

Policy Studies 16

Meeting the China Challenge: The U.S. in Southeast Asian Regional Security Strategies

Evelyn Goh



East-West Center
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East-West Center Washington

1819 L Street, NW, Suite 200

Washington, D.C. 20036

Tel: (202) 293-3995

Fax: (202) 293-1402

E-mail: publications@eastwestcenterwashington.org

Website: www.eastwestcenterwashington.org

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List of Acronyms

AMM	ASEAN Ministerial Meeting
APEC	Asia-Pacific Economic Cooperation
ARF	ASEAN Regional Forum
ASEAN	Association of Southeast Asian Nations
BIMSTEC	Bangladesh, India, Myanmar, Sri Lanka, and Thailand Economic Cooperation
BTA	bilateral trade agreement
CSI	Container Security Initiative
EAI	Enterprise for ASEAN Initiative
FDI	foreign direct investment
FTA	free trade agreement
IDSS	Institute of Defence and Strategic Studies (Singapore)
Jl	Jemaah Islamiah group (Singapore)
MOFA	Ministry of Foreign Affairs
MOU	memorandum of understanding
PRC	People's Republic of China
PSI	Proliferation Security Initiative
QDR	Quadrennial Defense Review

ROK	Republic of Korea
SAF	Singapore armed forces
SG	secretary-general
TIFA	Trade and Investment Framework Agreement
WTO	World Trade Organization

Executive Summary

Traditional friends and allies of the United States in East Asia acknowledge that a key determinant of stability in the region has been the U.S. presence and its role as a security guarantor. In the post-Cold War period, regional uncertainties about the potential dangers attending a rising China have led some analysts to conclude that almost all Southeast Asian states now see the United States as the critical balancing force, both in the military and political-economic spheres. The existing literature on this Southeast Asia-U.S.-China security dynamic tends to assume that China's rise is leading to a systemic power transition scenario in which the region will have to choose between a rising challenger and the incumbent power. The de facto expectation is that these countries will want to balance against China on the basis that a rising China is threatening. Thus, they will flock toward the United States as the lead balancer. Yet, most key states in the region face complex pressures with regard to China's growing role and do not perceive themselves as having the stark choices of either balancing against or bandwagoning with this powerful neighbor. For Southeast Asia, there is a consensus among analysts that the subregion has adopted a twin strategy of deep engagement with China on the one hand and, on the other, "soft balancing" against potential Chinese aggression or disruption of the status quo. The latter strategy includes not only military acquisitions and modernization but also attempts to keep the United States involved in the region as a counterweight to Chinese power.

This study probes the nature of the Southeast Asian regional security dynamic by investigating the regional security strategies of three key states: Singapore, Thailand, and Vietnam. Working from the premise that the United States is the vital security player in the region, the focus is on how these states envisage the United States acting out its role as security guarantor vis-à-vis the China challenge. That is, this study fleshes out Southeast Asia's so-called hedging strategies against China—and particularly the role of the United States in these strategies.

Hedging is defined here as 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 at the obvious expense of another. Hedging behavior in Southeast Asia comprises three elements. First is indirect or soft balancing, which mainly involves persuading other major powers, particularly the United States, to act as counterweights to Chinese regional influence. Second, hedging entails complex engagement of China at the political, economic, and strategic levels with the hope that Chinese leaders may be persuaded or socialized into conduct that abides by international rules and norms. In this sense, engagement policies may be understood as a constructive hedge against potentially aggressive Chinese domination. The third element is a general policy of enmeshing a number of regional great powers in order to give them a stake in a stable regional order. All told, Southeast Asian states are in fact hedging against three key undesirable outcomes: Chinese domination or hegemony; American withdrawal from the region; and an unstable regional order.

This study is divided into two sections. The first section updates our understanding of Southeast Asian threat perceptions and conceptions of regional security challenges after the terrorist attacks of September 11, 2001. It evaluates the extent to which Singapore, Thailand, and Vietnam still regard China as the primary challenge to regional security and, as well, the relative importance accorded to the threat of terrorism. It demonstrates that concerns about China have not receded even as most countries have adopted terrorism as a key security issue. It argues, though, that these states' adoption of the counterterrorism agenda strongly reflects a general desire to strengthen security relations with the United States. Furthermore, none of these three countries is reacting to the twin challenges of China and terrorism by recourse to balancing or bandwagoning

strategies. Rather, they have developed multipronged hedging strategies.

The second section examines these hedging strategies and the role of the United States within them. It investigates each state's perceptions of the American role in regional security and discusses how they operationalize their hedging policies against a potential U.S. drawdown in the region, as well as the different degrees to which they use their relationships with the United States as a hedge against potential Chinese domination. It finds, furthermore, that this hedging behavior includes a policy of "omni-meshment" of a number of major powers in the region—aimed at encouraging a hierarchical security structure that is perceived to enhance regional stability. In this context, the section discusses these states' expectations of what the United States should do to help in their hedging strategies toward China, suggesting a range of policies that span the military as well as political, diplomatic, and economic realms.

It suggests that while the current distribution of hard power in favor of the United States will not change for some time, more fluid and challenging is the shifting "balance of influence" in Southeast Asia with the steady development of China's multilayered relationships with the region. Even so, the United States continues to be the key provider of critical common security goods in the region—leading in counterterrorism, antipiracy, and antitrafficking efforts as well as maintaining the military deterrent of the San Francisco system of alliances. Consistent with this role, the region looks to Washington to boost security in three other ways: deepening economic ties to build up internal balancing capabilities of individual countries and to help the region as a whole diversify and prevent overdependence on China; managing key crisis issues such as Taiwan and the Korean peninsula in concert with other big powers; and supporting efforts to engage with China and the region through multilateral institutions.

Meeting the China Challenge: The U.S. in Southeast Asian Regional Security Strategies

Traditional friends and allies of the United States in East Asia acknowledge that a key determinant of security in the region has been the U.S. presence and its role as the “ultimate guarantor” of stability (Heisbourg 1999–2000: 15–16). During the Cold War, noncommunist Southeast Asian states viewed American military intervention, bilateral alliances, and trade and investment as not only helping to contain Soviet- or Chinese-inspired communist insurgency but also as critically assisting the development of the region. In the post-Cold War period, regional uncertainties about the potential dangers attending a rising China have led some analysts to conclude that almost all Southeast Asian states now see the United States as the “balancer of first resort,” both in the military and political-economic spheres (Khong 1996: 1).

The literature, however, is relatively taciturn on the specifics of this Southeast Asia-United States-China security dynamic. It tends to assume that China’s rise is leading to a systemic power transition scenario in which the region will have to choose between a rising challenger and the incumbent power. The *de facto* expectation is that these countries will want to balance against China on the basis that a rising China is threatening. Thus they will flock toward the United States as the lead balancer. Yet, as other scholars have pointed out, some key states in East Asia, including U.S. allies like South Korea and Japan, face complex pressures with regard to China’s growing role in the region, and they have not chosen to balance

against China (Kang 2003). Indeed, most states in the region do not perceive themselves as having the stark choices of either balancing against or bandwagoning with this powerful neighbor.¹ For Southeast Asia, there is a consensus among analysts that the subregion has adopted a twin “hedging” strategy of deep engagement with China on the one hand and, on the other, “soft balancing” against potential Chinese aggression or disruption of the status quo. The latter strategy includes not only military acquisitions and modernization but also attempts to keep the United States involved in the region as a counterweight to Chinese power (see Khong 2004; Storey 1999–2000).

This study probes the nature of the Southeast Asian regional security dynamic by investigating the regional security strategies of three key states: Singapore, Thailand, and Vietnam. Working from the premise that the United States is the vital security player in the region, the focus here is on how these states envisage the United States acting out its role as security guarantor vis-à-vis the China challenge. In other words, this study is primarily interested in fleshing out Southeast Asia’s so-called hedging strategies against China—and particularly the role of the United States in these strategies.

In the abstract, hedging refers to taking action to ensure against undesirable outcomes, usually by betting on multiple alternative positions. In our case, hedging may be defined as 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 at the obvious expense of another. There

Does hedging represent a strategy on par with balancing or bandwagoning?

has been no systematic study of the hedging strategies or hedging behavior of East Asian states. The term has been applied to Japanese and Southeast Asian strategies to cope with China—ranging from their efforts to maintain and deepen security ties with the United States to their emphasis on developing multilateral institutions as a means to stimulate constructive Chinese participation in regional security issues. Different states—including China—appear to be engaged in hedging behavior toward a variety of ends: against potential Chinese aggression; against a possible American drawdown in the region; but also against an all-out containment policy by Washington vis-à-vis Beijing (see

Manning and Przystup 1999; Chung 2004). There is no satisfactory exposition of hedging as a strategy. What does hedging behavior look like? Does hedging represent a strategy on par with balancing or bandwagoning? Are hedging and balancing related? What are these states hedging against? How are their hedging strategies operationalized?

Hedging is admittedly a difficult concept. Although at times it may be too general and all-encompassing, this is a common problem even with the most frequently used terms in the international relations literature. Let us begin, then, by distinguishing hedging from balancing and bandwagoning. Within the international relations literature, the concept of balancing is sometimes nebulous but generally implies the forging of countervailing strength against a potentially hegemonic or threatening power—a situation that is implicitly understood as preferable to one in which a dominant power is unchallenged. A state may choose unilateral or internal balancing, building up its own defensive capabilities as a deterrent against the other power, or it may choose alliance or close strategic partnership with other states in order to challenge and contain the threatening power (Waltz 1979; Walt 1987). Bandwagoning, by contrast, occurs when a state chooses to align itself strategically with the threatening power in order to limit the threat, neutralize it, or profit from the new distribution of power (Waltz 1979; Schweller 1994).

The literature on regional reactions to the rise of China, as noted, tends to focus on the dilemma of balancing or bandwagoning—leading to the assumption that hedging refers to any behavior that sits in between these two stark alternatives. But this dichotomy is misplaced. In simplifying the spectrum of choices available to China's neighboring states, we must also be able to take into account the option of engagement, if only because it is so empirically prevalent. Engagement policies seek to develop closer political and economic ties with a country and draw it into international society, thereby changing its leaders' preferences and actions toward more peaceful inclinations (see Johnston and Ross 1999). By definition, bandwagoning is a clear policy of alignment with one side and thus cannot meaningfully be combined with a policy of engagement toward the same state. Unlike bandwagoning policies, however, engagement policies can be pursued at the same time as indirect or soft balancing policies; when this mixture occurs, hedging is the most accurate term to describe the strategy.

Hedging behavior in Southeast Asia comprises three elements. First is

indirect or soft balancing, which mainly involves persuading other major powers, particularly the United States, to act as counterweights to Chinese regional influence. Second, hedging entails complex engagement of China at the political, economic, and strategic levels with the hope that Chinese leaders may be persuaded or socialized into conduct that abides by international rules and norms. In this sense, engagement policies may be understood as a constructive hedge against potentially aggressive Chinese domination. The third element is a general policy of enmeshing a number of regional great powers in order to give them a stake in a stable regional order. All told, Southeast Asian states are in fact hedging against three key undesirable outcomes: Chinese domination or hegemony; American withdrawal from the region; and an unstable regional order. The existence of these three factors and their close interrelation further complicates the nature of hedging behavior in the region.

As my main aim is to elucidate Southeast Asian regional security strategies, it is beyond the scope of this study to present hypotheses that generalize about which states tend to hedge against which major powers under what conditions. For the states examined here, however, it is possible to generalize that the greater the room for maneuver that a state perceives itself to have in terms of being less dependent on one or both of these major powers (the United States and China) and more able to influence the regional security environment, the stronger a hedger it tends to be and the more complex its hedging strategy becomes. A strong hedger is a state that is able to establish and maintain close strategic relations with both the United States and China at the same time.

Two contentions underlie this project. First, the small and medium-sized states in Southeast Asia have adopted neither balancing nor bandwagoning strategies vis-à-vis the United States and China. Rather they have developed a hedging strategy that encompasses indirect balancing, complex engagement, and great power enmeshment. Second, while states' regional security strategies differ in important ways across Southeast Asia, there is emerging in some frontline states a commonality of strategic aims vis-à-vis China that requires greater engagement on the part of the United States in the political and economic as well as military realms. Clearly an understanding of these developments will be useful in shaping effective partnerships and policies between the United States and these countries.

Case Selection

In the literature there is a tendency either to examine individual countries without systematic comparison or to lump the diverse states of the region together as “ASEAN,” with the implication that there is a coherent and cohesive regional stance (Bert 2003; Khong 1996). Not only does such lack of specification engender unsatisfactory analysis, but it also risks misperceptions and misguided policy planning.

By dint of geography, history, and ethnicity, Southeast Asia is a region characterized more by its differences and variations than by its similarities. In terms of strategic attitudes and calculations, it does not exhibit a coherent collective stance. Broadly we note a basic divergence between maritime and continental Southeast Asia—particularly vis-à-vis the roles of the United States and China in regional security. Maritime Southeast Asia welcomes the U.S. presence in the region, and U.S. policy has been to focus on this maritime arc largely because of the strategic sea-lanes. Over the last decade, after its withdrawal from bases in the Philippines, the United States has been granted access to ports, repair facilities, and military exercises in Singapore, Malaysia, and Indonesia. Singapore now participates while Malaysia has observer status in the annual Thai-U.S. military exercises known as Cobra Gold. Under presidents Ramos, Estrada, and Arroyo, Manila has also tried to reinvigorate the U.S.-Philippine defense relationship since 1995. These countries worry to different degrees about China—mainly in terms of economic competition and regarding Chinese claims to the South China Sea. The two most interesting countries to keep an eye on here are Singapore, which is the smallest but most vociferously pro-American state in the region, and Indonesia, which, as the traditionally dominant Southeast Asian power in the postindependence period, harbors the deepest worries about China’s challenge for regional hegemony in Southeast Asia.

In contrast, continental Southeast Asia operates much more under the constraints of close proximity to China as well as continental geopolitics involving shared boundaries and competing influences, particularly in Indochina and the Myanmar-Thailand-China nexus. At times this area appears to form something akin to its own subsystem that gravitates toward Chinese influence. This tendency is most marked in Myanmar, Laos, and Cambodia: these countries have dependent relationships with China, and the United States features very little in their strategic calcula-

tions (Dalpino 2003; Muni 2002). Within this group, however, Vietnam and Thailand stand out as states with greater room for maneuverability and more options in that they are stronger states with histories of subregional domination. Thus they exhibit interesting hedging strategies vis-à-vis China.

Because they experience with particular salience the current China challenge—and yet have received little attention from scholars more concerned with maritime Southeast Asia—Thailand and Vietnam were chosen as two key case studies for this project.

Hanoi is a critical gauge of some of the most intractable problems...with regard to China

Singapore is analyzed as a control: its leaders have been most forthcoming in articulating a coherent regional security strategy involving China and the United States, and thus Singapore's strategy is often mistakenly assumed to be representative of all Southeast Asia.² For analysts of Sino-Southeast Asian relations, in contrast, Thailand and Vietnam are key frontline states. Harboring the most acute threat perception of China, Hanoi is a critical gauge of some of the most intractable problems facing Southeast Asian states with regard to China. Thailand, by contrast, as the Southeast Asian country with the closest strategic relations with China since the late 1970s (with the exception of Burma), acts as a thermostat reflecting the relative success of engagement and accommodation between China and the region. Their strategies to cope with China are affected by the different relationships they share with Washington, but as continental Southeast Asian states they are not often paid sufficient attention in similar studies.

From an American perspective, the three countries chosen for this study represent important cases: Thailand is a major non-NATO ally of the United States, Singapore is a very close friend of the United States, and Vietnam is a country with which Washington has been increasingly interested in forging closer strategic relations. Given the hope that they would share a common predisposition to accord the United States a vital role in ensuring regional security, finding significant patterns or differences in the strategies and expectations of these countries will be informative for U.S. policymakers and analysts. It is especially important to take stock of shifts in perceptions, policy priorities, and expectations at a time when these countries are trying to adjust to changes in the international system after the September 11, 2001 terrorist attacks on the United States and subse-

quent American foreign policy declarations and actions.

The following analysis is divided into two main sections. The first section updates our understanding of Southeast Asian threat perceptions and conceptions of regional security challenges after the terrorist attacks of September 11, 2001. It evaluates the extent to which Singapore, Thailand, and Vietnam still regard China as the primary challenge to regional security and, as well, the relative importance accorded to the threat of terrorism. It demonstrates that concerns about China have not receded even as most countries have adopted terrorism as a key security issue. It argues, though, that these states' adoption of the counterterrorism agenda strongly reflects a general desire to strengthen security relations with the United States. This section shows that none of these three countries is reacting to the twin challenges of China and terrorism by recourse to balancing or bandwagoning strategies. Rather, they have developed multipronged hedging strategies.

The second section examines these hedging strategies and the role of the United States within them. It investigates each state's perceptions of the American role in regional security and discusses how they operationalize their hedging policies against a potential U.S. drawdown in the region, as well as the different degrees to which they use their relationships with the United States as a hedge against potential Chinese domination. It finds, furthermore, that this hedging behavior includes a policy of "omni-meshment" of a number of major powers in the region—aimed at encouraging a hierarchical security structure that is perceived to enhance regional stability. In this context, the section discusses these states' expectations of what the United States should do to help in their hedging strategies toward China, suggesting a range of policies that span the military as well as political, diplomatic, and economic realms.

Security Strategies After 9/11

In the aftermath of the terrorist attacks in New York and Washington on September 11, 2001, the United States has been absorbed by the war on terrorism, the war against Iraq, and the threat of weapons of mass destruction possessed by rogue regimes. Other countries share these concerns to different extents. And in Southeast Asia, many states have enduring domestic political and regional strategic challenges that must be managed in tandem with the new threat of international terrorism (Desker and Ramakrishna 2002). In addition, Southeast Asian states have still to con-

tend with the uncertainties of a rising China—a long-standing strategic problem that Washington itself has not lost sight of despite the “war on terror.”³

The China Question

How, then, have Southeast Asian assessments of the regional strategic environment changed after September 11? How is the threat of terrorism perceived in the region? Does it rank as a key strategic challenge on par with, or even surpassing, the

How is the threat of terrorism perceived in the region?

China threat? It is possible to argue that the two are quite different security issues. Terrorism is a transnational, sociocultural problem that might best be tackled primarily through intelligence

gathering, policing, and the monitoring of financial networks at a national level, through regional cooperation, and through the management of domestic developmental concerns by national governments (McFarlane

terrorism and the challenge of China...top Southeast Asian governments' agendas

2002; Smith 2002; Zakaria 2001). A rising China, by contrast, may be perceived as a traditional strategic challenge occurring in the realm of great powers—heralding a transition that smaller regional states must try to adapt to, or influence, by recourse to a series of essentially power-political options (Khong 2001; Friedberg

2002). This distinction means that terrorism and the challenge of China may well coexist at the top of Southeast Asian governments' agendas. But what is interesting is whether changing perceptions of these two issues over the last three years may have led to alterations of regional security conceptions, policies, and strategies.

During the Cold War, China posed a direct political-military threat to the noncommunist states in Southeast Asia through Beijing's support of communist insurgencies in the region. Within communist Southeast Asia, too, China waged war on Vietnam to “teach it a lesson” after Vietnam's invasion of Cambodia in 1978. Since the end of the Cold War, however, the region's main preoccupation about regional security has centered on four key potential threats or challenges posed by a rising China. First, they are wary about the territorial disputes over islands in the South China Sea, which involve China and four Southeast Asian countries. China and Vietnam had clashed over the Spratlys reefs in the late 1980s, but Beijing

really worried its Southeast Asian neighbors when it laid claim to the whole South China Sea in 1992. Thereafter the Chinese occupied and built structures on reefs claimed by Vietnam and the Philippines in 1992, 1995, and 1999, the latter of which led to diplomatic confrontations and military tensions (Shee 1998). Despite the negotiation of a declaration of conduct in 2002, there remain internal divisions within ASEAN on the issue, and Vietnam and the Philippines continue to be wary of Chinese encroachment. Second, Southeast Asian states are concerned about the fallout of a potential conflict between the United States and China if Beijing becomes more assertive or Washington decides to adopt a more aggressive containment policy toward Beijing. They particularly worry about a war over Taiwan, which would destabilize the whole region and force countries to choose sides. Third, these small and medium-sized countries perceive a medium- to long-term threat from regional dominance by the Chinese. This is most obvious if Beijing pursues aggressive policies in terms of territorial or resource domination. But short of such actions, Southeast Asian countries still remain wary of the potential domination of the regional security and economic landscape by China to the exclusion of other powers, particularly the United States. In this sense, Chinese regional unipolarity per se is regarded with suspicion because of uncertainties about Chinese intentions over the long term.

But the main challenge posed by a rising China is economic. China is the world's seventh-largest exporting nation and the top producer of grain, coal, iron, steel, and cement. In terms of GNP taking into account purchasing power parity, it has the second-largest economy after the United States, and its economy has averaged at least 7 percent annual growth over the last decade.⁴ Although there is no agreement about the net outcome of China's economic growth on Southeast Asia, it is clear that this will bring both benefits and costs. Clearly, as the Chinese economy continues to grow, its demand for exports from ASEAN will increase, particularly in terms of primary commodities and natural resources.⁵ For instance, China's trade with Southeast Asia grew from \$8 billion in 1981 to \$41.6 billion in 2001. If the ongoing China-ASEAN negotiations over free trade agreements are successful, the world's largest free trade zone will be created—comprising 1.7 billion people, a total GDP of \$2 trillion, and total

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trade exceeding \$1.2 trillion. It is estimated to have the potential of raising Southeast Asian exports to China by \$13 billion (48 percent) and Chinese exports to ASEAN by \$11 billion (55 percent).⁶

Yet China and many Southeast Asian countries, at their present stages of economic development, tend to be more competitive than complementary in foreign direct investment (FDI) and manufactured exports in the developed-country markets. Southeast Asia worries primarily about China siphoning off foreign investments in the region: in the last few years, China has been attracting 50 to 70 percent of the FDI in Asia (excluding Japan), as opposed to the 20 percent that ASEAN gets.⁷ Even though the drop in the level of FDI flowing to ASEAN may have more to do with the fallout of the 1997 financial crisis than direct competition from China, the figures still pose questions about Southeast Asia's long-term ability to attract FDI (see Wu 2003). In addition, Southeast Asia faces stiff Chinese competition as rapid growth and foreign investment make China the world's preeminent low-cost manufacturer, not only of traditional labor-intensive goods like textiles, but increasingly of information technology, hardware, and electronics. Countries such as Vietnam, Indonesia, and Thailand are worried about intensifying Chinese competition for United States and European Union textile quotas, while the rapid expansion of China's nontraditional exports such as machinery and electronics is having the most disruptive impact on Indonesia, Thailand, Malaysia, and the Philippines. Compared to these countries, China possesses a much larger pool of skilled as well as nonskilled labor. Furthermore, its massive domestic market provides considerable economies-of-scale opportunities. With lower marginal and average costs, China is thus able to enjoy a tremendous cost advantage over ASEAN. The average labor cost per hour in Malaysia and Thailand is about \$2—compared to only 50 cents in China.⁸ As a result, Southeast Asian countries face significant challenges of enhancing the price and quality of their products in order to remain competitive.

***China has two key
strategic aims in
Southeast Asia***

Despite these geopolitical and economic challenges, Beijing appears to have enjoyed relative success over the last decade in assuaging the worst fears of its Southeast Asian neighbors. Basically China has two key strategic aims in Southeast Asia: first, to ensure that there are no conflicts with the subregion that would compromise Chinese sovereignty, territorial integrity, and national security; second, to ensure that Southeast Asia does

not fall within the ambit of another power antagonistic to China (that is, the United States or Japan). During the mid-1990s, it appears that the foreign policy establishment in Beijing concluded that these aims would best be achieved through positive diplomacy, that is, by first cultivating benign perceptions of China in order to mediate Southeast Asian worries about the China threat.⁹ Beijing's current aim is to "desecuritize" China's rise in order to allay regional concerns. The Chinese foreign policy community has made a concerted effort to represent China's reemergence as essentially an economic, rather than a strategic, development.

Under the presidency of Jiang Zemin, China adopted a more consciously constructive tone in the key foreign policy aims of "increasing trust, reducing problems, developing cooperation, and refraining from confrontation."¹⁰ Beijing has taken some important and consistent steps toward conforming to the status quo in terms of participating in international institutions and adopting norms of conduct. This is most notable in Beijing's increasing engagement with ASEAN (see Appendix 1) and Chinese participation in the ASEAN Regional Forum (ARF), an Asia-Pacific gathering devoted to the discussion of security issues and under whose aegis China issued its first defense white paper in 2002 (Foot 1998; Goh and Acharya 2005).¹¹ Beijing's participation in bilateral and multilateral talks about the South China Sea indicated its desire to seek peaceful solutions to territorial disputes; on the economic front, China has undertaken to set up a free trade area with Southeast Asia by 2010 and is actively promoting ASEAN+3, which brings together Southeast Asian countries along with China, Japan, and South Korea (Wong and Chan 2003; Hund 2003). It would seem that President Jiang's effort to develop a more activist approach toward "accomplishing some deeds in the diplomatic arena" (*yousuo zuowei*) has borne fruit.¹² At the same time, China has managed its "deeds" in a manner consistent with the prevailing diplomatic style of the region, called the "ASEAN way," which emphasizes informality, consensus, nonintervention in internal affairs, and moving at a pace that is comfortable for all members.¹³ Further, in a gesture indicating its acceptance of the subregion's norms of peaceful settlement of conflicts and nuclear nonproliferation, Beijing signed ASEAN's Treaty of Amity and Cooperation at the end of 2003.¹⁴

As a result, in Southeast Asia there is some evidence of a notable shift in perceptions of China as a potentially destabilizing force. On the one hand, policymakers still hold to their realist view that economic capacity

will necessarily translate into military might and that sheer capability (intentions aside) has the potential to disrupt the region's strategic landscape by virtue of objective relative power deepening the security dilemma.¹⁵ On the other hand, the same policy elites appear to have become more sanguine about the day-to-day policy implications of China's growth. They evince more comfort in walking in China's shadow—partly because of Beijing's successful regional diplomacy but also because they appear to have reconciled themselves to the reality of a resurgent giant neighbor. And the task of making the best of it has tended to normalize this state of affairs, rendering it less of an unknown quality and thus offering more possibilities of management.

The Singapore government's views of China as both a threat and an opportunity have been well represented and indeed, at times, tend to pass for ASEAN's views (Leifer 2000: 100–108; Khong 1999). Thai officials are quick to assert that they do not regard China as a threat at all, but rather as a crucial market and locomotive of growth for the region. Vietnam, in contrast, is ambivalent toward China because of its history of battling Chinese occupation and because of territorial disputes over islands in the South China Sea.

Singapore

In Singapore, where there has always been some sensitivity about describing China as a “threat,” the policy elite has been the region's primary proponent of economic and political engagement with China since the 1990s. This strategy to “manage” China's rise with minimal disruption to regional peace and stability rests on the conviction that the integration of China into the regional and international economy and society will help it to prosper and develop a stake in the rules of the game, thus socializing Beijing into becoming a status quo power (Khong 1999: 110; Johnston 2003). Growing Chinese power remains a cause for long-term concern, but there is now less worry about a potential direct or indirect threat. Singapore's leaders appear to be cautiously satisfied at the perceived success of engagement strategies, as seen in Beijing's cooperation with ASEAN, the commitment to a China-ASEAN free trade agreement, and China's participation in wider regional institutions such as the ARF and ASEAN+3 (Storey 2002; Goh 2005).

There is a downside to this success, though: Singapore policymakers now worry about some of its neighbors' reactions—seeing some of them

as veering too far toward China, “rolling over to have their tummies scratched,” or almost falling over themselves to “throw in their lot” with Beijing.¹⁶ While they appreciate that the geopolitical constraints faced by continental Southeast Asian states leave them little choice but closer alignment to China, Singapore officials are unsettled by the gradual but definite increase of Chinese influence in regional affairs. Within the context of the problems of unity faced by an expanded ASEAN, Singapore now fears that these different strategic attitudes toward China will drive a wedge between those Southeast Asian states that want to accommodate Beijing as a regional hegemon and those that would prefer to see the continued dominance of the United States and the involvement of other major powers like Japan and India in regional security.

The change in leadership when Lee Hsien Loong took over as prime minister in August 2004 is unlikely to engender significant alterations in Singapore’s approach of active engagement toward China. This younger generation of leaders, however, appears to be more pessimistic about China. High-ranking members of the new leadership are convinced that a more prosperous China will probably also be a more muscular one. They acknowledge, too, that Beijing will have its way in Southeast Asia eventually—as Chinese economic power grows, this will inevitably translate into greater influence and better ability to constrain policy preferences in the region.¹⁷ Lee experienced an early demonstration of Chinese influence when he made an unofficial visit to Taiwan just before he took over the reins of power. Beijing’s loud condemnation of the visit and its cancellation of various official exchanges caused Singapore’s prime minister to issue a clear public statement of support for China in the event of a unilateral Taiwanese declaration of independence.¹⁸

Yet Singapore’s leaders may feel they have some room to maneuver with China. Insofar as a China “threat” exists for Singapore, it tends to take the form of potential disruptions to regional stability and economic development as well as potential constraints posed by China on the Singapore government’s political choices on the issue of Taiwan. Singapore has no territorial disputes with China, and its relative geographical distance makes the rising power less urgent a consideration than for the other two countries under study here.

While China as a source of long-term regional strategic concern and short-term bilateral sensitivity is unlikely to diminish, Singapore’s threat perceptions have undergone very significant reorientation as a result of the

terrorist attacks of 9/11. Within Southeast Asia, the rise of terrorism on the international agenda may have most affected Singapore's conception of national and regional security. Terrorism is now taken very seriously as a short-, medium-, and long-term problem—partly because of the discovery of Southeast Asian networks related to al-Qaeda, the arrest of members of the extremist Jemaah Islamiah (JI) group in Singapore in 2002, and the uncovering of plans to attack targets in Singapore. The island-state has been most active in pushing for regional cooperation in counterterrorism and, moreover, has agreed on a series of bilateral accords with the United States on container port security and policing of terrorist financing (Tan 2002).

Fundamentally, Singapore's policymakers have been galvanized by the new terrorist threat because it appears to vindicate one of their most critical long-standing security concerns. As a small Chinese-majority state surrounded by the large Muslim-majority states of Malaysia and Indonesia, Singapore has had a series of unpleasant experiences: a failed merger with Malaysia in 1963–65, followed by racial riots, as well as being caught in

***Singapore's policymakers
have been galvanized by
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the middle during Indonesia's confrontation with Malaysia for regional hegemony at about the same time. Despite improved relations with both countries, Singapore's leaders continue to be wary of aggression from these neighbors, especially if motivated by racial or religious factors led by ultranationalist or fundamentalist Muslim governments (Huxley 2000: 43). After 9/11, therefore, Singapore officials were quick to identify with the threat of extremist Islam and to tap into broad concerns about the perceived trend of "political Islam" in the region. They appear to be genuinely worried about the prospect of neighboring states becoming more Islamized—both in terms of societies that are more consciously and "austerely" Islamic, often with an "anti-American tinge to their religious beliefs," as well as in the form of radical Islamic political parties coming to power.¹⁹ This, they feel, jeopardizes Singapore's secular identity and, in the worst instance, poses an existential threat "if our neighbours turn Islamic and attack us." Radicalized political Islam is seen as the most "urgent and fundamental threat" to the nation because it arises "not because of what we do, but because of who we *are*."²⁰

That the Singapore government now sees terrorism and political Islam as greater security priorities than the rise of China has important implica-

tions for its relationship with the United States. While it is difficult to posit causality in one direction or the other, Singapore's concern about the fundamentalist Islamic terrorist threat clearly reinforces its long-standing leaning toward the United States in regional security matters. As we shall see in the following sections, the new counterterrorism agenda may act as stronger glue for the Singapore-U.S. strategic partnership than the China challenge. Thus Singapore is now maneuvering toward a closer identification of common security interests with the United States than before. This is a double-hedge: first against the possibility of fundamentalist Islamic threats from within Southeast Asia; second, in the long term, against the potentially destabilizing effects of a stronger China.

Thailand

Thailand, too, has had to reassess its security priorities after the terrorist attacks in the United States in September 2001. Bangkok has taken a longer time to identify with the new threat of global terrorism, however, and has adopted policy changes that carry more ambivalent long-term implications. As a formal treaty ally, Bangkok's cooperation in Washington's war against terrorism was relatively slow in coming. In the immediate aftermath of the 9/11 terrorist attacks, Prime Minister Thaksin Shinawatra offered sympathy but spoke of a "neutral" stance if Washington waged war on Muslim countries. Within two weeks, however, he had switched to supporting the American antiterrorism campaign in the APEC and ASEAN forums, and offered to send troops to Afghanistan. Similarly, despite widespread reports that arrested al-Qaeda and Jemaah Islamiah operatives had revealed that their members used Thailand as a safe haven, the Thai government consistently denied these allegations.

In 2003, however, Bangkok's assessment of the threat of terrorism underwent some changes. Even though Bangkok had refused to join publicly the U.S. coalition to invade Iraq, Thaksin pledged full support for the war in May and subsequently dispatched over 400 military personnel to help in the reconstruction effort. On June 10, during the prime minister's state visit to the United States, three high-profile suspected members of JI were arrested in Thailand—concrete evidence that the regional terrorist group was using the country as a base. At the same time, as host of the October 2003 APEC summit meeting, the Thai government came under significant pressure to deepen its efforts to ensure security in cooperation with regional neighbors and U.S. agencies. The most significant result of

this cooperation was the August 11 arrest of Hambali, the head of the JI group implicated in the October 2002 Bali bombing, in Ayutthaya. The government also pushed through two controversial emergency decrees on antiterrorism and money laundering.

Bangkok's changing position on the war against terrorism reflects its calculative approach to relations with the United States. Thaksin's early change of attitude developed mainly out of the realization of the need to back his U.S. ally at a time of crisis—especially when it became clear that other states with larger Muslim populations or less traditionally friendly to the United States were expressing support. The 2003 change would seem to have been affected by the Thai prime minister's trip to the United States. Journalists have suggested that he was initially withholding support for the United States as leverage for the quid pro quos of revitalizing the bilateral alliance and reducing American criticism of his draconian policy against drug trafficking, a policy that included extrajudicial killings.²¹ At a broader level, too, Thai officials' perceptions of the threat of international terrorism are ambivalent. There is ready recognition of the significant strategic shifts engendered by the American war against terrorism as well as a sense that Thailand will inevitably have to "refocus our strategic values to accord with the U.S."²² This move, however, is limited by the exigencies of domestic politics and public opinion that is unwilling to support the United States.

Despite Thailand's growing international cooperation on counterterrorism, the terrorist threat is viewed primarily through a domestic lens. Thailand has a significant Malay-Muslim minority in the south of the

Thailand is less ready...to alter its strategic priorities in favor of counterterrorism

country with over a century's history of irredentism. Here various armed separatist organizations have been struggling for autonomy or secession, and a renewed wave of violence in 2004 appeared to be connected to JI training and inspiration. The situation in the south has become the government's most intense security concern (Liow 2004; Chongkittavon 2004). Yet while this violence is labeled "terrorism," the Thaksin govern-

ment is anxious not to put it on a par with the U.S.-led global war on terrorism for a number of reasons. First, the government's support of the war in Iraq, the new emergency antiterrorism legislation, and its recent policies to regulate religious schools in the south have already engendered strong

and adverse reactions from the Muslim population. Second, as southern Thailand shares not only a border but also ethnic and religious affinity with Malaysia, giving the issue a high international profile may complicate bilateral relations. As it is, Bangkok has alleged that Malaysia harbors terrorists who cross the border to attack southern Thailand, and an Islamic political party in Malaysia has vigorously protested Bangkok's handling of the unrest.²³ Thus while Bangkok has made calculated adjustments in order to maintain its relationship with the United States, Thailand is less ready than Singapore to alter its strategic priorities in favor of counterterrorism. Analysts tend to talk about how the United States "needs us in the fight against terrorism" while downplaying Bangkok's reliance on its ally.²⁴ Officials and academics also tend to speak of terrorism more as an epiphenomenon than as a mainstream and long-term security threat.

Thai perceptions of the China threat, too, are low. Thailand is the most sanguine of the original ASEAN member states regarding the rise of China for a number of reasons. The two countries do not share borders and have no territorial disputes that irritate relations or form the basis for conflict. Thailand also has a significant but well-integrated Chinese minority population that makes up a good portion of the country's business and governing elite and helps to engender a "cultural willingness to adapt to an increasingly influential China" (Mathews 2003: 14–15). Equally significantly, Thailand has a recent history of strategic and economic cooperation with China. Not only was Thailand one of the first Southeast Asian countries to normalize relations with the PRC in 1975, but after Vietnam's invasion of Cambodia in 1978 the two countries developed a strategic partnership within which Beijing provided a *de facto* guarantee of Thai security against Vietnam (see Nuchpiam 1986). Throughout the 1980s, the two countries engaged in strategic consultations and military sales; moreover, Thai companies were pioneer investors in China after its economy was liberalized at the end of the 1970s. In the 1990s Thailand, along with Singapore, was a leading proponent of the need for ASEAN to engage in dialogue and develop a partnership with China. During the financial crisis of 1997, China's sympathy, quick offer of aid, and undertaking not to devalue its currency during the crisis were greatly appreciated in Thailand. While China's contribution was small, it stood in contrast to Western countries that were seen to be more interested in criticizing the Thai government (Vatikiotis 2003; Mathews 2003).

Thus the Thai elite now tends to emphasize the positive effects of

growing economic ties between the two nations. While China's phenomenal economic growth is regarded with awe, it is mainly viewed as an unparalleled opportunity: "a huge locomotive for growth" that Thailand must try to harness to its own advantage.²⁵ Bilateral trade has grown rapidly—between 1997 and 2002, Thai exports to China doubled and imports from China grew by 115 percent. Thai exports to China increased by 23 percent from 2001 to 2002 and rose by 70 percent from 2002 to 2003 (Mathews 2003; Morrison 2003). While China looks set to become one of Thailand's top three export destinations (after the United States and Japan), some caution that China will draw away FDI from Thailand and predict that lower-cost Chinese industries will outcompete Thai manufacturers in key sectors. In the face of this, Thai officials evince an optimistic outlook underlain by the conviction that, by recognizing it early enough, Thailand will be able to adjust to potential Chinese economic competition as its industries are forced to find niches in the market or to move up the value chain in production.²⁶

For now, despite the economic imperative, the official Thai outlook seems to be that economic competition lies outside the realm of "traditional" security threats. Yet China's growing influence in Southeast Asia may also pose two potential problems for Thailand in terms of regional security. First is the incipient worry, expressed privately by a small number of academics, that Beijing may have already achieved its aim of "winning over" the region and is now beginning to look after its own interests more assiduously. One good example is Thailand's disappointment and bewilderment, often downplayed, with the free trade agreement that allowed an "invasion" of cheap Chinese products into Thailand but did not grant the same free flow of goods in the reverse direction because of remaining non-tariff barriers on the Chinese side. The second problem is that Thailand remains essentially a continental Southeast Asian power with concerns about maintaining buffer areas at its borders to manage the contest for influence in the region with the Vietnamese and the Chinese (Alagappa 1987). As was evident during the 1970s and 1980s, an Indochina controlled by Vietnam is perceived as deeply destabilizing for Thailand. After the Cold War, Indochina has become a less prominent contested ground. Nevertheless, Bangkok continues to view the subregion as part of its immediate periphery, and China's growing influence in Cambodia and Laos particularly will become a source of concern for Bangkok in the coming years. While the structural concerns remain the same, Bangkok's view

of Chinese influence to the west is somewhat different. The Thai authorities view Myanmar with concern—in large part because of the military regime's failure to control the illegal drug trade. But here Chinese influence over the relatively isolated regime in Rangoon is recognized as valuable, and this channel to the Myanmar problem is one reason Bangkok holds good relations with China in such high stead.

Thai threat perceptions are currently not as well defined as for the other two countries under study here. They are determined more by the country's continental location and domestic politics than by the global war on terrorism or the strategic challenges posed by a rising China *per se*. With China, long-term strategic worries prevent Bangkok from bandwagoning in spite of their close relations, yet these concerns are not deep enough to encourage balancing behavior. At the same time, though, Bangkok is keen to maintain its alliance with the United States—as seen in its support for the war against terrorism. Because the threats are not urgent or well defined, the Thais feel they still possess significant room for maneuver and are pursuing a relatively strong hedging strategy of close relations with both major powers.

Vietnam

Of the countries under study, Vietnam has experienced the least strategic alteration after 9/11. Terrorism is not an issue that raises significant direct interest here, and Hanoi's aloof stance from the United States has made it less directly susceptible to changes in American policy. China remains the key strategic concern for Hanoi. Located on China's southern border, Vietnam was a suzerain state of its large neighbor for over a thousand years and was attacked by China in the thirteenth, fifteenth, and eighteenth centuries. More recently, parts of northern Vietnam were briefly occupied by Nationalist Chinese forces at the end of World War II; China seized a Vietnamese-held island in the Paracels in 1974; the two countries fought a fierce border war in 1979; and their naval forces clashed in the South China Sea in 1988. The Vietnamese perception and experience of the China threat is today reinforced by three factors.

First, the tyranny of geography renders the two countries strategic rivals. Vietnam is traditionally part of a buffer zone for the great continental power, and it is perceived that China "would never want a strong and independent Vietnam."²⁷ Furthermore, the Chinese enjoy far superior aggregate power today compared to the Vietnamese armed forces,

which have been significantly reduced in peacetime and require massive upgrading. The long contiguous border between the two countries also facilitates power projection by China into Vietnam.

The second factor, which magnifies the first, is that the Vietnamese strongly believe that China is a revisionist and expansionist state. This view stems in large part from the active bilateral territorial disputes over land borders, sea borders in the Gulf of Tonkin, and rival claims to the Paracel and Spratly islands in the South China Sea. Hanoi and Beijing have managed to reach broad agreements to settle the disputes over land and sea borders, but it is the dispute over the Spratly Islands that continues to sour the bilateral relationship. In the 1990s, Vietnam and China continued to issue claims and counterclaims to the Spratlys, each awarding oil contracts to different companies for oil exploration activities around the islands. There were diplomatic standoffs in 1997, when the Chinese conducted exploratory oil drilling in an area supposed to be Vietnam's continental shelf, and in 1998 when China built a ground satellite station in the Paracels and a telephone booth in the Spratlys (See Ang 1998; Ang 2002: 352–53; Kenney 2002: chap. 4). Despite a bilateral dialogue on the issue since 1995, as well as negotiations within the ASEAN context that led to a declaration of conduct in November 2002,²⁸ Vietnamese officials remain deeply suspicious of Chinese intentions. Hanoi insists that the Paracels and Spratlys are the “indisputable sovereign territory of Vietnam,” even as officials are convinced that Beijing “will never give up its claims” on the islands.²⁹

And third, the Vietnamese perception of the China threat is bolstered by an increasingly important dimension: economic competition. With the policy of gradual economic “renovation” or *do moi* introduced only since 1988, Vietnam is one of the ASEAN countries facing the greatest potential challenges from the growing Chinese economy. Both countries rely on their low labor costs as a comparative advantage in the manufacturing sector, and both compete directly for similar sources of foreign direct investment. Since China's ascension to the WTO, Vietnamese officials claim they have lost significant amounts of FDI and suffered the relocation of foreign businesses to China. While Sino-Vietnamese trade has increased significantly—it doubled from \$2.4 billion in 2000 to \$5 billion in 2004—Vietnamese officials worry about

***Vietnam...[faces] the
greatest potential chal-
lenges from the growing
Chinese economy***

the trade imbalance. China is the top exporter to Vietnam—mainly machinery, agricultural and other production materials, and processed petroleum products—while importing mainly primary products from Vietnam.³⁰ Over the medium term, this trend may stymie the development of secondary manufacturing sectors in Vietnam and render it mainly a raw material supplier to China. Yet this view may be too pessimistic. Vietnam has achieved impressive economic growth rates averaging 9 percent in the 1990s and hitting a new post-1997 recovery high of 7.4 percent in 2004. Compared to China, it is a small country with fewer logistical and transport problems, it has an equally cheap labor force, and the southern part of the country has had a long experience of capitalism.³¹ At the same time, Vietnam has managed to develop investment and trade ties with a range of countries that may prevent overdependence on China. Its economic growth has been boosted mainly by other East and Southeast Asian countries; the top FDI sources are Singapore, Japan, Taiwan, and South Korea. Vietnam's biggest export market is the United States followed by Japan and then China.³²

Despite such a marked perception of the China threat, Hanoi has assiduously cultivated close ties with Beijing since the two countries normalized relations in 1991. They have established and sustained official contacts ranging from reciprocal leadership visits, to annual high-level bilateral consultations, to almost daily exchanges between military and civilian governmental and nongovernmental officials. Since the late 1990s, they have also been engaged in talks to settle disputes over land and sea borders. In 2001, Vietnam received the first visit by a Chinese vessel at Nha Rong port in Ho Chi Minh City (Ang 1998; Ang 2002: 352–53; Thayer 2002: 279–80). Trade ties are growing steadily—in part because of the Early Harvest Program under which Vietnam receives preferential tariff reductions from China ahead of the completion of negotiations for the China-ASEAN free trade area.

Essentially Vietnam is pursuing friendship and cooperation with China because the same factors that contribute to the China threat also make stable Sino-Vietnamese relations critical for Hanoi. In this period of opening up to the outside world, Vietnam requires regional stability in order to facilitate crucial processes of reform and development; moreover, Hanoi recognizes that China plays a determining role in regional development, stability, and security. Analysts suggest that Vietnam has sought close ties with China for a number of reasons: out of socialist solidarity; the belief

among some policymakers that Vietnam should pursue the Chinese model of development; and the conviction that time is on Hanoi's side in seeking rapprochement with Beijing now rather than later when China will be even stronger (Thayer 2002; Kenney 2002: chap. 6). Hanoi is certainly constrained by a reluctance to provoke or alienate Beijing partly because of the deep awareness of Vietnam's relative weakness.

Most critically, however, Hanoi lacks external strategic partners that can offer the option of more active balancing against China. The United States is the obvious potential partner, but Vietnamese leaders have deep reservations about creating a close strategic relationship for historical and ideological reasons. There is also significant suspicion in Hanoi about a perceived U.S.-led "strategy of peaceful evolution"—the overthrow of communist regimes by supporting pro-democracy internal dissidents, international human rights standards, political pluralism, and the depoliticization of the military. This perception is supported by the invasion of Iraq and the Bush administration's declared aim of spreading democracy around the world to ensure U.S. security.³³ ASEAN is another option as balancing partner. Since joining ASEAN in 2000, Hanoi has placed great value on the potential aggregate bargaining power of the regional organization vis-à-vis China. It has been disappointed, however, particularly over the Spratlys dispute, and Vietnamese officials now confide similar worries to Singaporean officials about China's increasing influence in regional institutions and Beijing's ability to divide ASEAN because of individual countries' inclinations to pursue closer relations with China.

Thus Vietnam is forced to deal with its heritage as a Chinese vassal state in a way that is marked by deep pragmatism and the dark shadow of very asymmetrical power. Some argue that by its conciliatory and deferential approach, Hanoi has been trying, since 1991, to neutralize Chinese antagonism stemming from Vietnam's challenge to China's preeminent position in the region in the late 1970s (Kenney 2002: 101; Thayer 2002: 267). Thus Vietnam places top priority on the Sino-Vietnamese rapprochement despite the real limits of China's ability to help Vietnam in crucial aspects, particularly in economic terms.³⁴ This is an interesting case relating to the argument that a deep-set sense of hierarchy must play a vital role in theorizing the East Asian security order (Kang 2003: 66–79).³⁵ Vietnam exemplifies the firmly held belief, especially among China's closest neighbors, that a conscientious tending of the bilateral relationship—and the carefully expressed appreciation of China's leading (if not quite

paramount) role in regional affairs—are essential components of relations with Beijing.

The extent to which this acknowledgment of China's higher relative position in the regional power hierarchy entails a move back toward a tributary or "kowtow" relationship is debatable (Kenney 2002: chap. 7). But in Vietnam's case, it is certainly hedging behavior. It is weak hedging—because Vietnam has to accommodate China given the lack of alternatives—but hedging nevertheless because Hanoi is unlikely to go to the extent of bandwagoning with Beijing. It would not appease China to such an extent, for nationalistic sentiments are too strong in Vietnam. Even if cordial relations continue and Vietnam develops further, interactions between China and Vietnam will never be on equal and reciprocal terms. In view of the power asymmetry and their history, "Vietnam will always be guarded in its relations with China" (Ang 1998: 1140).

Two preliminary conclusions may be drawn from the foregoing discussion. First, Southeast Asian perceptions of regional security threats have undergone significant changes in recent years. Terrorism has come to dominate the agenda to different degrees, while these countries have gradually worked out ways of adapting to a rising China. Second, as exemplified by these three countries, regional threat perceptions do not easily lend themselves to simple strategies. The non-state nature of the terrorism threat precludes traditional alliances and necessitates multipronged international cooperation and domestic reforms. Regarding China, interdependence, domestic political considerations, historical reservations, and regional strategic constraints all act against these countries seeking straightforward alliances to balance against China or to bandwagon with it. These states, therefore, have pursued variants of a hedging strategy.

Operationalizing Hedging Strategies

The United States, as the incumbent superpower with an established interest and presence in East Asia, may be expected to feature prominently in the regional security strategies of the relatively small Southeast Asian states. The three states studied here rely on their relationships with the

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United States in different ways and to different extents as a hedge against competition, pressure, and potential domination from a rising China. At the same time, they also have an intrinsic preference for the continued involvement of the United States within the regional security structure and want to hedge against a potential American disengagement from the region. These twin aims in their hedging strategies are related, and may appear to lead to these states choosing a de facto balancing strategy vis-à-vis the United States and China. As we shall see, however, this section reveals some distinctions between the strategies and expectations of Singapore, Thailand, and Vietnam—due to the perceived strength of the need to hedge against potential Chinese aggression (or the negative economic fallout of China's economic growth) by means of strong engagement policies now. Thailand practices strong hedging behavior by maintaining close relations with both the United States and China to maximize its own benefits and room for maneuver. In contrast, Singapore and Vietnam are weaker hedgers: Singapore has decided to solidify its security relationship with the United States, thus leaning more strongly toward Washington and away from Beijing; Vietnam is obliged to accommodate China as bilateral relations with the United States cannot be quickly deepened.

Singapore

The Singapore government's regional security strategy relies explicitly on the United States because it has a positive assessment of the U.S. role in the region and a deep preference for a regional security structure guaranteed by American preponderance of power. According to ex-Prime Minister Goh Chok Tong, for instance, the United States is a "reassuring and stabilising force" in Southeast Asia and the American presence a "determining reason for the peace and stability Asia enjoys today."³⁶ The U.S. security umbrella and interventions during the Cold War are seen to have allowed noncommunist Southeast Asia to develop economically, and America's victory in the Cold War and its investment and technology are seen to be driving the new economy.³⁷ For Singapore's leaders, the United States continues to be a benign power with no territorial ambitions in the region and, moreover, a strong interest in maintaining the freedom of navigation that is vital to the region's economic development and growth.³⁸

The United States is viewed as the key strategic force in the region for two reasons: its alliance with Japan forestalls Japanese remilitarization; and its military presence deters Chinese aggression in the Taiwan Straits and

South China Sea (Storey 2002: 219–30). In the context of the rise of China, while Singapore has actively engaged China, it has also keenly supported and facilitated a continued American military presence in the region as a hedge against the possibility that a U.S. drawdown would lead to the vacuum being filled by Japan or China. This hedging strategy has been operationalized in a number of ways. In November 1990, a Singapore-U.S. agreement was signed allowing American access to airbase and wharf facilities on the island. Since the closure of U.S. bases in the Philippines in 1992, Singapore has hosted a naval logistics command center and accepted the periodic deployment of U.S. fighter aircraft for exercises. A naval base, opened in 2001, was also specially built to berth U.S. aircraft carriers.

Singapore's regional security strategy entails hedging because, despite close defense cooperation with the United States, it has not assumed an alliance relationship for fear of upsetting its immediate neighbors or China. Yet this is not a strong hedge like the Thai case, for Singapore identifies much more closely with the United States than with China in strategic terms. Senior Minister Lee Kuan Yew referred in 1996 to a "fallback position should China not play in accordance with the rules as a good global citizen." Lee suggested that the United States ought then to father a new alliance of Japan, Korea, ASEAN, Australia, New Zealand, and Russia.³⁹ Some analysts have suggested that this reflects the likely choice for Singapore if the crunch comes: it would choose the U.S. side (Khong 1999: 121).⁴⁰ Notably, shifting strategic priorities after 9/11 have already led some Singapore policymakers to indicate that the country may be embarking on a "long-term strategic realignment" that will bring it closer to the United States.⁴¹ While still eschewing a formal alliance, Singapore is quietly cooperating with the United States more closely on key antiterrorism and antiproliferation issues, including its participation in the U.S.-led Proliferation Security Initiative (PSI) aimed at intercepting illegal weapons cargoes transported over sea, air, and land. The two countries are also currently negotiating a new framework agreement for a strategic cooperation partnership in defense and security, which will expand the scope of current bilateral cooperation in such areas as counterterrorism, counterproliferation of weapons of mass destruction, joint military exercises and training, policy dialogues, and defense technology. This leaning toward the United States is portrayed as inevitable by Singapore's leaders because Washington can provide critical public goods in the realm of the war against terrorism

that Beijing simply cannot. Yet the two security concerns are linked: by tying itself more closely to the United States in the short- to medium-term fight against terrorism, Singapore will also be able to help anchor the Americans in the region as a counterweight against China.

Thailand

Thailand, by comparison, enjoys a formal alliance relationship with the United States that is underpinned by the Manila Pact and the Rusk-Thanat communiqué of 1962. From 1964 to 1975, Washington supplied significant economic, internal security, and military aid to the kingdom and used Thai military bases and other facilities during the Vietnam War. After the American withdrawal from Vietnam, Bangkok tried to pursue a more balanced policy toward the major powers, culminating in a de facto strategic partnership with China after 1979. But even with the closure of U.S. bases in Thailand, the alliance was not terminated. Rather, the

strengthening this hedging strategy is Bangkok's relatively low threat perception of China

alliance continues to be marked by joint military exercises, intelligence cooperation, and occasional Thai contributions to U.S. military campaigns overseas. From Bangkok's point of view, the alliance was retained as a hedge against potential threats in general, so that "if there were an overt assault on Thailand, the possibility of the U.S. taking action . . . can never be ruled out" (Nuchpiam 1986: 264). The hedging nature of the alliance is further reflected in the fact that, unlike the U.S.-Japan alliance, for instance, the U.S.-Thai relationship was not updated after the Cold War. Within Asian contexts, Thai officials portray the alliance relationship as a "fallback" or "psychological reassurance." They are particularly careful to explain that these commitments are not geared toward China per se; instead they are seen as an important means of facilitating continued American interest and engagement in the region. Critically strengthening this hedging strategy is Bangkok's relatively low threat perception of China—hence Thailand's explicit desire to "manage its relationship with the United States in a way that facilitates closer ties with China."⁴²

In this context, there are two reasons to expect that the Thai-U.S. security relationship will strengthen in the years to come. First, it is possible that the threat of terrorism will lend focus to the general nature of Bangkok's hedging behavior. The spate of terrorist arrests in 2003 placed

Thailand at the forefront of the Southeast Asian theater of the war on terror, and Washington now evinces greater recognition of Thailand's importance in this security realm—as indicated by the elevation of Thailand to “major non-NATO ally” status in October 2003.⁴³ Apart from cooperation on intelligence matters, Thailand has signed a series of initiatives aimed at securing trade against terrorist attacks, including the Container Security Initiative (CSI) and a bilateral project for satellite tracking of containers from Thai to American ports.⁴⁴ The Thaksin government has quietly reopened the former U.S. airbase in U-Tapao and naval base in Sattahip to allow for the stationing of U.S. military hardware and munitions for forward deployment and operations in the region (Ganesan 2004; Panaspornprasit 2004).⁴⁵ It has also been rumored that the Bush administration has offered to set up a military base in Thailand following the violence in the south in 2004. If the violence in the southern provinces continues unabated, Bangkok might consider U.S. assistance along the lines of the Balikatan exercises in the Philippines against Abu Sayyaf in 2001–02.⁴⁶

The second reason to expect closer U.S.-Thai security relations is that the Thais have traditionally been sophisticated hedgers, as seen in “bamboo” or “willow” diplomacy. The kingdom has a long record of strategic accommodation with, appeasement of, or alliances with major powers in order to secure its own basic national interests and safety. During the Indochina conflicts, for instance, it skillfully brought to bear the balance of power among great powers in the region in pursuit of its national security. Thus as Bangkok strengthens its relations with China, it also wants to do all it can to deepen ties with the United States at the same time, so as to maximize its own room for maneuver.

Vietnam

Vietnamese officials' perceptions of the role of the United States in the region are largely positive, despite the recent history of a bitter war between the two countries. There is an acute recognition that the United States, as the remaining world superpower, will have a disproportional impact on Asian security issues simply due to its military might and power projection capabilities and because of its massive global economic leverage. At the economic level, Hanoi knows that the success of many East Asian economies depends on access to the American market, and accordingly it has placed priority on forging economic ties with the United States.

Officials and academics privately acknowledge that the United States is an “indispensable” power and say that it contributes to stability in the region through its security commitments and leadership on issues like terrorism and narcotics and human trafficking.⁴⁷

Significant progress has been made in bilateral relations since the normalization of Vietnamese-American relations in 1995. In 2000, President Bill Clinton and Defense Secretary William Cohen visited Vietnam; a bilateral trade agreement (BTA) giving normal trading status to Vietnamese goods in the U.S. market came into force in December 2001; and there is military cooperation in the form of searches for wartime MIAs, demining assistance, and a military medical program. In November 2003, the Vietnamese defense minister visited the United States for the first time and a U.S. navy frigate made a historic port call to Ho Chi Minh City. These were particularly significant events because they indicated Vietnam’s “halting move towards a military relationship” with the United States and were a public signal that Hanoi saw the U.S. military presence as a factor for stability in the region.⁴⁸

Yet we should beware of unrealistic expectations regarding the speed and extent to which Hanoi will move toward deepening strategic relations with the United States. The burden of the relatively recent U.S. intervention and Chinese sensitivity will limit the pace and scope of U.S.-Vietnam relations. The latter constraint operates more acutely for Hanoi than for Bangkok because of Vietnam’s weaker position. Thus Hanoi can only develop relations with the United States “at a pace consonant with relations with the PRC”—meaning that it will tend to lag behind developments with China.⁴⁹ For instance, the ratification of the BTA was reportedly delayed until China had settled its agreement on trade issues with the United States; Secretary Cohen’s visit was postponed because of a Sino-Vietnamese summit and the U.S. bombing of the Chinese embassy in Belgrade; and a Chinese naval visit took place before the American visit (Kenney 2002: 93, 121–23).

The nature of future Vietnam-U.S. strategic relations will depend on adjustments in Hanoi’s hedging strategy to cope with China’s rise. If Vietnamese leaders should try to balance China by the conventional means of alignment with another great power, the United States would be the most likely candidate. Over the medium term, with a new generation of leaders, Hanoi may want to adopt stronger hedging behavior by deepening military cooperation and seeking a security relationship with the United

States similar to that of Malaysia, where there are bilateral military exchanges and some access agreements. On the U.S. side, there have been indications that assessments of U.S. options in Southeast Asia do view a potential partnership with Vietnam with favor (Ang 1998; Sokolsky et al. 2000: 40–42). Yet if Sino-Vietnamese relations remain stable, this will exercise a powerful constraint on the tendency toward the external balancing option. In this case, Hanoi is more likely to concentrate on fostering greater regional cohesion in ASEAN and focus also on developing its own internal strength by means of economic development. Accordingly, we can expect a strong economic emphasis in its relations with the United States.

In sum, then, these three countries have distinct hedging strategies. Over the long term, Singapore maneuvers to have good relations with the United States and China; but ultimately its priority lies with developing its relationship with the United States to counter the threats of terrorism, political Islam, and potential Chinese aggression. Thailand favors a strong hedging strategy by trying to find a true balance between maintaining its security relations with the United States without jeopardizing its growing political and economic ties with China. Vietnam's security strategy, in contrast, depends heavily on the China variable: it can only afford the weak and long-term hedging plan of rebuilding its national strength by economic development with U.S. help.

Major Powers and the Regional Security Structure

Hedging strategies in Southeast Asia consist of more than bilateral relationships with the United States. In a region historically open to trade, migration, and the intervention of external powers, Southeast Asian security strategies may be expected to encompass broad regional considerations. In particular, the great power overlay is recognized as a critical determinant of security for a region made up of small and medium-sized states, many which have urgent domestic security issues. Indeed this region is often regarded as a subset of the greater East Asian regional security complex that is dominated by Northeast Asia. In light of recent systemic shifts, key countries in Southeast Asia have thus had to grapple with the possibilities of a transition to a new distribution of power in the region. Faced with this great uncertainty, they have shown significant initiative in trying to shape the regional security structure. This period of flux has not only intensified the hedging behavior of key states like Thailand and Singapore, but it has allowed for the clearer articulation of the final

aim of hedging: influencing the regional security structure.

After the Cold War, Western scholars looking at Asia tended to offer pessimistic predictions of a potential U.S. drawdown in the region accompanied by the rise of China and Japan's remilitarization—all leading to a more diffused and dangerous security landscape as the other countries, individually or collectively, engaged in arms buildups (Friedberg 1993–94; Buzan and Segal 1994). This scenario of a transition toward an unstable

Western scholars looking at Asia tended to offer pessimistic predictions

multipolar regional order with a number of major powers engaged in power competition is feared by Southeast Asian states as well. But they have chosen to hedge against this possibility, not by picking sides or excluding certain great powers, but rather by trying to include all the various major powers in the region's strategic affairs. Since the 1990s, mainly through ASEAN, Singapore and Thailand have pushed for a regional security structure that would involve as many big powers as possible, preferably through their engagement in regional institutions. The idea is to attract these powers to closer economic and political relationships with Southeast Asia as a whole and to deeper political and defense relationships with individual countries. In this way their sense of having a stake in the region's security would be deepened and they would be more interested in helping to maintain regional stability, mainly through political and diplomatic means. That is, these countries are not trying to hedge against a multipolar order per se, but rather to hedge against an unstable regional order involving a number of major powers.

Singapore

At the country level, this thinking is best exemplified in Singapore, where policymakers have tried to turn the geopolitical reality of great power penetration in the region to its benefit. Its limited size forces the island-state to base its regional security strategy principally on borrowing political and military strength from extraregional powers. Singapore has carefully built upon its strategic location at the crossroads of vital sea-lanes between the Indian and Pacific oceans. During the Cold War, in an effort to engage the major powers and deter potential aggression, it forged strong commercial ties with not only the United States and Japan but also the Soviet Union and China (Huxley 2000: 33–34). In recent years, it is negotiating free trade agreements (FTA) as another means to deepen the economic stakes

of major countries in the island. At the same time, it tries to make itself valuable and relevant to the major powers—not only through the provision of military facilities and strategic cooperation with the United States but also by cultivating the image of interlocutor between China and the United States, for instance, such that both would accept a stake in Singapore's prosperity, stability, and security. In addition, Singapore has promoted military-to-military relations with the major powers in the form of joint military exercises with the United States, exchanges with China, and, most recently, joint naval and air exercises with India.⁵⁰

At the regional level, the ASEAN Regional Forum is a key example of the strategy of engaging many big powers by bringing the United States, China, Japan, and also the European Union into regional dialogue.⁵¹ Furthermore, the ASEAN+3 dialogue process binds China, South Korea, and Japan more tightly into exchanges and pseudo-membership in ASEAN, particularly in economic matters. Singapore and Thailand have been the most active proponents of this strategy of great power “enmeshment.” There is some evidence that this strategy is effective, as we have seen competitive action on the part of these major states. For instance, shortly after the United States and Singapore announced talks for an FTA in 2000 (signed at the end of 2003), China decided to open negotiations for an FTA with ASEAN (endorsed in June 2001), and the region's first FTA with Japan was signed by Singapore in January 2002. Australia signed an FTA with Singapore in July 2003 and announced in November 2004 that it will begin to negotiate an ASEAN-wide FTA. At the diplomatic level, China and India signed on to ASEAN's Treaty of Amity and Cooperation in 2003, and Japan followed in 2004.⁵²

Thailand

Thailand, too, has had a history of engaging and harnessing the power of larger states in its national and regional security strategy, as seen in its alliance with the United States and subsequent alignment with China to deal with the Vietnamese threat in the 1970s and 1980s. More recently, Bangkok has employed a strategy similar to Singapore's of using multilateral institutions and trade agreements to draw the major powers into the region as a means of ensuring stability. There are two slight differences, though, between them.

First, the Thai conception of enmeshing major powers involves playing off one large power against another—officials and analysts are explicit

in explaining that the aim of deeper Sino-Thai relations is to persuade the Americans to improve relations with Thailand, for instance. Second, if we focus on the positive aspects of enmeshment, Thailand is in a better geographical position to promote its role as a bridge between different parts of Asia, as it sits at the crossroads of Northeast, Southeast, and South Asia. While both Singapore and Thailand are now looking to cultivate India as another potential great power that will take an interest in the region, it is Bangkok that has been more active diplomatically. The Thaksin government has tried assiduously to cultivate ties with South Asia through economic organizations like BIMSTEC (Bangladesh, India, Myanmar, Sri Lanka, and Thailand Economic Cooperation) and in forging a new transregional dialogue forum, the Asian Cooperation Dialogue, which brings together countries in East and South Asia as well as the Middle East. These moves are seen largely as attempts to boost Thailand's (and Thaksin's) leadership role in Asian affairs, and observers doubt the efficacy of their actual plans and projects. But they do indicate the beginnings of a policy to develop Southeast Asia as a strategic bridge between the different parts of greater Asia. And the view that developing this useful role vis-à-vis the major powers will help to assure the region's security is shared by other Southeast Asian countries. As Singapore's minister of trade and industry put it: "Southeast Asia is both a bridge and a buffer between the two great civilizational areas of China and India. Neither China nor India has ever invaded or occupied Southeast Asia because it serves as a useful buffer without impeding trade."⁵³

Vietnam

Vietnam emphasizes cultivating relations with a range of major powers, too, but its motivation is more firmly the need for diversification to guard against external reliance, particularly in the economic arena. It also seeks to diversify its diplomatic and political relations—an important consideration for a state emerging from decades of communist isolation and pariah status as a result of its invasion and occupation of Cambodia (Ang 2002: 354). Hanoi also faces greater limitations in that it does not want to engage with the great powers to the extent that some of the other ASEAN countries do—most significantly, it sees neither the United States nor China as viable parties with whom to pursue closer strategic relations (Abuza 1998: chaps. 3–4). Thus, in strategic terms, Hanoi has been trying to develop closer relations with India, with which Vietnam enjoyed friend-

ly relations throughout the Cold War and with which it has no historical baggage or territorial disputes (Storey and Thayer 2001: 467–69). In economic terms, despite Beijing’s disapprobation, Vietnam has close economic ties with Taiwan, one of its top two sources of FDI (Abuza 1996).

Like Singapore and Thailand, Vietnam’s regional security strategy also emphasizes the enmeshment of major powers. Hanoi’s position is distinct, however, in that its enmeshment strategy is targeted mainly at China. Moreover, it places enormous emphasis on multilateral institutions, particularly ASEAN, in the absence of a close strategic relationship with the United States that could be used as a fall back to counter the China challenge. In the Vietnamese discourse, the term is the “constructive entangle-

ment” of China. The hope, as a Vietnamese foreign ministry official expressed in 1992, is that “Sino-Vietnamese relations will be meshed within the much larger network of interlocking economic and political interests . . . [creating] an arrangement whereby anybody wanting to violate Vietnam’s sovereignty would be violating the interests of other countries as well.”⁵⁴ Thus it is a defensive enmeshment

concept—as opposed to the more constructive variant pursued by Thailand and Singapore—hedging that greater interdependence between China and ASEAN will raise costs to China and thus restrain it from potential aggression against Vietnam (Wurfel 1999; Abuza 1998: 14–18, 261–63). Indeed this idea seemed to bear results when the Spratlys issue was brought up for the first time in a multilateral setting in the 1995 China-ASEAN dialogue and when, during the March 1997 dispute about Chinese oil-drilling on Vietnam’s continental shelf, the Vietnamese Foreign Ministry successfully played the ASEAN card by calling in the ASEAN ambassadors to present Vietnam’s case (Thayer 2002: 277). (The rig was withdrawn a few weeks later.)

The Future of Hedging

Thus some Southeast Asian states envisage a situation in which a number of major powers—the United States, China, Japan, South Korea, and India—would be actively involved in the region by means of good political relationships, deep and preferential economic exchanges, and some degree of defense dialogue and exchange. Ideally it is hoped that this would translate into greater stability in the region. Certainly the major

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[emphasizes] “*constructive entanglement*” of
China

powers would be able to “keep an eye on each other” and act as mutual deterrents against adventurism. In this sense, enmeshment is about hedging against the possibility of violent rivalry between major powers in the region and great power aggression against smaller states. More constructively, however, these Southeast Asian countries want to buy time in the hope that these powers will discover they have common interests that are not mutually exclusive, such as the economic benefits of free trade and secure trading routes in the region. Thus they would be unwilling to disrupt the status quo at each other’s expense—which would be more costly than if it were at the expense of the small or medium-sized states of the region alone. The major powers would then settle into a sustainable pattern of engagement and accommodation with the region and each other (see Acharya 2002).

The aim of the hedging strategy of great power enmeshment is not to produce a multipolar balance of power in the conventional sense, because the major powers involved here are not all in the same league. Rather, the preference of the countries under study appears to be for a more obviously hierarchical multilevel distribution of power—one that would retain the United States as the preponderant superpower, China as the regional great power, and India, Japan, and South Korea as second-tier regional powers.⁵⁵ Officials in Bangkok and Singapore hope that the gap

Officials in Bangkok and Singapore hope that...Washington will continue to wield dominant influence

between Chinese and American power and influence in the region will be maintained even as China grows stronger and, moreover, that Washington will continue to wield dominant influence.⁵⁶ As one Thai academic put it, the key task now is “to convince the U.S. that its interests in the region are greater than anyone else’s; to make China feel like its regional influence is on the rise; and to raise India’s involvement in

this part of the world.”⁵⁷ Even in Hanoi, where the shadow of Chinese power is most keenly felt, the understanding is that the United States holds the primary strategic position in the region—and this preeminence is expected to continue as American economic ties with Vietnam and the region continue to grow. These states’ hedging strategies are therefore aimed at facilitating a transition that does not fundamentally disrupt the current distribution of power in the region—that is, U.S. hegemony. This objective differs from balancing or bandwagoning strategies, which are

aimed either at preventing a power transition or at achieving revisionist results within the power distribution.

Expectations of the U.S. Role

Taken together, these Southeast Asian states' strategies—of facilitating the continuation of American preponderance and the enmeshment of other major powers in the region—complicate the conceptual handles that have commonly been applied to Southeast Asian security strategies. These countries do not operate within the stark dichotomies of “balancing” or “bandwagoning” strategies. Instead, for them, multilevel engagement and the enmeshment of multiple big powers in the regional system are integral elements of the overall long-term strategy of peacefully integrating a potentially disruptive rising power. None of these strategies can be effective without the participation and cooperation of the United States.

Such hedging behavior on the part of the Southeast Asian states, though, poses certain conceptual problems when it comes to developing strategic cooperation with the United States, because American analysts and policymakers tend to read the situation in terms of power balancing. But as we have seen, the preferred “balance of power” in Southeast Asia is not one brought about by two or more powers of roughly equal capabilities balancing out one another's strengths. Rather, by “balance of power” policymakers in the region actually mean the preservation of a regional equilibrium based on the predominance of U.S. power. Ironically this aim coincides with the policy articulated in a key strategic document adopted during President George W. Bush's first term in office. The 2001 Quadrennial Defense Review (QDR), published after September 11, adopted an explicit agenda of boosting U.S. primacy in the Asia-Pacific region.⁵⁸ The review proceeded on the basis that the “possibility exists that a military competitor with a formidable resources base will emerge in the region” and that East Asia is an area of “enduring” national interest to the United States that no other state can be allowed to dominate. Thus China was indirectly but clearly identified as a potential threat to U.S. interests in the region. The document went on to define a subregion, the “East Asian Littoral,” from the south of Japan to the Bay of Bengal, within which U.S. forward-deployed forces would be more widely dispersed to cope with contingencies (U.S. Department of Defense 2001).⁵⁹ The implications of this strategy include the expansion of U.S. forces in Guam, future deployments of additional aircraft carriers in the Western Pacific

and Indian oceans, the development of more long-distance bombers, and other projects such as the Theater Missile Defense system. This strategy rests on a renewed emphasis on American bilateral alliances and military relationships in the region. The Bush administration has reiterated the centrality of the U.S.-Japan alliance and has also strengthened its military sales and ties with Taiwan (Dittmer 2002). The war on terrorism has also led to the strengthening of key U.S. strategic partnerships in Southeast Asia. In view of the identification of China as the potential power challenger, this may be seen as a strategy to maintain U.S. preponderance in East Asia by encircling and containing or constraining China before it becomes too strong.

Southeast Asian states are not looking so much to contain China as to socialize it while hedging against the possibility of aggression or domination by it. This approach to growing Chinese power hinges on three elements. First is the successful playing of triangular politics—the use of bilateral relations with one major power as leverage to make advances in improving relations with another. This is seen, for instance, in Thailand’s

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are looking to socialize
China, not contain it***

strategy vis-à-vis China and the United States. Second is a strong expectation of deterrence—the harnessing of superior U.S. force in the region to persuade Beijing that any aggressive action would be too costly and unlikely to succeed. These two elements together are usually construed to represent “balancing” policies. The third element that is at least equally emphasized, however, is engagement—the meaningful integration and socialization of China into the regional system, cultivating it as a responsible, constructive, status quo regional power. Such a vision means that the cooperation and support these states are looking for from the United States go beyond the deployment of military strength or diplomatic leverage in times of crisis. Rather, the model is much more managerial and encompasses all the key elements of international relations—military, diplomatic, and economic.

Singapore

Singapore’s expectations of U.S. strategic support are tied to the three key elements of its security strategy. First, in keeping with the view that the U.S. military presence acts as a stabilizing force in the region, Singapore officials hope that Washington will maintain its forward deployments in

Northeast Asia. In this regard, there is some apprehension about the impacts on regional confidence of the Bush administration's decision in 2004 to withdraw 15,000 troops from South Korea. As part of its long-standing aim to facilitate continued U.S. engagement in the region, Singapore also hopes that Washington will be willing to further bilateral military relations, primarily in the realm of defense cooperation. Because of its relative sophistication and significant defense budget, the Singapore armed forces are the only military force in Southeast Asia that can interact with the U.S. military meaningfully. They see the integration of American military equipment as "crucial" and want to invest in the F-35 Joint Strike Fighter Program, which is seen as a possible replacement for the F-16C/D. Singapore would also like more release of classified military technology on its procurements from the United States, however, which would allow it to modify acquired technologies to enhance its independent capabilities.⁶⁰ This hope reflects Singapore's hardheaded desire to develop its internal balancing and deterrent capabilities through a mix of diversifying sources and indigenous development.

Second, Singapore's firm identification of terrorism and political Islam as key threats to its security significantly deepens its overlapping sphere of security interests with the United States. On this front, Singapore is eager to share intelligence and to cooperate on air and maritime security initiatives. Within the regional context, Singapore wants to leverage on U.S. power and influence to put pressure on neighbors like Indonesia, Malaysia, and Thailand to cooperate more fully in counterterrorism operations. To secure this end, Singapore's leaders have emphasized to American policymakers the importance of fighting terrorism in Southeast Asia—a critical world trading route whose security affects that of the United States and its key allies in Australasia.⁶¹ In the war on terrorism, the United States is seen as the indispensable power. But when Singapore policymakers take the long view and focus on the deeper campaign against the "root causes" of terrorism and the development of political Islam, they run up against doubts about U.S. capability. In this regard, they clearly hope that Washington will be able to moderate the adverse international impacts of some of its policies and better target its counterterrorism efforts. Moreover, Singapore's leaders appear to be positioning this unusual nation-state as an interlocutor and "special friend" in this mediating effort. Since 2003, former Prime Minister Goh Chok Tong has taken it upon himself to offer advice to Washington. In speeches to various foreign

policy councils, he has strongly supported the Bush administration's campaign in Iraq, portraying success there as essential to maintaining American credibility. Yet he has also described at length the need to fight terrorism and radicalism with ideas, education, and trade rather than primarily using military force or pushing democracy.⁶² This may be seen as the beginning of a sustained diplomatic effort to bolster Washington's strength as an ultimate balancer and deterrent against extremist Islamization.

The third major element of Singapore's expectations of U.S. balancing behavior arises from the China challenge. Here Singapore's leaders tend to think in traditional balance of power terms based on the assumption that China will some day be strong enough to alter the strategic landscape of the region. As Lee Kuan Yew (2001) put it: "No combination of other East Asian economies—Japan, South Korea, Taiwan and ASEAN—will be able to balance China . . . therefore the role of America as balancer is crucial if we are to have elbow room." The expectation is that the U.S. should act not so much as a counterweight—this would assume that the United States and China are in a position of power parity—but as a large anchor that would, by its continuing predominance, prevent Chinese hegemony and deter Chinese adventurism.⁶³ At the same time, this indirect security guarantee is expected to take on military, economic, and political dimensions. Singapore clearly hopes for peaceful balancing behavior from the United States—successful deterrence across the Taiwan Straits and in the South China Sea—which ties primarily into its critical military presence in Northeast Asia. Apart from that, the main worry is economic: how to ensure that China's growing economic power does not completely dominate Southeast Asia to Singapore's detriment. Thus Singapore officials see it as crucial to maintain the close economic relationship with the United States, which is Singapore's most important economic partner in terms of investment, trade, communications, and technology.

Underlying these considerations, though, Singapore policymakers have also begun to stress the importance of the United States undertaking greater political engagement with the region in order to strengthen its balancing capabilities. Particularly with regard to China, but also relevant to the war against terrorism, a discourse of "balance of influence" is now clearly discernible among the Singapore policy elite, a discourse that is shared among some of their ASEAN colleagues, notably in Bangkok. They are convinced that the major powers in the region will be playing a more

geopolitical balancing game in the decades to come. Rather than engaging in military confrontation, that is, they will compete mainly in the realm of extended soft power—by stretching their diplomatic, political, and economic clout in order to influence preferences, agendas, and outcomes in the region. With an eye on China's markedly successful political and economic diplomacy in the region over the last two or three years, Singapore policymakers worry that this is a game Washington has not been able to play deftly and thus would stand to lose out to China.⁶⁴ This would particularly be the case if Southeast Asian states believe that Washington is no longer particularly interested in the region. In early 2001, the Singapore minister for trade and industry counseled that

the United States should also give equal emphasis to the rest of East Asia. Both approaches must be in balance. It should not send the message that the United States considers Asia to be somehow of lower priority now that China is likely to join the World Trade Organization.

At the same time, we have to acknowledge that with the end of the Cold War, Southeast Asia has become less important in the strategic calculation of the United States. In the minds of many Southeast Asian leaders, the way the United States and the International Monetary Fund responded to the Asian financial crisis confirmed this view. It will be a great mistake for the United States to allow this view to take hold.⁶⁵

Thailand

This uncertainty clearly exists in Thailand, too, and is reflected in official Thai attitudes toward the balancing role of the United States vis-à-vis regional security. In Bangkok, expectations of the United States are similar to those in Singapore in that they stress the importance of retaining an American military presence in the region. Bangkok, however, is less willing than Singapore to facilitate greater U.S. commitment to the region in high-profile ways by boosting its alliance. In part this reluctance stems from the difficulties discussed earlier: the government wants to upset neither China nor Thailand's minority Muslim population and, moreover, does not wish to appear politically weak. But Thailand's reservations also arise from recent misgivings about the rela-

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bility of the United States as a partner after the traumatic financial crisis of 1997: although Washington was seen as unwilling to help Thailand, U.S. aid was forthcoming when the crisis subsequently hit South Korea and Indonesia.⁶⁶ The disappointment then was widespread in policy, business, and public circles—dealing a significant blow to Thai confidence and contributing to the success of Thaksin's populist Thai Rak Thai party's election victory in 2001 on a nationalist platform.

The domestic political difficulties of strengthening the Thai-U.S. alliance aside, Thai officials are keen to forge greater cooperation with the United States in order to improve the kingdom's capacity to deal with both the terrorism threat and the economic challenges posed by a rising China. In the first category, Thailand would like more technical intelligence collaboration with American security agencies. The military wants more bilateral exercises with the USAF, apart from the annual multilateral Cobra Gold exercise Thailand conducts with the United States, Singapore, and other new regional participants. It also wants access to more American military technology. The prospects of mutually beneficial training exercises and high-level technology transfer are low, however, because of the sizable gap between the current technical capabilities of the two sides.⁶⁷

Regarding the China challenge, the economic dimension of relations with the U.S. is more important than the military or security elements. Thai officials believe that China poses no direct security threat to the kingdom, but it does promise serious economic competition and the possibility of disrupting regional stability through political means. Thus they look to the United States for critical help in building up Thailand's economic capacity against the China challenge. At the moment, the United States and Japan are by far Thailand's largest trading partners—Singapore and China each account for less than half the volume of trade between the United States and Thailand. The United States is Thailand's biggest export market (17 percent) and second-largest source of FDI.⁶⁸ As the Chinese share of the market grows in the coming years, the Thai government clearly wishes to retain as its dominant trade partners both the United States and Japan in order to ensure the diversity of its economic portfolio. Hence Thai officials now stress the importance of persuading Washington to pay attention to strengthening economic as well as security cooperation, particularly after the 1997 financial crisis. Many hint that in order to win back Thai trust, Washington must demonstrate its goodwill through economic means. This entails the expectation of recovery and growth—par-

ticularly in investment links but also in the ongoing negotiations for a Thai-U.S. free trade agreement.

In short, given its economic imperative, the role that Thailand expects the United States to play in balancing China involves the critical element of a recovery and deepening of Thai-U.S. economic relations. Such a development would allow Thailand to reap the benefits of closer ties with the growing Chinese economy while diversifying its economic portfolio. Recently some of the groundwork has been laid for closer economic relations: in October 2002 the Bush administration announced the Enterprise for ASEAN Initiative, which commits the United States to negotiating bilateral FTAs with ASEAN countries that are dedicated to “economic reforms and openness.” At the same time, Washington and Bangkok signed a Trade and Investment Framework Agreement (TIFA) that allows for a trade dialogue on issues that will have to be addressed before an FTA can be negotiated, such as intellectual property rights and customs regimes.⁶⁹

Vietnam

On the surface, Hanoi’s reticence on the subject suggests that Vietnam has few expectations of the United States in regional security. Still, while many officials are not as forthcoming about the positive impacts of the U.S. military presence in the region as some of their counterparts in Southeast Asia, they certainly do not wish to see an American drawdown. With the Vietnam-U.S. relationship at a relatively early stage of development—and with a number of bilateral issues that still need to be worked through—Hanoi does not have expectations of explicit U.S. support against China. Rather than any grand gestures, Vietnamese officials are more hopeful of American help for their country’s long-term strategy of development.

The economic realm is critical. One of the two central tenets of Vietnam’s strategy of coping with China is the building up of its own national strength and resilience and the boosting of its potential internal balancing capability. Given the tight constraints on Hanoi pursuing significant strategic relations with Washington, as the Vietnamese economy is gradually opened up and develops, the greatest contribution the United States can make toward Vietnam’s security concerns is probably by “helping nationalistic Vietnam to protect its independence by promoting economic growth through reform, trade, investment and technology.”⁷⁰ There is certainly room for a significant deepening of economic relations. Even

though bilateral economic ties have expanded greatly since the signing of the BTA—two-way trade increased from \$1.47 billion in 2001 and \$2.88 billion in 2002 to \$5.88 billion in 2003—this trade is heavily skewed in Vietnam's favor.⁷¹ Moreover, the United States does not yet feature among the top ten sources of FDI to Vietnam. In large part this is because of Hanoi's slow implementation of the reforms required under the BTA—ranging from transparency provisions and revision of laws related to foreign investment to intellectual property rights enforcement.⁷² If the United States continues to help Vietnam in this process of reform, it will go a long way toward indirectly helping to ensure its long-term security.

Given the critical importance of ASEAN enmeshment in Vietnam's strategy vis-à-vis China, Hanoi strongly hopes that Washington will participate in regional multilateral institutions. Of the countries under study here, Vietnam places the greatest emphasis on trying to draw American support for the strategy of engaging and enmeshing China. As one scholar in Hanoi explained, the hope is that the United States might move from its role as regional security guarantor, based on the San Francisco alliances, to a "more entrenched balancing role" using deeper involvement in multilateral institutions instead of consolidating or expanding its alliances.⁷³ This view reflects the concern shared by the Vietnamese and the Singaporeans about the U.S. style of engagement with the region, which lags behind that of the Chinese in terms of the successful deployment of soft power and influence.

Sustained institutional support is thus one way in which the United States could indirectly help Vietnam to ensure itself against potential Chinese aggression while taking into account Hanoi's concern not to make any moves obviously aimed at containing China. The other means concerns the South China Sea dispute. Vietnamese officials privately express the desire to see the United States change its hands-off policy toward this issue and adopt instead an "attitude of careful concern," particularly as it relates to issues of freedom of navigation and general stability in East Asia. They believe that indications of U.S. concern might help to deter potential Chinese adventurism in this dispute. One American analyst has also suggested that the United States might enhance the prospects for peace in the South China Sea in several ways: by supporting satellite reconnaissance to monitor military activity, conducting periodic naval maneuvers, participating in international resource surveys, and supporting multilateral dia-

logue and solutions (Kenney 2002: 93–94, 138).

Prospects

To sum up, in order to boost their hedging strategies, Southeast Asian expectations of the U.S. role in the region entail more political, diplomatic, and economic elements than the current military and strategic postures and commitments. This role has more to do with sustained economic engagement, greater involvement in regional multilateral institutions, and greater attention to issues that are priorities for regional governments. This means that Washington may have to put as much emphasis on constructive engagement in Southeast Asia as it does on backing up their military hedging strategies. There is an expectation that U.S. leadership in the region must become more oriented toward “mutual benefit,” a constant mantra of Beijing’s.

In this sense, Southeast Asian expectations of the United States may boil down to a question primarily of style. In combination with its regional military deployment, Washington is undoubtedly engaging China in political and economic terms as much as Southeast Asia has done. Furthermore, in terms of substance it is clear that Washington has paid the region more sustained attention since September 11, 2001, especially with regard to antiterrorism cooperation across the military, intelligence, and policing realms, as well as in the economic arena. The Bush administration has put troops on the ground to help the Philippines government in its fight against separatists in Mindanao and has elevated Thailand and the Philippines to major non-NATO ally status. Together with the strengthening of security relations with Singapore under the new framework agreement being negotiated, however, these approaches have been bilateral and emphasize the Bush administration’s policy of pursuing partnerships of the willing. It has not paid a great deal of attention to multilateral institutions apart from using them to marshal largely declaratory support for the war on terrorism. Meanwhile, the various agencies of the U.S. government continue to emphasize sticking points in relations with Southeast Asian countries related to human rights and democratic development. Stylistically this makes Washington a more difficult partner than Beijing for many Southeast Asian countries.

Southeast Asian expectations of the United States may boil down to a question primarily of style

One key way for Washington to improve its image in Southeast Asia would be to pay more attention to its economic imperative. In a region where economic security is indivisible from national security, this will go some way toward reassuring key countries that Washington values them for reasons other than antiterrorism alone. The United States is the largest market and one of the top investors in the region—its critical economic role there is recognized and welcomed by all. Yet Chinese economic partnerships in the region tend to be given more publicity because they are state-directed. In contrast, U.S. economic relations reside more in the private sector, are much better established, and generate less noise. The Bush administration's Enterprise for ASEAN Initiative has seen it sign an FTA with Singapore and begin negotiations with Thailand. The Philippines and Malaysia now have Trade and Investment Framework Agreement (TIFA) status and could start FTA negotiations over the next few years. Washington may consider giving more public attention to these positive developments—and to the depth and breadth of U.S.-Southeast Asian economic relations in general—as steps toward improving public diplomacy. Other steps that might help to convince the region of continued U.S. support in this area include establishing normal trade relations with Laos and supporting (or at least not vociferously objecting to) the Asian bond market.

In analyzing Southeast Asian security, the prevailing discourse about “balance of power” is misleading for two key reasons. First, Southeast Asian states have adopted a variety of hedging strategies rather than the simple options of balancing or bandwagoning with either China or the United States. Second, while the current distribution of hard power in favor of the United States will not change for some time, more fluid and challenging is the shifting “balance of influence” in Southeast Asia with the steady development of China's multilayered relationships with the region. Even so, the United States continues to be the key provider of critical common security goods in the region—leading in counterterrorism, antipiracy, and antitrafficking efforts as well as maintaining the military deterrent of the San Francisco system of alliances. Consistent with this role, the region looks to Washington to boost security in three other ways: deepening economic ties to build up internal balancing capabilities of individual countries and to help the region as a whole diversify and prevent overdependence on China; managing key crisis issues such as Taiwan and the Korean peninsula in concert with other big powers; and

supporting efforts to engage with China and the region through multi-lateral institutions.

Lessons

This study has argued that Southeast Asian states do not choose balancing or bandwagoning strategies to cope with their key regional security concerns about the rise of China and terrorism. Instead they have adopted a range of hedging strategies. The variations in these hedging strategies depend on each state's perceived room for maneuver. Of the three case studies examined here, Thailand has the strongest hedging strategy in balancing between the United States and China; Singapore has a weaker hedging strategy because of the perceived imperative of the U.S. relationship; Vietnam is the weakest hedger because of its lack of options in balancing China.

variations in...hedging strategies depend on each state's perceived room for maneuver

Furthermore, the study shows that these hedging strategies are relatively sophisticated. For these Southeast Asian states to operationalize their strategies, the U.S. role is crucial but other regional powers are also included. The aim is to enmesh these major players in the region in order to bring about a peaceful power transition that will maintain U.S. preponderance and socialize the other powers into hierarchies below it. This strategy represents a significant pragmatic alternative meant to forestall a destabilizing power contest—and it also stands to work to U.S. advantage. If Washington wishes to support these strategies, it might most effectively focus on diplomatic and economic aspects in extending its influence in the region.

The conceptual implications of these findings are twofold. First, the concept of power in the Southeast Asian context places equal emphasis on hard military might and soft political-economic influence. Given the lack of traditional interstate conflicts in which the United States could readily intervene, the region's policymakers are more interested in how "objective" American power can be translated into "subjective" power that can be directed toward tangible outcomes. Second, against this backdrop, balancing becomes more complicated than is usually understood in its neorealist formulation. In fact, a range of hedging behavior results. It involves not only the buildup of military arsenals and alliances as deterrents but in fact entails a sustained and subtler contest of relative influence. Over the long

term, competing powers become enmeshed in the regional security system by means of multiple defense relationships, deep economic engagement, and political exchanges. In such a system, they compete in a game that is more positive-sum than zero-sum. In this sense, “hedging” ends up meaning a range of policies that aim at maintaining a hierarchy of major powers rather than a constellation of powers fighting for hegemony.

This is an important time to be considering these issues. The stakes are high—because of the international terrorist threat, because Washington is distracted from Asia by the war in Iraq, and because China has made rapid diplomatic and economic advances in Southeast Asia over the last decade. Much appears to depend on Southeast Asian countries and how they decide to cope with these multiple regional security challenges. It is too early to gauge the success of China’s recent charm offensive in the region, just as it may be premature to conclude that the region has lost America’s attention. Nevertheless, incipient fissures are opening up in the region *vis-à-vis* strategies toward the United States and China. For instance, Singapore is much more willing to facilitate high-profile U.S. involvement in regional security initiatives such as antipiracy patrols in the Straits of Malacca; Thailand is more eager for Chinese-style approaches to Asian institutions; and Vietnam is most keenly oriented toward boosting ASEAN unity, strength, and independence. At the same time, many worry that the United States is adopting a two-track approach for the region that distinguishes between Muslim and non-Muslim countries.

In this climate, it is important to deepen the dialogue and understanding between the United States and Southeast Asian countries. At the moment there is a lack of focus rather than significant discord between their perceptions and strategies of regional security. In military, economic, political, and cultural terms, the United States is an entrenched power in Southeast Asia. Key countries in the region would like this entrenchment to be grounded in more effective public diplomacy—effective reassurance that they share the same goals on a range of issues and benefit mutually.

Endnotes

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1. For a good discussion of alternative strategies see Chong (2004).
2. A more comprehensive study might have compared the two continental states with two maritime states, including Indonesia. I decided to focus on continental Southeast Asia, however, as the Indonesian case poses particular difficulties because of its current preoccupation with domestic political reforms, because of the current congressional limits imposed on its security relations with the United States, and because of the long-term nature of the China challenge for regional hegemony.
3. The Bush administration's Quadrennial Defense Review, prepared before September 11, 2001, but published after the attacks, nevertheless retained a strong emphasis on China as the main potential power challenger to the United States. This emphasis is discussed in more detail later.
4. "Turning a Rising China into Positive Force for Asia," *Straits Times*, September 26, 2001.
5. "China's Rise: Export Boon for SE Asia," *Straits Times*, April 29, 2002; "China's Economic Prowess Is Not a Threat," *International Herald Tribune*, March 4, 2003.
6. "Now for the Big One," *Straits Times*, September 9, 2001; "China's Rise: Export Boon for SE Asia," *Straits Times*, April 29, 2002. For a succinct analysis of the economic and political significance of the China-ASEAN negotiations see Ba (2003: 622–47).
7. "China Boom Will Boost Region's Prosperity," *Straits Times*, April 25, 2002; "Turning a Rising China into Positive Force for Asia," *Straits Times*, September 26, 2001.

8. Ibid.
9. A summary and reflection of this evolving approach can be found in Wang (2003) and Ba (2003: 630–38). Wang suggests that Chinese assessments of the regional security environment are now more sanguine. He says that China's regional strategy is circumscribed by the issues of economic cooperation, developments on the Korean peninsula, efforts at forging regional security institutions, the Taiwan question, the Sino-Japanese relationship, and the U.S. factor.
10. Jiang's sixteen-character principles of *zhengjia xinren*, *jianshao mafan*, *fazhan hezuo*, and *bugao duikang*.
11. The defense white paper, titled *China's National Defense in 2002*, is available at http://service.china.org.cn/link/wcm/Show_Text?info_id=50743&p_qry=defense%20and%20white%20and%20paper. The Chinese government has since issued a white paper on Xinjiang (May 2003) and one on nuclear nonproliferation (December 2003).
12. For a detailed discussion see Li (2004).
13. For a discussion of the "ASEAN way" see Katsumata (2003).
14. "China Snuggles Up to Southeast Asia," *Asia Times*, October 7, 2003. ASEAN has invited all its dialogue partners to sign the treaty. China was the first to accede to the treaty, along with India, and they were followed in 2004 by Japan, South Korea, and Russia, leaving the United States as a conspicuous exception.
15. This realist predisposition is waived for only one state in the Asia-Pacific—the United States—which most Southeast Asian states have come to regard as a benign power that could act as arbiter. This somewhat complacent view may be changing, though, with concerns about U.S. unilateralism and the fallout of U.S. foreign policy since 9/11.
16. Author interview with Singapore official, Ministry of Foreign Affairs, February 2004.
17. Author interview with Singapore minister, August 2003.
18. "National Day Rally 2004: Highlights of PM Lee Hsien Loong's Speech," *Straits Times*, August 22, 2004; "A David-and-Goliath Struggle," *Far Eastern Economic Review*, August 5, 2004.
19. Goh Chok Tong, "East Asia After Iraq," speech to Asia Society Washington Center, Washington, D.C., May 7, 2003, available at www.asiasociety.org/speeches/tong03.html.
20. Author interviews with Singapore officials, Ministry of Defense, Ministry of Foreign Affairs, February 2004.
21. See Chongkittavon (2004); "Thai-US Ties: Back on Track?" *The Nation*, September 11, 2003.
22. Author interview with Thai official, Ministry of Foreign Affairs, June 2004.
23. "Show Us the Proof, KL Tells Bangkok," *Straits Times*, April 7, 2004; "Southern Unrest: Thaksin Tells the World to Back Off," *The Nation*, May 2, 2004.
24. Author interview with Thai academic, April 2004.
25. Author interview with Thai official, Ministry of Foreign Affairs, April 2004.
26. Author interviews with Thai officials, Ministry of Foreign Affairs, June 2004.

27. Author interview with Vietnamese official, Ministry of Foreign Affairs (MOFA), April 2004.
28. The implications of this nonbinding declaration have been debated—see Emmers (2002); Buszynski (2003); Wu and Ren (2003).
29. Author interview with Vietnamese officials, MOFA, April 2004; Brailey (2004). Vietnam currently holds 31 islets in the Spratlys, while China controls only a handful.
30. “China-Vietnam Trade to Surpass 5b Dollars,” *Xinhua News*, September 1, 2004.
31. See Chang (1999); “Vietnam Trade Gap Narrows as Exports Gain,” *Bloomberg News*, October 5, 2004.
32. “Top Ten FDI in Vietnam by Country,” *Vietnam Economy*, November 18, 2003.
33. Thayer (2002: 271); author interviews with Vietnamese officials, MOFA and VUFO, April 2004; Ralph Cossa, “Fears About U.S. Aims,” *International Herald Tribune*, September 29, 2003.
34. In terms of investment, aid, and trade, Japan and Taiwan are the top contributors to Vietnam; the volume and nature of China’s economic exchanges lag behind these and other East Asian countries like South Korea and Singapore. See Kenney (2002: chap. 5); Muni (2002: chap. 4).
35. Kang (2003) suggests that East Asian states might be willing to “accept subordinate positions in a Sino-centric [regional] hierarchy” in part because of historical experience, but he does not attempt to substantiate the claim systematically in the contemporary context.
36. Goh Chok Tong, “ASEAN-US Relations: Challenges,” speech to the Asia Society, New York, September 7, 2000; available at www.asiasociety.org/speeches/tong.html.
37. Goh Chok Tong, keynote address to U.S.-ASEAN Business Council annual dinner, Washington, D.C.; reprinted in *Straits Times*, June 15, 2001.
38. Goh, “East Asia After Iraq,” p. 4.
39. Lee Kuan Yew, “How the United States Should Engage Asia in the Post-Cold War Period,” acceptance speech on receiving the Architect of the New Century Award, Nixon Center, Washington, D.C.; reprinted in *Straits Times*, November 13, 1996.
40. But given that the most likely focus of U.S.-China conflict would be Taiwan—and given the new prime minister’s recent stance against a unilateral declaration of independence by Taipei—obvious support from Singapore for U.S. defense of Taiwan will depend on the conditions under which a conflict occurs.
41. Author interview with Singapore official, Ministry of Defense, August 2003.
42. Author interview with Thai academic, April 16, 2004; Mathews (2003).
43. This status makes Thailand eligible for priority delivery of defense materiel and the purchase of certain controlled items like depleted-uranium tank rounds. Thailand will also be allowed to stockpile U.S. military hardware, participate in defense research and development programs, and benefit from a U.S. government loan guarantee program for arms exports. The Philippines was also granted this status.
44. Surakiart Sathirathai, “Thailand and the United States: Two Centuries of Partnership,” speech to Asia Society, Washington, D.C., September 20, 2004.

45. There were reports also that the United States had used the U-Tapao base for refueling USAF planes during the war in Afghanistan in 2002.
46. "Bush Offers to Set Up US Military Base," *The Nation*, May 4, 2004; "Future U.S. Base in Thailand: A Useful Pressure Point," May 11, 2004, Stratfor report; "Thailand Tangos with China and the US," *The Nation*, October 27, 2003.
47. Bui (2002: 209); author interviews with Vietnamese official (MOFA) and Vietnamese scholar (IIR), April 2004.
48. Nguyen (2004); Nayan Chandra, "A Balancing Act by Hanoi," *International Herald Tribune*, November 11, 2003.
49. Author interview with Vietnamese scholar (IIR), April 2004.
50. Mushahid Ali, "Singapore's Balancing Diplomacy: Defence Cooperation with USA, India," IDSS commentary, November 12, 2003; "Singapore, India in Joint Air Exercise," *Straits Times*, October 12, 2004.
51. Khong (2004: 202) argues that the fundamental reason for ASEAN's efforts at creating the ARF, rather than to socialize China, was in fact to enmesh the United States in regional institutions so as to hedge against U.S. disengagement from the region.
52. See Goh (2005); "FTAs with ASEAN Vital, India Told," *Straits Times*, October 20, 2004.
53. George Yeo, "The American Role in the Asian Dream," *Asiaweek*, April 20, 2001.
54. Nguyen Hong Thach, quoted in Thayer (1994: 528).
55. This is an initial finding based on interviews with officials. While the preference for U.S. preponderance and China's secondary role is clear, it is at the moment more difficult to substantiate the suggested preference for the other nations as second-tier powers; how this would impact on relations and expectations; or how the hedging strategy is calibrated to incorporate these second-tier powers.
56. One Thai analyst has suggested that the current distribution of influence in the region is 80 percent U.S., 15 percent Japan, and 5 percent China. He ventures that so long as American influence exceeds 50 percent, stability will be maintained. Author interview, Bangkok, April 2004.
57. Author interview, Bangkok, April 2004.
58. This agenda has been reinforced at the global level by the National Security Strategy, which aims to keep forces "strong enough to dissuade potential adversaries from pursuing a military build-up in hopes of surpassing, or equaling, the power of the United States" (White House 2002: 21–22).
59. For a more hopeful analysis based on a similar division of East Asia into a U.S.-dominated maritime region as opposed to a China-dominated continental region see Ross (1999).
60. Sheldon Simon, "Security Cooperation Between the U.S. and its Southeast Asian Partners," IDSS commentary, September 24, 2004; "Singapore: Deconstruction Forges Ahead," *Jane's Defence Weekly*, June 27, 2001.
61. Goh, "East Asia After Iraq," p. 3.

62. Goh, "East Asia After Iraq"; Goh Chok Tong, speech to Council on Foreign Relations, Washington, D.C., May 6, 2003, reprinted in "Fight Terror with Ideas, Not Just Armies," *Straits Times*, May 7, 2004; "Why America Bothers to Listen to Singapore," *Straits Times*, May 8, 2004.
63. "Without the U.S. East Asian regionalism will, over time, be dominated by one player [China]. This will give less breathing room for others in the region." See Goh, "East Asia After Iraq," p. 5.
64. See, for instance, Evelyn Goh, "A Chinese Lesson for the US: How to Charm Southeast Asia," *Straits Times*, October 31, 2003; Amitav Acharya, "China's Charm Offensive in Southeast Asia," *International Herald Tribune*, November 8–9, 2003.
65. George Yeo, "The American Role in the Asian Dream," *Asiaweek*, April 20, 2001.
66. "Thai-U.S. Ties: Back on Track?" *The Nation*, September 11, 2003.
67. Simon, "Security Cooperation," p. 2.
68. See Morrison (2003); "The United States-Thailand Free Trade Agreement," n.d., available at <http://thaiembdc.org/fta/>.
69. "Enterprise for ASEAN Initiative," October 26, 2002, White House press release available at www.whitehouse.gov/news/releases/2002/10/20021026-7.html; USTR press release, February 12, 2004, available at www.calchamber.com/documents/04-10.pdf.
70. Nayan Chandra, "A Balancing Act by Hanoi," *International Herald Tribune*, November 11, 2003.
71. "Vietnam-US Trade Beefier Than Ever," *Dau Tu*, November 26, 2003; Bureau of East Asian Affairs, Department of State, September 2004, at www.state.gov/r/pa/ei/bgn/4130.htm.
72. Raymond Burghardt, U.S. ambassador to Vietnam, speech to Asia Society, Washington, D.C., January 21, 2003, available at www.asiasociety.org/speeches/burghardt.html
73. Author interview, IIR, April 2004.

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Appendix 1: Milestones in China-ASEAN Relations: 1991–2003

July 19, 1991:

Chinese Foreign Minister Qian Qichen invited to 24th ASEAN Ministerial Meeting (AMM) in Kuala Lumpur as guest of Malaysian government.

July 23, 1994:

- Exchange of letters between ASEAN SG and Chinese foreign minister in Bangkok formalizing establishment of two joint committees—one on economic and trade cooperation, the other on cooperation in science and technology.
- ASEAN and China agree to engage in consultations on political and security issues at senior officials level.

July 1996:

China accorded full dialogue partner status at 29th AMM in Jakarta. Vice-premier and foreign minister Qian Qichen attend meeting as dialogue partner for first time.

December 14–16, 1997:

- China attends ASEAN+3 Summit in Kuala Lumpur for first time. Separate ASEAN-China Summit also held.
- Joint Statement of the Meeting of Heads of State/Government of the Member States of ASEAN and the President of the People's Republic of China issued.

November 2, 2002:

ASEAN SG and Vice-Minister of Agriculture Qi Jingfa sign Memorandum of Understanding Between the Governments of the Member Countries of

ASEAN and the Ministry of Agriculture of the People's Republic of China on Agricultural Cooperation.

November 4, 2002:

8th ASEAN Summit:

- ASEAN and Chinese leaders sign Framework Agreement on Comprehensive Economic Cooperation Between ASEAN and the People's Republic of China.
- Joint Declaration of ASEAN and China on Cooperation in the Field of Nontraditional Security Issues issued.
- ASEAN foreign ministers and Special Envoy Wang Yi sign Declaration on the Conduct of Parties in the South China Sea.

October 8, 2003:

9th ASEAN Summit:

- ASEAN and Chinese leaders sign Joint Declaration of the Heads of State/Government of the Association of Southeast Asian Nations and the People's Republic of China on Strategic Partnership for Peace and Prosperity.
- China accedes to ASEAN Treaty of Amity and Cooperation.
- ASEAN and Chinese economic ministers sign Protocol to Amend the Framework Agreement on Comprehensive Economic Cooperation Between the Association of Southeast Asian Nations and the People's Republic of China.

November 29, 2004:

- ASEAN and China sign MOU on cooperation in the field of nontraditional security issues.
- Plan of Action to Implement the Joint Declaration of the Heads of State/Government of ASEAN and China on Strategic Partnership for Peace and Prosperity adopted.
- Agreement on Trade in Goods and Agreement on Dispute Settlement Mechanism signed by ASEAN-China economic ministers.
- ASEAN and China sign MOU on transport cooperation.

Program Information

The Southeast Asia Fellowship Program

Purpose

The Southeast Asia Fellowship Program is designed to offer young scholars from Southeast Asia the opportunity to undertake serious academic writing on the management of internal and international conflicts in the region and to contribute to the development of Southeast Asian studies in the Washington area by bringing Asian voices to bear on issues of interest to a Washington audience.

The annual fellowships are awarded to two to three scholars and will finance two to three months of fieldwork in Southeast Asia, two months of residence at the Institute of Southeast Asian Studies, Singapore, and three months of residence at the East-West Center Washington in Washington, D.C. During the period in residence, the primary goal of the fellows is to complete a monograph or article that can be published in a peer-reviewed outlet. Fellows will also give seminars sponsored by the East-West Center Washington, partake in Southeast Asia related scholarly activities organized by other institutions, and interact with scholars and policy makers in Singapore and Washington, D.C.

Funding Support

This program is funded by a generous grant from The Henry Luce Foundation, Inc., with additional support from the Institute of Southeast Asian Studies, Singapore, and the East-West Center.

2004 Fellows

Evelyn Goh

Institute of Defence and Strategic Studies, Nanyang Technological University, Singapore

Herman Kraft

University of the Philippines, Diliman, Philippines

Merlyna Lim

Bandung Institute of Technology, Indonesia

2005 Fellows

Joseph Chinyong Liow

Institute of Defence and Strategic Studies, Nanyang Technological University, Singapore

Chandra-nuj Mahakanjana

National Institute of Development Administration, Thailand

Policy Studies

Previous Publications

Policy Studies 1

The Aceh Peace Process: Why it Failed
Edward Aspinall, University of Sydney
Harold Crouch, Australian National University

Policy Studies 2

The Free Aceh Movement (GAM):
Anatomy of a Separatist Organization
Kirsten E. Schulze, London School of Economics

Policy Studies 3

Security Operations in Aceh: Goals,
Consequences, and Lessons
Rizal Sukma, Centre for Strategic
and International Studies, Jakarta

Policy Studies 4

Beijing's Tibet Policy: Securing Sovereignty
and Legitimacy
Allen Carlson, Cornell University

Policy Studies 5

The Papua Conflict: Jakarta's Perceptions and
Policies
Richard Chauvel, Victoria University, Melbourne
Ikrar Nusa Bhakti, Indonesian Institute of Sciences,
Jakarta

Policy Studies 6

Violent Separatism in Xinjiang: A Critical
Assessment
James Millward, Georgetown University

Policy Studies 7

The Tibet-China Conflict: History and
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Elliot Sperling, Indiana University, Bloomington

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The Moro Conflict: Landlessness and
Misdirected State Policies
Eric Gutierrez, WaterAid, U.K.
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A publication of the East-West Center Washington

Editor: *Dr. Muthiah Alagappa*

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About this Issue

In East Asia, the United States is often acknowledged as a key determinant of stability given its military presence and role as a security guarantor. In the post-Cold War period, regional uncertainties about the potential dangers attending a rising China have led some analysts to conclude that almost all Southeast Asian states now see the United States as the critical balancing force. In contrast, based on case studies of Thailand, Singapore, and Vietnam, this study argues that key states in the region do not perceive themselves as having the stark choices of either balancing against or bandwagoning with China. Instead, they pursue hedging strategies that comprise three elements: indirect balancing, which mainly involves persuading the United States to act as counterweight to Chinese regional influence; complex engagement of China at the political, economic, and strategic levels, with the hope that Chinese leaders may be socialized into conduct that abides by international norms; and a more general policy of enmeshing a number of regional great powers in order to give them a stake in a stable regional order. The study also investigates each state's perceptions of the American role in regional security and discusses how they operationalize their hedging policies against a potential U.S. drawdown in the region, as well as the different degrees to which they use their relationships with the United States as a hedge against potential Chinese domination. Finally, it discusses these states' expectations of what the United States should do to help in their hedging strategies toward China, suggesting a range of policies that span the military as well as political, diplomatic, and economic realms.

About the Author

Evelyn Goh is Assistant Professor at the Institute of Defence and Strategic Studies, Singapore. She can be contacted at isclgoh@ntu.edu.sg.

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Arienne M. Dwyer, The University of Kansas

Forthcoming:

"Forging Sustainable Peace in Mindanao:
The Role of Civil Society"
Steven Rood, The Asia Foundation, Manila

"The Internet, Islamic Radicalism, and
Narratives of Conspiracy in Indonesia"
Merlyna Lim, Bandung Institute of Technology,
Indonesia