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The Path to Harmonious Regionalism: Negotiation, Institutionalisation and Consent-based Hegemony
通往和谐地区主义的途径：协商、制度化和基于许可的霸权

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The Path to Harmonious Regionalism: Negotiation, Institutionalisation and Consent-based Hegemony

Abstract: Three theoretical forms of hegemony are considered in order to ascertain the most compatible form for: the management of People’s Republic of China’s state power, the contemporary global political economy, and to obtain a harmonious regionalism for the Asia-Pacific century. It is found that negotiation, institutionalisation, public goods, consent and support from the United States of America are all critical factors in achieving China’s vision of harmonious world in its own region.

Key Words: China, Gramscian, harmonious, hegemony, institutionalisation, negotiations, regionalism

通往和谐地区主义的途径：协商、制度化和基于许可的霸权

摘要：本文考虑了霸权的三种理论形式，目的是确定最兼容的形式，能够适用于管理中国的国家权力、当代全球政治经济，并使“亚太世纪”能拥有地区和谐。根据研究发现，协商、制度化、公共品，以及美国的许可和支持，是中国在亚太地区实现和谐世界愿景的关键因素。

关键词：中国，葛兰西式，和谐，霸权，制度化，协商，地区主义
THE PATH TO HARMONIOUS REGIONALISM: NEGOTIATION, INSTITUTIONALISATION AND CONSENT-BASED HEGEMONY

Section One: Power and Hegemony

The magnitude of the People’s Republic of China (PRC) in the global political economy requires an examination of the utility of different forms of hegemony. Whether sought or serendipitously gained, the PRC is at the cusp of hegemonic capacity. Correspondingly, the modern state and the states system are not yet cowed by other actors.¹ The management of hegemony, the use of PRC state power, is thus a pressing matter to be studied lest it be misunderstood.

The PRC hegemonic moment is imminent on account of relative productivity and structural power. Relative productivity, units of product per state, gives the PRC a potential capacity larger than all others. Susan Strange defined structural power as: “… the power to decide how things shall be done; the power to shape frameworks within which states relate to each other, relate to people or relate to corporate entities.”² The PRC’s structural power arises from many relative measures: it is the most populous state, with about 20% of all humanity; it is the largest consumer of energy and many products such as meat and cars; its development model has lifted the largest number of people from poverty since the Second World War; and it is the first billion-plus state to industrialise.³ Given the present relative productivity and structural power of the PRC and the dynamic structural power gains that will result from the greater relative productivity, the question to be addressed must be: how should PRC hegemony be managed, and what form should it take?

Hegemony results from the overlaying of a Westphalian states system upon the geography of the planet, the resulting different power resources, and the will to conduct international relations. These factors provide the hierarchy of great, middle and small powers. Study of hegemony has identified many alternative uses of power to achieve, manage or resist. This paper considers three forms: dominance-based realist/mercantilist; consent-based Gramscian; and structural power-based, from Strange and Kindleberger. The paper does so in order to determine which concept of hegemony is the best fit for PRC state power, for the

¹ Other actors such as intergovernmental organisations, nongovernmental organisations or multinational corporations. See for this general argument Nick Bisley, Great Powers in the Changing International Order (Boulder: Rienner, 2012).
² Susan Strange, States and Markets (London: Pinter, 1994), 25.
contemporary global system and to achieve harmonious regionalism for the Asia-Pacific

A hegemonic PRC may in practice select one form, a combination, or indeed none. Each theorised form gives rise to a different world and has different efficacy. The desired world—the goal—envisioned by the PRC is harmonious world/regionalism. Thus, which form of hegemony is theoretically the most practical and effective to achieve the PRC’s Asia-Pacific century, regional goal?

Dominance-based hegemony builds its power and charges its will from the characterisation of the global political economy (GPE) as being anarchic and conflictual, leading to a pursuit of superior power from superior threat. This form of hegemony has a long history with crescendos that climax in war and destruction of people, capital and markets. Several key economic characteristics of the contemporary system that mitigates this form of power are economic interdependence between states, reliance on the global common, and freedom of passage through maritime trading routes/sea lines of communication (SLOC). Interdependence of markets, production and resource supply is required to sustain the present, and aspired to, level of development. Reliance on the global common is emblematically displayed by the environmental movement. SLOC are mandatory for all states, and especially the PRC, given its need to develop in order to maintain domestic political stability, to gain access to oil and other resources consistently and at low cost.

A second dynamic against the use of dominance-based hegemony is that it has historically been expressed most clearly as war. The utility of war between great powers (potential hegemons) is of limited use because of the significant capacity of these states to wage war, and particularly nuclear war (as a result of the invention of nuclear weapons there hasn’t been a hot war directly between great powers since). A final factor against dominance-based hegemony is the effects of perception, information and markets. Even the prospect or perception of political instability, let alone war, drives investors from markets, consumers from consumption, and restricts capital availability, thus retarding the development of state power by effecting economic growth, market size and access to resources. War, political instability and mismanagement of market perceptions in the present globalised market system all result in less power to be dominant and diminishes access to resources, undermining the hegemonic goal. Therefore, as a result of the contemporary form of economics, military technology and spread of information, the present GPE is not conducive to a dominance-based form of hegemony.

Consent-based hegemony (Gramscian derived) is achieved when states believe that their interests are in part or whole served by the hegemonic state. Thus, states willingly submit to

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and accept the hegemony of another because they believe that their interests are best served by giving consent. Gramsci’s original analysis was of Italian society in the early 20th century and directed to explain why a Marxist revolution had failed to occur. Of interest is the findings about the validity of the belief of those giving consent, and on the ability of the hegemon to influence the belief of others by providing information and a cultural context within which the others’ decisions are constructed. It poses the question: are the interests of the submissive state actually served by the hegemon, or are they being manipulated into false beliefs and consent?

States that do willingly accept the hegemon, erroneously or not, may assist to support and maintain the hegemon as their interests are being achieved. Commensurately, the hegemonic state may actively identify threats and benefits within the GPE to maintain its own power. Great powers, and lesser states, with common interests to the hegemon may be characterised as free-riding on the efforts of the hegemonic state—saving their own power and benefitting from actions they would have, in any case, taken on their own. The use of this form of hegemony in the present GPE is thus possible and suited to the PRC’s domestic political economy.

Structural power-based hegemony is presented here within the context of the work of Strange and Kindleberger. Kindleberger’s study of the interwar years 1929–39 identified that a lack of structural power (defined above) may result in a chaotic system, which he argued would be best quelled by a dominant state.

From these two positions, therefore, structural power-based hegemony can be identified as intrinsic power within the GPE that establishes the rules of the system for all states, whereby the system is made functional and stable by the dominance of a state. The relative size of population, economy or military is obvious to all the participants. The power doesn’t necessarily need to be used, but it is evident that one state has more power than others. Thus lesser states under this form of hegemony are impelled by the power differential into suppressing the extremes of their policy to that which is functional and thus behave as good international citizens relative to the dominant state. They are assured that if a chance-for-power is taken, the result would certainly be loss to the superior power of the hegemon.

Tribute trade, ultimate tariffs and interdiction of ports by Chinese empires were based on this form of structural power. China was the largest by population and territory, most technologically advanced and militarily capable. Within the period prior to European involvement, the states within China’s sphere of influence knew of its dominance, making such policies effective. The requirement of the lesser states to interact with China was greater than China’s need to interact with them, and thus China was able to pursue a policy of suzerainty.

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8 Jonathan H. Ping, Middle Power Statecraft: Indonesia, Malaysia and the Asia-Pacific (Aldershot: Ashgate, 2005), 152.
The question, therefore, of how to use PRC state power and how to manage hegemony is
informed by the contrast between the three forms: dominance-based hegemony,
consent-based hegemony, and structural power-based hegemony. The first is
counter-productive unless a complete reconstruction of the GPE is the goal. A derived PRC
policy would be akin to the United States of America’s (US) Shock and Awe. The last,
structural power-based, could be viewed as a destination to seek, but one which is presently
unviable given the relative capacity of other states (see Tables 1 and 2 below, depicting
military spending with the PRC lagging far behind the US; and population projections to
2050, with the PRC being replaced by India as the most populous). A derived policy would
require tribute from states to gain access to the PRC. This leaves consent-based hegemony as
the principle form to be conceptually useful, practically achievable, and suited to the limits of
power and the globalised interdependent GPE.

Table 1: US vs. Global Military Spending, 2012 (budget authority in billions of current $US)\(^9\)

Table 2: Most Populous Countries 2013 and 2050\(^{10}\)

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\(^9\) The Center for Arms Control and Non-proliferation, *U.S. Defense Spending vs. Global
Defense Spending*,

\(^{10}\) World Population Reference Bureau, *2013 World Population Data Sheet,*
Section Two: A Path to Harmonious Regionalism

If consent-based hegemony is chosen—a combination is the reality but one would be most practiced over another—what is the policy path to harmonious regionalism? How does the PRC obtain consent to lead? The PRC would aim to secure the interests of the majority of states; or have states believe that their interests are being in part or whole satisfied. The provision of political and economic public goods is the most plausible path. Political and economic public goods are non-rivalrous and non-excludable, but may be provided by the hegemon primarily for their own interests, while simultaneously assisting others. Security is the most important public good—especially in East Asia due to the territorial disputes. In addition, without security, no other political and economic goods are sustainable. The PRC thus would attend to its own security in a manner that carries other states with it.

This has been achieved previously. The United Kingdom (UK) and the US established hegemony in part by securing others through the provision of public goods, primarily in order to maintain their own security, but in doing so achieved hegemony through consent. For example, various alliance structures have embraced Australia, which in turn provided consent. Following the conclusion of the Second World War, Australia’s pursuit of its own security led to complementary agreements with both the UK and the US. From Australia’s perspective as a middle power, the fall of Singapore, February 15, 1942 proved sole reliance on the UK was flawed. The US had demonstrated its military power—and thus capacity to provide security to Australia—as a public good most clearly at the Battle of Coral Sea, May 4–8, 1942. Thus, with increasing security concerns such as the creation of the PRC in 1949, the outbreak of conflict on the Korean Peninsula and the distance of the US, Australia concluded no one great power could be relied on exclusively, and it consented to both.

Australia joined the UK’s ANZAM Agreement (Anglo-New Zealand-Australia-Malaya, 1948/9). Subsequently, Australia consented to US hegemony, with its interests being gained through the US security-based alliances such as ANZUS (Australia-New Zealand-United States of America). Council of Ministers, October 14 (1944).
States Security Treaty, 1951)\textsuperscript{16} (see picture below) or SEATO (Southeast Asia Treaty Organization, 1954).\textsuperscript{17}

Thus, the provision of public goods is not exclusive or competitive, and states may if possible prefer two providers over one. The UK and US both simultaneously provided Australia with the public good of security with ANZAM, or its successor agreements, existing alongside ANZUS until July 18, 1967 when the UK announced that it would withdraw East of Suez with all troops to be removed from Singapore.\textsuperscript{18}

Pearl Harbour, Hawaii. 1952. The first meeting of Australia, New Zealand and United States military representatives. Seated from the left: Lieutenant General S.F. Rowell, Australian Chief of General Staff; Admiral A.W. Radford, US Commander in Chief Pacific; and Major General W.G. Gentry, New Zealand Chief of General Staff.\textsuperscript{19}

\begin{quote}
\end{quote}
Significantly, the PRC is already providing public goods. Growing from domestic policy changes since 1978, the PRC has increasingly been providing the economic public goods, development and a market (see Table 3). Its development and market benefit firstly, but also a majority of states. The PRC is Australia’s number one trading partner (see Table 4), the largest economy in East Asia and the second largest in the world. Its demand for resources greatly determines Australia’s prosperity. However, in the post-Cold War environment, a market is not enough, and the US is still the main provider of security as a public good to Australia and the majority of states in the Asia-Pacific region.

Table 4: Australia’s Top 10 Two-way Trading Partners, 2011 ($ billion)

<table>
<thead>
<tr>
<th>Rank</th>
<th>Country</th>
<th>Goods</th>
<th>Services</th>
<th>Total</th>
<th>% Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>China</td>
<td>18.5</td>
<td>7.6</td>
<td>22.1</td>
<td>13.9</td>
</tr>
<tr>
<td>2</td>
<td>Japan</td>
<td>51.4</td>
<td>4.9</td>
<td>57.3</td>
<td>11.9</td>
</tr>
<tr>
<td>3</td>
<td>United States</td>
<td>38.1</td>
<td>16.1</td>
<td>54.2</td>
<td>8.9</td>
</tr>
<tr>
<td>4</td>
<td>South Korea</td>
<td>30.4</td>
<td>2.3</td>
<td>32.7</td>
<td>5.4</td>
</tr>
<tr>
<td>5</td>
<td>Singapore</td>
<td>20.5</td>
<td>7.1</td>
<td>27.6</td>
<td>4.6</td>
</tr>
<tr>
<td>6</td>
<td>United Kingdom</td>
<td>18.3</td>
<td>0.7</td>
<td>25.0</td>
<td>3.8</td>
</tr>
<tr>
<td>7</td>
<td>New Zealand</td>
<td>15.3</td>
<td>0.3</td>
<td>16.6</td>
<td>3.3</td>
</tr>
<tr>
<td>8</td>
<td>India</td>
<td>17.5</td>
<td>2.0</td>
<td>20.3</td>
<td>3.5</td>
</tr>
<tr>
<td>9</td>
<td>Thailand</td>
<td>16.2</td>
<td>2.3</td>
<td>18.5</td>
<td>3.0</td>
</tr>
<tr>
<td>10</td>
<td>Malaysia</td>
<td>13.1</td>
<td>3.0</td>
<td>16.1</td>
<td>2.6</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>83.1</td>
<td>20.1</td>
<td>103.2</td>
<td>18.0</td>
</tr>
</tbody>
</table>

How does the PRC perceive the continuing provision of the public good of security by the US? Following meetings with Chinese Foreign Minister Yang Jiechi at the PRC Foreign Ministry in Beijing on May 14, 2012 Australian Foreign Minister Bob Carr said:

“The most objective way of saying it is my three Chinese partners invited me to talk about enhanced Australian defence cooperation with the United States. I think their view can be expressed that the time for Cold War alliances have long since passed.”

Cold War alliance structures may be considered by the PRC to be a relic, but they must have something to replace these relics. Otherwise states caught in history, with no modern public good being offered, will be threatened by the PRC, and may actively encourage the US to maintain and even increase its role as provider of security, as hegemon. If the PRC altered its strategy, expanded its provision of public goods, and wished to offer a replacement for the relics, then how could this be sustainably done? Very importantly, how could it be done so that the majority of states believe that PRC public goods are serving their security interests, leading to consent?

Arguably, the greatest innovation of the US, following UK hegemony, was to employ an institutionalised form. The benefit is real or perceived transparent use of power, increased awareness and accommodation of group interests, stability, continuity and a greater probability of belief. Through negotiations in the 1940s a framework was established for the use of power to provide political and economic public goods. The principle negotiators for the US and UK were Harry Dexter White and John Maynard Keynes (pictured below); and whilst their goal was not exclusively security, it was primarily the provision of public goods upon which the GPE could be rebuilt following the end of the Second World War.

Assistant Secretary, US Treasury, Harry Dexter White (left) and John Maynard Keynes, honorary advisor to the UK Treasury at the inaugural meeting of the International Monetary Fund’s Board of Governors in Savannah, Georgia, US, March 8, 1946.

During July 1–22, 1944 the US hosted the United Nations Monetary and Financial Conference at Bretton Woods in New Hampshire. The 44 stakeholder states agreed solutions to complex problems in great detail, but which had been deliberated and negotiated by experts for several years. The financial mechanisms of the International Monetary Fund and the International Bank for Reconstruction and Development, which still exist today, were agreed. This was achieved through broad multilateral negotiations within which the UK and US led through intellectual capacity, ideas and diplomatic skill. Firstly, they worked together to create public goods for the majority of states. Secondly, White and Keynes, as experts, drafted plans, and then negotiated a compromise to achieve outcomes between the existing and rising hegemonic states for their provision. The style was inclusive, outcomes-focused and institutionalised. Thus White-Keynes style negotiations were used to establish an institutionalised framework for the use of power to provide political and economic public goods.

To establish security in the Asia-Pacific century for the majority of states, and to establish consent-based hegemony for the management of PRC state power, a similar process may be considered. Thus, the US (as the present hegemon) and PRC working cooperatively to provide security is possible, and does not need to be competitive, and will work effectively to obtain consent from other states when institutionalised. The consent-based form of hegemony gives guidance to the use of PRC state power and assists it towards hegemony in a cooperative and sustainable manner—serving to avoid conflict, and maintain and assist the present GPE. This is thus a theoretically viable path to the PRC’s harmonious world; one were the PRC leads through intellectual capacity, ideas and diplomatic skill.

What then is the first step to achieve consent-based hegemony? Of all states in the Asia-Pacific, the first state to give consent must be the US. Without the consent of the US, the middle and small powers in the region are unlikely to consent to PRC hegemony for fear of loss of public goods. To obtain US consent, the PRC must work to satisfy the US that its security interests are being fulfilled by PRC policy and use of power. The most pressing matters for the PRC to address with intellect-ideas-diplomatic-skill leadership, that should be resolved first, are US security interests such as: Korean Peninsula tensions, Japan’s security, Taiwan’s insecurity, South China Sea territorial disputes, and maintaining SLOC. Through satisfying the US, and in the US giving consent, other regional states’ belief that their interests are being fulfilled is likely, as they remain able to free-ride on the political and economic public goods that the US provides. In time, as the US belief in the PRC public goods increases, US withdrawal from Korean, Japanese and Taiwanese security interests is probable, as free-riding is imaginable.

Why is this necessary when the PRC could simply provide consent to the US? The relative structural power of the PRC is rising relative to the US. The states system has an historical expectation that such power will cause change, instability and insecurity. Negotiations that institutionalise and replicate the new structural power realities, with the US—as the presently hegemonic state—giving consent to the PRC, the new system of related hegemonic power may be constructed whilst maintaining the existing public goods. This may occur over

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decades, and in practice the PRC must pursue appropriate policies. It has the power to shape the Asia-Pacific century, but not on its own. For example, the PRC may need to establish a single dominant regional organisation based in Beijing, funded and of use to the region, that is accepted (given consent) and part of the broader global intergovernmental infrastructure.

Is the PRC presently acting in this style of negotiated, institutionalised, consent-based hegemony? A positive example regards the Democratic People’s Republic of Korea, six party talks. However, why have these not been successful? If they are not successful, then the PRC is failing to provide the public good and is thus unable to obtain consent. Management of the South China Sea territorial disputes is a negative example. Continued insistence of a bilateral approach, beginning from the nine dash line, is more akin to dominance-based hegemony, and does not acknowledge the structural power limitations of the PRC versus the other states concerned. Hence, presently the PRC is not pursuing a path to harmonious regionalism. For harmonious regionalism, the Asia-Pacific century requires hegemony that is consent-based, institutionalised, and built from a negotiated process that results in the provision of public goods by the PRC, with the US giving consent first.