INSTITUTIONAL BALANCING IN THE ASIA-PACIFIC

Yrd. Doç. Dr. Gökhan Akşemsettinlioğlu
Çankaya University
Department of Political Science and International Relations

Abstract

This study is about how the secondary (smaller) powers of the Asia-Pacific region balance the major powers – the US and China – through multilateral (regional) institutions in the international system. This paper explains the increasing importance of the Asia-Pacific region, where the major powers encounter and challenge each other, and examines the smaller powers of the region, which pursue balancing policies against the major powers through multilateral (regional) institutions. Therefore, this paper sets forth the increasing effectiveness of multilateral institutions for balancing the US and China, and claims that the so-called “institutional balancing” in the Asia-Pacific region has been making a great contribution to restructuring of the international system. Based on a case-study approach, the paper concludes that the efforts of secondary states to include major powers in regional institutions, helps to maintain balance in their powers within the Asia-Pacific and reorder the international system.

Keywords: Balance of power, Asia-Pacific, the United States and China, smaller/major powers, international institutions

Asya Pasifik’te Kurumsal Dengeleme

Özet


Anahtar Sözcüklər: Güc dengesi, Asya-Pasifik, Amerika Birleşik Devletleri ve Çin, küçük/büyük devletler, uluslararası kurumlar
Institutional Balancing in the Asia-Pacific

Introduction

In the post-Cold War international system, the United States (US) has been maintaining its hegemonic status and dominating the order of international politics. According to realist thinking, however, every dominant power has to be balanced through alliances. In this sense, realists think it is a matter of time before other powers in the international system begin to pursue both challenging and balancing policies against the US (Ikenberry and Tsuchiyama, 2002:73). In fact, the US is already experiencing both challenging and balancing policies against its dominant position. This, points to a change in the international system.

When the US-China relations entered a period of normalization in the 1970s, within the spirit of detente, the major powers of the international system – the US, Russia and China – had already begun to change the general structure of the international order (Laidi, 1994:8). The US, however, entered the 21st century as the hegemonic power of the new international system, due in particular to its sophisticated military technology.

Nonetheless, China has become a potential challenge to the US hegemony in the international system. China experienced alliance diplomacy in the 1950s, when she agreed mutual defence with the Soviet Union. In the current international system, China has begun to pursue cooperative policies with the “smaller powers”¹ of the Asia-Pacific region, to both consolidate its regional position and balance the dominant position of the US. In other words,

¹These are some regional states, which cannot totally provide their own security (Ross, 2006:357), such as South Korea, Taiwan, Thailand, the Philippines, Singapore, Indonesia, Malaysia, etc.
the US faced a powerful challenger to its hegemonic position, not only in the Asia-Pacific region but also in the international system. This requires a new balance in the region and the system alike, as envisaged by realist thinkers. In this sense, the US has been trying to maintain its dominant position (Twining, 2007:91) in the international system and balance the rising power of China in the Asia-Pacific region.

There is no doubt that the US has had an influence on China, particularly in terms of economic issues. China has been pursuing a capitalist market economy since 1978 when the reformation process began and changed the economic structure of China. China’s membership in the World Trade Organization (WTO) is symbolic of this development. However, China may be avoiding challenging and balancing the US dominance “overtly” because Chinese leaders see a possibility of overtaking the US trade superiority in world markets (Beeson, 2009a:109).

Considering the relationship between the US and China in the ambiguity of the post-Cold War period, it is clear that the Asia-Pacific region, with its smaller powers and multilateral institutions, has gained importance. Thus, the US and China, as major players in the current international order, are trying to consolidate their powers on the one hand and challenge the other’s power, through non-military means, on the other.

In this sense, the arena for both powers is the Asia-Pacific region. In fact, both the US and China have maintained close relations with smaller powers and formed affiliations with multilateral institutions in the region. Therefore, understanding the nature of the relationship between the US and China in the current international order and comprehending the new dynamics of the new order of the international system requires a focus on the smaller powers’ relations with the two major powers and examination on the role of the multilateral institutions in this context.

Smaller powers of the region have been balancing both the US and China through the strength of multilateral institutions. This paper focuses on the interaction between the smaller powers of the Asia-Pacific region and the major powers of the international order, and examines how the smaller powers use institutions to balance the major powers in order to maintain stability in the region and contribute to the restructuring of the international system.

Therefore, the paper examines the subject in three main parts. The first relates to the growing importance of the Asia-Pacific region, dwelling upon the region’s chief characteristics. The second part of the paper focuses on the ongoing relations of the US and China with regional actors. This part will also deal with the nature of the confrontation between the sides. The third part of the paper, as the core of the research, is about the “institutional balancing” of
the smaller powers of the Asia-Pacific region of the major powers, explained in two different subheadings: balancing acts of the smaller powers and the role of multilateral institutions.

1. Increasing the Importance of the Asia-Pacific Region in the Restructuring of the International System

In understanding the concept of “institutional balancing” and the restructuring of the international system, the Asia-Pacific region has become a focal point as the epicentre of interaction between the US and China – a relationship that is likely to exert a defining influence on the evolution of the global system in the 21st century (Beeson, 2009b:3). The order and power distribution of the region is based on the US, as a partial hegemony (Ikenberry and Tsuchiyama, 2002:73). China is a growing regional power (Scalapino, 2004:371) as well as a possible challenger and balancer for the US. Smaller powers of the region aim to maintain peace and stability in the region through multilateral institutionalism.

The Asia-Pacific region has played a key role in “globalization, regionalism, and re-equilibration of the balance of power” (Dittmer, 2002:38) since the end of the Cold War. Regionalism has become a growing trend in the eye of regional governments because they have suffered a great deal from the stringent conditions of Western-oriented global financial institutions, like the International Monetary Fund (IMF). For instance, during the 1997-1998 financial crises, which began in Thailand, the IMF imposed very “humiliating” terms on the regional countries. Thereupon, regionalism and regional institutions have gained importance for regional states, instead of the US-led global institutions.

By the same token, the policies of regional states have changed dramatically due to the past influence of European imperialism (Beeson, 2009b:6). With the exception of Thailand and Japan, one European power or another colonized all of East Asia, and most countries were “keen to jump on the accelerating bandwagon of decolonization in the aftermath of the Second World War” (Beeson, 2009b:8). For the last couple of decades, however, the visions of regional states have diverged. In this sense, the Asia-Pacific region has benefited much from globalization, including economic prosperity, since the 1990s.

The Asia-Pacific region encompasses a diverse mixture of rival great powers, thorny territorial disputes, unresolved historical memories, competing political ideologies, painful economic transitions, shifting military balances and
divergent cultures (Ikenberry and Tsuchiyama, 2002:69). Moreover, the Asia-Pacific region has faced security threats such as global terrorism, energy shortfalls, and the existence of poorly managed states; no country in the region could deal with these alone. Thus, “re-examination of strategies and policies” (Scalapino, 2004:375) is on the agendas of all the states in the region. In this context, the asymmetric multi-polar security order of the Asia-Pacific and relations between the major powers and the smaller powers of the region simultaneously allow the US to be the dominant power in the region and enable China as the balancing power (Twining, 2007:91). Thus, economic and political interplay between the major powers and the smaller powers of the region, the formation of new institutions, the acceptance of a new form of (modified) hegemony, and balancing efforts are other characteristics of the Asia-Pacific region (Goh, 2007-2008:119).

Within the framework of all the above-mentioned characteristics of the Asia-Pacific region, the major policy of the regional powers is to gather the states together (enmeshment) so they can all come together and pursue cooperative relations. This policy “strives to include all major powers in regional affairs, to tie them down with regional memberships, and to bind them to peaceful norms of conduct” (Goh, 2007-2008:154). A number of common threats faced by the major powers have facilitated the constitution of this major policy. For instance, the regional powers have come together against terrorism, and this initiative has triggered institution building in the region and contributed to the improvement of cooperation, leading to the formation of new opportunities for new balance of power policies (Dittmer, 2002:38). In this context, regional institutions in particular, based on multilateral dialogues, have grown in value throughout the region. Although some authors, like Ikenberry, claim that the current structure of the Asia-Pacific is the middle (mixture) of both bilateral relations and multilateral dialogues (Ikenberry and Tsuchiyama, 2002:88-90), it seems that multilateral dialogues have begun to gain importance, under the aegis of multilateral (regional) institutions (Eberstadt, 1996:25-38).

It seems the Asia-Pacific region has been stable for the past two decades, first of all because China has tried not to escalate tensions in the region in order to become the dominant power. In fact, both China and the US are aware that the US cannot challenge China easily in its region as it did Russia in the Cold

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2In international politics, asymmetry can be defined as “an imbalance of capacities and power, a disequilibrium that creates either subordination or a competition for domination” (Womack, 2006:19).
War period (Twining, 2007:90) although “China is twenty years behind the US in terms of technological sophistication” (Beeson, 2009a:103).

It is also important to note that China has renounced its earlier orthodox view of sovereignty, meaning non-interference in national sovereignty, and has based its foreign policy on this chief principle. China’s participation in the United Nations (UN) peace enforcement operation in East Timor could signal this new vision; this operation could also be considered as an intervention on sovereign Indonesian territory (Feigenbaum, 2001:34).

2. The US and China in the Asia-Pacific Region

The US in the Region

Bilateral relationships of the US with regional states have served the purpose of balancing the growing power of China, indirectly. In this context, Japan has played an important role as one of the effective allied powers of the US. In fact, when the US and Japan agreed on a guideline for the US-Japan alliance in 1995, a new relationship began between the parties, based on missile defence technologies. In addition, the parties agreed “a five-year plan for US-Japan joint production of a missile defence system and committed one billion dollars for construction of missile defence hardware” (Ross, 2006:387) in 2004.

The fact that following the 13 December 2001 attack on India’s Parliament, India sought to realign itself, to some extent, with Washington under the aegis of counter-terrorism. In fact, India has security relations with its neighbouring countries within the framework of international institutions. In this context, the US has been trying to create specific “Indian-based policies to deepen cooperation” (Mohan, 2006:32).

Generally, bilateral relations of the US with smaller powers of the Asia-Pacific have served some specific purposes. For instance, a joint defence agreement with the Philippines helped the modernization of the Philippine army; forming a partnership with Thailand created intelligence cooperation; forming an alliance with Malaysia led to ship repair facilities; and improving defence relations with Vietnam helped the parties resolve bilateral tensions (Goh, 2007-2008:113-157).

China in the Region

As can be seen in the American situation, China’s bilateral relations with regional powers and its increasing presence in multilateral institutions have also served the purpose of balancing the dominant position of the US, but without directly challenging its hegemony.
In fact, China has complicated relationships in the region. Some prominent regional powers such as South Korea and Taiwan have close economic ties with China and derive considerable benefits from these relationships. In this context, it is not possible for these states to ignore these vulnerable relations and seek alternatives or options, in trade matters in particular (Ross, 2006:376). This means these countries keep the US at a distance in their relationships. However, the US provides overt defence to South Korea and covert defence to Taiwan. In other words, although these regional powers feel closer themselves to China, in economic terms, they still prefer keeping on the hegemony, the US, in providing security.

On the other hand, some regional powers have weakened Chinese power, and therefore eroded Chinese efforts to balance the US power. In this sense, China’s relations with India are quite interesting. China improved its relations with India when the parties agreed a strategic partnership in April 2005. This agreement has normalized relations between the parties in the wake of border conflicts in 1962 and nuclear-test related problems in 1998. However, the strategic partnership did not dissuade India from balancing Chinese power in the region. In fact, India still considers China as an important threat, not only for itself but also for neighbouring countries, meaning its rising power should be balanced (Mohan, 2006:30).

In China’s complicated situation, even scholars have made widely diverging assessments of China’s rising power. For some, China’s development sets an example for other countries in the region and has therefore contributed, indirectly, to its peace and stability. In this sense, it is important to understand that an ascendant China is not a problem; rather, a failing China could spoil stability and order in the region (Yiwei, 2007:59). For others, however, China’s rising power may signal efforts to acquire dominance in the region and could trigger conflicts both in the region and beyond. Thus, for them, China should be contained on the basis of the logic of the orthodox balance of power (Beeson, 2009a:95).

Either way, China’s balancing act is significant for regional states. In this context, China has increased its military power and enhanced its military effect in the region. This means China is balancing the US power. In other words, “If China is growing stronger in East Asia, then there is necessarily a relative decline of US power, and this is balancing” (Ross, 2006:360). In fact, China has the highest defence spending in Asia, and ranks third for defence spending globally, behind the US. China has expanded its proactive defence strategy with the concept of “rapid reaction” and “limited war” in the context of the use of high technology (Kamennov, 2010:52-67).
Relations between the US and Taiwan led China to increase its defence budget and seek new capabilities to compete with the US on the Taiwan issue, on the one hand, and prevent Taiwan from declaring independence, on the other. Taiwan is a critical issue in Sino-American relations. The US has been supporting Taiwan militarily in its defence, but is also against Taiwan’s independence. Of course, the US is totally against Chinese military intervention in Taiwan (Scalapino, 2004:372).

We must not forget that the smaller powers of the Asia-Pacific region are economically more dependent on China, than on the US, although they also need the US market to consolidate their growing economic positions in the region (Beeson, 2009a:112). This means China is balancing the US in some distinct areas in the region (Ross, 2006:392). In addition, China has worked to keep the US out of regional organizations in the Asia-Pacific, in order to cut ties and any possible support against China between the US and smaller powers in the region (Twining, 2007:90).

3. ‘Institutional Balancing’ of Major Powers by Smaller Powers

Multilateralism and the Balancing Behaviour of Smaller Powers

Among smaller powers such as South Korea, Taiwan, the Philippines, Singapore, Indonesia, Malaysia, etc. some are more effective than others. For instance, Australia is an effective power in the region because it has strong ties with the US and can therefore play a key role in the “broader balance of power in the Asia-Pacific” (Scalapino, 2004:376). Australia can also contribute to institution building in the region.

More importantly, perhaps, India and Japan seem to be effective powers in the region. However, these two states have “lesser ability to exert independent influence on regional order” (Goh, 2007-2008:152), compared with the two big powers – the US and China. In this context, although the “Look East”\(^3\) policy has increased the effectiveness of India, in the eyes of neighbouring countries, she is not as effective as the US or China, in the region. After all, she has been pursuing a non-aligned policy since independence. Nonetheless, India has recently sought multilateral engagements

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\(^3\)India has pursued a policy of economic cooperation towards its European neighbors, since 1991.
in resolving international disputes (Mohan, 2003:23). Therefore, important regional organizations like the Shanghai Cooperation Organization (SCO) and Association of Southeast Asian Nations (ASEAN) have become new targets for India. In addition, India is now ready to participate in multilateral military operations in the region (Mohan, 2006:23), since it has had a regional rather than a global defence policy (Wainwright, 1994:177). However, India has stepped up her performance after signing a nuclear pact with the US in 2005. India has since become a more global power and begun to play more crucial role in resolving disputes in conflict zones such as the Middle East (Mohan, 2006:17).

In this sense, the smaller powers of the region have been pursuing two different types of policies toward the big powers. On the one hand, they want to consolidate their economic interdependent relations and therefore consolidate their foreign policies through institutions. On the other, they continue to rely on bilateral relations with the US and China in order to provide security (Ciorciari, 2009:161).

The US-China relations hinge on the relations of the parties with smaller states in the Asia-Pacific region. For instance, the US-Japan alliance, following the Nye initiative of 1995, raised Chinese suspicions about an alliance over the Taiwan issue. In addition, joint military operations between the US and South Korea, as well as with Japan, disturbed Chinese leaders. They evaluated the Eastward expansion of NATO’s membership as a changing strategy by the institution, and the US, from cooperative defence to expansive offense (Feigenbaum, 2001:36).

As stated above, the smaller powers of the region have aimed at pursuing balanced diplomacy toward the US and China. These states want to enhance their relations with the parties. For instance, Indonesia had defence relations with both the US and China. Such states want the US to maintain its superpower position in the region and want China to establish closer good neighbourhood relations with states in the region, through regional institutions in particular. In this sense, it seems the smaller powers in the region endorse the idea of a strong China, and it is not easy for the US to find full support from countries in the region to balance China. Nevertheless, the Asia-Pacific states are in favour of continuing US dominance in the region and incorporation of China into the hierarchy of the regional order (Goh, 2007-2008:119).

Smaller powers such as Thailand and Singapore have been pursuing similar policies on using multilateral institutions and trying to guide the major powers to join these institutions to provide stability in the region. Since Thailand is geographically located at the crossroads of Northeast, Southeast and South Asia, she has become a pioneer in consolidating institutionalism. In
fact, the smaller states pursue “the aim of binding together the potential great power adversaries in the region in institutions to mediate their balancing tendencies” (Goh, 2007-2008:123).

In addition, smaller powers try to “socialize” major powers through institutions. In other words, they have sought “to enmesh external powers in multilateral forums and promoted the benefits of the norm of non-interference” (Ciorciari, 2009:175). They have also used institutions “to keep the US engaged in the region and to promote rule-based arrangements” (Ciorciari, 2009:177). Thus, institutions are mechanisms by which Asia-Pacific states help to bring about an associative or “neo-Grotian” (Simma and Paulus, 1998:266-277) balance of influence in the region (Ciorciari, 2009:177).

Since smaller powers are economically dependent on major powers, this relationship gives major powers political status in the region (Ross, 2006:365). Therefore, the smaller powers of the Asia-Pacific have aimed at incorporating China as a rising power into regional order, supporting the US as the primary power, and strengthening the regional institutions in order to control and balance the powers of the major states (Goh, 2007-2008:149). This mechanism has also contributed to the restructuring of the international system.

**The Role of Multilateral Institutions in the Asia-Pacific Region**

International institutions began to emerge in the 19th century, when the sovereign state system consolidated its position. In particular, the Concert of Europe system, following the defeat of Napoleon in 1815, and The Hague Conferences of 1899 and 1907 contributed to the establishment of international institutions. In this context, the first example of international institutions, in the modern sense, is the League of Nations, established to prevent further wars in the international arena. The United Nations, founded after the Second World War, is the most important international institution in the world.

In this sense, regional institutions, including the organizations of the Asia-Pacific region, were all established in the second half of the 20th century. According to Keohane and Nye, non-state actors have played an important role to constitute international agenda. This means that the absence of non-state actors and institutions outside of the state may limit the types of coordination and cooperation that are possible (Beeson, 2009b:15). Therefore, considering the Asia-Pacific region, the current “agenda is focused on the expansion of wider and deeper institutional relations between China, Japan, South Korea, the US, and the ASEAN countries” (Ikenberry and Tsuchiyama, 2002:81).
In fact, since “we are moving into an era of ever-increasing ‘globalization’, in which the benefits of maintaining cooperative interstate relations are perceived to be higher than was the case in the earlier years” (Gruber, 2000:251), international institutions have gained importance in the region and in the world, in general. In this context, regional institutions play a role in the operations of the overall international system to the extent that they can also be considered global institutions (Beeson, 2009b:1). Although the impact of regional institutions seems rather limited, institutions like ASEAN or the Asia-Pacific Economic Cooperation (APEC) provide a template for further institutional development (Beeson, 2009b:74).

ASEAN has increased its own diplomatic influence and capabilities in the region and managed to form positive relations with big powers. Actually, maintaining good relations with the US and ensuring its continuing strategic engagement with the region are major policy priorities for the ASEAN grouping as a whole. Moreover, “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 security and its relations with the ASEAN members” (Ciorciari, 2009:178).

ASEAN has played an important role to establish defence industries among some of its members. Initiated by Indonesia and Malaysia, ASEAN Defence Industry Collaboration (ADIC) aims at providing militarily self-sufficiency, in two decades. Although it has faced some challenges such as distrust among participating states and doubts regarding full reciprocity, it can be considered as an important attempt to control the major states and therefore balance their powers through regional institutions.

In fact, ASEAN has taken prominent steps to enhance security collaboration and defence cooperation among its members, in the 1990s. In these attempts, it has accepted major powers to different forums not only for benefiting from their vast experiences in security and defence issues but also for controlling their powers in institutions and therefore preventing their overt intentions on influencing the region, both politically and militarily. For example, ASEAN Regional Forum (ARF), which has been active since 1994, has taken the lead in discussing a wide range of security issues in a multilateral setting among its participants, including the United States and China. By the same token, the ASEAN Plus Three has promoted political and security coordination between the ASEAN members and three East Asian Nations, namely China, Japan, and South Korea. All these multilateral efforts have intended to control major powers under the aegis of multilateral institutions and provide balance of power in the region.
APEC, as the other largest institution of the region, was established to promote free trade and economic cooperation among the regional states of Asia-Pacific. APEC is the first multilateral institution to contain China, Hong Kong, and Taiwan. It has also provided a forum in which Japan has been able to improve its relations with both China and South Korea, and the US could consolidate an institutionalized presence in the region (Beeson, 2009b:41).

APEC is divided between the Anglo-American and East Asian economies. By comparison, ARF members are divided on the basis of how much they favour greater transparency and openness in security issues. In this context, APEC provides an important insight into the difficulties of institution building in a part of the world that contains very divergent political systems; economies that are wildly different in size and degree of development; and different ideas about what sort of policy frameworks might be appropriate for managing domestic development and intra-regional relations (Beeson, 2009b:37).

In addition, both ASEAN and APEC have brought former enemies together. In ASEAN, Malaysia, Singapore and Thailand have come together with Vietnam, Cambodia and Myanmar, while APEC has become a platform on which the US, Russia, and China meet with the other states of the Asia-Pacific. In this sense, “institutions can also provide a functional problem-solving mechanism that brings leaders and specialists together across the region to find common solutions to general problems” (Ikenberry and Tsuchiyama, 2002:81).

The growing interest in developing intergovernmental organizations and cooperative institutions suggests that there is an appetite for institutional consolidation at a political level, and perhaps a growing “need” for such mechanisms because of the greater economic interdependence that now characterizes parts of the Asia-Pacific region (Beeson, 2009b:16). The region may require a period of institutional consolidation. It is obvious that the Asia-Pacific region is now developing institutional interactions that must be having some impact on the behaviour and policy calculations of regional political, business, and even strategic elites (Beeson, 2009b:91). In fact, “the establishment of a multilateral institution can help to bring about a workable balance of influence on which the institution’s success depends” (Ciorciari, 2009:177).

Since the smaller states have focused on both soft institutionalism and economic issues, non-US forums have become more important for them. Of course, institutionalism has not decreased the importance of the possibility of a classical balance of power mechanism. Instead, these developments have
softened the main structure of the balance of power system (Ciorciari, 2009:182).

International institutions are useful for both big powers and smaller states. On the one side, big powers benefit from international institutions because they contribute to the establishment of coalitions; they can facilitate the exercise of power since their structure reflects the values and interests of the larger powers; and they can hide the level at which power is being exercised or soften the level of impact. On the other side, smaller states also find international institutions useful, mainly because these states convince big powers to be members of new institutions so that they can constrain their powers. The International Criminal Court is a typical example of this situation. In addition, smaller states use international institutions “to delay a superior state’s plan for war and give the weaker side more time to prepare” (Pape, 2005:36).

The above-stated accomplishments of international institutions have caused some regional powers to change their policies. The most vivid example is the changing policy of China. As stated before, in the past, China chose to stick to nationalist structures and considered non-interference to be its guiding principle (Ciorciari, 2009:180). However, over the course of time, Chinese leaders have begun to express their positive feelings about institutions like the SCO, considering them to be coordinating mechanisms, with the aim of counterbalancing the US power in the region (Brooks and Wohlforth, 2005:85). Nevertheless, China has avoided being too constrained by multilateral mechanisms where its vital interests are considered to be at stake, as in the South China Sea, but it is also plain that it has become an important and engaged player in the Asia-Pacific region’s evolving institutional architecture (Beeson, 2009b:75). China’s positive relations with regional countries, its skilful diplomacy, its constructive role in organizations like the ASEAN Regional Forum, and its support for multilateralism in general have helped rapprochement with formerly hostile regional states. Indeed, China is beginning to exert a form of soft power associated with the US (Beeson, 2009b:81). In other words, “China has become increasingly comfortable and adept in dealing with Southeast Asian governments through informal, multilateral diplomatic channels” (Ciorciari, 2009:187).

On the other hand, there is no doubt that the US seeks to increase the effects of regional institutions, like APEC, in the region (Beeson, 2009b:72). The US has always considered and used multilateral institutions as a means of preserving its authority, as put forward by some authors, like David Lake, who remind us that the Roosevelt and Truman administrations “sought to extend and secure the US authority, in the post-war period, by embedding it in multilateral institutions, including the Bretton Woods organizations, the UN,
and later NATO” (Lake, 2010:479). These developments lead to a number of potentially significant institutions taking shape in the Asia-Pacific, which may reshape intra and inter-regional relations.

**Conclusion**

The two major powers in the international arena – the US, as a hegemonic power in the system, and China, as a growing global power – meet in the Asia-Pacific region. It seems China, as a growing world power, has no intention of explicitly challenging the dominant position of the US. However, Chinese leaders have been pursuing soft balancing policies to control the US power, implicitly. The US, meanwhile, has been trying to balance the growing power of China by using covert policies. In this context, the Asia-Pacific region has become the site of balancing acts between the major powers, as well as a focus of attention of the restructuring of the international system. More importantly, smaller powers of the region have been playing an active role in the implementation of both balancing the powers of the major actors and contributing to the restructuring of the international system.

In fact, the smaller powers of the Asia-Pacific region have pursued not only bilateral relations with the major powers but also “a lot more” multilateral relations through regional multilateral institutions. More interestingly, these efforts by the smaller powers have been restructuring the international system. In other words, the smaller states of the Asia-Pacific region and multilateral regional institutions have gained importance in both the balancing behaviours of the major powers and the reordering of the international system.

As stated by some scholars, although multilateral diplomatic negotiations and using the opportunities provided by multilateral institutions are new concepts for regional countries, there is a growing willingness among regional states for regional institutions. In other words, “pan-regional institutionalism” has become important among the region’s smaller powers.

Multilateral institutionalism has positive aspects for both the major and smaller powers of the region. On the one side, major powers find institutions useful because they can contribute to the establishment of coalitions; facilitation of the exercise of powers; and concealment of the level of exercising power, softening the impact. Meanwhile, on the other side, smaller states find institutions useful and persuade major powers to join the institutions. Moreover, smaller states can act independently of the hegemonic power, even delaying a major state’s plans for war, giving the weaker side more time to prepare.
Consequently, smaller states of the Asia-Pacific region have been playing a crucial role in balancing the major powers of the system, thereby contributing to the restructuring of the new international order. In this sense, it can be said that the concept of “institutional balancing” may feature increasingly on the political agendas of powers in the region and therefore should be studied further.

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