

Understanding "hedging" in Asia-Pacific security

by Evelyn Goh

"Hedging" has become a new buzzword in U.S. strategic discourse, particularly vis-à-vis China. This was most notable in the 2006 *National Security Strategy*, which stated that U.S. strategy "seeks to encourage China to make the right strategic choices for its people, while we hedge against other possibilities." Other authors have ascribed hedging behavior to both the U.S. and China, stressing that they are both pursuing policies that combine "engagement and integration mechanisms" with "realist-style balancing in the form of external security cooperation with Asian states and national military modernization programs." Other writers have attributed hedging behavior to Japan and, in my own case, to Southeast Asia. The clear similarity in all these studies is the idea that the "hedger does not adopt simply a containment or balancing strategy as opposed to engagement, but rather employs a mixture of the two, as "insurance" against the uncertain present and future intentions of target states.

In my view, applying the rhetoric of "hedging" to U.S. policy toward China is conceptually problematic and may result in unhelpful policy obfuscation and misperception.

In fact, what has been referred to as "hedging" behavior is the norm in international relations – engagement and diplomacy are the staples of international life. Most states adopt insurance policies, and while they establish military relationships with other states, they avoid committing themselves to potentially antagonistic stances toward other states most of the time. For any state, the bulk of foreign policy and diplomacy is about preserving a maximum range of strategic options. Small- and medium-size states rarely engage in true balancing, for it is costly. Large and powerful states rarely stick their necks out to adopt obviously offensive strategies aimed at power maximization or world domination. The bipolar Cold War system did see the two superpowers adopt to some extent such domination strategies, while other states were forced into a situation where they were more likely to choose (or be absorbed into the sphere of) one superpower. But this is an anomaly, and one could argue even during this period that the superpowers combined engagement with containment, especially during the period of détente in the 1970s. Since the end of the Cold War, most of the world has returned to the normal state of "hedging" in international affairs; it is the U.S. that has woken up to this trend only very recently.

Thus, the concept of "hedging," to be useful, needs to be defined properly. To have any coherent meaning, hedging must be distinguished from balancing, containment, bandwagoning, buckpassing, and other more straightforward strategic choices. For instance, while it may be argued that hedging strategies encompass balancing or containment, they must be shown significantly to differ from these, either through the inclusion of significant engagement and reassurance components, or (more importantly) the demonstration that apparent containment strategies (such as alliances) are regarded as means to ends that are substantively different from those of straightforward balancing or containment.

Thus, lumping together the strengthening of the U.S.-Japan alliance and the new quasi-alliance

between the U.S. and India with the range of U.S. security relations with some Southeast Asian countries is confusing. The latter relationships are aimed either at counter-terrorism or preserving a general forward U.S. military presence in the region. U.S.-Southeast Asian military relations are aimed at general deterrence, and are not targeted against China, in the absence of direct China-Southeast Asian military confrontation. This is in contrast to the more direct strategic competition or potential territorial conflicts between China and Taiwan, China and Japan, or China and India.

In this sense, it is not clear why strengthening the U.S.-Japan alliance, or maintaining the U.S.-Taiwan defense relationship, is hedging rather than balancing behavior. Evan Medeiros argues that the Taiwan issue and the U.S. use of external balancing, especially the alliance with Japan, are potentially destabilizing aspects of its hedging strategy. These are destabilizing precisely because they are aspects of Washington's Asia strategy that most blatantly derive from containment of China (and therefore are not hedging behavior). Note also that the Taiwan issue is outside any "hedging" possibility, because it is the key issue on which the U.S. and China are balancing against each other's power.

My preferred definition of hedging is "a set of strategies aimed at avoiding (or planning for contingencies in) a situation in which states cannot decide upon more straightforward alternatives such as balancing, bandwagoning, or neutrality. Instead they cultivate a middle position that forestalls or avoids having to choose one side [or one straightforward policy stance] at the obvious expense of another." Specifically in regard to the changing security structure in the Asia-Pacific, I believe that hedging is the most accurate term to describe the strategy when engagement policies are pursued at the same time as *indirect* balancing policies. Indirect balancing policies are policies designed to counter the target state's ability to constrain the subject state, either through non-specific deterrence or defense strengthening, or through building diplomatic, economic, and political relationships with third states or organizations that can be converted into leverage against the target state when relations with it deteriorate.

I would also insist that any analysis of hedging include examination of which state(s) and what outcome(s) a country is hedging against, as often there are multiple targets and aims of hedging. For instance, the defense and regional institutional strategies of Southeast Asian states are aimed as much at hedging against the possibility of a U.S. drawdown in the region as possible Chinese aggression or domination. Recognizing the necessary complexity of hedging strategies means that it becomes essential to ask which part of a combination of policies is in fact "the hedge." For East Asians vis-à-vis China, engagement is the main policy and indirect balancing is the hedge; for the U.S., it sometimes appears that containment-as-deterrence is the main policy and economic and institutional engagement is the hedge.

Adopting a more rigorous definition of hedging may lead to the conclusion that hedging is, in fact, a luxury of the relatively weak only. A country like the United States, which wields preponderant power in the international system, cannot lay claim to hedging strategies. There are two reasons for this.

First, a dominant power is likely to define its security interests in a zero-sum fashion and develop strategies aimed at preserving its power and influence to the exclusion of other powers (see the

2002 *National Security Strategy*). If the aims of its strategy are essentially to prevent competition, then it is in fact not hedging against outright Chinese aggression, but any Chinese encroachment into U.S. spheres of influence, which, in the context of rising China, is a guaranteed result. Second, because of its preponderance of power, any U.S. claim to “hedge” will be greeted with skepticism by weaker states. U.S. hedging strategies that are heavy on containing alliances and light on multilateralism or reassurance are especially suspect. In this context, the reaction of the target country – China – is particularly important. Beijing is unlikely to buy the shift in U.S. rhetoric toward hedging; it and others may read the new discourse as a deliberate attempt to draw attention away from encirclement policies. So it is unclear how such a shift can dampen the security dilemma.

„Hedging is not a particularly helpful term in understanding or making U.S. China policy. Washington would be better off highlighting and expanding areas of agreement and cooperation with China, while candidly admitting areas of disagreement and suspicion as a first step to opening frank dialogue and engagement in negotiating a new Asian security order.

Evelyn Goh (evelyn.goh@politics.ox.ac.uk) is University Lecturer in International Relations at St. Anne's College, Oxford University.