1 Introduction

Much attention in the literature on hedging has focused on ascertaining, categorizing, and explaining different patterns of hedging behaviour (Goh, 2006; Chung, 2009; Jackson, 2014; Lim & Cooper, 2015; Koga, 2018; Chan, 2019; Haacke, 2019; Kuik, 2021; Chang, 2022). However, there has been little systematic work on why hedging might fail. Very few studies have touched upon the problem of unsuccessful hedging (Ciorciari, 2019; Korolev, 2019; Smith, 2020), and none have systematically explored the causes of hedging failure. Meanwhile, hedging does fail, becomes more difficult, or goes awry to various degrees across many different cases – from the Philippines and Vietnam in Southeast Asia (Ciorciari, 2019) to Georgia and Ukraine in the post-Soviet space (Korolev, 2019; Smith, 2020), and to even Australia (White, 2009) – thus presenting a cautionary tale against the potential pitfalls of hedging. For small and middle powers, the question of why hedging fails and how to hedge to avert harm from mightier great powers is often a question of survival, thus highlighting the importance of understanding why hedging strategies fail and succeed.

This Element attempts to fill this knowledge gap. It defines successful and unsuccessful hedging and explains why some smaller powers can hedge relatively successfully between competing great powers while others fail to and suffer serious harm. The goal is not to deliver an exhaustive list of causal factors that affect hedging outcomes but to develop and test a theory-grounded baseline model that can help understand the success and failure of hedging. The suggested model highlights the importance of three critical causal variables – structural uncertainty, availability of protective options, and decision-maker's geopolitical prudence – and their relationship in determining hedging outcomes. It defines these three variables and elaborates how changes in and between them affect hedging under the conditions of intensifying great power rivalry.

The Element also argues that the three causal variables are related to one another – they are dynamically correlated. The level of structural uncertainty is the independent variable that sets up the context for and conditions the role of the other two variables in determining smaller powers' hedging outcomes. Specifically, high structural uncertainty is associated with a less determined balance of power dynamics and lower systemic pressure. Hedging becomes easy, the need for protective options less urgent, and the costs of geopolitical imprudence lower. When structural uncertainty disappears and balancing between great powers intensifies, the stakes involved in hedging rise dramatically as hedging smaller powers come under the pressure of acute strategic dilemmas. This growing external pressure increases the need for adequate protective options, the cultivation of which becomes an important component of smaller power hedging behaviour and a mediator of structural uncertainty's impact on hedging outcomes. However, such protective options become surrounded by greater strategic complexity that smaller states must navigate. These changes make the costs of mistakes unaffordable and require more prudence in assessing both the structural environment and the availability of projective options. Leadership's geopolitical prudence becomes a critical asset that moderates the impact of both structure and protective options on hedging. As the analysis in Section 3 demonstrates, such prudence can be in significant shortage, which increases the dangers of hedging failure.[1]

The analysis proceeds as follows. Section 2 defines the success and failure of hedging (the dependent variable), presents the causal model, and operationalizes its variables. Sections 3 and 4 test the model by probing it across different cases. Section 3 focuses on the post-Soviet space and comprises two cases of failed hedging – Georgia under Michail Saakashvili (2004–2013) and Ukraine during Viktor Yanukovych (2010–2014), while also covering Ukraine's problems with access to protective options after Russia's invasion in 2022. It demonstrates how the two post-Soviet countries' hedging between increasingly competitive Russia and the West became unsuccessful, causing significant harm to their sovereignty and resulting in an eventual shift to balancing against Russia. Section 4 examines Southeast Asia to understand how the situations around structural uncertainty, protective options, and leaders' geopolitical prudence allowed Vietnam, Malaysia, and the Philippines to hedge amidst intensifying China–US rivalry. It shows that while hedging in this region also became more challenging, the three Southeast Asian states continued to hedge and managed not to explicitly choose between the two competing great powers, maintaining territorial integrity and relative strategic autonomy. Section 5 concludes by pulling the strands of the analysis together and suggesting directions for future research.

Methodologically, this research resembles what Eckstein (1991) calls a 'plausibility probe' and Lijphart (1971) – a 'theory-confirming case study'. More precisely, it is a 'series of plausibility probes' (George, 1979) consisting of five case studies to achieve the cumulation of findings. While such an approach falls short of rigorous hypothesis testing in statistical terms, it is useful for determining the potential validity of an initial theoretical model

[1] In statistical terms, the character of the theory presented in this study can best be described as a 'moderated mediation model', in which a moderator variable (geopolitical prudence in our case) moderates the relationship between the independent variable (structural uncertainty) and the dependent variable (hedging outcome) while at the same time moderating the relationship between the mediating variable (access to protective option) and the dependent variable (see Figure 1 and associated elaboration next).

(Eckstein, 1991, p. 147). Both the differences and similarities among the cases matter, and cases are selected to establish variance in both dependent and independent variables (George, 1979, p. 209). Therefore, this study selects cases to compare the instances of hedging failure with those of relative success. It first holds the dependent variable constant by studying the cases of hedging failure (Georgia and Ukraine) to identify the causal variables associated with it. Then, the outcome variable is varied by looking at relative hedging success (Malaysia, Vietnam, and the Philippines) to test the conditions of the causal variables that account for this different outcome. Given the goals of this article, more space is given to the failed hedging in Georgia and Ukraine. The three Southeast Asian cases are discussed in lesser detail to identify the changes in the causal variables, if any.

2 Theoretical Framework: Why Hedging Fails

Hedging has been viewed as a state behaviour that does not fit into the categories of 'balancing' and 'bandwagoning' because hedgers avoid explicitly siding with one larger power against another (Goh, 2006; Korolev, 2019; Kuik, 2021). Some viewed hedging as a multidimensional and multi-vectored 'alignment posture' in which mixed strategies of balancing and engagement co-occur in different policy sectors (Wilkins, 2021, pp. 9–10). Hedging is a risk-management 'insurance policy' helping smaller states survives the strategic uncertainty of great power politics (Haacke, 2019; Lai & Kuik, 2020). It is also believed to go beyond standoffish neutrality to include proactive multi-vector engagements (Haacke, 2019; Chang, 2022). Some key features of hedging include equidistant engagements, simultaneousness, and counteracting 'engage-and-resist' measures, characterized by alignment ambiguity and displays of deference and defiance (Jackson, 2014; Koga, 2018; Lim & Cooper, 2015).

As such, hedging is not easy to pin down empirically. Not always a result of well-calculated long-term plans or policies, hedging is rarely advertised in official documents or statements. States prefer to dissociate themselves from hedging due to the poor reputation of the term in the policy community, which is why hedging has remained 'a policy that is implemented without pronouncement' (Kuik, 2021, p. 2). There may be no straightforward and observable decision to hedge or not to hedge faced by decision-makers because foreign policy is a fluid and evolving series of mini-decisions, which utility-maximizing models cannot adequately capture (Marston, 2024, pp. 34–35). This makes hedging less a policy by a concrete traceable decision indicating the onset of hedging and more a risk-management posture that fills the gap between unequivocal alignment and outright opposition, widely adopted by smaller powers facing uncertainty (Jones & Jenne, 2021).

Hedging has been observed to become the most prevalent pattern of smaller powers' behaviour in the uncertain post-Cold War international politics. It has become a central tendency in East and Southeast Asian international relations (Goh, 2006; Chung, 2009; Jackson, 2014, p. 333), with the concept of hedging becoming 'one of the most influential concepts' in the scholarship on the international relations of the twenty-first century Asia-Pacific (Ciorciari & Haacke, 2019, p. 368). It is now routinely observed as a logical, if not inevitable, behaviour of smaller powers in other regions, including the post-Soviet space, the Persian Gulf, and elsewhere (Garlick & Havlová, 2020; Ohle, Cook, & Han, 2020; Smith, 2020).

Meanwhile, literature focusing on the causes of hedging success and failure is scant. Three studies – Ciorciari (2019), Korolev (2019), and Smith (2020) – have scratched the surface of the problem from different perspectives, trying to outline some international-systemic and domestic conditions that may cause hedging failure. However, the definition of hedging failure and the variables that cause hedging to succeed or fail, as well as the relationship between them, have not been specified, making it hard to devise credible empirical tests of the authors' arguments.

Indeed, measuring the success and failure of hedging is not easy because 'effective hedging strategies often contribute to non-events' (Ciorciari, 2019, p. 527). A careful read of the existing literature suggests that successful hedging is generally expected to avert major harm and increase security by minimizing risks vis-à-vis the hedging targets (Jackson, 2014; Ciorciari, 2019; Gerstl, 2022, pp. 20–24). It also helps maintain diplomatic flexibility and autonomy through diversifying stakes and policy options, and helps avoid over-reliance on one power/foreign protector (Jackson, 2014; Koga, 2018; Lai & Kuik, 2020). Successful hedging serves to reap political, economic, or security benefits from the hedging targets while minimizing risks in the same areas (Jackson, 2014; Gerstl, 2022). It helps smaller powers secure advantageous strategic positions while keeping fall-back protective option(s) open for a worst-case scenario (Jackson, 2014; Koga, 2018; Lai & Kuik, 2020). Smaller states developing robust relationships with competing great powers and cultivating maximum protection under the condition of great power rivalry are indications of successful hedging. At the same time, hedging helps 'avoid to align' or, more precisely, 'to be forced to align' (Gerstl, 2022, p. 112). Success is also understood as effective engagement with foreign partners and preparedness for potential challenges (Lai & Kuik, 2020).

Failed hedging, therefore, can be envisaged as the opposite. It happens when, despite all the efforts, serious harm to smaller states' security is not averted. More specifically, when hedging fails, the range of feasible policy options shrinks; diversification efforts fail or result in less advantageous strategic positions; reliance on more powerful external protectors increases or reaches the level of complete dependence that undermines a smaller state's relations with another great power; foreign policy autonomy and diplomatic flexibility decrease; and fall-back options disappear in the times when risks associated with great powers politics turn into imminent security threats. All these adverse outcomes force a smaller power to take an undesirable course of action from the standpoint of security, economic independence, and autonomous decision-making. In the worst-case scenario, hedging failure can result in significant harm in the form of subservience, abandonment, economic insecurity, entrapment in great-power conflicts, domestic authority erosion, the loss of effective sovereignty over territory, and severe damage to or destruction of statehood.

Considering this analysis, a useful way to think about hedging effectiveness is by framing it in terms of security and autonomy – that is, hedging is successful to the extent that the hedger can both avoid suffering serious security losses (such as territory) and manage to remain 'above the fray' in great power competition. These considerations run parallel to the traditional understanding of overarching state security, which Wolfers (1952, pp. 484–489) summarized as some degree of protection of a nation's previously acquired 'two minimum national core values' that all nations have historically sought to preserve: national independence and territorial integrity, which often reappear in the later literature as 'autonomy' and 'survival' (Waltz, 1979; Ripsman, Taliaferro, & Lobell, 2016) or 'actorness' and 'sovereignty' (Berg & Kuusk, 2010; Smith, 2020).[2]

While these two dimensions – security and autonomy – may appear as more narrowly conceived than what the possibilities of hedging failure might involve (and states can lose territory and autonomy even if they are not hedging), they provide the needed organizing metric, allowing assessing hedging outcomes based on how much a specific hedging behaviour enhances the fundamental parameters of the hedging states' functioning as actors of international politics – physical survival/territorial sovereignty and state autonomy. Empirically, state autonomy can be measured by any changes in the state's capacity to behave actively and deliberately in relation to other actors in the international system and pursue strategies it sees fit to secure its survival independently and without

[2] According to the realist tradition, security has been seen as the most fundamental objective of any state so as other goals, such as economic development or social wellbeing, can hardly be achieved without security (Morgenthau, 1948; Waltz, 1979; Mearsheimer, 2001).

external coercion to change them. Territorial integrity can be measured by changes in the size of the state's territory. Hedging is successful if it can prevent the loss of territory and autonomy – when there are no observable changes or gains in the state's territorial sovereignty and capacity to act independently. It fails if it results in a loss of autonomy – in the form of greater dependence on external security provider(s) or (re)alignment with one great power at the costs of positive relations with the other – or territory – when armed aggression results in the occupation of territory and/or territorial incursions and encroachments.

In reality, the losses of territorial sovereignty and autonomy are not always absolute but relative: even a strong security dependence allows some degree of autonomy, and territorial occupation often leads to lasting territorial disputes rather than clear-cut losses or gains of territory. Therefore, hedging is most likely to be partially successful, meaning it helps mitigate the damaging impact of external forces on state security and may entail states sacrificing one component of security for the other, for example, relinquishing their autonomy to ensure physical survival and, in a less likely scenario, making territorial concessions to retain autonomy.[3] A few recent studies of hedging describe how some Asia-Pacific hedging states, such as Vietnam, the Philippines, Malaysia, Thailand, and New Zealand, having recognized the growing security challenges of their changing strategic environments, started to sacrifice their strategic autonomy and diversity of contacts for closer security ties with or accommodation of one of the competing great powers, the US or China. Such a transition has made their hedging profiles resemble more one-sided alignment behaviours, such as balancing and bandwagoning (Suzuki & Lee, 2017, p. 129; Ciorciari, 2019, pp. 544–547; Korolev, 2019, pp. 438–443; Fortier & Massie, 2023; He & Feng, 2023, p. 2), which is not costless in terms of strategic autonomy but arguably less harmful to their overall security under the circumstances. As the analysis in Section 4 demonstrates, the case of the Philippines represents such a trade-off, resulting in only partial hedging success. In contrast, the cases of Malaysia and Vietnam, on the one hand, and Georgia and Ukraine, on the other, are relatively more straightforward cases of hedging success and failure based on the criteria of security and autonomy.

Further analysis of the existing hedging literature reveals the importance of three key variables affecting hedging outcomes: *structural uncertainty*, the *availability of protective options*, and decision-makers' *geopolitical prudence*.

[3] For a more complex trade-offs between aspects of sovereignty and autonomy faced by states, see Krasner (1999). For examples of some Asia-Pacific hedging states compromising their autonomy for closer security ties with great powers, see Suzuki & Lee (2017), Ciorciari (2019), Korolev (2019), and Fortier & Massie (2023).

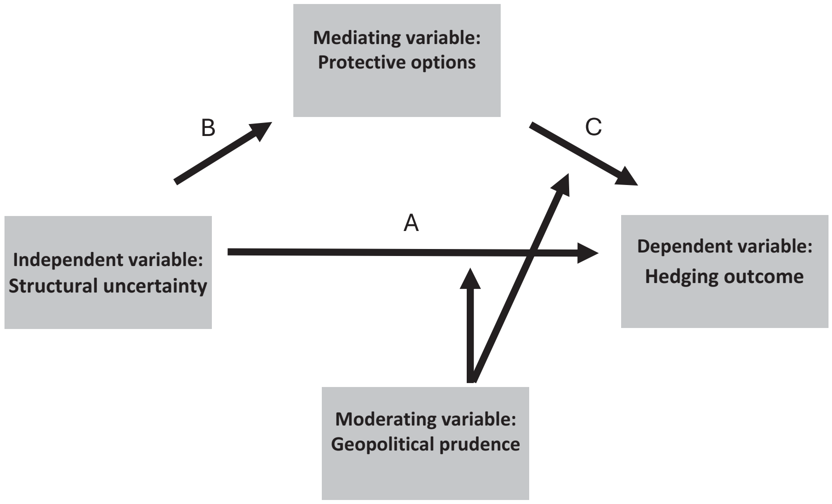

Figure 1 The theoretical model of hedging effectiveness

The relationship between these variables forms a model of hedging (Figure 1) in which changes in and between the variables affect hedging outcomes. Each variable and the pattern of interaction between them in generating causal impact require further specification.

2.1 Structural Uncertainty

At the international-systemic level, hedging is premised on *structural uncertainty* (Goh, 2006; Jackson, 2014; Ciorciari, 2019; Haacke, 2019; Korolev, 2019; Lai & Kuik, 2020; Smith, 2020) – the first (independent) variable in our model. Smaller states have stronger incentives to hedge when uncertainty about the state of great power competition is high, and policymakers are 'uncertain' about the directions and outcomes of the international order transition (He & Feng, 2023, p. 15). Hedging works in the face of uncertainty, whereas certainty over great powers' capabilities and intentions is believed to lead to clearer alignments (Haacke, 2019, pp. 393–394). Dealing with uncertainty is the goal of hedging.

Hedging literature defines uncertainty vaguely as a condition related to the nature of the international environment after the end of the Cold War bipolarity (Ciorciari, 2019; Korolev, 2019, p. 423). Uncertainty appears to overlap with other terms describing the intensity of great power competition, such as, for example, 'permissiveness' of the regional geopolitical environment, which Smith (2020, pp. 590–592) considers to be inversely related to the level of enmity between great powers and the initial key factor hedging states must