JOURNAL FOR SOCIAL SCIENCE STUDIES
An International Peer-Reviewed Open Access Journal

ISSN (Online): 3006-2071 | ISSN (Print): 3006-2063
Volume 4 • Issue 4 • August 2026

FOREIGN POLICY ALIGNMENT UNDER GREAT POWER COMPETITION: A STUDY OF MIDDLE- AND SMALL-POWER ECONOMIC DEPENDENCY AND DIPLOMATIC BEHAVIOUR

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DOI: https://doi.org/10.5281/zenodo.22976048

Keywords
great-power competition; middle powers; small states; economic dependency; foreign-policy alignment; hedging; strategic autonomy; diplomatic behaviour

Article History
Received: 17 May 2026
Accepted: 13 June 2026
Published: 16 August 2026

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Abstract

This qualitative study examines how middle and small powers manage foreign-policy alignment under intensifying great-power competition, with particular attention to the relationship between economic dependency and diplomatic behaviour. Rather than treating alignment as a single measurable outcome or assuming that trade dependence mechanically produces political compliance, the article uses a structured, focused comparison of Australia, the Republic of Korea, Indonesia, Pakistan, and Sri Lanka. These cases capture different combinations of economic exposure, security dependence, strategic autonomy, alliance ties, and domestic political constraints. The study draws on foreign-policy strategies, official statements, diplomatic episodes, secondary scholarship, and selected multilateral behaviour from approximately 2010–2025. The comparison shows that economic dependency creates vulnerability and incentives for accommodation, but its diplomatic effects are mediated by security relationships, domestic institutions, elite threat perceptions, national role conceptions, and opportunities for diversification. Australia illustrates the possibility of resisting economic pressure despite deep commercial ties when security alignment and domestic political consensus point in another direction. South Korea demonstrates compartmentalized alignment in which alliance commitments coexist with substantial economic exposure to China. Indonesia reflects strategic autonomy and issue-based cooperation, while Pakistan shows how economic and security partnerships can reinforce one another without eliminating diplomatic flexibility. Sri Lanka demonstrates the sharper constraints faced by a small state with limited fiscal and strategic room for manoeuvre. The article argues that dependency should therefore be

JOURNAL FOR SOCIAL SCIENCE STUDIES
An International Peer-Reviewed Open Access Journal

ISSN (Online): 3006-2071 | ISSN (Print): 3006-2063
Volume 4 • Issue 4 • August 2026

understood as a conditioning environment rather than a deterministic cause of alignment. Middle and small powers respond through hedging, diversification, selective alignment, and issue-specific diplomacy.

1. Introduction

Great-power competition increasingly places middle and small powers in situations where economic interests, security partnerships, diplomatic principles, and domestic political pressures do not point in the same direction. The United States–China rivalry is the most visible expression of this environment, while Russia remains important in security, energy, arms, and diplomatic networks. For states below the great-power level, the central problem is rarely a simple choice between two fixed camps. Governments instead attempt to preserve access to markets, capital, technology, security assistance, and diplomatic support while limiting the political costs of excessive dependence.

Previous research often measures foreign-policy alignment through United Nations General Assembly voting and quantitative trade relationships. Such evidence is useful for identifying broad patterns, but it cannot by itself explain why similar levels of economic exposure produce different diplomatic responses. This study therefore places qualitative explanation at the centre: it asks how governments interpret dependency, how they respond to pressure, and which political and strategic mechanisms convert economic exposure into accommodation, resistance, diversification, or selective alignment. [1–4]

This article addresses three questions. First, how does economic dependency shape the diplomatic choices of middle and small powers under great-power competition? Second, why do states with substantial economic exposure to a great power sometimes resist its preferences rather than align with it? Third, which combinations of security ties, domestic politics, strategic culture, and diversification capacity help explain variation across cases?

The central argument is that economic dependency is a source of leverage but not a sufficient explanation of diplomatic alignment. Its political effect depends on mediating conditions. Security guarantees can offset economic vulnerability; domestic institutions can raise the political cost of accommodation; national role conceptions can sustain strategic autonomy; and alternative economic or diplomatic partners can reduce the costs of resistance. Conversely, when economic exposure coincides with security dependence, financing needs, limited alternatives, and elite preferences for close partnership, alignment can become deeper and more durable.

This qualitative framework contributes to the literature in two ways. It connects scholarship on middle powers and small states with work on economic statecraft and asymmetric interdependence, and it treats alignment as domain specific. A state may cooperate economically with one great power, depend on another for security, and vote or speak independently in multilateral institutions. Such combinations are not anomalies; they are central features of contemporary foreign policy.

2. Literature Review and Analytical Framework

2.1 Middle powers, small states, and strategic choice

Middle-power scholarship has long emphasized multilateralism, coalition building, niche diplomacy, and the capacity of states below the great-power level to exercise influence through institutions and partnerships [5–9]. More recent work stresses that middle-power status is relational and contested: material capabilities matter, but so do diplomatic roles, recognition, regional position, and the ability to mobilize coalitions [9–11]. Small-state scholarship similarly rejects the assumption that limited material power eliminates agency. Small states can exploit institutions,

JOURNAL FOR SOCIAL SCIENCE STUDIES
An International Peer-Reviewed Open Access Journal
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Volume 4 • Issue 4 • August 2026

geographic position, issue specialization, and relationships with competing powers to expand room for manoeuvre.

Great-power competition makes these strategies more difficult but also creates opportunities. Rival powers offer trade, investment, infrastructure, technology, diplomatic backing, arms, and security cooperation. Secondary states may therefore gain bargaining leverage from competition even as they face pressure to take sides. This tension helps explain why balancing and bandwagoning are often inadequate as exhaustive categories.

2.2 Hedging, strategic autonomy, and selective alignment

Hedging describes attempts to avoid exclusive commitment while simultaneously pursuing engagement and risk reduction [12–17]. It can include economic cooperation with a potentially threatening power, security cooperation with another partner, diplomatic ambiguity, institutional diversification, and the preservation of fallback options. Contemporary studies of Australia, South Korea, Indonesia, and Southeast Asian states show that responses to United States–China rivalry vary from stronger balancing to prolonged ambiguity and strategic autonomy [14–18].

This article uses selective alignment as a broader concept than hedging. Selective alignment means that a state may move closer to a great power in one domain without accepting comprehensive political alignment across all domains. This is particularly useful for qualitative analysis because it directs attention to foreign-policy behaviour on specific issues rather than forcing each country into a single geopolitical category.

2.3 Economic dependency and asymmetric interdependence

Interdependence is not necessarily symmetrical. When one partner has greater access to alternative markets, finance, suppliers, or technologies, the more dependent state can face higher adjustment costs [19,20]. Economic statecraft operates through this asymmetry: inducements can reward cooperation, while restrictions on trade, investment, tourism, finance, or technology can increase the costs of diplomatic resistance. Yet economic leverage is rarely automatic. Its effectiveness depends on whether governments and domestic actors interpret the threatened costs as tolerable, whether substitutes exist, and whether compliance would create larger security or political costs.

Accordingly, this study distinguishes economic exposure from political dependence. High trade shares may create vulnerability, but vulnerability becomes diplomatic leverage only when decision-makers believe that economic losses cannot be absorbed or diversified and when competing strategic considerations do not outweigh them. This distinction is essential to avoid treating commercial statistics as direct measures of political control.

2.4 A qualitative causal framework

The comparative framework evaluates five interacting conditions: (1) economic exposure to a great power; (2) security dependence and alliance commitments; (3) domestic political institutions and influential economic constituencies; (4) elite threat perceptions and national role conceptions; and (5) access to alternative economic, security, and diplomatic partners. The expected diplomatic responses are accommodation, resistance, diversification, hedging, or selective alignment. The framework does not assume that any one response is normatively preferable. Table 1 summarizes these five conditions, the qualitative question used to examine each condition, and its expected relevance for the relationship between economic dependency and diplomatic behaviour.

JOURNAL FOR SOCIAL SCIENCE STUDIES
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ISSN (Online): 3006-2071 | ISSN (Print): 3006-2063
Volume 4 • Issue 4 • August 2026

Table 1. Analytical framework for interpreting economic dependency and diplomatic behaviour.

Condition	Qualitative question	Expected relevance
Economic exposure	How costly would disruption by the major partner be?	Higher vulnerability may increase incentives for accommodation.
Security dependence	Does another power provide alliance protection, arms, or strategic guarantees?	Security ties can reinforce or counterbalance economic dependence.
Domestic politics	Which firms, parties, bureaucracies, and public constituencies bear the costs?	Domestic coalitions can transmit or resist external pressure.
Strategic identity	How do leaders define autonomy, threat, status, and national role?	Role conceptions shape what forms of alignment are politically acceptable.
Diversification capacity	Are alternative markets, lenders, suppliers, and diplomatic partners available?	Alternatives reduce the coercive value of asymmetric dependence.

3. Methodology

This article adopts a qualitative comparative case-study design using structured, focused comparison and elements of process tracing. The purpose is explanatory rather than statistical: the study examines the mechanisms through which economic dependency is translated—or fails to be translated—into diplomatic behaviour. The unit of analysis is the country-level foreign-policy response to great-power competition, with attention to major diplomatic episodes and changes over approximately 2010–2025.

Case selection is purposive and designed to maximize variation in strategic position and dependence. Australia and the Republic of Korea are economically integrated with China but maintain formal security alliances with the United States. Indonesia is a non-allied middle power with a strong tradition of strategic autonomy. Pakistan combines deep security and economic ties with China while maintaining important relationships with the United States and Gulf partners. Sri Lanka is included as a small-state case with comparatively limited fiscal room and strong incentives to obtain external finance and infrastructure investment. The cases are not presented as statistically representative of all middle and small powers; rather, they are used to identify and compare mechanisms.

The evidence base consists of peer-reviewed scholarship, books, official foreign-policy and national-security documents, government statements, documented episodes of economic pressure or inducement, major diplomatic initiatives, and multilateral behaviour. United Nations voting is treated as supporting evidence of diplomatic positioning rather than as the dependent variable. Trade and investment patterns are used contextually to establish the direction and salience of economic relationships, not as inputs into regression models.

Document collection followed a transparent qualitative protocol. The review focused principally on 2010–September 2026, while retaining older foundational works required to define interdependence, alliances, hedging, and middle-power behaviour. Searches combined "great-power competition," "economic coercion," "economic dependency," "hedging," "strategic autonomy," and "foreign-policy alignment" with each case-country name. Priority was given to peer-reviewed scholarship, academic books, official strategies and statements, and institutional records documenting identifiable diplomatic episodes. Unsupported commentary was not

JOURNAL FOR SOCIAL SCIENCE STUDIES
An International Peer-Reviewed Open Access Journal
ISSN (Online): 3006-2071 | ISSN (Print): 3006-2063
Volume 4 • Issue 4 • August 2026

treated as principal evidence. The structured-comparison and process-tracing procedures follow established qualitative case-study guidance [44,45]. Evidence was organized in a case-by-condition matrix. Documents were coded deductively under five categories: economic exposure, security dependence, domestic political mediation, strategic identity or threat perception, and diversification capacity. A second coding layer classified the observable diplomatic response as accommodation, resistance, diversification, hedging, or selective alignment. Process tracing then reconstructed whether a plausible sequence connected economic pressure or inducement, domestic and strategic mediation, and an observable foreign-policy response.

The analysis also searched for rival and disconfirming explanations. Economic ties and diplomatic cooperation occurring together were not treated as sufficient evidence of economic causation. Stronger process-tracing evidence required an identifiable pressure or inducement, evidence that decision-makers recognized the relevant economic costs, and a subsequent response consistent with the proposed mechanism. Where alliance commitments, leadership change, domestic politics, or security threats provided competing explanations, the interpretation is explicitly qualified. This use of competing explanations is consistent with process-tracing guidance [44,45].

Each case is examined through the same questions: What is the principal economic dependency? What security relationship constrains or enables policy? How do domestic actors interpret the relationship? What diplomatic behaviour follows during periods of pressure or strategic contestation? What evidence indicates accommodation, resistance, diversification, or issue-specific alignment? This common protocol improves comparability while preserving country-specific context.

The design has limitations. Documentary evidence can reveal official reasoning and observable sequences but cannot always identify private motives. Economic dependence is multidimensional and cannot be reduced to trade alone. The selected cases also differ in regime type, geography, and strategic exposure. These differences are analytically useful, but they require cautious claims: the study develops a mechanism-based explanation rather than a universal law.

4. Comparative Case Studies

4.1 Australia: economic exposure with security resistance

Australia illustrates a sharp separation between economic interdependence and security alignment. China became a central commercial partner, especially for commodities and education, while Australia remained embedded in a long-standing security alliance with the United States. This produced a structural tension: the economic relationship rewarded stable engagement with China, but strategic and institutional ties anchored Canberra in a United States-centred security architecture.

During periods of bilateral political tension, Chinese restrictions and informal barriers affected several Australian exports. The episode is important because it demonstrates both vulnerability and adaptation. Economic actors faced real costs, yet the Australian government did not reverse its broader security trajectory. Instead, Canberra pursued market diversification, dispute settlement, alliance cooperation, and later stabilization of political relations. Scholarship on Chinese economic statecraft in Australia likewise emphasizes that interdependence can create constituencies favouring cooperation while coercive tactics can generate political backlash [21].

A focal process-tracing episode is the 2020–2023 deterioration in Australia–China relations. Chinese trade restrictions affected several Australian export sectors. Economic pressure created visible costs and incentives for stabilization, but Canberra did not reverse its core security orientation. Australia combined dispute-settlement action and market diversification with

JOURNAL FOR SOCIAL SCIENCE STUDIES
An International Peer-Reviewed Open Access Journal
ISSN (Online): 3006-2071 | ISSN (Print): 3006-2063
Volume 4 • Issue 4 • August 2026

later diplomatic re-engagement. This sequence indicates that coercion can change the costs and tone of diplomacy without necessarily producing strategic realignment [21,29,30].

The case therefore supports a conditional view of dependence. Commercial exposure created incentives to repair the relationship, but it did not determine Australia's positions on security and strategic issues. Strong alliance ties, domestic institutions, alternative markets, and threat perceptions limited the conversion of economic dependence into comprehensive diplomatic alignment.

4.2 Republic of Korea: alliance dependence and economic compartmentalization

South Korea faces a different configuration. Its security depends heavily on the alliance with the United States and deterrence on the Korean Peninsula, while China has been a major economic partner and an indispensable actor in regional diplomacy. Seoul therefore has strong incentives to avoid a complete rupture with either side.

The deployment of the Terminal High Altitude Area Defense system and the subsequent deterioration in China–South Korea economic relations revealed the vulnerability created by this dual dependence. Yet South Korea did not abandon the alliance decision. Later governments varied in rhetoric and diplomatic emphasis, illustrating how leadership preferences and domestic politics mediate structural pressures. Research on South Korean hedging and middle-power strategy has consequently emphasized strategic ambiguity, selective accommodation, and gradual movement toward closer security coordination with the United States [14,18,22].

The 2016–2017 Terminal High Altitude Area Defense episode provides particularly clear process-tracing evidence. Chinese pressure affected tourism, retail, and cultural sectors, creating visible economic costs. Seoul nevertheless retained the missile-defence deployment while subsequently pursuing diplomatic stabilization with Beijing. Recent research therefore treats the episode as evidence both of China's capacity to impose economic costs and of the limits of coercion when the contested policy is regarded as a core security requirement [31,32].

South Korea demonstrates compartmentalized alignment. Economic exposure can encourage caution toward China, but acute security dependence on the United States and North Korean threats constrain the scope of accommodation. The result is not neutrality but differentiated behaviour across economic, technological, diplomatic, and military domains.

4.3 Indonesia: strategic autonomy and diversified engagement

Indonesia represents a non-allied middle-power strategy grounded in autonomy, regional leadership, and diversified engagement. It benefits from economic ties with China, including trade, investment, and infrastructure cooperation, while also expanding defence and diplomatic relations with the United States, Japan, Australia, India, and other partners.

Jakarta's behaviour is best understood as issue-specific rather than bloc based. It can welcome Chinese investment while resisting implications that compromise sovereignty, especially around the North Natuna Sea, and can deepen cooperation with Western and regional partners without entering a formal anti-China alliance. Scholarship describes Indonesia's approach as an effort to preserve strategic autonomy and reinforce an ASEAN-centred regional order [14].

The North Natuna Sea provides a useful episode for tracing Indonesia's approach. Jakarta has maintained extensive economic engagement with China while defending maritime rights and strengthening capacity around the Natuna area, without framing its policy as participation in an anti-China bloc. This combination is consistent with selective alignment: cooperation is preserved where advantageous, while sovereignty concerns generate resistance and diversification [14,33,34].

The Indonesian case shows how diversification and national role conception reduce the

JOURNAL FOR SOCIAL SCIENCE STUDIES
An International Peer-Reviewed Open Access Journal
ISSN (Online): 3006-2071 | ISSN (Print): 3006-2063
Volume 4 • Issue 4 • August 2026

deterministic effect of economic dependence. Economic engagement with China is significant, but the government seeks multiple external relationships and frames autonomy itself as a foreign-policy objective. Dependence is therefore managed through portfolio diversification rather than exclusive alignment.

4.4 Pakistan: reinforcing economic and strategic partnership

Pakistan provides a case in which economic and security relationships with the same great power substantially reinforce one another. China is a major strategic partner, defence supplier, infrastructure investor, and diplomatic supporter. The China–Pakistan Economic Corridor deepened the material visibility of the relationship and linked connectivity, energy, and investment to a broader strategic partnership.

The China–Pakistan Economic Corridor is central to tracing the interaction between economic and strategic dependence. Infrastructure and energy cooperation expanded the material scope of bilateral ties, while defence cooperation and regional security considerations gave the relationship a strategic foundation. Recent qualitative scholarship nevertheless describes Pakistan as maintaining engagement with the United States and other partners rather than adopting wholly exclusive alignment [35–37]. This configuration differs from Australia and South Korea because economic and security incentives more often point in the same direction. Close ties with China are also embedded in a long historical relationship and in Pakistan's regional security concerns. Nevertheless, Pakistan has continued to maintain relations with the United States, Gulf states, international financial institutions, and other partners. This means that even a strong bilateral partnership should not be interpreted as complete diplomatic subordination. The case suggests that alignment is more durable when multiple dependencies overlap and when domestic strategic narratives treat the partner as a long-term source of security and diplomatic support. At the same time, financing needs and the desire to avoid overdependence create incentives for continued diversification.

4.5 Sri Lanka: small-state vulnerability and bargaining under constrained alternatives

Sri Lanka illustrates the sharper constraints that can face small states when infrastructure needs, external debt pressures, and geopolitical location intersect. Successive governments have sought investment and financing from China while also relying on India, Japan, multilateral lenders, Western markets, and international financial institutions. The country's location in the Indian Ocean gives it strategic relevance beyond its material capabilities.

Debates over Chinese-financed infrastructure, particularly Hambantota, have often been reduced to a simple narrative of debt-driven political control. A qualitative approach requires greater caution. Sri Lanka's choices reflected domestic development strategies, changing governments, fiscal weaknesses, and bargaining among multiple external partners. The important analytical point is not that one creditor mechanically dictated foreign policy, but that limited economic alternatives can narrow a small state's room for manoeuvre and increase the value of diversification.

Hambantota provides an important test of deterministic dependency arguments. The port's financing and lease became prominent in debates over Chinese leverage, but scholarship has challenged simplified debt-trap explanations and emphasized Sri Lankan domestic choices, broader debt composition, commercial expectations, and bargaining with several external actors. The case therefore demonstrates why vulnerability should not be equated automatically with direct political control [38–40].

Sri Lanka therefore demonstrates both vulnerability and agency. Governments may accommodate powerful partners to secure financing or short-term relief, yet they also rebalance relationships when domestic political

JOURNAL FOR SOCIAL SCIENCE STUDIES
An International Peer-Reviewed Open Access Journal
ISSN (Online): 3006-2071 | ISSN (Print): 3006-2063
Volume 4 • Issue 4 • August 2026

costs rise or when alternative support becomes available. Small-state diplomacy under competition is thus dynamic rather than a one-way movement toward dependence.

5. Cross-Case Analysis

The five cases reveal no single pathway from economic dependency to diplomatic alignment. Australia and South Korea show that substantial exposure to China can coexist with strong United States security alignment. Indonesia demonstrates that non-alliance and diversified partnerships can preserve autonomy. Pakistan shows a configuration in which economic and security ties reinforce a close strategic relationship, while Sri Lanka highlights the stronger constraints that arise when fiscal vulnerability and limited alternatives reduce bargaining space.

Security dependence is the clearest mediating factor. Where a state relies on a different great power for core security needs, economic exposure does not easily translate into comprehensive alignment. This is visible in Australia and South Korea. Where security and economic relationships point toward the same partner, as in Pakistan's relationship with China, diplomatic convergence is easier to sustain. Yet even there, secondary relationships remain important.

Domestic politics also matters. Economic coercion affects sectors unevenly, and governments must decide whether the political costs of changing policy exceed the economic costs of resistance. Democratic contestation, bureaucratic interests, business lobbies, nationalist narratives, and leadership changes can all alter the transmission of external pressure. This helps explain why similar material incentives can generate different outcomes across time within the same country.

Diversification is both an economic and diplomatic strategy. States seek alternative markets, investment sources, arms suppliers, development partners, and institutional platforms to reduce dependence on any single power. Diversification does not eliminate vulnerability, but it increases exit options and therefore bargaining autonomy. Indonesia and Sri Lanka illustrate this logic from different starting points.

Finally, alignment is issue specific. A government may support a great power on security questions, oppose it on trade restrictions, cooperate on climate or development, and adopt a different position in multilateral institutions. Comparative scholarship on hedging and strategic autonomy suggests that such cross-domain variation is a substantive feature of foreign policy rather than measurement noise [12–18]. Table 2 brings these cross-case patterns together by comparing each country's economic exposure, security anchor, domestic or role-based factors, typical diplomatic response, and the principal mechanism through which dependency is mediated.

Table 2. Structured qualitative comparison of dependency and diplomatic behaviour.

Case	Economic exposure	Security anchor	Domestic/role factor	Typical response	Main mechanism
Australia	High China trade exposure	United States alliance	Institutional resistance; diversification	Selective resistance + stabilization	Security ties and alternatives offset economic vulnerability
South Korea	High China exposure	United States alliance	Peninsula threat; leadership variation	Compartmentalized alignment	Security dependence constrains economic accommodation

JOURNAL FOR SOCIAL SCIENCE STUDIES
An International Peer-Reviewed Open Access Journal

ISSN (Online): 3006-2071 | ISSN (Print): 3006-2063
Volume 4 • Issue 4 • August 2026

Indonesia	Diversified but strong China ties	Non-allied	Strategic autonomy; ASEAN role	Hedging / issue-based cooperation	Diversification preserves manoeuvring space
Pakistan	Strong China investment and trade links	Deep China security partnership	Regional security narrative	Close but non-exclusive alignment	Economic and security dependencies reinforce one another
Sri Lanka	Finance/infrastructure vulnerability	No single external security anchor	Fiscal constraints; government turnover	Accommodation + rebalancing	Limited alternatives increase leverage, but agency persists

5.1 Rival explanations and within-case tests

Three rival explanations require particular attention. Alliance politics may shape behaviour independently of economic dependence, especially in Australia and South Korea. Leadership and partisan change may alter diplomatic rhetoric even where structural dependencies remain similar. Acute geopolitical threats may also override commercial interests. The comparative design treats these as competing mechanisms. The strongest evidence for an economic mechanism occurs when policymakers acknowledge commercial costs and subsequently adjust behaviour; the weakest occurs when alignment is inferred only from simultaneous trade and political cooperation. This test keeps the argument conditional and avoids treating correlation as evidence of coercion.

Table 3. Process-tracing evidence used in the structured comparison.

Case	Focal episode	Dependency/pressure	Observed response	Interpretive implication
Australia	2020–2023 trade restrictions	Export exposure to China	Diversification, legal challenge, later stabilization	Economic costs encouraged repair but did not determine security alignment
South Korea	THAAD, 2016–2017	Tourism, retail and cultural pressure	Accommodation without reversing deployment	Core security dependence limited coercive leverage
Indonesia	North Natuna Sea	Trade and investment ties	Sovereignty defence plus economic engagement	Strategic autonomy enables issue-specific cooperation

JOURNAL FOR SOCIAL SCIENCE STUDIES
An International Peer-Reviewed Open Access Journal
ISSN (Online): 3006-2071 | ISSN (Print): 3006-2063
Volume 4 • Issue 4 • August 2026

Pakistan	CPEC	Infrastructure, finance and defence ties	Close partnership plus external diversification	Economic and security ties can reinforce alignment
Sri Lanka	Hambantota/debt debate	Infrastructure finance and fiscal vulnerability	Accommodation, renegotiation and rebalancing	Domestic choices and alternatives mediate vulnerability

6. Discussion

Table 3 summarizes the focal episodes and process-tracing evidence used to evaluate the proposed mechanisms across the five cases. The comparative evidence supports a relational interpretation of foreign-policy alignment. Great-power influence is strongest not simply where economic exposure is high, but where exposure is difficult to replace and where other political and security incentives point in the same direction.

The paper's principal theoretical contribution is to separate exposure, vulnerability, and alignment. Exposure describes the scale of an economic relationship; vulnerability concerns the expected cost of losing or disrupting it; alignment is an observable diplomatic or strategic response. These concepts are often collapsed in dependency debates. The cases show why they should remain distinct: high exposure may coexist with manageable vulnerability when substitutes exist, and even substantial vulnerability may fail to produce alignment when security or domestic political costs are greater.

This finding refines conventional hedging arguments. Hedging should not be treated as a permanent midpoint between balancing and bandwagoning. It is better understood as a changing portfolio of behaviours whose components can move in different directions. A country can reduce economic vulnerability while deepening security cooperation, or accept investment while resisting diplomatic pressure. The portfolio changes as leaders reassess threats, opportunities, and domestic costs.

The comparison also highlights differences between middle and small powers. Middle powers generally possess more resources for diversification, coalition building, and issue entrepreneurship, although their room for manoeuvre still varies. Small states may have fewer material alternatives, but strategic location and great-power rivalry can create bargaining opportunities. The relevant distinction is therefore not simply size but the combination of vulnerability, alternatives, institutional capacity, and geopolitical value.

The study further cautions against equating multilateral voting similarity with full foreign-policy alignment. UN voting remains valuable evidence, but diplomatic behaviour also includes alliance decisions, infrastructure agreements, technology policy, defence procurement, public statements, crisis responses, and participation in regional institutions. A qualitative design can connect these domains and identify the mechanisms behind apparent inconsistencies.

These findings are consistent with recent scholarship emphasizing that middle-power strategies under great-power rivalry range across balancing, strategic ambiguity, and autonomous positioning rather than converging on a single model [14,18]. They also support neoclassical realist arguments that external pressures are filtered through domestic institutions, leadership perceptions, and political culture [13].

7. Limitations and Future Research

The study is limited by its purposive case selection and reliance on documentary evidence. It does not estimate the magnitude of economic leverage or claim that the five cases represent all middle and small powers. The period also includes major

JOURNAL FOR SOCIAL SCIENCE STUDIES
An International Peer-Reviewed Open Access Journal
ISSN (Online): 3006-2071 | ISSN (Print): 3006-2063
Volume 4 • Issue 4 • August 2026

shocks—the COVID-19 pandemic, intensifying technology competition, wars, debt crises, and leadership changes—that complicate simple before-and-after comparisons.

Future research could deepen the process-tracing component by examining specific coercive or inducement episodes within each case and coding observable government responses. Elite interviews could test whether policymakers perceived economic exposure as a binding constraint. A larger qualitative comparative analysis could also include Southeast Asian, African, Gulf, Latin American, and Pacific small states to assess whether the mechanisms identified here travel across regions.

Quantitative evidence can complement, rather than replace, this design. UN voting, trade concentration, foreign direct investment, aid, debt, arms transfers, and alliance data can identify broad patterns, while qualitative case studies explain the political mechanisms that produce them. The two approaches answer different questions and should be treated as complementary.

8. Conclusion

Middle and small powers do not respond to great-power competition through a simple trade-to-alignment mechanism. Economic dependency matters because it shapes the costs of foreign-policy choices, but those costs are filtered through security needs, domestic politics, national role conceptions, and the availability of alternatives.

The comparison of Australia, South Korea, Indonesia, Pakistan, and Sri Lanka identifies several recurring responses: selective alignment, compartmentalization, hedging, diversification, accommodation, and rebalancing. These behaviours show that diplomatic agency persists even under asymmetric interdependence, although the degree of agency varies substantially.

The most defensible conclusion is therefore conditional. Economic dependency can increase great-power leverage, especially when a state has few substitutes and when security and economic dependencies reinforce one another. It does not, by itself, determine diplomatic behaviour. Understanding alignment under contemporary great-power competition requires attention to how states interpret vulnerability and how they construct portfolios of relationships across different policy domains.

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ISSN (Online): 3006-2071 | ISSN (Print): 3006-2063
Volume 4 • Issue 4 • August 2026

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ISSN (Online): 3006-2071 | ISSN (Print): 3006-2063
Volume 4 • Issue 4 • August 2026

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