitute important evidence of India's mixed approaches under the hedging strategy.

The political relations between China and Japan contain noticeable distrust. In 2007, Japan promoted its Defence Agency to a cabinet-level Ministry of National Defence, which helped to bolster the status of the military in Japan and balance

72 Dong Wang and Samir Saran, 'India and Chinese Scholars Discuss the Doklam Military Standoff', *World Economic Forum*, 28 August, 2017, <https://cn.weforum.org/agenda/2017/08/ae1d4b63-5ad5-427b-b37d-77ba5fdceb70/>.

73 For example, Lin Minwang, deputy director of the Centre for South Asia Study at Fudan University, suggests that leaders from both sides agreed to disengage as the BRICS summit would fail if the crisis persisted. Sanjeev Miglani and Ben Blanchard, 'India and China Agree to End Border Standoff', 28 August, 2017, <https://www.reuters.com/article/us-india-china/india-and-china-agree-to-end-border-standoff-idUSKCN1B80II>.

74 Mohan Malik, *India and China: Great Power Rivals* (Boulder Co: First Forum Press, 2011). For the discussion on whether the enduring rivalry concept applies to the India–China case, see Paul, *The China-India Rivalry in the Globalization Era*.

75 Some scholars are suspicious about the partnership cooperation between India and China, as both countries still face noticeable barriers in their bilateral relations. See H. D. P Envall and Ian Hall, 'Asian Strategic Partnerships: New Practices and Regional Security Governance', *Asian Politics and Policy*, Vol. 8, No. 1 (2016), pp. 87–105.

76 For example, a report by the Indian Foundation of National Security Research develops a spectrum (ranging from 0 to 90) to measure the closeness between India and its six major strategic partners. According to this report, India's strategic partnership with Russia scores 62 out of 90, and it is stronger than its strategic partnership with the United States in 2011 (58 out of 90), Satish Kumar et al., 'India's Strategic Partners: A Comparative Assessment', *Foundation for National Security Research*, November 2011, http://www.fnsr.org/files/Indias_Strategic.pdf.

against rising China.⁷⁷ While the Peace Constitution still restrains the expansion of Japanese military power, Japan has become more active in using its military power to restrain China. In 2019, Japan deployed its largest helicopter carrier Izumo to the South China Sea and joined exercises with a USS fleet headed by USS Ronald Reagan.⁷⁸ As regards external hard balancing, Japan strengthened its alliance with the United States by lifting the constitutional ban on the right of 'collective defence' in 2014. Nevertheless, Japan remains self-restrained in regard to further hard balancing against China. Japan continues to spend 1% of its GDP on defence, and also established communication mechanisms with China to prevent the escalation of crises.⁷⁹ Changing US security and trade policies under the Trump administration have also led to closer relations between China and Japan.

Japan has used soft-balancing mechanisms to check and balance China. Through multilateral institutions, such as ASEAN, ARF, and The East Asian Summit, Japan calls on dispute partners to respect the South China Sea Code of Conduct (SCSCoC). The consensus on the SCSCoC within the ARF delegitimises further unilateral behaviours.⁸⁰ Since the United States withdrew from the negotiation of the Trans-Pacific Partnership (TPP), Japan assumed leadership of promoting the TPP because Japanese leaders saw the partnership as an important liberal trade bloc to balance against the expansion of China's state-led capitalism.⁸¹ Eventually, in January 2018, Japan and 10 Pacific countries signed the Comprehensive and Progressive Agreement for Transpacific Partnership (CPTPP) without the United States. Japan also uses its influence in the Asian Development Bank (ADB) to compete with the China-led Asian Infrastructure Investment Bank (AIIB).

Engagement and strategic hedging are also essential components of Japan's current policy towards China. When the Trump administration started to criticise Japan's trade and security relations with the United States, engagement and

77 Elaine Lies, 'Japan's Defense Agency Upgraded to Ministry', 9 January, 2007, <https://www.reuters.com/article/us-japan-defence-idUST20364020070109>.

78 Jesse Johnson, 'Japan's Largest Warship Joins U.S. Carrier for Military Exercises in Disputed South China Sea', 12 June, 2019, <https://www.japantimes.co.jp/news/2019/06/12/national/japans-largest-warship-joins-u-s-carrier-military-exercises-disputed-south-china-sea/>.

79 'Waijiaobu guanyuan: Xijiping huijian anbei jinsan, shuangfang dacheng shidian gongshi' ('Foreign Ministry Office: Xi and Abe Meet and Release a Ten-Point Consensus'), 27 June, 2019, http://www.xinhuanet.com/world/2019-When06/27/c_1124681233.htm.

80 The Foreign Ministry of Japan, 'The 26th ASEAN Regional Forum (ARF) Ministerial Meeting', 2 August, 2019, https://www.mofa.go.jp/a_o/rp/page4e_001059.html.

81 Ivo H. Daalder and James M. Lindsay, 'The Committee to Save the World Order', *Foreign Affairs*, 29 January, 2019, <https://www.foreignaffairs.com/articles/2018-09-30/committee-save-world-order>.

hedging with China gained more strategic significance for Tokyo.⁸² Even though the Japan-led ADB is considered an important mechanism of soft balancing against China, in recent years the ADB has also cooperated with the AIIB, provided technical support to AIIB projects, and co-invested in projects in Bangladesh, Georgia, India, and Pakistan.⁸³ Japan formerly had a strongly hostile attitude towards the Chinese BRI, as increasing Chinese influence in South East Asia threatens the prosperity and security of Japan. However, the Abe administration has changed its attitude towards BRI since 2017. On the one hand, Japan continues to promote programmes such as the CTPP and the Asia-Africa Growth Corridor (AAGC) to compete with the BRI⁸⁴; on the other hand, Japan sent Toshihiro Nikai, Secretary-General of the incumbent Liberal Democratic Party and former Minister of Economy, Trade, and Industry, to attend the 2017 BRI Summit in Beijing.⁸⁵

In short, traditional hard balancing is no longer the dominant strategy among major powers today. Contemporary major powers have all adopted complicated strategies combining limited hard balancing, soft balancing, and engagement. Hard-balancing strategy might become more prominent in the future if major powers fail to control the rising tensions. A comparative discussion of the Cold War balancing will illuminate our explanation further.

Differences from Cold War Era Balancing

The Cold War was characterised by intense hard balancing by the superpowers and their allies, relying on military build-up as well as formal alliances. The reason such an alliance competition became inevitable was both sides' perceived existential threat. The Soviet Union, following its victory in World War II (WWII), decided to stay on in Eastern Europe, build a separate socialist system, and keep it apart from the West. The Western countries, led by the United States, felt existentially threatened by the Soviet Union. Churchill called it the 'Iron Curtain'. The Soviet military doctrine, as well as ideological posturing, helped to generate this highly threatening environment. Massive Soviet deployment of conventional forces in East Germany, and Moscow's building of the Berlin Wall, all

82 Linda Sieg and Daniel Leussink, 'Trump Renews Criticism of Japan-US Alliance Before G20 Summit', 27 June, 2019, <https://www.reuters.com/article/us-g20-summit-trump-japan-idUSKCN1TS057>.

83 Asian Development Bank, 'ADB and AIIB Presidents Discuss Strategic and Operational Issues', 21 March, 2019, <https://www.adb.org/news/adb-and-aiib-presidents-discuss-strategic-and-operational-issues>.

84 Andreea Brinza, 'Abe Strikes a "Belt and Road" Balancing Act', 13 November, 2018, <https://www.japantimes.co.jp/opinion/2018/11/13/commentary/japan-commentary/abe-strikes-belt-road-balancing-act/>.

85 Mei Guanqun, 'Riben duidai yidaiyilu taidu yanjiu' ('A Study on Japan's Attitudes Towards BRI'), *Zhongguo duiwai jingji jiaoliu zhongxin* (China Centre of International Economic Exchange), 15 March, 2019, <http://www.cciee.org.cn/Detail.aspx?newsId=16279&Tid=231>.

contributed to Western fear and insecurity. Similarly, the Soviet Union and its allies perceived Western containment strategies as existential threats. Military build-up, force deployments, and both sides' constant propaganda warfare all gave the impression of an impending war unless prevented by active hard balancing and nuclear deterrence, relying on Mutual Assured Destruction (MAD).⁸⁶

The Soviet offensive military doctrine also contributed to the high levels of threat perceptions in the West. The Soviet military doctrine required that the state always maintain military superiority against its competitors. Due to its WWII experience and relative technological inferiority, Soviet military strategy emphasised the acquisition and frontal deployment of a large quantity of weapons and military personnel.⁸⁷ These strategies were perceived by Western countries as highly threatening and often led to active hard balancing in response. In the 1970s, the Soviets deployed 43 divisions of armies and a quarter of its ballistic missiles on the border with China.⁸⁸ These excessively overwhelming forces pushed China to improve its relations with NATO and the United States in the 1980s and to form a limited hard-balancing coalition with Washington.

Noticeably, there was negligible trade between the Soviet bloc and Western bloc; there was no sign of a globalised economy. In 1949, the United States passed the Export Control Act and established the Coordinating Committee for Multilateral Export Controls (COCOM) to control the export of strategically important goods and technology to the Soviet bloc.⁸⁹ The US-led embargo quickly expanded to ordinary trade items, and effectively reduced the bilateral trade to a minimum level. International trade activities were heavily regulated for ideological reasons.⁹⁰ Figure 1 reports US–Soviet bilateral trade as the percentage of their

86 On the discussion of MAD, for example, see Robert McNamara, 'Mutual Deterrence', speech in San Francisco, 18 September, 1967; Charles L. Glaser, *Analyzing Strategic Nuclear Policy* (New Jersey: Princeton University Press, 1990); Waltz, *Theory of International Politics*; Kenneth N. Waltz, 'Peace, Stability, and Nuclear Weapons', Institute on Global Conflict and Cooperation, University of California, 1 August, 1995.

87 A. N. Tupolev, chief engineer of the Tu-95 strategic bomber, once claimed: 'If these aircraft fall somewhat behind Western ones in terms of technology . . . to hell with them; we'll get by on quantity.' Richard Ned Lebow, 'The Soviet Offensive in Europe: The Schlieffen Plan Revisited?', *International Security*, Vol. 9, No. 4 (1985). pp. 47–9.

88 Lebow, *The Soviet Offensive in Europe*, p. 47.

89 See Chapter 2 and 3 in Frank Cain, *Economic Statecraft During the Cold War* (London: Routledge, 2007).

90 For example, in 1960, 'the Bryant Chucking Grinding Co. applied to export 45 metal grinding machines to the Soviets', as 'particularly identical machines were available in West Europe'. However, their application for the export licence was rejected by the Senate Subcommittee on Internal Security. Jacqueline McGlade, 'Expand World Trade or Security? The Cold War Economic Dilemma and the West', paper presented in the XIV International Economic History Congress, Helsinki, 2006, p. 10.

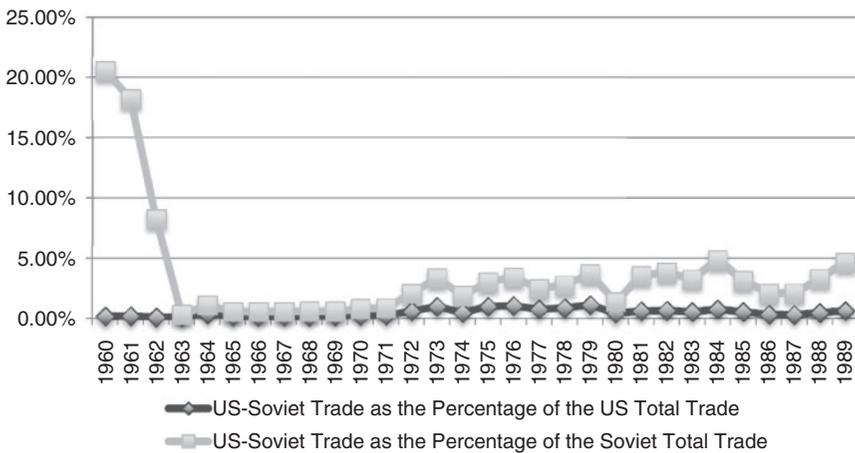


Fig. 1. US–Soviet Bilateral Trade as the Percentage of Their Total Trade, 1960–1989.

total foreign trade from 1960 to 1989.⁹¹ As shown, the bilateral trade consisted of less than 0.01% of the US total foreign trade and less than 5% of Soviet total trade, even during the détente period. Both countries mostly traded within their blocs, and international interdependence was insignificant. In comparison, Figure 2 shows that by 2017, China–US trade consisted of 15% of US total foreign trade and 15% of China’s total foreign trade.⁹²

Compared with the hard balancing against the Soviet Union during the Cold War, one can see the key difference today is that China has yet to be perceived as posing an existential threat similar to that by the Soviet Union. Chinese and Western strategies and economic interdependence propelled by economic globalization allow this.

The dominant approach of the great powers today consists in somewhat defensive and deterrent strategies and doctrines, suggesting that balancing against threats as opposed to power seems to be the dominant approach in contemporary world politics. Rising states, especially China in the post-Cold War era, have been following defensive and deterrent strategies and doctrines as opposed to an offensive strategy. And the deterrent and defensive technologies of today make it extremely hard for a state to lose its sovereignty and physical existence through another power’s aggrandisement. The presence of nuclear weapons allows states

91 Data are collected from the Correlation of War Project. All figures are measured in current US\$. Katherine Barbieri and Omar M. G. Keshk, ‘Correlates of War Project Trade Data Set Codebook’, Version 4.0, 2016, <http://correlatesofwar.org>.

92 US–China bilateral trade data are collected from US Census Bureau. The US–China total trade data are collected from World Integrated Trade Solution Trade database. US Census Bureau Foreign Trade Division, ‘Foreign Trade: Data’, <https://www.census.gov/foreign-trade/balance/c5700.html>; World Integrated Trade Solution, ‘Trade Stats’, <https://wits.worldbank.org/countrystats.aspx?lang=en>.



Fig. 2. US–China Bilateral Trade as the Percentage of Their Total Trade, 1992–2017.

to engage in limited expansion without evoking much of a backlash. No substantial technological breakthroughs have taken place that could compare to the introduction of the tank or the aircraft, which made offensive doctrines and strategies such as blitzkrieg feasible for expansionism.⁹³ Nor are rising powers incorporating new offensive technologies into new war strategies such as Nazi Germany's development of the blitzkrieg strategy.⁹⁴

Secondly, the contemporary state system is more interdependent than at any other time in history. During the Cold War, economic globalisation and economic interdependence were confined to among Western allies, as economic containment was the dominant feature of the global economic order. In the contemporary world, major power economies are increasingly tied together. The ongoing economic globalisation is also different from previous eras in both qualitative and quantitative dimensions.⁹⁵ Intense interactions in commodity trade, financial and

93 The use of new technologies in warfare, such as drone and artificial intelligence, has triggered some debates on whether these new technologies encourage offense by reducing its costs. Studies generally agree that the tactical uses of these new technologies should serve strategic goals rather than the reverse. In other words, the strategic goals of states determine the use of technology. Michael J. Boyle, 'The Costs and Consequences of Drone Warfare', *International Affairs*, Vol. 89, No. 1 (2013), pp. 1–29. Audrey Kurth Cronin, 'Why Drones Fail: When Tactics Drive Strategy', *Foreign Affairs*, Vol. 92, No. 4 (2013), pp. 1–54.

94 For example, Professor Liang Yabin from the CCP's Central Party School of China argues the best strategy for China regarding the use of drones in contemporary warfare is to 'actively participate in international institutions and regulate the use of drones'. Liang Yabin, 'Wuzhuang wurenji de yingyong: tiaozhan yu yingxiang' ('The Use of Drones in War: The Challenges and Impacts'), *Waijiao pinglun (Foreign Affairs Review)*, No. 1 (2014), p. 156.

95 For example, Bordo et al. argue that the globalisation of today is different from globalisation 100 years ago in terms of the expansion of service trade, strong financial integration, relatively stable trade relations, and institutionalised management of trade. Michael D.

service trade, international travel and education, climate change cooperation, and technology exchange essentially tie states together in a community of shared future.⁹⁶ Thus, major powers have also underlined the limitations of coercive sanctions and military means to achieve their goals.⁹⁷

The combined strength of these factors is that states, even the weakest ones, do not worry much about their physical existence, and as a result, the rationale for them to form intense military alliances for hard balancing has declined. Balance of power, after all, is predicated on the notion that superior power needs to be balanced, lest the powerful become aggressive and usurp the less powerful over time. As threats are limited to the non-existential variety, balance of power competition is less dominant than in previous historical eras. The ideologies of the existing powers or rising powers propound expansion and conquest, as did the previous era's rising powers such as Germany, Italy, Japan, and the Soviet Union. The grand strategy of China, in particular, even after 2012, has been that of relying on a slow expansion without evoking too hostile a reaction. The BRI is indeed helping China to avoid intense hard balancing. China's acceptance of many norms, as well as its involvement in institutions, reduces the chances of its getting into an expansionist ideological mode.⁹⁸ Although this factor may change, since

Bordo, Barry Eichengreen, and Douglas A. Irwin, 'Is Globalization Today Really Different Than Globalization a Hundred Years Ago?', *NBER Working Paper Series*, No. 7195 (1999), <http://dx.doi.org/10.3386/w7195>.

- 96 Scholars have debated whether economic interdependence promotes peace. Conditions such as asymmetric relations, power manipulation of trade relations, and illiberal domestic institutions can mitigate the pacifying effects of economic interdependence. However, the contemporary world also developed a complex interdependence structure that includes multiple forms of interdependent relations. Waltz, *Theory of International Politics*; Katherine Barbieri, *The Liberal Illusion: Does Trade Promote Peace?* (Ann Arbor: University of Michigan Press, 2002); Erik Gartzke and Oliver Westwinter, 'The Complex Structure of Commercial Peace Contrasting Trade Interdependence, Asymmetry, and Multipolarity', *Journal of Peace Research*, Vol. 53, No. 3 (2016), pp. 325–43; Henry Farrell and Abraham L. Newman, 'Weaponized Interdependence: How Global Economic Networks Shape State Coercion', *International Security*, Vol. 44, No. 1 (2019), pp. 42–79; Robert O. Keohane and Joseph S. Nye, *Power and Interdependence: World Politics in Transition* (Boston: Little Brown, 1977).
- 97 On the change from a system dominated by territorial states to a system containing the rise of trading states, see Richard N. Rosecrance, *The Rise of the Trading State: Commerce and Conquest in the Modern World* (New York: Basic Books, 1986); on the relations between economic interdependence and peaceful interstate relations, see John R. Oneal and Bruce Russett, 'The Kantian Peace: The Pacific Benefits of Democracy, Interdependence, and International Organizations, 1885-1992', *World Politics*, Vol. 52, No. 1 (1999), pp. 1–37; Bruce M. Russett and John R. Oneal, *Triangulating Peace: Democracy, Interdependence, and International Organizations* (New York: Norton, 2001).
- 98 Alastair Iain Johnston, 'Is China a Status Quo Power?', *International Security*, Vol. 27, No. 4 (2003), pp. 12–22. See also, Feng Huiyun and He Kai, eds., *China's Challenges and*

nationalist ideologies could spring up as structural conditions change, it is unlikely to be the case unless a substantial sense of grievance emerges in China.

Conditions That May Generate Intense Hard Balancing

As the Trump administration and China have been engaged in tit-for-tat tariff impositions since 2018, fears have increased that globalisation and interdependence may come to a stall. Washington believes China has used the gains from its neo-mercantilist trade policies to pursue revisionist goals.⁹⁹ Since 2017, bilateral trade between China and the United States has declined by 15%.¹⁰⁰ Scholars warn that economic decoupling would intensify the competition between China and the United States, as both would search for their economic sphere of influence. If the China–US competition continues to escalate, ‘military alliances will be core components of [the future world order], which are now beginning to form and will resemble the Soviet-led and US-led orders in the Cold War’.¹⁰¹

Secondly, all states, including the United States and China, are now engaging in an intense competition to build dual-use capabilities in cyber and Artificial Intelligence (AI) that can change the face of warfare. In 2018, The United States established a Joint AI Centre (JAIC) under the Department of Defence (DoD) to ‘accelerate the delivery of AI-enabled capabilities, scale the Department-Wide impact of AI, and synchronise DoD AI activities to expand Joint Force advantages’.¹⁰² Security competition on the military use of AI has already started between China and the United States.¹⁰³ However, the military use of AI is yet to be inducted on a large scale. If states adopt a large number of these weapons and also change their military doctrines to offensive orientations, the threat environment will change. Thus, the next revolution of military affairs (RMA) will determine the kind of threatening capabilities states will possess.

International Order Transition: Beyond the ‘Thucydides Trap’ (Ann Arbor: University of Michigan Press, forthcoming).

- 99 For a summary of the ‘failed engagement with China’ argument and a discussion of its flaws, see Alastair Iain Johnston, ‘The Failures of the “Failure of Engagement” with China’, *The Washington Quarterly*, Vol. 42, No. 2 (2019), pp. 99–114.
- 100 Bilateral trade data are collected from the US Census Bureau. The 2019 trade volumes are estimated by the total trade volumes of the first six months, US Census Bureau Foreign Trade Division, ‘Foreign Trade’.
- 101 Mearsheimer, ‘Bound to Fail’, p. 44.
- 102 US Department of Defense, ‘Summary of the 2018 Department of Defense Artificial Intelligence Strategy: Harness AI to Advance Our Security and Prosperity’, US Department of Defense, 19 February, 2019, <https://www.defense.gov/Newsroom/News/Article/Article/1755942/dod-unveils-its-artificial-intelligence-strategy/>.
- 103 The same DoD report argues that ‘China and Russia are making significant investments in AI for military purpose, . . . [and these investments] threaten to erode our technological and operational advantages and destabilise the free and open international order’. US Department of State, ‘Summary of the 2018 Department of Defense Artificial Intelligence Strategy’, p. 5.

Similarly, should China alter its BRI to add a military component, this could also generate hard balancing temptations among affected states. For example, the construction of the Gwadar Port in Pakistan raised serious concerns for India. Even though China repeatedly claims that the BRI is a purely economic programme many outsiders still perceive the Gwadar Port project as ‘China for the first time explicitly tying a Belt and Road proposal to its military ambitions—and confirming the concerns . . . [that] the infrastructure initiative is really about helping China project armed might.’¹⁰⁴ The acquisition of the naval base in Djibouti and China’s growing naval presence in the Indian Ocean is another cause of concern. Increased military build-up in the South China Sea is also generating concerns about China’s intentions.¹⁰⁵ In the past, economic expansion was followed by military expansion as in the case of the East India companies of European colonial powers. And military expansions further ensured significant economic profits. Trade followed the flag, and the flag followed the trade.¹⁰⁶ Will China buck the trend? If it does, it can possibly prevent hard-balancing coalitions from emerging for some time to come.

Conclusions

In response to China’s rapid economic rise, states have not formed intense hard-balancing coalitions. China has also resisted the temptation to form such military alliances. Hard balancing, relying on formal alliances, will likely remain in the background for now as a strategy that rising powers and the status quo powers can use in response to rapid changes in the international system. Hedging is the most likely strategy until clarity is obtained in the international system regarding intentions and capabilities of rising powers, as well as the declining powers. However, China’s increasingly threatening posture could propel intense hard balancing in Asia-Pacific. The chances of that happening in the near term of a decade or two are low despite the nationalist pressures occurring in China because China’s continued prosperity requires economic interactions with the rest of the world, especially its neighbours and the United States. China also has difficulty obtaining close allies, barring a few like Cambodia and Pakistan. China’s strategy of buying off the allegiance of smaller states such as Myanmar, Bangladesh, Sri Lanka, and the Maldives has made some progress but it is unlikely they will give

104 Maria Abi-Habib, ‘China’s “Belt and Road” Plan in Pakistan Takes a Military Turn’, *The New York Times*, 19 December, 2018, <https://www.nytimes.com/2018/12/19/world/asia/pakistan-china-belt-road-military.html>.

105 On how China’s assertive positions on territorial disputes cause stronger feelings of threat among its Asian neighbours, for example, see Taylor M. Fravel, ‘Things Fall Apart: Maritime Disputes and China’s Regional Diplomacy’, in Jacques de Lisle and Avery Goldstein, eds., *China’s Challenges* (Philadelphia: University of Pennsylvania Press, 2014).

106 On the debate between ‘trade follows the flag’ and ‘flag follows trade’, see John Gallagher and Ronald Robinson, ‘The Imperialism of Free Trade’, *The Economic History Review*, Vol. 6, No. 1 (1953), pp. 1–15.

China full-fledged military alignment as they fear retribution from the United States and India.

What would change the system to intense hard balancing? The two conditions we earlier outlined must undergo major shifts. First, economic globalisation will falter and a 1930s style autarky will resurface. Secondly, major technological breakthroughs will give one side or the other huge advantages in its pursuit of an offensive strategy. Finally, a rising power will arrive that is willing to make use of these opportunities or propel fundamental changes in the international system. That is why China's strategies and future growth trajectory are crucial to systemic change and balancing.