

The balance of great-power influence in contemporary Southeast Asia

John David Ciorciari

*Hoover Institution, Stanford University, Stanford, CA
94305-6010, USA
Email: ciorciari@gmail.com*

Abstract

This article reviews and critiques recent scholarly work on Southeast Asian relations with the great powers, examining the strategies that ASEAN governments have used and the effects of those strategies. The author argues that Southeast Asian governments have generally steered away from traditional balance of power politics to promote a more complex 'balance of influence' comprising military, economic, institutional, and ideational dimensions. A key feature of this balance of influence strategy has been its inclusiveness. Southeast Asian governments have invited competing great powers to participate in the region's economic and diplomatic affairs so that they develop stakes in the region's peace and prosperity. The author contends that Southeast Asian efforts have been relatively successful to date, contributing to a multi-dimensional balance that is relatively resilient and places significant constraints on any external power's ability to exercise unwanted dominance in the region.

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Throughout history, external powers have contributed heavily to the course of Southeast Asian affairs. Centuries of Chinese and Indian influence, colonial rule, and more recent imperial interventions have left indelible material and ideational legacies. Even in the current era of independent nation-states, outside powers remain critical to developments in the region. In this article, I review and critique recent scholarship on Southeast Asian relations with the great powers. I analyze that various scholars have conceptualized Southeast Asian strategies toward the great powers and evaluate scholarly arguments about the effects of those strategies on the balance of external influence in the region.

I begin this review article by tracing what I perceive as an appropriate move in the literature away from the concept of a ‘balance of power’ toward a more robust concept of a balance of great-power influence. I then examine four key dimensions of the aggregate ‘balance’ of great-power influence in the region: the military, economic, institutional, and ideational balances. I select these four dimensions for analysis, because each draws attention to a different theoretical way of viewing the region. Realists tend to prioritize the military balance when interpreting regional affairs, while liberal theorists tend to focus on economic and institutional evolution, and constructivists emphasize ideational factors such as norm penetration and ideology. I argue that the most convincing recent scholarly treatments have avoided excessive theoretical stove-piping and have grappled with the multi-faceted nature of external powers’ influence in Southeast Asia.

The tectonic plates of great-power politics have shifted considerably in Asia over the past decade. After a brief period of relatively clear American primacy, the ascent of China and other powers has again made the Asia-Pacific order more genuinely multipolar. In this context, I argue that Southeast Asian policymakers have promoted a balance of external influence instead of a more confrontational balance of power arrangement along the nineteenth-century European model. They have generally tried to limit the direct military engagement of rival great powers in the region while embarking on an ambitious economic and diplomatic effort to give external actors a stake in regional cooperation, growth, and stability. As a consequence, the most critical changes in the balance of influence have taken place not in military affairs—the traditional focus of balance of power theories—but instead in the economic, institutional, and ideational spheres. Below, I review recent

theoretical work and argue that Southeast Asian strategies have been relatively successful in shaping an order in which no single power can easily exercise unwanted dominance.

1 From balance of power to balance of influence

During the Cold War, classical realist assumptions underlay most scholarly work on Southeast Asian relations with the external powers. Leading analysts like Michael Leifer and Sheldon Simon often focused on security and treated the balance of power as a key determinant of regional affairs (see Simon, 1983, 1985; Leifer, 1989; Liow and Emmers, 2006). They tended to prioritize empirical inquiry, steering away from broad theoretical claims that would be difficult to square with nuanced understandings of the facts on the ground. Nevertheless, their concepts of the balance of power generally followed the classical realist tradition, prioritizing military muscle as the key to broader great-power influence in the region.

That emphasis made some sense in an era when wars were raging in Indochina, insurgencies plagued most ASEAN states, and the global economic and ideological orders were polarized and segregated. For most of the Cold War period, the USSR and China had few levers to exercise non-military or non-subversive influence in ASEAN capitals. The United States and its allies faced similar obstacles to building sway in Indochina. Ideological and economic competition was clearly at work, but the most pronounced shifts in Soviet, Chinese, and American influence accompanied changes in the military correlation of forces in the region. The creation and dissolution of alliances and the outcomes of wars in Indochina dramatically affected the great powers' relative influence in Southeast Asia over time.

The post-Cold War landscape differs in important ways. The reduction of ideological hostility, the liberalization of the global economic order, and the explosion of diplomatic forums in the Asia-Pacific region have all created new avenues by which great powers can vie for influence in Southeast Asia. China has gone from being a sponsor of Maoist revolution to a major economic player in the region. It no longer needs to rely on subversion to alter the correlation of forces in its favor in maritime Southeast Asia. It can more easily sign trade deals, provide low-interest loans, or go on diplomatic goodwill tours. Forums like the Asia-Pacific Economic Cooperation (APEC) forum, the ASEAN

Regional Forum (ARF), and ASEAN + 3 also give China the chance to plug into or lead institutional initiatives. America also enjoys new avenues for influence. The integration of the Indochina states into ASEAN and the world economic system also gives the United States opportunities to exercise non-subversive and non-military sway in those countries. Since the end of fierce Cold War competition, economics and 'soft power' have played greater roles in shaping the overall balance of great-power influence.

1.1 Changing Southeast Asian strategies

Many Southeast Asian policymakers resisted hostile balance-of-power arrangements even during the Cold War era, viewing antagonistic alliances as too confrontational and too likely to result in dominance by external powers. Numerous leaders in the region attempted to pursue relatively 'non-aligned' foreign policies, albeit with varied success. Since the fall of the Soviet Union, they have generally embraced the opportunity to diversify their bilateral ties to the great powers and draw external actors into a matrix of regional norms and diplomatic practices. Although great diversity still obtains among individual Southeast Asian governments, most analysts agree that Southeast Asian states have pursued what Simon called 'dual-track' strategies to advance their foreign policy interests (Simon, 1995; see also Khong, 2004b).

On the one hand, Southeast Asian governments are following liberal policies, actively advancing norms and institutions and pursuing economic interdependence. Even during and after the tribulations of the late 1990s, when regional institutions suffered considerable reputational setbacks, ASEAN's institutional push continued through its own organizational expansion and the creation of the Asia–Europe Meetings (ASEM) and ASEAN + 3, which also includes China, Japan, and South Korea (Webber, 2001; Acharya, 1999a). The East Asia Summit (EAS) followed in 2005. Multilateral working groups and committees discuss a bewildering array of security issues, both at the official level and in less formal 'Track Two' meetings. In rhetoric—if not always in action—the ASEAN Way is alive and well. Continuing economic integration is also clear, as trade and investment ties and financial flows connect Southeast Asian markets with one another and with surrounding Asian neighbors more than ever before.

On the other hand, most ASEAN governments are taking out insurance policies in the form of military development and traditional great-power alignments. A number of ASEAN governments have built up their military capacities in the past decade. The US naval presence in the region ebbed after the closure of Subic Bay but has rebounded through added defense ties with Singapore and the Philippines, enlarged Cooperation Afloat Readiness and Training (CARAT) joint naval exercises, expanded *Cobra Gold* exercises with Thailand, and quiet ties to other regional partners. Some ASEAN governments have also reached out to other external security providers for support, including India, Russia, Australia, the United Kingdom, and China. Simmering tensions in the South China Sea, instability in southern Thailand and the Philippines, and episodic spats along the Thai–Myanmar border are all examples of flashpoints that continue to receive significant military attention. Power politics and state interests have hardly evaporated in Southeast Asia.

These ‘dual-track’ Southeast Asian strategies do not coexist without some tension. Continued alignments reflect the fact that most governments still harbor suspicions of certain neighbors and external powers, making it more difficult to build the trust needed for a security community to develop. Nevertheless, most Southeast Asian policymakers and scholars see the dual tracks as basically compatible. Former Singaporean Prime Minister Lee Kuan Yew encapsulated this logic by suggesting that Southeast Asian states should pragmatically ‘engage, not contain, China, but . . . also quietly . . . set pieces into place for a fall back position should China not play in accordance with the rules as a good global citizen’ (Lee, 1996). For most Southeast Asian governments, establishing a fall back position has meant developing independent defense capabilities and promoting a soft form of American military primacy in the region. Fears of driving ASEAN into alignment with rivals help to explain why China and other external powers have been willing to partake so extensively in multilateral diplomacy.

1.2 Evolution of the scholarly discourse

As Southeast Asian strategies have evolved over the past two decades, scholarly discourse has also undergone a metamorphosis, and the classical realist framework has become much less dominant as a way of

understanding regional relations with the great powers. Donald Emmerson introduced regime theory to Southeast Asian studies to help account for ASEAN's efforts to supplement power-balancing politics with cooperative practices during the tumult of the Third Indochina War (Emmerson, 1987). The establishment of new regional institutions and spread of the 'ASEAN Way' of informal, consensus-seeking diplomacy also encouraged Amitav Acharya to challenge the salience of the balance of power and other classical realist concepts in the discourse (Acharya, 1991, 1997, 2001). To Acharya, the balance of power is a concept of gradually eroding importance, because: 'Asia is increasingly able to manage its insecurity through shared regional norms, rising economic interdependence, and growing institutional linkages' (Acharya, 2003/04, p. 150).

The injection of liberal and constructivist claims into the discourse on Southeast Asian IR generated a significant antibody response from scholars who doubted the sincerity or success prospects of ASEAN's normative and institutional crusade. Realists struck back, arguing that ASEAN and other regional institutions are 'talk shops' and that the balance of power remains the foundation of regional stability. David Martin Jones and Michael L.R. Smith called ASEAN an 'imitation community' and wrote a series of works arguing that constructivists grossly overestimated the impact of norms and institutions in regional affairs (Jones and Smith, 2002, 2007). At times, scholars have circled their wagons around artificially distinct realist, liberal, and constructivist camps and engaged in an overly polemical form of academic trench warfare. However, the scholarly debate has drawn attention to the multiple dimensions—military, economic, institutional, and ideational—in which Southeast Asian states interact with one another and with the great powers.

2 Alignment politics and the military balance

The first type of balance defining the regional landscape is military in nature. The distribution of great-power armed might in Southeast Asia was the focus of many Cold War-era studies, especially during the eras of the Indochina Wars. At the end of that period, the withdrawal of Vietnamese troops from Cambodia, implosion of the USSR, and closure of key U.S. bases in the Philippines began to fundamentally alter the strategic landscape. Since then, questions about American commitment to the region and China's rapid economic ascent have

encouraged Southeast Asian states to revisit and review their alignment strategies. From the standpoint of the military balance, the region looks much different than it did two decades ago. Scholars have come to different views on how Southeast Asian governments are aligning to bring about a desired distribution of American and Chinese military power in the region. The answer to that question has critical implications for the overall balance of influence among China, the United States, and other external powers.

2.1 Balancing or bandwagoning?

Robert Ross has taken an unabashedly neorealist view of Southeast Asian responses to the rise of China. He argues that power-balancing politics are alive and well in the region. Like other structural realists, he emphasizes military capabilities and the security dilemma: even if China is not hostile today, it may become so in the future. That possibility encourages Southeast Asian governments to build their defenses and ally with the United States to balance a rising China when they can (Ross, 2006). Only when they have no other choice—as China develops the capacity to ‘fundamentally affect’ their security—do Southeast Asian states fall into line and accommodate Beijing. Ross discounts the roles of economics and cultural affinity and asserts that ‘domestic politics and intention-based threat perceptions are unnecessary variables’ to explain Southeast Asian alignments (Ross, 2006, p. 358).¹ In Ross’s world, military power and proximity are the keys: mainland states increasingly bow to China’s military might, while maritime states balance and help America preserve its naval ascendancy.²

A number of analysts disagree that Southeast Asian states have preferred power-balancing policies. Most scholars have given more weight to economics, ‘soft power,’ and cultural factors in explaining the contemporary alignment postures of various Southeast Asian states, helping to

1 Although Ross discounts intention-based threat perceptions, the thrust of his argument aligns with Stephen Walt’s thesis that states balance against threats rather than power alone. See Walt (1987). Ross does not suggest that Southeast Asian states are balancing against the great power with the most systemic capabilities (the United States), but rather against the emerging power that appears more threatening (usually China).

2 Ross has described this arrangement as a relatively stable ‘geography of the peace’ (Ross, 1999).

explain why they have often accommodated rather than balancing against China in the security sphere. David Shambaugh has argued that:

Concerns about a looming ‘China threat’ are still occasionally heard among regional security specialists in Hanoi, New Delhi, Singapore, Tokyo, and certainly Taipei. Yet overall these voices increasingly reflect a minority view. Even though some countries remain unsure of China’s long-term ambitions, and are thus adopting hedging policies against the possibility of a more aggressive China, the majority of Asian states currently view China as more benign than malign and are accommodating themselves to its rise (Shambaugh, 2004, p. 67).

David Kang agrees that Southeast Asian states are generally pursuing broadly accommodative strategies toward China, largely because: ‘Asia has different historical traditions, different geographic and political realities, and different cultural traditions’ than the West, where realist IR theories were born. Contrary to Ross, he argues that China’s neighbors are generally ‘bandwagoning’ rather than balancing and that China is becoming the ‘gravitational center’ of an East Asian order that could become more hierarchical in the future (Kang, 2003). Martin Stuart-Fox takes a similar view. Stuart-Fox contends that many Southeast Asian officials see clear alignments as too confrontational and provocative, associating such policies with an overly legalistic Western approach to security. Strong alignments can thus be said to cut against the grain of Southeast Asian ‘strategic culture,’ which has tended to view robust alliances as unwise and even morally disfavored, because they implicitly single out others as enemies. He contends that culture and historical learning incline mainland Southeast Asian states to avoid balancing coalitions that could provoke Chinese ire. Instead, they have developed ‘bilateral regimes’ under which they gain security by entering into tributary-style arrangements (Stuart-Fox, 2004).³

3 Stuart-Fox uses the concept of ‘foreign policy culture.’ The term ‘strategic culture’ is more often used in the literature but refers more narrowly to habits or values relating to the threat or use of force (see Booth and Trood, 1999). Former Indonesian Foreign Minister Ali Alatas refers to non-alignment as the ‘moral alternative’ to polarizing alliance blocs (Alatas, 2001). Explanations based on strategic culture should not be overdrawn, however. Southeast Asia’s diversity militates against broad cultural claims, and culture did not prevent Vietnam or Laos from hugging the Soviet Union and spewing invective at China during the 1980s.

2.2 *The empirical picture*

Both Ross and scholars advancing the accommodation thesis have to stretch the facts a bit to support their theoretical claims, which are as much about the future as the present. During the post-Cold War era, several key states have moved away from clear balancing or bandwagoning arrangements toward more neutral positions to reduce their dependence on external allies and lessen the likelihood of antagonizing their foes. The dominant empirical view among experts on the region is that most Southeast Asian states have settled into limited alignments with one or more great powers while also pursuing broad, multi-directional engagement strategies. Several ASEAN governments have pursued limited alignments with the United States, and a few (most notably Myanmar, but also Thailand, Laos, and Cambodia) have developed modest military cooperation with China. At least a few common concerns have driven Southeast Asian states to pursue limited alignments rather than tight alliances: fears of diminished autonomy, concerns about entrapment or abandonment, and related worries that tight alignment would alienate neighbors, rival great powers, or domestic constituencies.

On the mainland, China has gained considerable influence in Myanmar and Cambodia, but mostly through the economic means that Ross discounts. Officials in both countries have placed definite limits on ties to China in the security arena to guard their independence. Vietnamese leaders have tried to avoid poking the PRC with a stick, but they have also hastened to diversify defense ties that reduce their vulnerability to China. Vietnam has also hosted a series of symbolically important high-level US military delegations in recent years. Overall, it has walked a careful tight-rope between China and the United States, reaching out to countries like India, Russia, and South Korea to help support its position of relative non-alignment. Laos, largely forgotten by the West, is playing a diplomatic game between China, Thailand, and Vietnam to avoid undue influence by any of the three. Thailand has warm relations with China, but it also became a 'non-NATO ally' of the United States in 2003 and continues to host the largest military exercises in the region involving US forces, *Cobra Gold*. Thus, mainland Southeast Asia does not yet look like an inner circle in China's strategic orbit.

In the maritime sub-region, there has been a rebound in the US military cooperation with ASEAN-6 states since 9/11. However,

‘balancing’ is too strong a concept to sum up maritime Southeast Asian behavior in recent years. The Philippines and Singapore are supporting a soft form of the US primacy through a scheme of ‘places not bases,’ but Malaysia and Indonesia have long insisted on limiting Uncle Sam’s footprint to bring about a rough balance of influence among external powers in the region. Those countries—in line with their longstanding support for the Zone of Peace, Freedom, and Neutrality (ZOPFAN) principle—have generally frowned on initiatives that would give the US military a more permanent or substantially more significant footprint in the region. Regional defense arrangements have helped reduce the burden of their alignments with America (Chin, 2000). Since the 1980s, ASEAN-6 states have undertaken confidence-building measures to enhance defense cooperation and build stronger regional cohesion and clout (Alagappa, 1998; Acharya, 2000; Acharya, 1993; and Vatikiotis, 1996). Through links to one another and external actors—most notably the United Kingdom and Australia—they have spun a ‘spider web’ of defense cooperation and established ‘multiple lines of defense’ (Narine, 1998).

By steadily building their own military capacity, training with US forces, and providing the US navy with sufficient access to military facilities, the ASEAN-6 states have contributed to a limited form of US primacy in maritime Southeast Asia. This low-key manner of facilitating the US primacy does suggest a measure of accommodation of China, but the maritime states have hardly rallied to the PRC’s side of the chessboard. Their military ties with China are still negligible beside their links to the United States and its two most stalwart allies, the United Kingdom and Australia. Yuen Foong Khong has termed their approach a kind of ‘soft balancing’ (Khong, 2004a).

Governments in the region have often been careful not to identify China as a threat and to justify a strong US presence on other grounds—such as the war on terror—even when concerns about China loom in the background (Goh, 2007/08, pp. 133–139). Then Malaysian Prime Minister Mohamad bin Mahathir explained this tactic clearly, saying: ‘Why should we fear China? If you identify a country as your future enemy, it becomes your present enemy’ (Mitton, 1997). With a few notable exceptions—such as Lee Kuan Yew and occasionally Fidel Ramos—Southeast Asian officials tend to avoid using the concept of a ‘balance of power,’ which suggests a relatively confrontational policy approach toward China. Instead, both in public and private, most

Southeast Asian officials refer instead to the need for a healthy ‘balance of influence’ among external powers.

Southeast Asian states have generally pursued limited alignments in recent years, partly because most have faced lower levels of internal and external military threat than in the past. Concerns about dependency and abandonment have also encouraged limited alignments. No Southeast Asian state wants to confront either China or the United States and later be left in the lurch. America’s friends, especially in Jakarta and Kuala Lumpur, continue to see America as something of a fair-weather ally and harbor concerns about US commitment to their interests. China’s allies also proceed cautiously, recalling years of PRC sponsorship for anti-government rebels, such as the Burmese Communist Party and Khmers Rouges, and wary of becoming too dependent. Entrapment is another risk of rock-ribbed alliances. Southeast Asian governments all want to avoid getting caught in the crossfire of a Sino-American conflict. Fears of domestic backlashes add a further reason for limited alignments; even when the United States or China tries to be helpful, its appearance as a big brother can undermine government legitimacy. Limited alignments prevent any great power from becoming too powerful in the region and help Southeast Asian states achieve what Acharya terms ‘counter-dominance’ (Acharya, 1999b).

2.3 The concept of Hedging

To describe Southeast Asian security affairs in recent years, a number of scholars have invoked the concept of ‘hedging’. Most such studies focus on ASEAN-6 responses to the rise of China and imply an effort by those states to develop positive ties to the PRC while establishing a form of security insurance, partly through limited alignment with the United States (Acharya, 2003/04; Chung, 2004; Goh, 2005; Khoo and Smith, 2005; Liow, 2005; Roy, 2005; Storey, 2007; Kuik, 2008). Avery Goldstein sums up the logic of that argument by describing ASEAN states as ‘simultaneously engag[ing] China while hedging their bets’ (Goldstein, 1997/98). Former US Deputy Secretary of State Robert Zoellick and others have similarly suggested that the United States and China are ‘hedging’ against one another by cultivating ties with other Asian states and other regional powers while increasing bilateral Sino-American engagement (Brinkley, 2005; Mederios, 2005; Foot, 2006).

The main problem with the academic literature on hedging is that analysts usually define the term too loosely. Some imply that hedging

means establishing a limited fallback security option to reduce the risks associated with an engagement strategy. Others use the term vaguely to encompass a wide range of strategies that couple engagement with countervailing alignment against a potential enemy. If one applies the latter definition, hedging is ubiquitous indeed, but the concept adds only modest analytic value.⁴ To be more analytically useful and falsifiable, the concept of hedging needs to be defined more precisely.

In discussing alignment politics, hedging can be considered a specific type of alignment strategy designed to optimize the risks and rewards of security cooperation with a great power. A small state or middle power hedges when it pursues limited alignment with a great-power partner rather than forging a tight alliance characterized by basing privileges, mutual security guarantees, joint combat arrangements, and the like (see Ciorciari, 2007). Limited alignment protects the weaker partner's autonomy, reduces the risk of entrapment, and makes it easier for the state in question to simultaneously pursue robust political and economic engagement with that great power's rivals.

If defined clearly, the concept of hedging is helpful. More than the idea of 'balancing', it draws attention to the elements of *uncertainty* and *risk* that drive Southeast Asian security strategies.⁵ The threats and opportunities a government faces are not always clear. Hedging implies the establishment of a contingent security option in case various possible scenarios emerge. In reality, Southeast Asian alignment policies almost always have numerous rationales. For example, Singaporean military development has long been geared toward a number of concerns: tensions with Malaysia and Indonesia, terrorist threats, the rise of China, and other factors. The same can be said of the Philippines, where alliance with America has been a way to bolster regime security, secure aid, and manage internal menaces like the New People's Army and Abu Sayyaf as well as meet external contingencies.

The concept of hedging also highlights that limited alignments are not just ways to manage the risk of a rising threat; they are also mechanisms

4 Perhaps to avoid the definitional challenges of 'hedging', a few scholars, including Khong and Goh, have instead described some Southeast Asian states as engaging in 'soft' or 'indirect' balancing against China and other perceived security threats (see Khong, 2004a; Goh, 2007/08, pp. 132–139).

5 Khong rightly focuses on the importance of uncertainty, despite using the lexicon of 'soft balancing' (Khong, 2004a, pp. 172–180).

for reducing the risk that an ally will prove unreliable, unfriendly, or ineffective. Even as a Southeast Asian government ‘hedges against’ the most likely security threats, it ‘hedges with’ its powerful ally to avoid a commitment that leaves it too dependent and closes off too many options. The concept of balancing sometimes obscures that fact, because balancing with one country against another implies a more definitive sense of friends and foes than often exists in practice. For most Southeast Asian states, the jury is still out on how China will apply its newfound might. Doubts also exist about the credibility and intentions of the United States and other external powers. Uncertainty is a strategic fact of life for the region’s small states and middle powers.

2.4 Summing up the military balance

Southeast Asian states have generally sought ‘middle ground’ between balancing and bandwagoning. As a result of hedging behavior, the contemporary military balance in Southeast Asia resembles neither a neo-suzerain hierarchy centered around China nor competing alliance blocs in the style of nineteenth-century Europe.⁶ The mainland sub-region now looks more like a buffer zone, where both China and the United States enjoy limited military influence. In the maritime area, American forces are still preponderant, enjoying sufficient access to military facilities to project overwhelming naval and air power. Overall, the military balance in contemporary Southeast Asia is characterized by a variegated form of US primacy that reaches its apex around the Philippines and Straits of Malacca and recedes in the parts of the mainland sub-region that border on China.

3 The economic balance and power of the purse

In addition to military might, numerous contemporary studies have rightly drawn attention to the economic aspect of great-power influence in Southeast Asia. As in alignment politics, Southeast Asian states have generally sought to steer a middle path in economic affairs. They have sought to create a web of economic interdependence, so that powerful external actors develop clear stakes in regional peace and stability. Economic ties give great powers reasons to stay involved in the security

6 This state of affairs roughly corresponds to what Muthiah Alagappa termed a ‘balance of presence’ in the region (see Alagappa, 1991).

sphere, helping to preserve a stable overall balance of influence (Cheng, 2004). By engaging broadly and diversifying ties, Southeast Asian governments reduce dependency on any single great-power partner and expect to improve their economic resilience. Most Southeast Asian officials view excessive reliance on the West as one reason for the depth and severity of the Asian Financial Crisis, and they unanimously wish to avoid a repeat of that calamity. Finally, reaching out to major economies serves key domestic political objectives by promoting growth and regime legitimacy and by helping people (including some officials) make money.

3.1 China's growing economic influence

In recent years, the most dramatic change in the economic balance in Southeast Asia has been the rise of China as an investor and trading partner. During the 1980s, China's economic ties to Southeast Asia were almost negligible compared to the region's massive trade and investment flows with Japan and the United States (see Herschede, 1991). However, the PRC's Japanese and American levels in many Southeast Asian countries. Two-way Sino-ASEAN trade has exploded from only about \$25 billion in 1997 to \$171 billion in 2007. During the same period, United States–ASEAN trade grew from about \$120 to over \$170 billion, with the European Union (EU) and Japan at roughly similar levels. The latest available data suggests that the PRC leapt to the top of the charts in 2008, with two-way trade likely exceeding \$200 billion. The EU, United States, and Japan are still much larger foreign direct investors than China—which only accounted for about 2% of FDI in the region in 2006—but China's activity in that sphere is also increasing at a rapid pace.⁷

Alice Ba argues that before the Asian financial crisis, the PRC was often portrayed as a competitor that could flood the region—and the major developed-country markets—with cheap exports. Even today, Southeast Asian officials harbor real concerns about competing with China economically. However, China's image improved during the late 1990s, because it refused to devalue the renminbi, provided aid without stringent policy conditions attached, and participated in a series of initiatives to develop regional financial resilience. China's successful economic diplomacy with Southeast Asia during that period was not

7 Data derived from Asian Development Bank, *Asian Development Outlook* (2007); and Xinhua News Agency (2008). See also Lum *et al.* (2008).

based just on material largesse; the PRC gave much less aid than the United States or Japan. The key, Ba argues, was China's ability to capitalize on Southeast Asian frustration with the IMF and United States and EU authorities, which collectively insisted on fiscal austerity and politically painful liberalization measures. Southeast Asian leaders generally viewed China as less overbearing (Ba, 2003, pp. 638–644).

During the same period, China took a series of steps to open up its markets to Southeast Asian countries and build confidence. The most important was a 2002 ASEAN-China Framework Agreement on Economic Cooperation, which will give rise to a free trade area in 2010. Fears of Chinese competition have not dissolved, but as Ba suggests, Chinese diplomacy and strategic investments have helped position the PRC as an economic partner, not just an adversary (Ba, 2003, pp. 641–643).⁸ Shambaugh argues that even Southeast Asian governments that were once at loggerheads with Beijing increasingly see China as 'an exporter of goodwill and consumer durables instead of revolution and weapons' (Shambaugh, 2005, p. 65).

Aid also helps. Over the past five years, China has provided billions of dollars of assistance to Southeast Asian states, often in the form of low-interest loans. Although data on Chinese aid is poor, analysts generally agree that the PRC is now among the largest dispensers of aid to the mainland states, and especially to Laos, Myanmar, and Cambodia (Lum *et al.*, 2008, pp. 5–7). China has been able to use its vast foreign exchange reserves and capitalize on frequent Southeast Asian frustration with the Bretton Woods institutions. While loans and grants from the IMF, World Bank, and Asian Development Bank come wrapped in dozens of policy conditions, benchmarks, and triggers, Chinese aid has few strings attached. A separate literature on international development has begun to examine the medium-term effects of Chinese lending on developing economies. Many economists believe such loans encourage moral hazard and serve as crutches that delay crucial structural reforms. However, several Southeast Asian governments have been glad to take the money, and China's economic influence has grown vis-à-vis traditional aid providers—Japan, the United States, and the EU.

⁸ Bilateral deals have also been important. For example, in 2005 China signed trade and investment agreements with Indonesia worth \$20 billion over the next 15–20 years (see Xinhua Financial Network, 2005).

Most analysts agree that Southeast Asian governments are engaging with China economically at least partly to draw it into interdependence that will give the PRC a greater stake in the peace and stability of the region. As former Philippine President Fidel Ramos said in 2001, ‘growing economic interdependence may not guarantee peace and stability—but it does create an incentive for avoiding conflicts by raising their costs’ (Ramos, 2001).

Southeast Asia’s economic engagement of China (and other outside powers) is not always so pristinely strategic. In some cases, the narrow pecuniary interests of officials and military and business elites drive economic decisions. Reports suggest that Chinese firms and officials ask fewer touchy questions about environmental standards, land titles, corruption, labor rights than Western or Japanese investors. That makes it easier for corrupt officials to skim off the top of contracts and solidify their positions in power. Myanmar and Cambodia lamentably provide good examples. The scholarly discourse on Southeast Asian IR has often been too polite in omitting discussion of this type of influence. Elite interests matter, because they do not always align with the interests of the state *per se*. In some states, cozy deals between elites and one or more external powers can result in dependency or skewed development choices that disadvantage the economy as a whole.

3.2 *Diversifying economic linkages*

The case for China’s economic rise in the region can be overstated. Southeast Asian governments are certainly not casting their entire economic lots with China. Partly to guard against excessive dependency or exposure to Chinese competition, they have reached out widely. Booming commerce with China has helped provide them with leverage in negotiations with other external powers, which are loath to see their Chinese competitors gain an upper hand. The United States has been a case in point. America is still a critical factor in the regional economy. US trade with ASEAN states now amounts to well over \$170 billion per year, and America remains one of the top three trading and investment partners for most countries in the region.⁹

9 Figures derived from Asian Development Bank, *Asian Development Outlook* (2007).

The US government has taken a variety of steps to advance (or perpetuate) its economic position in Southeast Asia. It signed a free trade agreement (FTA) with Singapore in 2003, began FTA negotiations with Malaysia and Thailand, launched an Enterprise for ASEAN Initiative in 2002, and later added an 'Enhanced Partnership' to promote trade linkages (Limaye, 2004). The US government also led the push for an APEC-wide FTA in 2006, partly as a strategic response to Chinese and Japanese proposals for a geographically narrower East Asian free trade area (Dent, 2007). While such a pact is unlikely in the near term, the underlying great-power competition for trade is a source of leverage for Southeast Asian economies that have much less sway in purely bilateral relationships with the United States, China, and Japan.

A few factors continue to hamper the US economic diplomacy in Southeast Asia. First, America's refusal to deal with Myanmar has excluded the possibility of an ASEAN-wide trade pact. Second, the US restriction of trade talks to WTO members also excludes Laos and until 2006 ruled out Vietnam. One of the keys to ASEAN's leverage is its ability to maintain relative unity in such negotiations. The US government's focus on bilateral FTAs has scared off some Southeast Asian governments, which feel they have insufficient leverage to cut a desirable deal with Washington. A broader difficulty for the United States in the economic sphere is ideational: the US government's focus on free markets and limited government intervention threatens a number of Southeast Asian governments that rely on significant government intervention.

Of course, China and the United States are not the only relevant external players. Japan has been in the cockpit of many of Asia's regional economic and financial initiatives since the mid-1990s and remains a major force. Japan signed a 'Comprehensive Economic Partnership Agreement' with ASEAN in April 2008, roughly a year after South Korea signed a similar deal (excluding Thailand). EU officials are currently locked in discussions with ASEAN over a trade deal, and after six years of testy negotiations, Indian leaders agreed to an FTA with ASEAN in August 2008. None of these trade pacts was solely a response to China's growing influence, but the PRC's burgeoning market share in the region has helped light a fire under rival external powers eager to do business in Southeast Asia. For Southeast Asian governments, as scholars including Ba and Evelyn Goh have argued, diversification has been a key to preserving relative autonomy and providing leverage in relations

with all of the external powers (Ba, 2005, p. 103; Goh, 2007/08, p. 140). It is also a way to keep open multiple channels of finance in the event of a crisis and to reduce the risk of adverse shocks if any one external market tumbles. Although over a decade has passed since the Asian financial crisis, most key economic policymakers in Southeast Asia spent part of their career dealing with that disaster, and despite a more favorable climate in recent years, concerns about economic resilience still factor very heavily into strategy decisions.

3.3 The overall economic balance

The Southeast Asian regional economy has become far more connected to China over the past decade. In some cases, these shifts are materially driven: China simply needs resources, offers cheap exports, and has a huge pile of hard currency to deploy. There is also an important ideational dimension to the economic balance. China's lesser insistence on neoliberal economic principles and greater willingness to countenance a strong economic role for the state has helped it build a degree of trust among policymakers in many Southeast Asian capitals, where residual distrust of the US government and IMF exists.

The shift in the overall balance of economic influence has been significant, but the United States, Japan, and European Union still account for the lion's share of trade and investment in most Southeast Asian markets. Together, they account for roughly half of all foreign investment in ASEAN countries (compared to 2% for China) and about one-third of all external trade (compared with about 14% for China). In Cambodia, one of China's key political partners, over half of all exports still go to America, and United States–Vietnam trade is racing ahead from a low base. Regional commerce with India, Korea, and other markets is also building.

Overall, Southeast Asian states have embraced a much larger economic role for China, but the PRC is not dominant. Essentially all Southeast Asian governments have focused on commercial and financial diversification, and the major external markets are themselves interdependent. For example, much of Southeast Asia's trade with China comprises part of production chains for goods ultimately exported to the Japanese, EU, and the US markets. Hard-currency reserves that Asian economies earn from their exports are often invested in United States Treasuries and other developed-country assets. The complexity of

economic ties in the Asia–Pacific makes it more difficult to think of the economic balance in the region in zero-sum, competitive terms, as one could during certain periods of the Cold War.

It also remains unclear how much China's increased economic clout will buy it in security influence. In Cold War Europe, theorists argued that cooperation in certain aspects of security and economic affairs often spills over naturally into broader technical and political cooperation. Does this 'functionalist' hypothesis suggest that China's economic gains in the ASEAN region will soon lead to stronger security ties as well? The unprecedented growth in the Chinese economy (and rising PRC aid) certainly do mean that the economic risks of aligning against Beijing are much greater than they were during the 1970s or 1980s (Leifer, 1996, p. 18; Perlez, 2006). Economic interdependence might thus make Southeast Asian states less willing to engage in power-balancing practices directed at China. However, South Korea, Japan, and Taiwan have all maintained strong alliances with the United States while engaging China. Thus, the PRC's economic pull may encourage more 'neutral' security policies but does not mean the military balance in Southeast Asia is bound to shift precipitously in the near term.

4 The institutional balance

Southeast Asian states have also sought to give China and other external actors a stake in the region and socialize them through institutions. Critics still deride forums like APEC, the ARF, and ASEAN + 3 as 'talk-shops'. Indeed, national governments still make most of the key policy decisions, and the stand-alone competence of multilateral forums to resolve sensitive issues is severely limited by the requirement of consensus (Malik, 2006). However, Southeast Asian states have clearly sought to enmesh external powers in multilateral forums and promoted the benefits of the norm of non-interference and the 'ASEAN way' of diplomacy. The region is positively awash with diplomatic conferences; ASEAN alone holds hundreds of working groups and official meetings per year. Multilateral forums are increasingly central as spaces in which Southeast Asian officials and their Asia–Pacific neighbors road test their ideas and hash out differing views. In multilateral diplomacy, Southeast Asian states have tried to build relative unity and to position themselves

at the ‘core’ of the ever-proliferating network of Asia–Pacific forums, where collectively they can exercise more leverage vis-à-vis larger powers.

4.1 Institutions and an associative balance of influence

Some analysts emphasize the instrumental utility of norms and institutions, particularly in the security sphere. Muthiah Alagappa argues that ASEAN’s approach to security stresses rules and multilateral diplomacy, because doing so reduces the role of power in their dealings with larger countries. He argues that ASEAN’s behavior ‘accords with the expected behavior of small and medium powers’ (Alagappa, 2003). This line of analysis resonates broadly with Leifer’s argument that institutions like ASEAN and the ARF are best viewed as ‘valuable adjunct[s] to the workings of the balance of power in helping to deny dominance to a rising power with hegemonic potential’ (Leifer, 1996, p. 57).¹⁰ Institutions—especially ones that prioritize consensus among members—can level the playing field among states with very different material power capabilities. Singaporean Ambassador-at-Large Tommy Koh has acknowledged this strategy:

In a [multilateral diplomatic] forum, it is not unusual for the delegation of a small country to out-perform those of much larger countries. Multilateral diplomacy is a field in which a small country such as Singapore can shine (Leifer, 1999).

While small or ‘middle’ powers may never be able to challenge China or the United States in military terms, diplomacy can add to their clout.

The influence that Southeast Asian states can wield in multilateral forums is not a secret, leading to a central paradox in the use of institutions to enmesh and tie down a potential hegemon: the powerful actor generally needs to be willing, to some extent, to be restrained. President Suharto sought to restore regional stability after the tumult of 1965–66 in part by locking his country into what Leifer ‘a structure of multilateral partnership and constraint that would be seen as a rejection of

¹⁰ Leifer used the ‘balance of power’ concept both descriptively and as a policy principle. He did not exclude the possibility of ‘associative’ or ‘neo-Grotian’ strategies for promoting a desired distribution of power through institutional bonds, but in his analysis of Southeast Asia, he inclined toward a more adversarial conception of the principle, suggesting that ASEAN states take countervailing measures to deny undue hegemony to China (see Haacke, 2006).

hegemonic pretensions' (Leifer, 1996, p. 13). See Seng Tan has argued that the notion of 'strategic restraint', emphasized by John Ikenberry and others in recent years, means that the establishment of a multilateral institution can help to bring about a workable balance of influence on which the institution's success depends (Tan, 2004).

Ralf Emmers contends that Southeast Asian governments have used institutions like ASEAN and the ARF to keep the United States (and Japan) constructively engaged in the region and to promote rule-based arrangements and principles that help deny 'intramural hegemony' to the strongest or most menacing of participating states. He draws attention to the important idea that balances of power are political, as well as material. 'Traditional realist motivations may, therefore, be fulfilled through the use of non-military constraints to hegemony' (Emmers, 2001, 2003, p. 7). Goh agrees that ASEAN members have attempted to 'institutionalize major power balancing' (Goh, 2007/08, p. 144). Institutions are mechanisms by which Southeast Asian states help to bring about an 'associative' or 'neo-Grotian' balance of influence in the region.

An associative balance of influence implies that great powers will compete for influence through institutional and ideational media instead of conflictual power politics. By playing central roles in those organizations, Southeast Asian states will retain significant leverage in regional affairs. At the same time, great powers will become invested in the region's peace and development due to their economic and institutional links. That investment limits the risk that any one power will become either overly meddlesome or dangerously disinterested. Former Philippine President Fidel Ramos put the matter plainly when speaking of the PRC:

How China exercises its power concerns all in the Pacific. It is a matter of life and death for the region's smaller nations . . . Our objective should be to replace the balance of power with a balance of mutual benefit (Abrams, 2001).

The development of an associative regional order depends in no small part on socializing major participants—and especially potential revisionists—to abide by certain rules of the game. For the past two decades, Southeast Asian states have sought to use regional institutions as forums in which to socialize the external powers, particularly China. Multilateral forums like the ARF and ASEAN + 3 were established partly for that purpose (Katsumata, 2006; Eaton and Stubbs, 2006). The

sheer volume of meetings among ASEAN officials—now close to 500 per year—has created an epistemic community of officials that helps establish expectations of cooperative behavior, including peaceful dispute management. The jury is still out on whether interactions in the ARF and other organizations, like APT and EAS, will play meaningful roles in shaping Chinese (or American) behavior.

Emmers contends that China's irredentist claims in the South China Sea reflect the relative failure of the ARF to seriously constrain PRC behavior, in part because China perceives the institution as a possible part of a Western containment plan (Emmers, 2003, ch. 6). In contrast, Ba has emphasized the importance of the 'socializing effect' of institutions, arguing that ASEAN members have used 'non-coercive, open exchanges at multiple levels and over multiple issue areas' to 'persuade China to think differently and less confrontationally about regional security and its relations with the ASEAN states' (Ba, 2006). She argues that the 'sea change' in Southeast Asian relations with China 'is about more than common interest or states' growing interdependence. It is also about states' new openness to the possibility that China can be persuaded to share with ASEAN a larger community interest' (Ba, 2003, p. 629, 2005, p. 96). At the same time, she acknowledges realist aspects to complex engagement with China—most Southeast Asian states have pursued institutional growth and engaged with China partly to guard against the possibility of the US retrenchment, and China has doubtlessly engaged partly to keep Southeast Asian states from rushing toward more robust 'balancing' arrangements with the United States or other partners.

Goh has recently developed a concept of 'omni-enmeshment' that also links ASEAN's socialization efforts and development of regional institutions to its cultivation of economic ties to China and other external powers. She defines enmeshment as:

... a process of engaging with a state so as to draw it into deep involvement into international or regional society, enveloping it in a web of sustained exchanges and relationships, with the long-term aim of integration (Goh, 2007/08, p. 121).

The idea of enmeshment mixes realist and constructivist elements. Acharya advances a similar concept that he calls 'double-binding', whereby ASEAN 'enmesh[es] both China and the United States in

regional interdependence and institutions' to moderate Chinese behavior, raise the cost of conflict, and discourage America from a provocative containment strategy (Acharya, 2003/04, p. 153). Attempts to socialize China are not simply fairy-tale ventures, inspired by optimism about the possibility for security cooperation. They are also perceived imperatives in a region where virtually everyone expects China's power to rise significantly over time.

Most recent work suggests that the socialization process is real, though it remains incremental and largely forward-looking. As Acharya has argued, the development of shared norms in the Asia-Pacific has been 'cautious, pragmatic, informal, gradualist, and consensus-seeking' (Acharya, 1997, p. 342). One can still explain Southeast Asia's active participation in multilateral forums largely as an enlightened pursuit of state self-interest, but that does not preclude the emergence of genuine regional norms or an incipient regional identity.

4.2 *Battle of the forums*

While Southeast Asian states maneuver within particular institutions to adjust the balance of influence, they have also sought to position themselves among different forums preferred by rival great powers. In recent years, China and others have jockeyed for leadership through new forums like ASEAN + 3 and the EAS, which challenge their older peers, like APEC, ASEM, and the ARF.

Obstacles for APEC and the ARF. APEC and the ARF have been successful in keeping the United States engaged; APEC is the only multilateral forum that consistently draws the US president to the region, and both forums engage a number of US cabinet members each year. However, most analysts agree that APEC and the ARF—which possess broad memberships including the United States and other non-Asian states—have suffered from internal culture clashes. As Shaun Narine has argued, ASEAN members have long been suspicious of APEC as a possible vehicle for unwanted US pressure to open their markets (Narine, 2002, pp. 124–125). A number of Southeast Asian participants—especially Malaysia—have also expressed frustration with APEC's recent focus on terrorist finance and other sensitive issues.

In general, as Goh and Acharya have noted, the US government and other Western participants seek to develop APEC and the ARF into more proactive, legalistic institutions, while most Southeast Asian participants and China resist deviations from the principles of consensus and non-interference (Goh and Acharya, 2005). Membership also creates complications for the US-led forums. APEC includes Taiwan (awkwardly dubbed 'Chinese Taipei') and Hong Kong, which raises Chinese sensitivity. A number of Latin American states also participate, which tends to diffuse the focus of discussion. In the ARF, South Asian and EU participation sometimes creates a similarly unwieldy atmosphere for focused dialogue.

The Influence of ASEAN + 3. As David Capie argues, China has gained ground in multilateral forums by engaging in less sensitive discussions and largely accepting ASEAN's informal, incremental approach (Capie, 2005, pp. 115–116). Although ASEAN + 3 picked up steam partly as a result of affirmative intra-regional cooperation, its establishment was also a product of Southeast Asian frustrations with the United States, the IMF, and other Western powers after the Asian financial crisis (Beeson, 2003, 2004). Mark Beeson calls this a form of 'reactionary regionalism,' but it can also be viewed as part of a broader balance-of-influence strategy: the United States and IMF had become too powerful for ASEAN members' taste, so they set up new structures to mitigate their dependency. ASEAN + 3 managed to hold onto some of its initial momentum by focusing on two relatively non-intrusive and technocratic financial projects: the Chiang Mai Initiative (CMI) and Asian Bond Market Initiative (ABMI).

Under the CMI, a network of bilateral currency swaps has been established to help participating countries deal with any future balance-of-payments crisis. In 2005, ASEAN + 3 Finance Ministers announced their intent to 'multilateralize' the CMI, establishing a regional pool of funds from Asia's amassed foreign exchange reserves. The CMI swaps have never been used in practice, but they are cheap to maintain for central banks sitting on huge reserve stockpiles, and they represent a political success for participants. The +3 countries have insisted on linking most of the available funds to an IMF program, but they have carefully steered away from imposing unpopular policy conditionality on the CMI swaps themselves.

The ABMI has also been a relative success, at least from a political standpoint. It assembles scholars and technocrats to research the development of local and regional bond markets and thereby improve the financial resilience of member economies. As in the CMI, members have eschewed the types of issues that Western observers and the IMF and World Bank staffs tend to emphasize: sensitive behind-the-border issues relating to corporate governance, taxation, securities regulation, and a host of other structural reforms. Both China and Japan have been careful not to be seen as force-feeding economic policies to their smaller neighbors.

ASEAN + 3 achievements owe partly to increased economic interdependence in the midst of Asia's boom in cross-border trade and investment. The Asian financial crisis was a painful reminder of the fact that growth and stability in the region is in everyone's economic interest. However, ASEAN + 3 accolades are also a result of the simmering competition between China and Japan (and, to a lesser extent, Korea) for influence in the region. In private, Southeast Asian officials are candid about the fact that Sino-Japanese competition gives ASEAN members added leverage. As noted above, the relative success of cooperation under the CMI and ABMI raises the question of whether economic and financial cooperation will lead to enhanced cooperation among ASEAN + 3 members in the security sphere. The jury is still out, but current trends suggest that any such spillover will be gradual and cautious.

4.3 Limits on the shift in Asia's institutional balance

The most recent addition to the institutional mix in the Asia-Pacific—the EAS—includes the ASEAN + 3 countries and India, New Zealand, and Australia. Thus, it roughly splits the difference between the ASEAN + 3 and APEC/ARF models. Competing views within Southeast Asia about the optimal institutional balance were apparent in 2004 and 2005, when the EAS took shape against what Mohan Malik has called 'a backdrop of intense diplomatic maneuverings and shadow boxing' (Malik, 2006, p. 3). Malaysian Prime Minister Abdullah Badawi proposed the idea of an East Asian-only forum, which Chinese Premier Wen Jiabao welcomed. Singapore and Indonesia resisted, joining Japan to lobby for including Australia, New Zealand, and India in the EAS. Their lobbying effort was widely interpreted as an effort to reduce the potential for Chinese dominance of the EAS. As Goh argues, the

dispute was ‘a particularly sharp reflection of . . . institutional balancing’ (Goh, 2007/08; p. 145). In the event, only Malaysia strongly supported the Chinese position, indicating wariness in most of Southeast Asia about shifting the institutional balance too far in China’s favor, which could lessen ASEAN’s leverage.

Overall, the institutional balance in Southeast Asia has shifted slightly toward ASEAN + 3 and the EAS at the expense of APEC and the ARF. Most Southeast Asian governments have exhibited a clear continuing preference for soft institutionalism and for a focus on economic issues. Both of these preferences favor the newer, non-US forums. Nevertheless, the mixed reaction of Southeast Asian states and others (including Japan) to the EAS shows that China’s neighbors are not flocking en masse toward organizations centered around the PRC. For most Southeast Asian governments, the key has been to keep ASEAN united enough and central enough to wield disproportionate influence in all of the Asia-Pacific forums. That means engaging in all of the forums and keeping options visibly open so that great powers proceed with caution in each venue.

The institutional balance has not fundamentally altered the material balances in contemporary Southeast Asia. Acharya has consistently emphasized their importance, and both Goh and Rosemary Foot cite the pragmatic use of institutions as a key complement to Asian alignment strategies (Goh, 2005; Foot, 2006). However, no scholar has argued that institutions have displaced power-balancing arrangements entirely. Instead, by contributing to peace and security, they appear to have had a modest ‘softening’ effect on Southeast Asian alignment strategies. Like regional security ties and self-reliance (or ‘resilience’, in ASEAN lexicon), institutions help to advance the general ideal of a ZOPFAN or region free of excessive external influence.

5 The ideational balance

Southeast Asian differences over the right balance to strike between China, the United States, and other external powers in the material and institutional spheres partly reflect naked power calculations, but they clearly also reflect underlying differences in ideational views. The distribution of material power and relative influence of multilateral institutions are thus related to an ‘ideational balance’ in Southeast

Asia. The concept of an ideational balance is related both to the ideational dispositions of various governments in the region and to the 'soft power' that external actors like China and the United States are able to project into Southeast Asia. As Joseph Nye defined the concept, soft power refers to a state's ability to affect others' behavior through ideological, cultural, and other ideational channels (Nye, 1991, 2005a).¹¹ Most analysts agree that by stressing state sovereignty and non-interference, China has made some gains in regional influence in recent years. As in the material and institutional dimensions, Southeast Asian officials have pursued a form of 'counter-dominance,' attempting to position their states in a manner that shields them from excessive unwanted great-power pressure.

Roughly speaking, two broad ideational poles exist in the region. One corresponds to the American view that internal political regimes should be democratic and respect human rights, multilateral forums should be empowered to pursue those aims, and majorities of states should be able to impose discipline on recalcitrant minorities. On the other end of the spectrum, China has emphasized stability, strong state sovereignty, soft institutions, and consensus-oriented diplomacy. Southeast Asia as a whole falls somewhere in the middle, but with the admission of four illiberal members to ASEAN in the late 1990s and recent antidemocratic developments in Thailand and the Philippines, the overall ideational balance seems to have edged closer to the Chinese position.

5.1 Domestic norms of democracy and human rights

There exists a wide range of ideological views within Southeast Asia. Philippine officials are often the most comfortable with an aggregate regional balance of influence that favors the United States. Largely, that reflects their broad support for America's ideological vision for Southeast Asia, which emphasizes free markets, democracy, and human rights. Former Philippine President Fidel Ramos has been blunt about the importance of a pro-American distribution of power in underscoring Asian stability. He has openly welcomed what he has described as the 'benign hegemony' of the United States,' which he views as a cornerstone of Asian security and a key to economic and institutional development (Ramos,

11 For a discussion of 'soft power' in relation to China, see Kurlantzick (2007).

2001). The Philippines has also been the most frequent critic of other Southeast Asian states that fail to embrace democracy and human rights.

Singapore, Indonesia, Malaysia, and Thailand find themselves in agreement with Beijing some of the time, Washington at others. Singapore has often tussled with the United States over domestic political practices, despite its close strategic ties to America. Freedom House now rates Indonesia with East Timor as one of the most democratic countries in the region, and Malaysian Foreign Minister Syed Hamid Albar has described a shared democratic tradition as a cornerstone of the United States–Malaysian relationship (Albar, 2005). However, that ideological affinity should not be overstated. Cultural factors have also entered into United States relations in both countries. Officials in Jakarta and Kuala Lumpur have resented the US focus on terrorism and American human rights critiques, striking back with accusations of US abuses in Iraq and Guantanamo Bay.

The polarizing nature of the discourse on radical Islam—both from Washington and from extremist groups like *Jemaah Islamiyah*—has put the governments of Southeast Asia’s three Muslim-majority states in a difficult bind, encouraging them to play the religious card and demonstrate their independence from America. Emmerson thus describes the war on terror as having an ‘intensely culturalist’ impact on relations between the United States and ASEAN states with large Muslim populations (Emmerson, 2005). In contrast, China and India (which have long prosecuted struggles against certain Muslim groups) have been much quieter and expended much less political capital in the war on terror. China still suffers from cultural disfavor in Southeast Asia’s Muslim-majority states, but suspicions of the PRC have waned since the era of Maoist-inspired communist rebellion.

In Thailand, the 2006 military coup against Prime Minister Thaksin Shinawatra brought only a mild rebuke from Washington—perhaps partly due to concerns about driving the Thais into China’s arms—but reopened an old sore on an otherwise strong bilateral relationship. Thai officials recall the suspension of US military aid after the military crackdowns against pro-democracy demonstrators in 1991. Many remain wary that the US support cannot be counted upon as easily as Chinese backing, which depends less on ideological considerations.

The four newest members of ASEAN—Vietnam, Laos, Cambodia, and above all Myanmar—are clearly more comfortable with China’s

approach to domestic politics. For example, Cambodian Prime Minister Hun Sen has expressed his admiration Beijing's policy of 'not interfering in another country's affairs', contrasting the PRC with the United States (Un and Ledgerwood, 2002). As Emmers argues, their inclusion in ASEAN has made it more difficult for the organization to take liberal corporate positions on key domestic political issues and makes it highly unlikely that ASEAN will swing collectively toward the democratic end of the ideological spectrum (Emmers, 2005).

The economic success and security of some of the quasi-democratic states in Southeast Asia has also contributed to skepticism about US-led democracy promotion in many Southeast Asian capitals. The chaos of East Timor and perennial shortcomings in Philippine governance do not advertise well for democracy when compared to prosperous but less liberal neighbors like Singapore and Malaysia. In this context, Southeast Asia has seen what Larry Diamond has called a modest 'democratic recession' (Diamond, 2008; Puddington, 2007), with regional scores by Freedom House dipping slightly over the past few years.

The PRC has not made ideological inroads because Southeast Asian governments or populations generally wish to emulate China domestically. China's quasi-communist, one-party system is an awkward model to clone, even for governments interested solely in growth and stability. It certainly does not present the kind of ideological beacon that American democracy represents to a significant number of Asians. As Acharya has argued, 'China has neither the regional social capital nor the ideological appeal to dominate the region's ideological landscape'. Instead, it has been able to gain traction by advertising its broad support for the region's 'soft authoritarian tradition' and by steering away from commentary on Southeast Asian domestic political issues (Acharya, 2003/04, p. 156). That forbearance does not always serve the interests of the general population in Southeast Asia, but it comforts the region's governing elites.

The recent crackdowns in Myanmar provided one clear illustration of the ideological spread in Southeast Asia. The Philippine government roundly criticized the junta in Naypidaw and threatened to cut off aid, while Singaporean Foreign Minister George Yeo described his government as 'appalled' by certain acts of the *tatmadaw* (Yeo, 2007). However, the broader ASEAN response was gentle, and Than Shwe attended the Association's 40th anniversary shortly afterward without incident. Most

governments quietly suggested sympathy for the Chinese position that the brutalities were Myanmar's business.

5.2 Norms of international behavior

Another major aspect of the ideational balance relates to international behavior. Here, the American view that collectives of states should be able to override recalcitrant members of international society stands in contrast to ASEAN's historical focus on strong sovereignty and the principles of consensus. China has generally shared the view—as ostensible defender of the developing world—that relatively strict state sovereignty should protect the weak (or illiberal) from the strong (or liberal). In this dimension, Southeast Asian governments have done more than trying to situate themselves between the great powers—they have also embarked on a long-term campaign to exercise leadership in shaping regional norms and to socialize China and other external actors. China has been able to gain ground in this dimension by behaving more 'sociably' in recent years and marketing itself as a 'friendly elephant,' though it remains unclear how much such behavior reflects genuine socialization, and how much is simply a product of shrewd diplomacy.¹²

Acharya has stressed regional identity formation as a key explanation for why cooperation has been possible in the post-Cold War era. Others, like Narine, have played down shared identity as a causal factor and taken an English School approach that explains cooperation more as an effort by states to advance shared interests through the medium of habits, practices, and norms that constitute 'international society' (Narine, 2006). In Southeast Asia, the latter approach is more convincing at present, and the former remains more aspirational. Official statements, both in public and private, often suggest a sense of shared identity, but they also serve instrumental purposes. Narine argues that the effect of socialization is strongest in the foreign ministry offices that staff

12 China's accession to the Treaty of Amity and Cooperation in 2003 and its expressed intent to accede to the Protocol on a Southeast Asian Nuclear Weapons Free Zone are perhaps the strongest evidence of socialization, though they also serve national interests (Ba, 2005, p. 98; Emmers, 2003, ch. 6). Emmers argues that Chinese behavior in the Spratly Islands reveals the limits of socialization. Despite the 2002 Sino-ASEAN Declaration on the Conduct of Parties in the South China Sea, China has allegedly continued to build military installations on some islands, which sparked rare public protests outside of the Chinese Embassy in Hanoi in December 2007.

multilateral forums (Narine, 2002, pp. 202–204). In other offices, agencies, and in the general public, the sense of shared identity within ASEAN and the surrounding region generally becomes more diffuse. To the extent that identity formation has occurred within epistemic communities of officials, leaders in Beijing and other external capitals appear to see an opportunity to develop enhanced soft power in Southeast Asia. The evidence that they have adopted a sense of shared identity—above and beyond a sense that the region shares broad interests in peace, stability and growth—is less clear.

Part of the challenge in proving socialization is that the construction of social norms often serves national interests. China developed little influence in Southeast Asia by exporting revolutionary Maoism. Thus far, adopting some of ASEAN's rules has added to Chinese power more than constraining it. Other external actors, including the United States, have also courted ASEAN to develop their 'soft power' in the region. At some level, the 'rational' elements of foreign policy thus intersect with the socially constructed environment; in addition to developing a possible community ethos, officials take cues from social interactions on how best to advance state interests.

Regardless of the effectiveness of socialization, China has clearly been effective in stressing its *simpatico* approach to multilateral institutions, and the United States has met serious headwinds while pressing for more energetic liberal reforms in Asia. As numerous scholars have argued, ASEAN has continued to emphasize order, stability, and state sovereignty rather than taking a highly proactive approach to the advancement of values like democracy and human rights. Jürgen Haacke has examined what he calls ASEAN's 'diplomatic and security culture,' noting that core ASEAN principles bear a striking resemblance to China's Five Principles of Peaceful Coexistence (Haacke, 2003). While a shared interest in sovereignty and consensus-based diplomacy has not always led to harmonious Sino-ASEAN relations, most analysts agree that China has become increasingly comfortable and adept in dealing with Southeast Asian governments through informal, multilateral diplomatic channels.

By contrast, ASEAN's continued prioritization of sovereignty, non-interference, and consensual diplomacy are significant obstacles to the advancement of American visions for Southeast Asia's ideational landscape. On the occasion of ASEAN's 40th birthday, Emmerson described

the Association ‘topologically,’ arguing that the Secretariat lacks the independent authority to transcend the barriers erected by various state capitals when dealing with sensitive issues like democracy (Emmerson, 2007). He argues that the critical political interactions among elites in the region occur on a sovereign plane that extends between the apexes of the individual member governments, while the Secretariat sits like a ‘basin’ at a lower level of authority, unable to exert ‘downward’ pressure on misbehaving members (Emmerson, 2007). Indeed the new ASEAN charter reaffirms the principle of non-interference, largely rejecting American calls for a more activist approach to democracy and human rights.

5.3 Is China winning the ‘soft power’ struggle?

As in the economic and institutional spheres, China has been successful in building a kind of ‘ideational influence’ by stressing its commitment to basic ideational principles—such as soft authoritarianism and soft institutionalism—that comfort most Southeast Asian governments. As noted above in the discussion of alignment politics, scholars including Kang and Stuart-Fox have argued that Asia’s distinctive cultural values have inclined Southeast Asian governments to rally to China’s side (Kang, 2003; Stuart-Fox, 2004). According to that thesis, China’s growing soft power may affect Southeast Asian governments’ willingness to ‘rebalance’ regional security as they have begun to do in the economic sphere. This argument suggests that Confucian notions of order and hierarchy represent a more comfortable ideational space for at least some Southeast Asian leaders than the traditional European concept of international relations, which places greater stress on anarchy and relative sovereign equality. Ironically, however, China’s ideational success in the region appears to be based more on its strong respect for Westphalian state sovereignty and its willingness to countenance a degree of manufactured equality by dealing with Southeast Asian states in multilateral forums.

As Capie has argued, China has enjoyed increased influence in Southeast Asia during a period when the United States remains militarily ascendant and when the campaign against terrorism has rejuvenated US interest in the region. Shifts in the military balance have not driven China’s gains. Instead, China has bolstered its position as a result of economic growth, skilful diplomacy, and increasing Southeast Asian

comfort with China's ideological approach (Capie, 2005, pp. 109–112). Some scholars have argued that China's charm offensive has begun to fundamentally reshape the balance of influence in Southeast Asia. Joshua Kurlantzick suggests that China may achieve a decisive upper hand in the region, largely on the basis of gains in economic sway and soft power, and eventually seek to impose an equivalent of the Monroe Doctrine in the region (Kurlantzick, 2006). There is little doubt that the PRC is now seen more as an ideationally friendly state than as a revolutionary menace, as it was in the past.

There are some alarm bells ringing in the United States over the perceived rise in Chinese influence in Southeast Asia. For example, Dana Dillon has lamented 'China's creeping hegemony' in the region and exhorted US leaders to redouble their participation in the ARF and other regional forums (Dillon, 2005). Nye warns that: '...although China is far from America's equal in soft power, it would be foolish to ignore the gains it is making.... It is time for the U.S. to pay more attention to the balance of soft power in Asia' (Nye, 2005b). Nevertheless, China's gains in the ideational balance are easy to exaggerate. China's increased soft power in Southeast Asia, especially but not exclusively on the mainland peninsula, is based mostly on its non-intrusive diplomacy and regional admiration of its economic exploits. The PRC enjoys less public appeal as a cultural or ideological beacon. Some of the positive Southeast Asian press on China's soft power is instrumental. In a region that often feels alternately pressured or neglected by the West, the specter of a rising PRC gives states in the region added leverage.

In fact, a credible argument can be made that Southeast Asia is slowly and unevenly moving toward a more liberal ideational model. Even while the struggle against terrorism has strained US relations with several Southeast Asian governments and added to internal security pressures, the region has not veered significantly toward authoritarianism. Indonesia, home to almost half of the region's people, now appears to be a relatively stable democracy, and despite the coup in Thailand, democratic rule has been restored. Opposition parties in Malaysia recently enjoyed a historic success by carving into the ruling party's long-standing majority. ASEAN has generally treated Myanmar with kid gloves, but even the junta has agreed to hold some form of elections in the near future. In addition to United States and EU pressure, Japan

and India provide reminders that economic success and democracy are not mutually exclusive in Asia.

6 Conclusion: an aggregate balance of influence

Overall, Southeast Asian governments generally have not sought to exclude the great powers from the region altogether, which would be provocative and impractical, but they have tried to tone down the confrontational aspects of Cold War-variety power-balancing practices and move toward an associative balance of great-power interests and influence. To the extent that norms, institutions, and interdependence can support peace and prosperity in Southeast Asia, governments may need to rely less on competitive power-balancing alignments to promote regional stability. Over the past decade, Southeast Asian policymakers have been relatively cautious in their dealings with external powers, holding the military balance relatively constant while change takes place in other dimensions. As Khong argues, by preserving a relatively stable balance of military power and gradually inviting all of the great powers to develop meaningful stakes in Southeast Asian peace and stability, officials have sought to reduce uncertainty and avoid unwanted strategic surprises (Khong, 2004a).

Most scholars agree that the balance of external influence in Southeast Asia has shifted perceptibly toward China, even during an era in which American ‘hard power’ resources in the region are arguably as dominant as they have ever been. The military balance remains central to any understanding of regional affairs, but Southeast Asian strategies to promote economic interdependence and develop regional norms and institutions have helped broaden the range of factors that determine aggregate great-power sway in the region. Trade and diplomacy appear to have gained ground on military might as determinants of great-power influence.

The great powers continue to poke and prod around the region, seeking ways to increase their clout but usually avoiding moves that would raise military tensions. China appears content to focus on its own domestic development and accumulate influence in Southeast Asia primarily through non-military means. In the military and institutional dimensions, Southeast Asian states appear to have settled into a strategy of preserving ‘middle ground’. Economically, their strategies are more

about diversification than reorientation away from the West, and in the ideational domain, while China has made great strides relative to the past, it has done so more by leaving governments alone than by proselytizing. Democracy is not racing ahead, but Southeast Asian regimes also are not flocking in the other direction.

Recent shifts also do not mean that China will continue to build influence as rapidly in the future. As Robert Sutter has suggested, Chinese gains to date owe partly to the fact that the PRC has asked relatively little of its Southeast Asian and other regional partners (Sutter, 2006). Influence ultimately connotes more than the potential to shape other states' behavior; it implies the active and continuing capacity to do so. If or when China seeks to translate its existing economic leverage and 'soft power' into serious policy demands, its popularity in the region will likely recede. Governments in Southeast Asia may begin to shift back toward stronger ties with other external powers. In that sense, by analogy to the value of a rising stock, China's growing influence remains largely an unrealized gain.

This review article suggests that Southeast Asian governments have tried to position themselves, individually and collectively, as a fulcrum in the aggregate balance of external influence. Almost are trying to develop various types of insurance policies as they open up economically and diplomatically amid a rapidly changing and often unpredictable international system. That strategy is designed specifically to harness and moderate shifts in the influence of external powers. Thus, if Southeast Asian governments are successful, no single hegemon will be able to achieve a position of dominance. Absent a sharp shift in great-power policies, there is little reason to expect that Southeast Asian strategies will change sharply in the near term.

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