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Neoclassical Realism and the US Asia Pivot

Thesis

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Table of Contents

Table of Contents	1
Introduction	2
Chapter 1: Literature Review	4
Chapter 2: Theory.....	10
Chapter 3: The Asia Pivot	18
Chapter 4: An Increased Security Threat	21
Chapter 4: Is the Pivot a balancing act?	25
Chapter 6: Neorealism and the Pivot.....	32
Conclusion.....	43
Reference List	46

Introduction

On a state visit to Australia in 2011, President Obama visited the Australian Parliament where he indicated that the United States (US) would move the focus of its foreign policy from the Middle East to the Asia Pacific. Had the Middle East been the centre of US foreign policy ever since the 9/11 attacks, the President felt that the US had more interests in the Asia Pacific, with regard to shared security, prosperity and human dignity (Obama, 2011). The president was following his Secretary of State, Hillary Clinton, who has published an article one month earlier, in which she laid bare the priorities of the new US policy towards the Asia Pacific (Clinton, 2011).

The pivot comes at a point in history when scholars have written much about the relationship between the US and China, and its future development. For decades, China has known continuous growth of its economy, military and population. Scholars have argued equally long that there will be a point at which China becomes a challenge to the US global leadership. Mearsheimer is an important systemic theorist who argues that the US will not allow China to grow endlessly, and if there is no other way to stop China's growth, will wage war (Mearsheimer, 2010).

Other theorists have primarily centred around Gilpin's theory, which argues that history has always known one hegemon, which is succeeded by another through a hegemonic war (Gilpin, 1981). The application to the US and China is obvious, and the conclusion would be that a war between China and the US is inevitable. Gilpin knows critics as well, notably Ikenberry, who argues that the current US-led international system is inclusive, and allows China to participate. This takes away the risk of war (Ikenberry, 2014). Then there are those who argue that China is in fact not a challenge to the US at all (Wohlforth, 2014), and those who argued the world is in fact already bipolar with the US and China both as great powers (Layne, 2012).

None of the accounts of the US-China relationship take into account the formulation of foreign policy, however. They are all systemic theories. Equally, no isolated account of the Pivot in a structural sense has been provided so far. This paper will take another point of view. Structural realism has been the dominant theoretical perspective in international relations for decades. We will first test the extent to which it can account for the pivot. We are expecting that certain features of the pivot can be explained by structural realism, but others cannot. The main aim of this paper is to test if neoclassical realism can explain those parts of the pivot, structural realism cannot. Neoclassical realism is the latest tree in the Realist family, and

attempts to merge the classical realist focus on the domestic realm, and the structural realist focus on systemic incentives (Rose, 1998).

The main question this paper will answer is thus: *To what extent can neoclassical realism add explanatory power to structural realist accounts of the US pivot in Asia to contain the rise of China?* To find the answer to that question, we will answer two sub questions: *Can the pivot in its entirety be understood in structural realist terms?* and *Can domestic level variables account for these parts of the pivot structural realisms cannot explain?*

We expect that structural realism can account for balancing behaviour on the US' part, but not for increased cooperation and interdependence. We expect that a focus on domestic influences on the policymaking process, as neoclassical realism professes, can give a more inclusive account of the Pivot.

This paper will continue as follows. In the next chapter, we will analyse the most important literature on the relationship between the US and China, to conclude that little attention has been given to the role of domestic agency.

In chapter 2, we will present structural realism, neoclassical realism and the hypotheses we draw from their accounts on our application to the Pivot. Furthermore, we will reflect on the methodology this paper uses.

In chapter 3, a brief working definition of the pivot will be provided.

In chapter 4, we will sketch the systemic incentives the US received around the time the pivot was announced. Both structural realism and neoclassical realism take systemic incentives as the starting point for anything else.

In chapter 5, we will consider if US behaviour after the pivot can be considered balancing behaviour, and if there are parts of the pivot structural realism cannot explain.

In chapter 6, we will analyse the pivot through a neoclassical lens, and take into account what influence leader images, state-society relations, strategic culture and domestic-institutions have on agency in the policymaking process.

Chapter 6 will be followed by a conclusion, in which we sum up our findings.

Chapter 1: Literature Review

Much has been written about the development of the relationship between China and the United States. This chapter will provide an overview of this vast body of literature.

China is on the rise

There is no denying that China has grown enormously both in terms of the economy and the military over the past few decades. It has transformed its economy, which traditionally centred around agriculture, towards a big industrial player. This has led to a 9.4% annual growth, which has largely been achieved by trading with other countries. The Chinese leadership now seeks to expand its domestic market (Hirst, 2015). Simultaneously, China has been increasing its military capabilities, and is expected to surpass the US on some levels by 2020 (Gertz, 2016). China's population has doubled from 1960 up to now, from 0.7 billion to 1.4 billion people (The World Bank, 2016). With these remarkable growth levels, China has become a state of great capacities. Christensen wrote in 2001, that China's military was still weak, and that the country would avoid any military campaign until the strength of the military was updated. But with an updated military, expected in 2005, China could attempt to coerce the US, Taiwan or US allies in the region (Christensen, 2001).

Already in the 1990's, scholars noticed China's economic and military rise. Roy argues that China is prone to using force long after its economy has grown, for its government is authoritarian and unstable. With a less vulnerable economy, independent to foreign supply, sanctions are unlikely to tame this forceful behaviour. On the other hand, doing nothing in the hope that balancing against China's rising power will not be necessary is problematic, as is engagement, since it allows China to grow and become a big, xenophobic and uncooperative state (Roy, 1994). According to Roy, the United States should start balancing already in 1990, thus.

Many works focus on the likelihood of war between the two states. Notably John Mearsheimer, whose structural theory will be dealt with in more detail later in this paper, argues that a security competition between the US and China is likely, and may lead to a war. He argues that there is no chance of China rising peacefully, because the current hegemon, the US, will not allow it (Mearsheimer, *The Gathering Storm: China's Challenge to US Power in Asia*, 2010). Graham Allison, to name another, argues that war between the US and China is likely, because 12 of the 16 reviewed cases from the past 500 years displayed that the rise of a new

power was followed by war (Allison, 2017). Following the argumentation of both theorists, the US would do best to pursue a policy of containment towards the United States.

Christensen writes that he thinks the debate on what should be the US' response to China's rise is framed too simplistically. One camp advocates containment through increased military presence and alliances, whereas the other camp advocates engagement with China to become 'friends'. Yet, containment would cost the US its regional allies, Christensen thinks, making engagement the only option also for those believing the world to be a zero-sum game. On the other hand, the US' maintained presence in the region is the only check to assertive Chinese behaviour in untightening anti-Chinese alliances in the region. (Christensen, 2006). In principle, Christensen argues here that the regional bipolarity in 2006 was the most stable alternative.

Power transitioning theory

Arguably the most influential theory which has oftentimes been applied to the US-China relationship is Robert Gilpin's power transition theory, which he presents in his 1981 book *War and Change in World Politics* and developed it further in a 1988 article (Gilpin, 1981; 1988). His work comes as a response to structural realists, who claim that bipolarity is the most stable shape of the international system, since it means that power is balanced. In the next chapter, we will explore structural realism's claims in great depth. Gilpin argues that there is no such thing as a balance of power. Instead, he argues that unipolarity is the natural state of the system. Hegemonic wars are fought to create new hegemonies in a cyclical transformation of the international order. Hegemons try to maintain their power through the provision of public goods, such as security and money. The United States is the current hegemon, and it provides these goods through NATO, the IMF and the World Bank. Gilpin argues furthermore that hegemonies are bound to fail, often due to overstretching its capacities, making the state vulnerable for attack. It is more difficult to stay strong, than to gain when a state is still weak. Hegemonic wars can also be triggered by fear of decline. Often, the pretender does not end up being the hegemon, as the hegemonic war depletes that state's resources (Gilpin, 1988).

Gilpin's approach resembles the classical realist approach, which can be distinguished from the structural realist approach on four fronts: structure is indeterminate, domestic politics matter to understand international politics, states are opportunistic by nature, and international politics is uncertain, consequential and contingent (Kirshner, 2014). Gilpin's theory ticks the boxes for all of these points. It presumes conflict under anarchy, with states fighting for power,

prestige and wealth. Gilpin marries domestic and international politics through the international political economy, which he sees as a base for power (Kirshner, 2014).

Gilpin's theory is an obvious candidate for application to the US-China relationship. In this scenario, China is seen as the rising power who may challenge the US hegemonic in due course. Eventually, a war between the two is then inevitably. Either, because the US attacks out of fear, or because China attacks to take over power. Yet, many scholars have criticised this application (Beckley, 2011).

A hegemonic war may come

Scholars are in disagreement over the question if China's rise must indeed be violent, as Gilpin's theory would have us believe. Using Gilpin's own 'rules of the game', Johnston argues that China cannot be seen as a revisionist state operating outside the international community. He argues that China may, however, become more revisionist, if domestic social unrest arises or an arising security dilemma as a result of the US response to China's aggression towards Taiwan (Johnston, 2003). Inkster argues that, however the relationship between China and the US is much better than that between the US and the USSR ever was, it must indeed be understood in terms of a declining power versus a rising one. This is a recipe for competition. Space and cybersecurity are areas which can act as catalysts to deteriorate the relationship (Inkster, 2013).

A famous author working with and criticising Gilpin's theory in relation to China and the US is Christopher Layne. Layne argues that after the end of the Cold War, China grew as the main challenger to the US hegemony. History teaches us that there is no reason to assume the rise of China will be peaceful, yet a hegemonic war can be avoided by the US. China's leadership realises that its impressive economic growth is related to its geopolitical strength, and that a continuing growth will lead to a takeover of the US as the world's most powerful economy. That leaves the US with two options: engaging or containing. Engaging means that engagement with Western states and values will deliver political change in China. Proponents claim that this policy will foster liberalism in China. Problematic is the lack of historical evidence for economic interdependence leading to peace. Containment policy refers to military options to curb China's rise in power, through enforcement of the alliance with Japan, and the maintaining of military superiority over China. In the real world, the US employs a mix of both strategies, in which Washington allows China to integrate in the US-led global order. If the US continues to maintain its dominance in East-Asia, war between China and the US is almost certain, following Gilpin's argument. A last chance to prevent war, would be to adopt a strategy

of offshore balancing, in which the US only deploys its military abroad to protect its direct interests (Layne, 2008).

A hegemonic war may not come

John Ikenberry is amongst those who believe the current international system protects us from a hegemonic war. He claims that the world is facing a power transition towards multipolarity. He asserts that the current rising powers, including but not exclusively China, are rising within the current global order of the UN, IMF, World Bank and WTO. Therefore, the liberal world order remains unthreatened by China's rise. Ikenberry argues that the current international order is stable, easier to join than any old order and difficult to overturn. That is partly due to its integration capacity, and its shared leadership through forums such as the G7 and the G20. It is furthermore an order that is beneficial to many, such as China. Lastly, there are different models for development in this order, ranging from Thatcherist neoliberalism to the social-democratic model. States want to join this order for its openness and its safeguard mechanisms providing certainty in anarchy to a certain extent. The rising states should not be considered one bloc, but have individual and differing interests. There is in fact a number of states arising and Ikenberry prefers to consider this the rise of the middle-class and of democracies (Ikenberry, 2014).

To China and the US, Ikenberry and Liff advise to recognise that they are trapped in a security dilemma, so that they can bargain a way out of a potentially dangerous power competition. China and the US should also be more open about how they perceive each other, and about their military capabilities and intentions. Diplomatic bargaining structures should be enforced and military competition should be placed in the wider context of politics (Liff & Ikenberry, 2014).

Layne argues that from 2012 the world can no longer be considered unipolar with the US as global hegemon. He writes that the relative power of the US has declined, like Gilpin predicted. With China's rise, the system is bipolar once again (Layne, 2012). This argument goes directly against Gilpin's claim, which assumes unipolarity to be most stable, and power transitioning to come through war. Others do not agree that the world is now bipolar. Schweller and Pu argue that a balance of power has not yet emerged, because balancing under unipolarity must be preceded by undermining the legitimacy of the American-led international order, or a state will be regarded aggressive by other states (Schweller & Pu, 2011).

Does China challenge US hegemony?

Wohlforth disagrees with Gilpin and Layne's argument that the US power has declined, and argues that the evidence suggests that US hegemony is self-sustaining, rather. Whereas Gilpin claims that hegemonic war is the most important mechanism for change in the international system, Wohlforth argues that such a war is unlikely in the nuclear age and, again, history has shown the most destructive wars to be unable to establish preconditions. Therefore, unipolarity under Chinese hegemony is not as likely as some would claim, but are very unlikely indeed (Wohlforth, 2014). The unlikelihood of hegemonic war due to nuclear weapons is something Deudney shares with Wohlforth. The paramount distribution of nuclear weapons furthermore indicates that, however the US is a hegemon, the world is not unipolar (Deudney, 2014).

Together with Brooks, Wohlforth argues that the polarity concept is not suitable to address the system changes we are facing today. That is, because historical comparisons to the concept do not say anything about the speed of Chinese rise, as it does not look like previous rising states (Brooks & Wohlforth, 2015). They argue elsewhere that economic power does not translate into military power as easily as before. The US remains the military hegemon, and the leader of the international order. Economically, the situation is more difficult. But Chinese growth weighs heavily on its environment, and will eventually limit economic capacity. The Chinese military remains underdeveloped. China may be close to becoming the economic superpower, but this alone will not make it a hegemon. Neither will the acquiring of technological capacity. Simultaneously, China does not have incentives to invest heavily in the military, for the US is not a threatening power (Brooks & Wohlforth, 2016).

Four challenges maintain for the US to preserve its hegemony. Firstly, it should not be tempted to bully its allies. Secondly, the US should not overreact when China attempts to use its economic superiority on the world stage. The US reaction to the Asian Infrastructure Investment Bank, which China used to bolster its position, is an example of an overreaction. Thirdly, the US should not overstretch its capabilities by intervening in places where its core interests are not at play. Lastly, the US should not engage in aggressive military responses, even when its interests are at stake. China's anti-access policy, in which China attempts to block the US access to the South-Chinese Sea is an example of an interest which should be responded to in a restricted military manner (Brooks & Wohlforth, 2016).

Acharya presents another framework for explaining China's rise. While acknowledging China's military rebalance, economic interdependence, multilateral institutions and domestic reforms are equally important characteristics for China's rise, he finds that rather than China seeking regional hegemony, the region constrains China's option to do so (Acharya, 2014). Wuthnow argues that China militarily challenges the US in maritime Asia, but not in continental

Asia. De-escalation should be the focus of US and Chinese policy, and the opportunities arise in economic development, and the US should show support for institutions like the Asian Infrastructure Investment Bank (Wuthnow, 2017).

Buzan argues that a peaceful rise for China is possible, if it focusses on building a regional international society based on Asian values of social and political nationalism, and limited economic liberalism. However, China will have to give itself a clearer identity, identify the type of international society it wants to lead clearer, and settle disputes with Japan for this to be successful (Buzan, 2010).

The gap in the literature

This overview has shown that much has been written about the systemic incentives that the US receives. China grows, and this poses a potential security problem. Predictions have been made regarding the proper US response this incentive. There are those who argue the US should balance and those who argue the US should increase its interdependence. Then there are those who argue which of the options for responding the US is actually pursuing. But the largest piece of literature is devoted to the question whether there will be a hegemonic war, and whether China is actually posing a risk to US hegemony. A majority of the literature takes Gilpin's power transition theory as the point of departure. That theory is centred around the idea that unipolarity is the stable shape of the international system.

What lacks in the theory, however, is the inclusion of agency as a causal factor in the development of the relationship between the US and China. The vast majority of the literature provides us with systemic accounts of the developing relationship, arguing that a certain threat level will lead to a certain outcome. Also, a coherent account for the effect of the pivot on the relationship has not yet been provided. We aim to lack the gap in the literature, by researching the pivot, while including domestic agency factors.

In this paper, we will take another viewpoint on the US response to China's rise. First, we will try to establish the extent to which the US is balancing against China, by using structural realism, which assumes bipolarity as the most stable shape of the international system. Then, we will see the extent to which domestic factors in the US contribute to its response to China's rise, by applying a novel theory to the US-China relationship.

In the next chapter, the theoretical foundation of this paper will be dealt with extensively. We will furthermore present hypotheses which will be tested later on in this paper.

Chapter 2: Theory

In this chapter, we will address assumptions and hypotheses of this paper. We will then operationalise offensive realism, defensive realism and neoclassical realism. Research questions will be presented, as will the methodology. A description of the case study this paper focuses on will follow.

Research question

The aim of this paper is to test if the extended explanatory power of neoclassical realism is useful in assessing outcomes of international politics. As we will see, in the hypotheses section following this section, both defensive realism and offensive realism claim that at some point, the US will employ a strategy of balancing. Yet, the systemic pressures behind this strategy are different. Neoclassical realism allows us to incorporate domestic variables and foreign policy to make conclusions about international outcomes. Does neoclassical realism give us a better account of what happened with the Asia Pivot than the structural realisms?

The central research question in this paper is:

To what extent can neoclassical realism add explanatory power to structural realist accounts of the US pivot in Asia to contain the rise of China?

This question will be answered in two sub questions.

1. *Can the pivot in its entirety be understood in structural realist terms?*

After this question has been answered, we will continue to apply a neoclassical realist perspective to the Asia Pivot.

2. *Can domestic level variables account for these parts of the pivot structural realisms cannot explain?*

Our hypotheses are that

1. *Balancing behaviour is observed, but structural realism cannot explain non-military parts of the pivot*
2. *Structural realisms are unable to explain the US engagement in institutions with China and others, its economic interdependence with China, and its focus on human rights.*
3. *Neoclassical realism can give a more inclusive account of the Pivot.*
4. *Domestic variables matter for appropriately assessing realist behaviour.*

Realism

Realism is the most dominant theoretical paradigm in international relations. Although modern realist theorising began in the 1940's, it stands in a long history of realist thinking. Thucydides (460-395 BC), an Athenian general, is generally acknowledged as the first author to explain conflict through a realist perspective in his accounts of the Peloponnesian war (Lebow, 2013).

A popular modern variant of realism is structural realism, which takes all international behaviour as system induced rather than the result of actors' choices. In structural realism, the most important (and opposing) theories are offensive and defensive realism. These will be applied in this thesis

Defensive realism

Defensive realism is first established in Kenneth Waltz' *Theory of International Politics* (1979). As a structural theory, defensive realism argues that the anarchic system provides incentives to states, who decide their action as a result of socialisation and competition amongst states (Waltz, 1979).

Five characteristics define the structure of the international system: anarchy, rationality, insecurity, a quest for survival and a particular distribution of economic and military capabilities (Waltz, 1979). By absence of a leviathan to enforce promises or provide protection, states are doomed to uncertainty about relative gains of other states (Grieco, 1988). The result of this is that in order to survive, states have no choice but to have a substantive amount of power relative to other states (Waltz, 1979). Waltz thinks bipolar systems are most stable, as both powers will want to preserve the status quo, and thus not engage in conflict as this might harm their relative power position. Unipolarity is seen as stable in the short run, but unstable in the long run, as overconfidence leaves them to engage in so many external activities, that this weakens the state in the long run. Even if the hegemon does not overstretch, other powers will consider it a threat, because they are driven by uncertainty over the hegemon's future behaviour (Waltz, 2000).

Defensive realists expect two main strategies when states are threatened by an increasing power: *internal balancing*, which is reinforcement of a state's capabilities, and *external balancing*, or alliance building. This latter strategy shows that there is a possibility for cooperation under defensive realism (Waltz, 1979).

Waltz pays attention to the role of institutions. They have no independent influence, as they are merely reflections of the balance of power. Conditioned by anarchy, institutions cannot function as a leviathan by enforcing promises, making them virtually meaningless in the determination of state behaviour (Waltz, 1979). That is not to say that they do not serve a

purpose: they are means by which great power serve their economic or military purpose. This is especially likely in a unipolar system, as cooperation with potential competitors will present the hegemon with a certain amount of vulnerability. The goal of this, is to take away concerns of exploitation by weaker states. As the state's hegemony gets challenged, it will put less resources into institutions in order to effectively use them on balancing, and to decrease its vulnerability (Waltz, 1979).

Globalisation has led to interdependence between states. However, this presents states with an increased security dilemma, as states can now influence other states' power position and national interests (Waltz, 1999). Furthermore, it is expected that the power position of the global hegemon will be challenged by erupting regional hegemons who gain power to upset the regional balance of power. Therefore, independent states are stronger than interdependent states, and declining hegemons will attempt to maintain their independence, keeping vulnerability low (Waltz, 2000).

Offensive realism

Offensive realism is coined by John Mearsheimer in his seminal work *The Tragedy of Great Power Politics* (2001). Its main assertion is that in order to survive, states will want to maximise their power at the expense of others to the end that they are the hegemon: the only great power left in the world (Mearsheimer, 2001). This differs from defensive realism, in that defensive realists argue that states wish to preserve their current position in the system, with balancing as its main strategy (Waltz, 1979). Mearsheimer asserts that the status quo will never last long, as the system constantly provides incentives to increase more power.

Like all realist theories, offensive realism is amoral and does not distinguish between good and bad states. It is, however, normative, in that Mearsheimer thinks states will have to act according to offensive realism, or they will not survive (Mearsheimer, 2001). Despite becoming a global hegemon being the overarching goal, this will not be feasible, as other states would not allow it. Therefore, a continuing competition between great powers will last. Military capabilities are the key in determining how much a state can tilt the balance of power in their favour (Mearsheimer, 2001).

Again, like all realist theories, anarchy, uncertainty and rationality are assumed. Uncertainty is, however, differently understood than under defensive realism. The status quo does not exist, according to Mearsheimer, who claims that no single great power has maintained its power for long. The offense-defence debate in defensive realism is not accepted, as states cannot distinguish between offensive and defensive weapons (Mearsheimer, 2001). Two other

assumptions under offensive realism are that all states seek to survive, or to maintain their territorial integrity and autonomy. Secondly, all states have a certain degree of offensive military capability with which they could attack other states (Mearsheimer, 2001). Nuclear weapons are not considered offensive weapons by defensive and offensive realists alike, as a strike would be responded to by a blow out (Mearsheimer, 2013). These assumptions result in an international system which is defined by self-help, fear and power maximisation (Mearsheimer, 2001; 2013).

Mearsheimer presents several strategies for states to behave, and asserts their likelihood (Mearsheimer, 2001). The first strategy is *balancing*. According to defensive realism, this strategy is the most employed one, offensive realists disagree. Yet, it is a strategy that is sometimes employed, and can consist of setting boundaries to states' expansion through diplomatic channels, creating alliances and strengthening the military. A second, and more likely strategy, is *buck-passing*. This entails letting other (threatened) states deter and fight the aggressor, while not doing anything yourself. This is preferred, as it costs less. Mearsheimer presents several interpretations of buck-passing behaviour. A last, yet seldom successful option is *war* (Mearsheimer, 2001).

On the merit of institutions, Mearsheimer is pessimistic, as he asserts that they have had little to no independent effect on the behaviour of states (Mearsheimer, 1994). He echoes Grieco's claims that institutions will not prevail long, as every state subject to it will be concerned with relative gains (Mearsheimer, 1990).

Theoretical hypotheses

We assume for the moment that the US is facing an increased security threat from China. According to offensive realism, the US would first try and pass the buck, for example through offshore balancing. Considering that the US has announced a Pivot, we know that the US taking an active role itself, and does thus not engage in buck-passing or offshore balancing. Besides, there is no actor to pass the buck to, since it is generally accepted that the US is the only superpower in the world. Therefore, the hypotheses for both offensive and defensive realism at this point are the same:

1. *Increased security threat will lead to external balancing; creating military alliances.*
2. *Increased security threat will lead to internal balancing; increasing and mobilising resources*
3. *Increased security threat will lead to a decrease in interdependence between the threatened state and its challenger.*

From criticism of structural realism to neoclassical realism

Realism's primary contender is liberalism. Scholars have argued that structural realism is better fit to explain matters of national security, whereas structural liberalism prevails in its account for the international political economy (Grieco, 1988). In response to this, Joseph Grieco clears the ground for empirical testing of structural liberalism against structural realism by explaining the hypotheses on which the two theories compete (Grieco, 1988). The core difference between structural realism and structural liberalism lies in the expected utility function. Both theories agree that states will attempt to maximise their utility. However, to liberals, every absolute gain that outweighs the costs of cooperation is enough to join. Realists, on the other hand, argue that states will perceive their utility as positive only if the gains it will make are bigger than the gains the other states in the partnership will make (Grieco, 1988).

This paper will focus solely on theories in the realist paradigm. That is, because it wants to contribute to the realist body of literature that currently exists. This literature approaches China's rise as a potential threat, rather than a potential opportunity. As mentioned before, realism is championed for being able to explain national security, whereas liberalism would be better fit to explain the political economy. The pivot contains policy which both impact national security and the global political economy. The expectation therefore is, that realist theories cannot accurately explain the political component of the pivot. We will research if this also goes for neoclassical realism, which is less concerned with structure, and more with agency.

Structural theories are concerned with the international system. Waltz argues that there is an important distinction between international politics and foreign policy (1996). Whereas structural theories can explain similar state behaviour under similar circumstances, theories of foreign policy can do the exact opposite: explain why states behave differently under similar circumstances (Waltz, 1996). The reason for that, is that, according to systemic theories, states are unitary actors. Hence, we cannot look 'under the bonnet' and see how government officials create policy. Theories of foreign policy, on the other hand, do just that. Systemic theories, rather, analyse state behaviour.

Fearon has argued that this distinction does not hold (1998). He argues that state behaviour is always foreign policy or the result thereof. Therefore, there is no useful distinction between the two. Waltz' argument that state behaviour is the result of systemic pressures, whereas foreign policy reflects the national interest does not entail that systemic pressures will not be dealt with through foreign policy, Fearon argues (Fearon, 1998).

In realism, an alternative theory has been developed to deal with just this matter: neoclassical realism.

Neoclassical realism

In the late 1990’s, Gideon Rose published an article in which he introduced us to *neoclassical realism* (1998). Neoclassical realism is classical, in the sense that it recognises that the domestic theatre matters, and that policy makers are rational only in their own perception of their relative power. It is structural in the sense that it acknowledges that the international system provides incentives to states on how to act (Rose, 1998).

As recent as last year, Ripsman, Taliaferro and Lobell have merged all previous work on neoclassical realism and developed a theoretical framework (2016). Whereas structural realism is deterministic, in that systemic stimuli determine international outcomes, Ripsman et al. argue that systemic stimuli are perceived by decision makers, who then make a decision on how to act, and implement policy. This leads to one or several foreign policy responses, which shape international outcomes. This thus opens up the domestic variables. Perception of international stimuli is determined by leader images and strategic culture. Decision making and policy implementation is determined by strategic culture, state-societal relations and domestic institutions. International outcomes, in turn, influence systemic stimuli (Ripsman, Taliaferro, & Lobell, 2016). In neoclassical realism, thus, relative power is the dependent variable, and foreign policy is the independent variable. Intervening variables are domestic variables. Ripsman et al. graphically present their model as follows (Ripsman, Taliaferro, & Lobell, 2016, p. 34):

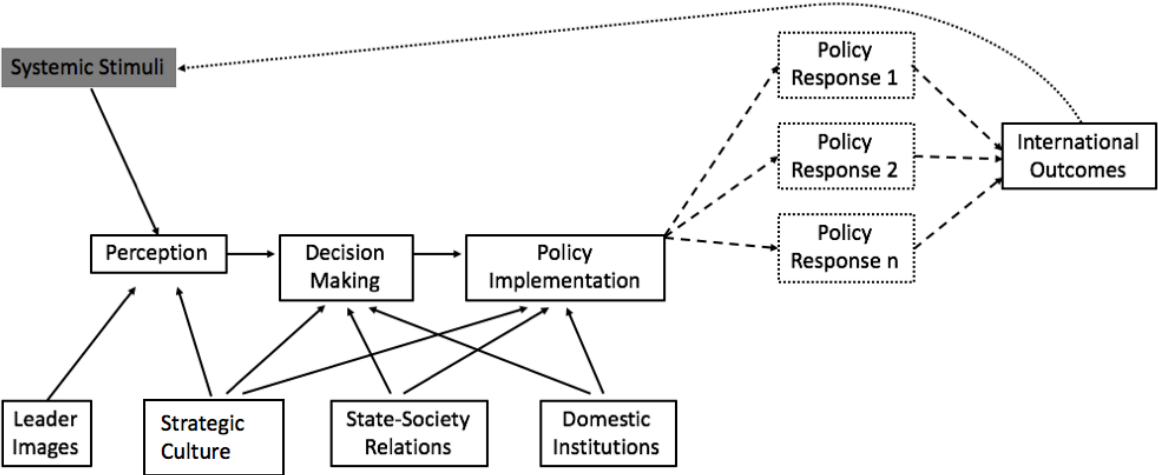


Figure 2.1: Neoclassical realist model. Adapted from *Neoclassical Realist Theory of International Politics* (p.34), by N. Ripsman, J. Taliaferro, and S. Lobell, 2016, New York: Oxford University Press. Copyright 2016 by Oxford University Press.

Leader images refers to the beliefs and values of the foreign policy executive. These may differ from the interests of the societal elite, which is more concerned with maximising economic welfare in their business sector (Lobell, 2009). The strategic culture is about both organisational culture in, for example, the military, and deep cultural beliefs in society. State-Society relations refers to the interaction between economic or societal groups and the state. Domestic institutions crystallise state-society relations in organisational routines and processes (Ripsman, Taliaferro, & Lobell, 2016).

According to Ripsman et al., neoclassical realism solves the problems of external determinism that structural realism has. The international system indeed sends signals, but they are not always clear, and can therefore be misunderstood. Furthermore, signals must be perceived correctly, even when the signals are clear. Then, if signals are correctly perceived and understood, actors do not always act rationally. Lastly, states are constrained by domestic variables to mobilise resources effectively (Ripsman, Taliaferro, & Lobell, 2016). As a realist theory, anarchy, a quest for power, self-help and confined rationality are assumed (Ripsman, Taliaferro, & Lobell, 2016). Foulon has argued that neoclassical realism bridges gaps in international relations literature, with regard to space (domestic versus international), cognition (do ideas matter, or is there nothing more than objective facts) and time (the present versus the future) (Foulon, 2015).

Neoclassical realist hypotheses

We are expecting that defensive and offensive realism have not been able to give a full account of the pivot. We expect that neoclassical realism can explain more:

- 1. Systemic incentives have been unclear, not properly understood, or not adequately dealt with by US foreign policy officials.*
- 2. Strategic culture, leader images, domestic institutions and state-societal relations in the US make that the US perception of incentives as well as its decision-making and policy implementation lead it to build institution, increase interdependence and focus on human rights.*

Methodology

This study is a qualitative case study which tests our hypotheses offensive, defensive and neoclassical realism. Realism is a positivist paradigm, with process-tracing and qualitative text analysis as its methods. Neoclassical realism furthermore allows for path dependency as a method. Our analysis is a structured focused comparison, in which we focus on one policy

response (the Asia Pivot), and we compare different theories via several questions to find the answer to our main research questions (George, 1989). This paper will primarily use process tracing as a method. Both secondary sources and primary sources will be employed.

Chapter 3: The Asia Pivot

Let us begin by defining the pivot under scrutiny in this paper. In 2011, when the Obama Administration had been in office for two years, and the US military was withdrawing from Afghanistan, the US President first laid bare the US interest in the Asia-Pacific in a speech he gave in the Australian Parliament. Here, he stated that the Asia-Pacific region, hosting half of the global economy, provided vital opportunities in jobs for the American people. Also, with half of humanity on its soil, the region would be decisive in the definition of the century in terms of conflict versus cooperation. He indicated three components of the strategy the US would employ in turning attention to the Asia-Pacific: security, prosperity and human dignity (Obama, Remarks by President Obama to the Australian Parliament, 2011).

Secretary of State Hillary Rodham Clinton published an article in *Foreign Policy* one month earlier, in which she describes the current point in time the US finds itself as a 'pivot point'. She wrote down six activities which would make up the US strategy regarding the Asia rebalance: The US would strengthen bilateral alliances, improve working relationships with China and other emerging powers, engage with regional institutions, expand trade and investment, increase its military presence, and advance democracy and human rights (Clinton, 2011).

Let us note here already that, although the pivot stresses improved military relationships with allies, it does not exclude other powers in the region. In that regard, Secretary Clinton explicitly mentions China as included in the pivot.

Green notes that the Obama administration has endured challenges in the execution of the Obama Pivot. It has thus far failed to present a coherent strategy, especially regarding China's rise. This is indicated by the variation in language used to describe the pivot, for all of the Obama officials who have spoken out on the pivot did so in different words, emphasising different priorities (Green, Hicks, & Cancian, 2016).

Over the course of two years, several members of the Obama Administration have spoken out on what the Pivot entailed. Three priorities of US policy constitute the pivot. Firstly, there is a security element to the pivot. Secondly, economic cooperation is a crucial element of the pivot. Lastly, some officials have included human dignity or human rights, but not all officials have done so. Whether human rights have been part of the pivot remains up to discussion.

Different departments would thus present different shapes the pivot would get. The Department of Defence indicated that defence recourses would be redistributed through a

rebalance of capacity and presence in Asia, and through reinforcing relationships with allies in Asia as well as other key partners (Department of Defense, 2012).

Berteau et al. write that since the pivot was announced, several steps have been taken. Guam is protected through an advanced defence system, as well as through additional nuclear submarines, operational control to Korea has been delayed, additional US forces are stationed in Japan, with more forces headed towards the region, and military cooperation between the US and Australia as well as between the US and the Philippines has been agreed upon (Berteau, Green, & Cooper, 2014). Furthermore, budget cuts have made the military resource redistribution difficult. China's anti-access/area denial strategy, which it has employed to reduce the US power on the South-Chinese Sea as well as China's continuing investments in cyber, the navy, and intelligence, pose a continuing challenge to the US. Green furthermore writes that China is not afraid to take risks, and advises the US administration to reinforce the pivot (Green, Hicks, & Cancian, 2016).

Since the start of the Pivot, China has emphasised that it should not limit China's options to pursue its own interests, Berteau et al. write. They say Chinese leaders envision a global order without the US and its allies. In that sense, the pivot may be considered a threat (Berteau, Green, & Cooper, 2014). In this sense, particularly China's claims on islands in the South China Sea may prove difficult to coexist with the US rebalance.

The second element of the Obama Administration's pivot is to expand trade. The growing middle class and the impressive economic growth make the Asia-Pacific an excellent partner for increased investments. Despite the hit the continent took during the 2008 crisis, its resilience in getting out of the crisis add to this image. The Asia-Pacific's importance in the world economy and trade has been increasing for a while now and is expected to keep growing. Economic integration in the region happens faster than anywhere else (Manyin, 2012).

In terms of the economic dimension of the Pivot, the US emphasises its importance of improving relationships with institutions, such as ASEAN. Secondly, the Obama Administration decided to join the Trans-Pacific Partnership (TPP), which is a multinational trade deal aimed at integrating the economies of the Asia Pacific and the US. China is not a part of the proposed TPP.

Lastly, the promotion of human dignity or human rights has been mentioned as a priority to the United States.

In this chapter, we have presented a definition of the pivot. In sum, the pivot is a commitment by the Obama Administration to refocus the US interests to the Asia Pacific region. There are three priorities: security, prosperity and human dignity. All willing nations in

the region are included, and China is nowhere explicitly excluded. In the next chapter, we will see what systemic incentives the United States is receiving with regards to China.

Chapter 4: An Increased Security Threat

Both the arguments of structural realism and neoclassical realism depart from systemic incentives. That is, does a state perceive a security threat to which it must respond? In this chapter, we will research whether the US is receiving an increased security threat from China in 2011, the year the Pivot was announced.

Let us embark upon potential economic risks China poses to the US. China's economic development over the past decade has been remarkable. The Chinese economy grew much more than the US economy, leaving China on the second place in the ranking of countries by GDP with over \$11,200 billion, after the US with \$18,600 billion (IMF, 2016). Since 2000, capital flows in to China have increased rapidly, attracting lots of foreign direct investments, more than any other emerging market economy. In both inward and outwards investment, China is in second place, after the US (Dollar, 2017). This has increased China's capacity to shape the world capital flows.

China's continuous economic growth over the past decades has turned it into the biggest economic superpower in the Asia Pacific. China is the second biggest trade partner of the US, which gives it the power to counter US interests. The US has expressed concern over the Chinese trade surplus in relation to the US and the low value of the Chinese currency. As a result of the US trade deficit, China bought a lot of US treasury notes, but now the US is indebted to China by a large amount. Some are worried that this gives China leverage over the US. Simultaneously, If China decided to stop buying these treasury notes, it would plunge the US economy into recession (Wolverson & Alessi, 2011).

This model of borrowing money to cover the huge trade deficit worked relatively well for the US, until the 2008 Great Recession hit. The Chinese economy is slowly moving from an export-led growth model to a model of domestic consumption (Jain, 2011). If China becomes less dependent on US investments in the future, this may lead the two states to becoming rivals. The Great Recession had two other effects on the China-US relationship. Firstly, as China was harmed much less by the crisis than the US, the relative difference in economic power decreased. Secondly, the image of the US was harmed by the crisis, as others hold the US responsible for it (Nanto, 2009).

Now, structural realists do not generally recognise economic threats as threats at all, and therefore we will now (in more detail) argue the levels on which China has posed a military threat to US interests.

China's current military strategy began in with its dismay in 1995, when in response to China's firing of missiles near the Taiwanese coast, the US sent an aircraft carrier and an assault ship to the Taiwan Strait in what is known as the Taiwan-strait crisis. A displeased China could only acknowledge that it did not have the power to prevent the US from helping Taiwan's military. As a result, the anti-access/area-denial (A2/AD) strategy was developed, in which China seeks to prevent opponent forces from entering a conflict theatre, and from employing military resources. A2/AD is made possible by decades of technological innovations China has made. Some argue that by 2020, the Chinese implementation of A2/AD will be so far advanced, that the US can be deterred from the first Island Chain, which covers the China sea's and the Taiwan Strait. The DoD expects China to continue their build-up to reach the second Island Chain, which runs from Japan from Guam to Papua New Guinea (The Economist, 2012) (Biddle & Oelrich, 2016). The US itself believes that by 2020, China wishes to have achieved important military and economic successes, and thirty years later, it wants to be an established global power (Department of Defense, 2011).

A2/AD is thus China's primary military strategy, and it includes a fleet of naval destroyers, airpower resources and the development of long-range ballistic missiles. A Chinese operation against the US under A2/AD would include disruption of the US reliance on satellites, destruction of US military bases across the Pacific through ballistic missiles, protection of the 1200 nautical mile zone by submarine, protection of the sky through integrated air defence systems, including a large fleet of fighter jets, and persistent cyber-attacks to disrupt operational capabilities, including command and control (Van Tol, Gunzinger, Krepinevich, & Thomas, 2010).

A2/AD and the goal of being able to control the South China Sea, East China Sea and the Taiwan Strait require a large financial investment. The Chinese defence budget has increased ever since the Taiwan-Strait crisis, often with double digits higher than the growth in GDP. Continuing at this rate, China will be outspending the US very soon (The Economist, 2012).

This military build-up (combined with the economic build-up) led to more assertive behaviour on China's part in which it seeks to serve its interest by military means, at the expense of the interests of US-allies and indeed, the US. The theatre for this is, again, the South China Sea.

Sovereignty of some islands and maritime borders in the South China Sea have been disputed for years with Brunei, Malaysia, the Philippines, Taiwan Vietnam and China all claiming sovereignty on different grounds. China claims the largest part of the Chinese Sea

based on the 9-dash-line, which was drawn in 1947 to justify Chinese claims to the islands after the defeat of Japan in the Second World war. China continues to use the 9-dash-line as proof for its historic claims to the islands. In 2016, a United Nations Convention on the Law of the Sea-tribunal ruled that China's use of the 9-dash line has no legal basis, but China does not recognise this tribunal (BBC, 2016).

In 2008, Chinese demand for oil rose as a result of the economic growth. Trying to decrease its dependence on foreign oil, China increased its offshore oil production in the China Sea (Buszynski, 2012). Yet, oil demand of the neighbouring states is on the rise as well, and this leads them to create infrastructure and drill for oil in their exclusive economic zones. China, has employed A2/AD to prevent this from happening. Simultaneously, often Chinese vessels stop or seize other states' fishing vessels in these states' exclusive economic zone (Buszynski, 2012). To the US government, freedom of navigation in this sea is a national interest, as it is an important trade route from the Asia-Pacific to the US. That interest is threatened by Chinese assertiveness, says a high State department official in front of a Senate Committee (Marciel, 2009).

But the security threat from China goes further. The Chinese military performs daily hacking operations on the US. The US Defence Department claims China employs thousands of hackers and puts lots of resources in the hacking industry and in hacking expertise. Notable examples include the Chinese hacking Secretary Clinton's drive and Google (Rogin, 2010). Hacking by the Chinese is a real security threat for several reasons. Firstly, it leaves the US vulnerable for leverage. There could be secrets on Secretary Clinton's server that China can seek to exploit. This can be both private and official secrets. Secondly, it can constitute outright theft of intellectual property, or even digital resources. Lastly, it poses a direct physical threat if China manages to hack into security systems in the US causing latter to lose control over these systems.

In sum, we have argued that at the time of the pivot, the Chinese military and economic growth have happened at the expense of the relative power position of the US. US interests are directly jeopardised by China in the South China Sea, and with regards to China's trade surplus. According to the structural realist theories, the systemic incentives force the US to increase its power position, leading to balancing behaviour. Neoclassical realism now continues to research the US' perception of this threat, the decision-making environment and the policy implementation phase to see what types of foreign policy will be created.

This paper continues as follows. In the next chapter, we will see if we observe balancing behaviour. To that end, we will be looking at international outcomes. In the subsequent

chapters, we will analyse domestic factors that contributed to the US' decisions leading to the outcome presented in chapter 5.

Chapter 4: Is the Pivot a balancing act?

In this chapter, we will test to see if the pivot can be seen as a balancing act, such as the structural realist theories would predict if states are threatened. In the previous chapter, we have shown that the international system provided the US with an increased security threat. Now we will assess if the measures taken under the pivot can be considered a balancing act. This will be proven if there is an increase in internal and external military presence. Both structural realisms argue that in case of an increased security threat, the US would decrease its interdependence with China, and withdraw from institutions.

Enforcing Alliances

The US has official alliances with Australia, Japan, the Philippines, South Korea and Thailand. Not once since the first world war have Australia and the US not been on the same side of a major conflict. Australia's influence in the world grows, and hence becomes more important to the US. For Australia, enhancing its maritime capabilities and facilitating effective US operations on their territory are very important. Since the 1960 Treaty of Mutual Cooperation and Security, which makes the US responsible for Japan's security in exchange for US bases, Japan has been an important ally to the US. Japan wishes to expand its military capacities to take on a greater leadership position and the two countries updated the guidelines for defence cooperation in 2016. Japan has also reinforced alliances with Australia and India. This serves the US strategic goals in the region. The US alliance with South Korea has deterred a North Korean invasion for 65 years, and is characterised by the Obama and Park administrations as very strong. The US and South Korea are in the process of developing new defence capabilities. A less strong – but still treaty – ally to the US is the Philippines. Yet, its location in the first island ring, and persevering conflicts with China, make its security vital to the US interests. Its oldest ally in the region, a coup in 2014 have weakened US military ties with Thailand (Green, Hicks, & Cancian, 2016).

State visits made by the President or the State Secretary have increased under the Obama Administration since the announcement of the pivot (Department of State, n.d.). This leads us to believe that the US has put more emphasis on these alliances.

Increasing military resources

Apart from strengthening alliances, the US has also increased its military resources in the region. The US is the country with the greatest defence expenditure. In 2012, they spent

over \$680 billion. After a yearly increase in spending since the 9/11 attacks, both actual and relative military expenditure in the US have dropped since 2010 (World Bank, 2016). This seems to be in opposition to the structural realist prediction of balancing. However, let us look at the US military presence in the Asia Pacific since the pivot was announced.

Figures from the US Department of Defence show that the US has increased its personnel deployment at their allies by 7,271, starting with 85,457 people in 2010 to 92,728 people in 2015, which represents an increase of 8.5% (DMDC, n.d.). In China, 16 military staffers were present in 2009, whereas in 2014 there were 65. In the rest of the Pacific, personnel increased from 10,308 to 11,530, an increase of 11.9% (DMDC, n.d.). The total troop deployment has increased in every country, except for the Philippines and Thailand, where the number of active personnel dropped considerably. Particularly in Japan, South Korea and on the US territory of Guam the number of US military personnel deployed has increased (DMDC, n.d.).

Simultaneously, the US has fought back against China's A2/AD strategy by employing an AirSea Battle approach, which is both capable of defending the US and its allies against Chinese missiles, and of attacking Chinese forces employed under A2/AD. US air, cyber, maritime and space forces together can be employed to make sure Chinese sensors do not work properly anymore, and Chinese weapons under A2/AD can be destroyed (Biddle & Oelrich, 2016). Biddle and Oelrich believe that this counter strategy by the US will on the long run limit China's ability to pose a long-term threat to the US, and will contain it to a small geographical area, simultaneously preventing it from military hegemony in the Pacific (Biddle & Oelrich, 2016).

President Obama also employed so called 'Freedom of Navigation Operations' (FONOPS) in the South China Sea. FONOPS have been in use for over 40 years, but under Obama, they have only been employed in the South China Sea. In a South China Sea FONOP, US naval ships sail within zones which China considers part of its territory. This again is a clear example of the Obama administration's military muscle flexing to protect its interest in freedom of navigation, which is challenged by China (Freund, 2017).

In 2009, an agreement was reached between the US and Japanese Government, which allows for the relocation of 5000 US marines from Japan to Guam (Department of State, 2009). Simultaneous to his introduction of the pivot in the Australian Parliament, President Obama announced the relocation of 2500 Marines to Australia over the next couple of years. This is part of Obama's rotational system, in which the US would maintain bases in Japan, South Korea and Guam, but the stationing between these bases would rotate rather than be fixed. Training

of local militaries to occupy the bases during the American absence is also part of this plan. In this way, security in the region can be increased, but the burden would not solely lie with the US (Kaufman, 2011). In 2014, the US signed a deal with the Philippines as well, further increasing its military presence in the South China Sea by enabling the US to use five military installations in the country (Lamothe, 2016).

The US military has worked to fight off cyber-attacks as well. The US Cyber Command was established already in 2009, in which members of each of the military branches come together to discuss cyber threats. It attracted 3,000 to 4,000 staffers to combat hacks. But that is not all, the Cyber Command also focused on offense scenarios to safeguard the country (Strobel & Charles, 2013). The US' approach has worked so far. Yet, some argue that anti-cyber should be a whole new branch of the military to resolve inefficiencies (Graham, 2016). The US took its cyber defence to the court room when it charged Chinese Military Hackers for cyber espionage in 2014 (Department of Justice, 2014).

In sum, although the total military expenditure in the US has dropped, the number of Active Military personnel to the Asia Pacific has increased. What is more, the US has enhanced its alliances in the region, and made deals with Japan and the Philippines to increase its military installations. Obama has furthermore employed six FONOPS in the South China Sea and combated the Chinese in a cyber war. This seems to indicate that there is an extent of balancing behaviour. In that sense, structural realism predicted this correctly. Now, structural realism also predicts that the US would attempt to decrease its interdependence with China, and withdraw from international institutions. Let us see if we see this behaviour as well.

Yet trade and interdependence are not going down...

In order to see if the US attempted to decrease the interdependence with China, let us look at China's position of foreign debt. As previously explained, China's export-led growth model leads it to buy US treasury securities. This potentially gives it leverage over US politics. If the US wants to decrease its interdependence with China, it would want to limit Chinese ownership of its debt.

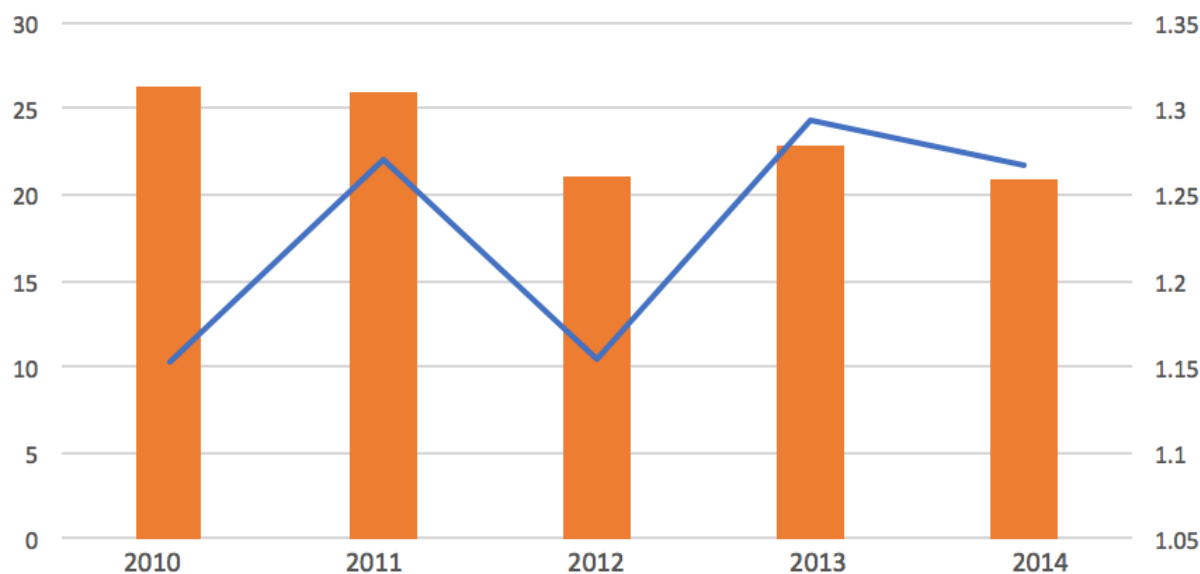


Figure 4.1: Chinese possession of US debt in trillions of dollars (right) and as percentage of total foreign possession of US debt (left) in September of the years 2010-2014. Adapted from Major Holders of Treasury Securities, in *US Treasury*, November 15, 2017, Retrieved November 20, 2017, from <http://ticdata.treasury.gov/Publish/mfhhis01.txt>. Copyright 2017 by Department of the Treasury/Federal Reserve Board.

There does not seem to be a consistent decrease in both absolute and relative Chinese possession of US debt after the pivot was announced. Yet, a trough can be observed in 2012, one year after the pivot was announced. However, this is probably not as a result of the pivot. The Chinese government had been concerned over the safety of its holdings for several years at that point. In 2011, the US government raised the foreign debt cap, which led to the downgrading of their long-term sovereign credit. It is thus thinkable that the Chinese government thus decided to buy less Treasury securities in the subsequent year. However, the subsequent year, the height of US debt owned by China increased again. Therefore, we cannot conclude that the US has attempted to decrease China's possession of its debt (Morrison & Labonte, 2013).

Together with decreasing the Chinese possession of US debt, structural realism would expect the US to attempt to tilt the trade balance in order to decrease the huge deficit it has. This could be done through the imposition of tariffs or other trade barriers. If we look at the figures, however, we see no pivot in the development of the trade balance at all. In fact, a steady increase in imports, and a smaller increase in exports appear to have occurred. The trade deficit deteriorates in the period following the announcement of the pivot (United States Census, n.d.).

In conclusion, in terms of economic interdependence, we do not witness a pivot. That is contrary to both defensive and offensive realist expectations for state behaviour in times of an increased threat level. Let us lastly focus on the US participation in institutions. Structural realism expects the US to withdraw its activities from institutions in times of increased perceived threats.

... and the US does not engage less in institutions

In 1997, Asia plunged into an economic crisis when the Thai government refused to devalue its currency which had been under speculative attack. The IMF gave out bail out loans at huge costs for the employment level in the affected countries, and Asian leaders thought that the cutbacks in public spending, rising interest rates and floating interest rates were not fit to solve this particular crisis. This led to criticism of the IMF and its guardian, the United States which refused the set-up of an Asian monetary fund for future crises. Simultaneously, it was the first instance which displayed the limited power of the Asian institutions of ASEAN (Association of South East Asian Nations) and APEC (Asia Pacific Economic Cooperation) to deal with crises (Higgot, 2007).

ASEAN's failure to solve the crisis led to the continued development of multi-level regionalism. The ASEAN-members and China, Japan and South Korea decided to set up a new economic bloc, APT (ASEAN plus three) right after the 1997 crisis. Economic integration in the region has continued over time. The latest addition is the 2015 erection of the ASEAN Economic Community (AEC) in 2015, which is the seventh biggest common market in the world (ASEAN, n.d.). Here is an overview of all the regional organisations in the Asia Pacific. It is obvious that the US is part of many of them. But even with the one's it is not a part of, the US holds and maintains relations.

Under Obama, the US set up a mission to ASEAN, which it considers a very important institution for economic, political and security cooperation. In 2005, the US commenced this cooperation at the proclamation of U.S.-ASEAN. Rather than loosening these ties, the Obama administration seems to have enhanced them. Clinton made sure that the US joined the EAS (East Asian Summit) from 2011 onwards (CSIS, 2010). She furthermore called upon ASEAN to draft a code of conduct to solve the disputes on the South China Sea (BBC News, 2012). The US even established a permanent mission to ASEAN in 2010, and appointed a resident ambassador in 2011. The US/ASEAN relationship was updated to a strategic partnership in 2015 (U.S. Mission to ASEAN, n.d.). The US has used the ARF (ASEAN Regional Forum) as a means to employ diplomacy to prevent escalation regarding the South China Sea, or North Korea. It took a leading role in this forum, and even chaired a meeting on maritime security in 2011 (CSIS, 2012). Lastly, the US is a member of APEC (Asia-Pacific Economic Cooperation). In 2011, new objectives for this membership were aimed at maintaining a leading position and enhancing economic integration into the Asia-Pacific (Donilon, 2013).

All this interaction is contrary to the behaviour structural realist theories expect in times of an increased threat level. But there is more. The US joined a 2005 initiative by Brunei, Chile, New Zealand and Singapore to set up a free trade-zone called *Trans-Pacific Partnership* in 2009 (Kirk, 2009).

Now, the US participation in international institutions, and its continued trade with China are actually mentioned as part of the pivot on the several occasions on which Obama administration officials have offered their interpretation of the pivot. Noteworthy, trade and regional institutions are one of the three pillars that are mentioned by all officials. Hillary Clinton even specifically mentions in her Foreign Policy article that China is not being left out when it comes to enhanced regional institutionalism and continued trade (Clinton, 2011). However, it is not in line with structural realist expectations of state behaviour under increased threat levels.

Human rights are not a real priority

The last part of the pivot refers to human decency and human rights. President Obama has made several steps to promote human rights in the Asia Pacific. He pushed for LGBT-rights abroad by nominating gay ambassadors to several allies in the region. David Huebner and John Berry served in New Zealand and Australia respectively, both countries in which same-sex marriage was not performed or banned by law at the time of the installation of the ambassadors. But more notably was the appointment of Osius as US Ambassador to Vietnam, where there are no legal protections against discrimination of LGBT-people, and where homosexuality is generally considered a taboo (Mosbergen, 2015).

Furthermore, US embassies participated in pride parades in the region. Yet, Obama's push for LGBT-rights is not focused solely on the Asia Pacific. Gay ambassadors were also appointed to other places, such as Europe and Latin America (The Guardian, 2014). The bottom line remains that according to structural realist thinking, it is highly irrational to force one's allies into certain behaviour at risk of antagonising them while being threatened by another actor. There is no way in which structural realism can account for Obama's push for gay rights abroad.

Perhaps that is why Obama did not do much more on human rights towards his allies. To China itself, Obama has done little to improve human rights, with the President only calling out differences of opinion with China regarding several human rights on several occasions, rather than threatening with sanctions or taking other hard measures to implement this core value of his pivot (Perlez, 2016).

To sum up

In conclusion, this chapter has demonstrated that structural realism cannot fully explain US policy towards China. It did correctly predict US attempts to balance, by enhancing relations with allies and increasing its regional military capacity (despite the overall capacity decreasing due to cutbacks). It fails, however, in explaining increased US engagement in regional international institutions, the continuous trade with China and the US' decision to promote LGBT-rights at allied countries. In the next chapter, we will see if neoclassical realism can provide us with an explanation for this particular US behaviour.

Chapter 6: Neorealism and the Pivot

In the previous chapter, we concluded that structural realism can properly account for the US' military expansion in the Asia-Pacific. However, we found that it could not explain the US' increased engagement in the region in terms of institutions and trade. In this chapter, we will see whether the intervening variables that neoclassical realism point at can account for this defection from the response to the received systemic incentives that structural realists and neoclassical realists find proper.

Three phases of policy making are mentioned in which a response to systemic incentives is drafted: the perception phase, in which leaders perceive systemic incentives; the decision-making phase and the policy implementation phase. These phases are influenced by the leader's values; the strategic culture; state-society relations and domestic institutions. In this chapter, we take the policy responses 'increasing involvement in institutions' and 'increased multilateral trade' for granted. We will focus on the intervening variables to see if they can account for these policy responses. Firstly, we will briefly present a working definition for the mechanisms which determine the three phases (leader images, strategic culture, state-societal relations and domestic institutions). Then, we will discuss the three phases (perception, decision-making and policy-implementation) which form the bridge between systemic incentives and foreign policy.

Mechanisms

Leader Images

Let us begin by looking at the perception of systemic stimuli by the foreign policy executive of the United States: Barack Obama. Jeffrey Bader, chairman of the National Security Council for Asian Affairs, writes that Obama was aware of the growth of Chinese ownership of US debt, as well as the growth in Chinese military expenditure, and that many Americans considered that to be a threat. Yet, America had encouraged China to grow for decades, and now that China is fully incorporated in the global economy, containment is not an option. Obama and his team thought that China's growth might mean that it could play a constructive role in the world, since in his mind, it lacked the aspirations of the former Soviet Union. Hence, despite the remaining uncertainty surrounding China's growth, Obama was confident that it was not a bad thing, but could become a force for good (Bader, 2013).

Strategic Culture

Research after the American military culture begin in the 1970's, when Weigley argued that the US usually pursues an absolute form of war which seeks the complete overthrow of the enemy. Hence, typically speaking, the US views war as an alternative to negotiations, rather than a complementary option, Weigley claims. This way of war is accompanied with a belief that war should only be fought with clear objectives in mind, and to protect the national interest. Alternatively, Booth has presented an argument in 2002, that the US fights another type of wars as well: small wars. These wars are fought as a means of punishment, to bring peace or to stay safe. What both approaches share, is that in American Strategic culture, there is a clear distinction between politics and fighting. The diplomatic fight is fought by politicians (Echevarria II, 2004).

American deep-core values are characterised by its appreciation for diversity as a result of the immigration from different cultures that has characterised the nation for centuries. Citizen's trust in the government has eroded in the 20th century, to a low of 22% by the time the pivot began. Scepticism exists of the government, with Americans trusting private persons and companies more. However, there is a great sense of national pride. Influence of passing on values over generations has historically been primarily with the parents, but mass media gained influence over the past decades (Kousser & Austin, 2012). Lastly, US values of freedom and property are embodied in citizens' appreciation for property and markets, or capitalism (The Economist, 2015).

Let us complement that by some information on current attitudes of the American citizens around the time the pivot began. Two-thirds thought the country was headed the wrong way. Nearly half thought American values were about to lose influence. Freedom of Speech and Religion are ranked the most important. The influence of religion is decreasing, and American's consider themselves more tolerant than their parents. 60% thought the economy was on the wrong track. Budget deficits are considered to undermine US values, and a huge majority thinks the financial sector has worse values than US values. Almost 3 out of 4 think their representatives actually represent the values of the rich, and 80 percent think that lobbyists have too much influence. Over three-quarters think people are intrinsically driven by self-interest (Cohn, 2012).

State Societal Relations

State Societal relations refer to the possibilities for different groups in society to influence policy. It is important to identify what are the elites in a country, and what their primary interest is. Furthermore, opportunities for ordinary citizens to influence policy should be identified.

The elites in the United States arguably consist of senior politicians and big business. Drutman has argued that the influence of large corporations on the policy making process has become very large. Washington increasingly relies on the private sector for expertise. Corporations primarily lobby members of Congress (Drutman, 2015). Ordinary citizens have influence in so far that they are formally represented by their members of congress. Furthermore, they have the opportunity to have their voice heard in traditional and social media. American citizens have greater than average confidence that they are able to influence policy. Particularly, American's feel they are entitled to certain rights and do not want to wait for policy officials to act, but do not hesitate to file law suits to get their rights (Kousser & Austin, 2012).

The main concern of all societal actors at this point is the economic crisis that hit the United States in 2008. As a result of the bursting of a housing bubble and a mortgage debt crisis, the country plunged into a catastrophic recession, which led to the loss of millions of jobs, leading unemployment to peak at 10%, and a contraction of the economy by over 5% (Rich, 2013). All social groups were affected by this crisis, and were eager to fix the economy.

Domestic Institutions

It is important to distinguish between the different institutions that deal with foreign policy. Firstly, there is the State Department, led by the Secretary of State, Hillary Clinton and her successor John Kerry. Simultaneously, other departments are involved in foreign policy when issues touch upon their agenda. Notably, the Department of Defence is responsible for the defence of the nation. The department is led on a civilian level by the Secretary of Defence, and on a military level by the Joint Chiefs of Staff, who head the respective branches of the armed forces. Then there is the CIA, but unfortunately, there is not much to write about their findings with regard to the pivot, as their work is covert. Another very important actor in Foreign Policy is the National Security Council, which consists of the leaders of all aforementioned actors, plus the President and Vice President, a national security advisor and about 12 government officials. Jeffrey Bader was a member of the National Security Council, and has published an insiders account on Obama's China policy (Bader, 2013).

The executive powers of foreign policy are sometimes divided between Congress and the President. The President has sole command of the military, and the Congress has sole power over regulation of foreign commerce. Notable other powers of Congress are that the Senate must approve treaties, and to "make all laws which shall be necessary and proper", which include laws on international sanctions (Masters, 2017). In general, the Congress should

oversee the President, to check and balance his power. It has informal influence through this role, and formal influence through the conduct of investigations.

Conclusion

In this section, we have made explicit what forces can influence the policymaking process. Firstly, Obama's perception of China's rise is influenced by his belief that this can constitute something good. Secondly, we have mentioned society's core beliefs and the importance of technology in US culture. Thirdly, we have talked about ways of interaction between societal groups and their main concern at the time of the pivot: The Great Recession. Lastly, we talked about which institutional actors are involved at foreign policy making. In the next section, we will look at the policymaking process.

Three phases

In the previous section, we have given a brief overview of the factors that can influence the three stages of policymaking neoclassical realism recognises. In this section, we will zoom in on these three stages: perception, decision-making and policy implementation.

Much information in this section has been found in Jeffrey Bader's book *Obama and China's Rise*. Bader was on Obama's National Security Council as the main advisor for East-Asia. His account of what happened inside the policymaking process is incredibly relevant to assessing neoclassical realist hypotheses, because it is the closest we can get to hearing the Administration's own internal voices.

Perception

Obama was eager to pivot US attention away from the Middle East, towards the Asia Pacific. This perception is strengthened by Obama's belief that the Middle East is a toxic place that is beyond repair. He contrasts that with what he sees in the people of Southeast Asia by saying "They are not thinking about how to kill Americans, [...] What they're thinking about is *How do I get a better education? How do I create something of value?*" (Obama, *The Obama Doctrine*, 2016).

The president and his team thought that its China policy should be a mix between the carrot and the stick. Military power, economic sanctions and other types of sanctions alone would prove counterproductive. Simultaneously, doing nothing, or accepting Chinese dominance would scare US allies, and be equally unproductive. Obama's emphasis on norms were neither inspired by Wilson-style internationalism, nor by a blind staring on the balance of power. Instead, a pragmatic point of view to understand the importance of strong bilateral

relations is needed to shape the direction of allies and others alike, though both diplomacy and deployment. Obama's understanding of the best possible relationship with China becomes clear as well on his first trip to the country in November 2009, when he argued what cooperation benefits all, whereas confrontation would serve neither (Bader, 2013). Obama's pragmatism has been recognised by International Relations scholars as well. Stephen Walt criticised Obama's failure to identify a clear set of US interests (Walt, 2016).

Some US allies were suspicious of Obama and the Democrats, as a persisting sentiment exists of the republicans being pro-Japan, and the Democrats pro-China. In general, some allies regarded Republicans to care more about US allies, with Democrats preferring protectionist politics. This sentiment was fed during the 2008-presidential campaign, when both Obama and Clinton would come out against a free-trade agreement between South-Korea and the US, brokered by Bush, with Clinton adding that this would have negative consequences for import from China. The democrats were mistrusted by Asian nations as well, for their traditional human rights rhetoric and policies. Obama and Clinton were not relieved from this distrust by their track record, with former writing his biography on human rights victories, and latter devoting much of her career to women's rights (Bader, 2013).

Increasing trade with China has not always been president Obama's policy objective in relation to China. In 2009, he imposed a 35% tariff on Chinese tires, to rescue jobs lost in this industry. This tariff ended in 2012, and Obama publicly stated that 1200 jobs were saved, but in fact, higher prices cost the US \$1,1b, and over 3,500 jobs were lost in retail. China retaliated by imposing penalties on the import of chicken parts, which cost the US an additional \$1b (Gillespie, 2017). Potentially, Obama concluded from this event that imposing tariffs is no way of saving jobs, and changed course.

A specific systemic incentive comes as the Chinese push their maritime dominance to the next level by troubling Southeast Asian fishing vessels in the South China Sea, and the couple months later conflict with Japan over the Senkaku/Diaoyu Islands. The US-leadership perceived this as a threat to the international order centred around the Convention on the Law of the Sea, but through its reiteration of the neutral stance of the US government, the US leadership perceived China's image to be harmed the most (Bader, 2013).

Obama's foreign policy successes can also be explained by the lack of successes in domestic policymaking. After the Congressional Elections in 2010, much of Obama's Democratic domestic agenda was blocked in the Republican-dominated Congress. Foreign policy would hence provide easier victories. Besides, the Pivot was appreciated more by

Republicans than by Democrats, so perhaps Obama hoped that he could get some leeway on his domestic agenda by performing a rather Republican Foreign one (Mislan, 2017).

Decision making

Obama's National Security Council concluded that the US should participate more actively in regional organisations. This was a shift from Bush's foreign policy, which sought to refrain from involvement in regional institutions, as his administration felt they were mere talk shops, and they struggled to decide which would prove to be the most important one. Obama's team, on the other hand, thought this involvement would comfort US allies concerned with China's rise. The president has three priorities in his foreign policy, which he felt would also be important in the US relationship with China: Iran and North-Korea's nuclear ambitions and combatting climate change. Obama's team assessed the US presence in the Asia-Pacific region as welcomed by most states in the region. They thought that the region considered the US to be a stabilising force, bringing trade, innovation, educational chances and security of global public goods, of the weaker states. Simultaneously, the national security team was driven by pragmatism –not ideology. This pragmatic point of view led the president to believe that allowing allies and others alike to play a bigger role in economic institutions would allow the US to affect the choices these countries will make (Bader, 2013).

The Obama administration is facing domestic opposition from the senate, with some prominent members demanding the Treasury Department to call out China as a currency manipulator. The Treasurer refused, understanding that US persuasive power to progress that situation would be seriously harmed if the US would call out China as a currency manipulator (Reid, 2011). The problem of labelling China as a currency manipulator returned in the 2012-presidential election, when Obama's opponent Mitt Romney (Republican Party) called out Obama for his failure to label China as such, and he promised to do so himself once elected president, and consequently impose tariffs on Chinese goods (Keating, 2012).

In 2010, the House approved legislation to allow the president to impose tariffs on China. Obama has been hesitant to do this. He consequently attempted to use the public anger over China's huge trade surplus to convince China to quit manipulating its currency. Obama has been careful not to anger China in order to prevent a trade war. Simultaneously, his foreign policy goals of cutting exports to Iran and solving the North-Korean problem involved China, which he therefore wished not to antagonise too much (Sanger & Chan, 2010).

Four years later, Obama sought Congress' approval to negotiate a trade deal with other South-East Asian countries. Democratic Senate Majority Leader Reid called TPP dead while

attempting to stop a vote on fast-track legislation. The Democrats in Congress are divided over the policy of trade deals in general, slowing down progress in this matter. President Obama sought to increase trade by joining the Trans-Pacific Partnership. Obama gained fast-track powers to negotiate TPP through support of the Republican Party, with only 13 of his own party's members in support (Kim, 2015). Fast-track refers to time-limited discretion given to the president to broker a trade deal under certain conditions, a responsibility that is constitutionally positioned with Congress (Fergusson & Davis, 2017).

The fast-track of the TPP bill was supported heavily by lobbyists representing big businesses. That is evidenced by the fact that they spent over 1,1 million dollars, and donated over 17,5 thousand dollars on average to each individual senator who voted in favour of the bill (Gibson & Channing, 2015). Obama faced opposition from labour unions and Democrats, who want to avoid a repetition of the NAFTA-trade deal with Canada and Mexico of the 1990's, which allegedly resulted in the loss of jobs in manufacturing and a trade deficit (Lewis, 2015). Yet, opposition was centred around many things, like fear of losing jobs, lowering US standards, or too much power for corporations who could sue states over regulations which curb their profits (Carter, Terkel, & Grim, 2015). Opposition did not focus on the increased interdependency the US would find itself in in times of hegemonic competition. Yet, Obama believed that trade was a vital component to recover the US economy, hit by the Great Recession. When he received fast track, he could start negotiations of the trade deal.

As a way of allowing forces other than China in the region to grow and take on a leadership role, the Obama administration wanted to improve its relations with Indonesia through linkages of government agencies. Yet, linkage to the Indonesian counter-terrorism agency proved to be domestically contested in Congress and the human rights committee, for this agency has committed human rights violations in the 1990's. Commitments of the Indonesian leadership helped make sure that this linkage could continue, however (Bader, 2013).

Mislan claims the Department of Defence has known quite some fighting about whether or not to join in on the Pivot. It had set up a Joint Improvised Threat Defeat Organisation to deal with insurgencies in Iraq and Afghanistan. But its existence was threatened when these wars came to an end, and survival of this organisation could be guaranteed by joining in on supporting the Pivot, and so a strategy was drafted in which the Organisation could assist in the Pivot (Mislan, 2017).

State-societal relations in 2009 were characterised by the economic crisis. The fact that China was running a huge trade surplus, US unemployment at 10% and China owned a massive

amount of US debt made many in society believed that American jobs were lost to China, and China to have leverage over US politics. China furthermore alarmed the US business community by providing subsidies to domestic companies, and giving preference to innovative products from China itself over foreign innovations, whereas these companies were violating property rights in great numbers (Bader, 2013).

Society was not alone in their fear of Chinese economic manipulation. Congress was considering imposing a 27.5% tariff on all Chinese imports and installing duties to remedy the undervaluation of the Chinese currency. Yet, Obama's first domestic priority as president was to recover the economy which was hit by the 2008 Great Recession, he sought to incorporate this task in a China policy to tackle the issues aforementioned. From many discussions, Obama and his team concluded that China's influence on the US economy is quite small. And measures such as those proposed in Congress would hurt the US economy more than it would benefit it. Therefore, instead of taking hard measures, the government decided to persuade China to increase the value of the yuan (Bader, 2013).

It seems different actors in the US policy elite are divided on the policy of the Pivot. So was the public opinion, which displayed that the people were tired of foreign interventions after the wars in Iraq and Afghanistan. An opinion poll from 2013 says that only 38% of the people disagree with the statement that the US should become more isolationist. This isolationist tendency does not extend to the realm of the global economy, however, where interference is supported by the public (Pew Research Center, 2013). Interestingly enough, this is the first of Obama's policies under the pivot which got in trouble in the Congress.

Yet, one account for the policy elites to be hesitant when it comes to executing the pivot is that it would be a costly enterprise, whereas the public supported budget cuts and fiscal responsibility in great numbers (Mislán, 2017). Mislán claims that the lack of home support for the pivot may explain why it seemed to have become less important in Obama's second administration.

A special role in US military strategic culture is reserved for technology, which are often employed to solve strategic dilemmas. According to Harris, the US reliance on technology in warfare is a result of the shortage of labour the country has known since its foundation. Together with a great ability to create innovative technology, has led to a strategic culture which is based on technology. It is for that reason, that the US has consequently fought against China when it performed cyber-attacks on the US (Harris, 2014).

Policy implementation

(strategic culture, state-societal relations and domestic institutions)

By the time president Obama got to power, the United States economy was crippled by the Great Recession that had hit the world in 2008 and entailed a global crisis. This is the background of the state-societal relations at the time the decision was made to pivot to Asia. Obama's foreign policy received less scrutiny than is usual, because the Republican dominated Congress was more concerned with domestic affairs (Nelson, 2017).

In terms of domestic institutions, several government bodies got in disagreement over the execution of the China-policy. Hillary Clinton thought that Bush's principal model for dialogue with China, the strategic economic dialogue, has put too much emphasis on the economy, and too little on security and political issues. She wanted to integrate economic, security and political issues into a coherent approach towards China. A month-long struggle between the State Department and the Treasury Department over who gets to be the dominant voice in the dialogue with China erupted. The National Security Council came up with a solution to this problem by proposing to the Chinese an annual dialogue between both Clinton and the Treasurer (Bader, 2013).

Another disagreement in the Obama administration about the execution of its relationship with China erupted when the National Security Council suggested president Obama to indicate his intention to visit China in November 2009. Clinton and the State Department felt, however, that such an intention should not be presented before making sure to require performance on certain issues, and to use a visit as a mean of leverage. The National Security Council disagreed, fearing this would harm trust and be impossible to achieve (Bader, 2013).

For years, the US had not joined meetings with the ASEAN countries, because of the bad conduct of Burma. Obama decided to enter into a dialogue with Burma and not hold the other ASEAN members responsible, and decided to join in meetings. This goes without problems, but in 2010, the administration had to decide whether or not to join the East Asia Summit. The State Department was in favour, but economic agencies thought this would underscore APEC's importance. The National Security Council suggested Clinton would go instead of the president (Bader, 2013).

In 2014 and 2015, the Department of Defence decided to limit the number of Littoral Combat Ships still to be produced. These ships were considered an important weapon to counter China's A2/AD strategies (Gady, 2015). Here we see that in Obama's second Administration, the implementation of the Pivot slowed down. This may have to do with negative public opinion. Clinton's successor as Secretary of State, Kerry, seemed to have deviated from the

policy of paying most attention to the Asia Pacific, as he visited the Middle East more than he visited the Asia Pacific (Department of State, n.d.).

Concluding Remarks

This section has shown how the pivot can be explained through a neoclassical realist perspective. Neoclassical realism argues that domestic factors influence the perception of threats, the decision-making and policy-implementation process.

We have argued that President Obama perceived threats from China properly, but has elected not to act in a way that structural realists would consider inevitable, with regards to trade and institutions. Obama's own beliefs influenced his perception of threats, because he believed that cooperation trumps conflict, and that China's rise can become a force for good. He was strengthened in this view by his assessment that the will to make progress was much less visible by Middle Eastern people than by the East-Asians (Obama, 2016). Failed attempts by the president to fix the economy through imposing tariffs on China led him to believe that tariffs are not the right way forward. Simultaneously, the Republican dominated Congress blocked Obama's domestic agenda. His foreign agenda was an easier victory, but also a way to hope and win Republican's sympathy, as the Pivot is hailed more by Republicans than Democrats.

The decision-making process was not always easy. State-societal relations were characterised by the Great Recession, and the president sought to fix the economy by increasing international trade. He faced opposition from Congress on multiple occasions, who saw in China a currency manipulator which steals away US jobs. Obama's effort to join TPP enjoyed great support amongst some groups in society, notably businesses, who lobbied much for it, but resistance from others, including many members in his own Democratic Party. Strategic Culture, which historically relies much on technology, played a part in the Administrations huge efforts to fight Chinese Cyber-attacks off, without it letting interfere with other business. Public opinion is against international security operations, but in favour of interfering in the global economy.

The implementation of the policy usually went well, although some conflict about the precise execution have occurred. The Treasury and State Department were in disagreement over which one of them could lead a dialogue with China, and there was disagreement over whether or not to commit to joining the EAS. The State Department disagreed with the president over whether or not to use a potential presidential visit to China as leverage to get things done as

well. In Obama's second administration, we can see that the pivot is losing speed, indicating that it has fallen to the background.

All in all, Neoclassical Realism can step in where strategic realism can no longer explain. Particularly Obama's own values and the Great Recession led him to pursue a policy of trade and increased interdependence. Strategic Realism cannot account for this, as the domestic sphere is not taken into account.

Conclusion

This paper has made the case for the inclusion of domestic agency in the realist theoretical paradigm, supporting Rose (1998), and Ripsman, Taliaferro and Lobell (2016), who have made the same claim and developed a neoclassical realist framework for international relations research.

When president Obama announced the Asia Pivot in 2011, the US was facing an increased security threat from China. China had been growing for decades, and developed a military system which could block the US from entering China's perceived territory. From 2008, China has behaved aggressively on the South China Sea, blocking foreign vessels far beyond its recognised territorial zone or exclusive economic zone, as recognised by the UN. The UN takes a national interest in freedom of the seas, which was under threat by China's actions. China has also bought so much US treasury securities, that China could potentially use this as leverage to influence the political decision-making process. China furthermore manipulated its currency, altering the trade balance in the US' disadvantage, and performed military cyber-attacks to the US.

With this increased security threat, structural realism expects balancing behaviour. And the pivot contains elements which indicate balancing behaviour. Despite the overall defence budget being cut, alliances were reinforced, troops sent to the region, FONOPs performed in the South China Sea, and anti-cyber-attack units fighting back at China. Yet, the US did not decrease its interdependency with China by cutting trade, nor did it pull back from international institutions. This cannot be explained by structural realism.

Neoclassical realism argues that the policymaking process is influenced by several forces. Firstly, leader images influence the process, and Obama's image of international relations is one of pragmatism, and a belief that China's growth could prove a good thing. Furthermore, the US strategic culture relies heavily on technology, state-society relations are characterised by a belief in global capitalism, and the Great Recession was the issue of the time, impacting all groups in society. Foreign policy decision making knows multiple actors in the US system.

All the aforementioned factors influence the actual policymaking process, which begins at the perception of the systemic incentives. Obama understood the risks China posed, but believed a pragmatist mix between the carrot and the stick was best to deal with the threat. He thought the solution to the Great Recession was in International Trade, and China could help with that as well as his foreign policy goals of solving the nuclear threats from Iran and North-

Korea. Foreign policy was also an easy victory in the Republican dominated House, which blocked his domestic agenda, and with the Pivot supported by the Republicans, Obama may have hoped that the Republicans would come along a bit more on his domestic agenda.

The decision-making of the pivot was not so easy, however. Surprisingly enough not because many wanted the president to be tougher on China, but because the people were sick of US interventionism, and the political actors from Obama's own party were reluctant to support a trade deal. TPP was supported by corporations, republicans and the people, but not by the democrats, and labour unions. The military component of the pivot was costly. Lastly, the US cultural trust in technology may well explain its tough approach in the cyber war with China.

The policy-implementation phase was characterised by disagreement between different parts of the Administration. The State Department, Department of Defence and the President occasionally found each other at the other end of the table. In Obama's second Administration, the execution of the Pivot seems to have slowed down.

Referring back to our hypotheses, we can consider them proven. We expected structural realism unable to explain the whole pivot, and neoclassical realism to give a more inclusive account of the pivot. In answering our central question *to what extent can neoclassical realism add explanatory power to structural realist accounts of the US pivot in Asia to contain the rise of China?* we can now answer: to the extent that structural realism can only explain military parts of the pivot, not others. Neoclassical realism can explain all parts of the pivot.

The implications hereof are that in due time, we may have to come to the conclusion that neoclassical realism is better suited to explain actual state behaviour. This may lead to the dethroning of structural realism as realism's dominant explanatory mechanism after about 50 years of unchallenged rule. Other implications may be that the determinism underlying Gilpin's power transitioning theory is not matching reality. In short, the implication of this research is that states are in fact not unitary actors, but domestic agency matters next to structural incentives.

But we are not there yet. This research knows some limitations. Firstly, with it being a single case study, more case studies should be performed through the same theoretical framework before we can jump to conclusions about the actual importance of domestic agency. After all, this case may just be an exception to the rule that domestic agency does not matter. Secondly, and related, this research adopted a qualitative methodology to gain further knowledge about important factors in neoclassical realism. Other research could take a

quantitative approach to hierarchically establish the importance of the different factors and policy stages.

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