

## **Middle Powers and the US Pivot: A Collective Action Problem**

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*The US pivot or rebalance suffers from a substantial collective action problem. While the main debate has been around levels of US effort, the level of allied and partner contributions and 'buy-in' has been overlooked, along with diverging regional narratives. This paper examines the response of the middle powers in Asia to US policy and shows that their actions are diverse and often divorced from each other and US ambitions. The paper concludes by arguing that US allies in the region should be concerned about this issue and take the initiative to develop an alternate strategic narrative that better aligns US and regional attitudes. Doing so would help to transfer some of the burden from the US to the region and place the US presence in Asia on a more sustainable long term basis.*

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## **Middle Powers and the US Pivot: A Collective Action Problem** 55

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### **Introduction**

The US ‘pivot’ or ‘rebalance’ to Asia suffers from a substantial collective action problem. While the main debate has been over levels of US effort, larger issues of the effort of allies and partners, along with the strategic narrative that encourages and unites their actions has been overlooked. This paper examines the response of the middle powers in Asia to US policy and shows that their actions are diverse and often divorced from each other and US strategy.

The paper argues that US allies in the region should be concerned about this collective action problem. They should seek to overcome this by offering an alternate strategic narrative that draws on the concerns of the middle powers and offers a foundation to transfer some of the burden from the US to the region. In this way, US allies can help to achieve the goals of the US rebalance in ways the Obama Administration is currently unable to.

### **US Pivot in Asia**

In 2011 US President Barack Obama made an important speech in Canberra, to the Australian Parliament. Obama declared that his predecessors had paid far too little attention and focus to the Asia-Pacific. In response his administration would ‘pivot’, later ‘rebalance’, American resources to the region. Obama

identified several core objectives that he believed would enable the US to “play a larger and long-term role in shaping this region and its future.”<sup>1</sup> These were to

*Allocate the resources necessary to maintain our strong military presence in this region. We will preserve our unique ability to project power and deter threats to peace. We will keep our commitments, including our treaty obligations to allies like Australia. And we will constantly strengthen our capabilities to meet the needs of the 21st century. Our enduring interests in the region demand our enduring presence in this region.*<sup>2</sup>

That is, to achieve the desired role for 21<sup>st</sup> century leadership, the main change the US needed to make was not in the direction or approach it took, but rather the level of effort with which it sustained that presence. This question of US attention and devotion of resources has become the central focus for public and scholarly discussion of the US strategy in Asia.

Within the United States, the rebalance enjoys ‘widespread support both within the bureaucracy and across much of the mainstream political spectrum’.<sup>3</sup> While there are some advocates

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<sup>1</sup> Barack Obama, "US President Barack Obama's Speech to Parliament," *The Australian*, 17 November 2011, <http://www.theaustralian.com.au/archive/national-affairs/obamas-speech-to-parliament/story-fnb0o39u-1226197973237> (Accessed October 5, 2015).

<sup>2</sup> *Ibid.*

<sup>3</sup> Scott W. Harold, "Is the Pivot Doomed? The Resilience of America's Strategic 'Rebalance'," *The Washington Quarterly*, Vol. 37, No. 4 (2014), p. 86.

## Middle Powers and the US Pivot: A Collective Action Problem 57

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for alternate approaches - most notably clustered around offshore balancing<sup>4</sup> - the debate has focused on what resources should be deployed to effectively sustain the status quo position. Public analysis has therefore tended to focus on definable metrics such as levels of US staffing, VIP visits and regional deployments,<sup>5</sup> as well as regional perceptions. Critics have regularly worried that crises in the Middle East, Eastern Europe and Africa seem to get far more attention while the rebalance is rarely discussed at home.<sup>6</sup> As Kurt Campbell, one of the architects of the rebalance

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See also Michael J. Green and Nicholas Szechenyi, "Power and Order in Asia: A Survey of Regional Expectations," in *CSIS Asia Program* (Washington D.C: Centre for Strategic & International Studies, 2014), p. 9.

<sup>4</sup> For a description of this debate see Evan Braden Montgomery, "Contested Primacy in the Western Pacific: China's Rise and the Future of Us Power Projection," *International Security*, Vol. 38, No. 4 (2014). The offshore balancing perspective is best outlined in Christopher Layne (ed.), *The Peace of Illusions: American Grand Strategy from 1940 to the Present* (New York: Cornell University Press, 2006). A version of this strategy is also advocated in Barry Posen, *Restraint: A New Foundation for Us Grand Strategy* (Ithaca (NY) and London: Cornell University Press, 2014).

<sup>5</sup> Cameron Stewart, "US 'Failing to Back Its Asia Pivot' Says Government Report," *The Australian*, 9 October 2013, <http://www.theaustralian.com.au/national-affairs/foreign-affairs/us-failing-to-back-its-asia-pivot-says-government-report/story-fn59nm2j-1226735103923> (Accessed October 5, 2015).

<sup>6</sup> Fareed Zakaria, "Whatever Happened to Obama's Pivot to Asia?," *The Washington Post*, 16 April 2015, [https://www.washingtonpost.com/opinions/the-forgotten-pivot-to-asia/2015/04/16/529cc5b8-e477-11e4-905f-cc896d379a32\\_story.html](https://www.washingtonpost.com/opinions/the-forgotten-pivot-to-asia/2015/04/16/529cc5b8-e477-11e4-905f-cc896d379a32_story.html) (Accessed October 5, 2015); See also the questions asked of the US Defense Secretary at the Shangri-La Dialogue in 2014 - Chuck Hagel, "First Plenary Session: The United States Contribution to Regional Stability Question & Answer Session Saturday 31 May 2014," in *The 13th IISS Asia Security Summit, The Shangri-La Dialogue* (Singapore: International Institute for Strategic Studies, 2014).

recently complained, there seem to be “perennial questions about waning American attention to the Asia-Pacific and whether the ‘pivot’ or ‘rebalance’ is ephemeral in nature.”<sup>7</sup>

To defend its record, the Administration has also focused on metrics which reflect the sizes of its regional presence in Asia. For example announcing that 60 per cent of the US Naval & Air Force presence would transition to the region by 2020, and highlighting visits and newly signed agreements.<sup>8</sup> The sheer scope of US activity is hard to dismiss. The US now conducts at least one-hundred-thirty regional exercises and engagements, makes seven-hundred port visits per year and is increasing its support for regional military training and resourcing by 35-40 percent.<sup>9</sup> To focus on just one country, in 2011 the US conducted over one-hundred-fifty “activities, exchanges and visits with the Indonesian military” while inaugurating a “Comprehensive Partnership” with Jakarta, involving an annual ministerial level dialogue.<sup>10</sup> Not surprisingly, when then US Defence Secretary Chuck Hagel was asked a question at the 2014 Shangri-La

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<sup>7</sup> Kurt M. Campbell and Brian Andrews, *Explaining the US 'Pivot' to Asia*, Chatham House Americas paper, (London: Chatham House, 2013).

<sup>8</sup> Chuck Hagel, "IISS Shangri-La Dialogue: As Delivered by Secretary of Defense Chuck Hagel, Singapore, May 31, 2014," Department of Defense (ed.) (Washington (D.C.): United States Department of Defense, 2014).

<sup>9</sup> *Ibid.*

<sup>10</sup> Murray Hiebert, Ted Osius and Gregory B. Poling, "A Us-Indonesia Partnership for 2020: Recommendations for Forging a 21st Century Relationship," in *CSIS Sumitro Chair for Southeast Asia Studies* (Washington (D.C.): Centre for Strategic & International Studies, 2013).

**Middle Powers and the US Pivot: A Collective Action Problem** 59

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Dialogue on US attention to the rebalance, he said in exasperation: “I have been here now five times in 13 months saying the same thing, articulating the same thing [...] I am not sure what further we can do to indicate that this [...] is not a promise or it is not a vision, but it is a reality.”<sup>11</sup> Supporters of the rebalance have thus increasingly argued that the problem comes down to the strategy being “widely misunderstood”<sup>12</sup> with a need to more clearly ‘articulate’ the true nature of the policy.<sup>13</sup>

This debate about whether the US is doing enough has served to downplay and often obscure attention on how US’s allies, partners and supporters are responding. This is troubling given the US strategy is founded on substantially greater burden sharing by US allies and partners in order to sustain the existing regional framework. As the influential and highly connected scholar William Tow points out, “Washington will lobby its Asia-Pacific allies to play more significant roles in pursuing mutual regional security interests. The extent to which they can and will meet this expectation will determine the rebalancing strategy’s future viability.”<sup>14</sup> Likewise, Ely Ratner argues that “the ability of the United States to establish a force posture

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<sup>11</sup> Hagel, "First Plenary Session,"

<sup>12</sup> Harold, *op. cit.*, p. 86.

<sup>13</sup> Michael J. Green and Zack Cooper, "Revitalizing the Rebalance: How to Keep U.S Focus on Asia," *Washington Quarterly*, Vol. 37, No. 3 (2014), p. 25.

<sup>14</sup> William T. Tow, "Rebalancing and Order Building: Strategy or Illusion," in *The New Us Strategy Towards Asia*, William T. Tow and Douglas Stuart (eds.) (Milton Park, Abingdon, Oxon: Routledge, 2015), p. 31.

capable of supporting its strategic objectives in Asia will rest in large part on the political sustainability of America's forward-deployed presence.”<sup>15</sup>

The Obama administration has therefore made repeated and public efforts to call for greater contributions and burden sharing from its allies and partners. In 2014 President Obama returned to Australia to speak about US strategy in the region. This time however the tone had shifted, “Our rebalance is not only about the United States doing more in Asia, it’s also about the Asia Pacific region doing more with us around the world,” he said.<sup>16</sup> As one analyst points out, “at the core of the US strategy is the recognition that Washington cannot ‘rebalance’ without the active support of its regional friends and allies.”<sup>17</sup> Yet, beyond seeking higher defence spending it’s often not clear what specific burdens the US wants other countries to shoulder. While there are references to resolving differences, and addressing common challenges, especially of the non-traditional type, there is little focus on how these changes will translate into achieving US

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<sup>15</sup> Ely Ratner, "Resident Power Building a Politically Sustainable U.S. Military Presence in Southeast Asia and Australia," (Washington (D.C): Centre for a New American Security, 2013).

<sup>16</sup> Barack Obama, "Us President Barack Obama's Brisbane Speech at the University of Queensland," *The Courier Mail*, 15 November 2014, <http://www.couriermail.com.au/news/queensland/us-president-barack-obamas-brisbane-speech-at-the-university-of-queensland/story-fnmd7bxx-1227124334189> (Accessed October 7, 2015).

<sup>17</sup> William T. Tow and Douglas Stuart, *The New Us Strategy Towards Asia: Adapting to the American Pivot* (Milton Park, Abingdon, Oxon: Routledge, 2015), p. 6.

**Middle Powers and the US Pivot: A Collective Action Problem** 61

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policy ambitions. As will be shown later when examining the middle powers of the Asia-Pacific, if getting higher contributions from other states is at the core of the US strategy, then the strategy is failing.

It is not that regional countries disagree with the pivot. According to a CSIS poll, 79 percent of regional ‘strategic elites’ supported the rebalance, with 98 percent endorsement in Taiwan, 96 percent in Singapore, 92 percent in South Korea, 87 percent in Indonesia, and 81 percent in Australia.<sup>18</sup> Nor is the difficulty of soliciting contributions new. The Obama Administration joins a long list of US administrations - including Ronald Regan, George H.W. Bush, Bill Clinton and George W. Bush - who sought but failed to achieve higher burden-sharing from the Asia-Pacific.<sup>19</sup>

There are a number of obvious and rational reasons why US allies have not stepped up to pay for or supplement the regional public goods currently provided by the US. First, the system was designed that way. As Victor Cha has demonstrated, the purpose of the US strategy after World War II in Asia was the “construction of an asymmetric alliance designed to exert maximum control over the smaller ally’s actions.”<sup>20</sup> The US saw little value in allied contributions and worried how to restrain its

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<sup>18</sup> *op. cit.*, pp. 9-11.

<sup>19</sup> Tow, *op. cit.*, pp. 34-37

<sup>20</sup> Victor D. Cha, "Powerplay Origins of the Us Alliance System in Asia," *International Security*, Vol. 34, No. 3 (2009), p. 158.

smaller partners, which was a major reason it pursued the 'hub-and-spokes' model in Asia, compared to establishing a multilateral security organisation in Europe.<sup>21</sup> While the US has since relinquished desires for control, its current policies continue to work against the likelihood of the region transitioning to a realm of distributed costs.

First, Washington and American taxpayers continue to show a willingness to cover the costs of the region's security and provide 'insurance' in the forms of alliances and partnerships. This reduces the requirements for individual states to cover their own security, while also reducing any incentives for contributing to collective security goods. Any additional spending by a single middle power is unlikely to be fundamentally necessary for the region or do much to improve the circumstances of that state. Conversely, while each state has security risks, the larger problem of collective order are faced by all states. In such a circumstance it is perfectly rational that Asia-Pacific states, even close US allies continue to rely on provision of key public goods by the US.

So long as the US does provide these goods - and the central promise of the rebalance is that they will - no amount of mere rhetorical persuasion by US presidents will encourage a shift.<sup>22</sup>

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<sup>21</sup> For an alternate take see Christopher Hemmer and Peter J. Katzenstein, "Why Is There No Nato in Asia? Collective Identity, Regionalism and the Origins of Multilateralism," *International Organisation*, Vol. 56, No. 3 (2002), pp. 575-607.

<sup>22</sup> Christopher A. Preble, "Obama Wants Allies to Share the Burden. It Won't

## Middle Powers and the US Pivot: A Collective Action Problem 63

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This is, however, an unsustainable basis. Regional dynamics have substantially shifted in ways that make the long term continuation of US posture along the lines established in the 1940s and 1950s tenuous. Meanwhile, as is widely recognised inside the US and in the Asia-Pacific, the size of US budgetary challenges, combined with partisan gridlock and domestic fatigue has led to real questions about the ability of the US to afford a sustained focus on Asia.<sup>23</sup> The focus on US capacity, especially military capacity, also misses a central change in the purpose of the regional security architecture. While the 1945 San Francisco system was set up in a ‘threat-centric’ framework, the challenge today is to establish “a mechanism that is more oriented toward regional ‘order-building’.”<sup>24</sup> This is necessarily a task that the region has to buy into at multiple levels with a wide variety of actors supporting the process over the long term.

The US pivot thus faces a collective action problem. To draw from the economics and alliance literature “each member of the

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Happen," *The National Interest*, 30 May 2014, <http://nationalinterest.org/feature/obama-wants-allies-share-the-burden-it-wont-happen-10562> (Accessed October 7, 2015) ; Posen, *op. cit.*

<sup>23</sup> Ratner, *op. cit.*, p. 12. For a good analysis of the domestic underpinning of the rebalance see also Robert E. Kelly, "The 'Pivot' and Its Problems: American Foreign Policy in Northeast Asia," *The Pacific Review*, Vol. 27, No. 3 (2014), pp. 479-503; and for a contrasting position Robert Kagan, "Superpowers Don't Get to Retire: What Our Tired Country Still Owes the World," *The New Republic*, 26 May 2014, <http://www.brookings.edu/research/opinions/2014/05/26-superpowers-dont-retain-kagan> (Accessed October 7, 2015).

<sup>24</sup> Tow, *op. cit.*, p. 31.

group has an incentive to benefit from the effort contributed by other members while contributing insufficiently herself. As the incentive to shirk grows with the group's size, large groups are consequently expected to be the most affected by the free-rider problem."<sup>25</sup> This is partly why arguments based on the imbalance of support, with virtually all states lining up behind the US and only North Korea standing beside China are less persuasive than they first appear.<sup>26</sup> This moral hazard has long been recognised by US commentators and scholars, yet it does not seem to have sufficiently influenced the Obama Administration's thinking about the rebalance. Instead President Obama has spent the last four years reassuring US allies and partners of Washington's unshakable commitment to provide for their security while simultaneously asking for greater security provision by these same states.<sup>27</sup>

The problem of cooperation goes beyond simple issues of funding. More fundamentally, there is little agreement about what kind of a regional order should be in operation. A significant

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<sup>25</sup> Vincent Anesi, "Moral Hazard and Free Riding in Collective Action," *Social Choice and Welfare*, Vol 32, No. 2 (2009), p. 198.

<sup>26</sup> Paul Dibb and John Lee, "Why China Will Not Become a Dominant Power," *Security Challenges*, Vol. 10, No. 3 (2014), p. 11; Kevin Rudd, "US-China 21: The Future of US-China Relations under Xi Jinping - Towards a New Framework of Constructive Realism for a Common Purpose," (Boston: Belfer Centre for Science and International Affairs, Harvard Kennedy School, 2015), p. 21.

<sup>27</sup> Justin Logan, *China, America, and the Pivot to Asia*, Cato Institute Policy Analysis no. 717 (Washington (D.C): Cato Institute, 2013), p. 12.

**Middle Powers and the US Pivot: A Collective Action Problem** 65

example of this in 2014-2015 was the announcement by Beijing of an Asian Infrastructure Investment Bank (AIIB). Even viewed in a zero-sum fashion, the AIIB is a minor proposal that is unlikely to transfer any significant strategic, economic or political leverage to China. And yet it managed to comprehensively split US allies and partners, and Washington's rejectionist approach quickly left it isolated. While the Obama Administration privately warned its partners not to participate, key states such as Thailand, Singapore, the United Kingdom, New Zealand, India and Indonesia all signed up. Some states such as Australia showed hesitancy and concern, but notably decided to join *after* the Obama Administration went public with its criticism of UK participation.<sup>28</sup> Only Japan continues to resist as of late-2015. This incident clearly shows that although there is widespread support among countries of the Asia-Pacific for a substantial US presence, there is little agreement about what role the US or China should take. This leaves the US strategy, and hence the security of the region in a 'brittle' position.<sup>29</sup>

This paper argues these challenges cannot be resolved by the US alone. Instead, it needs to be one that fundamentally fits with the narratives provided by other major states in the region, notably,

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<sup>28</sup> Nicholas Watt, Paul Lewis, and Tania Branigan, "Us Anger at Britain Joining Chinese-Led Investment Bank Aiiib," *The Guardian*, 13 March 2015, <http://www.theguardian.com/us-news/2015/mar/13/white-house-pointedly-asks-uk-to-use-its-voice-as-part-of-chinese-led-bank> (Accessed October 7, 2015).

<sup>29</sup> Ratner, *op. cit.*, p. 13.

Japan and India. Another critical group, though often overlooked is the contribution of the middle powers. These states are key actors in any regional security order, both because of their capacity for influence, but as well their need to shift with larger regional trends in order to stay secure.<sup>30</sup> This paper focuses on the contribution of the middle powers, especially the key allies Australia and South Korea, along with the supportive partners such as Taiwan, Indonesia, Singapore and Vietnam. The next section therefore examines how they are responding to the rebalance.

### **How Are the Middle Powers of Asia Responding to the Rebalance?**

This section examines the response of the middle powers in Asia to US policy and shows that their actions are diverse and often divorced from each other and US ambitions. They are not rapidly arming to address a single threat, but deciding their budgets and modernising their armed forces in line with their sectional and domestic concerns.<sup>31</sup> Where greater regionalism is occurring, it is due more to perceptions of US weakness not strength. The common thread is that while cooperation with the

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<sup>30</sup> Bruce Gilley and Andrew O'Neil, eds., *Middle Powers and the Rise of China* (Washington (D.C): Georgetown University Press, 2014), p. 3.

<sup>31</sup> David Kang, "A Looming Arms Race in East Asia?," *The National Interest*, 14 May 2014, <http://nationalinterest.org/feature/looming-arms-race-east-asia-10461> (Accessed October 8, 2015).

**Middle Powers and the US Pivot: A Collective Action Problem** 67

US has increased under the rebalance, these states all have unique takes on the regional order. Many are openly using US support and resources under the rebalance to address specific local challenges, with little common view to shaping or strengthening the regional order.<sup>32</sup>

**Australia** is widely seen as the most supportive US ally in the region. In recent years it has accepted new US basing arrangements, increased defence spending and sought out a virtual alliance with Japan. It has also criticised China's Air Defence Identification Zone, pushed the Trans-Pacific Partnership (TPP) and hesitated over joining the AIIB. Yet a deeper look reveals a country which continues to free-ride and embraces US policies largely for its own self-interest. US officials have spoken both privately and publicly about their wishes that this supposed 'deputy sheriff' would do more.<sup>33</sup> Its reticence however is telling.

Like most of its region, Australian officials regularly and consistently state they 'do not have to choose' between the US, the country's security provider, and China, the nation's major economic partner. As such the country has sometimes tried to

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<sup>32</sup> Ratner, *op. cit.*, p. 17.

<sup>33</sup> Hayley Channer, "Hub and Spokes: How Us Allies in Asia Can Contribute to the Us Rebalance " in *Asia Pacific Bulletin* (Washington (D.C): East West Centre, 2014); Christopher Joye, "Richard Armitage: Why the Free Ride on Us Must Stop," *The Australian Financial Review*, 19 August 2013, [http://origin-www.afr.com/p/national/richard\\_armitage\\_why\\_the\\_free\\_ride\\_Ls2RbuicUIrdvWzJgKcM8H](http://origin-www.afr.com/p/national/richard_armitage_why_the_free_ride_Ls2RbuicUIrdvWzJgKcM8H) (Accessed October 8, 2015).

moderate its engagement with the US to fit Chinese concerns.<sup>34</sup> Fear of Beijing looms large over Australian thinking about any contribution to conflicts in the East or South China Sea.<sup>35</sup> In the last six years Australian defence spending has gone up and down as leaders have chased popularity. While both parties are now committed to a 2 percent of Gross Domestic Product (GDP) target for defence, domestic politics drove the target. There has been increased talk of ensuring interoperability with US forces, yet this has not translated into any substantial changes to capability choices since the mid-2000s.<sup>36</sup> There is virtually no support for an activist military stances that would directly challenge Chinese assertiveness,<sup>37</sup> and any US ambitions for Australia to help secure key trading lanes in Southeast Asia as part of its Air Sea Battle strategy must be treated with great caution.<sup>38</sup> As Brendan Taylor

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<sup>34</sup> Bob Carr, *Diary of a Foreign Minister* (Sydney: New South, 2014).

<sup>35</sup> Nick Bisley and Brendan Taylor, "Conflict in the East China Sea: Would Anzus Apply?," in *A Research Project of the Australia-China Relations Institute, UTS in collaboration with La Trobe Asia and the Strategic and Defence Studies Centre, ANU* (Sydney: Australia-China Relations Institute, 2014); Michael Wesley, "Australia's Interests in the South China Sea," in Leszek Buszynski and Christopher B. Roberts (eds.), *The South China Sea Maritime Dispute: Political, Legal and Regional Perspectives* (Milton Park, Albingdon, Oxon: Routledge, 2015), pp. 164-172.

<sup>36</sup> Andrew Carr and Peter Dean, "The Funding Illusion: The 2% of Gdp Furphy in Australia's Defence Debate," *Security Challenges*, Vol. 9, No. 4 (2013), pp. 65-86.

<sup>37</sup> The one notable exception is from the scholar Ross Babbage, though his approach has been widely criticized. See Rory Medcalf, "Debate: On 'Ripping an Arm Off' - Questioning Australia's Beowulf Option," *Security Challenges*, Vol. 4, No. 2 (2008), pp. 13-20.

<sup>38</sup> Benjamin Schreer, "Planning the Unthinkable War: 'Airsea Battle' and Its Implications for Australia," in *Strategy* (Canberra: Australian Strategic Policy

## **Middle Powers and the US Pivot: A Collective Action Problem** 69

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perceptively notes “Given the perceived level of strategic intimacy between Australia and America, Canberra’s response (or meaningful lack of) to the pivot thus has the potential to send a dangerous signal to other Asian allies and partners of the United States as to what they can and cannot get away with.”<sup>39</sup>

**South Korea** is another key middle power, and an ally of the United States. Its approach to the rebalance, much like Australia’s, has been to welcome greater US attention, but in order to deal with its own strategic challenges. Indeed, for Seoul little seems to have changed. “From the perspective of the South Korean military, and the security and defence standpoint, the ‘rebalance’ is no different from what the United States has already been doing in South Korea.”<sup>40</sup> As is widely acknowledged, the relationship between South Korea and Japan continues to be fragmented and riven by historical arguments. While US policy since the turn of the century been sold as moving from a ‘wheel’ to ‘web’,<sup>41</sup> the South Korea-Japan relationship shows little change.

South Korea has shown a greater movement towards

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Institute, 2013), p. 7.

<sup>39</sup> Brendan Taylor, "Australia Responds to America's Rebalance," in William T. Tow and Douglas Stuart (eds.), *The New Us Strategy Towards Asia: Adapting to the American Pivot* (Milton Park, Abingdon, Oxon: Routledge, 2015), p. 165.

<sup>40</sup> Changsu Kim, "South Korea's Adaption to the Us Pivot to Asia," in Tow and Stuart, *Ibid.*, pp. 90-101.

<sup>41</sup> Patrick M. Cronin et al., *The Emerging Asia Power Web the Rise of Bilateral Intra-Asian Security Ties* (Washington D.C: Centre for a New American Security, 2013).

regional and even global leadership on US-friendly issues such as economics and climate change.<sup>42</sup> At the same time, Seoul has been keen to improve cooperation with China, and resisted the trilateral of US-Japan-South Korea.<sup>43</sup> Fears that South Korea is shifting camps towards China are implausible, however they signal a hiatus between American and South Korean visions of the regional order. For instance some South Koreans are confused as to why the US is expanding its presence in Australia at the same time as relocating troops from their own country, with some viewing this as an ‘intentional contrast’, sowed by Washington.<sup>44</sup> South Korea does not act like a country which seeks the simple return of US primacy in the region - as the rebalance desires - and this should be an important warning sign to Washington.

**Taiwan** is not a formal US ally, but it deserves mentioning in this section due to its close historic relationship. The government in Taipei has warmly embraced the US rebalance, though its mere existence is held up as a central challenge to the long term stability of the Asia-Pacific region. Taiwan has tried to reduce tension with Beijing via greater cross-strait economic engagement and resolved a long standing political deadlock with Japan on fishing activities and zones in the East China Sea. At the same time, it is restructuring its forces, including reducing its overall

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<sup>42</sup> G.J. Ikenberry and J. Mo, *The Rise of Korean Leadership: Emerging Powers and Liberal International Order* (New York: Palgrave Macmillan, 2013).

<sup>43</sup> Kim, *op. cit.*, p. 96.

<sup>44</sup> *Ibid.*, pp. 91-92.

**Middle Powers and the US Pivot: A Collective Action Problem** 71

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size, partly in light of financial concerns as well as domestic pressure for more social spending.<sup>45</sup> Taiwan like many other states in the region has its own claims in the South China Sea and these do not necessarily accord with the interests of the US or the stability of the regional order. As Fu-kuo Liu notes, “[...] the US pivot to the region has encouraged Washington’s allies and partners to assert their interests at the expense of others.”<sup>46</sup> Japan and the Philippines in particular have sought to assert their claims, with inevitable push back by Beijing and Taipei. Taiwan’s claims are partly interesting as they are both larger than those of the mainland, as well as intimately tied to Beijing, given any independence of claims may be taken as an independence of sovereignty.<sup>47</sup> This adds an extra point of tension to Taiwan’s pursuit of its claims in the region and the escalation risks of any potential clashes. Notably in May 2013 there was a violent clash between a Philippines Coast Guard vessel and a Taiwanese fishing boat. Efforts to constrain Chinese assertiveness are far more difficult when the smaller powers are competing with each other as well, and unfortunately the rebalance offers little solution and an unhelpful dose of provocation.

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<sup>45</sup> Fu-Kuo Liu, "The Us Pivot to Asia: Taiwan's Security Challenges and Responses," in Tow and Stuart, *op. cit.*, pp. 104-108.

<sup>46</sup> *Ibid.*, p. 106.

<sup>47</sup> Russell Hsiao, "U.S.-Taiwan Relations: Hobson's Choice and the False Dilemma," in Ashley J. Tellis, Abraham M. Denmark, and Greg Chaffin (eds.), *Strategic Asia 2014-15: U.S. Alliances and Partnerships at the Centre of Global Power* (Washington D.C: The National Bureau of Asian Research, 2014), p. 279.

It is worth briefly looking at the actions of 3 middle power countries that could loosely be called partners or friends of the United States - **Indonesia, Vietnam and Singapore**. The ‘middle power’ label for all three is still contentious. Indonesia is projected by some economic analysis to boom towards great power status, while the long term capacity of Vietnam to achieve and Singapore to sustain are in question.

**Indonesia** is perhaps the most important middle power in Asia. If economic forecasts are right, Indonesia may end up a regional great power, the fourth largest economy of the world by 2050.<sup>48</sup> The new President Joko Widodo has announced a vision for Indonesia to become a ‘global maritime fulcrum’, while increasing defence cooperation with Japan, and criticising Chinese assertiveness in the South China Sea. Yet Indonesia sees stability in holding onto its ‘non-aligned’ image. Like Malaysia, its response to the announcement of the US rebalance has been deeply ambiguous.<sup>49</sup> Even though President Obama has a widely known personal connection to Indonesia, Jakarta reacted negatively to increased US presence in Darwin, fearing this would be used to subvert Indonesian sovereignty.<sup>50</sup> Most of the US-Indonesia engagement since the announcement of the

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<sup>48</sup> Pricewaterhouse Coopers, "World in 2050: Will the Shift in Global Economic Power Continue?," in *PwC Economics* (Singapore: Pricewaterhouse Cooper, 2015).

<sup>49</sup> Tow and Stuart, *op.cit.*

<sup>50</sup> Dewi Fortuna Anwar, "An Indonesian Perspective on the U.S. Rebalancing Effort toward Asia," in *Commentary* (Washington (D.C): National Bureau of Asian Research, 2013).

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**Middle Powers and the US Pivot: A Collective Action Problem** 73

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rebalance has been directed to Indonesian challenges, such as the sale of Apache Helicopters for internal security and providing US resources to boost Indonesia's economic and social development.<sup>51</sup> These investments may pay off in a stronger US-Indonesia relationship in time but there is little evidence Indonesia has any desire to cooperate in US efforts to constrain, let alone contain China. Indonesia wants a regional order that keeps the great powers out, rather than one that further embeds even friendly giants like the US.<sup>52</sup> Given Indonesia's self-identification as the de-facto regional leader in Southeast Asia, any US strategy for the region requires much more buy in and support from Jakarta than has been forthcoming.

**Vietnam** has emerged as one of the strongest supporters of the United States in Asia today. Though not cutting their ties with Beijing, there has been a substantial rapprochement between Hanoi and Washington.<sup>53</sup> Yet there are clear limits as to what this relationship can achieve, or how it might help support the regional order sought by Washington. Vietnam is obviously keen for US support to protect its maritime claims in the South China Sea and as a bulwark against Chinese pressure and threats of force. What

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<sup>51</sup> Office of the Spokesperson, "U.S.-Indonesia Fourth Joint Commission Meeting - Fact Sheet," *Office of the Spokesperson*, 17 February 2014, <http://www.state.gov/r/pa/prs/ps/2014/02/221714.htm> (Accessed October 8, 2015).

<sup>52</sup> Ralf Emmers, "Security and Power Balancing: Singapore's Response to the Us Rebalance to Asia," in Tow and Stuart, *op. cit.*, p. 145

<sup>53</sup> Geoff Dyer, *The Contest of the Century: The New Era of Competition with China* (London: Penguin Books, Limited, 2014), p. 106.

is less clear is how Vietnam's support for the US will help the US or the wider region fashion a sustainable order. Indeed US support for Vietnam risks encouraging this emerging middle power to act in a much more provocative and assertive way towards Beijing.<sup>54</sup> For instance, reports have emerged about Vietnam and the Philippines seeking a 'strategic partnership' to counter Chinese presence in the South China Sea.<sup>55</sup> Vietnam has not bought into proposals for US predominance. It will not transition towards becoming a US ally, it is determined to maintain ASEAN authority on issues such as the South China Sea and it acts contrary to many key US-supported norms such as favouring economic controls and seeking restrictions on freedom of navigation within its claimed maritime zones.<sup>56</sup>

**Singapore** is often pointed to by Washington D.C as evidence of the support and appeal of the US rebalance policy. While not an ally, the city state has increased its cooperation with the US, including allowing the basing of littoral combat ships to Changi Naval Base inside the vital Malacca strait. However

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<sup>54</sup> Lyle Goldstein, "The South China Sea's Georgia Scenario," *Foreign Policy*, 11 June 2011, <http://foreignpolicy.com/2011/07/11/the-south-china-seas-georgia-scenario/> (Accessed October 9, 2015).

<sup>55</sup> Raissa Robles, "Vietnam Asked Philippines to Form Pact to Counter China, Aquino Reveals," *South China Morning Post*, 20 April 2015, <http://www.scmp.com/news/asia/diplomacy/article/1771526/vietnam-asked-philippines-form-pact-counter-china-aquino-reveals?page=all> (Accessed, October 10, 2015).

<sup>56</sup> Leszek Buszynski and Chris Roberts, "The South China Sea and Australia's Regional Security Environment," in *National Security College Occasional Paper* (Canberra: Australian National University, 2013), p. 27.

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**Middle Powers and the US Pivot: A Collective Action Problem** 75

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Singapore has actively raised concerns about US focus and attention. It has also cautioned against any moves that make a competitive environment more likely, while reaching out to Beijing to engage in deep and consistent negotiations over China's place in the regional order. Trade concerns remain understandably central to this port city. To ensure its survival and welfare, Singapore knows it will have to follow regional dynamics. It can move with a pack, but will not stand alone on behalf of the US.

As this very brief overview of the key middle powers of the Asia-Pacific shows, the current strategic narrative of these states is often quite at odds with US ambitions. Many of these narratives are contradictory and confused. Some even risk aggravating China by placing all blame on Beijing in ways that make conflict more likely. How might the collective action problem thus be resolved, while encouraging greater regional coherence and cooperation?

**Allies Should Save the US from Itself**

This final section argues that US allies in the region should be deeply concerned about this collective action problem and seek ways to reduce it and alleviate some of the US's burden. The most logical, though implausible option is for each state to simply increase its material support for US interests and the US order and hope that others follow their lead. Recent experience suggests that

won't work outside of an unprovoked initiation of war by an aggressor state. A better way to address the issue of collective action problems within groups is to re-think how and why the group was established in the first place.<sup>57</sup> The more clearly defined and organised a group, the better its capacity to reduce free riders within and without. While the above analysis focused on those states who started inside the US 'hub and spokes' system after World War II, many who stayed out are now positively inclined to the outcomes, yet don't actively support it. Finding a way to bring both of these groups and the US to more coherent organising principles, via a new strategic narrative, could help reduce the shirking and moral hazard problems. In this way, US allies can help to achieve the goals of the US rebalance in ways the Obama Administration is currently unable to.

It might seem that establishing strategic narratives is a job for great powers, however currently the US and China lack workable public strategic narratives about each other or their roles.<sup>58</sup> Given their size and potential for misunderstanding, this process is a fraught task for both. Attempts such as 'responsible stakeholder' and 'new type of great power relations' quickly fell prey to speculation about the true motives behind either formulation. However this risk is not shared by the middle powers. These outsiders can propose alternate strategic narratives that, because it does not come from either of the competing capitals

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<sup>57</sup> Anesi, *op. cit.*, p. 198.

<sup>58</sup> Rudd, *op. cit.*

**Middle Powers and the US Pivot: A Collective Action Problem** 77

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may be far more intrinsically appealing. Thanks to a variety of so called ‘post-westphalian trends’, it is harder for large states to plan and organise others.<sup>59</sup> Instead there is a need for much more widespread buy-in. More crowd-sourcing rather than appealing to the ‘myth’ of the master strategist to solve these collective action problems.<sup>60</sup>

Such a middle power narrative would, I suggest feature at least four key elements. These are all deliberately provocative and therefore offered with a great deal of caution. But there is a need to consider unpalatable or reconsider radical alternatives in the face of the substantial problems faced by the US pivot.

**1. Asian provision of Asia’s security**

The first step is to embrace both China’s call for Asia to solve Asia’s problems and the US’s call for greater burden sharing. While both great powers mean it in contradictory ways, there is a sensible and somewhat uncontroversial logic within each. Namely, the major responsibility for regional security should be upon the region itself. Just as occurs today in Europe, Africa, and North and South America. While the US had to take a major role in the

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<sup>59</sup> For literature on this growing trend see Andrew Hurrell, *On Global Order: Power, Values and the Constitution of International Society* (Oxford: Oxford University Press, 2007); M. Naim, *The End of Power: From Boardrooms to Battlefields and Churches to States, Why Being in Charge Isn't What It Used to Be* (New York: Basic Books, 2013), E-Book.

<sup>60</sup> Lawrence Freedman, *Strategy: A History* (New York: Oxford University Press, 2013), p. 243.

daily provision of security during the immediate post-World War II period, it is not clear that any such role is needed today given the vast improvements in state capacity.<sup>61</sup> Nor is it clear the US is willing or even able to continue funding and sustaining the task.<sup>62</sup> Even committed supporters of the rebalance must ask how long such a pattern of US sponsorship will continue. At some point, inevitably, Asia will take control of its own security. The only question is whether this happens as a moderated transition or a sudden change due to crisis or calamity. Notably, Asian responsibility does not mean Chinese responsibility. Nor does it mean cultural or ethical exclusion. Countries such as Australia, Russia, the nations of the South Pacific and of course the US all have a great interests in regional security and will have to play their part. Solving the collective action problem doesn't mean trying to exclude the US or its ideals for the region, but rather establishing it on a more sustainable long term basis.

## **2. Asian ownership of key regional economic norms**

In a similar vein, economic norms which enjoy the wide support of the region should also be reclaimed from the US in order to gain legitimacy as indigenous forms of governance. For the openly pro-market countries of the region this is a vital task. Capitalist policies have been too often identified with the US -

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<sup>61</sup> Logan, *op. cit.*

<sup>62</sup> Christopher Layne, "This Time It's Real: The End of Unipolarity and the Pax Ameicana," *International Studies Quarterly*, Vol. 56, No. 1 (2012), pp. 203-213.

**Middle Powers and the US Pivot: A Collective Action Problem** 79

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and therefore with US crises like the 2008 Global Financial Crisis and US domestic shortfalls (notably poverty and inequality). This is how capitalism is widely understood to operate, even though these are not inherent features of other capitalist economies such as Australian, Taiwan, Singapore, South Korea or Japan. These countries are not without their own challenges, but in a region which was defined by trading empires over thousand years ago, protecting open markets and trading access should be widely embraced as an integral 'Asian' value.

This shift in ownership of economic mechanisms has already been underway for some time, and indeed it shows how, when done well, localising can sustain US influence rather than challenge it. For example, the impetus for APEC, the Asia-Pacific Economic Cooperation economic forum came out of Tokyo and Canberra, not Washington. President H.W Bush was extremely hesitant to be involved, as was his successor President Clinton in upgrading the forum to a heads of state meeting. Yet Asian countries, including Japan and Indonesia persevered in helping to push for the forum's establishment and support. In turn the US negotiated its place as it has on a variety of economic issues.<sup>63</sup> Yet such instances are rare. While a lot of attention has been given to ensuring the Chinese government feels a sense of ownership in the regional order, we must also work to strengthen the

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<sup>63</sup> Evelyn Goh, *The Struggle for Order: Hegemony, Hierarchy, & Transition in Post-Cold War East Asia* (New York: Oxford University Press, 2013), pp. 118-158.

attachment and sense of responsibility for this order felt by the emerging middle powers such as Indonesia, Vietnam, South Korea, Taiwan and others.

More recently however we have seen regional ideas such as the Trans-Pacific Strategic Economic Partnership Agreement (proposed by Chile, New Zealand, Singapore and Brunei Darussalam) become claimed and owned by the United States - and thus turned into the TPP. This may come to be seen as a mistake because it takes away from the main regional concerns (such as integrating and stabilising China's role) and it risks subverting notions of both regional capacity (with the US being seen as required to lead) and increases the risks for US authority. A failure of the TPP would be widely seen as a substantial blow to US leadership.<sup>64</sup> Viewed in terms of the pivot's collective action problem, it would have been much better for all if the TPSEP had continued as an Asian-led economic initiative that involved the US rather than its present form of the TPP, a distinctly US project that involves Asia. Such perceptions matter and US allied middle powers should worry about such perceptions and act to overcome or prevent them.

### **3. Sustainable foundation for US presence**

The third aspect, though arguably the most important is getting the nature and balance of US presence right. A shift in the

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<sup>64</sup> Harold, *op. cit.*, p. 96.

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**Middle Powers and the US Pivot: A Collective Action Problem** 81

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role played by the US towards a more sustainable and effective posture is only viable if the first two aspects of localising security and economic management begin to take form. In such an environment, the US would be able to slowly transfer the burden. Rather than being seen to withdraw, it would in such a scenario be accommodating an emerging regional order where it had a defined smaller role. The literature on offshore balancing would seem to suggest a plausible direction, though it should be conceived of as an aim to be worked towards over decades, that occurs because of regional change, rather than as conceived by its advocates as a method of ensuring regional change. But change the US must. Only with such a transition can the US find a stable basis for long term engagement in the region,<sup>65</sup> and at a level which its economic and military resources can credibly sustain given domestic and global challenges. As one commentator has noted “perhaps the biggest risk that [...] the reorientation to Asia faced was the possibility that key friends and allies would not be willing or able to take greater responsibility for their security.”<sup>66</sup> A new narrative around a changed US role would also provide cover for the maintenance of some key US facilities along with more pragmatic, negotiated decisions about other US bases and engagements in the region.

**4. Support Chinese leadership and authority in slowly but**

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<sup>65</sup> Kelly, *op. cit.*; Layne, *op. cit.*, p. 210.

<sup>66</sup> Douglas Stuart, "Obama's Rebalance in Historical Context," in Tow and Stuart, *op. cit.*, p. 18.

**clearly expanding areas**

No middle power in the region wants to find itself forced to choose between China and the US. And as the AIIB affair in 2014-2015 shows, forcing that choice may not be to America's benefit. To avoid this to occur repeatedly, the middle powers need to find a way to give China a form of ownership in the regional order. Under Xi Jinping, there is 'a new forthright Chinese voice in the world' which seems to be seeking a substantially greater role in the reform of the current international order.<sup>67</sup> This should be welcomed given China's significance and capacity, and in line with long standing US calls for China to be a 'responsible stakeholder'. Unfortunately, recent experience suggests the US doesn't actually want Chinese participation, but its acquiescence. Hence the inevitable push by Beijing not to reform the order and its institutions but to change it completely.

The middle powers of the Asia-Pacific should however have far less reticence about encouraging China to help reform the international order. This is important for two reasons. First, it offers a chance to ameliorate Chinese concerns within the existing structure. This and other 'socialisation' goals may ultimately be to limited effect, but most experts believe that China seeks to maintain the basic framework of the existing order and can point to growing Chinese interaction and engagement with these

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<sup>67</sup> Rudd, *op. cit.*, p. 24.

**Middle Powers and the US Pivot: A Collective Action Problem** 83

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structures.<sup>68</sup> Even if the goal is doomed, it offers a chance to clarify the true points of difference - and so move away from more zero-sum debates about 'primacy' in favour of specific negotiated and potentially resolvable disputes.

The other, more encouraging reason this should be pursued is because there is widely recognised to be "a malaise in terms of global institutions [...] [with] an increasingly serious and increasingly recognized governance deficit and under-provision of cooperation."<sup>69</sup> To admit this is not to call into doubt the capacity or legitimacy of the countries that built it, but rather to recognise the need for alternate and new forms of governance that might function better and therefore help restore confidence in international society and institution as problem solving centres. If the ideas of Beijing, Tokyo, Jakarta, New Delhi or Taipei are better placed to deliver such governance and therefore to sustain a rules based order this ultimately reinforces the status quo and underpins US authority and capacity.

Though these issues are centrally discussed around the choices of the great powers such as the US, it is worth remembering theirs is not the only voice and vote that matters.

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<sup>68</sup> *Ibid.*, p. 24; Nick Bisley and Brendan Taylor, "China's Engagement with Regional Security Multilateralism: The Case of the Shangri-La Dialogue," *Contemporary Southeast Asia*, Vol. 37, No. 1 (2015), pp. 29-48.

<sup>69</sup> Hurrell, *On Global Order*, *op. cit.*, pp. 9-10; Fen Osler Hampson and Paul Heinbecker, "The 'New' Multilateralism of the Twenty-First Century," *Global Governance*, Vol. 17, No. 3 (2011), p. 299.

For instance, reform of the International Monetary Fund to increase China's voice, along the lines of the 2010 reform package would require 85 percent of the total voting to pass. The United States has the largest share, but this is only 16.42 percent.<sup>70</sup> Reform of the international order to pull power away from sectional EU/US interests has been a long standing goal of many Asia-Pacific states and it should not be abandoned in the face of intra-regional about a particular countries influence. The collective weight of the middle powers to encourage the path of reform is therefore vital. While the establishment of a true regional strategic narrative would be an extremely difficult and long task, it offers a way to address the collective action problem which currently undermines the strength of the existing order as well as draining US presence and authority in the Asia-Pacific.

### **Conclusion**

There are of course risks with any policy direction. Overcoming this collective action problem may, paradoxically make it easier for an opposing agent to engage in coercive diplomacy against the entire alliance.<sup>71</sup> Meanwhile the actions of the only country thus far attempting to become a more equal

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<sup>70</sup> Cary Huang, "China Frustrated by Delayed Reforms to Increase Its Say at Imf," *South China Morning Post*, 20 April 2015, <http://www.scmp.com/news/china/economy/article/1771630/china-frustrated-d-elayed-reforms-increase-its-say-imf> (Accessed October 10, 2015).

<sup>71</sup> Thomas J. Christensen, *Worse Than a Monolith: Alliance Politics and Problems of Coercive Diplomacy in Asia* (Princeton (N.J.): Princeton University Press, 2011).

**Middle Powers and the US Pivot: A Collective Action Problem** 85

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partner with the US - Japan - have provoked controversy. Shinzō Abe's government has faced both domestic criticism for changing Japan's post-WW2 role, along with greater regional tension with China, South Korea and parts of Southeast Asia who are uncertain as to what a more active and involved Japan means for regional security. Similar fears about what a more active and engaged region would look like can also be found in the growing literature on an Asian arms race.

As real as these challenges all are, they are far more manageable and negotiable than continuing an American strategy which is fundamentally based around a level of cooperation and concerted action it can not achieve. This is a strategy which far from allowing US resurgence, actually deepens its challenges and burdens. Despite initial optimism and strong support for the ambition of the rebalance, there is a great deal of unhappiness about US policies. Partners are unsure of the effectiveness and implications for their own security, while the US is exasperated at how to resolve the 'perennial' doubt. Until the US presence is put on a far more solid foundation - one that can only really occur through far greater allied and partner buy in - this fragility and tension will remain.

This paper has examined the US rebalance to Asia and argued it faces a collective action problem that the central debate about US effort has obscured. It argues the challenge of establishing a coherent strategic narrative and getting US allies,

partners and friends to carry more of the weight in shaping and supporting the regional order is fundamental. It examined the response of the middle powers in Asia to US policy and showed that their actions, both allies as well as partners and friends of the US are diverse and often divorced from each other and US ambitions. Finally it argued that US allies in the region should seek to take the lead to overcome this by offering an alternate strategic narrative that draws on the concerns of the middle powers and seeks to transfer some of the burden from the US to the region. In this way, US allies can help to achieve the goals of the US rebalance in ways the Obama Administration is currently unable to.

As one scholar has noted “until the new strategy becomes more than mere political rhetoric, and moves beyond existing policies, America's friends and allies will continue to encourage Washington, but will stop short of making strategic commitments.”<sup>72</sup> That is a challenge for the US, but it is also a challenge for the regional middle powers who want to encourage those commitments. Due to collective action and moral hazard problems, it is not surprising these states have not significantly embraced US calls for greater burden sharing. The solution is not another round of US demands, but a clearer effort to refine the regional strategic narrative, with considerable input and guidance from the middle powers that can help craft a viable and

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<sup>72</sup> Kim, *op. cit.*, p. 100.

**Middle Powers and the US Pivot: A Collective Action Problem** 87

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compelling vision.

