

From Hegemony to the Balance of Power: The Rise of China and American Grand Strategy in East Asia

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This essay looks at America's approach to order in East Asia. I argue that the United States has pursued a remarkably consistent grand strategy toward East Asia. It is built around American power, interests, and ideals. In this sense, it is not best seen as simply a geopolitical strategy of hegemony or balance of power. Rather, it is infused with distinctive American ideas about order, identity, and community. It is a synthesis of realist and liberal thinking. It has guided America's relationship with East Asia during the long-era of U.S. hegemonic leadership, and it continues to inform today's efforts by Washington to remain tied to East Asia and shape the terms of China's rise. The United States seeks a regional order that is open and organized around widely-shared rules and principles of politics and economics. Chinese power and leadership will grow within the region. The American goal is not to prevent this growth in Chinese power and leadership, but to make sure it is not used to turn the region into a closed, illiberal Chinese sphere of influence. Overall, there are reasons for both the United States and China to restrain their geopolitical rivalry. They will surely struggle and compete, seeking to be the leading state in the region. But American efforts to contain China and China's efforts to push the United States out of the region will both be self-defeating strategies. The most optimistic vision of a peaceful rise of China and a managed U.S.-Chinese rivalry in Asia is one in which Beijing comes to see that the American-led liberal international order can help facilitate China's peaceful rise — and not stand as an obstacle to it.

Keywords: Hegemony, balance of power, American grand strategy, Obama pivot, East Asia

Introduction

For over half a century, the United States has been the leading great power within the Asia-Pacific. Through trade and alliance partnership, the United States has played a critical role in shaping the economic and geopolitical contours of the region. It fought wars in Northeast and Southeast Asia, established security ties with Japan, South Korea, and other countries. It championed transregional open trade. In the aftermath of the Cold War, the United States redefined its alliances, putting this “hub and spoke” system at the service of wider regional order. Beginning in the 1980s, the United States also began to more actively engage China, which was itself beginning a momentous turn toward market liberalization and trade-oriented development. Through these decades, countries such as South Korea, the Philippines, and Thailand threw off authoritarian rule and pursued democratic transitions. In the last decade, East Asia has emerged as the most dynamic and fast growing region in the world.

The American-led order in East Asia provided the foundation for the cascade of political and economic transitions that have marked the region. But at the same time, these great transitions have served to transform — and undermine — America’s old relationship with the region. If the old order in East Asia was “partially hegemonic,” the emerging order in East Asia is more multipolar and shaped by balance of power impulses. With the rise of China, the United States is no longer the only major great power in the region. The region is in transition to a new sort of order, although the specific features and organizing logic remains unclear.

Indeed, the rise of China is perhaps the defining drama of East Asia and the global order. The extraordinary growth of the Chinese economy — and its active diplomacy and military buildup — is already transforming East Asia. Future decades will almost certainly see further increases in Chinese power and further expansion of its influence on the world stage. This is a power transition with far-reaching implications for America’s strategic interests and global position. How the United States responds to growing Chinese power is — and

will increasingly be — a seminal question of American grand strategy in the years ahead.¹

This essay looks at America’s approach to order in East Asia and asks a series of questions. What has been its vision of East Asian order? What has been its global and regional grand strategy? How is the rise of China transforming the region and altering America’s role within it? Can the United States and China find a way to live together in East Asia? If the region is moving away from an American-led hegemonic order, what will a post-hegemonic East Asia look like? Is the Obama administration’s “pivot” to Asia a shift away from the older American grand strategy or a continuation of a longer-standing grand strategy toward China, allies, and the region?

In what follows, I argue that the United States has pursued a remarkably consistent grand strategy toward East Asia. It is built around American power, interests, and ideals. In this sense, it is not best seen as simply a geopolitical strategy of hegemony or balance of power. Rather, it is infused with distinctive American ideas about order, identity, and community. It is a synthesis of realist and liberal thinking. It has guided America’s relationship with East Asia during

1. I depict East Asia as undergoing a transition from a loosely “hegemonic” order to one with increasingly “balance of power” characteristics. These are broad terms that scholars use to illuminate the logic and character of regional and global orders. Hegemony refers to order which is organized around and sustained by the leadership of a powerful state. One state dominates the order across economic, political, and security domains. For the classic statement of the theory of hegemonic order, see Robert Gilpin, *War and Change in World Politics* (New York: Cambridge University Press, 1981). For a recent reappraisal of the theory of hegemonic order, see G. John Ikenberry (ed.), *Power, Order, and Change in World Politics* (New York: Cambridge University Press, 2004). Balance of power refers to order built around competition and counterbalancing between two or more major states. The theory and history of balance of power orders is the subject of a vast scholarly literature. See Michael Sheehan, *The Balance of Power: History and Theory* (London: Routledge, 1996); Richard Little, *The Balance of Power in International Relations: Metaphors, Myths and Models* (New York: Cambridge University Press, 2007); Stuart J. Kaufman, Richard Little, and William C. Wohlforth (eds.), *The Balance of Power in World History* (New York: Palgrave, 2007).

the long-era of U.S. hegemonic leadership, and it continues to inform today's efforts by Washington to remain tied to East Asia and shape the terms of China's rise. The United States seeks a regional order that is open and organized around widely-shared rules and principles of politics and economics. Chinese power and leadership will grow within the region. The American goal is not to prevent this growth in Chinese power and leadership, but to make sure it is not used to turn the region into a closed, illiberal Chinese sphere of influence.

The region is moving to a post-hegemonic order that is increasingly defined by balance of power calculations and logics. Great power politics is returning. But there are constraints on how far the region will move to a more volatile setting in which security rivalry and Cold War geopolitics will rule. The American grand strategy in East Asia seeks, in part, to provide a counterweight to a rising China. But the key elements of this strategy are not simply power balancing and alliance building. The United States seeks to pull China into the liberal international order at the same time, that is, seeks to restrain China's power and influence in the region.

I argue that there are reasons for both the United States and China to restrain their geopolitical rivalry. They will surely struggle and compete, seeking to be the leading state in the region. But American efforts to contain China and China's efforts to push the United States out of the region will both be self-defeating strategies. The most optimistic vision of a peaceful rise of China and a managed U.S.-Chinese rivalry in Asia is one in which Beijing comes to see that the American-led liberal international order can help facilitate China's peaceful rise — and not stand as an obstacle to it.

American Global Order Building

United States grand strategy toward East Asia has been part of a larger global order building project, unfolding over the last sixty-five years. It is a fusion of realist and liberal impulses. In the early postwar decades, under the shadow of the Cold War, the United States began

building governing arrangements within the West and — later on — within the wider global system. It was a vision of order tied together by partnerships, institutions, and grand bargains. It was built around multilayered agreements that served to open markets, bind democracies and anti-communist authoritarian regimes together, and create a far-flung security community. Between 1944 and the early 1950s, the United States undertook extraordinary efforts to build regional and global order around institutionalized partnerships. The United Nations, Bretton Woods, the General Agreement on Tariffs and Trade, NATO, and the U.S.-Japan alliance were launched. The United States helped to rebuild the economies of Germany and Japan — and to integrate them into the emerging Western system. With the Atlantic Charter, the UN Charter, and the Universal Declaration of Human Rights, the United States also articulated more general global ideas about rights, protections, and progressive change.²

The core idea of this postwar international order was that the United States would need to actively shape its security environment, creating a stable, open, and friendly geopolitical space across Europe and Asia. This required making commitments, establishing institutions, forging partnerships, acquiring clients, and providing liberal hegemonic leadership. The United States would seek to shape its environment, using its power advantages to create new facts on the ground. It was to be a liberal international order, organized around trade and multilateral cooperation. In the background, an array of alliances and security relationships across Europe and Asia would provide the stable underpinning of this open and loosely rule-oriented system.³

Three objectives have been the core of this postwar grand strategy

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2. This vision and order building project is explored in G. John Ikenberry, *Liberal Leviathan: The Origins, Crisis, and Transformation of the American World Order* (Princeton: Princeton University Press, 2011); Stewart Patrick, *The Best Laid Plans: The Origins of American Multilateralism and the Dawn of the Cold War* (New York: Roman & Littlefield, 2009).
 3. See Joseph S. Nye, Jr., *Bound to Lead: The Changing Nature of American Power* (New York: Basic Books, 1990); Robert Art, *A Grand Strategy for America* (Ithaca: Cornell University Press, 2003).

of order building. The United States has sought to manage its international environment to reduce great power threats to its national security; to encourage the emergence of a liberal economic order to expand the global economy and facilitate domestic prosperity; and to work with other states to establish a global institutional order to facilitate international cooperation and provide a congenial setting for the exercise of American leadership.⁴ Rather than staying confined within its hemisphere, the United States projected power and tied itself to states across Eurasia. This is a grand strategy that might best be described, following Joseph Nye, as “deep engagement.”⁵

The first objective — reducing great power threats to national security — was pursued through a strategy to alliance building and cooperative security. The grand strategy was to remain connected in close alliance with other democratic countries. NATO and the U.S.-Japan alliance have been at the core of this alliance system. In a departure from an earlier era of no “entangling alliances,” the U.S. would bind itself to other major non-Communist states to create a global security system. Such a system would ensure that the democratic great powers would not go back to the dangerous game of strategic rivalry and power politics. It helped, of course, to have an emerging Cold War to generate this cooperative security arrangement. But a security relationship between the United States and its allies was implicit in other elements of liberal international order. A cooperative security order — embodied in formal alliance institutions — ensured that the power of the United States would be rendered more predictable. Power would be caged in institutions thereby making American power more reliable and connected to Europe and East Asia.

The second objective — creating a liberal economic order — was manifest in a commit to trade and economic openness across the

4. For a discussion of this long-standing American grand strategy, see Stephen G. Brooks, G. John Ikenberry, and William C. Wohlforth, “Don’t Come Home America: The Case against Retrenchment,” *International Security* 37, no. 3 (Winter 2012-2013), pp. 7-51.

5. Joseph S. Nye, Jr., “East Asian Security: The Case for Deep Engagement,” *Foreign Affairs* 74, no. 4 (July/August 1995), pp. 90-102.

world’s regions. That is, capitalism would be organized internationally and not along national, regional, or imperial lines. In many ways, this is what World War II was fought over. Germany and Japan each built their states around the military domination of their respective regions, Soviet Russia was an imperial continental power, and Great Britain had the imperial preference system. American interests were deeply committed to an open world economy — and an open world economy would tie together friends and allies.

The third objective — building an institutionalized order — was reflected in the ambitious agenda of multilateral cooperation. This idea was seen most clearly in the efforts to create the Bretton Woods institutions. Governments would need to play a more direct supervisory role in stabilizing and managing economic order. New forms of intergovernmental cooperation would need to be invented. The democratic countries would enmesh themselves in a dense array of intergovernmental networks and loose rule-based institutional relationships. In doing so, the United States committed itself to exercising power through these regional and global institutions. This was a great innovation in international order. The United States and its partners would create permanent governance institutions — ones that they themselves would dominate — to provide ongoing streams of cooperation needed to managing growing realms of complex interdependence.⁶

In these various ways, the United States has laced its grand strategy with both realist and liberal ideas. It has been realist most directly in its Cold War emphasis on containment of the Soviet Union and global communism. It has been realist in its focus on building “centers of

6. Various scholars have explored the deeper and longer-term evolution of the modern global order. For a focus on the rise of ideas about global governance and multilateral institutions, see Mark Mazower, *Governing the World: The History of an Idea* (London: Allen Lane, 2012). For the rise of American liberal internationalism, see Tony Smith, *America’s Mission: The United States and the Worldwide Struggle for Democracy in the Twentieth Century* (Princeton: Princeton University Press, 1994); Michael Mandelbaum, *The Ideas that Conquered the World: Peace, Democracy, and Free Markets in the Twenty-first Century* (New York: Public Affairs, 2002).

power” that serve as counterweights to rival great powers or rival hegemonic projects. It has been realist in its focus on forging alliances and building capacities to project military force. But it has also been liberal in its focus on organizing international order around open trade and institutionalized cooperation among the liberal democracies. It has been liberal in its focus on encouraging a worldwide movement toward democracy and Western-style modernization. It has sought to secure its fundamental interests within a liberal international order, organized around openness and rule-based relations. Indeed, it is this synthesis of realist and liberal ideas and strategies that market the American grand strategic orientation.

America’s strategy of deep engagement aimed not just to protect and advance the country’s national interests but to also shape the overall international system. In this way, it was a “milieu” oriented grand strategy rather than a “positional” grand strategy. A positional grand strategy is one in which a great power seeks to counter, undercut, contain, and limit the power and threats of a specific challenger state or group of states. A milieu grand strategy is one in which a great power does not target a specific state but seeks to shape the international environment to make it congenial with its long-term security and interests.⁷ In the case of the United States, this has involved building the “infrastructure” of international cooperation, promoting trade and democracy, and establishing partnerships, allies, and client states that reinforce stability and liberal order.

American Grand Strategy in East Asia

This grand strategy has informed America’s long-term and multifaceted engagement with East Asia. The most direct steps were taken immediately after World War II with the occupation and rebuilding of Japan. The occupation of Japan began with an emphasis on the introduction of democracy and market reform. But as the Cold War took off, the

American emphasis shifted to policies that fostered economic growth and political stability. The failures of initial economic reforms, concerns about political instability, and the victory of the Communists in China in 1949 all contributed to this shift. In the following years, the United States turned its efforts to encouraging Japanese economic growth and integration into the world economy. American officials in the Eisenhower, Kennedy, and Johnson administration took steps to encourage Japanese trade, fostering new commercial ties. The idea of was to pull Tokyo outward and embed it within the wider Western world political-economy. Along the way, the United States also forged a security relationship with Japan.⁸

Over the decades, the United States established a partial hegemonic order in East Asia. It has been based on bilateral security pacts and trade-oriented economies. The “hub and spoke” system tied the United States to Japan, South Korea, and countries in Southeast Asia. The United States made alliance commitments to countries throughout the region and, in turn, these countries traded and affiliated with the United States. Security and economies have gone hand-in-hand. A sort of grand bargain has existed behind the scenes. The United States provides security, open markets, and working political relations with its East Asian partners, and in return these countries agree to affiliate with the United States, manifest in trade, alliance, and political partnerships.⁹

The bilateral alliance system has been more than defense arrange-

7. I make this distinction in Ikenberry, *Liberal Leviathan*.

8. For accounts of the forging of U.S.-Japanese alliance ties and the building of postwar order in East Asia, see Richard Samuels, *Securing Japan: Tokyo’s Grand Strategy and the Future of East Asia* (Ithaca: Cornell University Press, 2007); Michael Green, *Japan’s Reluctant Realism: Foreign Policy Challenges in an Era of Uncertain Power* (New York: Palgrave Macmillan, 2001); Kenneth Pyle, *The Japanese Question: Power and Purpose in a New Era* (Washington, D.C.: AEI Press, 1996).

9. For depictions of this American hegemonic order in East Asia, see Michael Mastanduno, “Incomplete Hegemony: The United States and Security Order in Asia,” in Muthiah Alagappa (ed.), *Asian Security Order: Instrumental and Normative Features* (Stanford: Stanford University Press, 2003), pp. 141-70; G. John Ikenberry, “American Hegemony and East Asia Order,” *Australian Journal of International Affairs* 58, no. 3 (September 2004), pp. 353-367.

ments. They have also served as political architecture for the wider order. Through this system, American power has been linked and rendered more predictable, while Japan has been able to reassure its neighbors, integrate into the region, and pioneer a civilian pathway to growth and influence. In effect, in the postwar era, if Japan was the Germany of East Asia, the United States played the role of France. Just as the Franco-Germany partnership was the linchpin for the reintegration of Germany into Europe, the U.S.-Japan alliance was the linchpin for Japan's reentry into Asia. Importantly, China's unspoken support for the U.S.-Japan alliance over the decades reflects the fact that these stabilizing and reassurance functions of the alliance were widely appreciated in the region.

From the early postwar decades onward, the bilateral system of security partnerships has been intertwined with the evolution of politics and economics within the region. Countries in the wider region, such as South Korea, Taiwan, the Philippines, and Thailand, were able to make democratic transitions and pursue trade-oriented development strategies. At moments along the way, the American security partnerships with these countries were useful in pushing and pulling these countries toward more open democratic and capitalist orientations. Open trade with these countries helped reinforce the hub-and-spoke security system, and the hub-and-spoke security system helped encourage and support open trade and investment. The export-oriented development strategies of these countries — Japan and the Asian “tigers” — have depended on America's willingness and capacity to accept imports and sustain trade deficits, which the alliance ties made politically tolerable.

In East Asia, America's grand strategy of deep engagement has been strikingly on display. The United States has tied itself to the region, creating stable political and economic partnerships. The project on American power into the region has been premised on Washington's willingness to shoulder defense burdens and work closely with junior allies. Long-term political relations have been built. Both the United States and countries in the region have organized their security and economic preferences around this American-led hege-

monic order. The order itself has provided a framework within which countries have made strategic decisions to open up, liberalize, and pursue democratic transitions.

The United States made a long-lasting strategic decision to reduce security challenges from East Asia by being inside of East Asia rather than “off shore.” It decided to try to shape and reshape the region rather than remain safe on the other side of the ocean. The United States saw its interests advanced through the building of a regional political order that would facilitate open trade and investment. Reflecting the liberal vision, American officials have consistently seen trade and investment as a force that would catalyze and reinforce liberal democratic political change. The institutional arrangements in the region also support and reinforce economic integration and political solidarity. Fundamentally, the United States has sought to shape East Asia in a way that would undercut the rise of a hostile hegemonic challenger. It has tried to do this by projecting power into the region and by creating frameworks of institutional cooperation — bilateral and multilateral — that tie Japan and other countries in the region to the United States. For over half a century, this grand strategic orientation has been remarkably stable, bipartisan, and successful.

From Hegemony to the Balance of Power

This old U.S.-led regional system is now giving way to something new. Fundamentally, this transformation is being driven by the rise of China and the global power transitions currently underway. After two decades of rapid economic growth, China is increasingly in a position to project regional and global power and influence. Countries in the region that previously have had the United States as their leading trade partner now find China in that position. Old American allies — such as Japan, South Korea, and Australia — are now economically tied to China, even as they remain security partnerships with the United States. China's massive growth in economic capacity and wealth is providing a platform for a rapid buildup and moderniza-

tion of its military power. It is also pursuing an expanding agenda of regional and global diplomacy. The United States, in the meantime, has struggled through a period of economic downturn and weakness that has put pressure on its global hegemonic capacities.

Out of these shifts, East Asia is undergoing a transition that, at the broadest level, might be described as a movement from a hegemonic logic to a balance of power logic. In the old hegemonic order, China was largely on the outside. During most of the Cold War, it was relatively weak and peripheral. But today, the lines of authority and power are shifting, and the hegemonic order is eroding — or at least it is being supplemented and complicated by other more traditional balance of power dynamics.¹⁰

Indeed, the shift underway in the region might best be seen as a double shift. First, there is a return to more explicit balancing calculations and logics. Great power politics has returned to the region. The region is returning to balance in the literal sense that the “oversized” American presence in the region is being reduced by the growing presence of China. This is a “return to balance” in the sense that there is more than one major great power in the region. The United States now has a great power competitor. China is a rising power that is making new geopolitical claims in the region and seeking to establish itself as a regional leader. This development is creating more thinking within the capitals of the region about power balance, alliance commitment, counter-weights, and great power politics.¹¹

Second, there is an expansion of the geopolitical playing field for regional alliance and great power politics. East Asia is no longer a fuller-contained region or sub-region. Increasingly, it is Asia or the

Asia-Pacific that is the relevant geographic expanse for politics and economics. India, Australia, and the United States are all in the region. It is Asia — not East Asia — that defines the region. The East Asia Summit is increasingly the diplomatic body that fully encompasses that states that are relevant to regional governance.

Out of these developments and shift, it is easy to see why observers are worried about a full “return” to balance of power politics and great power rivalry. There are more states that are relevant to the maintenance of stable order. The distribution of power is shifting, which creates worries, insecurity, and new possibilities for miscalculations. There is more competition — either bipolar competition between the United States and China or a wider multipolar balance of power dynamic. In a competitive balancing of power system, the “problems of anarchy” threaten to return. These are problems of arms racing, security dilemma-driven conflict, risk-taking, and the possibility of war. If the region truly is shifting from a U.S.-led hegemonic order to a more free-wheeling balancing of power order, the dangers will no doubt mount.

There are several steps along the way to this sort of full-fledged realist-style multipolar balance of power order. The first step in the return to multipolarity is simply the diffusion of power from the U.S. to other great powers. The region is populated by more capable states. Obviously, this is happening, most dramatically in the case of China. But, more generally, there is a rise within “greater Asia” of a group of major states, including India, Australia, and South Korea, that together with Japan and China, are increasingly key players in regional economics and politics.

Beyond this diffusion of power from the United States to a group of prominent regional states, the next step in a return to multipolarity would be the rise of new “poles.” This is not just the rise of a group of regional great powers. It entails the rise of states that are large and capable regional poles. They would need to have their own attractions as hubs for security, economics, and political relations. China has begun to take on some of these aspects of a geopolitical “pole.” But the other states in the region do not yet have semi-independent

10. For surveys of the shifting logics of order in East Asia, see Evelyn Goh, *The Struggle for Order: Hegemony, Hierarchy, and Transition in Post-Cold War East Asia* (Oxford: Oxford University Press, 2013); Aaron Friedberg, *A Contest for Supremacy: China, America, and the Struggle for Mastery in Asia* (New York: Norton, 2012); David Shambaugh (ed.), *Tangled Titans: The United States and China* (New York: Rowman & Littlefield, 2012).

11. See Steve Chan, *Looking for Balance: China, the United States, and Power Balancing in East Asia* (Stanford: Stanford University Press, 2012).

security and economic centers of gravity. The final step toward a full-scale balance of power regional order would be the rise of great power security competition. This is what many observers have in mind when they talk about a return to multipolarity. To get to this point, the region will need to move through the earlier steps — the diffusion of power, the rise of independent great powers, and the emergence of competing “poles.” But after these steps, the region would need to go further and see these rising and competing poles begin to engage in arms racing and security rivalry. In a classic multipolar system of security competition, three or four states would emerge — as they did in Europe in various eras — and find themselves locked in military arms competition and security dilemma-driven geopolitical conflict.¹²

Looking at Asia today, there clearly is some diffusion of power away from the United States to China and to a lesser extent to other middle-states in the region. But the region has not yet moved toward a full-scale multipolar competitive great power order. The most important reason that a full-scale balance of power order has not emerged is that, except for China, the emerging middle powers of the region are liberal capitalist states with ties to the United States. The return of balancing calculations and logic to the region are almost entirely focused on China and its shifting relations with the United States and its partners. Or to put the argument more as a proposition, to the extent that the countries in the region continue to tie themselves to the United States for security protection, the region will not devolve into a classic multipolar order.

The Obama Administration Pivot to Asia

It is in the context of this shift in the region — from a partial hegemonic order to a partial balance of power order — that American

12. For discussions of polarity, see G. John Ikenberry, Michael Mastanduno, and William Wohlforth (eds.), *International Relations Theory and the Consequences of Unipolarity* (Cambridge: Cambridge University Press, 2011).

grand strategy and the “pivot” to Asia can be understood. In an echo of past administrations, the Obama administration’s strategy is built on both realist and liberal logics. It is a strategy of engagement of China, reassurance of allies, and regional institution building. It is a strategy that seeks to both “enmesh” China in the global and regional liberal order, and create counterweights and soft balancing coalitions that restrain a rising China. It is a vision of Asia in which American-friendly economic, political, and security institutions both integrate and restrain China. It is a strategy that makes a grand geopolitical bet: that the U.S.-led order — built on both realist and liberal foundations — is stronger and more robust than anything that China can do on the other side.¹³

These features of current American policy toward East Asia draw on the long tradition of postwar grand strategy of deep engagement. The United States seeks to keep its alliance system deeply rooted in the region. This means making efforts to reassure allies and find ways to convey long-term defense commitments. At the same time, the United States also is seeking to build solidarity with its allies around their shared identities as liberal, democratic, and capitalist countries. These middle states in Asia might be worried about the rise of China regardless of their domestic regime type, and one sees in the case of Vietnam. But the vast majority of these middle states in Asia — not least Japan, South Korea, Australia, and India — are liberal democratic. And so the United States seeks to buttress security partnership with appeals to common values and traditions. The United States may not be fully hegemonic in the years ahead, but the American strategy seeks to continue to be deeply engaged in the region — drawn into the region by economic, security, and political-ideational affiliations.

In its relationship with China, the United States is simultaneously

13. For official statements describing the Obama administration’s strategic pivot, see President Obama’s speech to the Australian parliament, November 17, 2011; Secretary of State Hillary Clinton, “America’s Pacific Century,” *Foreign Policy Magazine*, October 11, 2011. See also Jeffrey A. Bader, *Obama and China’s Rise: An Insider’s Account of America’s Asia Strategy* (Washington, D.C.: The Brookings Institution, 2012).

seeking to tie China to regional and global rules and institutions, and also creating counterweights that serve to restrain China's project of power and influence.¹⁴ The liberal internationalist part of this strategy involves efforts to encourage Chinese participation in organizations such as the World Trade Organization and the United Nations. The idea is to try to draw China into the liberal international order. A China that is heavily tied to the outside world — through trade, regional cooperation, and functional problem solving — will be less eager and willing to oppose and disrupt the existing global order. This is the vision of China as a global “stakeholder.”

The American liberal grand strategic goal is to refurbish and deepen the global system of liberal-oriented multilateralism and governance. The more robust this liberal international order is, the harder it will be for China to offer a serious challenge to it. To the extent the United States and its liberal democratic partners are stable, prosperous, and cooperative, the more difficult it will be for Beijing to offer an attractive alternative model for the world. The United States is, in effect, drawing on the “assets” it has been accumulating over the last half century as it has led and managed the postwar liberal international order. Today, it seeks to strengthen and expand that order, thereby creating “realities” that China will need to adjust to — and find incentives to embrace.¹⁵

At the same time, the United States does see China today in the way it has seen potential regional hegemonic rivals in the past. It is worried that China could amass sufficient wealth and military power to fundamentally alter East Asia. The ultimate danger is the growth of a Chinese rival that would endeavor to drive the United States out of the region and project illiberal ideas and policies outward into the world. A Chinese-dominated East Asia would be one that is more statist, closed, mercantilist, and hostile to American interests. So the United States is inevitably drawn to the task of building restraints

14. See Robert Manning, “US Counterbalancing China, Not Containing,” *East Asian Forum* (July 9, 2013).

15. See Warren I. Cohen, *America's Response to China: A History of Sino-American Relations* (New York: Columbia University Press, fifth edition, 2010).

and counterweights on Chinese power. The struggle ahead is not one between the United States and China, it is a struggle between China and the American-led liberal international order. If this is true, China will have its hands full.

Restraints on U.S.-Chinese Rivalry

As the region makes its great transition, there are background factors that help to mute and mitigate a full-scale balance of power rivalry. Three factors are most important, and they can be termed: the American strategic predicament, the Chinese strategic predicament, and the dilemmas of mutual vulnerability.¹⁶

First, the United States is seeking to remain a leading state in East Asia, but it is doing so within shifting geopolitical circumstances. All the “middle states” in the region are tied to both the United States and China. These countries — Japan, South Korea, and most of the countries in Southeast Asia — have China as their chief trade and investment partner. At the same time, they are also almost all tied to the United States for security. In effect, there increasingly are “two hierarchies” in East Asia. There is an economic hierarchy led by China and a security hierarchy led by the United States. Countries in the region look to the Dragon for economics and to the Eagle for security. This circumstance creates constraints and dilemmas for the United States.

This emerging dual hierarchy order is very unusual. There are not obvious regional orders in the past where states were situated between a leading economic power and a leading security power. It is also not clear how this dual hierarchy will operate. Is this two-system

16. For an exploration of the underlying forces generating competition and conflict in relations between the United States and China, see John J. Mearsheimer, *The Tragedy of Power Politics* (updated edition) (New York: Norton, 2014). For sources of restraint and accommodation, see James Steinberg and Michael E. O'Hanlon, *Strategic Reassurance and Resolve: U.S.-China Relations in the Twenty-First Century* (Princeton: Princeton University Press, 2014).

order stable? Can the United States make its security commitments credible enough to prevent hedging by these middle states, in the face of worries about abandonment? When countries are pushed — if they are pushed — to make choices between their economic and security leaders, which way will they go? These sorts of questions are not easy to answer, but their answers will no doubt shape the way regional order evolves.

But the more immediate implication of this dual hierarchy order is that the United States will have incentives to be both strategically firm and restrained. America's allies in the region will not be interested in full-scale balancing against China. They will not want to be forced to choose between Beijing and Washington. The United States will need to worry that if it presses too hard on its allies to confront or contain China that they will jump off the American bandwagon. The United States will need to pursue a “not too hot, and not too cold” policy in East Asia. It will need to find ways to reassure its allies that it “has their back.” It will need to look for ways to convey critical commitment as the regional security provider, all the more so if the United States undergoes further weakening in its global economic position. But it also will need to convey reassurance in the other direction. It will need to show that it is not going to pull middle states into a war with China or into a prolonged geopolitical rivalry which will endanger the economic interests of these middle states. In the years ahead, the United States will be working to send moderate and firm signals of commitment and restraint.

Second, China also faces a strategic predicament. If China's foreign policy gets too aggressive and belligerent, this will generate region-wide backlash and balancing. This is the classic problem of a rising great power. China is getting more powerful, and so other countries in the region will increasingly worry about how that power will be exercised. Will China turn into a revisionist state that seeks regional domination? Or will China use its power to stabilize order and support regional institutions and cooperation?

In effect, China faces the problem that post-Bismarck Germany faced, and what diplomatic historians call the problem of “self-encir-

clement.” Germany under Bismarck undertook elaborate efforts to reassure and diplomatically engage its neighbors. But by the turn of the century, after Bismarck's departure, Germany began to destabilize Europe through its economic growth and military mobilization. The rise of German power generated a backlash that destabilized the region and led ultimately to war. The growth of Chinese power also has the potential to trigger backlash and encirclement, which presumably China will want to avoid. China's various diplomatic missteps in 2010 seemed to illuminate these dangers. China's aggressive posture toward the South China Sea led to efforts by Southeast Asian countries to push back, drawing the United States into the diplomatic fray. China's confrontation with Japan in island disputes also had the effect of drawing Japan and the United States closer together. Likewise, in 2010, China's weak response to North Korean provocations toward South Korea had the effect of strengthening security ties between Seoul and Washington. In these circumstances, China has incentives to moderate its ambitions and look for ways to signal restraint.

Finally, the United States and China are not simply poised on a geopolitical playing field. The two countries also occupy key positions in the world economy, the world environment, and the world society. In all these areas, China and the United States are increasingly interdependent. They are not simply pitted in zero-sum geopolitical competition. They are also tied together in deep and complex interdependent ways. In various areas related to the world economy, global warming, transnational crime, energy security, and so forth, they cannot realize their objectives without the help of the other. These are problems of economic and security interdependence. These circumstances of interdependence create incentives for the two countries to bargain and moderate disputes. They cannot be secure and stable alone; they can only be secure and stable together. To the extent that this is true, the two countries will find powerful reasons not to go all the way down the path to balance of power rivalry and security competition. They will grudgingly look for ways to moderate and manage their contest for supremacy.

Conclusion

There are several possible pathways for Asia — some more advantageous to the United States and some less so. One possibility is that China gradually comes to dominate regional institutions, reducing American influence and the pivotal role of the U.S.-led bilateral security pacts. This could happen if regional institutions that exclude the United States — such as ASEAN plus 3 and the Shanghai Cooperation Organization — emerge as serious regional entities. This is not a likely outcome. America's allies are not likely to accept this evolution in East Asian regionalism. A more likely evolution in East Asian regionalism is a growing pluralism of regional groupings and associations. The region already is marked by this multi-layered regionalism. No singular regional organization — an “EU of Asia” — is in the offing. There are simply too many divergent and complex problems that call for different sorts of regional mechanisms and groupings. East Asia will not follow a European pathway.

Almost certainly, the United States and China will struggle and compete for leadership within Asia. The region will become more decentralized and complex. It will not be a straight forward hegemonic order or a traditional balance of power system. It will retain and evolve aspects of both.

The challenge of the United States is not to block China's entry into the regional order but to help shape its terms, looking for opportunities to strike strategic bargains along the way. The big bargain that the United States will want to strike with China is this: to accommodate a rising China by offering it status and position within the regional order in return for Beijing accepting and accommodating Washington's core strategic interests, which include remaining a dominant security provider within East Asia. In striking this strategic bargain, the United States will also want to try to build multilateral institutional arrangements in East Asia that will tie down and bind China to the wider region. China has already grasped the utility of this strategy in recent years — and it is now actively seeking to reassure and coopt its neighbors by offering to embed itself in regional institutions such as the

ASEAN plus 3 and East Asia Summit. This is, of course, precisely what the United States did in the decades after World War II, building and operating within layers of regional and global economic, political, and security institutions — thereby making itself more predictable and approachable, and reducing the incentives that other states would otherwise have to resist or undermine the United States by building countervailing coalitions.

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