China’s Dilemma toward Middle Powers in the Asia-Pacific Region

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**Abstract:** Confronted with rising United States strategic competition, it is rational for China to cultivate a good relationship with middle powers in the region in order to ensure a stable external environment and prevent potential alliances against China, which is also the objective of China’s “good neighborly diplomacy”. However, in reality, China often finds itself in estrangement or even conflict with middle power countries, which is mainly due to anti-Chinese sentiments and high levels of antagonism against China. Using neoclassical realism, this paper examines China’s dilemma of using rational strategic calculations and seemingly irrational behaviors to respond to middle powers in the Asia-Pacific region.

**Keywords:** China, United States, strategic competition, middle power, dilemma, Asia Pacific
Introduction

The Asia-Pacific region contains a large number of middle power countries which are playing an increasingly active role in regional affairs. Confronted with rising United States of America (U.S.) strategic competition, it is rational for China to cultivate a good relationship with middle powers in the region in order to ensure a stable external environment and prevent potential alliances against China, which is also the objective of China’s “good neighborly diplomacy”. However, in reality, China often finds itself in estrangement or even conflict with middle power countries, which is mainly due to anti-Chinese sentiments and high levels of antagonism against China. Using neoclassical realism, this paper examines China’s dilemma of using rational strategic calculations and seemingly irrational behaviors to respond to middle powers in the Asia-Pacific region.

A caveat has to be made regarding China’s status in the categorization of power. Most of the literature on Chinese power and influence would consider China to be in the same great power category with the U.S., but the categorization of China is not that clear. While China is second only to the U.S. in terms of military size and economic power and is one of the five permanent members in the United Nations Security Council, by other measures, China’s great power status can be cast into doubt. China’s per capita GDP stood at US$9633 in 2018, ranking 73rd among 192 countries, which is lower than the world average of $11368.1 China is also limited in military projection and influence. For these reasons, the Chinese government describes itself as a “major country” in an effort to distance itself from great power politics. This paper does not intend to enter into the debate about middle power definitions and China’s great power status. Instead, it focuses on China’s interactions with middle powers in the Asia-Pacific.

Middle Power Agency in Great Power Competition

The international structure is understood to be shaped by great powers. As neorealist theorist Kenneth Waltz argued, “In an anarchic realm, structures are defined in terms of their major units. International structures vary with significant changes in the number of great powers.”2 Middle powers are normally seen as passively caught between great powers. But despite a lack of consensus over what exactly a middle power is, the existing literature on middle powers mostly agrees on three defining factors that reveal middle power agency in great power competition.

The first factor is capability. According to the classical definition by Carsten Holbraad, middle powers are states with medium-sized capabilities which are below those of great powers, but still exercise influence far above most other states.3 More recent theorization tends to emphasize power over capabilities from a systemic perspective, where middle powers are believed to have “the ability to alter or affect specific elements of the international system”.4

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3 Carsten Holbraad, Middle Powers in International Politics, (New York: St Martin Press, 1984), 4.
The second factor is identity. Not all medium-sized states qualify as middle powers. What differentiates between middle powers from other types of powers is self-perceived identity. On the one hand, middle powers attempt to pursue more independent and active roles in regional and world affairs, which differs from the action and capabilities of “small powers”. Middle powers tend to see themselves as “moral actors” that use “soft power” or “normative power” to get what they want and demonstrate a preference for multilateralism, which differentiates them from “great powers”.

The third factor is behavior. Middle powers have to behave like a middle power in order to reify this distinctive identity. They are proactive in matters of trade, regional security, and global governance. Like-minded states even try to form middle power groupings, such as MIKTA (Mexico, Indonesia, South Korea, Turkey and Australia), to assert their activism in global governance.5 Thus, middle power activism is an apt depiction of their ambitions and behaviors in the international arena.

The above factors form the cornerstone of middle power theory, which has made valuable contributions to international relations studies and also reveals middle power agency in international relations. Although middle powers might try to avoid a direct confrontation with great powers, they are anything but “pushovers”. Given their material capabilities, moral force and strategic importance, more assertive behavior by middle powers adds to the complexity of strategic dynamics in regional affairs, and how to influence and avoid antagonizing middle powers is critical for great powers leveraging their interests.

**Middle Powers in the U.S.-China Competition**

The Asia-Pacific region is home to a diverse range of middle powers. The Lowy Institute’s Asia Power Index 2019 categorized 25 countries and territories into four groups by measuring their overall power, where the U.S. and China are ranked as “super powers”, Japan and India as “major powers”, followed by middle powers, such as Russia, South Korea, Australia, Singapore, Malaysia, Thailand, Indonesia, New Zealand, Vietnam, Pakistan, North Korea and the Philippines. The last category in the Lowy Power Index was minor powers.6

The Asia-Pacific region is often depicted as a “dual order,” where middle powers are looking to the U.S. for security and to China for economic gains. Conventional wisdom holds that the rivalry between the U.S. and China would pose a dilemma for middle powers in the region. Reluctant to take sides between the U.S. and China, middle powers cannot afford to alienate either of them.

However, the region is not just a game between a rising power and a global hegemon. From real-world power interactions, it can be seen that middle power strategic calculations should not be discounted. In fact, middle powers have much agency in navigating between the U.S. and China. Instead of choosing between balancing against and bandwagoning with China, middle powers might play hedging with China, or even play a double game of reaping trade benefits from China while bandwagoning with the U.S. to contain China. Instead of fearing abandonment or entrapment in alliances with the U.S., middle powers sometimes play the upper hand and even play the two against each other to advance their interests. Middle

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powers may also play a more constructive role in managing relations between the U.S. and China, for example, by acting as “balancers” between the two or enmeshing the two in regional security mechanisms. Middle powers might also engage with each other and augment their influence in regional affairs. For example, ASEAN is insisting on its centrality and pursuing its role as a regional leader.\(^7\) In other words, middle powers have a myriad of choices in the U.S.-China strategic competition.\(^8\)

As the established hegemon, the U.S. is also enlisting the support of regional middle powers as an offshore balancing strategy in its great power competition with China. Militarily, the U.S. Department of Defense has elevated the Asia-Pacific as its priority theatre and established a new Asia-Pacific Command, stepping up effort to “build preparedness, partnerships and promoting a networked region”.\(^9\) The U.S. Congress passed the Asia Reassurance Initiative Act, which further boosts the country’s military presence and diplomatic activities in the region. Economically, aside from initiating a trade war with China, the U.S. passed the Better Utilization of Investments Leading to Development (BUILD) Act, which promises to invest billions of dollars into the region in an effort to offset China’s growing economic influence.

The strategic competition is also spilling over to the ideological front. The U.S. is playing the value card by promoting the idea of a “free and open Asia-Pacific” and “rules-based order”, and by labelling China’s vision for regional integration as “revisionist” and China’s behaviors as “coercive”. By doing so, America aims to build a coalition of “like-minded states” in the great power competition against China.

**China’s Dilemma Towards Middle Powers**

Confronted with rising pressure from the U.S., it is rational for China to cultivate good relations with middle powers in the region and guard itself against any potential anti-Chinese alliances.\(^10\) China has made “neighborly diplomacy” as its primary foreign policy approach since 2013 with a series of proposals, such as upholding “amity, sincerity, mutual benefit and inclusiveness,” and building a “community of shared future” for the region. China also put great effort to downplay disputes and repair relations with regional countries, including Japan, South Korea, India, the Philippines and others, and it has promoted economic integration through the Belt and Road Initiative and pushed for regional economic mechanisms, such as the Regional Comprehensive Economic Partnership and China-Japan-ROK Free Trade Agreement.

But the endeavor is easier said than done. China repeatedly finds itself in frictions with regional middle powers, some of which are unexpected. The most prominent case is the recent China-Canada tensions revolving around the arrests of Huawei’s Chief Financial Officer, Meng Wanzhou and several other Chinese-Canadians. In fact, China faces a dilemma of ‘rational irrationality’ – a dilemma between using rational strategic calculations and

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seemingly irrational behaviors toward middle powers. The argument runs as follows: firstly, in times of rising great power competition, China is facing a harsher external environment. Unlike the U.S., which has the natural protection of two oceans, China is embedded in the region and surrounded by formidable powers. Some of them are U.S. treaty allies, and despite the fact that they are increasingly interconnected with China economically and are reluctant to be drawn into military conflict, they are bound by treaty to join the U.S. in the event of war. The China-South Korea friction over the deployment of the THAAD system is a case in point. Furthermore, China still has unresolved territorial and maritime disputes with some neighbors, which tends to worsen in times of rising tensions, such as the China-Philippines dispute over the International Tribunal case and the China-India standoff in Doklam. Thus, the heightened U.S. military presence and activities in the region not only pose a direct threat to China’s security but also encourage regional powers to take more reckless actions against China.

Secondly, China’s growing influence is giving rise to suspicions and even backlash in middle power countries. China has become the largest trading partner of many countries in the region, but counterintuitively, this dependency has created influence as well as grievances. This follows the theory of political asymmetry observed in the case of China-Vietnam relations. Since China is a much bigger presence for Vietnam than Vietnam is for China, Vietnam has a more acute sense of the risks and opportunities in the relationship. Furthermore, China is at a disadvantageous position as a latecomer to the game. The “rise of China” has become synonymous with the phrase “China threat”. Since middle powers are active players in maintaining multilateralism, it is easy for them to buy into the idea that China is a revisionist power to the existing order.

Thirdly, growing national pride in China makes standing up to outside influences a rational choice. The rising U.S.-China competition requires China to mobilize national support as a way of internal balancing. Some might dismiss Chinese patriotism as nationalism instigated by the Chinese government. But the reality is more complex. Ancient China was more of a civilization than a nation-state and patriotism was usually created by successive dynasties as an essential factor of a shared identity. China’s long-time sense of victimhood under the century of humiliation further consolidated Chinese patriotism, which has become an integral part of national governance and the national psyche. But patriotism is a double-edged sword. If left unchecked, it might turn into irrational nationalism. When confronted with issues involving sovereignty and territorial integrity, it would be politically suicidal for China to surrender or give in to other powers even though this zero-sum behavior only increases tensions with China’s regional neighbors. Therefore, China’s seemingly irrational behavior toward middle powers has its own rationality and purpose, including preventing domestic backlash due to the country’s sensitive national psyche.

Challenges and Opportunities

How to break out of this dilemma poses significant challenges for China’s policymakers. However, there are several steps that China needs to do to avoid engaging in unnecessary conflicts. First, China needs to maintain stable relations with the U.S. The U.S. remains the biggest extra-regional factor for China’s regional strategy. An engaged China-U.S. relationship would provide more security in setting up a stable region and deter opportunistic

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actions in the region by either the U.S. or its middle power allies. The two countries need to manage competition by reducing risks and rebuilding confidence, especially by engaging in pragmatic cooperation in areas such as the North Korean nuclear issue and the Afghanistan peace process.

Second, China needs to send credible signals of reassurance to regional powers. China might have been preoccupied with major countries and less attentive to middle power strategic calculations, but China needs to have more empathy towards regional powers and take their concerns into consideration by actively avoiding behavior which might be seen as threatening and aggressive.

Third, China needs to create more common interest projects with regional powers. Economic and trade relations can serve as stabilizers in bilateral relations, but they are far from enough to win the hearts and minds of middle power countries. China needs to embed itself in the regional security architecture, provide more public goods, and cultivate shared values with target regional countries.

Fourth, China needs to be aware of rising nationalist sentiments and avoid being hijacked by nationalism at home to avoid damaging its relations with strategically important powers. China also needs to be careful of rising populism in other countries and reduce the negative externality of its overseas influence to avoid backlash in other countries.

Finally, China needs to translate challenges into opportunities. Since middle powers are in pursuit of value diplomacy in contrast with realpolitik, they can serve as a force of peace and multilateralism. China should seek to reduce tensions and better manage its security dilemma with the U.S. by enlisting the support of middle powers to better promote its visions of an integrated region. Since the concept of “Asia-Pacific” is more geostrategic than geographical, it is China’s responsibility to propose and translate its own understanding and vision of a connected and open Asia-Pacific.

**Conclusion**

The existing literature on middle powers in the Asia-Pacific mostly focuses on great power competition, which depicts middle power agency as passive. It needs to be emphasized that great powers also value their relations with middle powers and sometimes face dilemmas when dealing with them. Indeed, the world is undergoing more of a power diffusion than a power shift. Under this transformation, middle powers have more freedom to play an assertive role in world affairs. But in times of tense great power competition, where regional orders become more rigid, the ability to act as moral leaders becomes limited as middle powers are usually faced with the hard choice of taking sides. It is in the interest of middle powers to use their strategic capabilities to manage great powers and protect their regions from becoming new Cold War theatres.

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