Original Article

Contested regional orders and institutional balancing in the Asia Pacific

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Abstract The rise of the BRICS (Brazil, Russia, India, China and South Africa) is gradually transforming the international system from a unipolar world toward multipolarity. China's ascent not only challenges US domination, but also intensifies the institutionalization of security in the Asia Pacific. On the basis of institutional balancing theory, I argue that (i) China's rise has led to a competition among different regional orders, that is, the US-led bilateralism versus ASEAN-centered and China-supported multilateralism. However, conflicts or wars are not inevitable since the contested regional orders can coexist in the Asia Pacific. (ii) The deepening economic interdependence has encouraged regional powers, including the United States, China and ASEAN, to rely on different institutional balancing strategies to pursue security after the Cold War.
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Introduction

The rise of the BRICS (Brazil, Russia, India, China and South Africa) has caused a gradual transformation of the international system from a unipolar world toward multipolarity in international politics. China's ascent not only challenges US domination, but also intensifies the institutionalization of security in the Asia Pacific. The proliferation of multilateral institutions has become a stunning feature of international relations (IR) in the region after the Cold War. Challenging the pessimistic and static views of mainstream IR theories in examining China's rise, I argue that mere structural imperatives of power transition cannot determine the fate of China's rise. Instead, we need to consider the interactions between structural constraints and the agent's policy choices.

On the basis of institutional balancing theory, I argue that (i) China's rise has intensified a competition among different regional orders, that is, the US-led bilateralism

versus ASEAN-centered and China-supported multilateralism. Wars or conflicts are not inevitable since the contested regional orders can coexist in the Asia Pacific. (ii) The deepening economic interdependence has encouraged regional powers, including the United States, China and ASEAN states, to rely on different institutional balancing strategies to pursue security after the Cold War. The institutionalization of regional security in the Asia Pacific in turn creates a condition for the peaceful coexistence of regional orders, which can mollify the negative impact of China's rise.

This article has three parts. First, I briefly discuss the 'structural bias' of the three mainstream IR theories, realism, liberalism and constructivism, in examining the implications of China's rise for regional security. Second, I explore how major states have engaged in different institutional balancing strategies, including inclusive institutional balancing, exclusive institutional balancing and inter-institutional balancing, to pursue security and influence in the Asia Pacific. In conclusion, I argue that deepening economic interdependence and globalization have changed the nature of power transformation in the system. Institutional balancing will contribute to a relatively peaceful environment for states to compete without war and conflict in the Asia Pacific.

The Structural Bias on China's Rise

The rise of China has ignited a great debate among IR scholars. For most realists of different stripes, China's rise and its challenge to the existing international system is a worrisome trend in world politics. Power transition realists and offensive realists share a similar view on an unavoidable conflict between a rising power and the existing hegemon, although they disagree on which one, China or the United States, will initiate a war (for example, Organski, 1958; Mearsheimer, 2010). Defensive realists are also deeply concerned that the worsening security dilemma driven by China's rise may drag China and the United States into an unnecessary conflict, although some scholars temporarily downgrade China's military capabilities as well as the associated threats toward the United States (Christensen, 2001).

Most liberals hold a relatively optimistic view on China's rise because they believe that China has benefited greatly from liberal institutions since its economic reform in 1979 (Ikenberry, 2008). Therefore, although China may challenge US leadership and hegemony in world politics, it will not overthrow the liberal economic and political order, which has become an embedded spirit of the West. According to institutional liberalism, an institution can survive by itself even after hegemony. Therefore, China's rise may lead to a decline of US hegemony, but not the demise of the West. In other words, China will still be constrained by the Western liberal system even after it reaches the top of the international hierarchy.

Constructivists are normally uncertain about the outcome of China's rise since they do not know 'what China will want' (Legro, 2007). Constructivists emphasize

the persuasive power of identities and norms in influencing political leaders' ideas, and in turn, constituting states' behavior. If Chinese leaders hold a reformist and *status quo* ideology, China will not challenge the existing system. However, if Chinese leaders are revisionists and revolutionary in nature, China's rise will lead to conflicts and even wars in the system. Some constructivists, such as Johnston, optimistically suggest that Chinese policymakers have been socialized or are in the process of socialization by cooperative security norms in the system through 'mimicking, social influence and persuasion' mechanisms in multilateral institutions (Johnston, 2008).

Two types of structural bias

Although these three schools of thought are theoretically insightful and empirically relevant, they suffer two types of 'structural bias'. First, they hold a singular and static view of international order. When realists suggest that China's rise will challenge the international system and the existing order, they assume that there is only one static order in the system. When liberals argue that China is a beneficiary of the existing liberal order, they also assume one Western liberal system in the world. For constructivists, they assume that some universal norms in one ideational system, such as cooperative security, may shape and constitute Chinese leaders' ideas in particular and China's foreign policy behavior in general.

Yet, 'order' is a contested concept in IR. Order can be just descriptive in nature in that scholars treat 'order' as a synonym of 'system'. Rosenau (1992, p. 11) suggests that an analytic concept of order, or an 'empirical order' can 'be located on a continuum which differentiates between those founded on cooperation and cohesion at one extreme and those sustained by conflict and disarray – i.e., disorder – at the other'. On the other hand, scholars can claim normative meanings to 'order', that is, a desirable outcome of states' interactions. Bull (1977, pp. 3–4) defined order as 'a pattern that leads to a particular result, an arrangement of social life such that it promotes certain goals or values'. Similarly, Alagappa (2003, p. 39) conceptualizes order as 'a formal or informal arrangement that sustains rule-governed interaction among sovereign states in their pursuit of individual and collection goals'. Seemingly, realists normally treat order more as a fact, while liberals and constructivists view order more as a rule or a value. However, as mentioned before, all of these three schools of thought, to a certain extent, hold a singular and static conceptualization of order. In fact, there could be more than one order in both international and regional systems.

For example, although the Cold War featured a bipolar international system, there were at least two hierarchic orders in both Western and Eastern camps (Wendt and Friedheim, 1995). In addition, based on the different natures of states' interactions, there are economic, political and security orders in both international and regional systems. Last, but not least, in one region different international and regional orders

may coexist. As Ross (1999) suggests, although the post-Cold War world is featured by US unipolarity, there is also a bipolar structure or order in East Asia between a maritime power group led by the United States and a continental power cluster centered on China.

The English school offers a pluralist view of international society, thus, there is more than one type of international order in the global international society (Hurrell, 2007). For example, Merke (2015) suggests that 'South African regional society goes beyond power politics' with a special practice of *Concentración* (also see Burges, 2015). In the same vein, South Africa's 'symbolic hegemony' in Africa is also unique in world politics (Alden and Schoeman, 2015). Therefore, we should not hold a singular view of regional order. In China's case, China's rise may challenge one type of regional order, for example, the US-dominated bilateral security arrangement, but it does not necessarily mean that China will threaten other regional orders at the same time. In other words, the singular view of international and regional order in fact exaggerates the negative impact of China's rise to the region.

The second 'structural bias' lies in an overemphasis of structural constraints of the international system on state behavior while downplaying the role of agents in shaping the political outcome in international politics. Realists identify China as a disturbing or revisionist factor for the existing structure. Liberals emphasize the role of liberal institutions at the structural level in constraining China's behavior. Constructivists discuss how universal norms in the ideational structure can educate Chinese leaders and socialize China's foreign policy behavior, but they are uncertain as to whether it can be successful or not.

It is true that a rising power will normally challenge the stability or equilibrium of the power distribution in the system. It is also true that institutions and norms at the structural level are indeed important in either constraining or constituting state behavior. However, merely emphasizing the role of the structure, either material or ideational, ignores the role of agency in shaping the final outcome of the interaction between the structure and the agent. As Acharya (2004) points out, even relatively weak powers, such as Southeast Asian countries, have the capability or option to localize universal norms in order to make them suitable for the regional reality rather than unconditionally accepting norms from the structural level. Therefore, overlooking the role of agents in shaping the structure makes any prediction of China's rise arbitrary and deterministic in nature.

Historically, we have witnessed how the rising of Japan and Germany ended with military conflicts during World War II. However, there are also exceptions. The United States did not wage large-scale wars with Great Britain in the nineteenth century, although its territorial expansion resulted in military conflicts with Mexico and Spain. Prussia-Germany under Bismarck became the most powerful and influential state in Europe without interventions by either Russia or Great Britain in the mid-nineteenth century. Although geographical and structural factors contributed to the relatively peaceful rise of the United States and Prussia, there is no denying

that their strategies, that is, the agency in the system, played an important role in alleviating antagonisms from other countries in the nineteenth century. In explaining Prussia's relatively peaceful rise, Kennedy (1987, p. 189) points out that, 'the flank powers' [Russia and Great Britain] likelihood of intervening in the affairs of West-Central Europe would depend heavily on what Germany itself did; there was certainly no need to become involved if it would be assumed that the second German Reich was now a satiated power'. Therefore, for China structural constraints are not the only factor determining the fate of China's rise. Instead, the Chinese and other agents' policy choices can also shape the final outcome of China's rise.

Institutional Balancing – Competition without War

Military means or traditional hard balancing is still a major balancing strategy for states under anarchy, as we can see from the nuclear contestation between Pakistan and India in South Asia (see Blarel and Ebert, 2015; for different state strategies, see Lobell *et al*, 2015). However, I argue that the deepening economic interdependence has increased the cost for states to rely on traditional military means, such as military alliances, in pursuing security under anarchy. Therefore states have learned to use multilateral institutions to constrain and undermine their rivals' power and influences (for similar arguments, see Flemes and Wehner, 2015). In this article, I apply institutional balancing theory to examine how China, the United States and ASEAN employ different types of institutional balancing strategies to compete for power and security in the Asia Pacific after the Cold War (He, 2009). The institutionalization of regional security driven by states' institutional balancing strategies will lead to fierce competition among states through institutions, but with a low level of violence and war.

Economic interdependence – Too costly to ignore

The deepening economic interdependence is one of the most notable features in world politics after the Cold War. The burgeoning trade volumes among nations and growing investments across regions have interconnected different countries closer than ever. For example, one study of the Asian Development Bank shows that the trade versus GDP ratio in Asia, one of the common indicators of economic interdependence, is 62.9 per cent, which is very close to that of the European Union at 64.3 per cent. In addition, more than half of the total trade in Asia is conducted among Asian countries within the region (Asian Development Bank, 2008, p. 12). In the Asia Pacific the export-oriented economic model not only created the 'four tigers' in the 1970s–1990s, but also brought about China's rise until today. US information-centered technology, Japan's abundant capital,

China's workforce as well as the Asia-based market, all contribute to the economic boom of the Asian miracle in the 1990s.

As the Asian Development Bank (2008, p. 10) report states, 'Asia's economies are increasingly connected through trade, financial transactions, direct investment, technology, labor, and tourist flows, and other economic relations … Asian economies … in some respects, are as closely intertwined as Europe's single market'. The deepening economic interdependence was more evident than ever after we witnessed how one country's financial turmoil led to a region-wide economic meltdown during the 1997–1998 Southeast Asian financial crisis. Although economic interdependence is by no means symmetric in nature, all states realize the mounting economic costs associated with potential military conflicts and antagonisms among nations.

One positive impact of economic interdependence is that it encourages political leaders to consider non-violent means to compete with one another. Competing for power, security and prestige is still the major game in town for states under anarchy. However, the growing economic costs of traditional balancing strategies, such as the formation of alliances and arms races, in the context of globalization and economic interdependence, lead states to pursue a relatively low-cost means of competing. Institutional balancing is one new balancing strategy that states can use to realize their realist goals in the international system.

Institutional balancing means relying on multilateral institutions to constrain and undermine a rival's power and influence (He, 2009). The essence of balancing is to change the relative power between a state and its rival. Traditional balancing emphasizes how to increase a state's own power, either through internal balancing – arms races or external efforts – alliances. Institutional balancing is one type of soft balancing or negative balancing in that it focuses on how to undermine or constrain a rival's power in order to change the power equilibrium to a state's own favor (He, 2012). I suggest that deepening economic interdependence creates a strategic condition in which states are more likely to choose a relatively low-cost, institutional balancing strategy to pursue security under anarchy. There are three types of institutional balancing that the United States, China and ASEAN states have applied to constrain and undermine each other's power since the end of the Cold War.

Inclusive institutional balancing

The first type of institutional balancing is an inclusive institutional balancing strategy, that is, a state can include the target state within a multilateral institution. Relying on rule-making and agenda-setting techniques, the state can constrain the target state's behavior and undermine the power and influence of the target state. In the Asia Pacific, the ASEAN states have employed this inclusive institutional balancing strategy to constrain and undermine China's behavior through various multilateral institutions, such as the ASEAN Regional Forum (ARF), the ASEAN

Plus Three (APT) and the East Asian Summit (EAS). The ARF, established in 1994, is an outgrowth of the annual ministerial-level meeting between ASEAN and its dialogue partners. As the only security-oriented dialogue forum in the region including all great powers, ARF plays a vital role in building confidence and alleviating uncertainty among states in the post-Cold War era. However, one of the key reasons for the ARF to include China, a potential threat to the region, is to use the rules and norms of the institution to constrain China's behavior.

For example, at the first ARF meeting in 1994 China refused to discuss the sovereignty disputes over the South China Sea within a multilateral format, although it reiterated China's peaceful intentions in settling the disputes (Tasker, 1992, p. 9). However, after the 1995 Mischief Reef incident the ASEAN states consolidated their common policy on the South China Sea by issuing a strong joint statement against China. China was later forced to agree to discuss the disputes on the basis of recognized principles of international law, including the 1982 Law of the Sea. Later during the ARF and China–ASEAN dialogs China modified its assertive behavior in the South China Sea disputes and engaged instead in setting up a code of conduct and joint development with the ASEAN states. In 2002, China and ASEAN signed a Declaration of Conduct (DOC) in the South China Sea, in which both sides promised to 'resolve their territorial and jurisdictional disputes by peaceful means', and 'exercise self-restraint in the conduct of activities that would complicate or escalate disputes' (ASEAN, 2002). In 2003, China signed the Treaty of Amity and Cooperation to further alleviate ASEAN's suspicions over the South China Sea disputes.

This analysis is not to argue that ASEAN's inclusive institutional balancing will change China's foreign policy behavior, especially on the South China Sea issue. However, the ARF setting, especially the dialogue agendas on confidence building and preventative diplomacy, has successfully softened China's behavior in the South China Sea since 1995. Although China is still unwilling to resort to legalistic means, such as the International Tribunal for the Law of the Sea, or the International Court of Justice, to resolve relevant disputes, it has modified its bilateralism-based negotiation principle and participated in discussions of the South China Sea disputes within the ASEAN setting. It should be noted that the 2002 DOC is signed between China and all 10 ASEAN members, not just between China and the 4 claimants of ASEAN members (Vietnam, the Philippines, Malaysia and Brunei) in the South China Sea disputes. Obviously, it was ASEAN's intention as a group to use its institutional weight to collectively press China on South China Sea disputes.

One puzzling issue other scholars may ask is why China is willing to be constrained by the rules and institutions formulated by ASEAN. From China's perspective ASEAN's institutional balancing is definitely not desirable, but it is the best among the worst. Despite the fact that joining ASEAN-based institutions, especially the ARF, will limit the freedom of action of China, especially in the South China Sea dispute, the potential benefit still outweighs the cost. First, China can break the diplomatic isolation imposed by the West after the Tiananmen Incident in

1989 through participating in ASEAN-oriented multilateral institutions. Second, through discussions and interactions in multilateral institutions China can alleviate regional suspicions over its military and economic ascent, especially from regional powers (Foot, 1998).

In addition, China adopted an ASEAN-first diplomacy in the ARF in order to undermine US domination and influence in the region. From the beginning of the ARF, China stood on the side of ASEAN and firmly supported ASEAN to be in the 'driver's seat' in regional multilateral architectures. China's backing of ASEAN's centrality in regionalism is by no means altruistic. Instead, China intended to use ASEAN-dominated regionalism to tame US influence in the region. Compared with legalistic institutional building and binding arrangements promoted by the United States and other Western countries, China is more comfortable with ASEAN's loosely organized regionalism. In addition, ASEAN's multilateral diplomacy and institutional building effects provide a perfect political tool for China to challenge the dominant role of US alliance-based bilateralism in the Asia Pacific.

Since 2010, China's assertiveness in the South China Sea has rekindled regional concerns over the implication of China's rise as well as the effectiveness of ASEAN's institutional balancing strategy. Although China was involved in a series of diplomatic standoffs with Vietnam and the Philippines over the South China Sea, ASEAN failed to issue a joint statement at the 2012 ASEAN Ministerial Meeting because of intra-ASEAN divisions on the South China Sea disputes. This failure is the first time in ASEAN's 45-year history. It is reported that China's diplomatic efforts behind the scenes directly led to divisions among the ASEAN states (Sutter and Huang, 2013).

It is still too early to evaluate the success or the failure of ASEAN's institutional balancing strategy toward China in the South China Sea disputes. Although China's behavior is certainly more assertive than before, other countries' provocations should not be ignored (Johnston, 2013). In 2013, Wang Yi, China's new Foreign Minister, stated that China is willing to negotiate a legally binding Code of Conduct (COC) with ASEAN to alleviate the tensions in the South China Sea. However, he also warned that any provocation from other claimants will face serious consequences from China's retaliation (Xinhua News, 2013). It is clear that China sincerely cares about the diplomatic pressures from ASEAN's institutional balancing since China does not want to be perceived as the 'trouble maker' in the South China Sea disputes. However, China does not intend to be the only party constrained by the COC rules. How to use institutions to constrain both China and other claimants' behavior in the South China Sea is a serious challenge for ASEAN's institutional balancing strategy in the next decade or so.

Exclusive institutional balancing

Besides inclusive institutional balancing, states can also employ exclusive institutional balancing to alienate the target state from an institution and rely on

the cohesion of the institution to impose pressures on the target state. Both ASEAN and China, indeed, adopted this exclusive institutional balancing against US pressure and threats in the post-Cold War era. The 1997–1998 economic crisis taught Asian countries two lessons. First, the deepening economic interdependence in the region has intertwined economies of Asian countries together. One country's economic problem can easily spill over to others. Second, the United States' lukewarm attitude during the crisis met a region-wide resentment regarding US hegemony.

Differing from its active actions in rescuing Mexico from the 1994 economic crisis, the United States appeared indifferent toward Asian countries' sufferings during the crises. Not only did the United States insist on imposing conditions on the financial packages from the World Bank and the IMF, the former also rejected Japan's proposal of establishing an Asian Monetary Fund, seen as Asia's self-help effort addressing the financial turmoil (Webber, 2001; Stubbs, 2002).

Therefore, regional resentment toward US arrogance and indifference directly led to the establishment of the APT in 1998 (Bowles, 2002). The APT originally aimed at promoting regional economic cooperation and coordination between Southeast Asian countries and three East Asian states, China, Japan and South Korea. Later, the APT gradually becomes one of the major architectures of Asian regionalism. Since the United States is excluded from the APT, the APT is an exclusive institutional balancing strategy for Asian countries, especially China and ASEAN, in undermining US influence in the region.

For China, the APT provides an institutional setting to play a more active and decisive role in leading Asian regionalism. In the 2001 APT summit, Premier Zhu Rongji suggested, 'efforts should be made to gradually carry out dialogue and cooperation in the political and security fields' (Zhu, 2001). According to Zhang Yunling, Chinese authorities have the following ambitious objectives for APT: a concerted voice in international affairs; a regional parliamentary committee; defense ministers' meeting and East Asian security cooperation council; and joint action on cross-border issues (cited by Cheng, 2001, p. 432). It is clear that China intends to upgrade the APT to a comprehensive multilateral institution in Asia that pointedly excludes the United States and other Western countries.

Besides the APT, China also initiated the Shanghai Cooperation Organization (SCO) as another exclusive institutional balancing tool to cope with US pressure in the region. The SCO is originally a military confidence-building mechanism through which China and its Central Asian neighbors may reduce troops in the border regions. Since 2003, China has started to inject economic cooperation into the SCO agenda in order to transform the SCO into a comprehensive multilateral organization. Although the SCO claims that it does not target any third party, the exclusion makes the United States uncomfortable. Especially, after the Afghanistan invasion, both Russia and China were urging some SCO countries to close US bases. Moreover, Iran, Mongolia, India and Pakistan all showed interest recently in joining in the SCO.

As an Indian diplomat points out, sooner or later, the SCO will frustrate the US global strategy and become a nightmare to NATO (Bhadrakumar, 2006).

It is still hard to evaluate the effectiveness of China's exclusive balancing strategy through the APT and the SCO because of the power struggle and internal politics within these institutions. For example, although China proposed to deepen regional cooperation under the APT framework, some ASEAN states, such as Singapore and Indonesia, and Japan were worried about China's domination in the APT as well as alienation of the United States from the region. Therefore, Japan and some ASEAN states strongly resisted China's 'deepening' plan for the APT. Instead, they proposed further 'expansion' of the APT. In 2005, an enlarged version of the APT, 'EAS', was established after admitting three new members, India, Australia and New Zealand. Although the APT and EAS coexist, China's influence in the EAS is apparently diluted by the new members in the EAS.

Similar internal politics also occurred inside the SCO though the institutional competition is mainly between China and Russia. As one Russia specialist points out, the relationship between Russia and China is just an 'axis of convenience', in which both countries harbor deep security suspicions toward one another (Lo, 2009). In the eyes of Russian leaders, the SCO is China's diplomatic tool to penetrate Russia's sphere of influence in Central Asia. In the eyes of Chinese leaders, Russia's domination of the SCO is the last thing China wants to see. Therefore, there are some potential tensions between the two nations on the future direction of the SCO.

For example, Russia supported further enlargement of the SCO, such as to admit India and Pakistan, so that China's attention can be dragged away from Central Asia. China, on the other hand, preferred a limited and exclusive setting of the organization so that China can promote its economic and military cooperation agendas in the SCO (Chung, 2004). Although the SCO has not expanded to admit any new members since 2001, the potential competition between Russia and China may influence the future cohesion and development of the SCO.

Inter-institutional balancing

The third type of institutional balancing is inter-institutional balancing. It suggests that states can use one institution to challenge the relevance and the role of another institution. In other words, one state can support institution A as a means to undermine the influence of institution B if institution B does not fit its security or economic interests.

In the Asia Pacific the proliferation of multilateral institutions has created overlapping and mingling institutional architectures in both security and economic arenas (Lee, 2012). For example, the APT members are also the founding members of the current EAS, which admitted Russia and the United States as two new members in 2011. Besides, there is an institution called ASEAN Plus Six, an interim

organization between the APT and the EAS, in which the 'Six' refers to the three original East Asian countries, China, Japan and Korea, and the three 2005 members, India, Australia and New Zealand. Both China and some ASEAN countries supported the APT framework because the APT can provide them more influence and voices in regional affairs. However, for the external powers, such as the United States, Australia and India, they prefer the EAS because they can potentially play a more important role in a broad setting of the institution. The inter-institutional balancing between the APT and the EAS will be one of the major features of Asian regionalism in the future.

For economic cooperation there is a 'spaghetti bowl' of free trade agreements among states in the Asia Pacific (Bhagwati, 2006). For example, ASEAN signed a free trade agreement with China in 2002 and some ASEAN countries have also signed or are in the process of negotiating bilateral free trade agreements with the United States. Since 2009, the United States has started to promote the Trans-Pacific Partnership (TPP) in the region which includes some ASEAN states, such as Singapore, Malaysia, Brunei and Vietnam. China and other developing economies cannot join the TPP because of its more selective high standards on economic liberalization for its members. For example, it includes provisions to 'protect labor rights and environmental standards, reform state-owned enterprises, and strictly protect intellectual property, and boldly eliminates tariffs' (Hiebert and Hanlon, 2012). Therefore, it is argued that the TPP is more suitable for developed economies instead of developing nations.

In order to balance the economic pressure from the United States and the TPP, ASEAN launched an ASEAN-centered institution to promote trade liberalization and economic cooperation in 2012. The formation of the Regional Comprehensive Economic Partnership (RCEP) is based on the 'ASEAN plus Six' framework, which includes the original members of the EAS but not the United States. As the RCEP does not include the United States, it is clearly a counterbalancing measure against the US-led TPP. Once the RCEP was announced in August 2012, China registered its strong support (Das, 2013). It is foreseeable that the competition between the RCEP and TPP will intensify in the near future if both China and the United States pour their diplomatic and strategic energies into these institutions. For middle and small powers, such as the ASEAN states, the inter-institutional competition between the RCEP and TPP may create more opportunities than challenges since they can take advantages of the competition to grab the most economic interests they otherwise cannot get from both the United States and China.

In the military- and security-related sphere, there are also some overlapping institutions between the track-one and track-two institutions. For example, the ARF parallels the Council for Security Cooperation in the Asia-Pacific (CSCAP) in that the CSCAP serves as a track-two institution for the ARF. The reason for calling CSCAP a track-two institution is the fact that the participants of CSCAP are mainly from academia or think tanks. Some officials or former diplomats can also attend the

conference but in their private capacities. The purpose of the CSCAP is to provide a parallel and informal environment for scholars and practitioners to discuss more sensitive issues on regional security. However, the effectiveness of the track-two institutions has been in debate (Simon, 2002; Capie, 2010).

Besides the ARF and CSCAP pair, in 2002 the Shangri-La Dialogue (SLD) organized by the Institute of International Strategic Studies entered the inter-institutional balancing game in regional security. The SLC invited defense ministers and military representatives from the Asia-Pacific countries to engage in discussions on regional security and defense issues in Singapore. Differing from the ARF and CSCAP, which are mainly run by officials from the Foreign Ministries, the SLD was dominated by defense and military officials (Capie and Taylor, 2010). On the one hand, the SLD seems a healthy complement of the ARF in that it focuses on more compelling issues in regional security. On the other hand, the establishment of the SLD is also rooted in the frustration of the West regarding the talk-shop feature of the ARF in addressing regional security. Therefore, the inter-institutional competition between the ARF and the SLD is manifested as a balancing game between ASEAN and China on the one side and the United States and other Western powers on the other. To further fuel the competition and regain its dominance in regional security, ASEAN initiated a defense-oriented institution – ASEAN Defense Ministers Meeting-Plus (ADMMP) – in 2010, which provides another forum for defense officials in the Asia Pacific to exchange views on regional security. It is clear that ASEAN, especially Indonesia, intends to build a new framework for security consultation and cooperation in the Asia Pacific around ASEAN. It will be interesting to observe whether the ADMMP will steal the thunder of the SLD in the inter-institutional balancing dynamics in the Asia Pacific.

Conclusion

The rise of the BRICS has gradually transformed the international system from unipolarity to a multipolar world. Although China's rise may challenge the dominant role of US military alliances in regional security, it is not destined to overthrow the existing security order. Instead, China's support for ASEAN-oriented multilateralism signifies a possible coexistence of different regional orders, such as bilateralism and multilateralism, in the Asia Pacific.

Through examining how China, ASEAN and the United States engage in different types of institutional balancing in the Asia Pacific, I argue that deepening economic interdependence has changed the way states compete under anarchy. Instead of solely relying on military means, states are more likely to use institutions to pursue their realist interests under anarchy. It is not to suggest that wars and conflicts are obsolete in world politics. Depending on how states perceive their threats as well as how they

calculate the cost and benefit associated with military actions, they may still go to war with one another.

If China continues on its institutional way to pursue security and if other countries sustain their institutional response to China's challenge, the rise of China and the transformation of the regional system may be more peaceful than widely perceived. There is no denying that there will be intense struggles and competitions inside and between institutions. However, as Winston Churchill used to argue, 'to jaw-jaw is always better than to war-war'. Institutional balancing may not lead to perpetual peace in the Asia Pacific, but it will create a relatively peaceful environment for states to compete without military conflict and war.

Institutionalization of world politics is by no means the only phenomenon in the Asia Pacific. The further integrated European Union, the dynamic African Union and the proliferation of international institutions in Latin America have connected the whole world closer than ever. It does not mean that a perpetual peace is forthcoming. Nor is a deadly conflict inevitable. Instead, the world will enter a new phase of contested regional orders, in which states are more likely to use institutional means to pursue security through constructive competitions.

About the Author

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