**Introduction**

“Hedging in International Relations”

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In recent years, the concept of “hedging” has risen to prominence in international relations discourse. Hedging normally refers in that context to a national security or alignment strategy, undertaken by one state toward another, featuring a mix of cooperative and confrontational elements. It is often contrasted with balancing or bandwagoning, concepts developed during the Cold War era to depict the alternative strategies of resisting or accommodating a mighty or menacing great power. The idea of hedging arose as scholars examined the novel dynamics of international politics in the post-Cold War period and found prevailing theoretical approaches inadequate.

For most scholars, the concept of hedging seeks to address several key questions about contemporary international relations theory and practice. How do states tend to respond to rising powers that may challenge their security interests? When they forge protective ties with a friendly great power, how do they guard against the possibility of abandonment? Above all, how do foreign policy decision-makers seek to cope with security challenges in a highly uncertain international environment? Theories about balancing and bandwagoning could not answer these questions convincingly, in part because they tended to focus on how states respond to identified threats (e.g., Walt, 1987; David, 1991). As a result, those theories suggested a dichotomy that belied state practice in the post-Cold War period. Rather than taking clear sides to address ascertained threats or ride the coattails of a surging great power, many states’ behavior suggested efforts to mitigate risk in uncertain strategic conditions.

Scholars advanced the concept of hedging to fill the gap. Early studies of hedging focused largely on the Asia-Pacific, including analyses of Sino-U.S. relations (e.g., Mederios, 2005; Foot, 2006) and Southeast Asian relations with a rising China (e.g., Chung, 2004; Goh, 2005; Kuik, 2008, 2016). Analysts since have exported the concept to make sense of behavior in Europe and Eurasia, East and South Asia, the Persian Gulf and elsewhere (e.g., Tessman, 2012; Toje, 2010; Korolev, 2016; Koga, 2018; Hoo, 2016; Guzansky, 2015). Hedging is arguably one of the most influential concepts to emerge from scholarship on the international relations of the Asia-Pacific in the 21st century.

There is broad agreement that “hedging” captures important nuances in international relations, and the term has become nearly ubiquitous in the literature. Nevertheless, the use of the concept remains loose and, as a consequence, also unclear in some important respects. Numerous studies present hedging as a mixed strategy in which a government engages towards a major or rising power both economically and diplomatically while adopting fallback security measures as a form of insurance (e.g., Medeiros, 2005; Tunsjø, 2017; Kuik, 2008). Others treat hedging as a security strategy adopted by small states or middle powers, often as they seek to navigate triangular relations with China and the United States (e.g., Roy, 2005; Goh, 2005; Tessman, 2012). Scholars focusing on alignment politics have also argued that states hedge in that context when they pursue limited or ambiguous alignment vis-à-vis one or more major powers (Ciorciari, 2010; Lim and Cooper, 2015; Kuik, 2016). A fourth way of conceptualizing hedging has seen scholars discuss how states address specific strategic and economic vulnerabilities, such as the danger of a curtailment of energy supplies (Tunsjø, 2013; Tessman and Wolfe, 2011; Salman and Geeraerts, 2015). Notably, several scholars have drawn on two or more of these conceptualizations in their work.

What is the purpose of hedging? Those who consider hedging to be a mixed strategy, security strategy or alignment practice often reference perceived security threats as the reasons why states hedge-particularly threats arising from great powers. Some studies have drawn attention to the importance of risk and uncertainty, though most of the relevant literature does not differentiate clearly between risks and threats. Analysts also have pointed to other rationales for hedging behavior, including efforts to optimize between economic opportunity and strategic protection. Hedging also may serve to protect or enhance domestic government or regime legitimacy (Kuik, 2008). Indeed, recent works again suggest that domestic sources of hedging are more important than often appreciated (e.g. Murphy 2017).

Despite its attractiveness to many scholars, the broader literature on hedging is hardly free from problems and challenges. As we argue, one of the teething issues has been the inclination of most scholars to disregard or collapse the important distinction between risks and threats and also between hedging and balancing. All too often, scholars describe hedging as a way to address security threats while pursuing other interests, such as desired trade and investment. Largely for that reason, there is also a problematic tendency in the literature to equate hedging with insurance. In our opinion, hedging differs from procuring insurance. An insurance policy is designed to kick into effect upon various stated or agreed contingencies, much as military alliances do. In contrast, hedging strategies seek to address risk in the form of *potential* security-related threats. Steps to mitigate risk may include the cultivation of protective options that appear to function somewhat like insurance, but they normally do not involve attaining a security commitment, let alone a security guarantee. Only when faced with clear and present threats must states choose whether to resist or accommodate the source of the menace—a different decision than how to preserve options in the face of security risks that may come to pass.

Thus far, the hedging literature also has not problematized—let alone resolved—the conceptual tension that stems from defining hedging with reference to balancing and/or bandwagoning, as many scholars do. The line between hedging and balancing behavior has been particularly blurry. While some studies suggest that hedging and balancing are mutually exclusive, others suggest that balancing can constitute the military component of a broader hedging strategy that also features economic and diplomatic engagement. For example, some analysts describe Japan and Australia as hedging vis-à-vis China (e.g., López i Vidal and Pelegrín, 2018; Matsuda, 2012; Dittmer, 2012), despite their continued participation in robust military alliances with the United States aimed partly at constraining Beijing. The implication is that hedging would subsume the concept of balancing except in rare cases of explicit, cross-sectoral containment. We believe this stretches the idea of hedging too far and advocate a more precise conceptualization of hedging focused on states’ security behavior focused on risk management. Blurry lines also currently separate hedging from bandwagoning, which would scarcely exist if hedging were deemed to encompass any strategy that mixes cooperative and self-protective elements. The distinct and sometimes imprecise ways in which scholars define and explain hedging behavior have also led to considerable variation in how they identify the phenomenon empirically.

This special issue seeks to address key conceptual and methodological issues and to offer insights in answer to important questions about hedging that have yet to be explored. We take stock of the growing literature on hedging, offer constructive critiques, and propose ways to define and apply the concept more systematically. We do not try to impose a single definition of hedging, which would belie the state of the field and foreclose productive dialogue and debate. Rather, we include work by leading scholars who conceptualize and measure hedging behavior in somewhat different ways. Our goal is to foster an exchange that illustrates major approaches in the field, sharpens how scholars use the term, and help capture the concept’s analytic value for international relations.

The articles featured in this special issue grew out of a workshop in September 2017 at the Saw Swee Hock Southeast Asia Centre at the London School of Economics and Political Science. The workshop convened scholars who share an interest in the theory and practice of hedging behavior, as well as a conviction that the power of “hedging” as a descriptive and explanatory device hinges on establishing clearer conceptual and empirical boundaries. By what criteria can hedging behavior be identified more rigorously? Each contributor to the special issue grapples with this crucial issue, which is a prime focus of Jürgen Haacke’s article. He explores areas of conceptual and empirical confusion in the extant literature, advocates treating hedging as a strategy for addressing security risks, and proposes a methodological framework both to identify hedging behavior rigorously and to clearly distinguish hedging from balancing. He then applies the framework to the behavior of Malaysia and Singapore—two key Southeast Asian states often said to be hedging. Focusing on the question how these two states are responding to security challenges arising from China’s approach to the South China Sea conflict, Haacke finds that based on the revised framework he introduces, Malaysia may still be regarded as hedging in the sense of focusing on the mitigation of security risks, but that on balance Singapore’s response is of a different order.

Another key question that the literature has not addressed adequately is how mounting Sino-American competition affects states’ ability to hedge. This is the focus of Alexander Korolev’s article, which argues that small states and middle powers generally had more room to hedge in a relatively unipolar system featuring peace among the major powers. Korolev contends that the space to hedge is shrinking as Sino-American competition waxes, the global order repolarizes, and states face greater systemic pressure to take sides decisively. He then reviews evidence from the Philippines, Malaysia and Vietnam to evaluate the extent to which systemic pressures have reduced the room to hedge already.

A further important weakness of the existing literature is a lack of clarity on the question of whether a state can be said to be hedging against a foreign power while participating in a military alliance directed largely against a perceived threat from the same foreign power. This question has remained unsettled in analyses of Japan. Many scholars have argued that Japan’s contemporary response to the rise of China amounts to hedging. Adam Liff argues to the contrary, focusing on the nature of Japan’s security alignment and other strategic signals Tokyo has sent regarding which side it would take in the event of Sino-American conflict. Liff contends that Japanese leaders have responded to uncertainty and volatility in the international relations of the Asia-Pacific in recent years by doubling down on their close security alignment with the United States and thus balancing against China. At the same time, Japan has diversified its security ties to address the risk of U.S. retrenchment or abandonment. Liff’s study helps illuminate the distinction between balancing and hedging, as well as the fact that balancing can coexist with efforts to manage specific strategic or economic vulnerabilities.

The literature on hedging also has said little about how governments manage security risks that emanate from sources other than military action by other states. For many governments, economic crises or natural disasters present more formidable security hazards than the possibility of armed attack. With the exception of risks pertaining to energy supplies, efforts to mitigate these non-military dangers have garnered scant attention in studies on hedging. Darren Lim and Rohan Mukherjee explore the dynamics of hedging behavior in environments in which states do not perceive major risks of military intrusion or compulsion. They argue that small states may hedge in such cases to optimize between economic gains and autonomy costs flowing from their relations with a major regional power. They illustrate this model by examining how the Maldives and Sri Lanka have sought to manage their relations with China and India, investing in productive relations with each major power while taking countervailing measures to guard their autonomy.

Lastly, when are hedging strategies apt to succeed or fail? The existing literature offers little insight on this crucial question. In the final article in this special issue, John Ciorciari argues that the effectiveness of hedging strategies hinges on adequate risk assessments, a willingness to bear costs to mitigate them, and above all the availability of protective options. Although scholars generally treat hedging as a prudent form of behavior, it is not a fail-safe way to mitigate potential threats, particularly in the security domain. Ciorciari emphasizes that unlike financial markets, where protective hedging options are usually available at some price, states often lack the practical capacity to hedge against major security risks. He illustrates the argument by contrasting relatively successful Southeast Asian efforts to hedge against international financial shocks since the 1997 crisis with their less successful efforts to hedge against Chinese encroachment in the South China Sea.

Overall, this special issue conveys the vitality of current research on hedging, as well as the need for further development. It offers conceptual insights and empirical findings in the hope of catalyzing further work on the topic, within and beyond the Asia-Pacific region. Hedging is a popular term, because it clearly captures important behavior in international politics. The key is to apply the concept with conceptual clarity and empirical rigor, which the articles presented here endeavor to do.

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