

Regional Cooperation and Conflict Management:  
Lessons from the Pacific Rim

# Regional Cooperation and Conflict Management: Lessons from the Pacific Rim

Niklas Swanström

Uppsala 2002

Abstract

Swanström, Niklas: Regional cooperation and conflict management: Lessons from the Pacific Rim. Department of Peace and Conflict Research, Report No. 64, 298 pp. Uppsala. ISBN 91-506-1632-3.

Regional cooperation is increasingly important as a means to create peaceful relations and improve economic development. The problem today is not to initiate cooperation, but rather how to handle disputes and maintain good relations. This is done through conflict management mechanisms (CMMs) in most regional cooperation structures. However, the interaction between such structures and regional conflict management mechanisms is not sufficiently examined and, as a result, no coherent theoretical model that could explain this interaction has been constructed. This has meant that in many cases the interaction is incorrectly assumed, with negative social and economic outcomes.

This thesis aims at creating a theoretical model that could explain the interaction between regions, regional cooperation and conflict management mechanisms. The study is conducted with a process-tracing approach that aims at discovering a set of variables that could explain the interaction. This is done in a regional context: the Pacific Rim. The study comprises 5 sub-regions and 9 cases (organizations) that form the basis for the theoretical discussion.

The findings of the case-studies are the basis for the 19 assumptions that make up the main body of the theoretical model that aims at explaining the interaction between regions, regional cooperation and conflict management. The conclusion is that the interaction varies due to a specific set of variables that could be arranged into the following clusters: the structure of the organization; the interaction between CMM, organizations and the state; economic factors: geographical differences and culture; asymmetry; domestic and international factors. The results are not necessarily in accordance with the earlier assumed correlation between regional cooperation and conflict management. An important finding is the difference between the Americas and the East Asian regions in the Pacific Rim concerning their CMM structures generally and more specifically the need for (in)formality.

*Keywords:* Regional cooperation, formal, informal, conflict management, Pacific Rim, East Asia, Northeast Asia, Southeast Asia, Americas, North America, South America, regional organizations, conflict resolution, regionalism.

Niklas Swanström, Department of Peace and Conflict Research, Uppsala University, Box 514, SE-75120 Uppsala, Sweden

©Niklas Swanström 2002

ISSN 0566-8808

ISBN 91-506-1632-3

Printed by Universitetsstryckeriet, Uppsala, 2002

Distributed by the Department of Peace and Conflict Research

Uppsala University Box 514, SE-75120 Uppsala, Sweden

Phone +46 18 471 0000

Fax. + 46 18 69 51 02

E-mail: [info@pcr.uu.se](mailto:info@pcr.uu.se)

Website: [www.pcr.uu.se](http://www.pcr.uu.se)

Regional Cooperation and Conflict Management:  
Lessons from the Pacific Rim

<b>ACKNOWLEDGMENTS</b> .....	<b>V</b>
<b>ABBREVIATIONS</b> .....	<b>VI</b>
<b>MAPS</b> .....	<b>VIII</b>
<b>1. INTRODUCTION</b> .....	<b>1</b>
1.1 PURPOSE .....	4
<b>2. HITTING THE TARGET: CONCEPTS AND THEORIES</b> .....	<b>7</b>
2.1 DEFINING REGIONAL COOPERATION .....	9
2.1.1 <i>Regional cooperation as distinct from international and intra-national cooperation</i> .....	9
2.1.2 <i>Concepts on regional cooperation, regionalism and integration</i> .....	12
2.1.2.1 Regional cooperation.....	12
2.1.2.2 Regionalization and regionalism .....	13
2.1.2.3 Integration .....	16
2.2 DEFINING CONFLICT, MANAGEMENT AND MECHANISMS .....	17
2.2.1 <i>Conflict</i> .....	18
2.2.2 <i>Conflict management</i> .....	20
2.2.3 <i>Conflict management mechanism</i> .....	24
2.3 THEORETICAL FRAMEWORK.....	26
2.3.1 <i>Theoretical foundations</i> .....	27
2.3.1.1 Power-based theories.....	27
2.3.1.2 Interest-based theories.....	32
2.3.1.3 Knowledge-based theories .....	37
2.3.2 <i>A Theoretical springboard</i> .....	41
2.4 MEASURING IMPACT .....	44
2.4.1 <i>Operationalization of measurement</i> .....	46
<b>3. CASE SELECTION AND CHOICE OF METHOD</b> .....	<b>50</b>
3.1 THE GEOGRAPHICAL REGION .....	50
3.1.1 <i>Geographical clarification</i> .....	51
3.1.2 <i>The importance of the region</i> .....	53
3.1.3 <i>Variation in the regions</i> .....	57
3.2 SELECTION OF REGIONAL COOPERATION STRUCTURES .....	58
3.2.1. <i>Criteria for selecting organizations</i> .....	59
3.2.1.1 The structure of cooperation.....	59
3.2.1.2 Multilateral cooperation in the Pacific Rim.....	60
3.2.1.3 Formality .....	61
3.2.1.4 State-based cooperation.....	62
3.2.1.5 Implementation capability .....	62
3.2.2. <i>Comparability and variation in the cases</i> .....	63
3.3 TIME PERIOD .....	65
3.4 METHODOLOGICAL FRAMEWORK .....	65
3.4.1 <i>Case studies</i> .....	67
3.4.2 <i>Data Collection</i> .....	70
3.4.2.1 Interviews.....	70
3.4.2.2 Other material.....	73
<b>4. CASE STUDIES: REGIONS AND REGIONAL ORGANIZATIONS</b> .....	<b>75</b>
4.1 PACIFIC RIM .....	75
4.1.1 <i>APEC</i> .....	80
4.1.1.1 Conflict management in APEC .....	86
4.1.1.2 Analyzing the linkage between APEC and CMM .....	89
4.1.2 <i>ARF</i> .....	95
4.1.2.1 Conflict management in ARF.....	100
4.1.2.2 Analyzing the linkage between ARF and CMM .....	103
4.1.3 <i>Conflict management in the Pacific Rim</i> .....	106
4.1.4 <i>Concluding thoughts on Pacific Rim</i> .....	107
4.2 EAST ASIA .....	110

Regional Cooperation and Conflict Management:  
Lessons from the Pacific Rim

4.2.1 ASEAN+3.....	113
4.2.1.1 Conflict management in ASEAN+3.....	116
4.2.1.2 Analyzing the linkage between ASEAN+3 and CMM.....	117
4.2.2 <i>The lack of conflict management in East Asia</i> .....	119
4.2.3 <i>Concluding thoughts on East Asia</i> .....	120
4.3 NORTHEAST ASIA.....	123
4.3.1 <i>The lack of conflict management in Northeast Asia</i> .....	128
4.3.2 <i>Concluding thoughts on Northeast Asia</i> .....	129
4.4 SOUTHEAST ASIA.....	133
4.4.1 ASEAN.....	135
4.4.1.1 Conflict management in ASEAN.....	141
4.4.1.2 Analyzing the linkage between ASEAN and CMM.....	146
4.4.2 <i>Conflict management in Southeast Asia</i> .....	151
4.4.3 <i>Concluding thoughts on Southeast Asia</i> .....	152
4.5 AMERICAS.....	155
4.5.1 OAS.....	158
4.5.1.1 Conflict management in OAS.....	161
4.5.1.2 Analyzing the linkage between OAS and CMM.....	165
4.5.2 <i>Conflict management in the Americas</i> .....	168
4.5.3 <i>Concluding thoughts on the Americas</i> .....	169
4.6 NORTH AMERICA.....	171
4.6.1 NAFTA.....	173
4.6.1.1 Conflict management in NAFTA.....	177
4.6.1.2 Analyzing the linkage between NAFTA and CMM.....	182
4.6.2 <i>Conflict management in North America</i> .....	185
4.6.3 <i>Concluding thoughts on North America</i> .....	186
4.7 LATIN AMERICA.....	188
4.7.1 LAIA (LAFTA).....	190
4.7.1.1 Conflict management in LAIA.....	193
4.7.1.2 Analyzing the linkage between LAIA and CMM.....	195
4.7.2 CACM.....	197
4.7.2.1 Conflict management in CACM.....	201
4.7.2.2 Analyzing the linkage between CACM and CMM.....	203
4.7.3 <i>Andean Community</i> .....	205
4.7.3.1 Conflict management in Andean Community.....	209
4.7.3.2 Analyzing the linkage between the Andean Community and CMM.....	210
4.7.4 <i>Conflict management in Latin America</i> .....	213
4.7.5 <i>Concluding thoughts on Latin America</i> .....	214
<b>5. EMPIRICAL CONCLUSION AND THEORETICAL DEVELOPMENT.....</b>	<b>218</b>
5.1 EMPIRICAL CONCLUSION.....	218
5.1.1 <i>Regional organizations and CMM</i> .....	219
5.1.2 <i>Regions and CMM</i> .....	230
5.2 THEORETICAL DEVELOPMENT.....	238
5.2.1 <i>Propositions to explain the black box</i> .....	241
5.2.1.1 General propositions.....	242
5.2.1.2 Propositions relating to the structure of the organization.....	243
5.2.1.3 Propositions relating to the interaction between CMM, organizations and the states.....	244
5.2.1.4 Propositions relating to economic factors.....	246
5.2.1.5 Propositions relating to geographical differences and culture.....	247
5.2.1.6 Propositions relating to asymmetry.....	249
5.2.1.7 Propositions relating to domestic and international actors.....	250
5.3 THE END.....	252
5.3.1 <i>Theoretical and methodological implications</i> .....	252
5.3.2 <i>General implications</i> .....	254
<b>6. BIBLIOGRAPHY.....</b>	<b>256</b>
<b>APPENDIX 1: REGIONAL COOPERATION.....</b>	<b>286</b>

## Acknowledgments

This dissertation originated as a quest to understand the interaction between regional organizations and conflict management. A quest that has gone astray from time to time, but this has made it possible to visit people and institutions that will not be mentioned here but which have been fundamental for my intellectual curiosity and development.

There are primarily two academic institutions that have been involved in this work that need to be mentioned. First of all my own Department in which my supervisor Peter Wallensteen has been of utmost importance to my work through comments and support and as a source of inspiration, and to whom I will always be indebted. Kjell-Åke Nordqvist has also been a crucial person in the development of this thesis and myself as an individual by encouragement and support. Peter and Kjell-Åke have, apart from their impact on this thesis, also been great colleagues and friends. Ramses Amer deserves special thanks for “tricking” me into this line of work and for inspiration by example. Ashok Swain also deserves thanks for inspiration and support. I would also like to profoundly thank Mikael Weissmann for his comments and help with the dissertation. The other institution that has been of utmost importance is the Fletcher School of Law and Diplomacy and the fruitful comments from Joel P. Trachtman that guided my first steps in this subject and to Alfred Rubin, Jeswald Salacuse and Alan Wachman for support and challenges during my time at Fletcher. Both institutions have not only provided me with guidance for this thesis, but more importantly with intellectual stimulation. I would like to extend thanks to Svante Cornell, “Garcia” Sato, Jim Alexander, Niklas Svensson, Julie Bennion, David Mulrooney, Erik Noreen, Eileen Babbitt, Thomas Ohlson, Margareta Sollenberg and many more for intellectual stimulation, friendship and good companionship during the long days (and nights) of research.

The people outside “my” institutions that have been of great help and support in many ways in and outside of the dissertation work, are too many to mention but a few that have impacted this thesis in one way or another are Mingde Liu with family, Robert Keohane, Walter Mattli, Tom Hart, Jens Gustafsson, Jenny Bivner, Kamarulzaman Askandar with family, Ingolf Kiesow, Johan Saravanamuttu, David Bergknut, Han Hua, Ragnar Ängeby, “Svenska Handbollslandslaget”, and many more that are not mentioned but nevertheless have proven helpful in my research and as support. This applies especially to the people who have consented to be interviewed and therefore provided crucial information for this thesis. I would also like to thank Rod Bradbury for his patience in his attempts at making my idiosyncratic “lingo” understandable.

I would also like to extend thanks to Jamtamot for “ideological guidance”, and especially Henning Richardson, Johan Larsson, Andreas Hägglund and Daniel Markstedt for theoretical discussion concerning many subjects, and an occasional operationalisation of ideas.

Having acknowledged the help above, I alone am responsible for any remaining errors.

Finally I would like to thank my family: Solveig, Leif and Markus for believing in me even when it has been hard to understand why and to Annika for her patience, love and accepting that I spent more time with the computer than with her.

Regional Cooperation and Conflict Management:  
Lessons from the Pacific Rim

**Abbreviations**

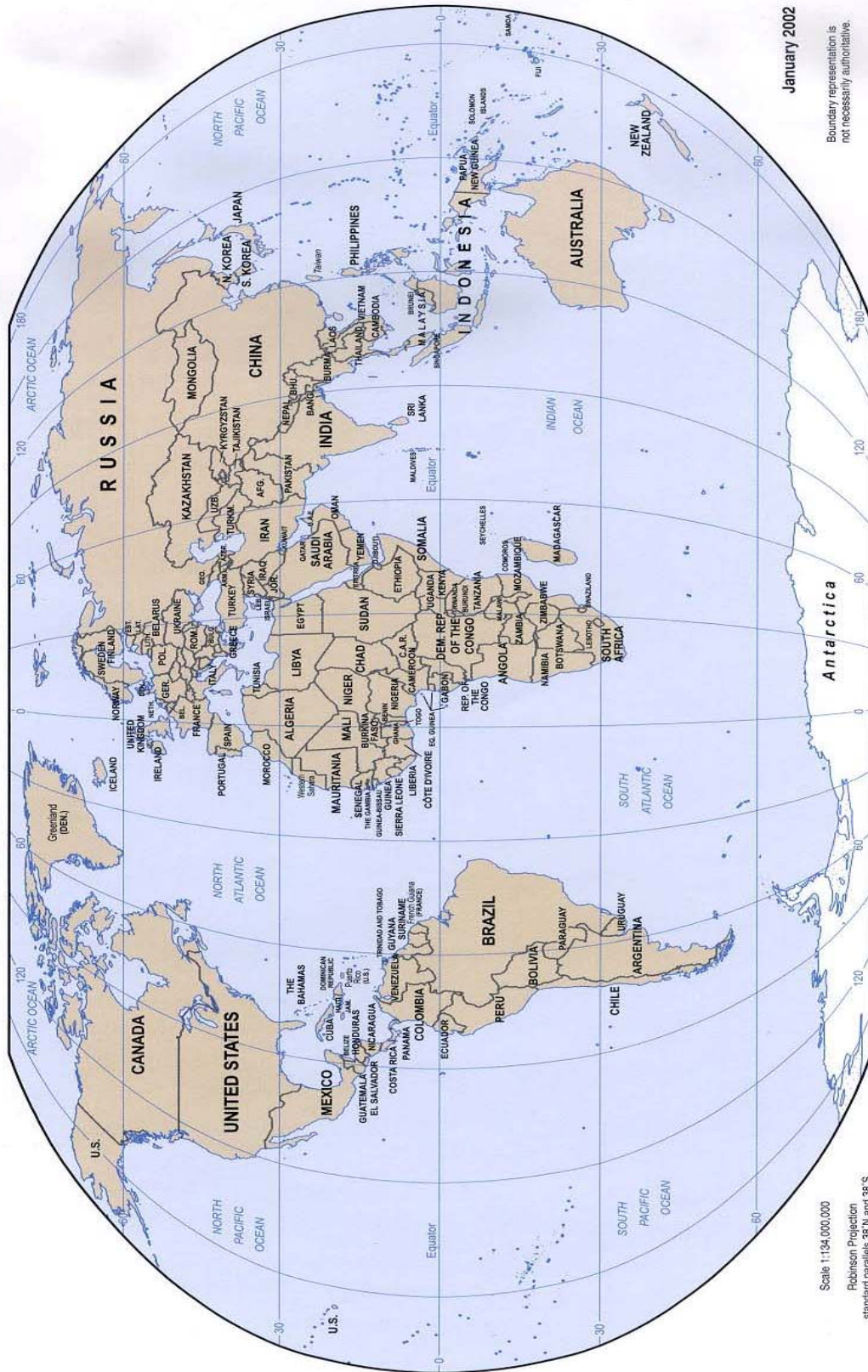
AFTA	ASEAN Free Trade Area
APEC	Asia Pacific Economic Cooperation
ARF	ASEAN Regional Forum
ASA	Association of Southeast Asia
ASEAN	Association of South East Asian Nations
ASEM	Asia-Europe Meeting
AU	African Unity
CACM	Central American Common Market
CBM	Conflict Building Measure
CMRM	Conflict Management and Resolution Mechanism
COMECON	Council for Mutual Economic Assistance
CU	Customs Unions
EAEC	East Asian Economic Caucus
EAEG	East Asian Economic Group
EANIES	East Asian NIEs
EC	European Community
ECSC	European Coal and Steel Community
EEC	European Economic Community
EPG	Eminent Persons Group
ESCAP	Economic and Social Commission for Asia and the Pacific
EU	European Union
FDI	Foreign Direct Investment
FTA	Free Trade Area
FTAA	Free Trade Area of the Americas
FTIA	Free Trade and Investment Area
GATT	General Agreement on Tariffs and Trade
GDP	Gross Domestic Product
GEACS	Greater East Asia Co-Prosperity Sphere
GMS	Greater Mekong Subregion
GSP	Generalized System of Preferences
GT	Growth Triangles
HS	Harmonized System
IMF	International Monetary Fund
IMT	Indonesia, Malaysia, Thailand Growth Triangle
IP	Intellectual Property
JSR GT	Johor-Singapore-Riau Growth Triangle
KEDO	Korean Peninsula Energy Development Organization
LAFTA	Latin American Free Trade Association/Area
LAIA	Latin American Integration Association
MFN	Most Favored Nation
MNE	Multinational Enterprise
MTN	Multilateral Trade Negotiations
NAFTA	North American Free Trade Agreement
NATO	North Atlantic Treaty Organization
NGO	Non-governmental Organization
NIEs	Newly Industrializing Economies
OAS	Organization of American States
OAU	Organization of African Unity
OEA	Open Economic Association
OECD	Organization for Economic Cooperation and Development
OEEC	Organization for European Economic Cooperation
OPEC	Organization of Petroleum Exporting Countries
OPTAD	Organization for Pacific Trade and Development
OSCE	Organization for Security and Cooperation in Europe
PAFTA	Pacific Free Trade Area
PAFTAD	Pacific Trade and Development (Conference)
PBEC	Pacific Basin Economic Council
PCC	Pacific Cooperation Committee

Regional Cooperation and Conflict Management:  
Lessons from the Pacific Rim

PECC	Pacific Economic Cooperation Committee
PTA	Preferential Trading Arrangement
RC	Regional Cooperation
RIA	Regional Integration Agreement
RTA	Regional Trading Arrangement
SAARC	South Asian Association for Regional Cooperation
SCEZ	South China Economic Zone
SEANWFZ	Southeast Asian Nuclear Weapon-Free Zone
SEATO	Southeast Asian Treaty Organization
SEZ	Special Economic Zones
SIRTA	State-Initiated Regional Trading Arrangements
SOE	State Owned Enterprises
SREZ	Subregional Economic Zones
UN	United Nations
WB	World Bank
WTO	World Trade Organizations
WW II	World War II
ZOPFAN	Zone of Peace, Freedom and Neutrality

Regional Cooperation and Conflict Management:  
Lessons from the Pacific Rim

Maps



January 2002

Boundary representation is  
not necessarily authoritative.

802804A1 (R00352) 12-01

Scale 1:134,000,000  
Robinson Projection  
standard parallels 38° N and 38° S



Regional Cooperation and Conflict Management:  
Lessons from the Pacific Rim



802694AI (R02105) 4-00



Regional Cooperation and Conflict Management:  
Lessons from the Pacific Rim

**NORTH AMERICA**





Regional Cooperation and Conflict Management:  
Lessons from the Pacific Rim



## 1. Introduction

David Mitrany wrote in 1943 that “the problem of our time is not how to keep nations peacefully apart but how to bring them actively together” (Mitrany, 1966:28). Mitrany underestimated the success of bringing states together in regional and international organizations and today the problem is not to bring them together, but to handle disputes and maintain good relations when cooperation is initiated.

Haas (1970) and Moore (1971) concluded in the early 1970s that it was of great importance to study regional integration, as it would provide a laboratory for observing the peaceful creation of human communities. Along the same lines, Haas argued for studies that compared regional peacekeeping machinery with the United Nations’ (UN) structure (1970:608). Such an investigation was not, however, undertaken until 1983 (Haas, 1983). Regional cooperation had been largely neglected as a field of study up to the 1970s (Moore, 1971:122). This was to change, and the numbers of studies on regional cooperation increased in the 1970s compared to the 1960s, but it was also noted that, generally, political reliance on regional organizations decreased (Dixon, 1977), even if single organizations such as the European Economic Community (EEC) increased in importance. This was also true in the 1980s, but from the 1990s regional arrangements took a central position in international affairs. Great efforts, both theoretical and practical, have been devoted by scholars and practitioners concerning regional cooperation and its effects on politics and trade.<sup>1</sup>

The interaction between regional cooperation and conflict management has been of lesser concern, despite there being a great amount of literature on conflict management mechanisms in different settings and cultures (for examples see: Avruch, 1998; Binnendijk, 1987; Kahn, 1979; Leung & Tjosvold, 1998; Salacuse, 1991). The theoretical discussion on the impact of regional cooperation on conflict management mechanisms is limited and thus offers little explanation. Haas, Butterworth & Nye, who conducted the only study directly focused on the problem, came to the conclusion that international organizations can influence conflict management processes (1972). The drawbacks, which they pointed out, were that they could not base their study on a theory, and much less produce one (1972:4). This has resulted in that it is many times assumed that the correlation between regional cooperation and conflict management is either positive or negative, but this assumption is an unargued reflection of the researchers’ theoretical bias. To *assume* a positive or negative correlation is insufficient, since the initiation of regional cooperation (RC) is costly and can lead to potentially destabilizing effects if it fails. Empirically, we can also

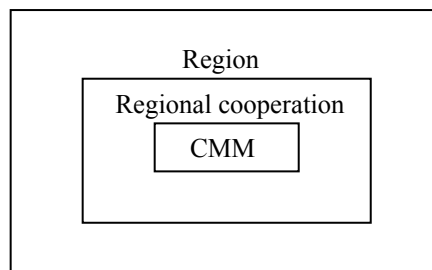
---

<sup>1</sup> For an overview of current and past studies of the general question regarding regional cooperation see: Alao, 2001; Bebr, 1955; Chen & Kwan, 1997; Claude, 1964; Dixon, 1977; Frey-Wouters, 1969; Halderman, 1963; Mattli, 1999; Moore, 1971; Nye, 1968; Stubbs, 2000; Thant *et al.*, 1998. For literature regarding the effects of regional cooperation on politics and trade see: Akrasanee & Stifel, 1994; Amer & Swanström, 1996; Anatolik, 1994; Askandar, 1996; Haftendorn *et al.*, 1999; Kumar, 1992; Lawrence, 1991; Mattli, 1999; Scheman, 1988; Swanström, 1999.

observe that despite longstanding regional cooperation structures, such as the Organization of African Unity (OAU), today African Union (AU), the Arab League, South Asian Association for Regional Cooperation (SAARC), etc, not much has been accomplished in these regions in the area of conflict management. Practitioners and scholars would thus benefit from more concrete evidence of a possible interaction, between regional cooperation and conflict management mechanisms, and a useful theoretical framework.<sup>2</sup>

This thesis aims at filling this theoretical gap, and therefore its overarching theme deals with *regions, regional cooperation and their interaction with conflict management mechanisms* (CMMs).<sup>3</sup> CMM is an informal or formal decision-making structure for peaceful conflict management (see the definition in section 2.2). The model below exemplifies the structure of the relationship between regions, regional cooperation and the CMM. It is clear that a CMM is dependent on the development in both the region at large, and the regional cooperation more specifically. Thus the analysis and each case study will be modeled after this structure, that is to analyze CMM in relation to both regional cooperation and regional dynamics. The regions will therefore have an important function in this thesis, although the main object of research is the interaction between regional cooperation and conflict management.

Figure 1:1: The interaction between regions, regional cooperation and CMM



To fulfill this purpose, there will be a review of the theoretical models of regional cooperation and conflict management, and a look into the ongoing debate about regional cooperation and conflict management in the international community. The main focus of the thesis is how and why regional cooperation has interacted with conflict management mechanisms since the early 1990s. This is especially interesting as regional cooperation has increased in importance during this time period.

---

<sup>2</sup> Haftendorn *et al* have pointed out that it is dangerous to assume that international institutions (organizations) have positive effects (1999:11). The effects on the conflict management mechanism (CMM) are even more difficult to assume as they rest upon a successful institution. Thus the interaction between regional cooperation and regional CMMs has to be clarified. The regional cooperation structures and CMM will be defined in detail in section 2.1 and 2.2.

<sup>3</sup> It could be argued that conflict management is cooperation per definition and this is correct to a certain extent, since initiated cooperation could be assumed to have positive effects on the regional environment. In this study conflict management is, however, considered to be a specific result of more formalized cooperation between states and not the cooperation structure itself. These distinctions will be further developed in chapter two.

It is also necessary to be aware of the evolution of regional organizations since their initiation to understand their current positions; some attention will therefore be given to the earlier experiences.

There are several interesting questions to be asked concerning the formation of different regional cooperation structures. The question *why* regional cooperation has been initiated (or refrained from) has been successfully analyzed by a number of scholars (Coleman & Underhill, 1998; Garnut, 1996; Haftendorn *et al*, 1999; Mattli, 1999). How the initiated cooperation interacts with the conflict management mechanism, has been researched to a lesser degree. This is a noteworthy lacuna, since the assumption that the initiation of regional cooperation also leads to successful conflict management, could be faulty. There is also a reverse assumption that the success of the conflict management mechanism is to a great extent responsible for successful cooperation. This assumption is equally problematic, and more studies are necessary before anything can be argued with accuracy and clarity. It is however possible to draw basic theoretical *assumptions* concerning the interaction between regional cooperation and the conflict management mechanism from the works of Waltz (1959; 1986), Keohane (1986a;) Keohane *et al* (1999) and Mattli (1999). No scholars, since Haas *et al*, have however attempted to *explain* the interaction between regional cooperation and the conflict management mechanism, so this is a theoretical problem that needs to be solved.

Theoretically there are problems, but operationally the assumed effects of the interaction have been applied in practice for some time. For instance, the European Union (EU) was created so that regional cooperation would establish incentives against the emergence of conflicts between states. The hope was that the interaction between the actors in a region and in subregions would mold the regional cooperation and strengthen Europe.

The European experience has created a notion that regional organizations should follow the same logic globally. That this “logic” follows a Western framework is hardly surprising, as the theoretical foundations of regional cooperation came into being when most of the countries existing today were colonies of the West. It is unsatisfactory that an impact is assumed without theoretical foundation, but it is even more disturbing that a possible cultural bias is used to explain a “universal” assumption. It is therefore important to closer examine if the Western assumptions can also explain the interaction between regional cooperation and conflict management in a non-Western context.

This thesis will attempt to use a holistic and open-ended approach that includes both economic as well as political cooperation. Economic cooperation is better researched than political cooperation, and economy has always been a strong argument for increased cooperation and improved conflict prevention between nations to increase the potential and mutual gains (Keohane, 1989; Krasner, 1996; Smith, 1979; Wallerstein, 1979). There is also another side to the economic variables: increased competition and decreased regional interaction that could lead to decreased

cooperation and increased conflicts. These could for example be seen in Asia after the financial crisis 1997 (Corden, 1999; Mattli, 1999; McLeod & Garnut, 1998; Zhang, 1998).

It is, due to the lack of earlier empirical and theoretical studies explaining the interaction, of great value to rigorously study how and why regional cooperation has affected the functionality of the conflict management mechanism. There is both an academic and a policy interest to ascertain how the interaction between regional cooperation and conflict management works, the theoretical correlation are especially weak. The theoretical explanations for this is thus of primary interest for this thesis.

### **1.1 Purpose**

*This thesis aims at explaining how and why different regions and regional cooperation frameworks in the economical and political fields interact with regional conflict management mechanisms.*

To understand how and why regional cooperation interacts with conflict management there is a need to comprehend why regional cooperation was established and its “true” function. It is also necessary to clarify the intentions and objectives of the parties involved in regional cooperation.

Regional cooperation has often been connected to conflict management in Asia, and in Europe before and after the establishment of EU (Askandar, 1996; Fujiwara, 1996; Mill, 1878; Monnet, 1952). It has been successfully argued that cooperation had a conflict prevention function in the EC (EU), although some would maintain that it is hard to prove the correlation between cooperation and the exceptionally peaceful relations in Western Europe since World War II (WW II).

The theoretical connection between peace research and cooperation has old roots. Before the Vietnam War there was a debate concerning cooperation as a way to peace (Boulding, 1978; Galtung, 1975). This debate halted during the height of the Vietnam War, due to a belief that strong states would benefit more from cooperation than weaker states, and the debate did not restart until the end of the Cold War. Researchers such as Boulding (1992; 1995) Hourn & Merican (1997) and the democracy literature (Russett, 1993; Rummel, 1992) are parts of this new debate.

It is important to take a closer look at whether there have been variations in the interaction between regional cooperation and conflict management in different subregions. Variation between sub-regions could imply that culture has a role in regional cooperation or that the level of development might be a contributory variable. These are two of the reasons why this thesis will

focus on regions rather than cooperation in itself in the case studies, as further explained in chapter 3.

This thesis will be multidisciplinary, embracing economic, legal, sociological and political theories on cooperation and conflict management. More concretely, a comparative perspective will be used to analyze the variations in cooperation and conflict management in the regions and sub regions. The cases will be selected in chapter 3 in relation to the regional and international debate.

The research questions will be as follows:

If we are to study regional cooperation and conflict management it is important to first establish if there are any regional cooperation and conflict management mechanisms in the regions that will be analyzed. Regardless of whether the regions have or have not established regional cooperation or regional conflict management mechanisms, it is important to understand the impact regions have had on this outcome. This is so, since the region is the basis for the organization and the CMM, and it would be impossible for the organizations or the CMMs to act without taking the region into consideration. The regional characteristics could impact on the establishment of regional cooperation, and thus the impact on CMM. It is not possible to neglect the regional impact, if an understanding of the correlation between regional cooperation and CMM is to be gained. It should be noted that this first question is not the main research question in this thesis, but it is needed to establish if the regions have cooperation and conflict management mechanisms at all, and if and how the regional characteristics impact. Thus it is asked:

*1. Do regional characteristics impact on regional cooperation and conflict management mechanisms?*

If there is regional cooperation and a conflict management mechanism in a region it is important to understand what variables can explain the specific interaction between regional cooperation and the conflict management mechanisms, both positively and negatively. The influence from regions could be one of these variables. It is possible to imagine that, for example, more regional cooperation would decrease conflict management and increase conflict resolution as a result of an established *legal structure*, or that conflict management would be improved as a result of earlier *trust* between the actors. The legal structure and trust are two of many variables that could explain the interaction between regional organizations and conflict management mechanisms. There will be no further hypothesis about the interaction at this stage, in an effort to keep the study open-ended and holistic.



*2. Which variables can explain how, and why regional cooperation interacts with the conflict management mechanisms?*

Since there is no theoretical framework developed by scholars, the theoretical base for regional cooperation will be analyzed and then a theoretical springboard will be constructed that can be used to search for an explanation of the possible interaction between regional cooperation and conflict management.

## 2. Hitting the Target: Concepts and theories

There are different theories explaining how integration and cooperation is initiated (Coleman, 1998; Haftendorn, 1999; Mattli, 1999) as well as how conflict management mechanisms function (Leung & Tjosvold, 1998; Ohbuchi & Takahashi, 1994). However there is, as mentioned, almost nothing on how regional cooperation has affected the conflict management mechanism.<sup>4</sup> Wallander and Keohane is the closest frame of reference that has been identified within the political field (1999). They developed hypotheses of change and adaptation within security organizations. These could also explain a possible interaction between regional cooperation and the conflict management mechanisms. Wallander and Keohane's model serves to explaining the changes in institutions and organizations — such as NATO — after the Cold War. In their model, their basic conclusions of interest for this thesis are that the incentive for more formal cooperation increases in collaboration schemes where defection needs to be deterred (Keohane *et al*, 1999:331), that formal cooperation is the basis for CMM and that cooperation at this stage requires an effective CMM. The results indicate that a lesser degree of institutionalization might suffice where the goal of collaboration is assurance and coordination of policies, such as in ASEAN Regional Forum (ARF). Membership in the same alliance seems, moreover, to increase the effectiveness of mediation strategies, when mediation is conducted through the involved states' strategic partners (Keohane *et al*, 1999:333). In the context of this thesis, a limitation of Keohane *et al* is the exclusive focus on security organizations. There is a great formal difference between security organizations and economic or political institutions in focus, goals, means and strategies; the need for conflict management mechanisms might thus differ.

Economic theories normally assume that a conflict management mechanism has positive impact on trade and regional cooperation by reducing uncertainty and transaction costs, but rarely produce anything about how regional cooperation interacts with conflict management (Amelung, 1994:64; Caves, 1971:5; Garnut, 1996; Herrmann *et al*, 1982:16; Higgot, 1998; Mattli, 1999; Rhodes, 1998). The Mattli framework of supply and demand has elegantly explained the logic behind economic integration in a regional perspective (Mattli, 1999).<sup>5</sup> The demand side in his argument covers the potential aims of leaders and states from participating in regional cooperation and integration. To gain from increased international trade and investments there are, for example, ways to expand the markets, but the transaction costs of international trade and investments can be

---

<sup>4</sup> Haas, Butterworth & Nye conducted a study in 1972 about conflict management by international organizations. This study's focus was primarily on international organizations, although several regional organizations were included. The focus was moreover determined by the Cold War situation during the early 1970s and the variables selected were to a high degree selected out from this perspective. Finally the study was much more focused on how successful different organizations had been, not necessarily what had determined this success or to create a theoretical foundation for further studies.

<sup>5</sup> Mattli's framework for supply and demand was constructed to explain the logic of regional integration theoretically and empirically and to alleviate earlier shortcomings in integration theory by bridging political and economic theory.

prohibitive and regional measures to create common rules, tariffs etc are needed to decrease the costs (Mattli, 1999:48-50). The supply side refers to the willingness and ability of leaders to give up resources and take political risks for the benefit of regional cooperation (which may include conflict management mechanisms) (Mattli, 1999:50-51). Willingness is directly tied to the payoff of the integration to the leaders themselves and the state at large. In general, it can be said that economically successful states are unlikely to actively work for further integration since the benefits from integration are low (Mattli, 1999:51), and could potentially even threaten re-election of the leaders. Willingness is however not the only problem that is faced; despite a high degree of willingness there might be collective action problems that prevent further integration, i.e. there could be structural, resource or security problems that prevent integration and CMMs.<sup>6</sup>

Demand in the political and military sphere could be attributed to security rather than economic gains, and the supply side could be assumed to follow the same logic as the economic model. Insecurity creates a demand for integration and cooperation as a way to reduce insecurity for the states or the leaders. SEATO (Southeast Asian Treaty Organization) could be seen as a case where Asian states cooperated with the US to minimize a perceived regional threat from communism, at the same time reducing the threat to their own political positions from domestic communist groups. The utility function is narrowly defined in Mattli's work (basically in economic terms), but as seen it can easily incorporate security and political elements. The question is what determines the interaction between the supply side and the conflict management mechanism?

Since the current theories do not attempt to explain the interaction this thesis analyzes whether there is a need for an examination of related theoretical foundations that can guide the search for explanatory variables. As this is done, there will be an application of earlier theories that may not correspond to their original intention. Blalock has offered support for this, suggesting "at the risk of being accused of Heresy" that when a theory is too vague to permit a linkage between different variables, the researchers should "forget what the theorists intended — even though [s]he be a very renowned scholar" and insert the linkages that the researcher believes to best fit the theory (Blalock, 1979:12). In this case a disregard for the theorists' original intention is necessary since they never intended to explain the correlation between regional cooperation and CMM, but their theories offer important guidance in the theoretical development in this thesis.

In the first sections of Chapter 2, the concepts of regional cooperation and conflict management will be defined. This is followed by an overview of the theoretical foundation in traditional theories that can possibly explain different aspects of the correlation between regional cooperation and conflict management. In Chapter 3, case selection and method will be discussed in

---

<sup>6</sup> Mattli seeks his theoretical foundation in this question in game theories and coordination games, for more information about the theoretical foundation see: Axelrod, 1997; Mattli, 1999, Snildal, 1985; Stein, 1983.

more detail. In Chapter 4, the case studies will be analyzed and finally in Chapter 5, a theoretical conclusion will be drawn.

## **2.1 Defining Regional Cooperation**

Before the search for a theoretical connection between regional cooperation and conflict management can be initiated, there is a need to define the terminology for this thesis. It is possible that a CMM could be seen as a form of regional cooperation as it ties regional actors together within a framework. In this thesis conflict management will, however, be seen as a mechanism of the decision-making structure within the regional cooperation structure (see figure 1:1). It is difficult to see a conflict management mechanism work independently of regional cooperation since such a mechanism needs to work within a framework to have a high impact, i.e. regional cooperation, but it is fully possible to develop regional cooperation without a conflict management mechanism (although the impact can be disputed). Therefore the focus is on CMMs within the regional cooperation structure.

In this section there will be a definition of what this thesis starts from – regional cooperation. Cooperation is not, however, the only concept that will be of interest. In the process of cooperation there will be effects that could be described as regionalism and integration that will be crucial in understanding the impact from cooperation.

### **2.1.1 Regional cooperation as distinct from international and intra-national cooperation**

The distinction between intra-national, regional and international cooperation (and integration) is not only a case of the number of states involved but also, and more important, *the dynamics behind the cooperation* (Wallace, 1994:104-107). Although both intra-national and international cooperation will be excluded, it is important to establish the differences between different forms of cooperation. Intra-national cooperation will be defined as cooperation between political and economic entities within a single state as it is defined by its membership in United Nations. International cooperation is cooperative relations between states that are all-inclusive such as United Nations (UN), World Bank (WB) and World Trade Organization (WTO) and that have no regional focus. Regional cooperation will be defined in length in the next section and at this stage it is sufficient to state that it concerns cooperation by regional actors with a regional aim, and that regional cooperation is exclusive in its membership (non-regional actors are not members).

Without going into detail, it is important to keep in mind the most important differences between these three levels of cooperation – namely how these relate to sovereignty and enforcement.<sup>7</sup>

Sovereignty and the unique enforcement power of national entities make them very different from the international and regional entities. The sovereignty aspect has traditionally made each individual state legally “immune” from external intervention and involvement in the decision-making.<sup>8</sup> Conflict management mechanisms in regional and international cooperation make the state per definition open for external intervention in accordance with the treaty that established the mechanism, despite attempts to protect the sovereignty by many states (Johnston, 1999). The states have moreover an enforcement mechanism that, in normal peaceful situations, is undisputed, legitimate and has a high rate of successful enforcement of its legal principles. If there are problems with the enforcement or the legitimacy of the state, the entity could be a case of a failed state or at least a state that is divided. A sovereign state will have to give up certain aspects of its sovereignty if it enters regional or international cooperation. This includes the exclusive power of enforcement and the right to rule in disputes.<sup>9</sup> This transfer of authority would strengthen the regional or international entity, and at the same time weaken the national entity. The actual amount of sovereignty that is surrendered is, however, relatively low in most cases and at best there is enough to empower the international or regional organizations.<sup>10</sup> UN is an example where the organization has little independent power over the member states and is dependent on the more powerful states in the international community, and on the other side there is EU that has limited the sovereignty of all its members to empower EU to coordinate and act for its members as a unit.<sup>11</sup>

The international and regional entities are based on voluntary participation, which is not the case in national entities. UN, WTO and NAFTA, EU are highly formalized organizations – two international, two regional – that are based on voluntary participation and the possibility to secede if needed. International and regional forms of cooperation have, in contrast to national entities, limited enforcement power and rely to a high extent on conflict management and indirect or direct

---

<sup>7</sup> For a discussion dealing with more variables about the state-regional cooperation (institution) relationship see: Haftendorn *et al*, 1999:12-13.

<sup>8</sup> For more information about the principle of sovereignty see: Foreign Sovereign Immunities Act, 1976; International Court of Justice, 1960; *Mayo v. Satan*, 1971.

<sup>9</sup> The principle of sovereignty is still the ruling principle in international law, despite recent international interventions in the “internal” affairs of Iraq, Chile and Serbia. It is not claimed here that states will surrender the power to rule on internal problems such as separatism, but much more on trade and other mutually agreed areas of cooperation.

<sup>10</sup> The disputes are not necessarily about the factual sovereignty, but rather the political implications of the perceived loss of sovereignty. The distance between actual and perceived loss of sovereignty could be abyss-like, but since perceptions, rather than factual conditions determine the conflict development the interest will be on the perceptions.

<sup>11</sup> UN could be argued to have some powers independent of the member-states, but in reality there is very little power the organization has if the more powerful states would act against UN (Kirgis, 1993). For better or worse the UN could be argued to be the hostage of the permanent members of the Security Council and strong regional powers.

pressure. The legal framework in combination with enforcement possibilities, that are strong in the national entities, has been lacking in the international sphere.<sup>12</sup> There is little difference in regard to the enforcement aspect between regional and international cooperation; exceptions to the rule are Organization for Security and Cooperation in Europe (OSCE) that has stronger enforcement mechanisms than most, but is still subordinated to the national unit and the outstanding exception, EU, that has gained supra-national powers and supercedes the national unit in a wide array of questions.

National and international cooperation and influences are however crucial for the development of regional organizations. The impact could determine the focus of the organizations and the effectiveness of conflict management mechanisms. Solingen makes such influences on regional organizations and cooperation clear by introducing the concepts of *Statist-Nationalist-Confessional* Coalitions and the *Internationalist* Coalitions (Solingen, 1998:18-22). These coalitions can be national or international, formalized or *ad hoc*, and are determined by their commitment. The internationalist coalitions focus on international trade and cooperation with other states, in contrast to the nationalist coalitions that are more focused on military security and self-reliance (Solingen, 1998:22-26, 32-41). Internationalist coalitions will attach less importance to military questions and more to trade liberalization and integration.<sup>13</sup> The internationalist strategy is, however, broader than economic reforms and involves a definition of the coalitions' regional relationship that primarily aims at creating stability (Solingen 1998:30).<sup>14</sup> This makes the internationalist coalitions more prone to create conflict prevention and conflict management mechanisms. Solingen's argumentation leads to the conclusion that the purpose of cooperation

---

<sup>12</sup> For more details about national and international enforcement capabilities see: Duff Development co. v. Government of Kelantan, 1924; Lauterpacht, 1993:51-104; Rubin, 1974.

<sup>13</sup> Two of the examples that Solingen takes up in her argumentation are South Korea and Taiwan. Both nations spent between 4-6 percent of GDP on military expenditure. This should be seen in contrast to the 10 percent per annum growth of GDP. This indicates that despite the military threat both entities have against their physical survival there is a constant military expenditure, reflecting a decline in military expenditure relative to the GDP. During the same time the expenditure for economic development was much higher than military expenditure (Solingen, 1998:22-26, 32-41).

<sup>14</sup> Solingen's definitions of coalitions and regional orders differ somewhat from the definition of regional cooperation in this thesis, but in their more formal and integrated forms they could very well be defined as regional cooperation. This is not to say that they are exclusive, Solingen's definition encompasses the entire theoretical framework in this thesis and vice versa. The difference is that her assumption that internationalization and economic liberalization opposes the statist nationalist coalition in all cases. In this definition there is no such clear division, but the affiliations are more fluid and difficult to define. Her second assumption, that will be criticized, is that she considers the prime objective of regional orders to be political, i.e. safety (Solingen, 1998: 18-35). This might be the case in many regional orders but it will be argued here that this is not the case for all regional orders. Przeworski would agree with Solingen's argument (Przeworski, 1991), but authors such as Haggard (1995), Kaufman (1989: 261-82) and Maxfield (1997) would disagree with this assumption. This thesis will take the position that economic benefits could be prevalent in many regional integration attempts, or at least a partial explanation of integration. Solingen takes the position that economic integration is a benefit from the need for political stability and regional security. It could be argued that it might as well be the opposite, i.e. that political security derives from an increased economic integration, as has been argued from an economist's perspective.

decides if a CMM is created. In this regard, domestic and international influence is crucial in the development of the structure of regional organizations.

### **2.1.2 Concepts on regional cooperation, regionalism and integration.**

Regional cooperation and integration are not new concepts. Examples of this are the European integration and cooperation in the 17<sup>th</sup> century such as *Staatenbünde*, *Eindgenossenschaften*, *Commonwealths* and the advanced Chinese political and economic cooperation in the 10<sup>th</sup> century and other similar forms of cooperation (Mattli, 1999. 4-5; Rossabi, 1983).<sup>15</sup> Despite this very long history, the concept of regional cooperation and integration is used for many different aspects of interaction between states and is therefore in need of a clear definition.

#### **2.1.2.1 Regional cooperation**

Regional cooperation is a basic concept that has been analyzed through different approaches (Coleman & Underhill, 1998; Mattli, 1999). Cooperation could, for example, be the initiation of a process or the effect of earlier confidence building measures. The initiation of cooperation can be caused by a wide array of reasons such as integration and regionalization, but cooperation could also be the reason for integration and regionalization (notice the interchangeable cause and effect). The concept of regional cooperation is a useful analytical tool, but also dangerously applicable in a wide spectrum of areas.

This distinction between cause and effect is important if an understanding is to be reached of the variations in regional cooperation and its impact on CMMs. As mentioned above, regional cooperation could both be the cause and the effect of CMM, but this thesis is only interested in the *interaction* (effect) between regional cooperation and CMM. The limitation is logical as this thesis views regional cooperation as the point of departure.

Cooperation is here defined as *a series of actions taking place between political or economic entities, aiming to increase mutual benefit for all included actors*.<sup>16</sup> Regional cooperation

---

<sup>15</sup> It could also be argued that the Greek world was built on cooperation between city-states and smaller kingdoms. The Peloponnesian war was possible due to the cooperation and alliances between states and cities. The creation of today's China, and many other states, involved several cooperation schemes between smaller and larger states before a unified state was created. This points to the fact that cooperation does not necessarily have to be positive but can be used for aggressive purposes.

<sup>16</sup> It is necessary to point out that regional cooperation is not *necessarily* the same as regional organizations, since Haas *et al* (1972) and other scholars have had organizations as their starting-point, and it is not decided which form of cooperation that will be analyzed in the case studies. Cooperation could take diverse forms of which regional organizations could be one (Moore, 1971). The initial theoretical focus is on cooperation rather than the organization in question. It might be appropriate to point out that there are traditionally three main forms of organizations. The first is the so-called functional organization with its focus on economic integration (EU) or transnational community building (LAFTA). The second has developed from Article 51 of the UN Charter and has traditionally, but not

incorporates such a diverse set of actions as assisting each other in controlling tropical diseases, disaster assistance, drug control, military alliances, nuclear programs and space missions. This wide array of possibilities for cooperation makes it necessary to limit the scope of the analyses.

Regional cooperation will be analyzed through four broad perspectives: first, overall cooperation and regional integration which can be political, economical or military in nature; second, multilateral cooperation in the military field which can range from military alliances to confidence building measures to management of interstate disputes; third, political cooperation relating to questions such as common political institutions, common foreign policy etc; and, fourth, economic cooperation relating to specific economic issues such as common markets or tariff reductions. This will eliminate cooperation structures, such as cultural, educational, and sports cooperation.

### **2.1.2.2 Regionalization and regionalism**

Regional cooperation comes in many forms and shapes in the international community (Stubbs, 2000; Tusschhoff, 1999:140-161). The most applicable and common effects of cooperation, for this thesis, will be presented in this and the coming section. These are also the more important effects of cooperation in the case studies. These cooperation structures primarily deal with economic regionalism, since the economic foundations are better equipped to implement regionalism than the political organizations, but there are political/military efforts at regionalism that is important to note. Military/political regionalism has been argued to be primarily concerned with assurance games (Haftendorn *et al*, 1999:1-8). In the same way as economic regionalism political and military regionalism are primarily concerned with institutional integration, such as SEATO, NATO, or other forms of political/military regionalism. Military/political regionalism is initiated because states have realized that multilateral engagement is preferable to unilateral, very much the same as economic regionalism.

Regionalization and regionalism differ from each other according to Soesastro (1994). Lorenz has suggested that regionalization should aim at "improving the region's competitive potential, stabilizing challenges posed by heterogeneity through cooperation, and guaranteeing market access to other regions in the world" (Lorenz, 1991). Political regionalization defines larger non-institutional attempts to create military stability or political cooperation, such as regional non-proliferation regimes or non-alignment structures. Regionalization is thus an overarching form of cooperation that could be non-institutional and always with open borders. The definition is

---

necessarily today, focused on extraregional threats (NATO, SEATO). The last of the traditional forms of cooperation is the regional organizations that focused on intra-regional threats, in accordance with Chapter VIII of the Charter (OAU, ASEAN) (*cf* Solingen, 1999). These distinctions might be useful when comparing the different regional cooperation structures in the case studies.



problematic as the process of regionalization has simultaneously brought regions towards integration and cooperation but also fragmentation (Anderson, 1992). Non-institutionalism and open borders might theoretically fragment the region, as there is nothing that ties the region together.

Regionalism is a more narrow term that focuses on the institutional cooperation, which could, but not necessarily so, be exclusive (geographically) in its character. Regionalism is defined as "the creation of preferential trading arrangements or the result of other types of institutional integration" (Soesastro, 1994:63). Hettne has developed the concept of new regionalism, as opposed to the old regionalism (before the end of the Cold War). He proposes that the new regionalism has a stronger political dimension, with a more multidimensional process that is created spontaneously by states in a multi-polar society (1994:1-2).<sup>17</sup> The terms are far from exclusive, but rather compatible and logical parts of each other. Regionalism will be treated as one of many cooperation structures that could be included in the term regionalization, but as this thesis will focus on the formal cooperation structures, the empirical focal point will be on regionalism rather than regionalization. Regionalization will undoubtedly be important in the creation of regional cooperation, especially in the formative years, but as this thesis will concentrate on formal cooperation and conflict management mechanisms, regionalism is more appropriate to focus on.

Arndt has earlier distinguished between four forms of economic regionalism, namely: preferential trading arrangements, growth triangles, open regionalism, and sub-national regionalism (Arndt, 1994:89-90).

*Preferential trade arrangements* are mainly what Okita has named "inward looking regionalism in Europe and North America" (Okita, 1989:10). Dutta has named it "continent based regionalism" (Dutta, 1992:69). The prime purpose of those arrangements is to discriminate against outside economies and increase the trade between nations inside the trading block.<sup>18</sup> Snape speaks about "moves towards regionalism" which involves "trade barriers and harassment against countries not in trading blocs" (Arndt, 1992:2).<sup>19</sup> This is in strong contrast to the "open regionalism", the strong control function states have in the trade arrangements making it justified to speak about a state-initiated regional trading arrangement (SIRTA).

The *growth triangle* is a rather new phenomenon, which links sub-national units from different states with each other, an example being the Johor-Singapore-Riau Growth Triangle

---

<sup>17</sup> For a more in-depth understanding of the concept of new regionalism see: Hettne *et al*, 1999; 2001.

<sup>18</sup> There is no standard definition of a trading/economic bloc but Frankel created a sufficient definition for this purpose. An economic bloc is "a group of countries that are concentrating their trade and financial relationships with each other, in preference to the rest of the world" (Frankel, 1993:53).

<sup>19</sup> There is a large literature concerning preferential trade arrangements and the impact on the regional and global system (Aggarwal *et al*, 2001; APEC Business Advisory Council, 2000; Blackhurst & Henderson, 1993; Coleman & Underhill, 1998; Jarreau, 1999; Nye, 1968; Rajan, 1995).

(JSRGT) (Lee, 1991). This kind of regionalism goes by the name *de facto economic integration* in a *transnational economic zone* (Edward Chen, cited in Arndt, 1994:90). The importance of the GTs is undisputed in economic and political terms. Ohmae talks about the rise of regional economies and the increased number of growth triangles in the international economy (1995). It is important to note that GTs do not aim at limiting the power of the center but seek more autonomy in the economic area.

*Open regionalism* is a concept that has been developed specifically by Drysdale, Garnaut and Bergsten (Bergsten, 1997; Drysdale & Garnaut, 1993). This form of regionalism aims at non-discriminatory regional economic cooperation as a part of an open world trading system (Ruggie, 1992:572). In contrast to the growth triangles this is mainly a cooperative initiative by national governments and is based on intra-regional trade liberalization, even if no discriminatory policies are applied towards external economies (Arndt, 1994:97). This logic conforms well with the liberal theorists' distinction between trading states and territorial states. Rosecrane argues that trading is superior to military action in winning gains for nations, and this is done best without borders (Rosecrane, 1986). Frankel and Wei have in contrast argued that the concept of *open regionalism* is a conceptually impossible term as any form of regional cooperation or regionalization will discriminate in favor of the members (1995).<sup>20</sup> It is true that open regionalism is a vague concept and the borders are difficult to define, but as a normative concept it still carries weight, at least in Asia and the Pacific Rim which has been analyzed from this perspective (Bergsten, 1997; Frankel & Wei, 1995; Katzenstein, 1996b).

*Intra-national regionalism* aims at sub-national units' increased power in economy or political matters; examples of this could be local autonomy or separatism. In economic terms, intra-national should be characterized by economic planning being, for example, conducted through "national plans by aggregating a series of regional plans" (Higgins, 1989:169).<sup>21</sup> A political definition is harder to make, but is clear that sub-national regionalism aims at bringing down the decision-making power to a regional level or separating it from the older state construction. In contrast to growth-triangles, this structure does not aim at cross-border cooperation but at limiting the power of the center, i.e. separatism or local rule.

The first three forms of regionalism involve regional integration, but the intra-national regionalism creates disintegration rather than integration through the creation of smaller regional units within the state (for example separatism). Since this thesis will focus on integration, i.e. the first three forms of regionalism, intra-national regionalism will be excluded. There are, however,

---

<sup>20</sup> For more in-depth discussions of the subject on open regionalism and its effects see: Andersson & Norheim, 1994; Young, 1993; Drysdale & Ross, 1993.

<sup>21</sup> Higgins refers to regional as parts of a national entity, not regional as a collection of states that creates a larger unit of states. Regional is therefore in his case a sub-national phenomenon.

several scholars that would dispute that regionalism is integrative, and would argue that it is a threat to free trade and international stability (Bhagwati, 1993; Thurow, 1992). The three first forms of regionalism vary in scope and depth but are distinctively separated from the fourth form of regionalism that aims at the political fragmentation of the state.

### **2.1.2.3 Integration**

Integration on an over-arching level could have a dual meaning; it can refer to the legal and institutionalized framework within which transactions or a decision-making process take place, but it can also refer to a market relationship in which goods and services are traded (Cooper, 1994:12; Drysdale, 1994:38; Haas, 1970). Economic or market integration is defined by Drysdale & Garnut as "movement towards *one* price for any single piece merchandise, service, or factor of production" (Drysdale & Garnut, 1994:53). This process is many times informal, although it is mostly formalized. When market integration has reached the level of the definition, it has come a long way towards complete market integration in any regional cooperation structure; most forms of economic cooperation aim at market integration but have many political and economic problems to deal with before this is accomplished. Institutional integration is this thesis refers to the legal and institutional arrangements that states have initiated to facilitate economic exchanges or political integration among certain units of states and this process is always formal due to its institutionalization. The separation in formal integration (institutional) and informal integration (market) is made, even if this is to generalize a complex relationship.

The distinction between market and institutional integration theories is important, not so much to focus on the differences between the approaches but to focus on the interaction between the institutionalized integration and market integration. Neither can progress without the influence of the other; institutionalized integration is affected by the economic problems/integration between nations and the market, and the political/military security is influenced by the institutional arrangements. This would indicate that formal institutional integration would coexist with informal economic integration.

There are two main schools in economic integration theory and cooperation concerning the scope of integration. One is based on the Bretton Woods agreement and GATT and enforced a universalism in economy (Blackhurst & Henderson, 1993). The other was enforced by European Economic Community (EEC) and European Coal and Steel Community (ECSC) and proclaimed a regional basis for integration. The EEC worked with the concept that Monnet developed where the framework for economic integration could be used to create regional political unification (Cooper, 1994:12). Monnet's idea created a division between the view that economic cooperation would lead to economic universalism, and the more modest belief it could create regional political

integration. In this thesis there is an exclusive focus on regional cooperation and the universalistic approach will be excluded.

Military/political integration is less researched than economic integration (although there is abundant literature on EU), but several earlier studies are interesting for the purpose of this thesis. The first variable that needs to be included here, is that integration can only be viewed as *noncoercive* efforts (Haas, 1970:608). Even if Napoleon Bonaparte and Hideki Tojo could be viewed as *integrators*, in the sense that they both conquered and integrated large areas under them, this thesis is concerned with *voluntary* regional integration. The second variable is sovereignty. Integration in a regional unit automatically means that a national unit surrenders parts of its sovereignty to a larger unit in an effort to decrease the insecurity that exists in the international and/or regional sphere (Wallander & Keohane, 1999:21-29). Haas claims that:

“The study of regional integration is concerned with explaining how and why states cease to be wholly sovereign, how and why they voluntarily mingle, merge and mix with their neighbors so as to lose the factual attributes of sovereignty while acquiring new techniques for resolving conflict between themselves” (1970:610).

The loss of sovereignty could be perceived as more critical in the political/military sphere than in the economic one, as this threatens the political power of the leaders, and the states, in each national unit and moreover threatens the military security of the states involved.<sup>22</sup> Economy is not perceived as threatening the states in the same way, even though some economic issues carry symbolic value, such as the national currency. This might be one of the reasons that the regions in Africa and Asia are preoccupied with economic integration and the political/military integration is much more modest.

In conclusion, this thesis will include institutionalized (formal) as well as market-driven (informal) integration that is non-coercive and aims to create regional cooperation.

## **2.2 Defining Conflict, Management and Mechanisms**

The purpose with this section is to define the terminology of CMM, both as individual units and in relation to each other. This effort is done to clarify the object of research before the interaction between regional cooperation and conflict management is searched for.

The concept of conflict management is much more inclusive than the traditional concepts of conflict resolution, arbitration, mediation, judicial settlement and negotiation, and all these

---

<sup>22</sup> Economic integration can also threaten the political leaders by changing the national power structure. The threat is however more apparent when the changes are intended for the political structure directly.

concepts mentioned will be used to further increase the inclusiveness of conflict management (Black, 1971; Mitchell, 1981; Wallensteen, 1994; 2002; Zartman, 2000). There are several reasons for a wider definition. One is that the concept and content of conflict management differs from region to region and a narrow definition could potentially exclude several aspects of conflict management. Another reason is that the changed interpretation of security from military to human and economic security has created a need for wider, more integrated and operationally functional definitions on conflict management and conflict.

Before this thesis continues it is necessary to find out if the focus is on the conflict management mechanism as a process, state of affairs or as an end in itself. Since this thesis focuses on which factors that have impacted the CMM over a longer time, the actual process is the main concern. The feedback into the organization and the recurring of the CMM is of primary interest, and to analyze this is of crucial interest if one is to understand the process. The state of affairs and the CMM as an end in itself, becomes less interesting since such approaches would lead to difficulties in explaining why the success of the CMM changes over time and place.

### **2.2.1 Conflict**

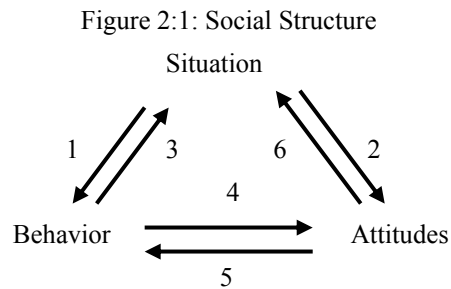
The distinction between *conflict* and *conflict management* becomes important as this thesis uses the conflict management as an object of research and *conflict per se* is important as an underlying threat. The occurrence or threat of conflict is necessary for the initiation of conflict management mechanisms. Conflicts can be positive and lead to inventions, understanding and friendship, even if this is not what we normally see coming from a conflict. What we are concerned with in this thesis are the negative effects of conflicts that could lead to political and economic stalemate, increased tension or violent military conflicts and the CMM as a way to deal with conflicts to reduce the negative consequences. Conflict will not be defined simply in terms of violence (behavior) or hostility (attitudes), but in terms of incompatibility or in “differences in issue position” (*Positiondifferenzen*) (Czempiel, 1981:198-203).<sup>23</sup> The definition is designed to include conflicts outside traditional military conflicts that are based on behavioral dimensions. The actions that actors undertake to handle differences in issue positions, are considered to be conflict management. This spans over a wide variety of actions ranging from the individual action to collective behavior in situations, as Hasenclever *et al* point out, ranging from total war to stable peace (1997:61).

The first step is to understand what exactly a conflict consists of. In this thesis the starting point will be the traditional definitions of conflicts (that will be presented below), which have been

---

<sup>23</sup> For more information concerning the definition of conflict and conflict management see also: Boulding, 1962 and Hasenclever *et al*, 1997.

seen as opposing interests involving scarce resources, goal divergence and frustration, and then move over to the current needs (human and economic security). According to Mitchell, the conflict structure consists of three parts: attitudes, behavior and situation that interact and create conflicts between actors (1981:55). Mitchell's conflict structure simplifies the complex reality in an understandable way.<sup>24</sup>



1. The situation impacts the behavior (failure to reach targeted goals, especially important goals, creates frustration and increases the willingness to reach these goals).
2. The situation impacts attitudes (incompatible goals increase the suspicion and distrust between the actors).
3. Behavior impacts the situation (success can introduce new questions in the conflict as demands increase).
4. Behavior impacts the attitudes (destruction increases hatred, success can impact the group solidarity and the notion of "us").
5. Attitudes impact the behavior (expectations such as "our traditional enemies will attack again" will impact the defensive planning and preventive actions).
6. Attitudes impact the situation (the longer the conflict continues the more questions will be introduced).

Mitchell's model was created for political and military conflicts, but is also applicable to the changes in perception of conflicts that the international community has experienced. Economic, environmental and human security became fundamental aspects of international and regional interaction and Mitchell's model is able to incorporate this. This model is, however, complicated by the fact that conflict often occurs in mixed-motive relationships where the involved parties have both cooperative and competitive goals (Leung & Tjosvold, 1998; Walton & McKersie, 1965) and Mitchell's model seems to have neglected this relationship. The competitive element creates conflict and the cooperative element creates incentives to negotiate in an effort to reach an agreement (Deutsch & Krauss, 1962). There are, however, studies that confirm that conflicts tend to occur even if the involved parties have highly compatible goals (Deutsch, 1973). This can be explained by including frustration, obstruction, and interference in the definition. The theoretical framework is adjusted to leave room for an interpretation of a conflict to include tensions, misunderstandings, political and economic interests, and historical animosity.

---

<sup>24</sup> Mitchell's model will function as the underlying way of thinking about conflicts, although it will not be referred to directly in the thesis. The formation of conflicts in each of the case studies will be analyzed from Mitchell's perspective, but as conflicts *per se* is not the focus of the thesis it will not receive any space in the analytical sections.

Conflicts have generally been defined as a situation in which two or more parties strive to acquire the same scarce resources at the same time (Wallensteen, 1994:14-15; 2002:16). There is no disagreement that there needs to be more than one part to have a conflict, nor any dispute about the time factor. What does cause concern is the term *scarce resources*. The central point in this argument is scarcity, but resources will also be included in the discussion. Wallensteen has pointed out that resources are not only economic (2002:16-17), but terminology might miss conflicts that are about economic orientation, human security, environment, historical issues, etc – such conflicts are not necessarily about resources, and where they are, these are, more importantly, not necessarily scarce. The conflict is, moreover, in many cases based on positions, rather than based on attitudes and behavior as it has generally been defined. This is especially so in regional organizations where the conflicts are mixed-motive and often over organizational issues. Perception is a central concept, as conflicts and the opponent's intentions are not always objectively defined, but rather based on subjective perceptions. There could be an abundance of space to agree in (or resources), but the parties *perceive* the conflict as being impossible to resolve or the opponent to be untrustworthy. The normative disputes (which many times are subjectively defined) are also forgotten in the rational definitions, these are disputes involving religion, values and beliefs that do not always have a military outcome. There is moreover a difference in focus between the general theories in conflict theory, which focus on militarized conflicts, and this thesis that focuses on “softer” conflicts in regional organizations.

*In conclusion*, conflict is defined as perceived differences in issue positions between two or more parties at the same moment in time.

### **2.2.2 Conflict management**

Conflict management will be used as a term that encompasses all strategies, methods and tactics of managing conflicts (Akashi, 1990:1-14; Jahwar, 1991:127-129; Miall, 1992; Mitchel, 1981). The term conflict management will in this thesis include: conflict prevention, conflict avoidance, conflict containment, conflict transformation, conflict settlement, and conflict resolution. A distinction between conflict management and conflict resolution is, however, needed since the concepts are often confused or integrated in an inappropriate manner. Before the definitions are established it should, however, be made clear that even although the focus is on conflict management there might be cases where conflict resolution is the only accepted, or existing, mechanism and then the conflict resolution mechanism will be noted. Zartman has, rightfully, pointed out that both the conflict resolution aspect (negotiation) and the conflict management aspect is needed (2000). The different approaches are both ends of the same stick and one end aims at, according to Zartman, resolving the current conflict so that business or peace can move on and

the other aims at resolving the deeper conflict over time. Even if we are to look at the *Asian* way of dealing with conflicts, both conflict resolution and management are needed.<sup>25</sup> Without conflict resolution the system would not function efficiently, especially in business where predictability and quick resolution are important. This has resulted in conflict management mechanism mostly being used in disputes of greater socio-economic value, strategic weight, and politically sensitive issues that might not need quick resolution. But since this thesis has a limited focus we will primarily be satisfied with conflict management. The conflict resolution might however be important as a contrast to the conflict management in regional cooperation structures. In the simplest way, the difference could be seen as a difference in focus between conflict resolution and management. Conflict resolution aims at resolving or terminating the conflicts in an open and predictable process in accordance with legal principles (Jackson, 1995; Kirgis, 1993; Rahim, 2000). The conflict management mechanism has its focus on the relationship between the actors and the continuation of their relationship rather than blind justice. Tanner has defined conflict management as the limitation, mitigation and/or containment of a conflict *without necessarily solving it* (2000). Conflict management has also been defined as a change in the mode of interaction *from destructive to constructive* (Wallensteen, 1994:50). Zartman has moreover added the argument that conflict management refers to eliminating the violent and violence-related actions and leaving the conflict to be dealt with on the *political level* (1997:11). This argument has been somewhat criticized as NGOs, academic institutions and half-formal (track-two) structures have emerged as important actors and influence the conflict management process. Wallensteen has also claimed that conflict management is typically focused on the armed aspects of a conflict (2002:53). As will be seen in this thesis, this is not necessarily applicable for the cooperations included in this thesis. Most conflicts in this thesis which are dealt with through conflict management mechanisms, are non-military in nature or at a pre-conflict stage. To change the mode of interaction from destructive to constructive confidence-building measures (CBM) is critical, as they strengthen the CMM process and especially the informal CMM.<sup>26</sup> The process of conflict management becomes the foundation for more effective conflict resolution. There are, however, other ways to see conflict management and in this thesis there is a need for a more defined terminology around conflict management mechanisms. The above mentioned theoretical foundations prove that conflict management and conflict resolution are different concepts, but also that they are closely interrelated. In sum: it could be argued that conflict management and conflict

---

<sup>25</sup> The Asian Way is, in terms of conflict management, a concept that is supposed to rely on informal consultations, consensus and non-intervention in internal affairs of other states.

<sup>26</sup> Confidence-building measures include political, economical, social, and other non-military measures that aim at increasing the confidence between two or more actors in a situation where conflict is probable (Akashi, 1990:4). Hoenfeller has defined CBM as to “Communicate credible evidence of the absence of feared threats, to provide reassurance by reducing uncertainties, and to constrain opportunities for exerting pressure through military activity” (1990:19).



resolution are two mechanisms at different sides of a continuum, which are used to deal with the same conflicts in different settings. The focus will however be on the management functions, even though it is clear that they interact in many instances.

Scholars, especially non-Western scholars, have articulated the argument that CMM is successful at resolving deeper conflicts over a longer time period (Leung & Tjosvold, 1998:1-12). This is contrasted to a more Western argument that their importance is to solve short-term conflicts (Zartman, 1997:12-15). The interaction between these two arguments is successfully shown by Zartman (2000). Both of these views are entirely accurate, and compatible, and there might just be a cultural difference in our focus. Zartman, and many other Western scholars, claim that the difference is one of long-term versus short-term perspectives; it is a question of resolving the deeper problem or the current problem (Zartman & Rasmussen, 1997). Leung & Tjosvold, and many scholars that focus on Asia, have taken the opposing view that it is more about relationships and that blind justice could terminate long-term relationships (1998). Both of these views will be incorporated, since it seems that there is no contradiction between them. If comparisons were made between two, or more, cultural settings this would be an interesting factor to note.

Conflict management and conflict prevention have also been argued as being different sides of the same coin, and without some conflict management it would not be possible to initiate preventive or other measures aiming at resolving the dispute. Zartman argues that the difference is a mere theoretical discussion and in practical implementation both are intertwined (2000).<sup>27</sup> Preventive measures are designed to resolve, contain, but also to manage conflicts so that they do not lead to violence. This makes conflict management an important part of conflict prevention. It is important to point out that conflict management could be introduced at all levels of Mitchell's conflict triangle and is widely used in crisis management and war situations.

There have been several studies that show that the pattern of cooperative behavior tends to strengthen when the interaction is repetitive and likewise decrease if the interaction between the parties is limited to one or a few instances (Axelrod, 1997; Fisher & Brown, 1988; Hofstadter, 1985). An interesting example to note is Asia, as the Asian way traditionally has been associated with long-term relations and the lack of *open* conflicts (Swanström, 1999). When we look at conflicts in Asia it is easy to become impressed by the peaceful business climate. However, covert conflicts are rampant and are in some cases threatening to destroy the business climate between companies and even between states. It has been assumed that the reason that the conflicts do not take a more formal way, is that Asians tends to rely on conflict management mechanisms with the

---

<sup>27</sup> There are arguments that there would be a "pure" form of conflict prevention such as military information exchanges that is done to reduce the risk for unwanted confrontations. In such cases the conflict prevention is the primary effect. The argument here is that all preventive actions, occurring within regional cooperation, are a part of a larger strategy to manage the relations between two or more states. Therefore in this thesis conflict prevention will be considered as a strategy within the larger concept of conflict management.

assumption that the conflict will eventually disappear and the relationship will improve with the repetitive encounters (Leung & Tjosvold, 1998).<sup>28</sup>

The usage of the terms cooperation and conflict management creates some problems since cooperation could be a form of conflict management – regardless of whether it is based on formal rules or is of an *ad hoc* nature (Hasenclever, 2000:61).<sup>29</sup> It is clear that when cooperation is initiated, a confidence building process has begun to develop, regardless of the initial level of trust. The SAARC attempt to create a more stable environment was directed to a very great degree towards Pakistan and India, despite the fact that the formal reason is regional economic cooperation, as Europe did after WW II. SAARC has not reached any substantial goals (Aggarwal & Pandey, 1994), but through the initiation of SAARC, Pakistan and India have been forced to communicate when they initiated the organization and of most of the meetings that have been held afterwards.

The problem with conflict management and regional organizations follows the same logic as cooperation. Conflict management could be a formal or informal structure within an organization, and as will be noted in section 3.2 this is true for this thesis. Regional organizations provide at certain times structure for conflict management, but could very well exist, but not function effectively, without CMM or conflict resolution mechanisms. As far as it is possible, conflict management will be separated from the concepts of cooperation and organizations. It is, however, noted that regional cooperation and organizations are both closely tied to the concept of conflict management.

The legal aspects of conflict management will be included in the analysis of the different organizations in the perspective of formal and informal conflict management, in which the WTO/GATT and NAFTA mechanisms are good examples of formal mechanisms (Seth, 2000). In this thesis, the WTO mechanism of conflict management will not be discussed even though it is important for trade relations in regional cooperation, since most members of regional cooperation structures are members of WTO and could use the CMM of the organization.<sup>30</sup>

For methodological reasons, it is important to point out that conflict management is not seen as a point on a scale but rather as a continuum and thus can be analyzed in terms of gradation, of

---

<sup>28</sup> Asians have also been even more reluctant to risk confrontation with individuals of different values and methods (Tung 1991). In an interesting study by Ohbuchi and Takahashi (1994) of 476 episodes of interpersonal conflicts they found out that 73% of the American subjects decided to make the conflict overt, but that 66% of the Japanese subjects decided to keep the conflict covert. They moreover found that the Japanese subjects tended to avoid the situation or to use indirect tactics such as hinting. The American subjects were overwhelmingly focused on assertion or persuasion, despite the fact that many labeled themselves “conflict avoiding”. The same trend as in Japan can be seen in most Asian countries, less so in Korea and more so in Thailand (Kerney 1991; Klausner 1993; Leung & Tjosvold 1998). This would point to a distinct Asian way of dealing with conflicts - conflict management.

<sup>29</sup> For more information concerning international relations and conflict management see. Efinger & Zurn, 1990; Rittberger & Zurn, 1990; 1991.

<sup>30</sup> For more information concerning dispute resolution in WTO see: Seth, 2000.

which one end is conflict resolution. It is not possible to simply categorize conflict management as existent or non-existent, since a certain degree of conflict management is present in most organizations, regardless of whether they actually have a formal CMM.

*In conclusion*, conflict management will be defined as measures that are used to handle differences in issue positions, without *necessarily* solving the conflict but aiming at changing the mode of interaction from destructive to constructive behaviour.

### **2.2.3 Conflict management *mechanism***

What is, then, a conflict management *mechanism*? The base for a definition of a mechanism can be found in what makes the parties accept a solution, since without the acceptance of a mechanism there can be no conflict management. Galtung has argued that “One way of accepting the solution lies in the acceptance of the mechanism, and that one way of accepting the mechanism lies in its institutionalization” (1965:352). This implies that there would be lesser acceptance of an *ad hoc* mechanism, and it is only mechanisms that have reached some form of institutionalization that are accepted, both for formal and informal mechanisms (1965). This is in line with this thesis’ objectives, since regional cooperation is the base of the research and regional cooperation tends to need a high degree of institutionalization to be operational (*cf* Network and other informal groupings (Weidenbaum & Hughes, 1996)).<sup>31</sup> Moreover this thesis is only interested in peaceful mechanisms for conflict management, though it might be logical to consider duels and warfare (limited or full-scale) as conflict mechanisms. It would undoubtedly “resolve” the issue if one party was eliminated or severely weakened, but it would *not* create a better environment for future regional cooperation.

In a laboratory environment, a mechanism could be a computerised instrument that is programmed to understand the problem, which then processes the information to produce a just and fair solution that is acceptable to all parties. The closest social sciences has reached such an infallible instrument are religion and Oracles that deterministically rule the future, but even here humanity cannot agree on *what* Oracle or religion should be used. Examples of mechanisms for conflict resolution and conflict management have been lottery (chance), duels, mediation, arbitration, adjudication, debates, third person, voting and warfare. The best that can be accomplished is a neutral process where coding of the problem is presented to an independent mechanism consisting of neutral individuals that presents a solution that, hopefully, is legitimate for all parties (Galtung, 1965:353). The information has in this case been exposed to human coding

---

<sup>31</sup> The Bamboo Network and other informal networks base their interaction on personal relationships and ethnic belonging, from the Old Boys Network to religious and ethnical based interactions. The formality of such networks is low and has a notable unstructured interaction that is hard to analyze in a structured way. The conflict management mechanism in these networks is, however, primarily based on personal interaction and thus informal.

and decoding and to human fallibility. The mechanism can thus be defined as an institutionalized instrument under which the information is coded and decoded to offer a solution to the problem. Then the question is: what could such a mechanism be in the operational reality? Galtung's model is unclear on what a mechanism is in practice, although he exemplifies with the possible mechanisms noted earlier, but the concept, as he develops it, is rather statistically oriented and less functional in the operational reality that this thesis deals with.

More suited for the practical reality is the legal definition. Legally, there are a variety of ways to settle disputes, provide for conflict management or simply to present the parties with interpretations of their obligations and rights under the conventions and treaties agreed.<sup>32</sup> The functions of a legal mechanism provide for rule creating (quasi-legislative), review (quasi-judicial) and correction (enforcement) (Bowett, 1982; Kirgis, 1993:388). Normally all three functions operate in international law, but since the focus is on conflict management rather than conflict resolution, the center of attention in conflict management would be on the quasi-judicial and the corrective functions. The legislative functions are interesting, but are not a part of conflict management due to their high level of formality. This legal interpretation is, however, more appropriate in the more formal conflict management (and in informal conflict management the applicability is less appropriate).

The dispute settlement in GATT/WTO provides for another distinction between rule-oriented and power-oriented mechanisms.<sup>33</sup> The rule-oriented mechanism is a settlement based on norms and rules to which both parties agreed prior to the dispute. The power-oriented is based on negotiations and agreement with, explicit or implicit, reference to the relative power status of the disputants (Jackson *et al*, 1995:333). The power based system has also been interpreted as a consensus system (Davey, 1987); the difference between the rule-oriented approach and the consensus/power-oriented approach is the formality of the mechanism. It would be difficult to base all conflict management on rule-based mechanisms and this can only refer to the conflict resolution and highly formalized conflict management mechanisms. There is also a distinction between "hard" and "soft" law. The soft law is intentionally fuzzy and the hard law is rigid, credible and clear (Reisman & Wiedman, 1995:7). International trade is normally regulated by hard law and the more flexible soft law is applied to political cooperation.

These definitions have still not pointed out what CMM is in practical terms, and it is hard to find a precise definition that includes both formal and informal mechanisms. Formal mechanisms are easy to exemplify, since the formal CMMs are the mechanisms that are created and formalized

---

<sup>32</sup> For examples and references see: Hoof & Mestdagh, 1984; Kirgis, 1993.

<sup>33</sup> It is clear that WTO has become more rule-oriented, although there is a controversy as to whether this is the appropriate development (Davey, 1987; Jackson *et al*, 1995; Jackson, 1989; Seth, 2000).

by each regional cooperation process to manage conflicts in the region.<sup>34</sup> These mechanisms are formalized through the charter of the organizations or other relevant documents. The informal mechanisms are more problematic since there is no specification of this by the regional organizations, especially as the regional cooperation itself can be seen as a management mechanism. The only requirements for the informal mechanism, in this thesis, outside of the coding and decoding functions, is that the behavior has to be repetitive (not *ad hoc*) seeking to reduce tension and be a part of the regional cooperation. This would include such mechanisms as informal consultations by leaders, third party mediation, experts groups' etc.

This thesis will define:

Formal mechanisms for conflict management as institutionalized structures aiming at minimizing disputes through rule-based regulations.

Informal mechanisms for conflict management as institutionalized structures aiming at minimizing disputes through negotiations in a powers or consensus based way.

The same structure will apply for conflict resolution, in the cases where it is needed to include this, with the exception that conflict resolution is *always* rule-based. It would not be possible to operationalize an informal conflict resolution mechanism since no disputing parties would accept a resolution mechanism without any predictability and formality.

### **2.3 Theoretical framework**

As the basic definitions are finalized, it is appropriate to move over to the creation of the theoretical framework that will guide this thesis. As mentioned earlier, there is no theoretical framework that *directly* explains the interaction between regional cooperation and conflict management mechanism. To be able to reach a coherent framework that could potentially explain the interaction, it is necessary to study theories that explain regional integration and cooperation. The point of departure is from theories on regionalism and regional organizations, rather than the conflict management literature. This is logical since this thesis focuses on the impact of cooperation on conflict management. It is also appropriate to point out that the following is only a brief summary of the theoretical foundations and no effort will be made to create a complete overview of the theories used.

---

<sup>34</sup> For examples of legal mechanisms and cases see: International Court of Justice, 1971; Jenks, 1970; Kirgis, 1993:388-521.

### 2.3.1 Theoretical foundations

Theories of regional integration or cooperation can be divided into three different theoretical fields: 1) power-based theories; 2) interest-based theories; 3) knowledge-based theories.<sup>35</sup> The reason these three blocks are chosen is that they include most of the theoretical development and they have been developed for theoretical overviews.<sup>36</sup> It is important to point out that the theoretical approaches are often affected and influenced by other theoretical approaches, which makes it hard to distinguish an approach as purely power, interest, or knowledge based, since it is often a combination of two or all three theories. There is also a variation between the classical theories and the *neo-ism* that has developed to fill claimed shortcomings in the original theory. Waever has pointed out what he calls the neo-neo synthesis where the neo-liberal and neo-realist theories are increasingly compatible and alike (1996:162-163). Since the purpose is to find interesting departure points rather than to examine the theoretical development *per se*, contrasting views are the more interesting to study. Some authors will be included in more than one section, as the categories are not sharply classified, such as Keohane who is a neo-liberal theorist but who has rather a great impact on issues that the constructivists claim that they have further developed, such as learning, interest in a wider sense, etc. The following part aims at discussing the possible effects those three theoretical fields could have on regional cooperation and its linkage to the conflict management mechanism.

#### 2.3.1.1 Power-based theories<sup>37</sup>

The search for a theoretical foundation will have as its starting point the power-based theories and Waltz, though earlier theorists will also be referred to. Waltz, together with Morgenthau, is one of the most prominent scholars in the theoretical field of realism (Morgenthau, 1978; Waltz, 1959;

---

<sup>35</sup> Hasenclever *et al* have dealt more in detail with the distinction between these three theoretical groups (1997). They defined 1) power-based theories to include hegemonic tendencies, distributional conflicts over power and relative gains. The power-based theories argue that the realist looks at the state as a unit worried over other states' relative gain, and cooperation is limited and insecure due to frequent defection. 2) Interest-based theories are defined to include political market failure, situation and problem structures, and institutional bargaining. This theoretical field defines states as rational egoists that attempt to use regional cooperation as effective and resilient instruments for their own absolute gain. Finally, knowledge-based theories include ideas, argument, and social identities. This theoretical field runs against the rationalist theories that both realist and liberal theories form. Hasenclever *et al* would argue that regional cooperation and the conflict management are shaped by the normative beliefs that decision makers hold, not necessarily a rationalist view. It should be noted that the distinctions made in this thesis between the three theoretical blocks rely on Hasenclever *et al* (1997), even if the argumentation is more diverse and might differ in some cases. The focus is also very different, Hasenclever *et al* look more at security and this thesis focuses on regional cooperation and conflict management, a topic very much different even though the theoretical distinction is applicable.

<sup>36</sup> There are other ways to organize a theoretical starting point, such as Carlsnaes, 2002; Keohane, 1986b, but in this thesis it has been considered to be more fruitful to search for theoretical linkages from a wider theoretical perspective that this division creates.

<sup>37</sup> Power-based theories have a theoretical foundation in Waltz's theoretical concepts, but realism is developed in more recent theories such as Buzan (1991), Lebow (1981), or Vasquez (1992; 1993).

1979; 1982; 1986), and he has emerged as a hegemonic theoretical power so that the current theories are, to a large extent, derived from his theoretical foundation or created in opposition to it (Cox, 1989; Dunne, 1998; Keohane, 1986a; Wendt, 1994; Wendt & Shapiro, 1997). Moreover, the realist tradition seems to have a strong influence on governments, Asia in particular and more specifically China is perceived as a *realpolitik* player (Johnston, 1995; Swaine & Tellis, 2000; Swanström, 2001); the same argument could be used in the case of US, especially as the hegemonic power it has been in Latin and Central America (Bond, 1978; Buszynski, 1983; Chernick, 1996; Mattli, 1999). This makes it highly interesting to initiate any discussion on international relations, or more specifically regional cooperation, from the realist tradition and Waltz even though many researchers are in opposition to Waltz.

The basic fundamentals of the power-based tradition are that states base their decisions on selfish interests and raw power. Power has been defined as a “special case of the exercise of influence” backed by the ability to enforce severe sanctions (Lasswell & Kaplan, 1950:76,84). Realism has traditionally, in Europe, associated power with military might and diplomacy at least since Thucydides and Machiavelli (Buzan, 1996:47), but the realist origin goes much further back in history in Asia, especially China and India (Ames, 1993). In more modern times, Clausewitz argued that diplomacy was nothing less than dominating through violence at the extension (1968). This was further accentuated by Tilly who put forward the argument that states are primarily engaged in power politics stronger by claiming that “War made the state, and the state made war” (1975:42). Power was considered a necessity to survive international politics; it was not however necessarily considered a positive force. Morgenthau argued that: “The main signpost that helps political realism through the landscape of international politics is the concept of interest defined in terms of power” (1967:5). Several scholars have criticized this narrow focus on power and alternative arenas and actors have been put forward to broaden this focus (Keohane & Nye, 1977; Smith *et al*, 1996; Vasquez, 1983a-b). This does not mean that power and self-interest do not matter; they do impact to a high degree. This has even been argued by Keohane *et al*, some of the strongest opponents of realism, but more important is what kind of power, to what extent and what other issues are involved (1999:325).

Hasenclever *et al* have pointed out that the power-based theories focus on the relative gains of interaction and that cooperation between states is inclined to be short term and based on strategic interests (1997:83-135). The power-based theories therefore run into several serious problems in explaining regional cooperation in general, and conflict management specifically. First of all, there is a clear skepticism towards regional cooperation, although not all realists consider regional cooperation as an invalid concept. States would only engage in alliances and cooperation that increase their relative gain. In the empirical reality this seems to be disputed by facts, for example the US engages in cooperation with smaller states that surely give it profits, but the profit would

probably be higher if US were to work outside any regional organizations and opted for a more aggressive posture in international affairs since the US trade balance is negative and the US internal market is large enough for protectionism. The realist theories do, however, not argue against cooperation at all times; cooperation is possible in tightly defined circumstances and could rationally be chosen when the timing is right (Waltz, 1979; 1986). Such cooperation is, however, *ad hoc* and crumbles as soon as the tightly defined circumstances change. As a result of the *ad hoc* nature of cooperation, there is reluctance among states to join organizations due to the high costs involved (economic and political costs both internally and internationally), even if the liberal tradition would argue that the benefits are greater by initiating cooperation.

Waltz has distinguished the global system from its subsystems (states) by the anarchy of the former and the formal organization of the latter (Waltz, 1986:49). He even argues that we can ignore the anarchy since it will always be the guiding principle of the international system (Waltz, 1959; 1986). The subsystems of the global system are, according to Waltz, the states and his argumentation leaves no clear option for regional cooperation, which should be an intermediate level between the system and the states. Waltz has claimed that:

“Wars occur because there is nothing to prevent it. Among states as among men there is no automatic adjustment of interest. In the absence of a supreme authority, there is then a constant possibility that conflicts will be settled by force” (Waltz, 1959:232)

This argumentation is directed against Smith and Mill, and other liberal theorists, who argue that trade will decrease the possibility of and profits from war, and that cooperation will increase benefits through trade. EU and NAFTA have their roots in the liberal tradition that focuses on shared gains and cooperation in economy and politics (Blackhurst & Hendersen, 1993; Harberger *et al*, 1993; Jarreau, 1999).

There are several problems which arise with Waltz’s usage of the state as the center of world relations, and the disregard of sub-national and sub-system actors (regional organizations). The main critique has been that Waltz has tried unsuccessfully to integrate the system and the units in an approach to explain change, which Waltz himself has noted (Waltz, 1986:94-96). This failed to a great extent due to the disappointing attempts to integrate the interaction between the internal attributes of states and the international system (Keohane, 1986b; Ruggie, 1986), which would be able to explain regional cooperation. It has been argued in several studies that the interaction between the system, nations and regional actors is essential in order to understand change among the units, the system or the regional actors (Keohane, 1986b; Swanström, 2001; Zhao, 1996). This is the most important drawback for realism, in relation to this thesis.



The fact that realism as a theory deals with a systemic level would indicate that growth triangles and sub-regional cooperation would be of less interest than state relations since the actors are not states *per se*, but rather parts of states that could compete with their central governments for financial resources. The reality is, however, bluntly clear in that sub-system cooperation (regional cooperation), political, economic and security, has increased in importance over the last decade.<sup>38</sup> The overwhelming part of world trade is conducted within regional cooperation structures, security organizations have mushroomed and an increasing part of world politics are dealt with through regional organizations (Echandi, 2001; Haftendorn *et al*, 1999; Solingen, 1998; World Bank, 2002). The realist tradition failure to take these sub-national and sub-systemic changes into account, seriously affects the relevance of realism to explain the linkage between regional cooperation and CMM.

The even more important critique of Waltz, which Waltz himself has noted, is that the state is on its way to become, if not obsolete, at any rate less important in especially the economic fields (Waltz, 1986:88-89). This was noted first by Kindleberger in 1969 when he wrote, "the nation-state is just about through as an economic unit" (1969:207). This view has been further accentuated by Ohmae who considers states to be dinosaurs waiting to die (1995). This thesis will not imply that the state will disintegrate but only that other forms of interaction both in economy and in politics becomes more important than the old form of national state, a post-Westphalian international order. Waltz claims that the economic capabilities cannot be separated from other capabilities of a state because states use economic means for military and political ends. The argument that states have absolute control of power has been shown to be *not* entirely correct when the increased importance of MNCs and sub-regional zones have decreased the national control over financial resources (Thant *et al*, 1994).

What several realist scholars failed to integrate into their models, is the inherent dynamism in the international system, characterized by interaction between international, regional and national actors. Waltz focused on the state as the primary actor but with the disintegration of the state as an organizer of their citizens' loyalty, new approaches to international theory come to mind. Individuals would support sub-national units (specific region) or regional structures (EU), or identify with international structures (UN) more than with the national unit. Rosenau points to the disintegration of the former system of national states towards what has been termed a post-

---

<sup>38</sup> Sub-system organizations such as EU, NATO, NAFTA, ASEAN, OAU etc have proven themselves to be increasingly important for the international community, even if there are problems to be resolved before all are fully operational (APEC Business Advisory Council, 2000; World Bank, 2002). UN Secretary General Kofi Annan has on several occasions pointed out the regional organizations' importance for a peaceful development and economic progress, a legacy he inherited from Boutros Boutros-Ghali (Annan, 1997; Boutros-Ghali, 1995). Trans-nationally the GTs have taken a more important role in economic development and political stability (Sung *et al*, 1995; Thant *et al*, 1998). The existence, and importance, of non-realist structures are undeniable and threaten to disregard the realist foundation in regard to cooperation and conflict management, if they are successful.

Westphalian period (Rosenau, 1990). Rosenau's important point is not the abolition of the national state but rather the increased potential for individual actors to affect their situation, but also for regional organizations. This will have an increased importance for the function and development of regional cooperation and peaceful coexistence. Each individual is not only affected by the national state but also by NGOs, other nations, regional organizations, individuals from other nations etc to a greater extent than before. Each individual is not only affected by a higher variety of sources but is also capable of affecting each of the mentioned sources to a greater extent. MNCs have become more powerful than many states even without the military potential that states have access to. The international system has proven to be highly disintegrated but hardly in a condition of anarchy in its extreme form; it would be better termed as a multidimensional loyalty web where the state is the center, but by no means the only organizer of actors. The disintegration is moreover not due to the power of the states, but rather the lack of absolute control of states which argues against the realists' notion of states as the center of international relations.

What is still more than valid is the realist assumption of "anarchy" if it focuses on the absence of common governance in international relations (Keohane *et al*, 1999:334). If the term anarchy simply were to indicate the absence of *common governance*, the world would indeed be in partial anarchy. In the economic field, there is the WTO that functions as an effective creator of rules and norms and has the power to execute them.<sup>39</sup> In the political field, there is no organization to shoulder the burden; the UN has not been able to increase its power to do so and on a routine basis most powers disregard the UN decisions. The realist assumption that there is a lack of global common governance is accepted in this thesis, but in contrast to realist tradition the argument that regional common governance is increasingly important is brought forward. The normative value of international organizations, such as UN, is of regional importance for the development of rules and regulations concerning conflict management.

The power-based theories do not imply the need of a conflict management mechanism, much less explain the interaction between regional cooperation and CMM. The assumption can however be made that the realist tradition does not place too much hope on the conflict management mechanism since states only interact on a short-term basis and with little hope for future cooperation. Power seems to be the manager in conflicts rather than a management mechanism. In this sense, the realist tradition seems to explain the lack of cooperation and conflict management rather than the existence of such. This is an important argument since the lack of CMM is as

---

<sup>39</sup> The power of the WTO is not due to any military power or the possibility to hunt down "criminals" in other countries, since states still have the sovereign power to reject any such attempt. The reason WTO despite this is powerful, is that the other actors will punish defectors from the established rules by reduced trade with the offender and thus the economic profit decreases. All international trade is dependent on trust between the actors and if one actor breaks against the regulation on a regular basis it would make further trade with this actor illogical due to the risk of a repetitive behaviour. This is in contrast to the realist tradition that would argue that states would have power to ignore this and the reality resembles much more the liberal traditions assumption.

important to explain as the existence and relative effectiveness of CMMs. Since the starting point is cooperation, this will not be an issue with the exception of cases where the lack of cooperation must be explained.

An obvious assumption in the power-based theories is that power is fundamental for any interaction in the international sphere, and that this power is not to be shared if this can be avoided and their position improved. This would imply that the most powerful actor in the region would control the development of most regional cooperation and conflict management mechanisms, as the state would not be willing to compromise about power, excluding the cooperation directed towards the stronger state such as the non-alignment movement.<sup>40</sup> The most powerful actor(s) should always be considered the most important influence on the regional subsystems (Haas, 1970:621). Liberal scholars have claimed that any involvement of great powers in regional cooperation would decrease its chances of success, since the stronger part would only be satisfied with *status quo* or increased power (Wallensteen, 1981; 1984). Zimmerman has pointed out that Great Powers during the Cold War normally regarded regional sub-systems as their domain and as potential resources to be mobilized (1972:22). In this respect the liberal theories and the realist perspective agree that cooperation would be damaged, or at least constrained, from the participation of a much more powerful state than the other actors. The difference is that the realist would argue that most regional cooperation would have a slim chance of survival due to the self-interest of the involved actors; alliances against stronger actors are as mentioned, an exception to the rule.

### **2.3.1.2 Interest-based theories<sup>41</sup>**

In the interest-based tradition, the liberal approach has taken a prominent role in explaining cooperation over the last few decades. The liberal theories have been the power-based tradition's fiercest critics (Brown *et al*, 1996; Keohane, 1986). The first power-based concept that the interest-based theories have turned against, is the realist concept of anarchy. Wallensteen has claimed that the international system is much more organized than the realist claims (1981:57). He argues that the international system is not without rulers (anarchy), but rather has too many rulers

---

<sup>40</sup> According to hegemonic theories, all hegemonic powers organize the international system and exercise power in the same manner (Ruggie, 1992:585). This is not entirely correct. Looking more closely at the situation in post-war Europe, it is easy to distinguish the differences in a US controlled regime compared to a German, British or Soviet system (Gardner, 1980; Ruggie, 1992). Differences in organization would undoubtedly affect the interaction between regional organizations and the CMM. The question is what could explain the variation between the organization in the international system?

<sup>41</sup> The interest-based, or liberal, tradition has its modern roots in thinkers such as Keohane (1984, 1986a, 1998) and Rosecrance (1986, 1989, 1992). The more traditional roots are derived from Mill (1878) and Ricardo (1963). The traditional liberal theory assumes that states are rational utility maximizing actors and moreover that trade and cooperation provides profit to all participating states (Ricardo, 1963).

(polyarchical). Wallensteen brings the line of reasoning further and argues that great powers influence cooperation negatively when cooperation is initiated with weaker states (1981; 1984). The argument is that small states would be reluctant to engage in cooperation with greater powers, since the possibility of being dominated is too great in a world where power and influence matter more than sovereignty, norms and regulations. The logical implication here is that with more formal dispute resolution or conflict management mechanism there would be more possibilities for the smaller states to be able to influence and reach satisfactory solutions, than for the larger states. Reisman and Wiedman argue that it is assumed that meaningful formal CMM decreases the stronger state's leverage and therefore the stronger state would resist the creation of such a mechanism (1995:9). That a state would obey international and regional regulations, is assumed in the liberal tradition, but in reality powerful states, and even less powerful states, refuse to obey international norms and values that would render the CMM useless should such "defections" continue over a longer time-span (Higgins, 1994:1-16).

In contrast to the realist tradition, the interest-based theories see no negative effects of interdependence and the only opportunity cost that matters is the one between trading and not trading, or cooperate and not cooperate (Weissmann, 2001).<sup>42</sup> Richard Cobden outlined in the 19<sup>th</sup> century the proposition that free trade unites states due to the insecurity in an uncontrolled market and the relative security and dependence that increased interaction (and profit) free trade creates (1969).<sup>43</sup> Rosecrance developed this to the argument that states could either choose to become a "territorial state", obsessed with military expansion, or a "trading state", focused on increasing wealth through commerce (1986:24-25). Aggressive tendencies would only emerge if interdependence decreased (Rosecrance, 1986). There is a reservation against this argumentation. Wallensteen has pointed out that minor powers' relations with major powers will be affected by the possible limitation of the minor powers' independent position in the international system (1981:60). This would indicate that minor powers would prefer less formalized and loose cooperation with major powers, preferably not creating formal integration in a regional organization, unless the independent action is guaranteed by international law and norms, and courts and international organizations that have enforcement power over the major powers.<sup>44</sup>

---

<sup>42</sup> The realist tradition, with Mersheimer (1990; 1992) and Waltz (1979; 1982) argues that the economic-interdependence could even increase the likelihood of war due to the dependence on imported goods vital for the national defense and survival of the state.

<sup>43</sup> Angell took this argument even further and argued that as modernization aggressively emerged war would no longer be possible among states since war would disrupt trade so much that it would be commercial suicide. If states, despite this, engaged in war it was an error among the leaders to understand the economic devastation this would create, not a fault in the theory (Angell, 1933).

<sup>44</sup> This conclusion contrasts to earlier conclusion that smaller states would prefer formalized CMM. These conclusions do not however contradict each other; they are simply referring to different settings. The first conclusion is drawn from a utopian world and the second is taken from the empirical reality. States defect from international rules and organizations and smaller states rely both on normative regulations and factual disregard of the same.

This is all well, but the liberal tradition has so far not made the connection between increased interdependence or cooperation and the CMM. The classical theorists within the liberal tradition seem to focus on the creation of economic interdependence and the positive effects it will create.<sup>45</sup> Mill encompasses the liberal assumption in his work from 1848: “It is commerce which is rapidly rendering war obsolete, by strengthening and multiplying the personal interests which act in natural opposition to it” (quoted in Weismann, 2001). It seems that Mill and other scholars simply assumed that good trading partners solve their disputes peacefully and fairly when they emerge since there is no discussion about how and why states will solve disputes. This is without a doubt an assumption with little or no empirical support; even among the most peaceful states there are disputes that are problematic to solve and which threaten to disrupt trade, cooperation and in the worst case even create war.<sup>46</sup> Wallensteen has, however, come to the conclusion that between 1816 and 1976 the *kapitalpolitik* was associated with confrontations, but not with war (1981:87). This could either indicate that trade creates an interdependent relationship that makes war too costly to wage, or that trade has developed conflict management mechanisms that are functional and intervene before the conflicts have developed to war.

Parts of the liberal tradition (such as the democratic peace) are heavily directed towards liberal democracies and seem to have more of a problem explaining cooperation and effective conflict management between non-liberal states and between liberal and non-liberal states.<sup>47</sup> Doyle puts forward several criteria for what constitutes a liberal state and he claims that:

“Most pertinently for the impact of liberalism on foreign affairs, the state is subject to neither the external authority of other states nor the internal authority of special prerogatives held, for example, by monarchs or military castes over foreign policy” (1996:1155-6).

It is clear that cooperation between states in many organizations is not compatible with that definition. For example, the cooperation within ASEAN is conducted between states that do not conform to that definition — Brunei is a Kingdom, Burma is controlled by a military government, Vietnam and Laos are communist and most other Southeast Asian states conflict in one way or the other with the Western definition of a liberal democracy. The same variations in political organization could be seen in the Organization of African Unity (OAU) and in several cooperation structures in Middle East, South Asia and Central Asia.

The institutionalist theory argues that states can cooperate in order to pursue common interests that would produce more gains than non-cooperation would produce. Institutional theory does

---

<sup>45</sup> Nye & Keohane have argued that trade might not, as an IBM slogan has claimed, create world peace but buying a Toyota or BMW may very well influence your attitudes towards Japanese or Germans (1971:338).

<sup>46</sup> One of the most obvious cases is the Tariff War between Germany and Russia (Nicholson, 1967).

<sup>47</sup> For a detailed discussion about the democratic peace see: Brown, 1996; Russett, 1993.

not, however, imply harmony: states will worry about relative gains and being exploited (Wallander & Keohane, 1999:3). Both Keohane and Wallander have argued that states interact within institutions to decrease the uncertainty created by lack of information. Uncertainty for states has been defined, by these two scholars, as not having information about other states' intentions and likely policy choices (Keohane, 1984; Wallander, 1999). Institutions are therefore created to deal with security risks through rules, norms and procedures to enable members to "provide and obtain information to manage disputes in order to avoid generating security dilemmas" (Wallander & Keohane, 1999:26). It is possible to argue that the creation of a CMM would rely on the same logic, it could even be argued that the procedures, rules and norms that Wallander and Keohane mention refer directly to conflict management mechanisms.

Keohane and Wallander's assumptions are clearly similar to the liberal economic theory concerning transaction costs and predictability. Uncertainty creates high transaction costs due to a low degree of predictability, and by engaging in institutionalized cooperation there is a decrease in uncertainty and an increase in profits (Frankel, 1993; North, 1990). Ruggie has pointed out that, at least in the long run, the desire to reduce transaction costs tends to be the driving factor behind the creation of regimes and cooperation (Ruggie, 1992:578).<sup>48</sup> It is hence hardly a coincidence that most of the international regimes and organizations strive to reduce the transaction costs. The extra costs that are connected with geographical distance, lack of common institutions etc could explain why economic cooperation is initiated and a common conflict management institution is created, examples of this being the Andean Pact & APEC. Leontief and Petri have on the other hand proved that the transport costs amount only to a few percent of the international trade value and hardly vary over distance but are connected to the loading and unloading of goods (Leontief, 1973; Petri, 1994:108). This does however only argue in favor of creating a mechanism that could handle disputes that would increase transaction costs at the initial and last stage of the transaction, since the transport in itself over international water/air or transport in progress over land is dependent on neither regional cooperation nor CMMs. It is therefore improbable that the costs with distance are connected to CMM but a more probable explanation is that the creation of CMM is connected with the lack of networks in distant economies, language problems, cultural differences, business

---

<sup>48</sup> Johnson started with the assumption that culture and language determined the markets and cooperation due to the increased costs that followed (Johnson, 1967; 1968), i.e. transactions' costs. The transactions' costs theory has been developed greatly since then and is one of the explanatory variables for market integration theory. The theory is in principle that the extra costs that are involved in the transaction from producer to consumer are transaction costs, which include everything from negotiations, delivery mode, insurance etc. One interesting point that has followed from Johnson's theory is that information costs are higher when the states have greatly different cultural backgrounds (Amelung, 1994:64; Caves, 1971:5; Herrmann *et al*, 1982:16). This might have some interesting impact on the creation of conflict management mechanisms and should point to the conclusion that cooperation with several cultures would mean a less efficient CMM.

practices.<sup>49</sup> North has in depth discussed the importance of institutional networks, but those theories do not explain why there are *variations* in regions with similar cultures and where most economic cooperation is horizontal and informal rather than vertical and institutionalized (North, 1990). Keohane has pointed to the fact that institutions that are consistent with culturally accepted practices will decrease their transaction costs, in contrast to the institutions that are not (Keohane, 1989:170). This would argue for sub-regional CMMs that are more culturally homogenous, and CMMs in WTO, UN or APEC that are culturally mixed would be less effective.

As pointed out in the prior section, power-based theories argue that states will not join organizations due to the high cost of joining and exiting, both financially and politically. According to the institutionalist theory, it is exactly because the actions are costly that organizations are credible and therefore can be important even for self-interested states (Fearon, 1994; Martin, 1992; Powell, 1990; Wallander & Keohane, 1999:30). Wallander and Keohane have also argued that highly institutionalized organizations are more likely to survive and develop as the marginal costs of sustaining or altering the existing organization are significantly lower than the average costs of creating a new organization (Wallander & Keohane, 1999:33). Two major conclusions can be drawn from this. The first is that track-dependency is high in international and regional organizations.<sup>50</sup> Political and financial capital has been invested and states are reluctant to dismantle any initiated organization. This would imply that organizations are to stay and it is highly likely that they will be increasingly institutionalized.<sup>51</sup> The second conclusion that could be drawn from this is that states would be more likely to use a CMM in a regional organization that is heavily invested in. By joining an organization, a state has signaled in a credible and costly manner that it is willing to cooperate and surrender some of its sovereignty to the benefit of an organization.

There are a few other theoretical points that will be included in the liberal tradition that has been used to explain the logic of integration. Mattli has argued that intergovernmentalism can be understood “as a series of bargaining between the heads of governments of the leading states in the region” (Mattli, 1999:28). Powerful states hold a *de facto* veto over changes in the cooperation, very much in accordance with the realist tradition. This goes against the neofunctionalist tradition

---

<sup>49</sup> Distance has several meanings including cultural distance, language distance, geographical distance, or even distance between individuals. All different forms of distances create increased transaction costs, but in the discussion geographical distance is the only variable included.

<sup>50</sup> Track dependency refers to the increased costs in changing the course of action. If investments, political and/or economic have been made it is more difficult to change to a new mode of interaction due to the initial costs. This is so despite the fact that it might be more beneficial in the long run to change. The track dependency is higher, the higher the initial costs. As an example the structure of typing machines and computers could be used. The organization of the letters is not as functional as they could be, but due to the high costs involved (both for producers and users) the old system remains (Brian, 1994).

<sup>51</sup> Institutionalization is always a matter of degree and it is operationally impracticable to speak about the existence or non-existence of institutionalization (Wallander & Keohane, 1999:29).

that argues that the main players in the integration process are situated above and below the nation-state. Both theories suffer from drawbacks in focus. Mattli has pointed out that functionalism fails to make a link between material welfare and regional integration, and that inter-governmentalism fails to give a full picture by focusing exclusively on leaders (Mattli, 1999:24-30). Both theories offer what Pierson has called a “snapshot view of integration that is distorted in crucial respects” (1995:126).

### 2.3.1.3 Knowledge-based theories<sup>52</sup>

The prior two blocks of theoretical foundation are highly rationalistic and the constructivists (which constitute the main theoretical foundation within knowledge-based theories) were created as an alternative to rationalistic theories.<sup>53</sup> Constructivists argue that the most important drawbacks in the rationalist theories are that they treat states’ identities and interests as given (Hasenclever *et al*, 1997:136); the confusion between laws and theory (Dessler, 1999); and finally that power is a means not an end (Dessler, 2000). Constructivists moreover stress that ideas, norms, ideals and knowledge have a strong explanatory potential (Checkel, 1998; 2001). The knowledge-based theories are the only theoretical “block” to give the decision-maker a prominent position by claiming that the integration process, and as a consequence the CMM, is shaped by normative and causal beliefs and changes in the belief system could change the process.

Hasenclever *et al* have claimed that the strong constructivists have tried to replace the rationalist *homo economicus* with the constructivist *homo sociologicus* as the analytical foundation in international relations (1997:137).<sup>54</sup> This is a significant shift in focus and would have substantial impact on any study if it was proven to be true. It is important to point out that a weak constructivists sees the constructivist approach as a complement to the already existing rationalist

---

<sup>52</sup> The knowledge-based theories have most successfully been argued by Adler (1992); Bull (1977); Campbell (1993); Dunne (1995, 1998); Hasenclever (1997); Katzenstein (1996); Onuf (1989) and Smith *et al* (1996); Wendt (1992; 1999), Wheeler (1996; 2000).

<sup>53</sup> In this thesis the constructivist and all other non-rational theories will be included in the term “knowledge-based theories”. Constructivists are considered to be the “middle way” between positivism and post-modern epistemological radicalism (Adler, 1997:321-323; Checkel, 1998:327; Onuf, 2001:12). This is not an entirely satisfactory solution, although it is applicable for this thesis. Post-modern scholars will find it uncomfortable to be thrown together with the constructivists (Jepperson *et al*, 1996:46; Ruggie, 1997). For a more detailed discussion see Tickner, 2001: especially Onuf’s contribution. Another reason not to unpack the theoretical baggage of the knowledge-based theories is that the area between “positivism and post-positivism, rationalism and reflectivism, modernism and postmodernism constitutes an intellectual swamp that only the foolhardy would enter“ (Wight, 2001:40).

<sup>54</sup> Cognitivist theory was the primary theory Hasenclever *et al* used in their knowledge-based section (1997), even though constructivists were included in that section. This thesis has taken the constructivist theory as the main theoretical foundation in this section, but the results will not be altered by this change. The reason that constructivism, rather than cognitivism, is the focus in this thesis is due to the fact that constructivism has more interesting aspects for the study of regionalism and CMM.



approach.<sup>55</sup> Strong constructivists argue, according to Hasenclever *et al*, that they will be able to replace rationalist theories as the leading paradigm for international studies and Wendt's school of constructivism leads the strong cognitivist camp (1997), in its attempt to push Waltz and the realist paradigm to the side (*cf* Wendt, 1999). What are then the advantages of these theories?

The constructivists have done an impressive job pointing out the weaknesses of the realist tradition, and to some extent the rationalistic tradition. Dessler has pointed out that the constructivists have proven that ontological ideals can be changed but also that Wendt has, so far, not offered a theory of *why* this could change (Dessler, 1999; 2000). Constructivists have been more successful in showing that state interest and identities are not given and that power is much more a means than an end. The attempt by constructivist theory to replace rationalist theory-building is therefore impressive, but falls short of achieving its goal. Constructivist theory is, however, important to incorporate in the older theoretical foundations since it has great explanatory value in certain aspects.

Dessler, and others, claim that constructivists make an important mistake in claiming that the realist tradition is radically materialist, i.e. claiming that states would function/interact as an individual (Dessler, 2000; Onuf, 2001:14). Very few realists would construe reality in the "brute, physical" sense that Wendt has claimed realists do, after Harold and Margaret Sprout (1965) dealt with this issue in depth (Onuf, 2001:14). It is, however, clear that the realist tradition agrees that states have a relative-gain policy when engaging in regional cooperation. The constructivist tradition has, on the contrary, claimed that other factors could be behind the initiation of regional cooperation. This would imply that the creation of CMM in organizations could be achieved by normative, cultural or other "soft" variables outside of the rationalistic tradition.

The question is: how do the knowledge-based theories view regional cooperation and CMMs. Of all theories examined here, there are very few approaches that focused on regional cooperation and conflict management. This is also apparent in the case of knowledge-based theories, but Checkel has done interesting studies concerning the European integration (Choi & Caporaso, 2002:489-490; Checkel, 1999; 2001). Checkel introduced ideas, norms and values as integrated parts of the agent, these are variables that are inseparable from the agent according to Checkel (Choi & Caporaso, 2002:489; Checkel, 1999; 2001). These variables will create a situation where the rational choices are complicated by normative and less measurable variables that impact the outcome. These variables carries the same weight as the traditional "rational" variables that did not take into consideration these "softer" variables.

Keohane as a neo-liberal with constructivist attributes is another theorist who has taken a interesting approach in theoretical fields related to this thesis. Keohane *et al* claim that security

---

<sup>55</sup> For details about weak cognitivists see: Goldstein & Keohane, 1993; Haas E, 1990; Haas P, 1992; Nye 1987; Smith, 1987.

institutions are “imperfect unions” as they evolve and change in ways not anticipated by the states that created them and that they do not always follow the self-interest of the states involved (1999:325). This makes the non-rationalist explanations of the knowledge-based theories more interesting in explaining the development of institutions and ultimately the conflict management mechanism. Interest is a more complicated equation in the knowledge-based tradition, compared to the rationalist tradition. The actors involved are more than states and include individuals, organizations etc, and the constructivist tradition does not claim interest to be rational, although it could at certain moments be rational. Kratochwil has pointed out that preferences and interest do not suffice to explain outcomes (1982:6). Onuf has reinforced this equation by including variables such as actionable expectations or opportunities (1989:275). It is moreover clear that desire is not an interest unless one can plausibly act on it, which is connected to the realist notion of wealth and power. This will have direct implications on regional cooperation and CMMs. When studying the attempts to create CMM more attention has to be given to the actors, in a wider sense, interests and their capabilities to act. This is closely connected to the issue of power as an end or a means. The constructivist argues that the rationalistic traditions view power as an end in itself and that power, in a constructivist way, is much more a means to reach security, appreciation and wealth (Onuf, 1989:270-274). This would explain some of the apparent problems rationalistic theories have with explaining regional cooperation and CMM outside of apparent security threats or direct economic gains.

Wendt argues that “material forces are secondary, significant insofar as they are constituted with particular meanings for actors” (1999:24), and that normative factors are the primary influence on international relations. This goes against the realist, but also the liberal theories, that focus on power and resources to a very great extent. Here the normative and ideological power, for both individuals and organizations, is more convincing than the rationalist power. Ruggie does not accept that regimes rest on power only, power may very well make it easier to solve problems and implement solutions, but it tells us nothing about the content of the regimes (Caporaso, 1992:629). To solve this, we need to introduce norms, ideas and social purposes. Keohane has pointed out that values, norms, and practices differ across cultures and such variation could affect the efficiency of international organizations (1989:170). This variation could also affect the efficiency of a CMM that incorporates more than one cultural setting, such as WTO or APEC. Norms do not always have to exist in the formal sense to be valid, it is also possible that the informal norms of an ideal could guide organizations towards an event (Kratochwil & Ruggie: 1986:768). Such patterns could be seen in the creation of “open regionalism” in Asia or global non-proliferation in the early 21<sup>st</sup> century in APEC, ASEAN and other organizations (Drysdale & Ross, 1994). If all involved parties agree that norms apply without qualification, the norms have been strengthened and given

legitimacy so the scope of their application can be improved (Sandholtz, 2001:23). This could, for example, be seen among the Scandinavian states concerning human rights and gender issues.

Haftendorn and Johnston have proven that patterns of mutual understanding and respect develop over time — individual states are socialized within an institution — and influence future interactions (1999:162-194, 287-324). The interaction over time builds trust and cooperation, but could also, if the interaction is negative, create distrust and conflict. If changes in belief systems create behavioral changes it can be referred to as learning (Hasenclever *et al*, 1997:145).<sup>56</sup> Learning becomes a central theme in this development of interactions; Haas (1990), Mattli (1999) and Modelski (1990) have pointed out the importance of learning in the integration process. Modelski argues that:

“Learning processes are those through which systems cope with such change. To the degree that a political system is a species of social system or is a subsystem of the social system, it is capable of experiencing learning” (1990:8).

Haas talked about the learning process as fundamental for regional organizations:

“By 'learning' I mean the process by which consensual knowledge is used to specify causal relationships in new ways so that the results affect the content of public policy. Learning in and by an international organization implies that the organization's members are induced to question earlier beliefs about the appropriateness of ends of action and to think about the selection of new ones” (1990:23).

This would suggest that learning is fundamental for the development of conflict management mechanisms in regional organizations since CMM is based on interactions between actors on a regular basis. In the realist tradition Waltz has claimed that actors (states and individuals) cannot change their preferences (Dessler, 1999). This is very much the opposite in the constructivist tradition, where the actors have the possibility and, often, the willingness to change their preferences and actions. The learning process makes it necessary that the regional organization and the CMM are flexible and adaptive as the organization and the CMM are in constant change. This is further complicated by the fact that the identification of the members in regional cooperation changes, which leads to the organization changing its purpose and identification. The nature of regional cooperation is therefore notoriously flexible and adaptive, as most actors and variables in the international arena.

---

<sup>56</sup> For more information about the problem of learning see. Haas, 1990; Haas, 1993; Levy, 1994; Mattli, 1999; Modelski, 1990; Nye, 1987.

Williams argues that learning is important, but not everything; it is a question of what you learn (1997). Knowledge and trust become increasingly important concepts, especially as they impact the power capability of the organizations. Trust between states, but also leaders, becomes crucial in the creation of CMM, since cooperation limits the states' sovereignty and could potentially have enforcement power over individual states.<sup>57</sup> It could be assumed that the lack of regional cooperation and CMM in Northeast Asia is founded on a great degree of distrust. If trust is crucial in the creation of CMM it is important to know how trust is generated. In this thesis knowledge is argued to be synonymous to learning since knowledge is generated through regional organizations through interaction. Organizations create by definition, if operational, some openness which would generate knowledge about the other parties.

Constructivists argue that the decision-maker plays an important role in the construction of ideas and policy. This is done primarily through changes in the normative system and changes in the belief system. This is relevant if organizations change due to individual leadership and individuals' normative system and beliefs have the power to impact cooperation and conflict prevention mechanisms. This is partly proven to be true in China (Swanström, 2001), Middle East (Solingen 1998), and Southeast Asia (Askandar, 1996), but a clear connection to cooperation and conflict management is not presented so far.

### **2.3.2 A Theoretical springboard**

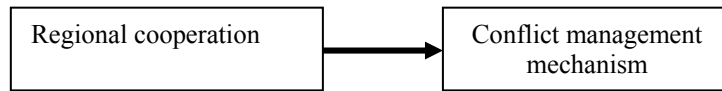
After reviewing the theoretical framework for regional cooperation, two questions emerge as a result. The first is, of course, whether the theories that have been studied in this thesis can explain the interaction between regions, regional cooperation and conflict management and if not, can those three theoretical foundations, used in this thesis, be combined to create a theoretical base for explaining the interaction? After a review of the existing theoretical foundation, it is clear that there is no obvious theory that explains the interaction in the earlier theories, but there is quite a lot of evidence that theoretical assumptions of such interaction can be drawn from the earlier theories. The problem has traditionally been that the correlation between regional cooperation and conflict management mechanisms has been oversimplified and no real explanation of what creates or prevents changes and effective conflict management has been formulated. The realist tradition has had a very negative view of cooperation and conflict management in general and the liberal tradition has viewed cooperation positively, but they both merely *assume* that regional cooperation impacts a regional conflict management mechanism in a certain way. This lack of explanation is grounded in their focus being on regional organizations and regimes and the changes between international-regional-national units. The assumed correlation between regional cooperation and

---

<sup>57</sup> For more information about trust see: Kegley & Raymond, 1990; Onuf, 1989; Shapin, 1994.

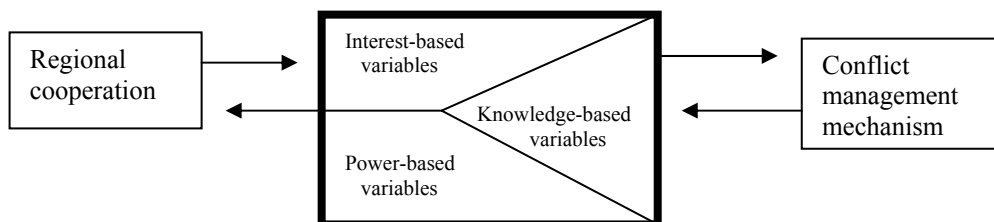
CMMs can best be described in figure 2:2. The figure has moreover no possibility for feedback to the regional cooperation, and the assumption that failed or successful conflict management would not affect the regional cooperation, has to be disputed.

Figure 2:2: Traditionally assumed correlation between regional cooperation and CMM



It is unsatisfactory that a correlation between regional cooperation and conflict management is assumed, and a theoretical framework has to be produced to see what this eventual correlation consists of. There is a “black box” of variables between the regional cooperation and the CMM that has to be uncovered if this question is to receive an answer. Since there are no theories that directly deal with this correlation, the theoretical blocks — which were studied in the search for a theory — will be used as a springboard in the search for the content of the black box. It should not only be assumed that regional cooperation affects the CMM, but also that the CMM could have an effect on regional cooperation. Feedback is not dealt with in the literature, but it will be argued that it is highly likely that there would be some form of feedback into the regional cooperation from the CMM. It is not assumed that the theories will have all the answers or that one particular theory will dominate the theoretical development. Figure 2:3 is a basic model what the relationship could in its most simplified form look like.

Figure 2:3: Preliminary interaction between regional cooperation and CMM



Whether the three “blocks” of theoretical assumptions seen in figure 2:4, can be merged, is a somewhat more problematic proposition that at least Hasenclever *et al* have answered affirmatively in the case of international regimes (1997). Since the CMM is a part of an international organization it is assumed that the possibility of a theoretical merger will also apply here. Haftendorn *et al* have indicated the need and possibilities of this merger to explain changes in regional cooperation and Dessler has, on a methodological basis, argued for the need and prospects of such a merger (Haftendorn *et al*, 1999; Dessler, 1999). There are, however, several problems, both theoretical and empirical, that need to be dealt with before one can answer whether it is possible to merge these theoretical blocks. At this stage this question is too early to answer, and the case studies must be concluded before a theoretical conclusion can be made.

It would be easy to include infinite numbers of hypotheses and assumptions about the interaction between regional cooperation and conflict management, but it is of little real value to hypothesize without a solid foundation upon which to base these assumptions. This problem calls for a process-tracing strategy to critically search the empirical reality on which to base theoretical explanations (the process-tracing approach will be explained in section 3.4). The appropriate framework is to examine the methodological consequences of process-tracing and then conduct the case studies. This would then result in a somewhat better foundation to stand on, when we attempt to make a theoretical explanation for the correlation between regional cooperation and conflict management. As mentioned earlier, the theoretical blocks will guide the thesis through the process-tracing task, without limiting the holistic perspective that is necessary to examine the possible correlations (see section 3.4.1). Some of the results from the overview of the theoretical blocks have been summarized in a very sketchy way in figure 2:4. This figure will provide an overview of the theories analyzed so far and provide a basis for the theoretical discussion in the case-studies and in chapter five, since the idea is to move beyond the earlier concepts through process-tracing and develop a model that could explain the correlation.

Figure 2:4: Assumptions and predictions about regions, cooperation and CMM for each theoretical block

	<b>Mindset</b>	<b>Functions and effects of conflict management</b>	<b>Focus</b>	<b>View of cooperation</b>	<b>CMM</b>
<b>Power-based</b>	Power, rationalistic, anarchy	Relative gains, security dilemma, struggle for power	State centered alliances, primary military	Ad hoc, short term cooperation	No clear linkage, formal structures, legal, low usage
<b>Interest-based</b>	Interest, Rationalistic, anarchy (market)	Absolute gains, global governance, interdependence	States, organizations, companies trade, cooperation	Institutionalized, repetitive	No clear linkage, formal and informal structures, legal, intermediate-high usage
<b>Knowledge-based</b>	Knowledge, sociological	Role-player, individual preferences	Groups, individuals learning, norms, cooperation	Institutionalized, repetitive	No clear linkage, informal structures, negotiation, consensus, intermediate-high usage

First, a distinction has to be made between political and economic institutions. This is due both to differences between organizations in the area of economy and politics, as well as to cultural factors.

The economic institutions need clarity and predictability to lower the transaction costs; with increased transaction costs the economic cooperation would not be beneficial. In this sense, the East could be compared to the West despite the differences in the form of cooperation in the economic field.

The political field is somewhat more problematic since there is less literature about regional cooperation that could be linked to conflict management mechanisms. It seems that both theory

and practice assume that there is no problem in regional cooperation and conflict management, i.e. if you have initiated regional cooperation there is a functional conflict management mechanism built into the organization. The assumptions Wallander and Keohane presented seem to be correct for political cooperation in the West, particularly in the EU. The situation in Asia or Africa could be argued as being different since the organization is not for the people *per se*, but rather for the states (state-to-state cooperation).<sup>58</sup> The formality of the conflict management mechanism could potentially threaten the stability of the state and the region in certain cases by formalizing dormant regional conflicts, especially in cases where *face* is important or there is a historical reliance on informal CMMs.<sup>59</sup>

There is a cultural problem in the theory development, with several authors assuming that what goes in the West goes in the East, or simply only focusing on the western situation. Despite geographical proximity, do US theoretical foundations function in Latin America or is each region dependent on a modified theoretical base? For example, Wallander and Keohane put forward a hypothesis that claims that highly institutionalized alignments are more likely to persist. In this thesis, it will be argued that this is not necessarily *always* the case since indications have been found for the contrary relationship, such as in ASEAN (Askandar, 1996).

## **2.4 Measuring impact**

After the definitions have been established, the concern is how to measure if regional characteristics impact on regional cooperation and conflict management (research question 1) and which variables that can explain how and why regions and regional cooperation interacts with conflict management (research question 2). Question 1 could easily be answered with a simple yes or no, after each case study analysis. This would, however, be a strictly empirical conclusion, without the possibility to explain why and how. Research question 2 is more difficult to analyze. It could suffice to conduct a process-tracing study and answer the questions after each case study, but this would make a comparison more difficult. The aim of this thesis is to make a more structured comparative study. This requires an instrument to measure the level of impact a regional cooperation structure has on the conflict management mechanisms in a comparable way in all case-studies. Since we do not know what variables could explain such an impact we have to focus

---

<sup>58</sup> The charter of OAU begins with the words “We the heads of states”, this should be seen in contrast to organizations or states that at least try to hide this relationship behind words such as “We the people” (Charter of OAU; Charter of UN).

<sup>59</sup> Face is a crucial concept for conflict management in East Asia. Face has been defined by Goffman (1955) as “the positive social value a person effectively claims for himself by the line others assume he has taken during a particular contact. Face is an image of self delineating in terms of approved social attributes” (Roongrengsuke & Chansuthus, 1998:192). In most current societies face-saving primarily means avoiding situations that could cause conflicts, embarrassment and shame.

on something we know. The starting point is the response to the first research question. If it is established that there is a regional cooperation impact on CMM, this could be used to further measure the degree of impact.<sup>60</sup> The term impact is therefore crucial and it will guide the analysis in chapter 4 and be the tool for comparing case studies in section 5.

This terminology is, however, not easily defined or measured, and the definition of impact will differ when looking at informal and formal CMMs. It is, for a start, not possible to determine the impact by the relative or absolute number of member states in a regional grouping (Haas, 1983:615). Inequality, obstruction etc might limit the success of larger organizations (APEC, ARF, WTO) more than smaller (number of members) organizations (NAFTA), yet neither is smallness a formula for success as has been seen in ASA, Maphilindo etc (Ide, 1973; Kroef, 1963; Lee, 2000; Mackie, 1964; 1974). Impact is moreover not an exact point; it is more of a moving target that relies on expectations and the starting point of the regional organization. Impact can therefore not be defined as existent or non-existent. Since the thesis is process-tracing and consists of a small-N study, it will not be possible to statistically measure impact; it will be enough to simply define impact in terms of high, intermediate or low. This provides sufficient variation for the purpose of this thesis. This is a fairly straightforward measurement, but needs to be discussed in some detail to create transparency and replicability. In each variable for impact there will be given a definition how to measure this in terms of high, intermediate or low impact.

The differentiation between informal and formal CMMs needs further clarification (see section 2.2.3 for a discussion of (in)formal mechanisms). In an informal mechanism, conflicts are not formally referred by the organization or the members to a mechanism, but informal groups, networks etc tend to handle the conflict and engage the conflicting parts in an attempt to reduce tension. In this thesis, informal conflict management is crucial, as will be seen since many of the successful mechanisms are informal. The distinction between informal and formal is logical, since both conflict management and conflict resolution can be divided into these two fields (Jackson *et al*, 1995:327-371; Kirgis, 1993:388-431; Swanström, 1999; Zartman, 2000). So the theoretical blocks (of section 2.3) can be seen in the perspective of formal and informal; constructivist theories tend to focus much more on individuals, informal networks and mechanisms at large and this seems to give a formal CMM a limited space in the theoretical development. The realist tradition is highly formalized with state-to-state relations in the form of alliances etc. Liberal theories are more divided in this question; the legalistic tradition is considered the most appropriate for interaction, but even so informal networks and interaction are given large space within the theoretical framework. This might be mirrored in the usage of a CMM (see figure 2:5).

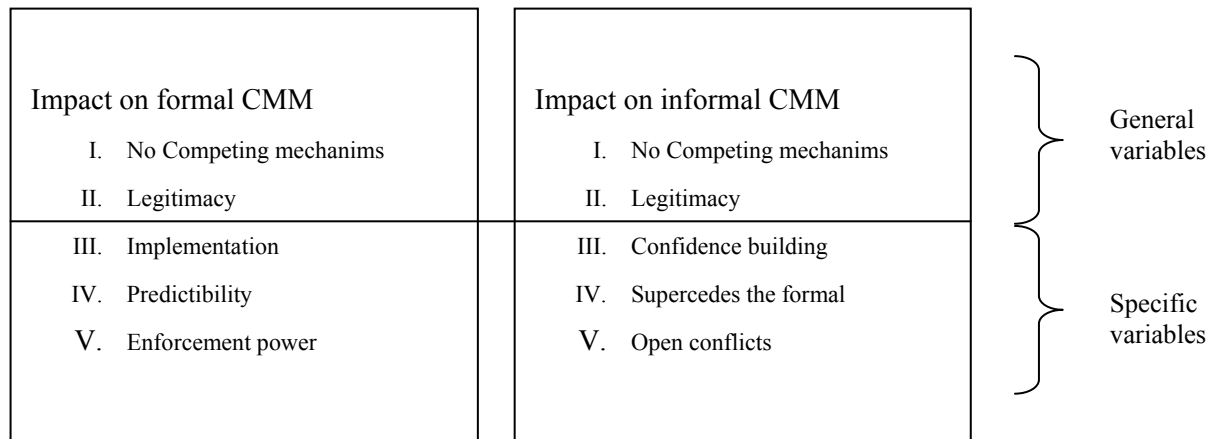
---

<sup>60</sup> The term *impact* is chosen so that the result of research question 2, which examines the *interaction*, will not be confused with the variables that are measuring the degree of impact between regional cooperation and conflict management.



Thus, informal and formal are important tools in the conflict management process for the regional cooperation structures and the member states.

Figure 2.5: Measuring the impact on formal and informal CMMs



### 2.4.1 Operationalization of measurement

In figure 2:5 there is an overview of the structure of measuring impact on the informal and formal mechanisms. When defining the different aspects of impact, there are a few definitions that are the same for formal and informal CMMs. “No competing mechanism” means simply that there is no competing mechanism in a specific field of activity, i.e. only one CMM for economic or political disputes in a specific region. A regional organization can of course impact a CMM even if there exists competing mechanisms at the regional level, but the impact will be compromised as the focus will be divided. Moreover, if there are more mechanisms that can be used, the involvement of many mechanisms tends to decrease the impact. This implies that there is not only the competition can come from alternative cooperation structures in a region, and not only from the organization that host the CMM. There is a high degree of impact if there are no competing mechanisms and a low degree if there are several mechanisms that reduce the usage of a particular mechanism. Intermediate impact is established if the mechanism is still used, but there are one or more mechanisms that compete with the specific mechanism.

Legitimacy can vary among regional organizations and CMMs. Legitimate is any mechanism that is accepted by the political elite or business community as valid for conflict management. The acceptance could, however, be more difficult to measure. If the political and/or economic elite repeatedly claims, in interviews, books and articles, that the mechanism is useful, it will be considered legitimate; in cases where there are divided views on the mechanism, it will be considered to have intermediary impact. If there is no defense for or only opposition towards the mechanism it will be considered as a non-legitimate mechanism, i.e. low impact.

In the other respects, the informal and formal mechanisms differ in their definition of impact. The regional organization has to implement the formal conflict management mechanism if it is to have any impact, this not only on paper but also in practice. It is possible to imagine CMMs that are formally implemented but have never been used. If the CMM has been fully implemented it is considered to have a high degree of impact; partial implementation, i.e. important parts of the mechanism are not implemented, is considered as having an intermediate impact and non-implementation is considered a low degree of impact. This could refer to enforcement mechanisms or other vital parts of a CMM that render the mechanisms partly or fully impractical or useless.

Predictability is important to lessen insecurity; it is especially noted as important in economic cooperation to decrease the transactions costs. In cases where companies and states can predict the outcome to some extent (law always contains an element of interpretation), the impact is considered to be high, where the outcome is due to contacts and corruption it will be considered to have a low impact. In those cases with a mixed result, it will be considered as intermediate impact.

Enforcement power becomes fundamental in the discussion of the impact on the CMM; without any enforcement power the efficiency of the formal, but not the informal, mechanism would be in grave danger from a perspective of impact. Without the enforcement mechanism, there would be limited incentives to follow the decisions.<sup>61</sup> If regional organizations gives significant enforcement power to the CMM it will be considered to have a high impact. It will be considered to have a low impact if the rules are ignored and the CMM can do nothing to enforce the regulations. A mixed relationship will be considered to have an intermediate impact.

Since the informal mechanisms are so dependent on CBMs, this has to be one of the most important points in the discussion about impact on informal mechanisms. Each informal mechanism would have to be confidence-creating if it is to have impact, since without trust there would be no states or companies that would follow the mechanism. If the confidence is created through the CMM, it is considered to have high impact, if it on the contrary creates distrust it will be considered to have a low impact. Mixed results are considered to have intermediate impact.

The informal mechanism has been criticized, due to the difficulty in studying how high a degree of impact the mechanism has had in management positions.<sup>62</sup> This makes it necessary to compare how much the informal mechanism is used in comparison to the formal. This can be done by analyzing if the informal supersedes the formal; if it does it could be assumed that the impact is

---

<sup>61</sup> It could be argued that organizations such as WTO have little formal enforcement powers, but the strength in the WTO organization is that most decisions in WTO are enforced, not by formal powers but by normative powers. Each state knows that if they obstruct the WTO decisions they will lose face and position in the international community so it is in all states' self-interest to obey the regulations, to the extent possible.

<sup>62</sup> A Senior Official at the APEC Secretariat argued that the informal mechanisms in APEC are far more effective than the records has indicted. The records in formal conflict resolution are easier to keep track of since an outcome is presented (decision), but in informal mechanisms the interaction is in many cases not registered and therefore not seen as a positive result, although it might resolve the disputes (2000-09-19).

much higher from the informal. If it supersedes the formal mechanism it will then be considered to have a high degree of impact; if it does not, the formal mechanism has to be considered to have more impact. In mixed situations it will be considered to have intermediate impact. This pattern could also be noted in the formal mechanism, but it will be sufficient to have it on one side since it is contrasted to the formal side. It is moreover much more interesting to put this variable here since it is one of the few ways we can detect an informal mechanism and measure it.

Arguably, the best way to judge the impact in the informal situation is to look at the amount of formalized (open) conflicts; if the mechanism has had a high degree of impact, there should be potential conflicts in the region that never evolved into a militarized conflict. There is no need to solve the conflict to have impact; it could be more than enough if conflicts are kept at bay. If the mechanism has succeeded in keeping conflicts at bay, it will be considered to have a high impact, whereas in situations where the conflicts have been formalized (manifest), it will have considered to be a low impact. In cases where there are mixed results, it will be considered to be of intermediate impact.

It should be noted that both formal and informal mechanisms could rate highly on some indicators and lower on others — in those cases there will be in-depth discussion on how much impact the organizations' CMM can be concluded as being exposed to. Finally there should be an awareness that regional organizations that are defined as having a low impact are still operational and carry some importance due to their existence. On the other hand, all organizations that are termed to have a high impact do have their operational difficulties regional organizations are relatively new concepts that competed with states and international organizations for power and this effects all aspects of the organization. The measurement of high, intermediate and low should therefore just be seen as a rough guide in an attempt to create a theoretical model and is a comparative, and not an exact, measurement. In cases where the formal and informal characteristics are equal in importance, the mechanism is considered to be formal, since parts of the mechanism have a high profile that makes it problematic to keep the processes truly informal.

In conclusion it should be noted how the material so far is related to the two research questions in this thesis. The definitions of both regional cooperation and conflict management mechanisms are the basis for answering the first question if regions impact regional cooperation and conflict management at large. The definitions of different cooperation, regionalism and integration structure will specify what kind of structures that has (not) interacted with CMMs. The theoretical overview in section 2.3 could not present a clear correlation between regional cooperation and conflict management, but several assumptions could be made that can offer some assistance in the process-tracing (see figure 2:4). The definitions of formal and informal mechanisms and the creation of a model to measure the impact will structure the search for an answer to the second question of what the interaction looks like and why. The combination of the

definitions and theoretical discussion will finally assist in setting up a model for the interaction between regional cooperation and conflict management. The structure developed in this section will structure the analyses in all case-studies to make the results more comparable and easier to make theoretical conclusions.

### 3. Case selection and choice of method

This chapter will initiate with the selection of cases and then move over to the choice of the method that is most applicable to study the selected cases in an effort to develop a theoretical model that can explain the interaction between regional cooperation and conflict management. Case selection is crucial to start with, since there is no appropriate theoretical foundation to stand on and the cases will provide the empirical material for theoretical development, with the method being adjusted to the population of cases and the purpose of the thesis. The approach is to select a population of cases (regional cooperation structure) that is regionally based, which will be analyzed with an appropriate method. The results will then be analyzed in the last chapter so the thesis can produce a theoretical model.

#### 3.1 The geographical region

The interest is on ongoing cases of regional cooperation in the region, and the best way to examine the process behind the regional cooperation is to analyze the region as one unit and the different-sub regions as separate units, rather than to focus on the initiated cooperation. This is done in order to understand the dynamics in the region and the possible impact the region has had on successful or unsuccessful cooperation and CMM. If the focus was on the cooperation or CMM, rather than the region or sub-regions, it could result in a failure to understand the motives behind the process of regional cooperation and the impact on conflict management, i.e. *Verstehen*.<sup>63</sup>

There are both advantages and disadvantages with limiting this thesis to a specific region. Seen from a theoretical perspective, the generalizability will be decreased, but on the other side a limited focus will increase the possibility for process-tracing (more about the theoretical implications in section 3.4). Empirically, it could be argued that a global approach would be more interesting, but the purpose of this thesis makes it more suitable to take a more limited and in-depth approach. Practitioners and scholars furthermore increasingly accept regional approaches in their studies as theoretically and operationally functional. Buzan *et al* have, for example, pointed out that international relations will in the future adopt a more regional character (Buzan, *et al*, 1998:9). This is due to the collapse of the bipolar system and the removal of the principal

---

<sup>63</sup> By employing Weber's *verstehen* ("empathy: understanding the meaning of actions and interactions from the member's own points of view") it is assumed that it is possible to increase the understanding of the intentional aspects of human understanding (Weber, 1949; 1958). Weber argued that the search for the specific meaning with an action or a process has to be central in Social Science, in contrast to Natural Science where general laws can be used to explain scientific problems. Weber points out a difference between *aktuelles Verstehen* and *erklärendes Verstehen*. *Aktuelles Verstehen* is reached directly, either through the knowledge of the rules for a certain action or through understanding for emotional expressions. *Erklärendes Verstehen* is directed against the motives behind the actor and we can only understand the action if we know the motives behind the action. *Homo economicus* is the ideal type of human behavior for Weber and he focuses on the *Erklärendes Verstehen*, i.e. reconstructive and calculable understanding of the actors rather than the *Aktuelles* type of *Verstehen*.

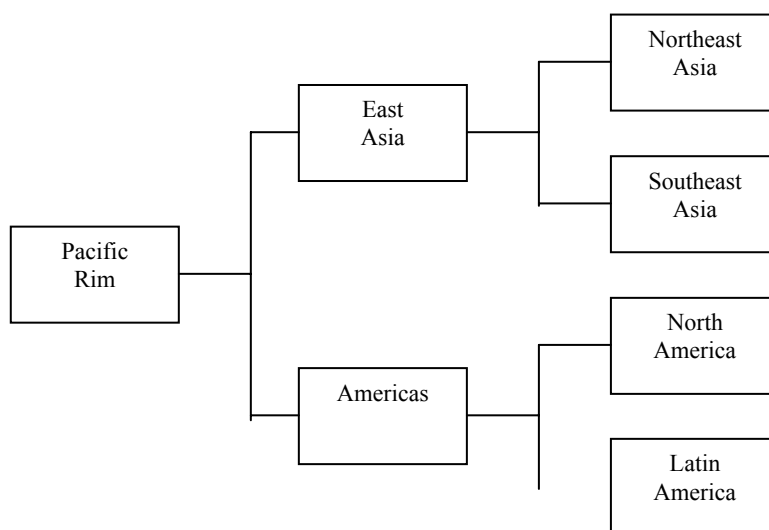
organizing forces at the global level and the ideological rivalry that followed. The General Secretary at the UN, Koffi Annan, has made it clear that UN will need to rely on regional organizations to an increasingly high extent to solve regional conflicts. This leads to the conclusion that regions will to a greater extent be left alone to deal with their “internal” problems.

This said, what is then a region? Regional definitions are, as Dixon and Drakakis-Smith noted, "notoriously difficult to establish" (Dixon & Drakakis-Smith, 1993:1). This is partly because the regions' essential character often does not coincide with their physical character (Islam & Chowdhury, 1997:3) and partly because different research purposes use widely different definitions. Hettne has pointed out that regions are dynamic concepts that change over time (1989:55), which makes the study of a region more difficult. In this section, the definition of the region and its sub-regions will be clarified and then the following section will discuss the importance of the region as the case in this thesis.

### 3.1.1 Geographical clarification

The term Pacific Rim is used here to define the overarching unit of analysis. This unit is divided into two separate sub-regions, Americas and East Asia, which are in turn divided into Northeast Asia, Southeast Asia, Latin America and North America (figure 3:1). East Asia includes all Asian nations in East and Southeast Asia that border the Pacific Ocean, i.e. have a *maritime* border with the Pacific Ocean. East Asia and Pacific Asia will be used interchangeably in this thesis. The Americas includes all states in both North and Latin America (South and Central America) that border the Pacific Ocean.

Figure 3:1: Region of analysis



This thesis has largely started with ASEAN when defining the sub-regions of Asia and the regional notion that a future ASEAN 10 is a distinct region. Southeast Asia comprises Vietnam, Burma,

Laos, Cambodia, Thailand, Malaysia, Indonesia, Singapore, Philippines and Brunei. Laos does not border the Pacific Ocean, but will be included as an actor in ASEAN due to the important notion of ASEAN 10. The inclusion of Laos does not have any real impact on the case selection or the final results.

Northeast Asia includes North and South Korea, Japan, Russia, China (and Hong Kong), and Taiwan. Mongolia has been excluded in this definition of Northeast Asia due to the fact that Mongolia does not border the Pacific Ocean.<sup>64</sup> Hong Kong will be included due to its great impact on regional business both as a part of Great Britain and China, it is however not included as an individual actor but as a powerful sub-national actor. As noted, Taiwan will be mentioned as an individual actor even though most countries, and UN, do not recognize Taiwan as a separate state but as a part of China.<sup>65</sup> This is because of Taiwan's international importance and involvement in several important conflicts. Taiwan has *de facto* controlled its own territory since the nationalist government established itself on Taiwan in 1949. Even though China and Taiwan both claim that they house the legitimate Chinese government and the conflict is a domestic one, they will be treated as two separate *political entities* due to their regional importance.<sup>66</sup> The former Soviet Union and today's Russia will be considered an Asiatic power, despite the fact that many researchers adhere to the division that the former Soviet Union/Russia is much more a power in Asia than an Asian power (Yahuda, 1996:160).<sup>67</sup>

North America will include US and Canada. The fact that this region only includes two actors will, by definition, make it impossible to establish a multilateral cooperation within the North American region. NAFTA will however be counted as North American cooperation since the primary actor is North American (US) and Mexico, as the Latin American member, is the weakest of the three members. The organization was furthermore initiated by Canada and US.<sup>68</sup>

Latin America will be defined as the Central American states and the South American states. But since this thesis is only interested in cooperation directed towards the Pacific Rim, only states that have borders towards the Pacific Ocean will be included in the study (Mexico, Guatemala, El Salvador, Honduras, Nicaragua, Costa Rica, Panama, Colombia, Ecuador, Peru, Chile). This

---

<sup>64</sup> Mongolia has been excluded in contrast to many other studies (Asian Development Bank, 1996:XIII; World Bank, 1995:248), despite the strong cultural and increasingly more important economic ties with China and the Koreans due to the geographical location.

<sup>65</sup> Of United Nations 183 members in 1992 China was recognized by 154 and Taiwan by 29.

<sup>66</sup> The term political entities will be used instead of states since Taiwan formally is a part of China and can not be referred to as a state but it has on the other hand *de facto* an independent foreign policy, domestic military and has joined several international organization independent of China.

<sup>67</sup> Russia's Far East will have an increasingly important *future* role for the Pacific region (the *oblasti* of Magadan, Kamchatka, Sakhalin, Khabarovsk *kray* and Primorsky *kray*) if Russia's Far East should stabilize and behave more as a distinct geopolitical unit separated from European Russia.

<sup>68</sup> The term American will refer to the citizen of the Americas, not to the US. In the case of US citizens they will be termed as *US citizens* and should not be confused with Americans.

definition will exclude, for example, MERCOSUR since the organization does not have three members that border the Pacific Rim. This might be considered a drawback since MERCOSUR has developed to become one of the most interesting regional integration structures in Latin America. This is unfortunate, but is a result of the focus on the Pacific Rim.

### **3.1.2 The importance of the region**

The Pacific Rim has, since 1949, been one of the most dynamic regions in the world, if not the most dynamic (WTO, 2001:170-175). It underwent — and is actually still in the process of undergoing — great political, social and financial developments but also major political and economic drawbacks that affect identities and interests. Since the financial crisis in 1997-1998, the region has been even more interesting to study in order to evaluate which impact a large-scale crisis has had on regional cooperation and conflict management; APEC has, for example, been criticized for its non-action in the region (Rosenberg, 1999). The nations in Asia and Latin America have also been involved in great political reconstructions and have had major re-evaluations of their foreign policies after the Second World War, which makes the region interesting to study over a longer span of time (Bulmer & Dunkerley, 1999 ; Centeno, 2002; Colburn, 2002; Dobbs-Higginson, 1993; Iyanatul & Chowdhury, 1997; Klintworth, 1996; Rohwer, 1996).

Some of the bloodiest and largest wars in the world have occurred in this region after 1945, but the sub-regions that have initiated regional cooperation have recently avoided further involvement in bloody inter-state wars. This does not include the often barbarous civil wars that have been fought on both sides of the Pacific Rim. The region has been involved in several large-scale conflicts and minor conflicts since 1949, especially in the early years (Sollenberg, 2001). The greatest conflicts in the region since 1945 have been: the Chinese civil war 1945-1949, the first Indo-China war 1946-1954, *La Violencia* in Colombia 1948-1962, the Korean war 1950-1953, and the second Indo-China war 1950s-1975, the Vietnam War 1950-1975. During the 1970s and the 1980s the Cambodian conflict, the Vietnam War and the Sino-Vietnamese conflict characterized the relations in Asia (Amer & Swanström, 1997). As can be seen there are far fewer and distinctively smaller conflicts in the Americas, but Colombia and Nicaragua stand out as the more violent conflicts (Nicaragua (*Contras*) 1982-90 & Colombia 1984-) (Centeno, 2002; Skidmore & Smith, 2001).

The functionalist assumption is that regional cooperation would increase peace, so if that assumption is correct we would be able to see a more peaceful Pacific Rim as cooperation increases, if disputes can be checked and the cooperation continue after initiation (Claude, 1971; Mitrany, 1966). This potential correlation between less conflicts and regional cooperation, makes it



important to study regional cooperation in this region. Many of the regional conflicts have to a large extent involved the former superpower Soviet Union and the only lasting superpower US, and in response to the struggle between the superpowers, the Cold War has been a major factor in the development of these conflicts. This makes it important to note the changes that have occurred after 1989.

In the economic arena, there have been equally important changes in the region; since the Cold War ended, a new debate has emerged that concerns the Asian challenge to Anglo-American liberalism, and to US predominance in more general terms. This is mainly centered around the emergence of Japan and China as regional leaders through the integration and cooperation between the states in East and Southeast Asia and the regional conflict management mechanisms (Berger, 1998:2; Bernstein & Munro, 1997; Hook, 1996, Richardson, 1998). Many scholars agree that there is a trend towards three competing trading blocs — the Western Hemisphere, centered on the US; Europe, centered on the EC; and Pacific Asia, centered on Japan and China (Bhagwati; 1992; Frankel, 1993; Krugman, 1991; Lawrence, 1991). In a similar fashion, there are increasing fears over trade disputes between the major states in the Pacific Rim, i.e. US, China and Japan. These assumptions of increased tension and conflicts, make the area important to study for people focusing on conflict management theories.

There are conflicting views on how economic cooperation impacts. It is, for example, claimed that such cooperation could create better conflict management mechanisms (liberal theories), but also that economic development creates conflict over resources and environment (realist theories). The economic development that has occurred is widely known, but it is harder to predict the effects the economic development will have on the environment and on the resource base in the region. Will there be an environmental conflict or conflicts over the resources in the region, and is there any functioning conflict management process that could deal with these conflicts? The Pacific Rim incorporates the three largest economies in the world (US, Japan and China) and the tensions between them are increasingly clear. Trade disputes have been apparent between the different states, especially between US-Japan and US-China. A great deal of the scholars and practitioners that argue that a conflict in the region will emerge, base their argumentation on the economic competition and the tension this will create between the financial superpowers (Fallows, 1995; Freidman & Lebard, 1991; Song *et al*, 1996)).

For example, China's population of 1.2 billion amounts to 21 percent of the world's population, but they only possess 9 percent of the cultivated land, 2.4 percent of the proven global oil reserves and 1 percent of the gas reserves (Zhao, 1996:6). After 1996 the population has gone up and the oil and gas reserves have gone down. Some predict severe problems for the region due to the discrepancy between resources and needs (Chang, 2001; Swanström, 1999; 2001), but others emphasize the bright future of the financial giant China (Taylor, 1996). It has been argued that

economic progress will turn China into a modern economy relatively fast and it is believed it will outpace economies such as Japan and EU in 10 to 20 years. In contrast to this, in a study released in early 1995 by the US Defense Department, half of the panel of China experts argued that China would experience a “Soviet-style break up” within seven years after Deng’s death (Halloway, 1995:14-15). Whether China's economic situation is going to be strong or weak, motivates a closer look at the economic factor in relation to regional cooperation. The Chinese situation is to a lesser or greater degree transferable to the situation of the other regional actors. There have been suggestions that cooperation, especially in the economic field, could create conflicts over the above-mentioned resources. But there have also been indications that the financial crisis during 1998 has created more cooperation in several fields and that China’s cooperative behavior has increased (Swanström, 2001). Southeast Asia’s willingness to include China in the established regional cooperation structures, in both political and economic aspects, has therefore worked to increase the cooperation between states. A true globalization effort regionally and internationally has been seen as a utopia by many researchers, and regionalization has emerged as the building block towards a more secure and financially solid interaction between states (Arndt, 1994; Berger, 1998; Cooper, 1994).<sup>69</sup>

The political transformation made the fundamental changes possible through the decolonisation of Asia that was initiated after the Second World and ended with the return of Macao to China in the year 2000. Latin America and North America were not as affected by the decolonialisation in the 1900s, but have been sympathetic towards the decolonialisation process. This decolonisation process has had an important impact on the regional integration and international affairs. The beginning of the decolonisation marked a new era for Asia and an increasing importance for the region in international business that has made the Asian region one of the most important economic areas today. The decolonisation also created identification *against* the former colonial powers among the Asian states, but not necessarily a regional identification. Now, when Great Britain, the last colonial power, left Asia, new identifications and reasons for cooperation could take place (Vines, 1998; Yahuda, 1995; Yeung, 1998).

There has also, in accordance with the decolonisation and the emerging regional integration in Asia, been a debate concerning the impact of Asian values and Asian identity in the emerging regional integration and conflict management process (Anwar, 1996; Katzenstein, 1996b; Mahathir & Shintaro, 1995; Mahubani, 1998). Huntington has claimed that a culture-driven outlook of international politics and regional cooperation prevails internationally (Huntington, 1996:34,

---

<sup>69</sup> 61 percent of the world trade takes place within regional arrangements such as PTA, FTA, etc in 1996 (Bergsten, 1997:13). In 2000 APEC had 46% of the world trade within its established FTA and the figure for how much of the world trade is traded in a regional arrangement has increased as PTAs and FTAs are increasingly common (WTO, 2001:25, 170-175).

209).<sup>70</sup> This would indicate that conflict management in Asia and the Americas is based on specific cultural and racial factors (Berger, 1998:15). Funabashi argues in direct response to Huntington that:

"the economic and cultural dynamics in the Asia-Pacific...suggests that in at least this region, economic interdependence and cross-fertilization among civilizations can perhaps transcend the barriers of race and ideology" (Funabashi, 1995:10-11).

Leung and Tjosvold have pointed out direct differences in the conflict management culture within Asia and the Pacific (1998). Other researchers, such as Salacuse, have pointed to the possibility that there is less of a cultural difference between negotiation cultures, and that other factors are more important (1998), which could affect the management functions. There is no similar debate in the Americas, although it could be argued that the cultural similarities make it easier to cooperate. But if culture is important in Asia, it could be assumed that it is also important in the Americas. Centeno claims that the Latin American culture has affected the region positively when considering inter-state wars (2002). Moscoso, on the other hand, has claimed that the Latin American culture is the reason for the lack of prosperity in Latin America (1988:83). Those arguments indicate that culture will play a role, but not what role.

The debate in Asia, and increasingly other regions, suggests that Asian states deal with their interpersonal and institutional relations differently than western states would do (Leung & Tjosvold, 1998). Some researchers have established that the manner in which market-based cooperation has been conducted in Asia Pacific has been greatly different from the institutionalized cooperation and integration in Europe and North America (Drysdale & Garnut, 1994:48). This could imply that the regional cooperation in Asia impacts the conflict management mechanism in a different manner than in the West. This assumption creates a new problem as most theories are created by Western scholars or at least in Western institutions and could reflect a cultural bias. This thesis, which uses mainly traditional Western theories, will be observant for cultural impact and if possible include these traits in the model. A part of the puzzle is that the West and Western controlled organizations (EU, US, WTO, etc) have criticized the form of regional cooperation and the conflict management mechanism in Asia for being too informal and unstructured to be able to function effectively. Due to the comparative nature of this thesis it will be possible to compare the different regions to see if culture plays an important role and if the critique is justified.

---

<sup>70</sup> Huntington claims that states "cooperate with and ally themselves with states with similar or common culture and are often in conflict with countries of different culture" (1996:34). It might be appropriate to point out that Funabashi reacted to the article Huntington wrote in 1995, the quote from Huntington is from the book Huntington wrote in 1996 to further develop his arguments.

### 3.1.3 Variation in the regions

The development of regional cooperation in the different sub-regions has distinctly differed in each region. The resolution of the Cambodian and Sino-Vietnamese conflicts during the beginning of the 1990s was the start for an intensification of the regional cooperation in Southeast Asia which had already started in the 1960s with "The Association of South-East Asia" (ASA), Maphilindo and the later "Association of Southeast Asian Nations" (ASEAN) (Askandar, 1996; Kroef, 1963:641-643; Palmer & Reckford, 1987; Starner, 1964:335-337). The cooperation in Southeast Asia has been more informal and non-institutionalised than in many other regions. The cooperation in Southeast Asia has developed in a positive direction, with more confidence building measures (CBMs) and a more integrated regional market.

Canada and US initiated the Canadian-US Free Trade Area in 1988 that later developed into NAFTA in 1989 (Mattli, 1999:179; Milner, 1998:19-41). North America was therefore relatively late to develop an organization for regional cooperation focused on the region. This could maybe partially be explained with the great power presence of US in this region and the relative lack of interest in cooperation. NAFTA has, to a very great extent, focused on economic cooperation and liberalization with a considerable degree of institutionalization and formality, in contrast to many other organizations that will be studied.

Latin America initiated several regional cooperation projects much earlier than North America (Gran Columbia in 1948 and Central American Common Market (CACM) in 1960); this has, however, not been as successful as the North American cooperation (Mattli, 1999; Plank-Brumback, 2002; Stephenson, 1998). The integration of the region and the creation of a regional identity have however been significant through, among others, Mercosur, LAFTA, CACM and the Andean Pact. The focus has been on economic cooperation, but wider cooperation has been implemented with various results

Northeast Asia, alone of the regions, has not had a positive development of regional cooperation, on account of different reasons that will be studied in the case studies. There exists only a minimum of regional cooperation in Northeast Asia and the conflicts between the states in this specific region have to a lesser degree reached a successful resolution than in the rest of the Pacific Rim even though the impact from a conflict management mechanism is debatable (Xia, 2001). What, however, can be seen is that the economic integration has increased dramatically in Northeast Asia even without strong regional organizations (Fruin, 1995; 1998). The lack of regional cooperation and total absence of multilateral dialogue between the regional leaders in combination with relatively high economic interdependence makes Northeast Asia unique in this study.

At a transregional level OAS developed early to manage regional conflicts in the Americas. The foundation of OAS goes back to the late 1800s (Moore, 1971:131). Asia started out later

during the Cold War with SEATO and ARF which both focused on the rise of communism and how to prevent it. The first attempts, both in the Americas and Asia (OAS and SEATO), were led by US and focused on military relations. ARF, on the contrary, has no clear leadership and a much less focused target and APEC is an economic organization with a weak political interest. There has been a change from military to economic and a wider sense of security in combination with weaker leadership that has made it interesting and potentially very important to study the region.

It has been implied that regional cooperation and integration could influence the level of peaceful conflict management and conflict resolution. In this thesis there are variations both in cooperation and the conflict management mechanism, which enable us to study this correlation. The political motives behind ASEAN and other regional organizations have been widely discussed and we can see that security and peace have been two of the major factors behind regional cooperation and in the long run regional integration, but economy has been the strongest driving force for increased regional cooperation. Variation in political and economic organizations and argumentation for creating the organization is high, and will enable us to study if there is a difference between economic and political organizations.

With this regional division, this thesis will cover variations in the success rate, structure of the organizations, conflict management mechanism, membership, formality of the organization, regional identification and cultural backgrounds.

### ***3.2 Selection of regional cooperation structures***

There have been several attempts at regional cooperation and many are still in progress or in the process of being implemented. It would not be too bold a move to claim that the majority of all cooperation structures in the world after 1950 have been initiated in the Pacific Rim region, if we are to include national and sub-national cooperation.<sup>71</sup> The industrialized world might have more efficient organizations, but in number they are far behind. Africa is argued to be the second most organization-dense region with over 200 regional organizations compared to 50 or so in Europe (Laporte, 1995:68). There are, however, clear differences in form and structure in these examples

---

<sup>71</sup> Examples of establishing multilateral regional cooperation are the Association of Southeast Asia (ASA) in 1961 and Maphilindo (Malaysia, the Philippines and Indonesia) in 1963, ASEAN since 1967, and the Indochinese cooperation from 1979 to the late 1980s (Askandar, 1996; Kroef, 1963:641-643; Starner, 1964:335-337; Palmer & Reckford, 1987). Examples of multilateral economic cooperation can be seen in the 1990s with Asia Pacific Economic Cooperation (APEC), the move to implement the ASEAN Free Trade Area (AFTA) and the proposed East Asian Economic Caucus (EAEC) (Sheldon, 1994). Examples of multilateral strategic cooperation are the South-East Asian Treaty Organisation (SEATO) from the mid-1950s to the mid-1970s, the Five Power Defence Arrangement (FPDA) since 1971, and the ARF since 1994 (Acharya, 1993; Anatolik, 1994; Leifer, 1996; Lyon, 1965). The creation of OAS and the development of the organization (Moore, 1971; Stephenson, 1998), for NAFTA (Mattli, 1999; Milner, 1998; Schott, 1989) and for the Latin American organisations see: Bulmer-Thomas & Dunkerley, 1999; Hansen, 1967; Mattli, 1999.

of cooperation, which makes a distinction between them important. To increase the comparability, it is also necessary to look more in detail at what form of cooperation is studied in this thesis.

It is not possible to analyze all aspects of regional cooperation in the Pacific Rim, neither is it appropriate since the variation in the purposes and structures would make an analysis of the linkage between regional cooperation and conflict management impossible. Regional organizations stand out as the most appropriate object of analysis since they are the most high-profile objects in regional cooperation, as well as on account of the political and economic costs involved in creating such an organization. Regional organizations are moreover considered as more appropriate than other forms of regional cooperation when dealing with conflicts (Abbott, 1985; Trachtman, 1999).

### **3.2.1. Criteria for selecting organizations**

This thesis will need clear definitions of what kind of regional organization it will study, since there are potentially a few hundred regional organizations in the Pacific Rim. Most of them are clearly not of interest in this context, being concerned with kite flying, culture or the martial arts rather than conflict management. In this section, the criteria for selection will be discussed in general terms and in Appendix I there is an overview of the organizations in Asia that could be argued as being of interest, and why they have been included or excluded. The organizations *per se* will not be discussed in the case selection process, but rather the characteristics behind the organizations.

A basic definition is that a regional organization has to be independent of other regional organizations. ASEAN Free Trade Area is, for example, considered to be a part of ASEAN and therefore will not be dealt with as a separate organization.

#### **3.2.1.1 The structure of cooperation**

The selection is problematised because the emerging cooperation in the Pacific Rim is predominantly of *informal and horizontal* character rather than *vertical and institutionalized*. This study will exclusively deal with formal/institutionalized multilateral cooperation (Sections 3.2.1.2; 3.2.1.3). This does not exclude the impact from informal integration and regionalism.

The defining concept of the Pacific Rim economic regionalism, in contrast to other regions, is *open regionalism* according to Garnut & Drysdale (Garnut & Drysdale, 1994:2).<sup>72</sup> Open regionalism makes the concept of regional cooperation more difficult since it encompasses

---

<sup>72</sup> See section 2.1.2 for a development of the concept of open regionalism.

integrative processes without any discrimination against, or exclusion of, outsiders.<sup>73</sup> The natural concept becomes *market integration* and a natural growth is to be expected even without governmental support for public goods that facilitate international trade within an expanding region. The structure of open regionalism makes it more difficult to define where the exact borders of a particular example of cooperation are expected to be, not in terms of members but rather in content. This makes it harder to judge whether the focus is on the Pacific Rim region or if it has a greater aim.<sup>74</sup>

Since the interest is in both vertical and horizontal cooperation, the only limitation in the selection of cases will be that all cases that are not institutionalised or have other actors than political entities will be excluded (Section 3.2.1.3; 3.2.1.4).

### **3.2.1.2 Multilateral cooperation in the Pacific Rim**

This thesis will be limited to *multilateral regional* cooperation which is defined as cooperation between three or more actors from the same region. Cooperation with actors that incorporates more than two sub-regions will be defined as belonging to the larger region, the only exception to this being NAFTA.<sup>75</sup> This will also eliminate cooperation with less than three actors from the Pacific region such as Mercosur. The bilateral cooperation and economic flows, are on the other hand, "far from random and exhibits remarkable stability over time" (Petri, 1994:108). This makes it difficult to understand the multilateral cooperation without reference to the bilateral transactions and interaction in the region.

The thesis focuses exclusively on the *Pacific Rim* region, as defined in the prior section, this usage of regional cooperation excludes organizations such as United Nations (UN) or Organization of the Islamic Conference (OIC) since although those organizations certainly have more than three members from the region, their focus is international rather than regional.

Another limitation is that multilateral cooperation between states that is a part of a larger form of cooperation, is considered a part of the larger organization, an example of this being the

---

<sup>73</sup> Summers has shown that Europe and North America has a much higher degree of internal trade intensity than the geographic neutrality would predict. Asia and Asia Pacific is to a lesser extent a natural trading or political block even though a high degree of the trade is internal. (Summers, 1991, Summers, 1994:196-197) (see also Krugman, 1994:171).

<sup>74</sup> Garnut & Drysdale claim that India and South Asia will soon be a part of the Pacific Asia economic regionalism due to the internationally oriented economic reform in the region "unless retreat into old-style discriminatory regionalism in the established Asia Pacific economies came to limit the opportunities for newcomers" (Garnut & Drysdale, 1994:3). It is clear that India and the South Asian region is an important actor, as is EU, but due to the geographical limitation South Asia will be excluded in this thesis.

<sup>75</sup> This is due to the strict focus on North America and especially US. The organization is moreover a direct development of the Canadian-American Free Trade Area (CUSFTA) and is negotiated according to North American (Canada & US) desires and demands.

ASEAN-Mekong Basin Development Cooperation. Regional cooperation that is initiated by parts of a political entity such as the emerging sub-regional economic zones, known as growth triangles, that only partially includes a political entity but is endorsed by the national government will also be excluded (Chen & Kwan, 1997)(see section 3.2.1.4).

In an emerging post-Westphalian world where the nation-state loses in importance, sub-state actors (regions, localities, enterprises or economic and administrative units) engage more directly in international and regional affairs and sometimes bypass the nation-state (Medvedev, 1998:90-91). Maritime Southeast Asian Economic Zone and South China Economic Zone are two examples on this new emerging regional cooperation (Thant *et al*, 1994; Toh & Low, 1993). This new form of post-Westphalian cooperation is especially interesting since it weakens the national state, and prior to the ending of the Cold War has been almost non-existent due to opposition from the national state, but is excluded since we are concerned with state-based organizations.

### **3.2.1.3 Formality**

The thesis will only focus on the cooperation that has been *formally* initiated by a *government* in order to exclude large-scale cooperation initiated by organizations but supported by governments such as Multinational Corporations (MNCs) (Hatch & Yamamura, 1996) and culturally based cooperation such as the so called Bamboo Network which knits the Chinese together in the region (Weidenbaum & Hughes, 1996). Huntington and Widenbaum's reductionist approach to culture could imply that culture or race, such as the Chinese culture would work in an integrative manner (Weidenbaum, 1993:2-3; Huntington, 1996). What can be seen is that China's reach in the region has to a certain extent increased through the *Huaqiaos* (overseas Chinese) but due to great disparities within the mainland (China) on how to use the *Huaqiaos* for a political or economic purpose, and the failure of China to get support from the *Huaqiaos*, it is hard to see any close and formal cooperation between China and the people of Chinese origin in other countries. There is certainly a great deal of cooperation between the Chinese in the region, but this is mainly based on informal or business agreements and is on a non-governmental or regional basis (Seagrave, 1995). To avoid including these informal networks, the focus will exclusively be on formal cooperation, even though some discussion will be necessary, especially in Northeast Asia where there is no formal cooperation. It should be pointed out that this limitation is only for selecting cooperation structures and that this thesis will look at informal conflict management structures and mechanisms.



### 3.2.1.4 State-based cooperation

A increasingly large number of regional cooperation structures has been created by non-state actors, such as regions, multinational companies, etc. but these attempts are outside the scope of this thesis and the focus will solely be on cooperation controlled by state actors. Since the thesis is concerned with international subsystems rather than the cooperation between sub-national units, growth triangles (GTs), which are a collection of sub-national units, will be excluded. This does not indicate that those units are of less relevance; on the contrary, such units will be increasingly important in the development of regional cooperation and economic development. This thesis will nevertheless only include cooperation that includes the state as a whole, in contrast to cooperation that focuses on a limited geographical unit within the state, in order to achieve a population of cases that are comparable. The reason for limitation is that the dynamics within the sub-national cooperation are perceived to be very different from the national cooperation (Chen & Kwan, 1997; Ohmae, 1995; Sung *et al*, 1995; Thant *et al*, 1998) and that the theoretical framework would have to be argued from a different angle. Since it is not the purpose of this thesis to make a comparison of regional versus sub-national cooperation GTs and other sub-regional cooperation, the latter type of cooperation structures will be excluded.<sup>76</sup>

### 3.2.1.5 Implementation capability

Implementation capability is defined here as the capability to act (make decisions and implement them) independently of other organizations and national entities, even if not in all aspects of the organization.<sup>77</sup> This could be done through a secretariat or any other organizational structure within the regional organization that can act without the involvement of other actors.

The implementation capability of the organization is important both from the perspective of case selection and from a more theoretical perspective. It would be difficult to discuss a conflict management mechanism (CMM) in an organization without implementation capability since the possibility to act independently is fundamental for the CMM process. The implementation capability will also simplify the selection process of cooperation cases, since the majority of regional organizations do not have implementation capability of their own, but rely on the states for decision-making and implementation. The level of reliance on the state could be difficult to determine and in each of the cases the independence from the state will have to be discussed to

---

<sup>76</sup> Sub-national cooperation is increasingly important and the exclusion of this form of regionalism is purely theoretical and is not based on the importance of the different forms of regionalism. For more in-depth discussion on sub-national cooperation see: Chen & Kwan, 1997; Kwan, 1997; Sung *et al*, 1995; Thant *et al*, 1998; Yuan, 1997.

<sup>77</sup> This is similar, but in operationalization different, to one of the variables of effective formal efficiency: enforcement. The implementation capability refers to the possibility to make the decisions and then implement the decisions, but the enforcement power refers to the capability to enforce the decisions and the legal consequences of this.

establish if the selected case truly has an independent implementation capability. It is, however, clear that no regional organization is independent of the nation-state, but that independence is a matter of degree.

Haas (1983) & Hasenclever *et al* (1997), have also made the distinction that international regimes and institutions (organizations) are not the same since the possibility to act does not exist in international regimes whereas international institutions have acting power (1997). This is an important distinction in this thesis since the focus here is on regional cooperation and not international regimes, though the existence of regimes (and manifestations) such as ZOPFAN and SEANWFZ is important. The organizations included and excluded will be, as mentioned earlier, arranged in Appendix 1.

### **3.2.2. Comparability and variation in the cases**

It is important to point out that the comparability of the cases is high since they are all from the Pacific Rim region and they are regional organizations (excluding regimes and sub-national cooperation). All organizations have a CMM, although these might vary in formality and efficiency, and they are all large institutions that focus on questions of great importance for the actors involved.

There are, however, some differences in age and focus between these organizations. Some regions might have an overweight of political organizations and some of economic organizations. There is also an overweight for organizations created in the 1960s. This could be somewhat problematic, since this is nothing that could be controlled for due to the limited population of cases.

The variation is, however, also secured as both highly successful and less successful forms of cooperation are included. The level of efficiency and formality of the CMM also has a great degree of variation built into the case selection. Finally, there seems to be a regional variation that is interesting to note, and organizations seem to work better in some regions than others, the reason for which is still to be revealed.

As described earlier, the *focus* on state-based cooperation will create some comparability in the organizations, but there will however be variation in the sovereignty aspect of the involved organizations. The existing treaties concerning regional cooperation, especially in Southeast Asia, point out that the internal questions (problems) that arise will be dealt with internally and external powers should abide by the non-interference principle that is agreed upon.

“In their relations with one other, the High Contracting Parties shall be guided by the following fundamental principles:

- a. Mutual respect for independence, sovereignty, equality, territorial integrity and national identity of all nations;
- b. The right of every State to lead its national existence free from external interference, subversion or coercion;
- c. Non-interference in the internal affairs of one other;”..(ASEAN, 1976).

This could indicate that the forms of regional cooperation and CMM that exist are not created to affect the internal situation to any greater extent. OAS is the only organization in this study with powers to intervene in internal disputes, but not to the extent that OSCE has been given (Zellner, 2002:15-26). Eliasson & Rydberg have pointed out that the European experience is unique, as the only region that has given an organization (OSCE) an explicit *carte blanche* to penetrate the national sovereignty (1988:43).<sup>78</sup> What does point to a change in policies in Asia, is the transnational and sub regional cooperation that has developed in the region and that lessens the importance of national actors in the economic sphere of interest (Chen & Kwan, 1997; Ohmae, 1995). It is obvious that transnational cooperation between sub-units of states has increased in the 1990s, which points to a new way of dealing with regional cooperation after the end of the Cold War. Officials in Thailand even proposed in June 1998 that ASEAN should have the power to interfere in certain internal questions in order to expand the regional cooperation (SCMP, June 23 1998). This indicates that the earlier focus on non-interference might be weakened in favor of integration into ASEAN. The impact new processes have had on the *old* organizations, might be important for the CMM.

It is *regional* cooperation in the *Pacific Rim* that will be studied in this thesis. Although there are certain institutions in the Pacific Rim region that expand beyond the geographical extension in terms of membership (such as ARF), they are very important for the development of the regional cooperation in the region and will be included here as long as the focus is regional.<sup>79</sup>

The regional limitation is necessary in order to be able to study changes in the regional structure. It will be possible to compare in a reliable way the results over a certain period of time. As only a few cases emerged from the selection process (see appendix I) it is not possible to

---

<sup>78</sup> The OSCE experience is very interesting and differs widely from many of the other regional organizations, in depth, function and mandate. It is a possible draw-back of this study to exclude this organization, but the European experience has been markedly different from the world at large and if any interesting results should be gained it would have to be necessary to compare Asia to Europe in an in-depth study, and this is not the purpose of this thesis. For a more in-depth study of the OSCE see: Möttölä (1997) for the institutional and functional aspects; Bloed (1997); Pentikäinen (1997); Tongeren *et al* (2002) for conflict prevention aspects.

<sup>79</sup> An example of an institution that includes external members but that is crucial for the regional cooperation and stability is ASEAN Regional Forum which was created for conflict management and can prove itself very important for the region in the future. The members are now 21: the ten ASEAN members, Australia, European Union, United States, India, Japan, Canada, China, New Zealand, Papua New Guinea, Russia and South Korea.

conduct any other study than a qualitative one, in this case using a comparative process-tracing method (more in section 3.4).

### **3.3 Time period**

The thesis will analyze regional cooperation and its impact on the CMM in the Pacific Rim after the Second World War to 2002. This is a logical limitation of time because of the decolonisation in Asia after Japan was defeated. The decolonisation started to gain momentum directly after peace was made and due to this, and a few other historical reasons, several governments were established in the next few years.<sup>80</sup> Latin America also started to improve its international influence and North America became the most powerful region in the world after the European “civil wars” (WW I–II) and collapse. This was the beginning of the creation of the Pacific Era built on the ruins of the Atlantic era.

As mentioned earlier, the focus of this thesis will be on the development of regional cooperation during the 1990s until 2002, but in order to understand the situation of regional cooperation today, it will be essential to study the development of bilateral ties and multilateral institutions from the start of the regional cooperation after the independence of the Asia Pacific nations.

### **3.4 Methodological framework**

This thesis encompasses many interconnected aspects which means that a multidisciplinary approach will be used, including political, economic, psychological etc. aspects in order to achieve the *overall* aims of this thesis. Important to keep in mind when discussing the methodological problems, is that this thesis aims at generating a theoretical model to fill the current gap in the theoretical literature, but also to give an empirical understanding of the situation. It is thus essential to discuss and clarify a few key methodological concepts in this chapter, such as the methods of interviewing and other qualitative methods used in social sciences around which there has been a lack of discussion, to avoid methodological bewilderment that could affect the theoretical quality. It is also necessary to discuss the impact of such concepts on the empirical validity and reliability of this thesis.

The thesis will be a process-tracing study with qualitative comparison of the different time periods of the regional cooperation in the Pacific Rim. Process-tracing refers to the careful analytical process of variable interaction and the links between the dependent and independent

---

<sup>80</sup> For more information about the effects of the Second World War on the decolonisation and the creation see: Chamberlain, 1999; Cotterell, 1993; Hackett, 2001; Ienaga, 1978; Keegan, 1989; Spector, 1985.

variables (Ohlson, 1998:4). A qualitative method has been chosen to study the region, partly to be able to understand the background of the actions taken, and partly because there is no reliable material available to study the region with a quantitative method. The lack of a large amount of comparable material makes an in-depth qualitative study preferable, since qualitative methods enable the researcher to search for facts and material that are not quantifiable with a strict experimental method. The qualitative methods are also better equipped in tracing causal mechanisms and identifying left-out variables (Bennett, 1997). This is essential as the theoretical framework has given us little guidance in explaining the correlation between regional cooperation and CMM. The quantitative method also has a problem in explaining causal dependence; it is more focused on the correlation, i.e. the quantitative method can show that there is a correlation between the independent and dependent variables but is in many cases unable to explain why (Bennett, 1999; Mahoney, 2000). By using a few cases with many variables, it is intended to show why and how certain actions have occurred and to develop a coherent theoretical hypothesis, rather than to explain a general phenomenon.<sup>81</sup>

The structure of the thesis will rest on a multiple-case (comparative) study that will be analyzed in a cross case analysis based on a case study method that Yin has developed (1984). Each case study will consist of the different cooperation structures in the Pacific Rim and the sub-regions as independent case studies. The weight of the single cases might differ from period to period, since cooperation and the conflict management mechanism might not be independent of the regional or sub-regional situation. In each of the cases, attempts will be made to try to draw cross-case conclusions at a regional level. This approach will then be repeated in the final conclusion and if possible a theoretical model for future studies will be presented. This approach is very well positioned for theory-generating studies as it gives large room for process-tracing and searching for left-out variables. The search for left-out variables is important, since the assumptions in the preceding chapter are based on neighboring theories and might not be perfectly matched.

The level of analysis will be a mixture of both macro and micro level to allow an understanding of the complex interaction between the different levels of the analyses. Tilly has pointed out the drawbacks in focusing on a single model (Tilly, 1997). Swanström has also pointed out the drawbacks, in a study of China's foreign policy, in focusing on a single level of analyses and the importance of a broader focus (2001). The micro and macro level are closely interconnected by flows of communication, patron-client relations, increased globalization and the relative openness of information.

---

<sup>81</sup> There has been an intense debate over the relative merits of quantitative and qualitative methods, although this has become more sober in the last years when most researchers have come to the conclusion that both methods are epistemologically clear and that both methods play a crucial role. For interesting methodological discussions see: Campbell, 1975; Goldstone, 1997; Goldthorpe, 1997; Katznelson, 1997; Keohane *et al*, 1994; McKim *et al*, 1997; Munck, 1998; Ragin 1987; Ragin & Zaret, 1983; Skocpol, 1984.

### 3.4.1 Case studies

The case study method will create problems as the information needs to be organized in such a way that pattern-matches can easily be distinguished with a high degree of validity, reliability and reproducibility, even with a small number of cases when comparing the different time periods (Collier, 1991:14; Lieberson, 1991; Yin, 1984:41-45). This creates a problem with "many variables, small N", as Lijphart puts it, which could potentially create a methodological problem (1971:686). Both Lijphart and Nagel have claimed that the comparative method is the second best after a statistical analysis (Lijphart, 1971:684; Nagel, 1961:641), even if others have pointed out that there is a difference in focus not in efficiency (Bennett & George 1999; King *et al*, 1994; Mahoney, 2000).

The reasons that this study will be a multi-case comparative study, rather than a statistical or single case study, are that even if all existing observations of all attempts to regional cooperation in the Pacific Rim region were to be used, it would not be possible to measure these with statistical methods. This is due to the great variety of variables and the low number of observations. There is, however, an understanding among critics of the qualitative method that the strength in the comparative method is its explanatory power when there is a lack of material and the questions "how" and "why" have to be answered (Lijphart, 1971; Nagel, 1961). Moreover the qualitative method allows the researcher to search for explanatory variables in a freer fashion than with quantitative methods, and is less dependent on statistically comparable data. The single case study method will not be used since the interest is here to gain a wider knowledge beyond the single case and to develop a theoretical model that could be said to function beyond the single case.

Lijphart also points out that the approach chosen for this thesis is well suited for area studies due to the cluster of characteristics that an area has in common, and that this could be used as a control mechanism for random variables (1971:688). Comparability is not inherent in a region but is much higher than in a randomly selected cluster of states. What has been perceived as the need for a more qualitative study to understand the underlying variables will benefit from a more regional perspective since this would add to the reliability and validity of the thesis.

Yin has claimed that case studies are preferred when the researcher is supposed to answer "how" and "why" questions, when the researcher has little control over the events (in contrast to experimental methods), and when the focus is on contemporary events within a real-life context (Yin, 1984). This research area is a field with little control over the events, and access to the material is highly problematic. In an attempt to counter the lack of control over the events and the lack of primary material, there is a need to use a large amount of secondary material and interviews with people involved in the events. Since interviews and secondary material will be used, a comparative method to study the events is preferable since statistical methods are unsuited

to dealing with interviews and “softer” data. Interviews will create problems with replicability, which will be discussed in section 3.4.2.1.

The main purpose in this thesis is to understand the situation, to explain the factors behind a specific problem and to develop a coherent theory to understand the process; this is best done with in-depth case studies (Yin, 1984:13) and since the possibility exists to use all existing observations in the region chosen, the validity of the study will be sufficient. There has been severe criticism of comparative studies and case studies due to the lack of statistical analysis, which could be seen as lack of rigor in the scientific process (Liebersohn, 1991), but also great support for case studies in the process of theory development (George, 1979; Lijphart, 1971:691). George argues that a case study stimulates the imagination in order to find new problems and to identify new theoretical approaches that were not previously apparent (George, 1979:51). Due to the lack of theories that explain the link between regional cooperation and CMM, an explorative approach has been used in the theory construction — after the evaluation of the case studies — to create a theory that correlates with the established results.

There has to be some differentiation of the small-N method that also needs to be studied since methodological problems could easily affect the usefulness of the theoretical outcome of this thesis. The focus will be on the three most common approaches that are used in small-N studies; Nominal, ordinal and within-case studies (Mahoney, 1999; 2000).<sup>82</sup> There are important differences between the methods that will have to be specified if one is to make a proper categorization.

Nominal comparison uses categories that are mutually exclusive and collectively exhaustive. Nominal comparison can be used as a first step in causal investigation to conceptualize variables as nominal categories in order to make a rough assessment of whether there is a rough match between potential explanations and outcomes (Mahoney, 2000). Nominal could also be used when the focus is on eliminating competing explanations, based on the logic of sufficient and necessary conditions. This is one of the approaches that will be taken in this thesis. There are however several problems with nominal method; it can, for example, sometimes be too deterministic in its approach. This is problematic when identifying necessary and sufficient conditions; take for example the case of drunken driving. It is apparent that drunken driving is neither the necessary or sufficient condition for an accident, but it exemplifies the limitations of the method, since drinking offers some explanation of accidents but not in terms of necessary or sufficient conditions.

---

<sup>82</sup> There is intense debate over the underlying logic of inference between the three different models and which strategies of causal inference that are used by researchers (Mahoney, 2000:387-388). Mahoney has pointed out that the dispute over the usefulness is raging (Goldthorpe, 1997; Liebersohn, 1991; 1994, Nichols, 1986; Ragin, 1987; Savolainen, 1994; Skocpol, 1984,1986), but also to the question if these methods are even used by small-N researchers (Goldstone, 1997; Katznelson, 1997). The second problem Mahoney points out is whether small-N research and large-N research share the same logic of inference (King, *et al*, 1994; McKeown, 1999; Munck, 198;). In this section both problems will be addressed, even though the focus will be on the problem of inference.

The nominal method exemplifies how researchers have tried to use quantitative method to improve qualitative method. King, *et al*, (1994) regard those attempts as the most important. McKeown (1999) & Ragin (1998) argue on the other hand that researchers should be more cautious in using quantitative method for informing small-N research practice (Mahoney, 2000).

The ordinal method seeks to establish causation by studying the relationship between explanatory variables and outcome variables. This is done by ranking cases in several categories based on the degree to which a given phenomenon is present (Mahoney, 2000:399). The method of ordinal measurement is not deterministic, in contrast to the nominal method, and takes into account that less than perfect correlations can be caused by causal factors, measurement errors, etc. This makes it interesting to use in a process-tracing exercise. The drawback is that to prove that a causal variable can be exempt, the researcher has to prove a non-association between values on the causal variable and values on the outcome variable.

Both methods above have drawbacks in their application of cross-case methods, which this thesis will be using. The within-case analysis is a method specifically designed to compensate for this limitation. The most common method is pattern-matching and process-tracing. Campbell (1975) and Mahoney (2000) have both pointed out that pattern-matching is valuable if the researcher is to falsify a hypothesis. Since most of the theoretical framework is based on process-tracing this approach will be used, although ordinal methods will also be included when needed.

It should be noted that all three methods shall be used in this thesis to enhance the quality of the results. There is no need to choose one single method since all three methods tend to complement each other, compensating the other methods' drawbacks.

Using the qualitative method one will always have to discuss the problems of selection bias with quantitative researchers (Geddes, 1990; King, *et al* 1984).<sup>83</sup> In this thesis the problem will be limited, since the full population of cases will be used, even though the choice of region could be discussed. Bennett has argued that quantitative researchers have underestimated the relationship between dependent and independent variables (1997). The problem with bias would only occur when there is a bias on the dependent variable. King, *et al* have argued that single case studies cannot be used to test theories (1994:209-211). Others have argued that single case studies can be used to identify variables that are not necessary nor sufficient for the selected outcome (Bennett, 1997; Collier, 1993; Dion, 1997). This thesis will be affected by this argument, since it could be argued that there is a selection bias in the choice of region, despite the fact that the thesis is not a single-case study. This thesis will consist of 7 regions and 9 organizations. It will be argued that it would be unrealistic to ask a qualitative researcher to make comparisons about contexts that would

---

<sup>83</sup> "Selection bias is commonly understood as occurring when some form of selection process in either the design of the study or the real-world phenomena under investigation results in inference that suffers from systematic error" (Collier & Mahoney, 1996:59).



offer heterogeneous causal relations (Collier & Mahoney, 1996:68), when it may be appropriate to focus on a more homogenous set of cases, even at the cost of narrowing the comparison in a way that might create a new problem of selection bias.

Since case-study researchers do not face a restraining degree-of-freedom problem, they can generate new variables through process-tracing and may face less incentives to leave out new variables (Bennett, 1997). The qualitative researcher might also be more likely to find new variables than the quantitative researcher, variables that have been left out in earlier studies. This strength is fundamental when it comes to finding variables to form and test new hypotheses.

### **3.4.2 Data Collection**

The data collection and the application of the data will be one of the fields that potentially could create problems for this thesis. Interviews as well as a wide range of primary and secondary material will be used. The first problem is the lack of primary material, especially in the early period; this has to be compensated with interviews and secondary material with a built-in reliability problem. The second problem is the mixture of material; it is hard to find any comparable material that would cover the whole period. This has been solved by reinforcing secondary material with interviews, and vice versa, when reliable primary material has been lacking. Relying on secondary material has been avoided as far as possible, and especially interviews, unless such material is backed up with other sources. This is not to say that the material is fundamentally problematic, but that it is considered to be better to point out the problems directly, even if this might seem somewhat defensive. Language is a problem since the author can only read two Asian languages and is, in the case of East Asia, forced to rely on English sources to a large extent.

It should be mentioned that all books and articles in the text will be cited in this manner (Whiting, 1999:21) with the full reference in the bibliography. This so as to disturb the flow of reading as little as possible.

#### **3.4.2.1 Interviews**

The interviews will be open-ended (unscheduled) at an elite level, guided by the general objective of studying the impact of regional cooperation on the CMM (Manheim & Rich, 1991:140). Open-ended interviews do not use a questionnaire or any other form of pre-set interview technique. The focus is to encourage the interviewee to speak freely with only modest guidance from the interviewer. This is to increase the likelihood of gaining new information and to minimize appearing biased, or influencing a response from the respondent. (Manheim & Rich, 1991:134-138). There are a few problems that are specific to Asia, but also applicable to Latin America to

some extent, that will be discussed and then the discussion will deal with interview technique in general.

China's *neibu guiding* (internal regulations) and *waishi jilu* (disciplines concerning foreign affairs) often prevent individual researchers from meeting with Chinese citizens (Fang, 1999). It also makes the respondent reluctant to give information that could hurt him at a later stage. Due to this restriction it might be hard to understand what the interviewee is reluctant to say and what he would like to say in a group setting of two or more interviewees, and the motives behind this.<sup>84</sup> This problem is similar in other Asian countries, and to some extent in the Latin American countries.

The *No Tape Recorder* rule is almost universal in the Asian setting (Fang, 1999:12, Swanström, 2001). Due to the pressure from the *neibu guiding* (taken from the Chinese setting) and suspicion of misuse of information, the Asians categorically refuse to use tape recorders in interview set-ups. If a researcher is allowed to use a tape recorder, he can count on receiving almost useless information. This is similar in a few of the Latin American countries, but also in US.

This operationalization of the interviews makes it harder to compare the respondents' answers with each other and to condense and summarize the interviews, but the writer will be able to learn more from the interviews and to access new information. This open and unscheduled approach could lead to new ways to understand the linkage between regional cooperation and CMM in the Pacific Rim.

The respondents' identity has been kept confidential since the political situation in some states in the Pacific Rim has made several of the interviewees reluctant to identify themselves in published material. It is also necessary to establish a high degree of trust in the relation between the respondent and the interviewer to accomplish a good interview. The author has also, as a general rule, noticed that many respondents appear to be more relaxed during an interview session if they know that the interview is confidential. This leads to problems in reproducing the study since some material is gathered by interviews. To create some openness in the selection of people interviewed, this thesis has only included interviews made with senior staff or senior researchers that have or have had major impact on the organization dealt with.

The author is aware that this form of material-gathering has been criticized in Peace Research and International Relations, but is the validity of this research radically threatened by using this form of material gathering? Dexter, a forerunner in interview technique, argued that no study could be based on interviews:

---

<sup>84</sup> For an excellent discussion about the issue of interview technique problems related to China see: Fang, 1999.

“unless the interviewers have enough relevant background to be sure that they can make sense out of interview conversations or unless there is a reasonable hope of being able to hang around or in some way observe so as to learn what is meaningful and significant to ask.” (Dexter, 1970:17).

The problem with interviews was reinforced by a quote from Eric Hobsbawm’s *The Present as History*:

“I began my career as a young historian interviewing survivors of the pre-1914 Fabian Society about their times, and the first lesson I learned was that they were not even worth interviewing unless I had found out more about the subject of the interview than they could remember. The second lesson was that, on any independently verifiable fact, their memory was likely to be wrong”.<sup>85</sup>

This would potentially prevent the author from using interviews as a part of this thesis. Before the interviews took place a great deal of effort was devoted to understanding the background to the organization and the person interviewed to make the interviews as fruitful as possible. As a result, the interviews should strengthen this study rather than weaken it; first, however, the reader should be aware of the greatest risk behind this technique.

Manheim & Rich have raised some of the most obvious problems with interviews: The first (1) problem arises when the respondent is incapable of understanding the research problem or which aspects of the problem that are important; (2) the next problem arises when the respondents have inaccurate information because they have forgotten important aspects of it, or have misinterpreted the information when they first received it; (3) that they intentionally lie to protect themselves or others; (4) or they could have convinced themselves that the facts are as they present them (when they in reality are different) in order to justify their own actions or the actions of others (Dexter, 1970; Manheim & Rich, 1991:140). (5) Another problem is that the period directly after WWII is distant in time and the individuals that are interviewed who had been engaged in the policy-making from that period might have a different view of the events today than was the case at the time.

In this study these problems have been tackled in the following way. First of all the respondents’ answers as such were never used as factual data, but rather the fact that they said something, was treated as data. The author also studied both the background to the cases that were to be investigated and the respondents’ background, to be able to verify the information that was gained from the different respondents. The information was moreover compared with other data from other respondents and secondary material so that it was possible to recognize invalid statements from the respondent. Finally, the thesis has never relied on just one respondent but

---

<sup>85</sup> I am indebted to Professor Michael Schoenhals for this quote.

attempts have been made to gain as much information as possible before any conclusions have been drawn. This is also why the author of this thesis has chosen to use a wide variety of primary material and secondary material. It has been a problem to evaluate the motives behind the willingness of the respondents to participate in the interviews; the information from the interviews has however been significant, and without such information this study would have been harder to conduct. By adhering to the above-mentioned techniques this thesis will be able to maximize the reliability and replicability, but at the same time benefit from the new information interviews will bring forward.

There may be cases in which the interviewer has not been able to keep the respondent's answer unbiased or where he has misinterpreted the information that was received. This is, however, the case in many other quantitative methods which rely on secondary material, such as statistics of a political process, but also primary material that needs interpretation. The possible inaccuracy is inherent in social science, since it is impossible to make clinical studies of a political process. It is, however, argued that the benefit of using this method strengthens, rather than weakens, the study by introducing new facts and alternative ways to approach the problem.

### **3.4.2.2 Other material**

Due to the problems with interviews, the situation has made it necessary to work with a large selection of both primary and secondary material in order to be able to check any problems that might occur with the interviews. The primary material consists mainly of sources such as charters and declarations from the organizations involved but also BBC and Keesing. Keesing's and BBC will be used as a primary source since they have a compilation of articles about given subjects or countries. The reason for using this as a primary source is that these sources have been shown to have less distortions and analytical bias than other secondary material. The secondary material is collected in a variety of languages and from various publishers to avoid being criticized for relying on one single source, or few sources, that could be distorted by political, religious, ideological or other factors.

The variety of materials increases the likelihood that the information is accurate but it also creates problems when the author has to compile the information into pattern matches and still retain a sufficient degree of replicability and validity in this thesis. The internal validity, where the issue is whether event x led to event y, is high due to the method and the material. The external validity, where the consideration is with generalizability beyond the immediate study, is good as there is a population that incorporates diverse cultural, economic, political and religious systems. The reliability, or replicability, would be more problematic if the thesis was to rely too much on interviews, but no arguments are solely based on interviews. The interviews will be limited to fact-

searching, which will then be backed up with primary and/or secondary material. This will increase replicability to a high level. Due to the amount of primary and secondary material and the frequent references to sources, the reliability of this thesis should be sufficient.

The Internet-based references that have been used in this thesis have been controlled against their websites on these occasions: 2002-07-27 (Chapter 1-3), 2002-08-06 (Pacific Rim), 2002-08-17 (East Asia), 2002-09-01 (Americas). The date for control will not be included in the footnotes.

#### **4. Case studies: Regions and regional organizations**

This chapter has four *aims*: analyze the selected regions at large; analyze the regional organizations and their structure; analyze the development of the CMM in each region and organization; finally it will also make cross-case analyses between regional cooperation and CMMs. This so that a theoretical model, of the linkage between regional cooperation and conflict management, can be constructed in chapter 5. The approach will be to start with an analysis of the largest unit, the Pacific Rim, and then work through the East Asian region and finally the Americas. Each section could differ in size due to the number of regional cooperation structures, or as a consequence of the material, age of the institutions and results.

The case studies are an important part of this thesis, and the *structure* of the presentation will be outlined to make it easier to clarify the logic. All of the case studies will have the same structure to simplify comparison, with the exception of Northeast Asia that has no regional organization to analyze. There will be a detailed analysis of each region, organization and CMM. In this way the comparative process-tracing approach will be used most effectively. Each of the regional studies will begin with a short overview of the region, which focuses on the most relevant historical, political and economic variables, to allow an understanding of what characteristics that are prevalent in each specific region. Secondly, there will be an overview of the regional organization, its purpose and development. This is done to increase the understanding of the organization and the impact it might have on the CMM, member states, and the region at large. This discussion is largely tied to chapter 2, especially 2.1. Thirdly, there will be an overview of the CMM in an effort to understand its purpose, functions and structure. This is directly linked to section 2.2. Fourthly, there will be a more analytical section where the findings from the earlier sections are put together, analyzed and arranged according to the criteria developed in chapter 2.4. In this section there will also be an attempt to link the case study to the three theoretical blocks that were discussed. Finally, there will be some concluding thoughts on the region at large and how the regional organizations and conflict management have functioned within the region.

##### **4.1 Pacific Rim**

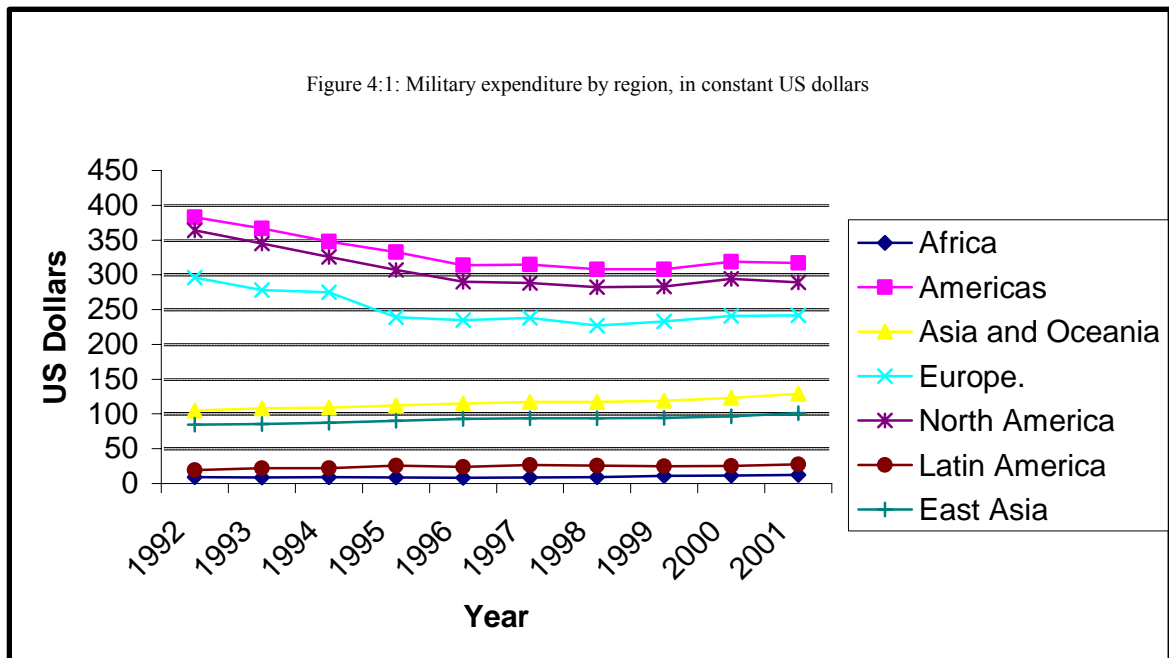
The Pacific Rim as a regional concept is a rather new phenomenon, which was created during the Second World War and the US war against Japan. Before the attack on Pearl Harbor in 1941 there were relatively few people in the US and Europe that were concerned with the situation in the Pacific Rim, and even fewer believed that the trade in the Pacific Rim would surpass the Atlantic trade in a few decades and also arguably in political importance.<sup>86</sup> This was despite the fact that

---

<sup>86</sup> It is important to point out that the relations between Latin America and East Asia are relatively weak, even if they have improved in the 1990s. This is despite the fact that the Spanish Vice-Kingdom of Mexico was the first to colonize

US has had a presence on the Philippines since 1898, and most states in Asia were under European colonial domination.<sup>87</sup> Latin America has, on the other side, been under US domination since the creation of the Monroe doctrine in 1823 (Perkins, 1963) and had a greater importance than Asia as a regional entity for US (Dunkerley, 1999). It is, however, clear that regardless of which state it concerned, prior to the Second World War international relations and trade were focused on Europe and not the Pacific Rim.

After the Second World War, East Asia became a central scene in the US policy to contain the spread of communism and a natural extension of US trade policy. During this time, the Pacific Rim was the center of the ideological disputes with US, China and the Soviet Union at the helm of the ideological struggle (Buszynski, 1996; Richardson, 1996; Swanström, 2001). At this time there were few incentives to initiate functional CMMs, and the focus was on containment and direct confrontation rather than cooperation. In the aftermath of the fall of the Soviet Union in 1991, the US relations with China and Japan increased in importance, from an already relatively high level, and many states internationally have focused their political and military attention towards the Pacific Rim. The majority of world investments and trade became directed towards the Pacific Rim (World Bank, 2000), but the states in the region are also responsible for a majority of the military expenditure (Figure 4:1, Americas + Asia) and some of the world's most threatening disputes today (Sköns, *et al*, 2000; Wallenstein & Swanström, 1998).



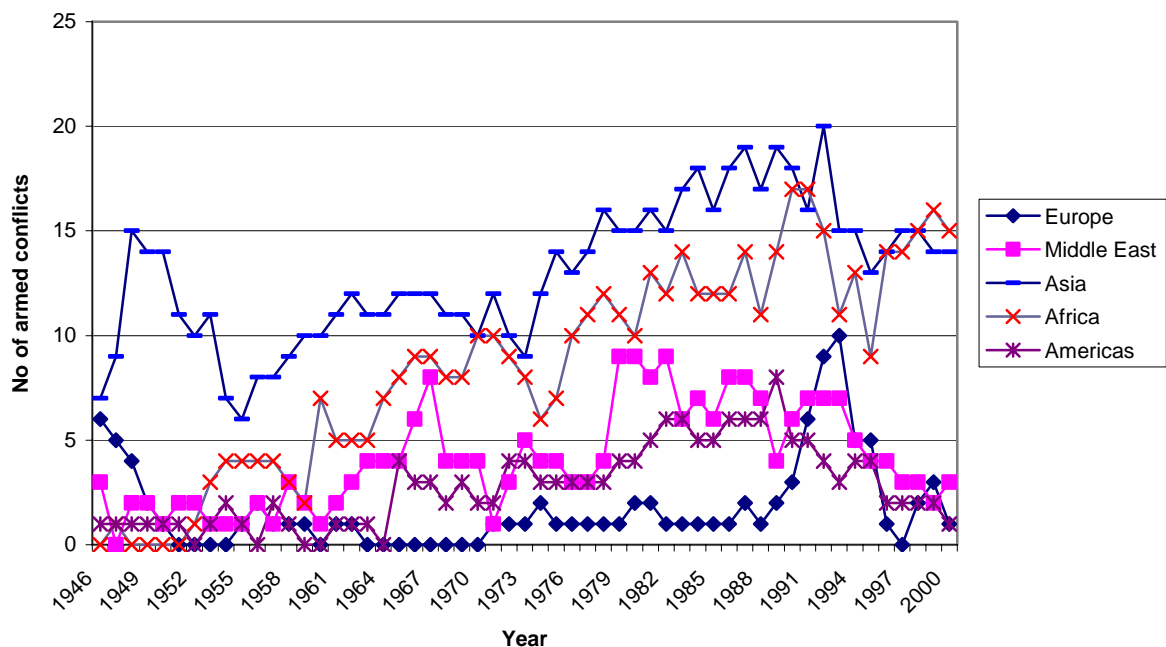
Philippines in the 16<sup>th</sup> Century, and the creation of the lucrative Acapulco-Manila sea route that was the primary sea route to China for the Spanish crown (Faust & Mols, 1998). Therefore the interaction between Latin America and East Asia will be to a large extent excluded in this thesis since it is of secondary importance. For more information concerning the interaction between East Asia and Latin America see: Choi, 1993; Faust & Mols, 1998; Meves, 1998.

<sup>87</sup> The US was also present in Hawaii and Japan in the 1850s, but regardless of this presence the relative importance of the Pacific Rim was modest in relation to the US relation to Europe and Latin America.

Source: Sipri, 2002:266-267

The attention on the Pacific Rim has evidently not only been a positive force; US relations with China have at times been very guarded and the Japanese relations with both China and US have been constrained, not to mention US relations with Latin America and Japan's and China's relations with East Asia at large that are also a source of tension. The tension between the states in the region has both political (history, security etc) and economic (trade balance, tariffs etc) roots. Therefore there is a need for a regional conflict management mechanism that could deal with the current and emerging conflicts. The CMM(s) needs to be constructed in a way that they can deal with formal as well as informal disputes, both in the economic and political arenas.

Figure 4:2: Armed conflicts per region 1946-2000



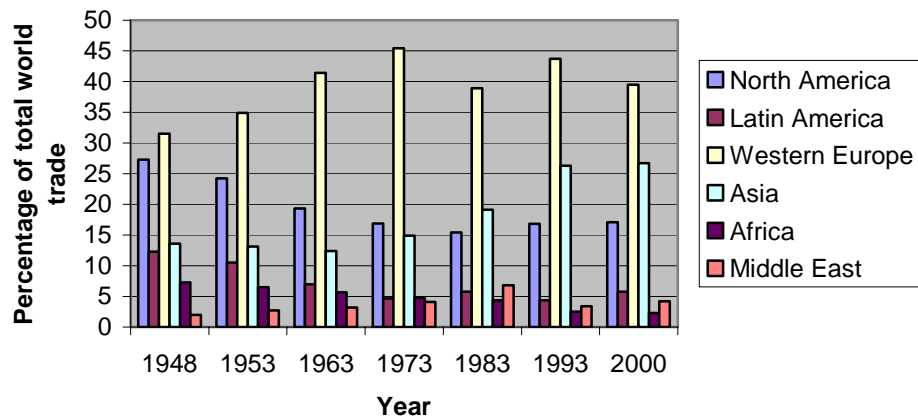
Source: The Uppsala Conflict Data Project, 2001

Trade has been an important factor behind increased tension and disputes in the Pacific Rim, but hardly a reason for military conflicts, even though China and other states have serious resource shortages that could threaten regional stability. The number of trade disputes has, however, increased in pace with the increased trade and so have the threats and implementations of (unilateral and multilateral) economic sanctions and measures to reduce the “unfair” advantages the other states possess. Although the economic disputes do not seem to lead to war, they are a disturbing factor when considering closer cooperation and the creation of an effective CMM, due to the lack of confidence and trust the disputes have created.



Regional Cooperation and Conflict Management:  
Lessons from the Pacific Rim

4:3: World merchandise trade by region



Source: World Bank, 2001b:30

What has been more worrying is that the risk of military conflicts is high as a result of the political and military interest and competition over resources, such as oil and gas. There are many reasons for this but some of the more important factors are the status of Taiwan, the conflicts in the Koreas, drug trade from primarily Colombia and Burma, the political and military dominance in the region by US and open dissatisfaction with the current situation. This is primarily from China, but also from Japan, both of which would like to have more say in the regional and international affairs (Swanström, 2001). The conflict evidently emerging between China and US has been perceived differently in different camps.<sup>88</sup> The more realist-oriented scholars and practitioners are concerned with the “China threat” or the inability of China to stand up against US (Bernstein & Munro, 1997; Gu, 1996; Mosher, 2000; Song, Zhang & Qiao, 1996). The more liberal-minded scholars and practitioners are concerned with the economic gains and losses that would be associated with cooperation or conflict, respectively (Feeney, 1998, Rosecrane, 1989). Increased interdependence would inevitably lead to a more non-violent environment and increased cooperation. Both these trends are apparent in the Pacific Rim; there has never been as much cooperation in the region before (more recent examples of interdependence are ARF & APEC) and many of the older conflicts have been resolved (Vietnam War, the Central American conflicts, Cambodia and the Cold War). But in the aftermath of the resolved conflicts, there have emerged new conflicts with new motivations. From the 1990s, the economic conflicts have primarily

<sup>88</sup> There is an emerging conflict between China and US in the region, and internationally. This might not be as fierce and unavoidably lead to war as some authors have proclaimed (Bernstein & Munro, 1997). But is nevertheless a problems, despite recent cooperation between China and US in terms of terrorism (Swanström, 2002). The cooperation against terrorism (in China’s case also separatism) is short-term due to the perceived threat US poses against China’s security by being stationed in China’s “backyard”.

concerned development and trade, while the political/military conflicts concern status and positioning in the regional and international community.

It is apparent that the relations in the Pacific Rim have been dominated by the relations between the three greater powers in the region (China, Japan and US) since the 1980s and that the coming conflicts will continue to involve these three powers (Bean, 1990; Swanström, 2001). The Soviet Union has undoubtedly been an important actor, but Russia has been less prominent in the Pacific Region and has been preoccupied with its own internal problems after 1989. The Soviet influence in the region during the Cold War was also limited by US and its allies and by China, which has (had) strong ties to North Korea, North Vietnam and Burma. The Latin American and Southeast Asian influence has been relatively weak, although both regions are increasingly important regional actors in the Pacific Rim. It seems that economic and military power has played more than a modest role in defining the agenda in the Pacific Rim.

The region is culturally, politically and militarily very diversified. There is no single cultural denominator that could function as the focal point in cooperation. Moreover, the region is constitutionally diversified to a very high degree (from democracy and kingdoms to military dictatorships). As a result of this, there seems to be little convergence in political norms and ideas. Militarily, the region has been dominated by the US military machine, but China, and slowly Japan, are increasingly playing a greater role in the East Asian region (Mahbubani, 1997; Nathan & Ross, 1997; Taylor, 1996). The region could be seen as a realist's nightmare with a dominant military power that is challenged by two emerging powers. The liberal would, however, argue that the high level of intra-regional trade that actually exists, is an excellent condition for continued peace and cooperation. This division is moreover apparent in the economic realm, which US has dominated but where it has been challenged and to a certain degree surpassed financially by Japan and China (Coleman & Underhill, 1998; Fallows, 1995). The economic challenge has also had a greater effect on the US economy than the military challenge has had on the military forces. Not surprisingly, there is an increasing amount of trade disputes between the major powers in the region, but also between the smaller powers, such as Malaysia, Singapore, Colombia, Venezuela etc. Despite this, the interdependence between the states is relatively high and the trade is to a very great extent intra-regional, 46.1 (import) respectively 47.6 (export) percent (WTO, 2001:25). The liberals would argue that an efficient mechanism for conflict management and resolution would be necessary to maintain and increase the current economic cooperation.

#### 4.1.1 APEC<sup>89</sup>

Asia Pacific Economic Cooperation can be traced back to the late 1960s with the initiation of a series of Pacific Trade and Development (PAFTAD) conferences involving regional academics, and the Pacific Basin Economic Council (PBEC), which was initially created for information exchanges and consultations among business people in the region (Higgot, 1998:53).<sup>90</sup> These structures were very informal and had virtually no implementation capability on their own. The initial steps were followed by the formation of the Pacific Economic Cooperation Council (PECC) in 1980 as a tripartite structure involving government officials (who participated in their personal capacities), academics, and businessmen (Das, 1993:47-69; Rajan, 1995; Woods, 1991:312-321). This was not enough to create effective regional cooperation and to meet the emerging economic “threat” from NAFTA and EU. It became “necessary” to create an environment for economic cooperation to counter organizations based on preferential trade agreement (PTA), such as EU and NAFTA. This was not an easy task, and the development was stalemated by conflicts over the organizational structure. It is important to note that the discussion about the structure of the organization followed the east-west lines of the Pacific. The Americas wanted a formal and legalistic structure, which East Asia could not accept. It was external influences in the form of successful economic integration in EU that made it possible to accept the lowest common denominator of cooperation, a consensus-oriented decision structure based on legislative principles.<sup>91</sup>

##### Short guide to APEC

Founded: 1989

Number of members: 21

Total population: Over 2.5 billion (2000)

Budget: US\$8 million

Total Trade: US\$2931 bn (exp.), US\$3171 bn (imp.)

Intra-regional trade: (%): 72.6 (exp.), 68.1 (imp.)

% of World Trade: 46.1% (exp.), 47.6% (exp.)

Secretariat: Singapore, 23 officials seconded locally recruited staff.

Decision-making process: Consensus

Objectives: Liberalize trade and investments; develop closer economic and technical cooperation, and promote economic dynamism and a sense of community.

Sources: WTO, 2001:25, 170-75; UN, 2002 (population)

<sup>89</sup> Currently, the APEC membership consists of the three NAFTA partners (Canada, United States, and Mexico), Chile, Japan, the six original members of ASEAN (Brunei, Malaysia, Indonesia, Philippines, Thailand, and Singapore), the “three Chinas (PRC, Hong Kong SAR, and Chinese Taipei), South Korea, Australia, New Zealand, and Papua New Guinea, and three new additions in September 1998 (Peru, Russia, and Vietnam).

<sup>90</sup> PAFTAD and PBEC are important as the intellectual offspring and many of the people that started the two first organizations in the Pacific Rim were among the founders of APEC.

<sup>91</sup> It should be noted that this section can be perceived as incoherent and that the CMM can be perceived as unstructured, this is correct, and a result of the current profile of the organizations. Despite the formal goals the organizations deals with a broad range of issues, but rather thinly, and focuses on information-gathering and exchanges that makes the formal structure inappropriate for the more informal interaction (Choi & Caproaso, 2002:484). Higgot has claimed that APEC institutionalization is rudimentary, although not negligible (1998:52). The APEC secretariat, that runs the daily business, is small, but coordinates numerous working groups to come to a consensus, and relies to a very high degree on informal advisory groups. As a result of this the conflict resolution (management) mechanism is informal and highly non-legalistic (Kahler, 2000:556-559), but there are a high number of consultations concerning trade disputes, even if the management or resolution effects are lower than could be expected. Choi & Caproaso has claimed that there is no institutionalized authority in dispute settlement (2002:484).

The formation of APEC in 1989 came as a response to the intensified inward-looking regionalism in the form of PTAs and “continent-based regionalism” in Europe and North America that Dutta (1992:69) and Okita (1989:10) referred to. APEC began as an informal dialogue group in accordance with the East Asian wishes; this structure has since then expanded its power and impact on the region. The purpose of APEC was simply to sustain economic growth and to work for the implementation of GATT in the region. It is clear that APEC quickly became an attempt to create open regionalism as Drysdale & Garnut (1993) and Bergsten (1997) have defined it (see section 2.1). This was largely due to the reluctance of the East Asian members to accept any formalization of the CMM and give APEC more formal powers (Katzenstein, 1996). The creation of open regionalism has been a somewhat less successful attempt, which turned out to be heavily dependent on the willingness of the participating states. Since APEC has grown in size and form with increased disputes over the structure, it is not an easy task to initiate or implement agreed policies, which will be seen when looking closer at APEC and its CMM.

The expanding membership and geographical scope has, moreover, created concerns about APEC’s compatibility with the global trading system (Ponciano & Austria, 2000). One of the main fears was that a potential incompatibility between APEC and the world’s trading system would undermine the dynamic growth in the region that was primarily attributed to the free market forces. The focus on open regionalism has, however, managed to keep the free market intact and regional PTAs and other restrictions as an effect of APEC are virtually absent. This could on the other hand explain why the legitimacy of APEC is weak, since no states perceive that they benefit from APEC despite the fact that APEC has consolidated the current trade liberalization. This should be seen in the light of the reluctance of the, primarily, East Asian states to formalize any cooperation that would decrease their own sovereignty and control over international trade. This is a *Catch 22* situation where the lack of formalization satisfies the national security but creates insecurity in other areas, such as the economy, and formalization creates security in the economic area but insecurity for the nation.

APEC was, however, created to handle and prevent the growing number of trade disputes across the Pacific, i.e. Japan-US, China-US, etc (Hellman & Pyle, 1997). The organization is exclusively focused on trade and investment disputes. If left alone, those conflicts could have a negative impact on the growth of the region and the global trade. APEC was created to create trust and predictability to prevent conflicts between the member states, and in the cases where it will not be possible to prevent the conflict from erupting, it will manage and hopefully resolve the disputes. This can, however, not be done without a functional framework. Thus, the CMM is crucial for the organization.

---

All this and the fact that the organization is still under development makes the organization neither formal nor informal and rather unstructured.

The structure of APEC is highly formalized and the organization operates by consensus in all decisions. The highest organs are, in order, the Leaders' Meeting, Ministerial Meeting and the Senior Officials' Meeting. The Leaders' Meeting and the Ministerial Meetings are informed and given recommendations from the APEC Business Advisory Council and the Sectoral Ministerial Meetings. The Senior Officials' Meeting is held prior to every Ministerial Meeting to recommend policies to the Ministers and carry out their decisions (see Appendix III for an organizational chart). The Senior Officials have several committees and the APEC Secretariat is working full-time to help them to keep the Ministers informed and implement the decisions. This makes the Singapore based secretariat the main structure for day-to-day business.

Despite its formal structure, APEC should not be confused with free trade areas such as NAFTA. Instead, APEC should be categorized as providing a softer form of trade liberalization, in that "decision-making is undertaken on consensual and voluntary basis" (Canadian parliament, 1998). APEC has been considered less of an exercise in integration and more of an example of intergovernmental cooperation (Higgott, 1998:42-43). This means that APEC relies on concepts such as open regionalism and market-driven regionalism that are partly opposed, by definition, to institutionalization. The members of APEC continue to emphasize concepts such as "comparative advantage and market dynamics" (see section 2.1 for a discussion about regionalism). The regionalism that is underway in APEC is very much compatible with the mixture of formal and informal integration as defined in the concept of open regionalism. This has, however, created a situation where APEC's position is undermined. APEC does not have the position ASEAN has in Southeast Asia, EU in Europe or NAFTA in North America. Despite the existence of CMM and conflict resolution mechanisms the parties often rely on WTO or other external mechanisms to resolve their disputes.

On the surface the economic cooperation is substantial, although it is hard to talk in terms of economic integration. The high level of intra-regional trade is misleading, since the trade in the Pacific Rim is natural, in the sense that it was already to a large extent in place before APEC started (UN Statistics, 1972, June; 1982, June; 1992, June; 2002, June). It is interesting to note that any trade liberalization undertaken by APEC economies is done on a most-favored-nation basis, meaning that any benefits from tariff reductions will be extended to all WTO members, not only APEC members. This is to ensure that no trade walls are erected around the region. This form of open regionalism creates problems with legal coordination and a functional conflict management mechanism. It should be noted that it is not in the self-interest of either Japan or US to create a truly free trade environment (Weintraub, 2000a-c). Japan and US are also opposed to the concept of open regionalism since they then will, in a perfect system, have to make the same concessions for all states in the world if they are to follow the proposed definition of open regionalism in APEC. In APEC there is no clear assurance that you will get access to other markets, which have

access to yours, if you open up your markets. This is due to the charter that has avoided all legal commitments. This lack of structure naturally makes APEC's enforcement power limited, at best. For instance it is unlikely that US or Japan will open up their markets to China by 2010, while China can wait to open up its market until 2020 (APEC, 2002).<sup>92</sup> This is further complicated by the strong conviction from China and other states in the Pacific Rim that claims that Japan and US have a historical debt to pay due to occupation and economic usurpation.<sup>93</sup>

APEC's strength is the potential gain of unrestricted intra-regional trade and investments. APEC members had in 2001 a combined GDP of over US\$16 trillion, 46 percent of the total global trade and 55 percent of the global GDP (Zhang, 2001). Business interests have argued that there is more potential in the cooperation, and have lobbied aggressively for deeper and more formal integration including a formal conflict resolution mechanism. For example, Pacific Business Forum, which was formed in 1994 to promote regional business interest, meets on a regular basis to design "roadmaps" for faster and more institutionalized integration (Mattli, 1999:171). Since 1995 APEC has APEC Business Advisory Council (ABAC) to represent business interests formally inside the organization. These groupings have been very influential in the dialogue for increased cooperation and formalization. The economic aspect of cooperation and integration is clear; most of APEC's focus has been on trans-national business structures and trade-initiating factors. The motivation of business elites for increased economic cooperation and formal CMM should not be underestimated, and it has provided for several informal mechanisms for dialogue. The political enthusiasm among the members is not as high as the economic motivation, and many regional governments have been reluctant to further formalize the cooperation. This is due to the high degree of protectionism and aversion to open up to more powerful economies, on both sides of the Pacific Rim.

The weakness of APEC is not on the demand side (as it will prove to be in the case of ASEAN) but rather on the supply side, and for political rather than economic reasons. It was only possible to establish APEC when both US and Japan (and the smaller economies) were worried over the European integration process and economic protectionism, but as time has passed Japan and US have confronted more problems than they anticipated in their cooperation. The formation

---

<sup>92</sup> Developed countries are supposed to finalize their liberalization commitments by 2010 and developing countries can wait until 2020 before they have to finalize the liberalization commitments. Needless to say there is a dispute over what is a developed country. This conflict threatens to stalemate the economic liberalization process in the region. A similar debate has been the stepping-stone in the discussion of accepting China as a developing or a developed state in the WTO (World Economic Forum, 1998). The result of this problem was a compromise that was highly unsettling for most parties and a compromise that is never likely to be enforced. Weintraub has pointed out that US is much less interested in true free trade than is proclaimed (2000c). In the case of foreign aid the slogan used to be "trade, not aid" and now it has changed into "not too much trade and very little aid". This is to minimize the "threats" to the US economy. The patterns are very much the same in Japan and other major economies, such as EU.

<sup>93</sup> Interviews with Senior Officials for different regional organizations from Asia and Latin America in UN (2001-02) and in Asia (2000-09). The views are particularly strong in Korea and China against Japan that occupied and demolished both states at several points in time during the 19<sup>th</sup> and 20<sup>th</sup> centuries.

of APEC, that was a front against a common threat, is not sufficient denominator as the differences between US and Japan are strong in areas such as economic institutions, money, trade, labor, and other economic areas (Mattli, 1999:57).<sup>94</sup> Trade conflicts between Japan and US, and the increased tension in US about its trade deficit with Japan and other Asian states, decrease the likelihood of successful integration and cooperation. This is a problem that reinforces the reluctance of not only US, but also Japan, to liberalize, since liberalization would create a situation in which US and Japan would have to extend the same right to all states if they gave a specific right to a particular state. This would be politically unfeasible in both US and Japan and hence they argue for slow trade liberalization on all fronts. This refusal from US and Japan is possible due to their strong economic position, especially since most of the investments in the region are from Japan and US and all states are in great need of increased foreign direct investments (FDI).

There is no clear leadership in APEC, and it seems unlikely that one state or grouping should acquire a leadership role in the near future. The lack of clear leadership creates problems, but the active struggle for leadership between Japan and US is far more critical for the failure of regional cooperation (Feldstein, 1993:453; Financial Times, 1994; Mattli, 1999:172). There is little chance that Japan and US would be able to share the leadership role, partly due to the historical animosity from East Asia towards Japan, but also regional animosity towards US. Moreover, the political systems in Japan and US are very different, and economic policy is derived from divergent positions. It is therefore not just a question of control, but also about incompatibility of political and economic systems. The possibility that US and Japan will be able to solve their differences in APEC is small, considering that they failed to do so in GATT. To this equation the emerging interests of China should be added; China's differences with US are more pronounced than the US-Japanese disputes. China is, moreover, an important factor in the leadership issue even if it not likely that China will take the leadership in APEC today, but soon enough China will demand to have a central position (Swanström, 2001). The power struggle has stalemated the integration process in APEC and it seems that there are few possibilities for APEC to restart the integration process without a clear leadership. There might even be a strong possibility that the confusion regarding the leadership will work as a disintegrative force. As an unfortunate monument of failure stands the non-binding "free-trade" agreement signed in Bogor in November 1994 (APEC, 1994).<sup>95</sup> The non-implementation of approved agreements is disturbing, but it is also

---

<sup>94</sup> Japan has publicly stated that the Japanese economic system is not only different but also even better than the American system. Chalmer Johnson has several quotations in his book that exemplify the Japanese reluctance to accept American leadership in APEC (1995). Nor have China, Korea, and ASEAN accepted US-leadership in the economic question and there is a strong belief that the "Asian" economic system is better for Asia than an imported system, despite the economic crisis in 1997-1998. Despite the financial crisis in Japan there is still a strong reluctance to accept US norms and values in the Japanese *Keiretsu* capitalism.

<sup>95</sup> The free-trade agreement is considered to be one of the central pieces in the APEC structure and without the implementation and acceptance of this agreement it is hard to speak about a successful APEC.

important to point out that *all* agreements so far have been voluntary and this severely limits the force of integration, conflict management and dispute resolution.

The principle of having a relatively “loose” and unstructured cooperation to be able to accommodate the pluralism and heterogeneity among the members, has been a guiding one for APEC. Despite the fact that this has been enshrined as one of APEC’s founding principles (Das, 1993:60), it must nevertheless be noted that there are signs that APEC is moving away from these principles. There is a very real possibility that an APEC free trade area might be established by 2010-2020, if the East Asian states accept this (APEC, 1993; APEC Business Advisory Council, 2000; Bergsten, 1994; McBeth & Kulkarni, 1994; Sinaga, 1994; Spaeth, 1994). Malaysia’s Prime Minister Mahathir has, however, accused APEC of “veering from its original goal of being a loose consultative forum” (Business Times, 1994) and the argument is still valid as the Asian attempt to create a, possibly competing, all-Asian economic organization has gained further ground in Asia. It is clear that some states in APEC are trying to integrate the region through more formal cooperation and regionalism, and the effort to create a formal conflict management mechanism is a clear sign of a vigorous attempt to coordinate the region. The failure to do this, is even more so a result of the reluctance of the Asian states to let this happen, but more about that in the next section.

The obvious focus on economic integration is apparent; there is no political purpose with the organization more than the possible control a leading nation accepted by a majority or all states, and there is no majority, would have over the other states involved. Mattli has proposed that APEC could be used as a tool to informally improve personal relations between the leaders in the Pacific Rim, an example being the discussions between Clinton and Jiang Zemin (1999:174). This is a real possibility and it has been done on several occasions, such as the informal discussion on East Timor at the Auckland meeting in 1998, but ARF is a far better organization in which to handle those non-economic disputes, as will be seen in the next section. This is not to say that APEC would not have any non-economic benefit, but rather that it is not the primary organization for those conflicts. The Leaders of State Meetings do have a political impact and it is undoubtedly true that security has been discussed during those meetings (ARF, 2001a-c; US Department of State, 2001). This is however more of a problem than a strength, since many Asian states believe that this is not an appropriate forum for a formal security dialogue. Alvstam has pointed out that APEC is more important for the American states than for its Asian counterparts, “although its role as an annual social occasion...” has been accepted by the Asian states (2001:371). ASEAN has argued that ARF, which ASEAN has more control over, should deal with those questions and most of the Asian states tend to agree. If APEC integrates both an economic and political perspective, a probable outcome is that the organization will be stalemated both as an economic and a political organization. Such a move could, with high probability, render the organization useless.



#### 4.1.1.1 Conflict management in APEC

This section will explore why legal integration and conflict management has failed in APEC and why informal conflict management mechanisms have been largely absent. In the analysis of the CMM the starting point will be sections 2.2 and 2.4 (as in all following sections dealing with CMMs). In APEC the distinction between informal and formal mechanisms is difficult to make. This is due to the fact that all mechanisms in APEC are based on consensus (a defining characteristic for informal mechanisms) but are at the same time also based on highly legalistic principles (a defining characteristic for formal mechanisms) (see section 2.2.3). The situation is moreover made problematical by the fact that the American states (and Australia and New Zealand) would like to formalize the process (Choi & Caporaso, 2002:484). It is important for the reader to keep in mind the divergent views on regional cooperation and trade liberalization between the Asian states of APEC and the Western states.<sup>96</sup> The cleavage between East Asia and the Americas is apparent in the creation of a CMM, which strengthens the divergent pattern between the regions.

It will be apparent in this section that APEC lacks the ability to manage, and even more so resolve, the primarily economic disputes it was set up to deal with. The relatively high number of conflicts that reach APEC (no exact figure available) are sent to APEC *pro forma* and the dispute is in most cases managed or resolved in other fora. The conflict management process is largely confined to discussion and mutual pledges to resolve disputes peacefully. Needless to say, the process is largely inefficient in economic issues, and as will be noted almost absent in political disputes.

The first attempts to establish a functional and informal mechanism to handle disputes came through the *dispute mediation service* (DMS) that was established in September 1992 at the Fourth Ministerial Meeting in Bangkok. The *recommendation* was to supplement the current formal GATT mechanism with a more informal and better-suited model for the economic climate of Asia (APEC, 1992). Up to 1992, APEC's sole dispute resolution mechanism was GATT and it was not widely used among the Asian members due to the formality of the mechanism (APEC, 1993).<sup>97</sup> The leaders' Declaration of Common Resolve at the APEC Heads of Member Economies, who met in Bogor, Indonesia in November 1994, to discuss DMS stated that:

---

<sup>96</sup> In this sense the Latin American states are included in the term "Western" as their political and economic systems are heavily influenced by Europe and US. The elite in Latin America is moreover mainly of European descent and has traditionally classified Latin America as a region that belongs to the western hemisphere (Dunkerley, 1999; Skidmore & Smith, 2001).

<sup>97</sup> As will be noted in the text, references both to GATT and WTO will be used. It is important to note that WTO is the development from GATT and has superceded GATT. It is assumed that the reader has a basic understanding about the development from the GATT to WTO. Should a more in-depth knowledge be needed see: Seth, 2000.

“Trade and other economic disputes among APEC economies have negative implications for the implementation of agreed co-operative arrangements as well as for the spirit of cooperation. To assist in resolving such disputes and in avoiding [their] recurrence, *we agree to examine the possibility of a voluntary consultative dispute mediation service, to supplement the WTO dispute settlement mechanism* which should continue to be the primary channel for resolving disputes.” (APEC, 1994).

The proposal to create a DMS to resolve trade and economic disputes among APEC members derived from a range of factors. The most important being the increased tension between US and Japan, growing interest from companies trading in Asia, and the historical reluctance of many Asian states to use the GATT panel process to resolve disputes (APEC, 2002). The earlier attempts to use GATT were only partially effective, since the Asian members largely stayed outside the GATT conflict settlement process. The informal mechanism has, however, proven to be inappropriate for economic activities since unpredictability increases the transaction costs for states or companies involved in trans-border trade, i.e. the impact of DMS on regional conflicts is low and it is infrequently used. This created a need for a more legalistic mechanism that could resolve economic conflicts.

There have, as a result, been several attempts before establishing a more formal and powerful *Dispute Resolution Mechanism* (DRM) procedure that would achieve more predictability in the process (APEC, 1995). Despite good faith and hard work, the attempts have failed to resolve the basic question of how formal the DRM should be, ranging from informal (non-legalistic) to formal (legalistic). This might seem a minor problem, but not in the case of an organization that can not even agree on a definition of free trade.<sup>98</sup> From its initiation, the DRM had a low impact on the conflicts in the search for a more defined position of the mechanism in the APEC structure. It has proven to be necessary to formalize a conflict management mechanism to resolve some of the transaction costs’ problems and to create legitimacy for APEC in the business sector. Currently, the level of trust and confidence in APEC is rather low and the informality of the organization works against business interests.

The establishment of an expert group on Dispute Mediation in 1995, whose task was to explore how an APEC dispute resolution mechanism could be established, enforced the formalization of the DRM (APEC, 1995). At the Osaka meeting in November 1995, the APEC leaders expressed their continued interest in formal conflict management and resolution mechanisms that were outside WTO and other international agreements (APEC, 1995). There has been an established consensus that many disputes (not internal) could be avoided through the increased transparency of laws, regulations, and policies related to trade and investments (APEC,

---

<sup>98</sup> It has been said that if you want to create stalemate at an APEC meeting you should ask for a definition of free trade. This exemplifies the fragility of the process of liberalization and regional integration in the Pacific Rim.

2002). The issue has been one of how a policy that could regulate these flaws should be structured; once more it is a question of how far the mechanisms should be formalized. The APEC secretariat has worked for a more integrative approach by reviewing all members' domestic laws and practice with the purpose to create a guideline for regional dispute resolution (APEC, 2001). It is important to point out that most dispute management and resolution in the organization derives from bilateral practice between the member states. There is no effective conflict management and resolution practice; APEC has, moreover, no possibility to force the members to use the GATT/WTO procedure. The process is focused on the voluntary participation of the economies and that creates a problem with enforceability. Despite attempts from mainly Canada and US, the Asian nations, with Prime Minister Mahathir from Malaysia in the forefront, have criticized the development of a formalized process (Keesings, 1994, May; Mahathir, & Ishihara, 1995).<sup>99</sup>

The APEC Dispute Mediation Experts Group has been disbanded since it was considered a failure by many member states, on both sides of the Pacific Rim. The functions will, however, still be there and are currently handled by the APEC Committee on Trade and Investments (APEC 2002). This change has been interpreted as a failure of the conflict management mechanism by many in APEC and is believed to lead to less conflict management inside APEC and more informal dealings between the Asian members through other organizations.<sup>100</sup> Many Asian members are happy to see this change, but at the same time they are worried since there is no proper DRM available.<sup>101</sup> The effects on the economic interaction could be substantial as an informal DSM is hardly appropriate for economic transactions as it creates increased transaction costs and lower returns. The lack of an independent mechanism to deal with trade issues is disturbing for future trade.<sup>102</sup>

---

<sup>99</sup> The leadership among the member states in the Pacific Rim has proven to be crucial in defining the policy towards APEC, and this is especially true in East Asia where the regional network of leaders (in practice ASEAN+3) has proven highly antagonistic towards a formalization of the dispute management mechanism. This could partly be explained by the US opposition to the East Asian Economic Caucus (EAEC) and the East Asian reluctance to let APEC play the role that they would prefer an East Asian organization to have. Moreover, the similarity in cultural backgrounds has played a significant role in the unified East Asia reluctance to formalize, and the leaders in East Asia have relied on the more informal solutions in accordance with East Asian tradition, to the dismay of the other members who would prefer a more formal mechanism.

<sup>100</sup> Interviews with Senior Staff at the APEC Secretariat, 2000-09-06.

<sup>101</sup> E-mail interviews with staff from the Foreign Ministries from Indonesia, Thailand, Malaysia, Singapore, Vietnam, Philippines, and Cambodia. The questions that were asked were: How do you perceive the disbandment of the Dispute Mediation Experts Group and how do you think this will impact the DSM procedures?

<sup>102</sup> On a sub-regional level this drawback makes an East Asian Economic Caucus (EAEC) (in practice ASEAN+3) more of a possibility, although US is fiercely against this since US would be excluded. The question is naturally whether an East Asian organization would create a formal mechanism to deal with economic disputes, since they failed to do so in all other regional organizations. In the 1990s it was far-fetched to think that an efficient EAEC, or any other East Asian organization, could be established in the near future due to the American opposition and intra-regional rivalry; the question was one for the future. As will be seen in the section of East Asia, that future has arrived in the shape of ASEAN+3.

The lack of legislation and an effective conflict management mechanism is hindering the integration of the region, both political and economic, with security deficits as a result, as the member states prefer to handle their trade disputes bilaterally rather than through APEC. The Auckland meeting in 1999 and the Manila action plan of 1996 focused on the negative effect this lack of legal co-ordination creates (APEC, 1996; 1999), but with little result.<sup>103</sup> The legitimacy of APEC is severely compromised as external mechanisms are used as an alternative to the intra-regional mechanisms. This has a negative feedback on APEC as an organization and has been destabilizing for future integration. It is therefore necessary, if the organization is to continue, to make the organization more legitimate and the only way to do this is to bring more disputes into the organization and effectively deal with these.

#### **4.1.1.2 Analyzing the linkage between APEC and CMM**

Despite the fact that the members' original intention with APEC was only to promote economic growth, an impressive goal in itself, APEC has claimed to have contributed to the stability of the region and became an informal conflict management organization through its impact on the economy (Aggarwal *et al*, 2001). This would be similar to the effects of more formal economic cooperation, such as the NAFTA experience (Section, 4.6.1), but on a more informal basis and through less structured economic cooperation. Increased economic development creates social stability and resources to satisfy the citizens' needs and demands, but much of the growth is so-called natural growth and APEC has played a modest role as an informal CMM. This is because there are several problems with informality of the CMM regarding trade, for example that the predictability rate for conflict management goes down and the transaction costs go up as the risks increase in conducting trade. Due to this apparent drawback, the organization decreases in importance, and legitimacy for both APEC and its informal CMM are minimized. The effects of APEC's informal conflict management mechanisms in the economic sector have however had some success in creating trust and confidence building, despite the reluctance to accept a more formal mechanism.

Despite the failure to establish an effective CMM in the economic field there have however been suggestions that APEC could provide a new platform for a security dialogue on an informal basis, to prevent political and military disputes from erupting. (Mattli, 1999:174) This proposal has encountered some resistance since many states fear that APEC will be used to infringe on the sovereignty of the states involved (Anwar, 1996; Ishihara, 1992; Mahathir, 1998). The attempt to formalize a political dispute management mechanism will affect the success of the whole

---

<sup>103</sup> These two declarations pointed out the problems with continued integration without intensified development of a regional conflict management mechanism.

organization and possibly even halt the development of APEC. This is due to the reluctance of many members to use formalized mechanisms, especially in the political field, and should the political mechanism formalize it is likely that the economic mechanism will suffer from a refusal by the East Asian states to use APEC and this will stalemate the organization at large. Some scholars have explained this by arguing that Asian states have an in-built reluctance to deal with and resolve disputes in a formal manner (Fang, 1999; Leung & Tjosvold, 1998).<sup>104</sup> This reluctance to deal with formal dispute resolution is reflected in the infrequency with which most Asian APEC members use the formal dispute resolution mechanism of the GATT or other organizations (Acharya, 2000:198-219; Funston, 1999:205-218). This is one of the reasons why many APEC members prefer to deal with mediation and management, rather than resolution, of conflicts.

The informal political channels that APEC has used have been effective in the case of East Timor in Auckland, 1999. The dialogue in APEC was important for the manifestation of Asian influence in the East Timor process, something particularly important for Indonesia, and the parties agreed to a large extent that APEC was appropriate as a forum at that time. The problem is that APEC has an *ad hoc* mechanism that is uncomfortable for the larger part of its members. The Asian states argue that there has been a misuse of the organization on several occasions and the most politically uncomfortable incident was the US reaction against Malaysia and the imprisonment of the Malaysian vice-premier Anwar Ibrahim in 1998 prior and during the APEC meeting in Kuala Lumpur (Keesings, October, 1998; November, 1998). The perceived political manipulation of economic organizations in this manner has made many East Asian states doubt the usage of APEC.

There have been suggestions that APEC will undermine global institutions by creating regional-based competition that will generate conflicts between economic blocs, in other words be conflict-creating rather than conflict-managing.<sup>105</sup> The opposition of European and American PTAs and other trade blocs was, ironically, the reason for the creation of APEC. In an environment where resources are scarce, trade competition is fierce and crucial for the development of the states in combination with a military preparedness that is high; many states fear that APEC could create more conflict than it prevents, to the extent of full-scale war between China-Japan-US (Bernstein & Munro, 1997; Friedman & Lebard, 1991). It is probably a far-fetched proposal that APEC would create military conflicts, since the economic integration and cooperation that exists today are natural and APEC is more concerned with the limitation of potential conflicts, than with more integration and the exclusion of other regions. It is much more likely that APEC will render itself

---

<sup>104</sup> This could be seen in contrast to the tradition of US and other Western states that tend to use the formal dispute resolution mechanisms in courts in accordance with common law, civil code or statutory principles of business law.

<sup>105</sup> For more in-depth studies on the subject see: Aggarwal & Morrison, 1998; Bergsten, 1998; Frankel, Stein & Wei, 1997.

non-usable if the formalization of the political mechanism continues to be an issue due to the reluctance among certain actors to accept formal organizations or that the dispute over the structure of the CMM continues.

In contrast to the EU, APEC has taken a very different form and the regional institutions remain comparatively institutionally underdeveloped relative to their international counterparts (Aggarwal *et al*, 2001; Higgott, 1998). This is not to say that the economic interaction has been halted; on the contrary. The lack of institutionalization and the APEC policy of open regionalism have created an impetus for economic interaction that is impressive.<sup>106</sup> This is all well, but the problem of an effective mechanism for political conflict management remains and there seem to be few possibilities for a development of a formal regional mechanism for conflict management in this organization due to the opposition from the East Asian leaders. It is also debatable whether this would be in the interest of the members. Politically weak states will have a problem securing national sovereignty, and intervention in internal affairs could destabilize the states or at least the position of the leadership.

As an economic organization with regulations for dispute-resolution and a conflict management mechanism in the economic realm, APEC would probably have a greater impact on stability if it worked for increased economic development than it would as an organization with several CMM objectives, i.e both political and economic. It could be devastating to the economic development in the region if APEC took a looser role with a management function in the political realm, as clear regulation is necessary for economic development and focus should be on this issue. Moreover, the spillover effect of the legal development in APEC to the Asian states cannot be underestimated. Economic development tends to increase the needs and quality of national economic legislation, which in its turn will impact the development of public law. As has been pointed out earlier, in the theoretical section, the economic development could function as a management mechanism against social instability even if most of the trade is natural and independent of APEC, but only if the problem of distribution is solved in each country and regionally.<sup>107</sup>

There have been voices raised for an "Asianization" of APEC, i.e. to create a more informal and non-interventionist environment in accordance with East Asian perceptions (Deng,

---

<sup>106</sup> Aggarwal *et al* (2001) have argued that APEC will be forced to institutionalize soon if they are to be a part of the international economic development. In this paper it is argued that this is partly correct as the institutionalization of economic cooperation and conflict management would be preferable, but institutionalized *political* regional cooperation would not only be bad for the regional cooperation and economic development, but also for the conflict management.

<sup>107</sup> Social inequality creates conflicts within the states and proper distribution would secure the social situation (Streamlau, 1998). The most threatening conflict might however not be between the traditional rich and poor, but between the urban and the rural segments. This separation does however also have a rich vs. poor division that complicates it further.

1998). The strict legality that the West is attempting to establish in the organization is perceived as something that could encroach on the national sovereignty and there is interest in a more *flexible* organization à la ASEAN that would deal with conflict informally and with consensus in all aspects, including criticism from other member countries (for example, the US criticism of Malaysia in 1998 during the APEC meeting). Such a change would lessen the importance of APEC as an economic institution but probably increase its political weight. This thesis argues for a more formalized APEC with formal CMMs or even better, a legalistic conflict resolution mechanism in the economic area and a decrease in the political and military ambitions of the organization. This would be justified on the grounds that economic development is crucial for the region and there are other regional organizations, such as ARF, that are more suited for conflict management in the political/military arena.

APEC does not have any clearly specified obligations that are bound by legal formality; formality and predictability are prerequisites for a successful formal CMM, or even more preferable a conflict resolution mechanism, in international trade. Without those factors, you will end up with a lack of reciprocity or at least the fear that the other side will benefit from your good intentions. Those problems make the non-discrimination clause a problem within APEC. This interpretation would make APEC a failure rather than a success in both integration and in conflict management. The current level of conflict management is notably low in the economic sphere, and in the political sphere the management effects from APEC are negligible.

Informally, political conflict management has however had some success despite the focus on economic mechanisms, although the organization has been largely neglected in favor of other organizations. APEC has, however, been the forum for several important informal discussions, such as the East Timor question in Auckland, 1998. There are other cases of informal dialogues within the organization, very much like the informal dialogues at UN. These mechanisms are, however, *ad hoc* and criticized by many of the Asian members that are uncomfortable with the creation of APEC as a political CMM, which therefore excludes APEC as an informal political conflict management mechanism.

The informal networking in the business sector has functioned as a manager of conflicts, especially in the process of implementation of the proposed liberalization by APEC. In combination with the economic development in the region, this has created some positive effects on the confidence between business elites and political leaders, though the organization has been largely ineffective in economic matters.

The formal CMM has an intermediate to low impact concerning its implementation, but only due to the voluntary base the agreements are founded on, which enables states to accept or disregard the aspects of the treaty they prefer. There has been more discussion than actual implementation of CMM and the existing mechanisms have been reduced to consultation bodies.

There are no competing mechanisms in the Pacific Rim that deal with economic disputes, although the mechanism is far from successful. There are, however, economic dispute resolutions and conflict management bodies at the international level (WTO) and at lower level (NAFTA, ASEAN+3 etc) that compete for influence. Therefore the mechanisms will be considered to have intermediate impact. In all other areas the formal mechanism has shown a dismal rate of impact. The predictability of the mechanisms is low and the enforcement capability of the mechanism is, on purpose, non-existent. Therefore the impact and legitimacy has to be considered to be low.

In the informal CMM there is some degree of efficiency due to the increased trade and increased rate of dialogue between the leaders of states in APEC, and the informal consultations. This confidence-building is limited by the ongoing debate about how formalized a CMM and the organization should be, but has had an intermediate impact on the conflict management process as the confidence between economic actors has impacted the CMM, although to a limited degree. The interaction in the organization has increased confidence between the members, but the fragile confidence-building process could be stalemated if the organization was further criticized by its members. The informal mechanism (DMS) supercedes the formal mechanism, due to the stalemate of the DRM and the unwillingness of many members to formalize CMMs, even if neither is effective. There is, however, clear support from the Western states to formalize the CMMs in the future and this creates a cleavage between the Asian states and the Western ones. In all other areas, the informal mechanism has been considered to have a low impact. There is a high level of open conflicts in the region that are not resolved. This means that both the formal and informal mechanism is largely inefficient and this is seen in the usage of alternative mechanisms such as the GATT, ASEAN, NAFTA, etc. The CMM and the organization need to increase legitimacy to be able to transform the organization to a successful regional mechanism. In total, APEC is considered to have a fairly low impact as a conflict management body.

Figure 4:4: APECs impact on the CMM

	<i>Low impact</i>	<i>Intermediate impact</i>	<i>High impact</i>
<i>Formal</i>	Predictability Enforcement Legitimacy	Implementation No competing mechanism	
<i>Informal</i>	Open conflicts Legitimacy No competing mechanism	Confidence building Supercedes the formal	

On a theoretical note, APEC is a mixture of all three traditions used in this thesis. Firstly, the realist tradition seems to carry quite some weight in explaining the power struggle between Japan, US and the emerging China. Power has, on the contrary, not seemed to play an important role in this attempt to create a CMM. The most powerful states in the region, Japan and US failed to



implement and enforce a more formalized CMM and regional cooperation in the economic field. The anarchic situation in APEC could, however, explain some of the failure of conflict management. The realist tradition argues that regional cooperation is to a great degree *ad hoc* and will end when there is no security reason for the organization to exist. It could be argued that this could be true in the case of APEC. The organization and the CMM have been existing on something close to an *ad hoc* basis, and since the trade within APEC is natural and not a creation of APEC it could be argued that it fills no function, with regard to either economy or politics. The organization does, however, fulfill a regional purpose with its liberalization dialogue, even if the impact on the CMM has been low. It is however clear, that the states are the single most important unit in APEC and the interdependence has not made the state unit obsolete as Kindleberger (1969) argued. With this said, could then the realist paradigm explain the interaction between cooperation and CMM? It seems that the realist paradigm can explain the lack of interaction, but not positive interaction.

To turn to the interest-based theories, Wallensteen claimed that the asymmetry would make smaller states reluctant to initiate and formalize cooperation (1981). This is very much what has happened in APEC. The weaker states on both sides of the Pacific seem to be very reluctant to initiate formal cooperation. That weak states would prefer a more formalized CMM to create predictability in their relations with the larger states, seems to be less of a truth: size seems to be of much less relevance. More relevance can be found in the more constructivist notion that cultural likeness tends to create functional solutions and cultural separation makes them more difficult. The region is very much divided between the West and the East, but appropriate care should be taken over the fact that some states, such as Japan, Singapore and Hong Kong, are much more Westernized in many ways than numerous other states in the region, including the Latin American countries. Moreover the cosmopolitan lifestyle among the urban dwellers unifies more and more individuals and creates a cosmopolitan cultural setting rather than a Western and Eastern division, but we are not fully there yet.

The cultural factor seems to explain some of the stalemate in the organization and since APEC is an economic organization it is easy to see that the problem with transaction costs over a multicultural region is troubling. It has been assumed that transaction costs are higher when the cultural backgrounds differ (Amelung, 1994:64; Caves, 1971:5; Hermann *et al*, 1982:16). Transaction costs are also one of the more prominent reasons for the creation of a formal conflict management and resolution mechanism in the Pacific Rim. This is agreed by all members in APEC, but it has been less successful in implementing an effective mechanism. This is due to the debate on how formalized the mechanism should be. The lack of a formal mechanism decreases the predictability that is important in the liberal tradition, and empirical reality, to decrease

transaction costs. Trade might create peace, but it has not been able to create a mechanism that can regulate disputes in the Pacific Rim.

The leadership plays a fundamental part in the creation of a functional CMM through their ability to alter the normative system. The political will of the leadership is crucial for the creation of a Pacific Rim community. Currently, the leadership is divided over the future of APEC with the East Asian leaders prefer not to be engaged in a more formal cooperation with Japan and US at the helm.<sup>108</sup> This opposition is to some extent led by Prime Minister Mahathir from Malaysia. The norm system seems to differ between the Western states and the Eastern states, especially regarding the importance of *face* and the need of informality to secure this. Moreover the learning process has not been effective in the case of APEC and the only learning (feed-back) of importance the organization has received is that the organization is incapable of resolving and managing the internal disputes. If a successful CMM is to be established, there will need to be more efficient feed-back mechanisms.

#### 4.1.2 ARF<sup>109</sup>

The ASEAN Regional Forum (ARF) was founded in 1994 as an attempt to stabilize the Asia Pacific region, which could potentially be the stage of new conflicts.<sup>110</sup> In the case of ASEAN, which lies behind the ARF abbreviation, (for more information about ASEAN see Section, 4.4.1) that organization was created to perform limited cooperation in the face of external threats (communism) towards relatively weak states (Narine, 1998). The members of ARF do not have the same — or even explicit political — reasons to cooperate; this is even clearer concerning the stronger members. The security situation in the Pacific Rim is, however, of great concern and it is one of the few regions that prior to 1994 did not have any CMM in the political/military field. ARF

---

<sup>108</sup> Interviews with Senior Officials from several regional organizations from East Asia and Latin America at UN (2001-02 and in East Asia (2000-09). The reluctance to accept a US and/or Japanese dominated organization is clear and the legitimacy that these two states have among the other states in the region is low. This despite the fact that most states would like US to stay in the region until the military, economic and political climate has stabilized, and this might take some time.

<sup>109</sup> The current participants in the ARF are as follows: Australia, Brunei Darussalam, Cambodia, Canada, China, European Union, India, Indonesia, Japan, Democratic People's Republic of Korea, Republic of Korea, Laos, Malaysia, Myanmar, Mongolia, New Zealand, Papua New Guinea, Philippines, Russian Federation, Singapore, Thailand, United States, Vietnam.

<sup>110</sup> It should be pointed out that ASEAN Regional Forum is *not* an ASEAN body. Some writers have confused ASEAN and ASEAN Regional Forum and treated them as the same organization (Cronin & Metzgar, 1996). The idea to establish ARF was put forward by Australia and Japan, but for political reasons it was not feasible for these nations to carry the organization forward (Clements, 1994:12-13). ASEAN was a perfect candidate for dealing with the daily work through its informal and consensus-oriented work within ASEAN. ASEAN was also acceptable for geo-political reasons since few, if any, think that the ASEAN members will be able to dominate the region. ARF adopted the purpose and principles of ASEAN's treaty of Amity and Cooperation in Southeast Asia to govern the relations between the states and to create a diplomatic environment that was acceptable to all members (ARF, 1994). The ASEAN Secretariat is moreover in charge of the daily business of ARF, thus the confusion that ARF is a ASEAN body.

is an attempt to develop and structure an (in)formal way to cooperate and deal with conflicts.<sup>111</sup> ARF was initially meant to seek consensus in its effort to prevent military conflicts; the power struggle between China, Japan, Russia, and India in the power vacuum after US is on the agenda for ARF, other questions being the South China Sea, the Korean peninsula, etc.<sup>112</sup> It is however difficult to define exactly what ARF is supposed to do since the ARF charter left this largely unspecified.<sup>113</sup>

This was due to the reluctance of China and other states to participate in a formal organization that deals with multilateral dialogue; there is a strong preference for bilateral dialogue among all Asian states. This has made the objectives more limited and they are focused on structuring new ways to discuss security. To use the late Chinese leader Deng Xiaopings words, the Asian states are "groping" for stones (of security) so that they can "cross the river" (of post-Cold War insecurity) (Deng, 1998). This characterization is not far from the truth, but the measures to implement this are not specified beyond dialogue, consultations and CBMs. The definition Deng uses, includes the lowest common denominator (dialogue) and most states strive to change this into something more, but not at the expense of their own relative power position in the region. Others have defined ARF's purpose as:

#### Short guide to ARF

Founded: 1994

Number of members: 23

Total population: 3,848 million

Budget: Not available

Total Trade: US\$ 5063 bn (exp.), US\$ 5394 bn (imp.)

Intra-regional trade (%): Not available since it is a political organization.

% of world Trade: 79.6% (exp.), 80.9% (exp.)

Secretariat: The ASEAN secretariat deals with daily business.

Decision-making process: Consensus

Objective: Foster constructive dialogue in political and security areas. Increase confidence building in the region and initiate conflict prevention.

Sources: WTO, 2001:169-177; UN, 2002 (population).

“A political mechanism whose function entails an engagement of the great powers in an effort to deflect the rise of new regional hegemon (China and Japan) while responding to the anticipated slow withdrawal of the American military and political presence” (Whiteneck & Long, 1999:21).

---

<sup>111</sup> There is quite some debate as to whether ARF will take a more formal or informal structure. The division goes quite clearly between the East and the West, even though Japan, Singapore and Thailand have argued for a more formal CMM both in the political and economic sphere. There is still, however, a stark difference between Japan and US in their view of the formalization, despite some points of agreement.

<sup>112</sup> US has been the most prominent power in the region since World War II and has been the strongest military power, especially the naval forces. This has changed in the 1990s as budgetary restraints and political decisions in Washington D.C have pulled back a substantial proportion of the American forces in the region. This has created a situation where the regional powers have to take over the US role in the region, politically and militarily. The withdrawal of US forces has been too fast and there is no clear substitute for US presence in the region. This has created a competition for the political vacuum that US has left after its initiated withdrawal. After September 11, 2001 this has changed and US has halted its withdrawal, whether temporarily or permanently remains to be seen.

<sup>113</sup> It is hardly a coincidence that the formalization was left outside the ARF charter and that several sections of the charter are left for legal interpretation (ARF, 1994). Voluntary participation and informality (at the first stage) are the only clearly defined principles in this organization, and they are questioned by US and other Western states.

This is seen from the smaller states' perspectives, but the logic still applies to Japan and China. Japan is concerned with the rise of China and the economic power it has gained in the last few decades. China is equally concerned with Japan's military past and still remembers the Japanese occupation and both parties see ARF as a possibility to counter the other potential aggressor.

The stated objectives of the ASEAN Regional Forum are however fairly clear and outlined in the First ARF Chairman's Statement (1994), namely:

“to foster constructive dialogue and consultation on political and security issues of common interest and concern;  
and to make significant contributions to efforts towards confidence-building and preventive diplomacy in the Asia-Pacific region.”

Needless to say, the definition of what is a constructive dialogue or what are significant contributions is more difficult to ascertain. The major problem is, however, not the definitions but resides on a more practical level: how should these objectives be fulfilled? In a generalizing way, it could be argued that the Western powers have their minds on a more formal organization with implementation capability of its own, the Asian states are however concerned about this and would like to have a more informal organization based on consensus and with little institutionalization. There are several interesting aspects of the ARF that are institutionalized such as the Intersessional Group Meetings in Confidence Building Measures, the ARF Chair, meetings between heads of states etc. The ARF has thus acquired a minimum level of implementation capability and has the possibility to formulate proposals for continued integration and cooperation (ARF, 1994; 1996; 2001c). The conflict management mechanisms have, however, not acquired any higher degree of institutionalization. This enables ARF to do very little in a formal sense, but much more informally. This is why ARF has focused on creating security by strengthening the norms about cooperation and conflict prevention through political dialogue.

The structure of ARF is partly a reason for the informal structure of the organizations. Its highest organ is the Ministerial Meeting. The ARF meetings are held at Foreign Ministers' level, in July each year, in conjunction with the ASEAN Post Ministerial Conference. The ARF chair rotates on an annual basis and has the same composition as the ASEAN chair. The principle document from ARF is the ARF Chair's statement issued after all Ministerial meetings (Australia, 2002). Since the ASEAN members control the ARF chair they have an important input in ARF daily business and its structure. The ARF secretariat is also under the ASEAN secretariat which makes ASEAN even more influential. ARF is supported by several sub-committees such as the Senior Officials Meeting and the ARF Intersessional Group Meetings on Confidence Building Measures.

The stated aim of ARF is to achieve a formal conflict prevention mechanism (the so called 3<sup>rd</sup> stage), but to reach this level it was decided that the organization first would move through a second stage of confidence-building (the first being consultations) (ARF, 1994). ARF is currently between the first and the second stage, in other words it has not developed an effective conflict prevention mechanism (Hughes, 2000). There is quite a lot of debate whether ARF is still in the first stage or has begun to merge the first and second stage. The debate is important as it concerns the speed of the formalization of the organization, and what form it should take. In this thesis, it will be argued that ARF is more in the first stage, due to the lack of formalization and the limited amount of cases that have gone beyond the bilateral focus. Since the members are divided on how ARF shall reach the 3<sup>rd</sup> stage and at what speed the organizational development in ARF should proceed, it is the most difficult stepping-stone in creating formal conflict management mechanisms. This division is in most important aspects the same discussion that APEC is concerned with (see prior section).

Interesting to note, especially as NAFTA will be analyzed from this perspective, is that there is no legal framework that holds the organization together. It is, on the contrary, pointed out that there are no legal obligations and that all participation is on a voluntary basis and by consensus (ARF, 1994: para:4; ARF, 2001c, para:6). Western style legalism is not acceptable for an ARF conflict management mechanism, according to most Asian states (Garofano, 1999). As for preventive diplomacy, it was pointed out at the 7<sup>th</sup> ARF Ministerial Meeting in July, 2000 that "The definition concept and principles of PD [preventive diplomacy] as agreed by ARF members are not legal obligations..." (ARF, 2000: para:6). This creates apparent problems concerning the enforcement mechanism. The explicit consensus, voluntary participation and the non-legal obligations are mandatory when the organization acts independently as a conflict manager in any regional conflict. It is clear that any act that could infringe on sensitive national politics or foreign policy interests, would be terminated before it became an issue. Similarly, it would be difficult to agree about policy suggestions if one state can refuse to accept the proposal and therefore block the mandatory consensus. This makes the organization slow to change, and to a certain extent makes it unable to change the normative system in the region. This could paradoxically be the strength of the organization. Since many Asian states are reluctant to engage in formal conflict management and resolution, ARF provides an informal setting to discuss the regional security issues. If ARF was be more formal, China's participation, among many, would potentially be impossible as any discussion at ARF could be taken as national policy.

As for the normative changes, it is clear, that in the case of China, ARF has changed the Chinese normative thinking about multilateral security through its informal but multilateral setting

towards a more positive interaction in multilateral forums (Swanström, 2000; 2001).<sup>114</sup> It is not unlikely that ARF would have affected other Asian states to the same or even higher degree. The current policy of confidence-building and normative discussion might not impress the quick result oriented westerners, but the changes are real and have increased the confidence between the actors and will in the long run create more efficient conflict management mechanisms in Asia.

The organization is however relatively new and very little in the way of concrete results has been reached; the success of the organization is heavily dependent on the legitimacy of ARF and how ARF acts in solving power struggles, diversification and unresolved territorial issues (U.S. State Department, 2001), but most importantly how the institutional development of ARF will proceed. It is imperative that each of these questions is dealt with in due order and that the organization stays on the current track of developing regional confidence-building measures (CBM) and slowly moves over to preventive diplomacy.<sup>115</sup> ARF is to slowly develop the preventive diplomacy mechanism into a conflict resolution mechanism, although the timeframe is not determined (ARF, 2001a).

The member states in ARF, especially in East Asia, are currently not ready for a more formalized form of conflict management or conflict resolution mechanisms (Keesings, 1994, July; 1998, July). This is due to the high level of intra-state border disputes, old grievances, lack of trust and power struggles. Several Western scholars and diplomats have, however, raised their voices for a more structured organization with a stronger focus on conflict resolution rather than the more informal conflict management that is slowly developing today (Garofano, 1999). The argument is that the current form of the ARF can not handle security challenges and it would be better to sanction smaller and motivated groups to take the initiative on security challenges.<sup>116</sup> The West, primarily US, has moreover been very explicit as to the fact that they have an intention to use ARF to change the domestic and foreign policy doctrine of countries such as, for example, Burma and Cambodia (Keesings, 1998, July; 2001, July). This has made the Asian states even more reluctant to engage in any multilateral security discussions, but as a result of the informal, noninterventionist and process-oriented "Asian-style" engagement in ARF, most states have accepted this

---

<sup>114</sup> China has continuously refused to deal with any security issue that China is involved in on a multilateral basis, especially the South China Sea and internal disputes such as Taiwan, Tibet and Xinjiang. This has been a policy that was put in practice already after the foreign occupation of China in the 1890s. There have been very few incentives for a weak China to engage in multilateral discussions, but as China's strength has grown in the late 1990s China has accepted more multilateral discussions on matters close to Chinese interests. This has primarily been dealt with through the informal channels of ARF, although "internal" affairs, such as Taiwan, are off the agenda (Swanström, 2001).

<sup>115</sup> Due order is in this case first to establish an environment of trust and confidence through the CBMs that have been initiated by ARF. The next move has to be to solve some of the power struggles within ARF before taking the step into the second level of ARF, preventive diplomacy.

<sup>116</sup> The smaller groupings should drive the formalization forward and create a "true regional organization" in the Pacific Rim. In this proposition many Latin American states are supposed to support the US and EU. Interviews with Senior Officials at the US State Department (2001-05) and APEC Senior Official at UN (2001-02).

organization; the prior example showed that China changed its behavior towards increased interaction with ARF (Swanström, 2001). It is unlikely that an approval by the Asian states, that smaller groupings should take the initiative, will occur, because the groupings would with all likelihood be divided between Asian states and non-Asian states and create more tension than they would prevent. Moreover, it is likely that these groupings will consist of non-Asian states, since they have the motivation and the preferences to change. There would be little incentive (except to obstruct change) for the Asian states to participate in such grouping since they prefer *status quo*.

At its disposal, the ARF has second-track workshops to develop new ideas and normative suggestions for the ARF without the political problems such a discussion would create in a more formal setting.<sup>117</sup> The Council for Security and Cooperation in Asia Pacific (CSCAP) is one of the most important track-two settings of ARF, the problem and the strength being that the CSCAP meetings are endorsed and actively followed by the regional governments to the extent that they risk losing some of their maneuverability due to government pressure (Hughes, 2000; Sheldon, 2001; 2002). The strength of CSCAP is that the governments are strongly interconnected with the process and it is expected that the ideas from CSCAP will directly impact each government. By organizing academic workshops it is possible to discuss and develop the concept, which is criticized by politicians, of conflict management. Several diplomats and scholars have, however, indicated their critical position towards the slow-moving process and have argued for more direct and formal action in questions of consequence. At the existing stage, confidence-building is, moreover, the single most important aspect of ARF and should not be interrupted by a formal conflict-resolution mechanism. As can be seen, there are currently many positive effects of the informal process, such as increased dialogue, confidence building, positive normative changes in APEC; a great deal of the discussions within APEC concerns conflict management which stimulates the continuation of APEC as a CMM.

#### **4.1.2.1 Conflict management in ARF**

The ARF has initiated several dialogues about conflict management and confidence-building that have contributed to a better security environment in the region (ARF, 2001c; 2000). The informal consultations among the members in ARF are noteworthy and crucial for the development of the region. The Korean question has been discussed at the ARF meetings in combination with the Burmese and Indonesian situation (Keesings, 2001, July; 1998, July). US and Australia have been especially active in using ARF to put focus on the Burmese and Indonesian situations, but ARF has

---

<sup>117</sup> Second-track is here defined as a non-governmental advisory group that enhances the intergovernmental ties between ARF states and supplements the existing diplomatic resources (Sheldon, 2002:5). This should be viewed in contrast to first-track that is the formal governmental process, including established diplomatic channels.

also indicated a general interest in the South China Sea dispute. The results have not always been positive and many East Asian states feel that ARF engages too much in internal affairs, especially through US engagement (such as the US incident with Malaysia in 1998).

There have been several suggestions that ARF needs to be formalized if it wishes to play a more significant role in conflict management in the region. This is partly true, but it is also a dangerous path if continued dialogue is one of the goals. The concept of sovereignty is still highly relevant among the Asian states and any changes that are perceived as interference in the sovereign right of the national entity will be rejected. A formalization of ARF will undoubtedly give the organization the means to act as a conflict manager, but would probably at the same time alienate the Asian governments, as it would be perceived as encroaching on their sovereignty and therefore make the situation worse than it is today (see the discussion in APEC). China has been one of the major factors why it was important to create ARF. When China joined the organization, it was very reluctant to partake in any dialogue on a multilateral basis that involved China, but there have been crucial changes in China's view on multilateral discussions. The formalization is, however, still a problem and ARF has tried to avoid direct conflict resolution and management due to the interest of the Chinese government (Whiteneck & Long, 1999:20). This avoidance of more formal dispute management, is also in the interest of Japan and the other East Asian states. It is obvious that ARF does not strive to become a collective security organization such as OSCE or NATO, and that the current structure is relatively effective as a conflict manager. It is claimed that the focus on confidence-building needs to be expanded into more informal conflict management if ARF is to be successful. This can be done without the strict formalization and legalization of the organization that is so feared by many governments, although some formalization will be necessary (Leifer, 1996; Whiteneck & Long, 1999).

Conflict management is on the agenda of ARF today, and the most appropriate way to continue the establishment of a secure environment in ARF is to build on this and engage the members in continuous dialogue, if not, some members will be alienated. This is unsatisfactory if quick fixes are the main task, but to gain rapid results in this region is out of the question. The task should rather be to alter the normative system in the region and to establish knowledge about CMM and that, even if conflict management impacts the sovereignty, the gains are higher than a marginal loss of sovereignty. Conflict management is often viewed as something that threatens national sovereignty, and more often than not several states will refuse to admit that they have conflicts that need to be managed. In an effort to create a better CMM structure, Australia has proposed that ARF shall create an ARF Troika (Australia, 2001), very much like the one in ASEAN (ASEAN, 1999) (for the ASEAN Troika see section 4.4.1). These efforts have not been a success and more credible efforts have to be made by the ARF members since the possibilities for ARF to act independently are negligible. One reason for the Australian failure has been the lack of



trust among the Asian states. Australia has been perceived as a Western state, but has at the same time made attempts to be accepted in the region where it is located.<sup>118</sup>

Some of the more positive developments are the Register of Experts/Eminent Persons that will be available for all ARF members in dealing with conflicts and the expanded powers of the ARF Chair; the limitation is that both are on a voluntary basis and with a non-legal base, i.e. informal consensus-based recommendations (ARF, 2001b: para:8; ARF, 2000: para:16; 2001a, para:45). The Register will function as an independent resource with experts that could give advice on conflicts. The ARF chair has the possibility to act with good offices and function as a mediator in case of need (ARF, 2000, para:16; 2001a: para:45; 2001b:para:8). These additional functions were recently decided upon (25, July 2001) and the implementation has been modest, but on the other hand there seems to be little willingness to use these mechanisms even if they had been implemented. The exact functions of these mechanisms is therefore not tried, but it seems that they will assist in finding evidence (material) and possibly function as good offices or mediators. It will not be possible to say anything about the real function until this has been tried in several cases so that a code of conduct has developed. The apparent focus on voluntariness in all ARF mechanisms is both the strength and weakness of ARF. The weakness is that ARF has no possibility to act independently towards a dispute and if the parties decide to use an eminent person ARF has no enforcement power if the state chooses to disregard the decision of the eminent person. The positive side is that there is something that could be used in a dispute situation and moreover the normative effects of the mechanism are important.

Ambassador Wensley from Australia has pointed out what needs to be done to make the ARF more effective in conflict prevention, and possibly conflict management (1999). The first step is to develop a common understanding of the concepts and principles behind it and how they will apply in the ARF context, i.e. a functional learning mechanism. The contextual issues are very important, as many governments tend to forget that conflict management and prevention is dependent on the cultural base and the people that are affected by the problem can apply conflict prevention best through a strong local ownership structure. The second step is to explore the overlap between confidence building and conflict prevention, which has been brought forward by many states but particularly Australia (Australia, 2001). This attempt at development of the CMM has been received positively by the ARF secretariat and the member states (ARF, 2001b: para:37). The limitation is that the development should only explore the overlap between CBM and preventive diplomacy but not say anything on how and when such an overlap should be implemented. To this, conflict-management should be added, since there are no preventive actions that do not have

---

<sup>118</sup> The Australian problem has been cultural insensitivity towards Asia and moreover the immigration department has applied a white only policy, or so it is perceived by the Asian states (Keesings, 2000, May; Interviews with Senior officials in Asia (1997-01; 1999-05, 09; 2000-09; 2001-07).

aspects of conflict management and vice versa. The management function would be considerable if an overlap was initiated, but preventive diplomacy would potentially be more formalized and could even encroach on national sovereignty. Taking this into account, it might take some time before we can see truly preventive diplomacy in ARF, which can undermine ARF in the long run.

Needless to say, the formal powers of ARF are minor since it is all done on a voluntary and consensus-oriented basis; what are interesting are the informal mechanisms of ARF. As described above, there is a range of assistance that could be used as help in managing or resolving a conflict. The efficiency of these measure is at best disputable, but more important is the confidence-building and norm-creating function the organization has developed (Tay & Talib, 1997:257-265). The construction of norms is a part of the ARF purpose which encourages a “nurturing of accepted codes or norms or behavior guiding the relationships among states in the Asia-pacific region (ARF, 2001c: para:9b). The CBM and the normative changes have been fundamental and it might be possible to talk about an ARF culture of dealing with multilateral conflicts; this is however only a thin layer of ARF culture that is easily disrupted by the national preferences. This positive development has, however, had a direct feedback to the organization at large which will in its turn improve the CMM over time.

#### **4.1.2.2 Analyzing the linkage between ARF and CMM**

Despite the mixed success of ARF and the slow pace of integration and cooperation, there is no support for an alternative multilateral organization dealing with security issues. For better or worse, ARF seems to be here to stay. ARF has no formal functions as a conflict-management mechanism and in contrast to APEC, that is concerned both with political and economic disputes, it has a focused function as an informal manager of security threats. There are, however, several problems with the informal conflict management mechanism and there is a vibrant debate as to the level of formalization of the organization. This debate is, as in the case of APEC, divided according to regional lines and the cultural factor seems to once more play a role, with the East Asian focus on informality and the American focus on legality.

Informal conflict management has been relatively successful both through the dialogues and consultations that are commonplace between the leaders in ARF, but also through the normative changes that have happened (more about this later in this section). ARF thrives on the work of the second track organizations that are closely tied to ARF and through the informal dialogues about issues that would be too difficult to handle in a formal setting. The issues of the South China Sea or the Korean peninsula have been effectively handled through this forum, although the Taiwan Straits issue has not been dealt with since China considers this to be an internal affair. It is noteworthy that ARF has been used to criticize the internal affairs of relatively less powerful states

such as Burma, Malaysia and Indonesia, but not China, Japan or US. This indicates that there is some support for ARF but the East Asian states fear that the informal mechanisms of the organization will be used to influence the internal affairs of the East Asian states, but also that this will probably only be directed towards the smaller states.

The sovereignty aspect lies behind the reluctance of many states in East Asia to engage in more formal cooperation and the creation of a formal CMM. The sensitivity that ARF would infringe on the sovereignty of the member states, is high in East Asia. This would be especially sensitive if Japan, but also China, were to have a leading role in APEC since Japan was an aggressor in most countries in East Asia up to the end of the Second World War. Moreover, the economic and military discrepancy makes it less interesting to have a strong multilateral organization that could put pressure on weaker states. These are a few of the more crucial points in explaining the reluctance to engage in formal discussions/cooperation and in formal conflict management mechanisms. This deficit is partly based on the lack of trust between the actors and especially the great powers in the region, in combination with economic interests, but also for historical reasons (more on the history in the East Asian section).

The normative changes that ARF has created are important. This is one of the more interesting traits of the organization and a leading function of ARF (ARF, 2001c:para:9). It has been apparent that the informal influence has been substantial, both through discussion between leaders and through second-track diplomacy. Dialogue and learning have been important measures to accomplish the ARF-goal of increased security and understanding, and the message has reached many of the Asian states. The example of this in the prior section was China, but Indonesia and other states have been directly affected by the normative function of ARF too. ARF has begun to create a normative system concerning security threats and this has increased the confidence among the regional actors. The normative changes from 1994 to the present date are impressive, especially considering that it is in a region with a high degree of military and economic disputes.

The military expenditure and preparedness is high due to the lack of a common security mechanism and an endemic lack of trust between the actors. It could be argued that the transaction costs to secure national security rise significantly in the absence of an effective CMM, confidence and trust between the actors. To be able to reduce the transaction costs, ARF needs to improve the confidence-building mechanism and the legitimacy without formalizing the organization in a way that threatens the East Asian states.

As mentioned earlier, the formal mechanisms have not had any impact and can therefore not be discussed; although there are no competing mechanisms at the level of the Pacific Rim, there has been no successful policy of establishing a formal CMM at this level. There are however competing interests at the lower level of regional cooperation, such as ASEAN+3, OAS etc. As for the informal mechanism, it is clear that there are no competing mechanisms and even if the

legitimacy of the ARF mechanisms is debated, the CMM has to be considered to have an intermediate impact. It is also clear that the informal mechanism supercedes the formal mechanism that has been largely absent. This is partly due to the limited focus of the mechanism and the relative ease with which the informal mechanism fulfills its purpose. The legitimacy is, however, strained due to the same reason; many members argue that the ARF mechanism is only a discussion club without real value. The ongoing debate between the different camps on how to formalize the mechanism threatens moreover to decrease the legitimacy. Not only due to the tension this can create, but also more importantly as a result of the fear that formalization creates among a few actors and the dissatisfaction it creates among others since the mechanism never seems to take a more institutionalized form. There are several open conflicts in the region, such as the South China Sea, the Korean peninsula, Taiwan and a few more internal conflicts both in the Americas and East Asia. None of the inter-state conflicts have however erupted into war since ARF was created; if this is due to the organization, or a product of other factors, is another question. What is clear is that the meetings in ARF have increased the confidence between the regional actors and that the relations are better than for many centuries. This improvement is however not only due to ARF since it began after the Second World War and gained momentum after 1976 and the death of Mao. Finally, ARF has an intermediate impact on the informal mechanism in a narrow security realm, even though it has experienced some drawbacks due to the problem of a possible formalization of the CMM.

Figure 4:5: ARFs impact on the CMM

	<i>Low impact</i>	<i>Medium impact</i>	<i>High impact</i>
<i>Formal</i>	Implementation Predictability Enforcement Legitimacy	No competing mechanism	
<i>Informal</i>		Confidence building Open conflicts Legitimacy	No competing mechanism Supercedes the formal

As regards theory, it could once more be stated that all theoretical blocks are represented. Asymmetrical power is once more a problem for increased cooperation and formal conflict management mechanism. This is accentuated by historical animosity among many of the members, especially towards US and Japan. The division in formality is even more crucial here, since it threatens the sovereignty of the states in a different way than economic issues do. The refusal to formalize the CMM and the security cooperation would be nicely explained by the lack of strategic interest among the actors. This could be argued in contrast to the liberal tradition that would claim

that the cooperation is not sufficient to gain momentum or that the cultural differences create transaction costs are too high relative to the feed-back.

Argued in constructivist terms, there are normative differences between the East Asians and the Americans. The normative difference lies in the degree of eagerness or resistance to formalization. ARF has a very *ad hoc* structured CMM where all participation is voluntary and based on power more than legal structures; this is in line with the realist tradition. Moreover, it could be argued that the situation is a security threat serious enough for regional cooperation to be initiated. In contrast, it could be argued that the cooperation is initiated regardless of the seriousness of the situation, due to the positive effects that cooperation would generate regardless of whether there is a security situation or not.

Transaction costs play once more an important role; lacking a functional multilateral security mechanism, all parties have to increase their own defense capabilities. This is in line with the realist notion that power is the only functional response to an anarchical world and that there is no way to reverse this situation. The economic costs and the political insecurity have been far higher than could be sustained over time, and all states in the region are seeking solutions to this problem. Liberal scholars think that there is a possibility to decrease the transaction costs through more interdependence, in contrast to the realists who would argue that this is the nature of the world. Increased cooperation and integration would decrease the threat and increase trust among the states in the region.

In conclusion, the learning capabilities of ARF have worked in a positive way. The current organization has developed and improved its informal conflict management functions since it was established in 1994. National groupings are consistent in their efforts to improve the structure of the organization and the conflict management capabilities. This has given ARF quite a degree of legitimacy among the members, and the organization continues to be the only multilateral security organization in the Pacific Rim.

#### **4.1.3 Conflict management in the Pacific Rim**

In the cooperation structures in the Pacific Rim that have been studied, it is clearly seen that two traditions meet, and handicap the organizations. The conflicts between the different sub-regions (East Asia and the Americas) are increasing and the impact from APEC depends on whether the members can find their lowest common denominator. In the case of the CMM there is little space to maneuver in. A demand is that the mechanisms stay informal and non-legalistic as the East Asians require them to be. This is so because the American states have accepted a less structured CMM, although they dispute its full legitimacy, while the East Asian states have not accepted a legalistic and formal CMM. The exception is in the trade sector, where the East Asian states know

that they have to construct a more formal mechanism to avoid the transaction costs that constrain economic development, but the structure and level of formalization is still under dispute.

It is clear that trade and economic liberalization has been an area of cooperation and formalization due to the importance increased export and investments have. It is equally evident that political and military cooperation is not an area of possible formalization. It is obvious that there is a need for a dual process of conflict management in the Pacific Rim. One process that is formal, economic and focuses on conflict resolution; one that is informal, political and focuses on conflict management. It is thus functional at a stage where trust is relatively low, to have two separate organizations for separate issues. The real danger lies in confusing these processes and attempting to formalize the current informal process. There is a need for both formal and informal mechanisms to deal with conflicts, but that the relevant mechanism and organization is used for a particular conflict. The political and military issues still rely on an informal process due to the lack of confidence, and in the economic realm there is an apparent lack of clear and predictable regulation that increases the transaction costs and decreases the economic stability.

#### **4.1.4 Concluding thoughts on Pacific Rim**

In section 4.1 we have seen that in the Pacific Rim there are two organizations that form the structure for the multilateral conflict management. In principle they are not competing organizations, since ARF is concerned with political CMM and APEC with economic CMM. APEC has, however, been attempting to engage in political disputes, as seen in the East Timor issue and the US criticism of Mahathir. The diversion from economic CMM has not been a positive factor in the development of APEC and the result has been increased reluctance from the East Asian states to further engage in APEC. In these aspects they have different characteristics, but both organizations deal with informal CMM and are to a certain extent stalemated by the attempts from the Americas and the West to formalize the CMM. It seems that the ARF is the organization with most impact, despite the drawbacks the internal division has created. The question is how and why the current regional CMM structure took place.

There are many reasons for the organizations to adopt the informality they have done, as there are for why the organizations have been stalemated. This will just be a presentation of a few more important variables that stand out in this region. There will also be some remarks on how negative processes could be reversed.

Sovereignty has been one the most difficult problems for the Pacific Rim as a region, as sovereignty is held as a fundamental right of each state that *cannot* be compromised among the East Asian states. At this stage, this makes it impossible to engage in a formal political conflict management mechanism, since many states would not be able to compromise due to domestic

constraints. This can only be resolved by increasing the understanding and trust over borders at all levels. Increased dialogue on a state-to-state level, but also at citizen-to-citizen level, is necessary to improve the current lack of trust between people and states.<sup>119</sup> Many of the states in the Pacific Rim have either disputed borders or weak internal legitimacy, and due to domestic conflicts both of these make it difficult to compromise on national sovereignty.

As has been seen in both ARF and APEC there has been a division between East Asia and the Americas that brought the discussion to culture and its effects on the CMM. Cultural differences have created a variation within the region, one between the East and the West. This cultural difference manifests itself in the norms and perception of cooperation and how CMM should be organized to be more efficient. The East Asians prefer informal and non-legalistic procedures, while formal and legalistic procedures are preferred by the Americas, as can be seen in APEC and ARF. One major problem with this argument is that it reinforces itself; actions that can not be understood over cultural borders are explained by “culture” but actions that you can not understand within your own cultural borders are explained with alternative variables. Culture is important in the sense that it creates different norms and values that affect preferences, but it is not the answer to all differences and there are many aspects of a conflict that might be more important than culture in various situations (Salacuse, 1998).

Security was the reason for the creation of ARF, but the impact of ARF seems at first sight not to be that deep, on the contrary it seems to be one of the reasons for the decreased impact of the regional CMM. The threats to regional security, increased military expenditure and ongoing arms race in many parts of the region are devastating for the confidence between the states and as well as the economic development. This is a *Catch 22* situation where the decreased security is a result of the lack of a truly efficient CMM, although there are improvements made through the informal consultations, especially in ARF; this is problematized by the fact that the lack of trust decreases the possibility to create CMM that impact the region. Apart from increased dialogue, there is a need for a continued and strengthened disarmament process to prevent an armament race, both in the nuclear area, and other weapons of mass-destruction, and with conventional weapons. The military armament does not only create a more insecure environment, it also reinforces the view that the other side is not to be trusted, and that retaliatory power is the only form of communication they understand.

---

<sup>119</sup> The dislike and hatred between the countries in East Asia has made it impossible for the governments to compromise with other governments, if they are perceived to be “evil”. Examples of this could be the Chinese, Korean and Southeast Asian inability to compromise with Japan since the population (more than the governments) considers Japan to have a debt due to the prior occupation of East Asia. This is not the case in Latin America where history has looked somewhat different and the conflicts have to a much greater degree been intra-state. The Central American region could be a future problem as the migration within the region could create problems with ethnicity and cross-border relations that have to be dealt with on multilateral basis.

It is easy to assume that trade has been the most positive factor for cooperation and effective CMM as the intra-regional trade is on such a high level, but the regional trade is to a high extent due to natural growth, not to APEC that was created to improve trade. The attempts to lower the transaction costs in economic interaction have a normative effect that has resulted in a common view of the need of formal CMM. Trade has, however, created positive effects by increasing trust and confidence and it has also made it more expensive to continue the economic and political conflicts as these affect the financial return negatively; an example of this is the relations between China and Japan that are less than warm, but both countries need the bilateral trade and are not willing to let the political relations ruin the economic benefits. A similar relationship exists between US – Japan and US – China.

It is not possible to force the Asian states into more formal cooperation or to use pressure to increase dialogue, since some of the world's most powerful states are situated in the region and the power balance prevents military pressure. The lack of cooperation is not only due to politics of today but maybe more a reflection of the history and the mythology that has developed about the past interaction. The memories of past injustices have created a suspicion that is hard to overcome. It is not impossible to resolve historical differences, as was seen in the case of Germany and France after 1945, but it takes time and effort from the international community. If anyone is to impact the region, it has to be done on a voluntary basis and in a timeframe that suits the participants. Continued informal dialogue is the only practical solution to create a truly regional organization that could deal with conflict prevention issues in the long run.



## 4.2 East Asia

As has been mentioned earlier, the concept of East Asia as a region is problematic in the sense of borders, values, norms, culture, religion, ideology etc; especially since East Asia is sometimes considered to be relatively homogeneous. The unfortunate, mainly Western, view that East Asia is a homogenous region is decidedly wrong. The culture and value systems are divergent and historically there has been little that tied the regions together, except for colonial definitions and experience; this has changed in the 20<sup>th</sup> century and the East Asian region has created more of a sense of regional belonging (Leung & Tjosvold, 1998; Xia, 2001).<sup>120</sup> Border disputes have, however, been rampant in the region; this is partly a result of the decolonisation although there has been substantial stabilization of the region since the 1990s (Swanström, 2001). The number of disputes in East Asia during the 1990s amounted to 148, an increase of 10 since the 1970s (Wallensteen & Swanström, 1998). This is the highest regional conflict intensity in the world, in a region with the highest military expenditure and five nuclear weapon states in the region (China, Russia, US (stationed in Japan and South Korea)) or bordering to it (India, Pakistan) and one potential (North Korea) (Sköns *et al*, 2000). The conflicts do, moreover, have an external component with the US involvement in Korea, military support to Taiwan, close military cooperation with Japan, different treaties with several Southeast Asian states, military cooperation with India and after September 11, 2001 also with Pakistan on a more intensified level. This is not to say that the US presence always is negative. The US being there has stabilized the region, excluding the Vietnam War and the Korean War, and the threat to stability today might not be the US presence, but rather the potential struggle of power if US was to leave East Asia (Lee, 2000; Nathan & Ross, 1997: Chapter 4; Swanström, 2001; Wu, 1996). Currently it does not seem likely that the US will leave the region, due to the war against international terrorism and the importance it has for US trade (Swanström, 2002).

The East Asian and especially Northeast Asian history matters greatly for regional cooperation and multilateral CMM. History in East Asia has worked against regional cooperation attempts and more so for any formal CMM in the foreseeable future. Before the Japanese capitulation in August 1945 Japan was highly militaristic, as seen in this region.<sup>121</sup> Japan attacked China twice (1894-95, 1931-45), engaged in a war with Russia (1904-05) and forced Korea into a

---

<sup>120</sup> The Asian value debate has proclaimed that there is something that combines the Asian states and that is their view on human rights and the collective. This is a view that has been put forward both inside and outside the region (Mahathir & Ishihara, 1995; Mahbubani, 1998). There is now little dispute over the fact that the concept of Asian Values is generalized from Confucian values, which states such as Thailand, the Philippines or Indonesia would have problems following. Lee Kuan Yew, who has been considered to be an Asian values proponent, argues in his latest book (2000:491) that there is no *single* Asian value, but more correctly a multitude of values that differ all across Asia.

<sup>121</sup> Japan prior to the surrender in 1945 was very different to the Japan that exists today, even though a few scholars would argue that Japan still is militaristic (Friedman & Lebard, 1991).

colonial position in 1910. Moreover it attacked the Southeast Asian states in 1941 and soon occupied many of them (Cotterell, 1993:189-210; Ienaga, 1978; Spector, 1985). The Japanese war machine was highly ruthless and the following occupation led to civilian casualties that were far in excess of what could be expected (Harris, 2002; Kelly, 1995; Sheldon, 2002b; Oh, 1999). This history is in itself a danger to any regional cooperation attempt, as we have seen in Europe after the First and Second World War, but more important is the Japanese view of their actions. In a region where “saving face” issues are important it is hard for the states that have suffered under Japanese occupation to accept that Japan refuses, as the other East Asia states demand, to recognize its responsibility for the war atrocities. The Japanese governments have on the other hand claimed that the war was not as terrible as has been argued, and moreover that Japan was not guilty, it was the military class. The Japanese Minister of Education ordered writers of schoolbooks to “soften their approach to Japan’s excesses during World War II” (Ienaga, 1996:332-351; *The Economist*, 1990:21-24). This neglect of the occupation is what disturbs the states in East Asia and little progress will be made as long as Japan refuses to apologize for its behavior.

China, for its part, is not only a victim but was directly involved in the Korean War and later the Vietnam War with *voluntary* combatants. Moreover, the Chinese government has actively worked for a communist revolution against most governments in East Asia and tried to convince rebels to join the communist camp under the guidance of Mao (Chan, 1994:84-89; Keesings, 1975, September; Swanström, 2001: Chapter 5). The attempt was not positive from the perspective of cooperation and as an example, in September 1965 the Chinese supported the Indonesian communists in a revolt against the Indonesian government. The revolt failed and Indonesia later joined the anti-communist ASEAN (Garver, 1993:150-152; Swanström, 2001:64-65). The Communist threat was real and, as will be seen, ASEAN was created as a bulwark against Communism (China). With this quick review of the Chinese and Japanese influence on the East Asian relations, it is clear that trust and confidence are hardly concepts that embody the states of East Asia.

There is currently no "Asian only" regional organization that deals with political and military issues, only sub-regional organizations. The exclusion of Western powers is a highly popular idea in Asia and this is what Asian scholars clearly have as their preference (Anwar, 1996; Cook, 2001; Mahathir, 1999; Mahathir & Ishihara, 1995), just because the US has such a strong regional role to play. The East Asian Economic Group (EAEG) and East Asian Economic Caucus (EAEC) were proposed with the purpose to create an East-Asian-only regime and to contain the Pacific influence in the region. This was first proposed in 1990 by the Malaysian Prime Minister Dr. Mahathir Mohamad (Keesings, 1991, October; 1992, January). These first attempts were prevented by US intervention and resulted in strong pressure on all states from the US, most

importantly on Japan.<sup>122</sup> There was also serious disagreement in East Asia about who would take the leadership over a regional organization. Countries such as China and Korea were/are reluctant to let Japan take too prominent a position. The memories of the forced Japanese "cooperation" during World War II and Japan's occupation of China, Korea, and most states in Southeast Asia sparked this reluctance against a Japanese presence.<sup>123</sup> For some time only APEC (1989) and ARF (1994) functioned as regionally extensive and operational organizations including East Asia. Interestingly enough US has an important role in both organizations. The US presence was at the time seen as a guarantee against Japan's and China's domination of the regional organizations and the region at large.

The divisions between the governments in the region are well known and the reluctance to accept a formal conflict management mechanism is high, especially if the mechanism would have any impact on domestic issues. This is due to several issues that vary in importance among the East Asian states. The most important factors are that there have been several wars, occupations, ideological differences, historical animosity, border disputes, and trade competition that have created an environment in which the level of trust is low. On a positive note, the region is relatively large and many of the actors are powerful enough so that no single actor will be able to dominate. This, in combination with the low level of trust, could force the actors into direct management arrangements, both in the political and economic sectors, to avoid war and economic disruption.

The single factor that connects the region, is economic cooperation and economic interdependence. The increased level of intra-regional trade in the East Asian region has made all states dependent on continued relations and there are few positive effects to be gained from economic sanctions or military actions against each other. The economic integration and the political diversification points towards a dual policy among the East Asian states; they seem to condemn each other on a regular basis, but this does not seem to affect trade. An example one could name is the "world" boycott against China after the Tiananmen incident in 1989; Japan was the only Asian state that imposed sanctions, Tokyo terminated their limited sanctions after 6 months due to the effects this had on economic development in Japan (Keesings, 1990, November). Regardless of whether the East Asian states trust, hate, like or are simply ignorant of each other, trade is there to stay and East Asia is forced to find a mechanism that decreases the transaction costs, especially in the light of the problems the regional states have with each other. In

---

<sup>122</sup> The Asian-only proponents have pointed to the "negative" experience the Western powers brought with them and the identifiable, culturally-bound form of "collective" capitalism that exists in Asia and is largely responsible for the economic success (Cook, 2001). The arguments have changed somewhat after the Asian financial crisis in 1997, but the distinction between Western powers and Asiatic powers is still very strong.

<sup>123</sup> The Japanese concept of a "Co-prosperity sphere" is an ironic concept as the "cooperation" starved out the East Asian states in a vain attempt by the Japanese government to sustain the Japanese war machine.

fact, however, there is only one organization that integrates the region and could establish a regional CMM.

#### 4.2.1 ASEAN+3<sup>124</sup>

ASEAN+3 was created to increase intra-regional trade and work for further liberalization. The first ASEAN+3 Heads of State meeting was held in Manila in November 1999 and it was a great leap towards an institutionalization of regional cooperation in East Asia and a regional CMM (ASEAN+3, 1999). For the ASEAN presentation see section 4.4.1. The roots of the organization can be found in Malaysian Prime Minister Mahathir's concept of an East Asian Economic Caucus from the early 1990s. Mahathir's first proposal was made impossible due to US objection and US pressure on East Asia to drop this proposal. This changed after the financial crisis in 1997 when it was realized that a stronger regional organization has to be established that could act to prevent financial crisis. That ASEAN+3 was established, is an important step for regional security in East Asia in the long run, even if the explicit goal of the organization is economic cooperation. Unfortunately, since the cooperation is relatively new there is limited information about this initiative. What could be said, is that ASEAN+3 is primarily an economic organization that aims at increasing economic cooperation, monetary and financial cooperation (ASEAN+3, 1999, para:6). This is in line with the agenda of ASEAN that has tried to increase regional trade through AFTA (see section 4.4.1). In the same document it is stated that the parties will continue dialogue and coordination in the political-security field. This is, however, an area which has not been touched since, and the focus has exclusively been on trade (ASEAN+3, 2001; 2002; Sofyan 2001).

The structure of ASEAN+3 is remarkably loose and unstructured. Malaysia proposed a Secretariat in July, 2002, but this proposal was defeated by the rest of the ASEAN members (Inquirer, 2002). The reason for the failure was that the ASEAN members feared that this would decrease the power of the ASEAN secretariat; Malaysia did, however, have support from China, Japan and South Korea, an unexpected combination of states. Until a more formal structure is established, the meetings are held on an ad hoc basis and often in the margins of the ASEAN meetings (ASEAN+3, 1999; 2002b).

##### Short guide to ASEAN+3

Founded: 1999

Number of members: 13

Total population: 1,970 million

Budget: Not available

Total Trade: US\$ 1529 bn (exp.), US\$ 1346 bn (imp.)

Intra-regional trade: (%): 35% (imp. + exp.)

% of world Trade: 24.5 (exp.), 20.2 (imp.)

Secretariat: No secretariat

Decision-making process: Consensus

Objective: Increase economic cooperation, monetary and financial cooperation. Promote dialogue and coordination in the political-security field.

Sources: WTO, 2001: 84-92, 170; UN, 2002 (population)

<sup>124</sup> The member states in ASEAN+3 are the ASEAN members, China, Japan and South Korea.

ASEAN+3 agreed to strengthen efforts in accelerating trade and investments and to promote broader private participation in economic cooperation (ASEAN+3, 1999: para:6). Private business cooperation is also the area where the East Asian region has had most success in creating cooperation without government involvement. By focusing on an area where there already is positive development, this will create greater legitimacy for the organization since it will be viewed as successful. The economic development and integration that is already in place could, however, gain further momentum within the framework of the ASEAN+3 (Hew & Anthony, 2000:26). There are many fiscal and monetary forms of liberalization and ASEAN+3 has increased the contacts between the Central Banks, decreased the fiscal restraints between the members etc. (ASEAN+3, 2002: para:3, 6-7). The economic cooperation does, however, not only rely on trade liberalization, it depends to a large extent on the fact that China-Japan and Korea-Japan can put their differences aside and focus on economic regionalism.

Among the more successful examples of cooperation is the so-called Chiang Mai Initiative (IMF, 2000) that consists, so far, of six bilateral swap arrangements (BSAs).<sup>125</sup> Japan is involved in five and China in two to a combined sum of 17 billion USD; moreover, Korea will follow up with two BSAs in 2002 (Phuangkanok & Khanthong, 2000; ASEAN+3, 2002: para:5). On top of this is the ordinary trade that has been much easier since the creation of ASEAN+3 (decreased transaction costs) not necessarily for economic reasons but for political. This has created a large intra-regional trade in East Asia (35 percent of all trade), but ASEAN+3 has claimed that they will base their regionalisation on the concept of *open regionalism* in accordance with APEC's directives (APPF, 2001; ASEAN+3, 1999: para:6-7; WTO, 2001:84-92).

There is no doubt that ASEAN will be the building block for further ASEAN+3 cooperation, and that ASEAN will function as the leader of the organization.<sup>126</sup> This is due to the already established informal form of cooperation that exists in ASEAN. Also, ASEAN is capable of dealing with all Northeast Asian states and thus would be able to create further integration and trust (Hew & Anthony, 2000:26). ASEAN has also proven itself capable of organizing the relations between the East Asian states. In mid-2002 there were great hopes that ASEAN+3 would succeed and lead to more effective economic integration, peace and stability in the region (APPF, 2001; IMF, 2000).

---

<sup>125</sup> The idea behind the BSA is that it will deter speculators from attacking the regional currencies. The ASEAN+3 members will make their foreign exchange currencies available for each other as credit line during times of liquidity crisis, such as the Asian crisis in 1997. This would not only strengthen the regional currencies, but more importantly it creates a notion of regional responsibility and greatly improves the regional confidence and trust between the states in East Asia.

<sup>126</sup> It would create problems if a Northeast Asian state sought the leadership role, as it would be politically impossible for any of the Northeast Asia states to follow the leadership and guidance of any other state in the region, but it would be possible to accept ASEAN as an *ad hoc* leader of the regional organization.

ASEAN+3 is currently an “Asian-only” organization, but Australia has indicated interest in becoming a member, and US and other Western states have indicated that they are interested in that a non-Asian state will be able to join (APPF, 2001). The purpose of this is, according to the Asian states, that US would like to influence the organization.<sup>127</sup> Moreover, since the organization is viewed as an East Asian cooperation structure the reluctance among ASEAN+3 leaders to accept Australia and any other non-East Asian state has been (and will probably continue to be) strong. The exception might be Japan that would benefit from Australia’s membership due to similar policy perceptions and because Australia does not carry the perception of Japan as a war criminal to the same extent as other states in the region. It is more likely that Australia and New Zealand will be included in East Asian cooperation through the Closer Economic Relations of Australia and New Zealand, but a direct membership is probably not an issue today and therefore this issue will not be discussed further.

The creation of ASEAN+3 could formally create a new trading bloc, if successful. There have been little prospects for an East Asian trading bloc in the past (Kirkpatrick, 1994:200-201), and it seems still be little prospect for this to success since the concept of open regionalism is strong and the thrust between the states are low. ASEAN+3 is created within the framework of APEC and could speed up the integration process for APEC. APEC is hardly a trading bloc today with its relative weakness, but could theoretically be viewed as one. The intra-East Asian trade has risen from 33 percent in 1980 to 50 percent in 1998 according to an ASEAN statement (Phuangkanok & Khanthong, 2000), which would make East Asia more internally coherent than all other trading blocks with the exception of EU (*cf* WTO, 2000:84-92). Moreover the combined foreign reserves for East Asia in 2000 amounted to more than US\$800 billion (Hew & Anthony, 2000:26); this makes ASEAN+3 a formidable competitor to EU and NAFTA. There has also been a suggestion about a common Asian currency from Thailand, but this is still an issue that national sentiments and the economic reality would prevent from happening since Southeast Asia is not a natural currency area.

On the surface it seems as if ASEAN+3 will be an important actor in the international market and it seems that the organization will work for more integration and prosperity in East Asia. As has been mentioned earlier there are however several problems in the region and to sustain the current progress there needs to be an effective CMM to handle the disputes that undoubtedly will arise.

---

<sup>127</sup> There is a great deal of skepticism about an Australian membership among Asian senior officials and Australia is considered to be closer to US than to Asia (Interviews with Senior Officials in Asia, 2001-07; 1999-05).

#### **4.2.1.1 Conflict management in ASEAN+3**

Conflict management mechanisms in ASEAN+3 have been virtually absent, both informally and formally. Formally, the Charter lays out the importance of dialogue and collective efforts, but there are no definitions as to how this should be arranged (ASEAN+3, 1999; 2002a-b). In practice, there are no mechanisms that could be used to manage the conflicts; it seems as if the organization relies on APEC, WTO and ARF to deal with the disputes that could arise. The reasons for this absence are easy to explain — the states in the region could not agree on a CMM that would function effectively and still sustain the national sovereignty. There is simply not enough trust between the East Asia states to be able to create a mechanism that will encroach on the sovereignty of the states. It is easier to rely on external mechanisms and the presence of US. The reason for the intra-regional dispute lies with Northeast Asia and the relations between China, Korea and Japan. Southeast Asia has succeeded in creating a better environment for cooperation, but more about this in the coming sections.

The positive results from this cooperation are from the confidence-building effects that the BSAs and increased trade will have on the policy-makers and the population, crucial factors in themselves. The economic integration that is in progress in East Asia is undoubtedly creating trust between the actors<sup>128</sup>, but the foundation it relies on is weak and economic disputes could easily reverse the fragile development this study revealed. It is therefore crucial that a CMM is established that could deal with intra-regional disputes. It is not, in the long run, acceptable to use an external mechanism for conflict management since that would decrease the legitimacy for the organization and favor external organizations.

The meetings between regional leaders at different levels are crucial in informal conflict management. During all the meetings there have been several informal dialogues on how to deal with intra-regional disputes and liberalization questions (ASEAN+3, 1999; 2001; 2002a-b). These informal discussions have not resolved any disputes, but are nevertheless important for the development of a formal CMM and eventually a conflict resolution mechanism.<sup>129</sup>

As mentioned in the description of the prior organizations and in this section, sovereignty plays a important role in explaining the lack of CMMs. By adhering to a CMM, each states has to give up some aspects of its national sovereignty, even if the loss is simply on paper and not in reality. It could of course be worse to sign an acceptance of a limitation of sovereignty that does

---

<sup>128</sup> The exception might be China-Taiwan, but it might also be a good example of peace-creating activities. A great deal of the investments in China originate from Taiwan and it is claimed that there are more than 200 000 Taiwanese businessmen in Shanghai. This has been considered as a threat by Beijing that argues that Taiwan is trying to buy China. Taipei on the contrary argues that China is bribing the powerful business interests to lobby for a one-china policy in Taiwan. The truth is, hopefully, somewhere between. By creating such an interdependent society there are less possibilities left for war between Beijing and Taipei, it would simply cost too much.

<sup>129</sup> Interviews with Senior Staff at the Foreign Ministries of China, Japan, Malaysia, Philippines, South Korea, Thailand and Vietnam (2000-2002).

not matter than to decrease actual sovereignty without the nation's citizens knowing it. This has its foundations in the historical animosity and competition over regional influence today. Before any formal, or even informal, mechanism can be established, ASEAN+3 has to solve the dispute between China, Korea and Japan in a way that Korea's and China's sovereignty is not "threatened" by Japan.

#### **4.2.1.2 Analyzing the linkage between ASEAN+3 and CMM**

ASEAN+3 is an important building block in the East Asian region and without doubt it has potential to further increase the regionalism that is initiated. There are, however, some problems with the organization, many of which can be traced back to the relations between Japan, China and Korea and the historical animosity they feel towards each other. These conflicts have to be resolved or managed before any deeper form of regionalism take place. Regardless of any possible changes, regional cooperation in the political and military field seems to be difficult to implement in East Asia, but as indicated above, economic cooperation is flourishing and this without government intervention. The current level of cooperation has developed according to the free trade and non-intervention principles of Mill and other trade liberals and the interdependence between the regional economies is substantial. The problem for the region is that there is no regional CMM, neither in ASEAN+3 or outside, and without an effective CMM there is a risk that the legitimacy of ASEAN+3 will decrease as a result of the usage of external mechanisms. The focus of a CMM should be on the existing mechanisms that regulate private trade and ASEAN structure. The business sector is one of the more solid supporters of ASEAN+3 and regionalism, and a great deal of the economic policies in ASEAN+3 is driven by private business interest. The increased economic interaction has made conflicts more complicated since financial resources in East Asia do not seem to understand the concept of borders. In this sense trade could be peace-creating, or at least interdependence and confidence-creating.

There seems to be a high degree of political willingness that the organization shall be a success. Many East Asian leaders, and former ones, such as Jiang Zemin, Lee Kuang Yew, Dr. Mahathir and several others, have staked their personal prestige in their support of ASEAN+3. This support is the organization's most positive factor when estimating its possible success, in combination with generous funding, excellent human resources and an efficient infrastructure, especially in the light of the ASEAN experience. A possible ASEAN+3 CMM should be based on the founding principles of ASEAN that have proven to be functional for cooperation in a region with limited trust, and — more important — efficient in creating confidence and trust between the members (see: section 4.4.1).



The external support is high from IMF, UN and other regional organizations. Even US and Australia that have been against an East Asian organization earlier on the grounds that it would impact APEC and an Asian Development Bank negatively, have supported this organization in words, but not so far in deeds. The international support for ASEAN+3 is crucial for the effective development of CMMs and regionalism and if international and regional organizations, such as NAFTA and EU, treat ASEAN+3 as an equal the legitimacy for the organization would increase and demands for a more effective CMM could emerge in the feed-back loop.

The legitimacy of the organization is so far relatively high, as the organization is new and its reputation still solid, and therefore the hopes for an East Asian organization are high. There are however no formal mechanisms that work in this organization and it has a limited informal impact. The informal consultations have created an embryo for an informal CMM. The increased trade and the BSAs have increased the trust and confidence between the actors significantly, although historical problems still remain. The economic cooperation is, however, a driving force in confidence-building and possibly for creating a formal CMM. On the negative side, there is an abundance of open conflicts in the region, the South China Sea, the Koreas, and a large amount of trade disputes that create increased tension. There are no competing mechanisms at the level of East Asia both formally and informally, although there are several competing mechanisms at other levels, the most important being APEC, WTO and ARF that have decreased the importance of the organization. Finally, despite the positive presentation in the figure, the impact on the organization's CMM has to be interpreted as low due to the difficulties and more importantly due to the fact that ASEAN+3 has not even dealt with the issue of a CMM at this stage.

Figure 4:6: ASEAN+3s impact on the CMM

	<i>Low impact</i>	<i>Medium impact</i>	<i>High impact</i>
<i>Formal</i>	Implementation Predictability Enforcement Legitimacy	No competing mechanism	
<i>Informal</i>	Open conflicts	Confidence building Legitimacy No competing mechanism	Supercedes the formal

As a theoretical note it is possible to say that in the case of ASEAN+3, there are a liberal interests that have driven the cooperation forward, and the search for a different way to limit transaction costs and to create economic stability has integrated the region. This is in stark contrast to the realist paradigm, since the situation in East Asia has to be considered as ripe for conflicts. There are more disputes, historical conflicts and lack of trust in East Asia, than in any other region in this thesis, save Northeast Asia which is a part of East Asia, but there are no militarized conflicts. The

realist paradigm would argue for increased military spending, which as will be seen has happened in Northeast Asia but not Southeast Asia, and *ad hoc* alliances against the other side, i.e. China and Korea against Japan. This has not materialized, and this is to a great extent thanks to economic interdependence and some of the leaders in East Asia that have worked hard to integrate the region and implement norms that favor cooperation and stability. This is not an easy task, since Northeast Asia has been driven by the realist paradigm and has given little consideration to cooperation.

When considering ASEAN+3 it is clear that the organization was born out of cooperation (APEC, ARF and ASEAN). The learning effect from these three earlier organizations should not be underestimated, especially not the experience of ASEAN. ASEAN+3 rests to a large extent on a variation of the economic liberalization efforts within ASEAN (AFTA) and the concept of *open regionalism* from APEC, but most importantly the informality and consensus mentality from ASEAN. On the other hand, it could be argued that the lack of CMM is born out of anarchy or a relative gain cooperation situation where no side is willing to give any other state advantages. Both traditions do have their explanatory power and it seems that they coexist in East Asia.

Important to note is the internal feedback loop into ASEAN+3. Each action that is taken in and around the organization impacts the future outcome of a CMM, which could have both negative and positive effects depending on how the feedback is interpreted. There have been quite a few developments in the exchange of information between the members, and moreover opportunities to discuss changes in the organization. This is much more in the constructivist tradition and moreover ASEAN+3 has a direct impact on preferences and normative development of the region.

#### **4.2.2 The lack of conflict management in East Asia**

Multilateral cooperation in the political/military sphere in East Asia is a concept that will have to rely on ARF for a long time to come, both for external and intra-regional reasons. The external reasons are simply the resistance that, primarily US and Australia, has put up against an organization over which they will have little or no influence. This resistance sank the East Asian Caucus cooperation in the early 1990s, but the financial crisis in 1997 proved that there was a need for an economic organization. The intra-regional reasons are based on a deep mistrust between all regional actors, especially the greater powers, China and Japan. The background for this goes back to the Japanese occupation of East Asia and the Chinese communist threat during the second half of the 20<sup>th</sup> century. Needless to say, there seems also to be little prospect for a regional CMM dealing with political disputes. Apart from the reluctance that has been pointed out earlier, the Southeast Asian states are not interested in participating in a dead-end project, especially when they have ASEAN to resolve their internal political disputes.

Financially, there is a clear difference in preferences between the regions in East Asia since Northeast Asia is crucial for the economic development in Southeast Asia and the creation of ASEAN+3 is fundamental for the economic development of the region. Currently there is no economic CMM, but there is an operational possibility that an economic CMM could be established as such a mechanism benefits all states in East Asia. Economy is moreover less of a political problem, than a mechanism that would impact the political sovereignty would be. The organization for economic cooperation is already created, but there needs to be a more focused discussion about the implementation of a CMM that deals exclusively with economic disputes. If ASEAN+3 were to take a wider approach and include political/military conflicts, the CMM would in all likelihood be blocked by states that refuse to internationalize and/or formalize their conflicts. This dilemma is very much similar to the factors which brought APEC into a stalemate.

There are, however, some signs of a more positive conflict management environment. As mentioned earlier, cooperation in East Asia has been the norm rather than the exception, examples of this being cooperation in the Chinese Bamboo Networks, Korean Chaebols or Japanese Keiretsus and of course the ASEAN experience. There has, however, been no formal multilateral regional cooperation. With ASEAN+3 there is a formalization of the cooperation in East Asia and it is possible to imagine a CMM in the foreseeable future that deals with economic issues. If the informal management function from ASEAN and the other informal cooperation could be transferred to ASEAN+3, it would be the initiation of a more appropriate model. Up to now, the CMM is primarily bilateral and focused on national law or the GATT, although most of the conflicts are resolved informally. In the case of APEC, it was argued that voluntarism would hinder an economic CMM. In the case of ASEAN+3 there is also a preference for a mechanism with a great deal of enforcement power and structure, although in practice it might be better to initiate a CMM with a high degree of voluntarism and formalize the CMM at a later stage.

Operationally, there is no problem in creating a CMM in the region since the expertise and the financial and infrastructural resources already exist. It is very much a question of political will and domestic politics. The mobilization of support for a CMM is much harder in East Asia than in most regions, but ASEAN's normative foundation as a leader of a multilateral economic CMM and a rather neutral part of East Asia, will make such a transition much easier. The political conflict management will however for the foreseeable future be dealt with through ARF.

### **4.2.3 Concluding thoughts on East Asia**

In section 4.2 we have seen that there is only one organization in East Asia, ASEAN+3, and the organization is too recently created to say anything more substantial about the CMM functions, since it has not been tested. It is, however, clear that the region has high hopes for this organization

to decrease transaction costs and decrease the reliance on the US. ASEAN+3 is only concerned with economic issues, but there is a possibility that ASEAN+3 could stand as a model for a security organization, although that would be a future project. Currently, the economic CMM is limited to confidence-building and informal consultations; there is no real CMM function in the organization, due to its adolescence and the internal conflicts within Northeast Asia. The reasons for this are many, but a few of the more important are presented below.

In East Asia there are variations between political/military cooperation and economic cooperation very similar to the situation in the Pacific Rim at large. In both APEC and ARF, this played a major role in the discussion as to how structured the cooperation and the CMM should be, and this cleavage between political and economic interests as well as the East-West division threatened to stalemate the cooperation. There is a similar situation in East Asia where the differences between economy and politics are equally clear even though the East-West cleavage does not exist. The normative preferences of regional cooperation and the function of CMM are relatively similar in East Asia, with a preference for more formality and structure from Singapore, Japan and Thailand. This does not mean that there is a uniform policy on how to deal with regional cooperation and CMM.

At the present time there is no political/military regional cooperation or CMM in East Asia. This is mainly due to the disputes between China, Japan and Korea in combination with the external unwillingness (the West) to let the region create a CMM that deals with security without external influences. This could be explained with the important role the US has in the region militarily and its refusal to be bypassed by the East Asian states since this could lead East Asia towards becoming a political power in the future. If East Asia is to have a chance to increase the intra-regional cooperation in the political sphere and the creation of a CMM, the relationship between the Northeast Asian states has to improve first. There is no simple way out, but a basic stepping-stone for the Koreans and the Chinese is that Japan admits the atrocities during its occupation of East Asia. This might sound simplified, but these past actions have a significant role in the East Asian relationship.

As in the Pacific Rim, sovereignty plays a crucial role in defining how a CMM and regional cooperation should be structured. In regions with little trust between states, and disparities in power, it is informal, less structured and primarily economic conflict management mechanisms that work. This is very much true in both the Pacific Rim and East Asia, although a formal CMM in the economic sphere is necessary to decrease transaction costs. The problem is a variation of a *Catch 22* situation where little trust decreases the chances of a CMM, and the lack of a CMM decreases the trust between the parties. The window of opportunity is to increase confidence and trust between the parties without a formalized CMM. This is tried in the case of East Asia, but the

danger is that there are no mechanisms to prevent disputes from getting out of hand and in regions with a high level of conflict intensity this could be a dangerous game.

Moreover the stronger regional powers, China and Japan, are involved in what could best be described as a power struggle for regional dominance and economic influence. Both states fear that the other state will gain the upper hand, if, and when, US leaves the region. The struggle over the potential power vacuum is critical since it involves elements of the historical dispute that was earlier described. This is a minor problem in Southeast Asia, as will be described in detail in the section on Southeast Asia, since there is no single power that could dominate, or aspire to dominate, the region under the current circumstances.

Despite a great deal of intra-regional differences and conflicts there are a few positive signs of regionalism and conflict management. This development has happened in the economic sector and it is interesting to note the highly developed cooperation between companies and networks all across the region despite the political disputes. That East Asia has become financially interdependent is clear, and that the intra-regional investments and trade increase is equally clear. It was noted that the increased transaction costs are a problem for the continued trade in the region, and ASEAN+3 was created to improve the conditions for investments and export. This has created an impetus for further regional cooperation and strengthened regionalism with fiscal liberalization, BSAs, simplified monetary policies etc. The progress in economic regionalism is apparent, even though the effects on a CMM are more doubtful. There are no functional CMMs within the region and currently the East Asian dispute management mechanism is situated outside the region in WTO, ARF and APEC. If this negative development continues, the legitimacy of ASEAN+3 will decrease and other organizations will take its place.

### **4.3 Northeast Asia**<sup>130</sup>

The Northeast Asian region could be said to contain the last remnant of the Cold War. It has the largest concentration of troops facing each other over one border (the Korean peninsula). There are occasional military skirmishes. Moreover, the military expenditure in Northeast Asia is rapidly increasing, in contrast to Southeast Asia (but not to South Asia). From 1990 to 1999 the increase in East Asia was from US\$ 95.1 billion to US\$ 114 billion (Sköns *et al*, 2000:260). The figure is misleading since the Southeast Asian region decreased its military spending by some 30-40 percent (Sköns *et al*, 2000:279). By adjusting this discrepancy, the increase in Northeast Asia has become even more significant. This makes the region one of the most threatening for regional and international stability, and, as noted earlier, Northeast Asia was the regional disturbance in the East Asian cooperation. It is also clear that a war in Northeast Asia would not only threaten global military security but also global economic development as a large part of the world's economy is placed in Northeast Asia (World Bank, 2001).

Despite the fact that the region has relatively few states, which would make it easier to cooperate, there is deep distrust between *all* parties. There is an increasing fear that China will use force to expand beyond its current borders and that the Japanese remilitarization will result in war (Deng, 1998; Swanström, 2001). Many Asians still view Japan with suspicion due to Japan's militaristic past and the bloody occupation of Northeast and Southeast Asia. Lee Kuang Yew warned in 1991 that allowing Japan to participate in minesweeping operations during the Gulf War was like giving liqueur chocolate to an alcoholic (Deng, 1998). The Japanese military doctrine is also about to change by increasing the range of their zone of defense. A similar fear is directed towards China, its military development and its undefined borders such as in the South China Sea. The China-threat syndrome has been of concern in many places, especially in US and the West, but also to certain degree in Asia.<sup>131</sup> Russia is perceived negatively in China, Korea and Japan. All three states have border disputes with Russia, and share a common history of Russian or Soviet occupation. The fear of Korean unification is also a cause for concern, and Korea has been described as a dagger to Japan's heart and a unified Korea with a strong anti-Japanese feeling is perceived to be a threat to Japan. China, for its part, is not happy to see a unified Korea either, since it would lose its position in North Korea. Korean unification could, however, result in a possible alliance between China and Korea against a resurgent militaristic Japan.

---

<sup>130</sup> In this thesis, Northeast Asian political entities will be China, Japan, North and South Korea, Russia and Taiwan. Russia is normally not included in the definition of Northeast Asia since most scholars consider it to be a part of Europe rather than Asia. Russia is nevertheless important for East Asia and it would not be appropriate to exclude such an important actor in this thesis. Taiwan is another problem since most actors in this thesis or in the international community do not acknowledge it as a state. Taiwan's position is however crucial for the development of a regional organization in Northeast Asia or Asia at large and will be included in this thesis as a political entity.

<sup>131</sup> For a discussion about the China-threat syndrome see: Swanström, 2001.

Not surprisingly, Northeast Asia is the only region, in this thesis, that lacks a formalized cooperation arrangement. Discussions about an increased dialogue between the parties have been ongoing for some time, but the *regional* parties have never been able to agree about the structure of the dialogue, the agenda or as to who should lead the discussions. Needless to say, the discussions on regional organization stranded well before they acquired any formal structure. The ongoing security dialogues between the regional states are conducted through informal track-two and loosely structured track-one mechanisms, such as the "Four Party Talks" that China joined in late 1997, the Korean Peninsula Energy Development Organization (KEDO), CSCAP, the Northeast Asian Dialogue (NEACD) (Xia, 2001). These are praiseworthy attempts for conflict management but they are not regional organizations in the formal sense that this thesis interprets the term. Most cooperation attempts in Northeast Asia are conducted by *ad hoc* cooperation that lacks formalization, influence and implementation capability. The Four Party Talks and KEDO are, however, so relevant that they will be discussed more in detail on the following pages.

The reason for the lack of cooperation between states is the unique degree of political and military tension that Northeast Asia is severely affected by. Some of world history's bloodiest wars occurred in Northeast Asia after the Second World War.<sup>132</sup> This is also the region with some of the most threatening disputes in the world today, i.e. the Koreas, the Taiwan Strait, the South China Sea and an increasing number of trade disputes between the parties in the region that risk affecting the international economy in a devastating way. The reason that militarized conflict could lead to such disastrous consequences is that many states in the region, or states with a strong strategic interest in the region, are in possession of nuclear weapons (US, China, India, Pakistan, Russia and possibly North Korea) and formidable conventional forces. The conventional armament level, both in actual pieces and quality, is rapidly rising and there is no other region with such high military expenditure outside of US (Sköns *et al*, 2000:279). The two Koreas share the most militarized border in the world and the tension creates severe strains on the economy as well as the perception of each other. China has been modernizing its military forces for some time, especially after the attack on World Trade Center on September 11<sup>th</sup>, 2001, and Taiwan is reinforcing its forces to be able to repel a potential Chinese attack (Ching, 2001).<sup>133</sup> The highest military spender in the region is, however, none of these states, it is Japan (Sköns *et al*, 2000:279).

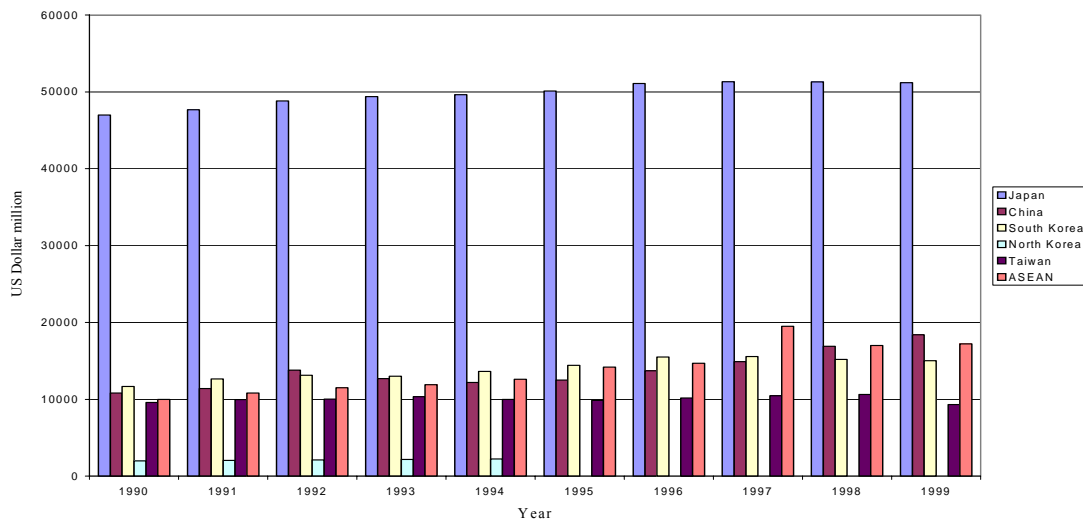
---

<sup>132</sup> The bloodiest wars were the Chinese Civil War, the Korean War, and the Vietnam War. These were wars with strong elements of a conflict between US and Communist China, despite that the fact that PRC and US were not formally at war in any of the conflicts mentioned. The Cold War mentality played an important role in shaping the destiny of the Northeast Asian region, more than in any other region in this thesis.

<sup>133</sup> China has used terrorism and separatism synonymously in their support for the war against terrorism. There have been attempts by China to make US accept this, but since Taiwan could be termed separatists Washington has not replied to this proposal. It is clear however that US has given its silent support for the Chinese crackdown on Muslim separatists in China's western province of Xinjiang (Swanström, 2002).

Regional Cooperation and Conflict Management:  
Lessons from the Pacific Rim

Figure 4:7: Military Expenditure in East Asia



Source: SIPRI Yearbook 2000.<sup>134</sup>

All these five military powers have engaged in an armament race that is currently destabilizing the relations between the states, and domestic social stability due to the financial drain.

It seems that the question of leadership for a regional organization in Northeast Asia is harder to solve than any other question due to the endemic lack of trust between the parties in the region. It is interesting to note that in all more effective dialogue efforts there is a non-regional actor (US or ASEAN) that has a strong influence. As will be seen in the cases of KEDO and “The Four Party Talks” the leadership is controlled by an external power (US); ASEAN has an important position guiding the development of ASEAN+3. This only points to the fact that the inability to cooperate within Northeast Asia is unfortunately very high.

This is not to say that cooperation in the economic field is low, on the contrary, economic cooperation is widespread in Northeast Asia, and has become the norm and model of correct business practice in the region (Fruin, 1995; 1998). The reason for this successful cooperation is that the process is natural and follows investment patterns. However, without a conflict resolution or management mechanism problems arise when doing business, as the transaction costs will rise as a result of the insecurity and unpredictability and through this limit the economic gains of trade. The integration in the economic field has reached a level where cooperation and conflict resolution according to the GATT principles are expected by the business community, but not necessarily by the states. These interactions and economic institutions do however have very little to do directly with conflict management, although increased economic cooperation will create wealth and

<sup>134</sup> There are no economic estimates from North Korea after 1994, but it could be assumed that the military spending is much higher than the figures from 1990-1994 indicated. China’s figure is probably underestimated and should be increased with some 20-80 per cent depending on the source (Swanström, 2001). If this is done, China surpasses South Korea but is still far behind the military spending of Japan.



interdependence which in turn will function as a structural conflict manager. The economic cooperation might be able to show the way out of a conflictual relationship, as money seems to recognize no borders. Economic questions and disputes are moreover much easier to compromise over, and compromise is almost expected, in contrast to the political sphere.

The problem with the region is the lack of trust between the actors, all parties in the region having been at war with each other at some point in history, which colors today's relations. The Japanese invasion of Korea and China in the late 19<sup>th</sup> century, and later in the 20<sup>th</sup> century Southeast Asia, has made Japan almost a “state” *non grata* among its Asian neighbors. China's relations with its neighbors are also colored by a distrust of its intentions and fear of an increasingly powerful China. Russia has had or has, as earlier discussed, border disputes and historical difficulties with all states in the region, excluding the political entity of Taiwan. These are a few of the reasons why the regional powers in Northeast Asia can not cooperate with each other, without the inclusion of external actors. APEC, ASEAN+3 or WTO are possible organizations to cooperate through since a large part of the control and leadership lies with other actors but the focus is here solely on trade and trade is not a problem in Northeast Asia, whereas security is. ARF is similarly a more appropriate forum for the East Asian states to discuss their security relations, since it is partly controlled by ASEAN, which is a weaker actor than many Northeast Asian actors are, and the ASEAN form of dialogue of informality and consensus that is used in ARF suits the Northeast Asian actors. But also because there are external influences in ARF, such as EU and US, that would check an aggressive power.

At present one of the more important forms of collaborations is the Four Party Talks between North Korea, South Korea, China and US (Helvetica, 1998; Brown, 2002). The purpose of this dialogue is to reduce tension and build confidence on the Korean peninsula. This dialogue is clearly informal, due to the political situation, and *ad hoc* as a result of the structure and the political disagreements between ROK and US. If this dialogue could develop to a peace agreement and a more formal organization with an extended membership (Japan, Russia and Mongolia), there would be a potential all-regional organization. South Korea has indicated that it would welcome Japan and Russia as members, although the sincerity of this proposal may be questioned. There has, however, been a lack of contacts between North Korea and US during 2001, which has been interpreted as that the US is obstructing a continued dialogue (Brown, 2002). There is some dispute over how the structure of this dialogue should be organized and what the agenda should consist of. From a security perspective, this is less relevant, as the Korean peninsula is so crucial for the peaceful development of Northeast Asia that any dialogue with North Korea and the US would be beneficial.

KEDO is primarily a one-issue collaboration (energy development), but one which has far-reaching security implications. It could be the foundation for a Northeast Asian regional security

organization but due to membership issues and the single issue focus, it will not be considered a Northeast Asian regional organization.<sup>135</sup> The effects on Northeast Asia are, however, important to note as it has the potential to both create confidence and decrease the nuclear threat in the region (KEDO, 1994; 1997). In an effort to create a nuclear-free Korean peninsula, normalization of political and economic relations and to replace the existing reactors in North Korea with light-water reactors the organization rests upon the principles of consensus and compromise (KEDO, 1994, para:1-3). Consensus and compromise have been hard to reach in the interaction between North Korea and US, and KEDO has been delayed several times for political reasons and on account of Japan's role (Anthony, 2000:659; Kile, 2000:474). There are, however, several positive effects of this cooperation as contacts have been initiated between US, Japan and North Korea, and forms for cooperation are established. The confidence-building effects have primarily been between North Korea and non-Northeast Asian actors, such as US, Uzbekistan, Poland and EU. The problem seems to be that the other Northeast Asian states give the impression that they consider these attempts as uninteresting or politically hazardous and therefore refrain from participating.

In the long run, there are great hopes that ARF and ASEAN+3 will expand their formality, and through this impact preventively on the conflict situation in East Asia (Xia, 2001). The currently economically minded ASEAN+3 it is hoped to expand into a security organization for East Asia that could focus more on Northeast Asia, but the US which can only see negative effects on its influence in the region from such changes, currently opposes this. The results have been that East Asia has to be satisfied with an economic ASEAN+3 that will not create US displeasure; as we saw in the earlier section it is, however, doubtful if ASEAN+3 could manage to become a security organization. The reliance will be on ARF, but as discussed earlier they have their own problems and prospects that need to be dealt with.

There has been, more or less open, suggestions that ASEAN and ASEAN+3 will be the model and trigger for a more organized form of cooperation in Northeast Asia between the Koreans, China and Japan (Chipman, 1997; Mahbubani, 1998).<sup>136</sup> A relatively informal institution based on consensus and consultations is what could increase the confidence between the actors in the region. Since there is no trust in the short or medium term to establish a more formalized organization, the creation of informal mechanisms is the only viable option today. It has to be understood that in the short time span even the realization of an informal and consensus based sub-regional form of

---

<sup>135</sup> Despite the fact that KEDO will primarily impact the Northeast Asian region, there are only two members from the region (Japan and the Republic of Korea). From the Pacific Rim there are four more members (US, Indonesia, Chile and Canada). The rest of the members are from Europe, Central Asia or other regions.

<sup>136</sup> There are however few suggestions as to how to deal with the question of the divided Korea and how the dispute between Beijing and Taipei should be resolved. Without resolution of these two questions the region has little hope for a more formalized and positive development in the areas of conflict prevention and conflict management.

cooperation in Northeast Asia will be as elusive as the Holy Grail (Chipman, 1997; Swanström, 2001). When there is little hope for a sub-regional organization, the hopes for conflict management and confidence building have to lie with regional (ARF), international (UN) or bilateral consultations. The reliance on external mechanisms will further reinforce the perception that the other regional states are untrustworthy to deal with. ASEAN+3 could, however, improve the confidence level in the region since this organization is perceived as a regional organization, despite the fact that it is actually an East Asian cooperation structure.

#### **4.3.1 The lack of conflict management in Northeast Asia**

Suffice it to say, there are no regional organizations that deal with conflict management in Northeast Asia and it seems that it will be very hard to establish any sub-regional organizations in the near future. The only thing worth mentioning concerning regional organizations and conflict management, is the clinical lack of such phenomena. There are attempts to conduct dialogue in Northeast Asia such as KEDO, Four Party Talks and North Asian Dialogue (NEACD) but these efforts are not regional organizations and/or focus on single issues. Moreover, they have not established any functional CMM, although they *do* have some positive impact on confidence-building in the region. The confidence-building effects from especially KEDO are substantial, even if they have not significantly affected the Northeast Asian relations up to this date. What is needed is an organization that could deal with regional issues without having to resort to ARF or a similar forum that threatens to internationalize the disputes. China, for example, has been very reluctant to use ARF to discuss the South China Sea and Taiwan in a multilateral setting, although China has begun to accept a more multilateral *dialogue* but not multilateral conflict *management* (Godwin, 1996:97; Swanström, 2001; Zhan, 1996:30). Discussions have been going on domestically in several countries for some time to create a regional security organization, but there is great unwillingness to accept any organization that is perceived as encroaching on national sovereignty.<sup>137</sup>

Most states however, except North Korea, in the region admit that a regional conflict management mechanism should be established, but few states would allow themselves to become the targets of management activities, since most situations would be interpreted as an intervention in internal affairs and as support for the other side. The problem is very much a question of political will and domestic maneuverability in establishing a regional organization that could deal with conflict management. Financial capital is not really an issue, as it has proven to be in for example Africa or South Asia, since the states in Northeast Asia are relatively affluent, have prominent expertise on the issues concerned and an infrastructure that already exists in the region.

---

<sup>137</sup> Interviews with Senior Officials in China, South Korea, Taiwan and Japan (2001-07, 2001-08).

The problem is to mobilize support and knowledge for a sub-regional organization that deals with conflict management. Since the current political and economic situation is more focused on zero-sum games, which are not likely to create an organization for cooperation, rather than a cooperative strategy and profit-maximizing strategy (both political and economic), true integration and conflict management will be delayed for years to come.

On similar lines to the Pacific Rim and East Asia cooperation experience, economic cooperation seems to be the most appropriate area to create a functional CMM. The increased intra-regional investments are crucial for most states, especially for China which receives most of the investments. Without a functional CMM, the investments will become less profitable and be steered in another direction. The development of a CMM is therefore in the interest of both the investor and the receiving country. China is the country that has been most reluctant, except North Korea, to accept a Northeast Asian cooperation structure and if Beijing's preferences changed their economic weight might convince other states to participate.

#### **4.3.2 Concluding thoughts on Northeast Asia**

Despite the lack of cooperation and CMM structure, or maybe due to this, Northeast Asia is very interesting as a case study to give a perspective for the functional organizations. There is no regional organization that deals with CMMs, the organizations that are in place in the region are extra-regional in their composition, such as KEDO and NEACD. Northeast Asia should, on "paper", be a region that would be ideal for regional cooperation and regional CMM. The states in the region have a rather deep economic interdependence, good infrastructure, it is politically and militarily difficult for one state to dominate the region, and there is a relative cultural homogeneity (apart from Russia). The result is, however, a lack of regional cooperation and military and political rivalry. It should be noted that the following discussion is based on the *perceptions* of the parties, which might differ from the factual situation.

The failure of Northeast Asian cooperation has to a very large extent historical reasons that have been further complicated by power struggles, ideology, armament races, and a devastating lack of trust between the states in the region. The history creates cleavages between the actors that are too wide to bridge over without strong commitments from all regional governments, NGOs and from the citizens in the region. Japan needs to end its unfortunate connection with its militaristic past and apologize to the other Northeast Asian states for the occupations and to be careful with, what all states in the region claim to be, a rewriting of its militaristic past in history books (McDevitt, 2001). The problem does however not only lie with Japan; China also needs to assure its neighbors that its increased military spending and nationalistic language is not a threat to the

region (Swanström, 2000; 2001). Moreover Russia needs to deal with its imperialistic past, and the Koreans need to resolve their disputes with the region and more importantly within themselves.

Sovereignty is a crucial concept for each of the states, especially for China and the Koreans against Japan. This is due to the prior Japanese occupation and no governments can make any concessions towards the Japanese government, without the risk of social instability and popular uprising.<sup>138</sup> This is no different than the other regions that have been studied so far in this thesis. In the case of China this is complicated by the issue of Taiwan's political status (Huang, 1994; Ching, 2001).

There is a direct lack of trust between the states in the region; all states have been in war with each other the last century, and this colors the relations between the governments and the people. There are very few direct reasons for the states in Northeast Asia to trust each other, especially since the political relations have been poor even in modern times and ideologically based. This can be seen in the fact that the regional powers prefer to engage in multilateral cooperation with each other, if external powers are included, in organizations such as ASEAN+3, ARF and APEC.

The power-struggle between China and Japan is destabilizing the region, especially since there are other problems that reinforce the negative consequences. There is no willingness to compromise, since the parties in the region view all interaction as a zero-sum game and a compromise is per definition a loss of potential power or influence. The symmetry between the parties makes it more difficult to agree; it was no problem to hand the operational power to ASEAN in ASEAN+3, but this is due to the relative weakness ASEAN embodies and thus the absence of threat.

Security for the states in the region is a central piece in their foreign policy and the current armaments race (for security) that Northeast Asia is undergoing is threatening stability; if a dispute were to erupt it could take unprecedented forms. As we have seen, it is not only China that is a problem, Japan has a larger military budget than China currently can afford and if China should keep up with Japanese spending it will be forced to further increase its military budget.<sup>139</sup> Japan,

---

<sup>138</sup> The author was in Beijing in 1998 during one of the Diaoyu Tai/Senkaku incidents where the demonstrations against Japan were conducted at all university campuses in Beijing. The government indicated a more lenient position, but could not compromise, out of fear for the popular animosity against Japan. Interesting to note is that China has made compromises with all Central Asian states, without any negative effects, but such a compromise would be impossible against Japan (Swanstrom, 2001:77-78).

<sup>139</sup> Japan claims that most of its military budget goes to salaries and non-offensive material for their soldiers. It is clear that the Japanese soldiers are more expensive to support than the rest of the soldiers in Asia, but it is also clear that the Japanese soldiers have a much higher educational background, which makes them more effective. It is also clear that Japan has a great advantage over China and other states in the region in conventional arms. It is also important to think about the large geographical area China needs to defend and the limited space Taiwanese, Japanese and Korean troops need to defend. All this together makes the Chinese military budget look rather small. If we are to look at the price difference we might get a somewhat different picture, since the low prices in China and North Korea mean they will get more for their money than a country such as Japan. All this together makes the situation as confusing as the real situation is, what each state gets for its money and how efficient this is, are not clear.

for its part will have to keep up the spending or acquire nuclear weapons to be able to defend itself against China, or according to the Chinese version threaten China again as it did in the beginning of the last century. The classical problems of China-Taiwan and North-South Korea are, moreover, far more threatening than any other dispute in the world today, except for India-Pakistan. A more aggressive policy on disarmament of conventional weapons or at least a freeze on spending at an appropriate level much below today's spending and nuclear disarmament, are much needed in the region. The international efforts for disarmament could be more focused on this region and the regional problems that have created a conventional weapons' race without any precedent after the Cold War.

The creation of a sub-regional organization in Northeast Asia will have to wait until a minimum level of trust and confidence exists between the actors, and currently such confidence does not exist but could be created partly through ASEAN+3 and partly through ARF. An alternative would be to create more regionalism through trans-national growth triangles in Northeast Asia. This has proven very successful in Southeast Asia (Thant *et al*, 1994). It would be easier politically to experiment with CMM and conflict resolution in non-state entities. This would not solve the current problem, but would create a framework for a new way to cooperate and deepen the regionalism in the region.

Northeast Asia is the realist paradigm's empirical reality, there is no cooperation, except for *ad hoc* solutions, and there are no effective CMMs in the region. Moreover, the region is an anarchic system without a clear leader relying on zero-sum games, with the exception of some degree of US leadership. This would indicate that the realist paradigm is correct in Northeast Asia, but the region is more financially integrated than most regions in the world and the interdependence is very high which would argue against the realist paradigm. This has been achieved without a regional organization or government intervention; economic interdependence has emerged *despite* the negative impact the political elites have had on the economic integration. Currently, the transaction costs are playing a crucial role, both in the political and economic sphere.

The lack of openness in military and political matters forces all states to plan for "worst case scenarios", and the lack of infrastructure between the states makes interaction unnecessarily expensive politically and financially. The security situation leads to devastatingly high military costs and Northeast Asia needs to increase openness and trust so that the transaction costs for security can decline. The same applies to the economic area, where political relations and the lack of a CMM make trade insecure and increase the transaction costs. This is one of the reasons for the creation of ASEAN+3 in East Asia, but in Northeast Asia it is not possible to create a functional CMM without resolving a few of the historical issues.

The way out of this negative spiral is as simple to theoretically argue for, as it is hard to materialize in practice. Increased confidence-building measures between the actors need to be intensified. In this case ARF, KEDO, ASEAN+3, CSCAP and the Four Party Talks will play important roles, but maybe even more important will be the role of private NGOs and business relations in increasing the confidence between the states. With economic interdependence and a never-ending flow of business people, the sentiments will change more quickly and the same is true for the private NGOs. Private interests are crucial in this matter, since the hatred is more often among the people than among the elite, although it may be fostered by governmental policies. And to resolve these infected disputes, the conflict prevention measures need to be focused on the population as much as the state. It is, however, clear that it will not be possible without the government sponsored organizations and active support from the governments. To succeed, both private and government interests need to overlap and integrate in an effort to work together; this is unfortunately easier said than done.

The lessons from this region are that trust is a fundamental element in both the creation of regional cooperation at large, and CMM specifically. What we also could see, was how the consequences of a relative symmetry between two competing powers could stalemate any discussions of regional cooperation. In this region it is also easy to see how the domestic influence impacts the regional development negatively.

#### **4.4 Southeast Asia**

The story of modern Southeast Asia is to a very great extent the story of ASEAN and the quest for the creation of ASEAN10, an organization in which all Southeast Asian states are members. Southeast Asia has, in many ways, been the most positive example of regional cooperation and conflict management in Asia. Since the creation of ASEAN in 1976 there have been no wars between the members of ASEAN, despite plenty of disputes. Moreover, Southeast Asia is the most diverse region with 10 governments, excluding East Timor, and a multitude of cultures, languages, religions and political systems. The economic differences are just as staggering. Singapore is today one of the richest countries in the world and Laos is among the poorest (World Bank, 2001b). Southeast Asia has been able to avoid problems concerning culture, politics and military differences, even though the economic cleavages have turned out to be destabilizing for ASEAN. During the Cold War, the external threats gave ASEAN members incentive to cooperate for their existence, but after the Cold War the old functions of ASEAN became obsolete and economic development increasingly important, as security is less of an issue. The gap in economic development has created problems for ASEAN with regard to economic integration, and it is unclear whether ASEAN will be able to implement an economic policy that suits all nations in the region.

Despite the economic differences, the success of Singapore and Malaysia has given proof that Southeast Asian states can emerge as leading nations, on the international arena, both politically and financially. During the de-colonization phase, there were few positive signs of economic and political development in the region, with the exception of Burma and the Philippines. In retrospect, it is apparent that Burma — and to some extent the Philippines — became the negative experiences in Southeast Asia, with severe internal disputes and a problematic economic development. The economic situation in Southeast Asia has changed, and today the political and economic development is vibrant, the region being an important member of the international community. This is despite the financial crisis in 1997 that negatively affected some of the prior economic development.<sup>140</sup>

Southeast Asia has experienced several attempts at regional cooperation, of which ASEAN is the most known, and successful. Before ASEAN, there were two important regional organizations: the Association of Southeast Asian States (ASA) in 1961 and Maphilindo in 1963

---

<sup>140</sup> The financial crisis in 1997 was crucial for the economic mentality of the region and the creation of regional cooperation in the economic field. It is much more unclear how this has impacted the normative changes of CMM, unfortunately there seem to be few operative changes in these fields up to date. For an interesting discussion concerning the financial crisis see: Liu *et al.*, 1998; Rosenberger, 1997; Sharma, 1998.



(Starner, 1964; Sussman, 1983).<sup>141</sup> ASA was the first regionally based organization and was created to secure economic development and security in the region, i.e. it was anti-Communist.<sup>142</sup> These regional organizations in Southeast Asia had a close link to the Cold War and the War against Communism, a link that was more of a destabilizing force than an integrative and conflict managing approach. The reason for the dissolution of the ASA organization was the dispute that followed the establishment of Malaysia, the conflicting territorial claim of the Philippines and the military clashes between Indonesia and the newly established Malaysia during the *Konfrontasi* operation.<sup>143</sup> The same problems plagued Maphilindo (Starner, 1964). Equally important were the fact that the organizations were not inclusive in membership terms and that there was a lack of political will, and funding, as well as badly defined goals for the organizations. The foundation of ASA and Maphilindo were, however, important stepping-stones in the construction of regional integration and confidence-building, and the disintegration of the organization meant expensive lessons for how the new “ASEAN Way” would develop.<sup>144</sup>

The Southeast Asian states have increased the possibilities for conflict management and peaceful development by proclaiming the Zone of Peace, Freedom and Neutrality Declaration on November 1971 and the Southeast Asia Nuclear Weapon-Free Zone in December 1995 (ASEAN, 1971; 1995). These documents are cornerstones in the development of a conflict management policy in the Southeast Asian region and are an integrated aspect of ASEAN. Southeast Asia has

---

<sup>141</sup> ASA consisted of the Federation of Malaya, the Philippines and Thailand. Maphilindo consisted of the Malay states Malaysia, Philippines and Indonesia. These two regional cooperation attempts are separate from each other and Maphilindo is not a continuation of ASA.

<sup>142</sup> The argument could be made that Southeast Asian Treaty Organization (SEATO) was the first regionally based organization. The argument here is that the objectives were not regionally based and the large majority of states participating were non-Asian. Moreover, the political influence that the Asian states had was very limited. Thailand was in 1954 a founding member along with the United States, Britain, France, Australia and New Zealand. The Philippines and Pakistan later joined the now abolished SEATO. The objective of this organization was to contain the spread of communism. The then widely-held domino theory suggested that if Asia could be maintained as a strong and prosperous anticommunist bulwark, the growing communist threat in the region might be checked and contained. For an in-depth discussion of SEATO see: Buszynski, 1983.

<sup>143</sup> The *Konfrontasi* operation in 1963 was an attempt by Indonesia to prevent the merger of Malaya and the other British colonies of Singapore, Sarawak and Sabah into Malaysia. The *konfrontasi* policy was to send “volunteers” to Malaya with the purpose to provoke internal conflicts (Amer & Swanström, 1996:60-61; Far Eastern Economic Review, 1964; Stockwin, 1960).

<sup>144</sup> The ASEAN Way has acquired a mythical component: it is everything about ASEAN and nothing in particular; a reference point for an intangible character, nuance, style, norm, and regional law and regime all encompassed in one. This is a concept as pervasive and slippery as the Asian Values concept. Naturally there are as many definitions as there are perceptions of the aim, but according to the ASEAN members it has worked. The ASEAN Way has normally been defined as non-interference and *Musyawahah*. *Musyawahah* has been defined as decision making through discussion and consultation but the term also includes an element of consensus-building. The process may take longer than that practiced in other (legalistic) international organizations, as there is a vital need to sustain regional harmony. The need to uphold outward unity and friendliness is of prime concern, the “we” (united, agreeable) against the “them” (outsiders, out to destabilize us). Thus an intimate process of negotiation and *Musyawahah* was necessary to arrive at an acceptable outcome – “mufakat” – without clearly revealing the division, which balloting or using a court system would do. This has, however, created an unnatural sense of stability amongst the members. All new members have to accept without discussion the prescribed ideals. (ASEAN, 1967; ASEAN, 1971) For a development of the concept see: Askandar (1996).

been, both from a normative and an operational perspective, successful in preventing the spread of nuclear and conventional arms in the region. This policy has progressed without threatening the sovereignty of the member states.

Sovereignty was, and still is, the most important issue in state-to-state relations.<sup>145</sup> This can partly be understood as most states, with the exception of Thailand which was never colonized, received their independence as late as after the Second World War. In the independence process there was a large degree of uncertainties about borders, political systems and national identification. This created strong opposition against the creation of certain states, especially Malaysia and Singapore. The still fragile state-building process must be seen in relation with the current sub-regional cooperation and the structure of the organizations. The drawbacks in ASA and Maphilindo were to a great extent due to questions relating to sovereignty or the preclusion of sovereignty for the new Southeast Asian states. The sovereignty issue is one of the primary reasons for the strong focus on non-interference and consensus principles of interaction in Southeast Asia.

#### **4.4.1 ASEAN<sup>146</sup>**

At thirty, Confucius noted, he was established. At the same age ASEAN had grown from a mediocre response against communist “aggression” to a vital political organization with strong economic aspirations. With a combined population of 521 million consumers, it has become one of the most important international markets. ASEAN was founded in 1967 to promote economic development and peace in the region through the Bangkok declaration (ASEAN, 1967).<sup>147</sup> In 1976 ASEAN held its first summit in Bali; the second was held in Kuala Lumpur the next year, and the third a decade later in Manila (ASEAN, 1976b; 1977; 1987). The focus has been, and still is, on non-intervention and regional cooperation in political and economic areas. In the founding declaration there is a substantial proportion on regional economic prosperity and regional cooperation and self-reliance in the process to economic development (ASEAN, 1967: para:2).

---

<sup>145</sup> For a development of the effects of sovereignty on regional cooperation see Mattli, 1999.

<sup>146</sup> ASEAN consists today of all Southeast Asia’s ten states; Burma (Myanmar), Brunei, Thailand, Malaysia, Singapore, Indonesia, Laos, Cambodia, Vietnam, and Philippines. East Timor could potentially be a new member, but this is unlikely to happen in the near future due to political resistance from Indonesia. Papua New Guinea was earlier informally rejected as a member and ASEAN has publicly said that no new members are planned in the future (ASEAN, 2002).

<sup>147</sup> It is important to point out that many declarations have the name “treaty”, this does not mean that they actually have the impact of a treaty. The declaration of ASEAN Concord and the Treaty of Amity and Cooperation (Bali Treaty), February 24, 1976 does not, for example, have the legal effect a treaty would have according to the Geneva Convention. This usage of the word treaty should not be taken literally, it has much less legal implications domestically in Southeast Asia than a treaty normally has.

The structure of ASEAN indicates a great deal of formalization of the organization, but not necessarily the CMM. The highest decision-making organ is the Meeting of the ASEAN Heads of State and Government, which convenes on an annual basis. The ASEAN Ministerial Meeting (Foreign Ministers), which is second in rank, is also held on an annual basis. To this, a variety of ministerial meetings has been added in a variety of areas, meeting on a regular basis to discuss integration of their respective areas. The Secretary-General and the ASEAN Secretariat are mandated to initiate, advise, coordinate and implement ASEAN activities.<sup>148</sup> In total some 400 meetings are held at different levels every year within ASEAN.

#### Short guide to ASEAN

Founded: 1967

Number of members: 10

Total population: 521 million

Budget: Not available

Total Trade: US\$ 366,77 (imp.), US\$ 427,44 (exp.)

Intra-regional trade (%): 23,7 (exp.), 24,5 (imp.)

% of World trade: 5,5% (imp), 6,7 (exp.)

Secretariat: Singapore, 99 staff

Decision-making process: Consensus

Objective: Promote economic development and peace in the region.

Source: WTO, 2001: 91-92, 170-175; UN, 2002 (population)

Looking at the charter and the reality it seems clear that the stated focus in the Bali Treaty and other relevant treaties does not reflect reality (ASEAN, 1976). Despite the attempt to focus on economic integration in the language of the ASEAN charter, very little economic integration has been seen in the region, although important political and security improvements have been accomplished.<sup>149</sup> It is apparent that the economic integration was not on the governments' agenda for the first 20 years of the organization's existence. There are very few scholars who claim that the level of the level economic integration is substantial or that it is increasing rapidly (Jomo *et al*, 1997; Montes *et al*, 1999). It has been argued that the economic integration is definitely not distinctly higher than a natural evolution of economic cooperation could have accomplished (Krugman, 1994). The economic figures indicate a somewhat better prognosis since the intra-ASEAN trade has increased from \$26.31 billion to \$89.89 billion between 1990 and 2000. This represents an average growth rate of 13% per annum, modestly higher than the average 11% annual growth of total ASEAN export (WTO, 2002:91-92). The share of intra-ASEAN exports to total exports increased from 20.9% in 1993 to 24.6% in 1999. (ASEAN, 1998; IMF, 2000; Severino, 2002).<sup>150</sup> It will therefore not be argued that the intra-ASEAN level of trade is negligible, but it is however far from the

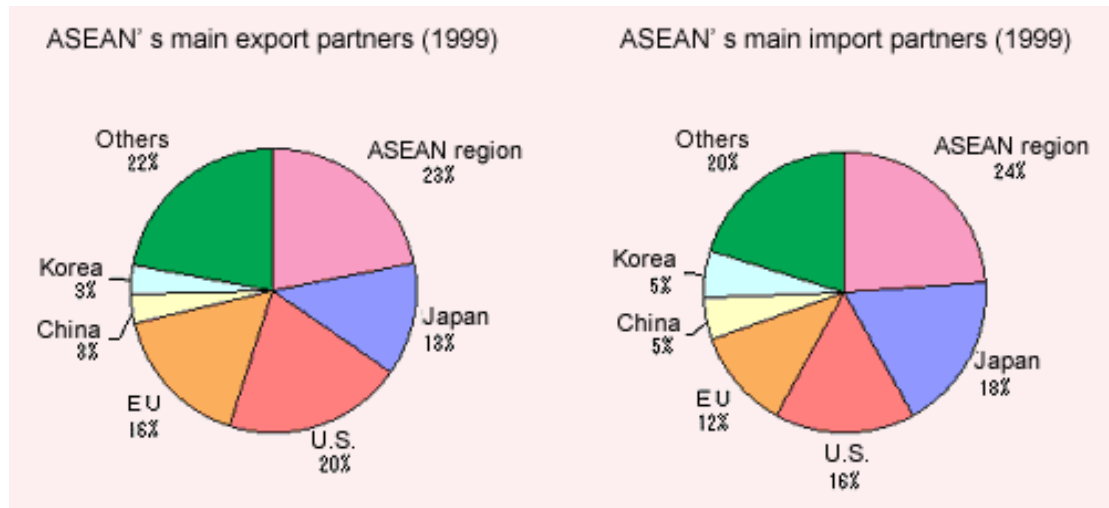
<sup>148</sup> For more information see: ASEAN, 2002; Askandar, 1996; Khoman, 1992.

<sup>149</sup> ASEAN itself has lately drawn attention to the problem of the low degree of real economic integration and actively worked to improve the intra-regional trade, and it has been open about the importance of the strong initial focus on political cooperation and neglect of the economic factors (ASEAN, 1998).

<sup>150</sup> This picture is, however, distorted. No consideration is taken of the fact that ASEAN has increased its membership during this time and no regard is taken of how much the trade with, particularly, Vietnam but also the other new members, accounts for in the increase. It is not argued that the trade with Vietnam would account for all the increase, since Vietnam is a small economy, if politically very significant. It is however interesting to note that Vietnam's membership increased the intra-ASEAN trade by an unpublished degree. Vietnam's intra-regional trade will undoubtedly affect any figures of how much the intra-regional trade has increased.

combined level of Southeast Asian trade with Japan, US, and EU, and much lower than regional trade arrangements would be expected to accomplish.

Figure 4:8: ASEAN's main import and export partners 1999



Source: IMF, 2000.

The trade levels with US, Japan and Europe are comparatively higher partly because of the low cost of ASEAN imports, but even more so due to the lack of complementarity within ASEAN. The most important reason for integration in ASEAN seems to be security (Amer, 1998; Askandar, 1996).

ASEAN was created in the aftermath of the *Konfrontasi* operation, the purpose of which was to destroy Malaya and the creation of Malaysia, as a frontier against Communist aggression.<sup>151</sup> As mentioned earlier during the first years of independence, Southeast Asia established two different organizations; Association of Southeast Asia and Maphilindo, both of which failed due to the tension in the region. The founding members of ASEAN realized the importance of a regional organization incorporating all states in the region, with the purpose of handling, but not necessarily solving the conflicts that were present. ASEAN also accepted, after the Cold War, that political orientation was less important and coordination of the region was more important, in achieving a security organization that could speak with and for all Southeast Asian states. The inclusion of Socialist Vietnam, the military regime in Burma and the other new members, are very good examples of this new political openness. The end of the Cold War has been very positive for ASEAN with increased dialogue and cooperation, but has also meant

<sup>151</sup> This was not the only organization that was created to counter the threat from Communism. The anti-communist countries of Southeast Asia became members in SEATO that was under the control of US and very little freedom and maneuverability was given to Southeast Asian states with regard to for interaction with Communists states. SEATO was from the beginning a policy instrument for United States to contain Communism in Asia, and as such it was under strict US control. The control was at times so great that it might be problematic to speak about a true capability to implement of SEATO, this is however not clear and a strict study of SEATO is needed (Buszynski, 1983).

identification problems for ASEAN. During the Cold War the role of ASEAN was clear, but now that the ideological dimension has disappeared, ASEAN is searching for a new regional and international role to play. This process is underway but it is still unclear what the final role will be for ASEAN.

The ongoing debate in ASEAN has lately focused more than before on economic integration, but the main focus still remains on regional security and political stability. This can be seen in the fact that Vietnam and the new members have economic incentives to join, but that there is a lack of economic incentives for the older members to accept them (Ching, 1998:33). The political and security gains are deciding factors for ASEAN enlargement, rather than economic factors. This focus on security has slowly changed since the end of the Cold War, but was still prevalent during the admission of Laos and Burma (Myanmar). The admission of Cambodia was to a very high extent politicized which could be seen in the argumentation by the states in the Hanoi meeting (ASEAN, 1999) where some of the members, especially Malaysia and Vietnam, welcomed Cambodia as a member but others, primarily Singapore, Thailand and the Philippines, did not accept Cambodia as a member.<sup>152</sup> The argumentation behind the question of enlargement was everything but economic, and there are very few economic advantages to accept Cambodia, while acceptance of Burma might even create economic problems for ASEAN.<sup>153</sup>

The political reasons for continued integration seem to be clear, but the economic reasons seem to be less so. After the economic crisis, ASEAN is facing new challenges and it needs to find a new role for itself, but there are few economic factors that speak for deeper economic integration. Most states in the region are economic competitors, and there are very few areas where they could reinforce each other (Jomo *et al*, 1997:8-26). This is one of the reasons why ASEAN has been so vigorously against any PTAs in the ASEAN region. Any PTA arrangement could potentially hinder trade with external trading partners and the differences between Singapore with zero tariffs and the new members with high tariffs would make an internal tariff agreement in the form of a PTA hard to realize in the near future.

The level of economic integration is still very low in ASEAN despite the initiative to AFTA. The intra-ASEAN trade levels between any one ASEAN member and all of the rest of the members has been below 15% as a percentage of total trade since the creation of ASEAN, with the

---

<sup>152</sup> An informal agreement was reached between the member states to formally not admit Cambodia until the next meeting in Singapore but in practice admit Cambodia as a full member. In interviews, several high ranking officials from the member states agreed to this and admitted the need to move from the current security “hype” to more economic minded integration and the creation of a conflict management mechanism to handle conflict that might arise from this (2001-01).

<sup>153</sup> The inclusion of Burma into ASEAN has created some international problems politically, but also economically. US has for example trade embargos against Burma and all companies that trade with Burma and since the intra-regional trade within ASEAN shall be free this would indicate that US would have to boycott all Southeast Asian states. Even if this does not materialize, due to the US export to Southeast Asia, ASEAN could expect some political problems with US and Europe (Keesings, 1999, February; 2000, November).

exception of Singapore and Malaysia that has a high bilateral trade (WTO, 2002:91-92). AFTA was created in 1992 at the Fourth ASEAN Summit in Singapore, but it was not until December 1998 that AFTA became a reasonably important actor in the region (US-ASEAN, 1998).<sup>154</sup> It has been claimed that ASEAN would constitute a PTA by 2003, but this process has been delayed by creating a three-tier economic development in which Vietnam is given until 2006, and Laos, Burma, and Cambodia are given until 2008 to meet the regional free trade deadline (US-ASEAN, 1997).<sup>155</sup> The three tier concept is operated so that the members are allowed to increase the integration according to three different time-schedules, the faster for more advanced economies such as Singapore and a slower for economies in the middle phase such as Indonesia, and finally slow-movers which consists of the new members such as Laos. This division has begun to create a separation between the different members on the lines of economic development.

The original members have also begun to argue that the three-tier process represents the modernization and importance of the economies and that the weight of the economies should be represented in AFTA. This will create problems with the new members, as they perceive themselves to be equally important. Serious doubts have therefore been raised as to how efficient AFTA will be in the future, even inside the ASEAN Secretariat itself.<sup>156</sup> This could be explained by the low financial gains intra-ASEAN trade offers after the financial crisis, as most ASEAN states focused their trade even more towards EU or AFTA than was the case before the crisis. The ASEAN Customs Vision 2020 has become the new integration effort in ASEAN in an attempt to compete with the surrounding world. This has been hard to accomplish, as most of the trade is created artificially since the complementarity between the economies is low. Moreover, there is also a difficulty to define what “trade liberalization” is and a growing dispute in the question could be noticed. ASEAN has said that free trade is tariffs between 0-5%, which is a substantial range and the reluctance of many states to go below 5% is high. The more economically strong states, such as Singapore, prefer a 0% tariff, and are not willing to let the surrounding states free-ride on the economic system of Singapore. The free-ride issue could be the single most difficult problem to solve for economic integration in ASEAN.

There is, however, still resistance from the ASEAN members to go on with something that is similar to a PTA agreement, and integration based on open regionalism is still heavily preferred in the region (Garnut, 1996; Islam & Chowdhury, 1997; US-ASEAN, 1997). This preference is based on low intra-ASEAN trade possibilities and the importance of external economies for the

---

<sup>154</sup> The late “start” for AFTA makes it hard to talk about any real effect on the trade liberalization inside the region and the conflict management mechanism inside the organization.

<sup>155</sup> Summary of the AFTA tariff reduction & other regional economic cooperation initiatives. <http://www.us-asean.org/afta.htm> Joint Press Statement of the 13<sup>th</sup> Meeting of the ASEAN Free Trade Area (AFTA) Council. <http://www.us-asean.org/afta.htm>.

<sup>156</sup> Interview with Senior Officials at the AFTA Bureau, ASEAN Secretariat, 1999-07.

economic development for the region (Stubbs, 2000). The conflict management mechanism is also problematic in this setting, as AFTA has no clear regulation and the choice is to have bilateral mediation and/or separate solutions for conflict management. This mechanism follows, at large, the regular mechanism of ASEAN that will be further discussed in the next section. There will be some interesting aspects in the Protocol on Dispute Settlement Mechanism that both reinforces this view and functions as a development of the Dispute Settlement Process (ASEAN, 1996).

When looking closer at the different declarations it is clear that ASEAN has assumed a non-legalist mode of operation; the leaders were, and still are, more comfortable with declarations rather than treaties.<sup>157</sup> The mechanism, rather than the structure, characterized the ASEAN way of integration, and — as we will see — the conflict management mechanism. The process is in itself important, and the structure is secondary, if the goals of political stability are to be met. This is also the reason why there is a lack of legally-binding conflict management structure in the ASEAN declarations.

Today ASEAN faces new problems, additional to the integration phase, particularly fragmentation. With the acceptance of Vietnam, Laos, Cambodia, and Burma, ASEAN admitted members with markedly lower levels of economic development and fundamentally different political systems.<sup>158</sup> Regional as well as international scholars and politicians have cited this as a potential reason for divide between the rich and the poor inside ASEAN (Montes *et al*, 1997). The cleavage between the rich and the poor is not the only cleavage among the ASEAN states. Thailand and Philippines have raised the question of democracy and intra-ASEAN criticism. Vietnam and Burma have been fiercely opposed to such proposals, as have “democratic” states such as Malaysia and Singapore. The cleavages are not only between states but also between the highly educated and relatively prosperous city dwellers and the uneducated and poor rural population. This has created increased tension inside both ASEAN and particular states, and ASEAN has realized the need for an effective conflict management mechanism. There has, however, been a majority opposing intra-ASEAN criticism and intervention; Thailand and Philippines have been the two partial exceptions.<sup>159</sup> Non-intervention is, however, clearly the preferred policy, and international intervention seems to be preferable to regional intervention (Ariff, 1997; Askandar, 1996; Lee, 2000; Mahathir, 1999). Several intra-ASEAN dispute settlements have been taken to the International Court of Justice rather than be dealt with within

---

<sup>157</sup> For differences in the legality and formality between declarations and treaties see the Geneva Convention.

<sup>158</sup> China’s growing power has been cited as the major reason for the admission of the new members, in order to balance the growing discrepancy in power. The close security relations between Burma and China were an important factor in the admission of Burma. [http://www.asiasociety.org/publication/asean\\_how.html](http://www.asiasociety.org/publication/asean_how.html)

<sup>159</sup> High officials in the Thai government voiced some concern over the ASEAN process in 1999 and argued for a higher degree of criticism and intervention in intra-ASEAN affairs. This rapidly became an issue of dispute between Thailand and the other ASEAN members with Philippines taking the Thai side. The dispute ended with the removal of all the Thai officials that voiced worries over the process.

ASEAN. This has been a great loss-of-face for ASEAN, having to admit to the fact that they are not able to solve their own disputes. For ASEAN it is currently, however, more important to keep good working relations inside ASEAN than to solve all the intra-ASEAN conflicts.

This problem is accentuated by the lack of leadership in ASEAN. Djakarta was the natural leader for ASEAN prior to the financial crisis. Indonesia was the most powerful nation in the region with an impressive resource base, large population, anti-Communist and with a strong political will to integrate the region and to some extent a willingness to pay the bill for regional integration. Indonesia was also too weak to impose on its ASEAN neighbors but strong enough to voice ASEAN's agenda. This has changed with the financial crisis and the fall of Suharto (The Guardian, 1998a:17; 1998b:17; 1998c:11; The Observer, 1998:28). Indonesia is today in disarray and is in need of help from its neighbors to manage the economy and the social unrest that threatens to tear the country apart. The situation where ASEAN has no clear leader has created difficulties to move ahead. Singapore, Malaysia, and Thailand have created an "unnatural" and informal cooperation that they hope will lead ASEAN out of its problems (Acharya, 2000:198-219). This cooperation is disputed by almost all other nations and there are few acceptable reasons for these three states to lead ASEAN, apart from the fact that they are politically stable and relatively well off financially. Other nations are more militarily powerful and the political systems of the troika are different from most other ASEAN members, except the Philippines. The alternative is to wait for Indonesia to regain its relative strength and retake control over ASEAN, but the risk of disintegration of Indonesia is still there even though the situation has stabilized. This could, however, take a long time and no major integration effort will be able to succeed without a strong regional leader to implement the integration measures. On the contrary, ASEAN could begin to disintegrate without a stronger leadership to maneuver the organization through the current identification phase of ASEAN.

#### **4.4.1.1 Conflict management in ASEAN<sup>160</sup>**

The striking difference between ASEAN and economic organizations, such as NAFTA, is the lack of formalization of the conflict resolution and management mechanisms in ASEAN. Despite this lack of formalization, ASEAN's existence as a regional body has been colored by the *success* of maintaining peace among its members (Caballero-Anthony, 1998). ASEAN managed to remain outside armed international conflicts despite struggling with instability and intense regional

---

<sup>160</sup> The discussion in this section will focus much less on the legal aspects than was done in APEC, since the legal control over the conflict management mechanism is limited and based on consensus and informality. The discussion will be focused on the informality and the need of formality to meet the needs of a more trade-oriented organization.



conflicts in the midst of the Cold War, in one of the potentially most violent regions in the world (Sollenberg, 2001; Swanström, 2001; Wallensteen & Swanström, 1998).

The success of preventing conflicts rests on a complex process of confidence-building and conflict management that will be examined closer here. It is sometimes claimed that ASEAN lacks a formal structure of managing conflicts, and is therefore a failure. That ASEAN lacks formal structure is partly true, but the situation is far more complex than this. It could be argued that ASEAN has quite a degree of formalization built into its organizational structure, as was seen in the prior section. It has also been argued that the structure is of less importance and that ASEAN constitutes a “security regime”. Acharya, one of the leading scholars on ASEAN, claimed that:

“To a degree unprecedented for regional subsystems in the developing world, there is a conscious effort on the part of Southeast Asian states to avoid the use of force in settling disputes. The relatively abstract informal and psychological nature of security norms and conflict regulation procedures within ASEAN fits into the description of a regime...the absence of explicit organizational arrangements and formally articulated regional structures become less important than the attitudinal underpinnings” (Acharya, 1995).

There are, however, some relatively formal structures in ASEAN that establish a conflict management mechanism, although this is not on a treaty basis but on a declaration basis. This section will begin by explaining the general conflict prevention and management structures that are mainly used for political purposes, and then move over to the dispute settlement mechanism that was supposed to be used for economic disputes. It is apparent that the political mechanisms are informal and that the economic ones were supposed to be formal.

ASEAN’s first declaration, the Bangkok Declaration, did not include any specific references to conflict management or conflict prevention, but was limited to increased cooperation (ASEAN, 1967). The evolution of the conflict management mechanism came under the so-called “formative years”, i.e. 1967 to 1979, which led to the signing of the Declaration of ASEAN Concord and the Treaty of Amity and Cooperation (Bali Treaty) on February 24, 1976 (ASEAN, 1976).<sup>161</sup>

The Bali Treaty provides an impressive range of guidelines for conflict prevention and conflict management (ASEAN, 1976).<sup>162</sup> The language is, however, legally non-binding and very inconclusive, which puts it in the informal setting. In practice, there is no operationalisation of a

---

<sup>161</sup> Askandar argues that the First Summit Meeting marked the end of the “formative stage” of ASEAN regionalism and that the signing of the Declaration of ASEAN Concord and the Bali Treaty marked the beginning of the “second phase” (1994:68).

<sup>162</sup> In this discussion, the departure point and structure has been taken from Amer’s article on conflict management in Southeast Asia (1999), even if the focus and analysis are different.

mechanism; the structure has, however, set the stage for informal consultations between leaders and consensus oriented structures in ASEAN. In terms of cooperation and settlement of disputes, chapters I, III, and IV are the most relevant, although no paragraph deals with the operationalization of the conflict management functions. In Chapter I, dealing with “Purpose and Principles”, art. 2 outlines the fundamental principles of interaction between the states:

- “a. Mutual respect for the independency, sovereignty, equality, territorial integrity and national identity of all nations;
- b. The right of every State to lead its national existence free from external interference, subversion or coercion;
- c. Non-interference in the internal affairs of one another;
- d. Settlement of differences or disputes by peaceful means;
- e. Renunciation of the threat or use of force;
- f. Effective cooperation among themselves.” (ASEAN, 1976: para.2)<sup>163</sup>

The “non-interference in internal affairs” creates some problems, since most conflicts in the region are internal, not regional. If ASEAN attempts to be an organization that can deal with internal conflicts, a great deal of work needs to be done. Currently, the possibility to impact internal disputes is limited to informal consultations between the leaders. This has been done in issues concerning Burma and Indonesia, where the regional leaders have interacted and exchanged views on issues of great sensitivity, without the formality of a meeting (Keesings, 1999, November).<sup>164</sup> The degree of success is debatable, but it is arguably more effective than open criticism.

Chapter III deals with “Cooperation”: the areas of mutual cooperation are outlined and the linkages between cooperation, peaceful relations and non-interference are established, the linkage being very much dependent on non-interference and consensus. It is evident from the strong focus on non-economic factors in Chapter III that the focus is on political cooperation, rather than economic cooperation. Art. 12 is an example of this:

“in their efforts to achieve regional prosperity and security, shall endeavor to cooperate in all fields for the promotion of regional resilience, based on the principles of self-confidence, self-reliance, mutual respect, cooperation and solidarity which will constitute the foundation for a strong and viable community of nations in Southeast Asia.” (ASEAN, 1976: para:12)<sup>165</sup>

---

<sup>163</sup> The above outline is sufficient for this thesis but for a more in-depth discussion on Chapter 1 see: Amer, 1999; Rajendran, 1995.

<sup>164</sup> Interviews with Senior Officials at the Foreign Ministries in Burma, Thailand, Singapore, Malaysia, Indonesia and Philippines (1999-2001).

<sup>165</sup> The above outline is sufficient for the purpose in this thesis but for a development concerning chapter III see: Acharya, 2000:198-219; Amer, 1999; Rajendran, 1995.

It is also evident that there was little interest in economic cooperation, but more in formalizing a conflict management process. In chapter IV, devoted to “Pacific Settlement of Disputes”, art. 13 outlines the recommendations for behavior in political conflicts.<sup>166</sup> Art. 13 is only arguing for non-aggressive dispute resolution and there is no reference to how this would be implemented in practical reality, thus there is a low degree of enforceability of Art. 13 due to the vagueness of the article. This points to the fact that all political CMM are informal and a great deal of informal discussion between leaders has been demonstrated to be conflict-reducing. The informal discussions have proven to be highly effective and there are few instances where states have acted without informal consensus between the leaders. This has changed in the last few years and there is much more internal criticism between states and leaders (Keesings, 1997, March; 1998, October).

The formal mechanisms are more difficult to see operationally. Art. 14 is, however, devoted to the creation and envisaged role of a High Council (HC). The High Council is especially interesting since it would be an operative body for dispute-resolution in both trade and political disputes; the limitation is that the High Council has never been implemented (Amer, 1999). The reason for this is partly because the HC would be able to act independently, but there is no political will for this to materialize. Moreover, the HC would be very formal in its functions, which would formalize the disputes between the members of ASEAN. These are all very important reasons for the HC not to acquire an operative role in the near future.

The High Council would be made up of representatives at the ministerial level from each of the signatories and its role should take “cognizance” of existing disputes or situations which could potentially threaten regional “peace and harmony”. The High Council is envisaged as “a continuing body”, which indicates that it should have been established in 1976 as a permanent body of ASEAN for dispute resolution (Amer, 1999; Palmer & Reckford, 1987; Rajendran, 1995:277-78). The provisions of the Hanoi Plan of Action, adopted in connection with the sixth ASEAN summit in Hanoi in December 1998, have taken up the idea of the High Council and art. 7.5 of the Hanoi Plan sets out the task for ASEAN to “formulate draft rules of procedure for the operations of the High Council as envisioned” in the Bali Treaty (ASEAN, 1999b). This did, however, only focus on the potential security disputes the ASEAN members could have; the economic area is still legally underdeveloped. There is, moreover, space left significantly for informal conflict-management and conflict-prevention before any conflict is dealt with through the

---

<sup>166</sup> Art. 13 stipulate that the signatories “shall have the determination and good faith to prevent disputes from arising. In case of disputes on matters directly affecting them shall they refrain from the threat or use of force and shall at all times settle such disputes among themselves through friendly negotiations.” For more in-depth discussions see: Amer, 1999; Rajendran, 1995.

HC. Despite this “maneuver space” the Southeast Asian states seem to have no real eagerness to implement the HC.

In an effort to structure the conflict management mechanism, the ASEAN Troika has been formed. The idea is that three foreign ministers (from past, present and next chairmen of the standing committees) offer to mediate in an issue, if so agreed by the members. It can be constituted on an *ad hoc* basis "if and when the situation warrants" to address urgent political and security issues of common concern. The Troika concept adheres to ASEAN core principles of informality, consensus and non-legalistic principles (ASEAN, 1999a). The success rate of this mechanism is unclear since the concept is new and it remains to be seen how it works (The Star, 2000). It is, however, clear that the voluntary participation makes the Troika useless as a formal CMM, conflict resolution mechanism and as a force for more regionalism, as this would necessitate a stronger mechanism. What is needed is a mechanism that creates predictability and decreases transaction costs, both politically and economically, in the region.

There is little debate among Southeast Asian scholars about the political success of ASEAN during the Cold War. Scholars normally question the success of ASEAN as an economic institution and the effectiveness of the dispute resolution mechanism. In Southeast Asia, ASEAN is considered to be a great success in preventing conflicts and managing ongoing disputes. The informality of the conflict prevention and management mechanisms and the pressure for a “Security Regime” in Southeast Asia have clearly been favorable for ASEAN. Formal CMM structures in ASEAN would have been more harmful than helpful due to the political situation that was discussed in the first section on ASEAN. The situation has changed with the end of the Cold War by eliminating the communist threat from China, Soviet Union and the military position, and reason for concern, US had in Vietnam and Cambodia is terminated. The risk that ASEAN would be involved as an actor in a power struggle between superpowers is limited. The possible exception could be the “China threat”; China is, however, unable to launch any power struggle in Southeast Asia due to domestic constraints (Swanström, 2001). This eliminates much of ASEAN’s function as a security organization, and ASEAN has to find a new role to survive as a regional organization. This role will have to be focused on economic and social development. To succeed with this, a dispute settlement and conflict management mechanism in Southeast Asia is necessary, but with a wider scope than earlier has been implemented.

The current economic dispute settlement is regulated by the Protocol on Dispute Settlement Mechanism (ASEAN, 1996). This is, however, a Protocol and not a treaty, which limits its enforceability, moreover art. 1:3 of the Protocol grants any member state the right to seek recourse in *any* other fora. This right to seek recourse in any other fora can be utilized anytime during the process. If both parties are satisfied with the procedure, they will enter the consultation stage, which will not exceed 60 days (ASEAN, 1996: para:2-3). If consultations fail to settle the dispute,

the Senior Economic Officials Meeting will establish a Panel that will take a decision based on a simple majority (ASEAN, 1996: para:4-5). If a party's action is found inconsistent with the ruling, the parties involved shall seek "mutually acceptable compensation" (ASEAN, 1996: para:9). There has been hard criticism of the functionality of this Protocol. The possibility to seek settlement in other fora during the process, forces the Panel to restart each process every time a party chooses to change the forum for settlement. The disputing parties can then return and repeat the procedure. Another problem is to find "mutually acceptable compensation". It is hard for any two parties to find a mutually satisfactory solution concerning a limited amount of resources. There is, moreover, no clear rule what to do so that a satisfactory solution can be found, or what to do if there is no satisfactory level to be found. The positive effect is that the parties are forced to go through a consultation stage where the information is confidential which can help the parties solve some of their disputes. This has, however, been shown to be too "soft" for business disputes and most contracts in the region have a clause that overrules the Protocol and refers any dispute to an international forum with pre-determined legislation, but only on a bilateral basis. This disqualifies ASEAN as an economic organization, and to certain extent AFTA too since the efficiency of AFTA as an economic organization will be disputed as it is a part of ASEAN.

#### **4.4.1.2 Analyzing the linkage between ASEAN and CMM**

ASEAN is, beyond doubt, the single most important organization in Southeast Asia and Asia at large. The question *whether* ASEAN has worked in a conflict management manner is, in my view, purely rhetorical. Since its creation ASEAN has functioned in a conflict management manner through a three-legged approach to enhance the security of its members and regional stability at large (Rolls, 1994). Firstly, ASEAN has worked for socio-economic development to reduce internal conflicts<sup>167</sup>; secondly, ASEAN has reduced the external influence in an effort to exclude itself from any external conflict; and thirdly, ASEAN has worked hard to minimize conflict between its members.

It cannot be argued that ASEAN is a strong organization; the functions of ASEAN are to a very high degree informal and the political decision-making process is very slow. It can, however, be argued that the success of the conflict management in the region is based on this informality and the strict principle of non-intervention in internal affairs (Xia, 2001; Swanström, 2001). Huxley and others have argued that the "weakness" of the organization is due to the weakness of the ASEAN members and their fear of their neighbors' intentions (Huxley, 1993; Rolls, 1994). This

---

<sup>167</sup> It should be noted that ASEAN was created to minimize the communist insurgency more than anything else. This was not only done by military means but also by strengthening the social structure and creating better possibilities for people in the lower social classes. This has had positive effects on the ASEAN members, which have taken this further by creating a middle class which has been instrumental in creating sustainable development and peace.

was very much true, but the interesting fact is that the distrust and fear of other states has decreased as ASEAN has become more operative and influential, which can be seen in the fact that the members have given ASEAN a more open role as the trust has increased through cooperation.

ASEAN's unity has always been an issue of concern. The question of how to endure "diversity in unity" has been most important. Diversity has been more of a concern than unity, since any compromises with national sovereignty have been impossible to accept. This somewhat pessimistic approach benefits from the reality of persistently presumed differences. These assumptions beset and transgress almost all aspects of ASEAN's institutions socially, politically, economically and geostrategically. Ironically, these often mentioned "diversities" underlay ASEAN's resolute convictions for "unity", as is greatly evident in its formative years.<sup>168</sup> The members have united in their difference and this has been the base in each and every agreement made. These assumptions might actually differentiate the ASEAN members more than necessary, i.e. the focus on diversity might actually create cleavages that are not apparent.

How ASEAN endures this "diversity in unity" has been discussed among experts and intellectuals. The deliberations on the so-called "ASEAN Way" depict the extensive intrigues on how ASEAN manages intra-mural conflicts, and coordinates cooperation among its members. Although this enticed both positive and negative remarks, and despite all the odds and imperfections, the "ASEAN Way" and indeed multilateral institutions are both implicitly and explicitly being accepted as the agenda in ASEAN's conflict management strategy. The reason for this is simple – it works, at least in "keeping" ASEAN intact amicably.

Multilateral institutions inspire a sense of shared interest and provide larger "room" and flexible "space" for states to regulate political interaction and socialization. They do this while "deliberately" fabricating the convention of consultations, tolerance and accommodation especially among their own constituents. Henceforth, in this context, the ASEAN Way in its entirety is well attuned with the fundamental question of "informality" that is embedded as a doctrine in the decision-making protocols of ASEAN. In any event, this "informality" renders a sense of urgency and discipline among the member states. This has made some states quite uncomfortable in seeking quick definitive decisions and subsequent affirmative actions in dealing with ASEAN, directly or otherwise, though in most conflict management or resolution approaches, such overtly incautious attitude will further aggravate conflict situations. In short, though multilateralism is no panacea, neither is it exclusively ineffective, particularly in the intra-ASEAN context. ASEAN's evolution from five to all ten states of Southeast Asia, and being entrusted with the leadership of ARF and to a certain extent ASEAN+3, underscores this phenomenon.

---

<sup>168</sup> The often-mentioned "diversities", include an attitude of mistrust towards each other's "creeds and deeds", border demarcation issues, and overlapping territorial claims or disputes. There is no single state that does not have a territorial dispute with some of its neighbors (Swanström, 1999; Wallensteen & Swanström, 1998).

ASEAN lost a lot of its functions after the Cold War ended, and the need for a functional conflict management process has increased since the need for economic integration has increased. Amer has identified the High Council as the conflict management mechanism that could be sufficient, but there is little support from ASEAN to use this mechanism (1999). The focus has been on other international dispute resolution mechanisms, or on solving the conflict bilaterally to the best of their ability. This has created some reluctance to increase intra-ASEAN trade, due to the increased transaction costs, and serious attempts have been initiated to solve this problem.

A significant aspect of regional problem-solving is that the members of ASEAN prefer a bilateral approach to a multilateral one (Swanström, 2000). The bilateral method allows each party to explore the best possible strategy to adopt, without having to abide by a third party decision. Only the parties involved are believed to be the best judges, according to the ASEAN Way. The ASEAN Way allows more discretion and is a “quiet” way of dealing with conflicts. Perhaps that explains why the proposal of a High Council did not find much support within ASEAN. The opposition towards multilateral solutions is stronger among the weaker states, for example Burma and Laos, due to their relatively weak position in the region. Despite the preference for bilateral solutions within ASEAN, there is a preference for multilateral solutions towards China in the South China Sea and other conflicts with external powers as long as their intra-regional conflicts are not included (Swanström, 2001).

The proposal for a troika at the Informal ASEAN Summit of November 1999 supports the concept of formal engagement (dispute resolution) within the context of the ASEAN Way. The proposal for a permanent troika, similar to the threesome which was assigned to study the Cambodian domestic issue in 1997, and which paved the way for Cambodian admission, is central for the development of a formal CMM (ASEAN, 1999c). This would offer a more institutionalized approach to conflict management within the ASEAN context. It would, however, not be practical for trade disputes both since the “ruling” would not be binding, and further it would be an administrative burden to handle all economic disputes in the economic area that the troika could not handle. In short, ASEAN is still in search of a formal conflict management mechanism that works. The solution has therefore been to let the GATT regulation decide the outcome, but this is only after parties involved have agreed, in consensus, to let GATT have the ruling power.

As mentioned earlier, Southeast Asia was a battlefield of the Great Powers during the Cold War and ASEAN was to a large extent created in 1967 as a bulwark against Communism. The region was on the brink of chaos in 1967, when ASEAN was created with the *official* goal to improve trade, investment, tourism and regional cooperation. It was soon apparent that this was not the case, and that the political dimension of ASEAN was more important, and successful. There are, however, people that focus on the words of the document (Sompong, 1991) and if this is done ASEAN has to be seen as a modest success since intra-ASEAN trade is limited (Islam &

Chowdhury, 1997; McLeod & Garnut, 1998). Rolls has argued that ASEAN fails to be defined as a "security community" since the members' armed forces still target each other (1994). This is true, but the goal of ASEAN has never been to form a security community, only to prevent conflicts from erupting and manage the existing conflicts in an acceptable fashion. ASEAN is truly a failure if it is compared with the highly formalized EU, but an exceptional success if we are to look at the number of militarized conflicts between the members (0).

The formal tools do not explain much of the success of ASEAN in conflict prevention; on the contrary it seems to be the informal consultations, values and norms, that have played the major role. Cook has argued that shared values and norms among the members, and the troubled history with the *konfrontasi* operation against Malaysia, play a more important role in the culture of conflict avoidance than formal conflict prevention mechanisms (2001). The shared culture of conflict avoidance (*musgrawarah*) clearly prefers informal negotiations, rather than the more adversarial "Western" culture of organizational bargaining. ASEAN has, for example, asked the foreign ministers from Thailand, Philippine and Indonesia to approach their counterpart in Burma (Myanmar) in an attempt to influence the political liberalization inside Burma (Montes *et al*, 1997). This informal mechanism has proven to have had more practical result than the more formal structure to influence the governments in the region, and this is reflected in the priority placed on consultations and dialogue and the avoidance of public confrontation (Swanström, 2001).

The formal structures of ASEAN are highly functional, but the formal CMM has had limited success. This is simply due to the refusal by the ASEAN states to implement the High Council or any other formal CMM. The discussion will therefore be focused on the informal mechanisms, and the formal mechanisms will be considered as having a low impact. ASEAN has to a great extent been highly successful in containing conflicts, and there is no open conflict which creates tension between the members, although there are several suppressed (managed) conflicts in the region, such as the dispute over Sabah. Moreover, there is no competing mechanism for conflict management in intra-regional affairs and the informal mechanism supercedes the formal in all areas, unfortunately also in the economic area. On the contrary, ASEAN has refused to take its bilateral and multilateral conflicts to ARF or any other regional organization, and other regions have been interested in the ASEAN experience, i.e. ASEAN+3. Formal dispute-resolution has, however, been taken to the International Court of Justice and other international organs. In the area of confidence-building, there is no dispute of the success of ASEAN. That there are no open conflicts and there has been a successful containment of the existing conflicts, are to a large extent due to the increased confidence between leaders and states at large. Legitimacy and impact is high, but there are some troubling signs. The degree of legitimacy and impact has been challenged by Thailand, and to certain extent the Philippines would like to extend the possibility to intervene in internal conflicts to ASEAN if regional security is threatened. Without this possibility, it has been



claimed that the efficiency of ASEAN would be very limited after the end of the Cold War. The legitimacy has been challenged not only on this point; the segregation into three tiers of states has threatened to decrease the legitimacy among the poorer states that consider themselves to be disregarded, and also by the more powerful states that consider themselves to be used by the weaker. These are a few of the threats to the legitimacy of ASEAN, which despite this is an organization with a high degree of impact, with the exception of economic disputes where ASEAN has not had any greater impact. The implementation of AFTA has been delayed, and there have not been any effective measures taken to improve conflict resolution or conflict management mechanisms in the economic area.

Figure 4:9: ASEAN's impact on the CMM

	<i>Low impact</i>	<i>Medium impact</i>	<i>High impact</i>
<i>Formal</i>	Predictability Enforcement Legitimacy No competing mechanism Implementation		
<i>Informal</i>			Open conflicts No competing mechanism Confidence building Supercedes the formal Legitimacy

On a theoretical note, ASEAN was troubled by the lack of organization of the regional environment in the late 1960s and the creation of ASEAN was to a very great extent a defense against the spread of communism. It was very much a realist perception that made ASEAN take off the ground, but this has changed and turned into the more liberal view that cooperation in all areas, and regionalism, are positive measures to create a more peaceful environment. The old perception that ASEAN was created against an external threat is no longer valid and today ASEAN is perceived as a conflict manager and mechanism to increase trade and interdependence rather than to secure the region from a communist threat.

When the Cold War ended, the purpose of ASEAN disintegrated in accordance with the realist notion that ASEAN would be useless since there are no security threats. The search for a new function that is liberal or knowledge-based, continues since the realists have no explanatory power in ASEAN's focus on economy and social development. This is a normative change that was a result of the ending of the Cold War and the bipolar system, which was very apparent in Southeast Asia through the Vietnam War and the conflict in Cambodia.

Changes have occurred in all levels of society, leaders as well as business people have worked for more regionalism and integration, and the success is beyond doubt, but ASEAN has still not been able to create a formal CMM. There is still a lack of organization and trust that prevents the region from creating a formal mechanism, which points to the fact that realism might again be able to explain the lack of a formal CMM, but not the existence of the informal mechanisms.

#### **4.4.2 Conflict management in Southeast Asia**

Multilateral conflict management in Southeast Asia is inseparable from ASEAN and the "ASEAN Way" of conducting multilateral interaction, at least in the short to intermediate time span. Currently there are very few alternatives to ASEAN in this region, but the environment is changing and the development of sub-regional growth triangles might be an alternative to ASEAN, or simply another way to continue the integration within ASEAN. As an alternative to traditional cooperation structures, growth triangles (GT) have been established in several areas of Southeast Asia (Thant *et al*, 1998; Yue & Lee, 1994). GTs encourage trade and cooperation over appointed sections of three or more states, but not between states at large. This is to minimize political and military critique, but also to increase the success rate by focus on regions with high complementarity. The sub-regional trade through GTs will integrate national sub-regions over national borders and increase trust in areas most infected with disputes through increased trade and openness in disputed border regions. The growth triangles are, however, still under creation and the formalization of these cooperation structures is low. GTs in Southeast Asia have functioned as a laboratory environment for CMM and have created both political and economic mechanisms for conflict management and resolution, although this was never the intention and the implementation of the CMMs is so far low.<sup>169</sup> The more functional form of CMM and conflict resolution that emerges, could be transferred to a national level and AFTA.

Military conflict management is less successful in the national realm than in the regional realm. There is little military cooperation between the Southeast Asian states in combating internal terrorists/freedom fighters, since there is a fear that it would be perceived as a weakness by the national citizens and this might give other states the legitimacy to intervene in weaker states. There is still little trust between ASEAN members in state-to-state military matters. It is true that ASEAN members have developed stronger military cooperation, but this has always been done with the help of external powers (Rolls, 1994). This has changed after the Cold War and today,

---

<sup>169</sup> Growth triangles were created simply to increase intra-regional trade in regions with a higher level of complementarity, such as in JSR GT. The argument can, however, be made that the border cooperation, between for example Malaysia and Singapore, was created to minimize border tension that has been a problem since the creation of Malaysia (interviews in Thailand and Malaysia, 1999-08).

when the influence of external powers has decreased, the regional states have begun to cooperate on a bilateral basis in military matters. Multilateral cooperation in military matters is still not an alternative to bilateral cooperation, but is on the other hand not a far-fetched proposal any more.

The greatest success in the military realm is the abolition of nuclear weapons from the region and the explicit will to engage in more preventive work to decrease the likelihood of military action and increased military spending (ASEAN, 1995). The financial crisis in 1997 made increased military spending hard to motivate for ASEAN members due to the lack of financial means. This especially since social tension rose in several countries as a result of the decreased economic opportunities nationally, as well as regionally, and the financial capital was directed towards civilian sectors.<sup>170</sup> The crisis had, paradoxically, a positive effect on the regional stability and security as military expenditure decreased significantly (Sköns *et al*, 2000). In the long run, this stability might however be destabilizing, as China, India, and Japan did not decrease their military spending and could begin to move in to challenge the US position in the region in a few years. The Southeast Asian states will by then have a military capacity that is not up to the standard of the competing powers, and will have to rely to a greater extent on external powers and on the rivalry between the emerging regional powers.

#### **4.4.3 Concluding thoughts on Southeast Asia**

Southeast Asia is limited to one organization, ASEAN, although ASEAN also runs the daily business of ARF and ASEAN+3 through the ASEAN secretariat. Interesting to note is that both ASEAN and ARF are limited to informal CMM and political disputes; ASEAN+3, which is not currently operational, will be limited to economic disputes. ASEAN thrives on the common culture of informality and consensus that is prevalent in the region, even though some states seem to want to move away from the consensus rule. This has increased the trust and confidence among the member states in the region, through informal interaction since the creation of ASEAN. The non-intervention principle has been one of the more important factors behind this success.

The strict focus on sovereignty has been a positive factor, in the early days, as it helped the organization to avoid inter-state conflicts. This has changed, especially after the Cold war, and today the exclusive focus on sovereignty impacts the CMM negatively. If a regional CMM is to function more effectively there has to be an acceptance that ASEAN will have some, even if limited, possibilities to act against the states and most important to enforce its decisions. This is especially important in the trade sector. Trade has been one of the more negative variables in

---

<sup>170</sup> If social unrest had taken unproportionally large proportions this would have increased the military spending to secure domestic stability. In most states, not Indonesia, this was not the case and the demonstrations were relatively few and peaceful.

ASEAN, since the intra-regional trade is low and the complementarity is low (with the exceptions of Malaysia and Singapore), which forces the states to trade extra-regionally. In all other cases, studied in this thesis so far, the trade has been a positive variable, but ASEAN has succeeded despite the low economic interdependence.

Southeast Asia is a very different region, in comparison to other regions in this thesis. There is no single state that can dominate the other states and this situation creates some trust since it is possible to rely on the organization without being dominated. This is also ASEAN's greatest weakness, since there is no single state that could, like US in NAFTA, take command and steer the organization out of problematic situations, especially since the diminishing role of Indonesia. Disputes and difficult international situations could easily stalemate ASEAN, especially as the political and military systems look very different in the region. ASEAN has achieved impressive results with its informal consultations; absence of intra-state wars, development of the civil society in many states and economic stability can be seen as evidence of this. It could, on the other hand, be argued that the political and economic development was inevitable and that ASEAN has little to do with the political and economic success in Southeast Asia. It is, of course, impossible to say with certainty that development would or would not have happened. The argument that ASEAN has impacted on the region positively could, in my view, be made with high accuracy, because the situation after de-colonization was ripe for war and several minor and intermediate conflicts erupted. These conflicts have been contained since the late 1960s and no regional or bilateral military operations have been taken against other members of ASEAN since the *Konfrontasi* operation in 1964. The success of the organization can also be seen in the increased willingness to settle disputes in international courts, such as the International Court of Justice, although not through regional mechanisms.

It is a problem that relatively few conflicts have been resolved, but for the Southeast Asian states the important factor is to prevent the conflict from being militarized. The management mechanisms in the region are, however, limited in regard to intra-state conflicts. The major drawback is that the organization has no possibility to act in other states' internal affairs if the assessment is made that conflict could, or will, emerge. ASEAN is limited to influencing the leadership and acting informally. The problem is, as pointed out earlier, that the ASEAN members prefer to use international dispute resolution mechanisms rather than their own regionally based mechanisms. This is a *Catch 22* situation, and until this is changed it will be difficult to give the regional mechanism the legitimacy it needs to function and no state will use it until it has a great deal of legitimacy. There is therefore a need to create increased legitimacy for ASEAN at large, which in turn would increase the legitimacy for a regionally based conflict management mechanism.

This said, would then formal structures with more conflict resolution mechanisms be more functional at the current time? The answer has to be negative since such a mechanism would not create any efficiency in the organization since it would stalemate the process in ASEAN. The format of interaction has to continue to be informal and based on consensus to survive the political diversity in the region. The economic aspects of the organization (AFTA), will have to be more formalized and change from conflict management to conflict resolution if economic interaction is to develop. The political development does, on the other hand, have to strengthen the current process and continue with dialogue until the new, and old, members are at ease with a dialogue that would inevitable touch upon internal problems. Therefore, a dual process could be more appropriate. One informal political process that focuses on conflict management (ASEAN) and one formal economic process (AFTA) that focuses on conflict resolution

The normative impact ASEAN has had on the Southeast Asian states is impressive. Criticism has been extended about the fact that more than 400 meetings are conducted within ASEAN every year, but that little happens. This is not entirely true since the concepts of human rights, economic security, conflict management, etc have been thrown into the debate and have had a substantive regional impact and created real normative changes. The Western countries might not always agree with the outcome, but the fact that the discussion is in progress should be noted.

As noted in the text, the growth triangles in the region could be highly successful in creating trust and increased trade in border areas that are put under a great deal of tension from potential conflicts. It is also in these areas we can see most of the religious differences in the region. To strengthen these growth triangles, is one of the more important international efforts that can be made in Southeast Asia, as this will directly affect stability and conflict management. Southeast Asia tends to be one of the more secure regions, but more work needs to be done especially regarding domestic disputes and conflict management.

#### **4.5 Americas**

The Americas comprise a less heterogeneous region culturally and politically, in comparison with East Asia, but as will be shown there is not always a harmonious relationship between North and Latin America. The Hispanic culture dominates the southern part of the region and Anglo-Saxon culture dominates the northern part, although the Hispanic culture has made important inroads in Southern US. Politically, there are clear similarities between the American states since most countries classify as democracies and the election process is relatively free, seen from a global perspective. The democratic process in Latin America is, however, fragile and a relatively new phenomenon. Costa Rica (1948), Columbia (1958) and Venezuela (1958) are the oldest continuous democracies in Latin America (Colburn, 2002:34). The other states democratized in 1979 (Ecuador), 1980 (Peru) or in the latter part of the 1980s. This relative conformity has made democracy, and the continuation of democracy, one of the most important questions in the Americas (Albright, 1998; OAS, 1948; 1999).

In contrast to East Asia, where as we have seen economy and politics are separated into different regional settings, the Americas exhibit a more open exchange of ideas in which political development, human rights and economic development carry equal weight (Graham, 2002; OAS, 1999; Scheman, 1988). This has made the regional actors more coherent in their regional interaction. There is, however, a striking asymmetry between the north and the south in terms of power and wealth (Bell *et al*, 1997:8). Politically, militarily and economically the region is dominated by US, a dominance that influences the choice of policy strategies for all actors. This will make this section, to a large extent, a discussion about the US importance for the Americas, even if not exclusively so.

The US policy to create pre-eminence in the region and exclude external powers, has been a fact since the Monroe Doctrine from 1823, when US president James Monroe warned the Europeans to keep their hands off the Western Hemisphere. The Europeans largely ignored this during the 19<sup>th</sup> Century, a period of military weakness and isolationist policies for the US (Dexter, 1963). In 1904 when US had become stronger, President Theodore Roosevelt proclaimed that the “chronic wrongdoing” in the Americas could oblige the US to use force, due to its adherence to the Monroe Doctrine and in defense of the freedom of the Americas (Atkins, 1993:602-603). 1904 was the first time US acted strongly to defend its influence in the Americas, and it was under Roosevelt the Monroe Doctrine became a cornerstone in the policy development in US and the Americas and it has been so ever since.

The main objective from US to create pre-eminence in Latin America, since World War II, has been to secure democratic development, political stability and the exclusion of communism from the region (Bulmer-Thomas & Dunkerley, 1999:311-326; Domínguez, 1999; Slater,

1969:51). If US has not been able to combine these objectives, democratic values have been the first to be disregarded and then political stability. The struggle against communism was always the first priority for US, a priority that has not always been agreed to by the Latin American states, which have been more focused on economic development and political stability (Kirkpatrick, 1979; Schoultz, 1987:106; Wiarda, 1984). Communism was, however, a common concern in the aftermath of World War II, and in 1947 most Latin American countries and US signed the Inter-American Treaty of Reciprocal Assistance for a Common Defense Against External Aggression, read communism (Rio Treaty, 1947). Quickly thereafter, in 1948, the OAS charter was signed as the Communist threat was more of a concern for the Latin American states than was the US manipulation of the organization (Fryer, 1993).<sup>171</sup> The exclusion of communism and, at the time, the only other superpower (the Soviet Union) was the primary priority for US until the end of the Cold War and the disintegration of the Soviet Union. OAS has been an important instrument for US in this endeavor, but as in Asia, sovereignty has played an important role in the Americas, which has limited the Latin American countries' engagement in the creation of a cooperation structures that would limit sovereign rights. There have also been a few other attempts at an all inclusive cooperation organization in the Americas, such as the Alliance for Progress, that have been important for the region (Scheman, 1988).

The Alliance for Progress in 1961 has been argued to be the first attempt to truly integrate Latin America into the US sphere of influence, in a positive way. The former Colombian President Alberto Lleras Camargo saw the alliance as the turning point for US attitudes towards the Latin American states (Scheman, 1988:7). This is reinforced by the former Secretary of Treasury Douglas Dillion who dates the changed interaction with Latin America to the years around 1960 (Dillion, 1988:63-66). The reason was that the Alliance went further than any proposed cooperation had ever done before; it attempted to address economic, social and political institutions in all states in the Americas (Gordon, 1988; Schlesinger, 1988). The management function of the organization, as dealt with by the Inter American Committee for the Alliance, had a moral authority and an Ombudsman function (Sanz de Santamaría, 1988). The organization suffered from the "one minute to midnight syndrome", i.e. that Latin America would defect to Communism, and this hindered the social and economic development of the organization. The alliance lost all its importance in 1965 when the Johnson administration supported several non-democratic governments in Latin America and actively worked for the abolition of democratic governments that had made the unforgivable mistake of acting against US economic interest, i.e.

---

<sup>171</sup> The Latin American states have little faith in that US would not manipulate OAS and use it for its own purposes. That this fear is not unfounded, has been proven on several occasions and has discredited OAS on several occasions and worked in a destructive way for regionalism and the creation of a functional conflict management mechanism (Bell *et al*, 1997; Acosta, 1997). This will be dealt with more in detail under the section on OAS.

nationalized a few American companies and refused to open up their markets on US terms (Domínguez, 1999:33-49; Scheman, 1988:71).

Most of the Latin American states have been relatively weak, both politically and financially, especially in comparison to US and Canada, and have therefore been preoccupied with the non-intervention rules (Centeno, 2002:chapter 1; Harrison, 1985). This has limited the US possibility to intervene legally in Latin American affairs, although US has on multiple occasions intervened in the internal affairs of the Latin American countries and discredited any multilateral cooperation in the Americas. The possibility to intervene legally has, however, changed after the end of the Cold War, and OAS has today greater possibility to disregard national sovereignty in the defense of democracy (see section 4.5.1).

After the independence of the states in the Americas there have been several wars and military disputes; this was especially true during the formation of the American states.<sup>172</sup> The region has, however, been one of relative stability, compared with the world at large and with few large scale military conflicts.<sup>173</sup> There were some inter-state wars during the formative years, but this has however changed and in the last decades this has been a region of relative inter-state peace (Centeno, 2002:45-46; Sollenberg, 2000). This relative stability does not include internal conflicts that have been on a higher level in modern times. Historically, most states, including Canada and US, had internal disputes of some kind during the state-formation process (Centeno, 2002:45-46). The amount of conflicts is, however, much lower than in the case of other regions in the world, especially if excluding US intervention in external conflicts (Centeno, 2002:33-47).

Some of the internal conflicts in Latin America have been a result of the geographical proximity to US in the midst of the Cold War's ideological battle (Centeno, 2002; Colburn, 2002:1-8; LeoGrande, 1998; Schoultz, 1987). This primarily took the form of internal conflicts, supported by US and the Soviet Union, this in contrast to many other regions has led to there having been an unprecedented degree of intervention in internal conflicts by a regional actor in the Americas; i.e. the US intervention in Latin America to secure "democracy and peace" (Centeno, 2002; International Organizations, 1967; Slater, 1969). The domination of one region by one single actor is at a level not seen in any other region and it is easy to understand that the region is characterized by the strong influence and control that the US possess over it. In all other regions discussed, so far, there has been a polyarchic structure with several power centers

One of the clearest divisions in this region is the separation between the north (Canada and US) and the south (all other states) in terms of military and economic strength. In a military sense,

---

<sup>172</sup> The US Civil War, the Triple Alliance; the Spanish Invasion, the Texan Independence, Guerra Grande, etc are examples of many of the wars that formed the American region.

<sup>173</sup> The most important conflicts after 1945 are: Colombia (La violencia), 1948-1965; El Salvador-Honduras (The football war), 1969; El Salvador, 1979-1992; Ecuador-Peru, 1981, 1995; Nicaragua (contras), 1982-1990; Peru (Sendero), 1982-1992; Colombia, 1984-.



there is an unequal division with the militarily strongest nation in the north and some of the weakest in the south. Economically, two of the richest states reside in the north and some of the poorest in the world are south of the US border, i.e Latin America (Colburn, 2002; Hansen, 1967).

This creates a tension between the rich and the poor countries, and the fact that this is a division that goes along cultural borders, only makes it more accentuated. This unequal economic division has resulted in the Latin American states having been in a dependency relationship with the north, primarily US, since the 19<sup>th</sup> Century (Langley, 1993).<sup>174</sup> This has been further accentuated as the US relative strength has increased after World War II (Cardoso & Faletto, 1979; Langley, 1993). Currently, there is a discussion about the crisis of US capitalism; an economic downturn that will benefit other regions such as Latin America, which could indicate that the relative power position of the Latin American states will improve (Economist, 2002). This could imply more independent interaction in regional affairs by the Latin American states.

The level of regional and sub-regional agreements is high, and even more interestingly, the parties involved follow most agreements and treaties. This has been the case, even when US has threatened with withdrawal from treaties at times when the other regional actors have acted against US interests (Rubins class). This indicates that regional cooperation has been very successful in the Americas and the amount of functional regional cooperation is high with organizations such as OAS, NAFTA, Andean Group, Mercosur, Group of Three, etc. The success rate has, however, varied in a geographical sense but more interesting is that it would seem that it is not only economic organizations that have been successful. The question is naturally how the CMM has developed and what kind of CMM has been established in the region.

#### 4.5.1 OAS<sup>175</sup>

OAS could, with a pinch of salt, be said to date from the International Union of American Republics established in April 1890 (Moore, 1971:131).<sup>176</sup> This makes OAS the organization with the oldest roots in this thesis. It was, however, not until April 30, 1948, that 21 American states

---

<sup>174</sup> The term dependency in this thesis refers to reliance on US financially and politically, not to the classical exploitation that has been proclaimed by many authors (Blomqvist & Lundahl, 1992: chapter 6; Cardoso & Faletto, 1979; Stavrianos, 1981). In the cases where the classical dependency theories will be referred to, the Spanish term *dependencia* will be used.

<sup>175</sup> 21 Original OAS Members (1948) Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Cuba, Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, United States, Uruguay, Venezuela. The 14 subsequent members are: Barbados, Trinidad and Tobago (1967); Jamaica (1969); Grenada (1975); Suriname (1977); Dominica, Saint Lucia (1979); Antigua and Barbuda, Saint Vincent and the Grenadines (1981); The Bahamas (1982); St. Kitts and Nevis (1984); Canada (1990); Belize, Guyana (1991).

<sup>176</sup> In 1826 Simón Bolívar was the first to argue for an association of states in the hemisphere. This was done at the Congress of Panama, but it was not until 1890 when the First International Conference of American States was held in Washington D.C. and established the International Union of American Republics that this idea had a real political impact.

met in Bogotá to adopt the charter of the OAS. The focus for OAS was from the beginning far-reaching and diverse, including social and economic development, combating drugs, human rights, strengthening democracy, pacific settlements of disputes, weapons control programs, etc (OAS, 1948; OAS, 2002).

The difference between OAS and other regional organizations could not be more apparent. For example, NAFTA's focus is solely on economic matters while OAS has a much wider focus that includes democracy, civil society, combating drugs and free trade (1948, OAS: article 2; OAS, 2002). In this sense, the OAS focus is much more directed to long-term conflict management, as it strengthens the democratic institutions of the Americas and follows an integrative policy in the region. The OAS has also been the driving force behind the creation of the Free Trade Area of the Americas (FTAA), which aims at integrating the

Short guide to OAS

Founded: 1948

Number of members: 35

Total population: 824 million

Budget: 84 million (2001)

Total trade: US\$ 1416 bn (exp.), US\$ 1889 bn (imp.)

Intra-regional trade (%): 62% (total)

% of world trade: 22.9 (exp.), 29.2 (imp.)

Secretariat: Head quarter in Washington D.C.

Decision-making process: Consensus

Objective: Social and economic development, strengthening democracy and human rights and combating of crime and drugs etc.

Sources: WTO, 2001: 40, 170, 174; UN, 2002 (population).

economies and creating increased prosperity and openness in the region (Stephenson, 1998).<sup>177</sup> Politics and economics have proven, in East Asia and the Pacific Rim, to be difficult to integrate into one single policy, although the integration in OAS has been relatively successful. FTAA is a body subordinated to the OAS structure and currently the OAS is negotiating how the dispute settlement mechanisms should be structured in FTAA (FTAA, 2001; 2002). FTAA does, however, have a more autonomous position within the OAS and it is thought to become a independent body in due time. Concerning the FTAA, it is important to note that there are a large number of states that have not signed or ratified the agreements and declarations to the creation of FTAA (FTAA, 2001:47).

The structure of OAS has grown since its establishment in 1948, and it is increasingly complex and legally based. In short, the General Assembly, which brings together the foreign ministers of the Americas, is the highest decision-making body of the OAS (OAS, 1948: chapter IX). To assist it, the General Assembly has several bodies, of which the Permanent Council is the most important. This Council takes cognizance of matters related to peaceful settlements of disputes that have been referred to it by the General Secretary, General Assembly or Meetings of Consultation of Ministers of Foreign Affairs (OAS, 1948). To facilitate its work, it establishes committees and workgroups that it considers necessary. The daily business is supervised by the

<sup>177</sup> The FTAA negotiations are scheduled to be completed in 2005, although the enthusiasm has decreased with the failure of the 1999 Seattle conferences, and the intra-American organizations have taken a faster liberalization course than FTAA could have accomplished. For more information about the FTAA and the dispute settlement functions that FTAA will/can develop see: FTAA, 2002; IADB, 2002b; OAS, 2001.

General Secretary who has a secretariat at his disposal. The structure is highly legalistic and the informal components are relatively few (*cf* East Asia).

The role of the United States in OAS can not be overestimated; in all spheres of interest the US impact is far-reaching. This has worked well in many aspects of integration and conflict management, and less so in a few. On the positive side, the organization has created several integration efforts and management exercises, and thanks to the presence of the US it has been possible to enforce them. The financial problems have been relatively minor, despite a contempt for large bureaucracies from US and Canada, thanks to the North American engagement.<sup>178</sup> On the negative side there are a few drawbacks; for example when US has little or no interest, it has been difficult to implement and enforce policies within OAS. It has also been relatively easy for US to control the agenda and only endorse “friendly” proposals. This has created open opposition against the US control over OAS and demands have been raised for a democratization of OAS.<sup>179</sup> The US is, however, by far the more powerful actor in the region, and not surprisingly it is easy to establish that US has impacted most of the management policies in the organization through bilateral actions (LeoGrande, 1998; Schoultz, 1987). OAS has been seen as an instrument for US foreign policy in the region, during the Cold War, and has lost a great deal of legitimacy due to this (Fohmann, 2000).

Apart from the institutional effects, the US dominance of the organization has created considerable dissatisfaction with the US tendency to act unilaterally in issues of importance for OAS. These unilateral actions have created a decreased legitimacy for OAS among the Latin American states (Bell *et al*, 1997:15). Acosta has even argued that the unilateral actions from US are destructive for the OAS and continued integration in the Americas (1997), and in an organization that functions highly efficiently this is a threat to continued regionalism and effective CMM. Despite decades of US manipulation and dominance of OAS that have discredited the organization among the Latin American states, there are great hopes that the organization could serve the interests of the many rather than the few (Bell *et al*, 1997; Fryer, 1993; Slater, 1969).

The earlier US preoccupation with ideological stability and — if possible — democracy and the Latin American concern for sovereignty have mostly been compatible, as both have been satisfied with *status quo*. This has enabled the Americas to cooperate over many issues such as combating drugs, economic development etc. After the Cold War there have been several changes in the North American policy towards Latin America, and the Latin American preferences have also

---

<sup>178</sup> According to the US figures, US contributed 57% of the total \$78 million of the regular funds (the budget was according to the General Assembly US\$ 88 million (OAS, 2002b). In the case of voluntary funds and specific funds that totaled US\$ 56 million, US contributed 53 % (US, 2000).

<sup>179</sup> In interviews with Latin American representatives for OAS at UN there has been a great deal of resistance against the US position in the organization (2001-02). This is also the major reason for the limited legitimacy and operational significance the organization has had, and still has, in Latin American politics.

changed towards a more politically liberal region with democratization as one of their primary goals (Dominiguez, 1999; Skidmore & Smith, 2001: 58-61, 399-422). The OAS has not been occupied with creating a supra-national organization, like EU, but more a complement to the nation-state. This might change if OAS increases its legitimacy in Latin America, and if US refrains from unilateral actions.

The single most important change for the Latin American states is that the reliance on exclusive sovereignty has changed after the Cold War. Since 1991 the OAS Permanent Council has been authorized to hold emergency meetings and take appropriate action where democracy is threatened in individual countries (Cohen, 1997; OAS, 1991: res. 1080). This is a fundamental modification of the 1948 Charter that forbids intervention in internal affairs. This is made possible by the democratic developments in the Americas and the increased importance of joint operations in OAS, rather than unilateral operations by US. This change has had a tremendous effect on the development of internal conflicts and the question of internally displaced people.<sup>180</sup> The most interesting shift is the enablement of the OAS to act when democracy is threatened in the Americas through resolution 1080 (threats to democracy). There will be a more detailed discussion in the next section about resolution 1080 and its implications.

#### **4.5.1.1 Conflict management in OAS**

When UN was created, the notion that the organization would deal with all conflicts, prevailed. Due to the ideological battle and the stalemate of several UN bodies, many states felt that UN was an inappropriate organization to deal with regional conflicts, especially as the conflicts would receive international attention. The United States argued, and implemented, that regional disputes should be handled through organizations with a large degree of regional autonomy (preferably a region they controlled). This change was implemented to a large extent as a result of the Cold War and the power struggle in UN. The purpose was to avoid the veto in the United Nations Security Council, but it was nevertheless important for the development of genuine regional autonomy (Moore, 1971:128).<sup>181</sup> Accordingly it was argued that the 1954 Guatemalan conflict and the 1960 Cuban dispute should be managed and resolved by applying Article 52(2) of the OAS charter, rather than the UN charter.<sup>182</sup> The effect of this change became that US could dominate the

---

<sup>180</sup> For more information in this question see: Cerna, 1995; Farer, 1993.

<sup>181</sup> Claude (1971:128) and Moore (1964:21-43) have pointed out the importance of the 1954 Guatemalan Case and the 1960 Cuban case for US to argue that cases should first be submitted to regional organization before UN; in these cases OAS has acted in accordance to article 52(2) of the OAS charter. For more information concerning the Guatemalan and Cuban disputes see Claude, 1954; Moore 1971.

<sup>182</sup> OAS has been highly legalistic since its creation and most CMMs have been rule-based, rather than consensus based, in contrast to East Asia and the Pacific Rim. If not explicitly referred to as informal, the structure in this section is rule-based.

security agenda in the Americas by its own influence and power, and US acted unilaterally on several occasions in total disregard of the Latin American states. This was severely criticized by the other states in the Americas, to the extent that the organization's future was in jeopardy.

After the controversies with Guatemala and Cuba, US lost in relative strength as a member in the OAS and this was apparent during the US operation in 1965 in the Dominican Republic when OAS sided with the UN against US (OAS, 1965; Slater, 1969). After the debacle in the Dominican Republic, it was clear for US that it had to change its interaction with the other states in OAS to a more cooperative partnership if the organization was to survive, but at the same time US was not ready to continue as a member in an organization that might vote against her.<sup>183</sup> The result was that US agreed that the organization should accept UN supremacy in all cases where UN and OAS charters were in conflict.

Paradoxically, after the 1965 policy shift the efficiency of the organization increased, and the real political impact OAS had in the different member states was a reality for the first time. It was also after 1965 that new members began to seek membership in the organization (see footnote (174)). OAS was for a long time the most effective organization for settlement of intra-regional problems and conflict management. It relied on Chapter five in the OAS charter that regulates the pacific settlement of disputes and article 27 of the Charter that opens up for intervention.<sup>184</sup> This has been strengthened by Resolution 1080 of the OAS that sanctions intervention in situations where democracy is threatened and the primary parties cannot solve the dispute (OAS, 1991). In the political sphere it is still true that OAS is one of the most efficient bodies for dispute resolution, despite the limited power it has in comparison with supranational organizations such as EU, but in

---

<sup>183</sup> The OAS was very unpopular and there were tendencies by the Latin American states to abandon the organization and rely on the UN and other strong states in the international community. The Spanish abbreviation of OAS, OEA, was translated to *Otro Engaño Americano* – Another American Fraud. On the contrary, the UN was perceived as a legitimate organization to deal with intra-regional questions and the slogan among many Latin American states were *UN si, OEA no* (Slater, 1969:63).

<sup>184</sup> Chapter V: PACIFIC SETTLEMENT OF DISPUTES

Article 24

International disputes between Member States shall be submitted to the peaceful procedures set forth in this Charter. This provision shall not be interpreted as an impairment of the rights and obligations of the Member States under Articles 34 and 35 of the Charter of the United Nations.

Article 25

The following are peaceful procedures: direct negotiation, good offices, mediation, investigation and conciliation, judicial settlement, arbitration, and those which the parties to the dispute may especially agree upon at any time.

Article 26

In the event that a dispute arises between two or more American States which, in the opinion of one of them, cannot be settled through the usual diplomatic channels, the parties shall agree on some other peaceful procedure that will enable them to reach a solution.

Article 27

A special treaty will establish adequate means for the settlement of disputes and will determine pertinent procedures for each peaceful means such that no dispute between American States may remain without definitive settlement within a reasonable period of time.

the economic field organizations such as NAFTA or the Group of Three have developed CMMs that have become far more effective; this will be discussed more in sections 4.6 and 4.7.<sup>185</sup>

OAS members have, according to article 25 of the Charter and article 2 of the Rio Treaty, the *obligation* to submit regional disputes to the OAS dispute resolution mechanism. After the Dominican operation in 1965, US felt that the organization could not be trusted and reliance was placed on article 10 of the Rio Treaty and article 131 of the OAS charter which made the UN charter pre-eminent over the OAS charter (Moore, 1971). This strategic move by the US seemed to cripple the OAS to a very high extent as a conflict manager and conflict resolution body. The direct powers of OAS were handicapped as it was now degraded to handle things the UN was not keen on engaging in. But what it lost in power, it gained in trust and legitimacy; OAS became more integrated in regional affairs, although it was not until the 1990s (and the end of the Cold War) that the organization became a truly effective organization that focuses on creating democracy and strengthening democratic institutions.

Article 27 that would enable regional powers, under the command of OAS, to intervene in internal affairs if the parties are unable to resolve their conflicts, was never operationalised as a regional mechanism (OAS, 1948). US claimed that the 1965 intervention in the Dominican Republic was under the control of OAS and in accordance with the appropriate procedures. This was never the case, and OAS was completely bypassed by US (Slater, 1969:56). It was not until after the Cold War that OAS had an opportunity to operationally implement the thought behind article 27 through resolution 1080.

The adoption of resolution 1080 in 1991, which set up procedures to react to threats to democracy, strengthened the OAS crisis management function (OAS, 1991). Resolution 1080 has been interpreted as a mechanism that can be invoked to “deter illegal action against democracy” (US, 2000). This involves the possibility of military action commanded by OAS, but possibly led by the US.<sup>186</sup> Resolution 1080 has been invoked four times: Haiti (1991), Peru (1992), Guatemala (1993) and Paraguay (1996). This has become the strongest formal function of the OAS conflict prevention and conflict management functions. Outside of resolution 1080 OAS has not taken any formal and explicit role in conflict management, although they by default engage in conflict management in most fields. The direct references to conflict management are few, but not

---

<sup>185</sup> The Group of Three will not be discussed and it suffices to mention that the Group of Three consists of Colombia, Mexico and Venezuela. The aim of the organization is in contrast to most economic organizations, but in line with NAFTA, to create a free trade area *and* to discuss both deregulation and non-tariff issues.

<sup>186</sup> In interviews with senior staff both from Latin America and US at UN there was no hesitation that US has to lead future military operations since the Latin American states have neither the military expertise nor the financial resources to conduct such operations (2001-02). There is however a clear consensus that the coming operations need to be OAS controlled as a unilateral action from the US side would decrease the legitimacy of the organization to the extent that it would be impossible to evoke resolution 1080 once again. This is accentuated by the fact that the region has a wide array of sub-regional organization that could take up some of the task that OAS has traditionally been conducting.

unimportant.<sup>187</sup> The management aspects of OAS will, without doubt, increase after the attacks on the World Trade Center and Pentagon on the 11<sup>th</sup> of September. The security of the region, and in particular US, has become a standing issue on the agenda for OAS. There are now committees that attempt to find ways to create a regional anti-terrorist policy and training of anti-terrorist forces. The coordination of the American military forces is based on a similar principle to efforts to rescue democracy, i.e. that a unified regional policy should be directing each national strategy (OAS,2002; 2002b). How much of this is conflict management, and how much of this will turn out to be conflict-creating, remains to be seen.<sup>188</sup>

The informal mechanisms are relatively few, and are confined to informal talks between leaders and informal consultations, although these are subordinated to the formal mechanisms. OAS has initiated several conferences and workshops in confidence-building and security-building in the Americas (US, 2000). These aim at decreasing historical rivalries and creating an environment for democratic development and the peaceful resolution of disputes. One important variable in this effort was the creation of a Committee on Hemispheric Security in 1993 and the establishment of this as a permanent body in 1995 (OAS, 1993; 1995). These mechanisms are not formal CMMs, but are nevertheless important as they increase the legitimacy and confidence in the region and for OAS at large. This can also be seen in the East Asian region where second-track diplomacy is crucial for the creation of trust.

The normative impact of OAS has been impressive despite the legitimacy problems that the organization has suffered. This is especially true in the area of the political system and long-term conflict management, but also when it comes to combating drugs and fighting corruption (US, 2000). The normative effects and the integrative structure have created a base for regional identification, albeit not always positive, with US at the helm. The success of the normative effects on conflict management is limited only by unilateral actions by the US and another *Otro Engaño Americano*.

Unilateral action is as distasteful for the Latin American states, as it is useful for the US. The problem is that the habit of US to enforce unilateral actions upon OAS has decreased the legitimacy of the organization. The strength of US, both militarily and financially, has put Latin America in a dependency relationship with the US, which limits the actions Latin America can take. It is clear that if the unilateral actions continue, then OAS will become less important in the region and sub-regional organizations such as the Andean Group, Mercosur etc that US has little control over, will gain in importance.

---

<sup>187</sup> For references to examples see: OAS, 1999 (AG/Res. 1643 (XXXIS-0/99)); OAS, 2001b (AG/Res. 1795 (XXXI-0/01)); Cohen, 1997.

<sup>188</sup> Swanström has argued that the creation of a terrorist center in Bishkek under the supervision of the Shanghai Cooperation Organization could create more conflicts than it can hope to resolve or manage (2002). The situation could be similar in the Americas, if the military operations are to politically sensitive.

#### **4.5.1.2 Analyzing the linkage between OAS and CMM**

In organization, such as NAFTA (section 4.6.1), the strength comes from their strict regulatory system, which creates predictability and trust between the parties; OAS has a much more comprehensive and difficult approach, that aims at strengthening institutions, combating drugs and building norms through democracy and increased cooperation. In this sense, OAS is truly a management organization that aims at preventing conflicts by creating better democratic institutions, combating drugs and corruption etc. This overarching aim is not easily accomplished, for several reasons. The strong engagement from US actually makes the organization lame, as it is perceived as being unilateral and maximizing US interest at the cost of Latin American interests. This is partly due to the unwillingness of US to be controlled by any international or regional body, i.e. US considers the OAS to be an important body as long as it does not contradict US policy. The smaller states also feel uncomfortable with the strong control US has over the organization and the US tendency for unilateral actions. In organizations such as NAFTA or other economic organizations, it might be efficient to have a stronger power that enforces trade liberalization policies since the formality of the dispute resolution is high, which will have a managing effect, but in political matters it is a very different story.

The reliance on US is also problematic as the organization is sensitive to domestic political changes in the US, such as the isolationist tendencies US has shown from time to time. Currently, individuals and organizations, such as Pat Buchanan, Ralph Nader and the Public Citizens, threaten regional cooperation and the development of regional conflict management mechanisms (Weintraub, 2000a). The US has decreased their spending on foreign policy since the Kennedy years when 10 per cent of the GDP was used for foreign policy related areas, such as aid, diplomatic missions and international cooperation; this accounted for a mere 3.8 per cent in 1996 (Cerdas Cruz, 1999:129). This pattern was not broken until the September 11<sup>th</sup> bombings, after which the US increased their foreign policy spending significantly.<sup>189</sup>

OAS goals are more than mere trade liberalization, although these efforts can be very important for conflict management. OAS aims at transforming the political systems of the states in the region and at strengthening civil society in a region with a history of military rule. There will undoubtedly be some major problems in implementing the aims of OAS. This does not mean that OAS has not done wonders, working for many of its aims, and OAS should be regarded as one of the more successful regional organizations in creating and strengthening norms and democratic

---

<sup>189</sup> In two telephone interviews with Senior officials at the Pentagon and at the State Department it was confirmed that the spending has decreased since the 1960s, but also that the terrorist attack on September 11 has increased the willingness among American politicians and the public for a more active participation in world affairs again (2002-08-12; 2002-08-14).



institutions, with the exception of EU and OSCE. These organizations are, however, different from the organizations analyzed in this thesis.

One priority for OAS is to create a collective management mechanism to decrease US temptation to act unilaterally in Latin America (Bell *et al*, 1997:15). The tendency for US to act unilaterally is perceived as something distasteful among the Latin American states and decreases the legitimacy of the organization. The strong asymmetry in the region in both power and resources makes it critical that US leads the region by example, not command. Concurrently with the relative decrease in power, US is forced to include the Latin American states in the decision-making process.

The formal mechanisms are perceived as relatively legitimate, as long as US refrains from acting unilaterally and neglecting the Latin American states' interests. Moreover, the predictability of the organization is relatively high through the highly legalistic principles that are present in OAS, especially as all states tend to obey the decisions of OAS, excluding US, although this seems to be changing. The enforcement power is, however, not as high as the legitimacy factor since OAS has no mechanism that fully supercedes the sovereignty principle on a broad scale. This has changed, somewhat, with resolution 1080 that enables OAS to intervene if democracy is threatened in an American state. This change is impressive and indicates that OAS will be given more direct enforcement powers, if the members can trust US not to hijack the organization. There is no competing mechanism in the region, although there are sub-regional organizations that could take over some of the functions of OAS if the organization should come to have less legitimacy. An example of this is the Latin American integration that has increased in depth during the last 10-15 years. Moreover, the rate of implementation has to be considered to be relatively high as most mechanisms are fully implemented and followed by the regional actors; many CMMs, however, never reached a level of formality sufficient to be considered for implementation.<sup>190</sup>

Informally, OAS legitimacy has suffered from the unilateral actions of the US in the same way as the formal mechanisms, although this has improved in the 1990s. This was especially apparent in the 1950s and 1960s and the Latin American support of UN, rather than OAS and US. This has decreased the efficiency, although there are clear normative effects from the informal mechanisms. There has developed an American notion of CMM and a political uniformity: democracy. There are clearly competing mechanisms in NAFTA and the Latin American cooperation structures, but they mainly focus on trade, excluding the Andean Community (section 4.7). The formal mechanisms superceded the informal mechanism, which reduces the impact from the informal mechanism to function as a complement to the formal mechanism. Moreover, there are several

---

<sup>190</sup> In informal discussions with two OAS Senior Officials they argued that in OAS there were a great deal of discussions concerning conflict management and conflict resolution, even if only a few took a formal structure. The "high ceiling" within OAS is a positive sign for the normative development and to test ideas that could be implemented at a later stage (1999-04; 2001-05).

other regional mechanisms that will be discussed in section 4.6 and 4.7 that are more functional. There are, however, few conflicts in the region and even fewer open conflicts; this is partly a result of the relatively important confidence-building effects of OAS. In conclusion, the formal aspects of OAS have to be considered to exhibit a good level of impact, while the informal functions serve as a reinforcing mechanism. The informal has been largely neglected and has had a low impact on the CMM. The most severe drawback in both mechanisms is the extent of the unilateral actions by the US and the decreased legitimacy the organization receives after each and every unilateral action.

Figure 4:10: OAS impact on the CMM

	<i>Low impact</i>	<i>Medium impact</i>	<i>High impact</i>
<i>Formal</i>		Legitimacy Enforcement Predictability	No competing mechanism Implementation
<i>Informal</i>	No competing mechanism Supercedes the formal	Legitimacy Confidence-building	Open conflicts

From a theoretical perspective, one can briefly note that it is clear that the organization would have decreased in legitimacy after the Cold War; according to the realist perspective this was because the military threat has lost in importance, but the empirical reality was very much the opposite. OAS focused on other questions of more value for the Latin American states, such as economic development and the creation of democratic institutions. This is in accordance with the liberal perspective and, moreover, it is clear that the assumption that Wallensteen made that the participation of stronger states, in an asymmetrical relationship, decreases the success of cooperation, is clearly relevant here (1981). The unilateral actions of the stronger power, US, have directly decreased the legitimacy of the organization in the past, but post-Cold War the asymmetry has mattered less and even had positive effects when US has been able to use its own impact to implement changes.

The normative changes that OAS has implemented in the region can be traced directly back to the constructivist theories in combination with a great deal of learning. OAS is one of the organizations, so far, in this study that has adapted one of the more successful post-Cold War perspectives by unlearning the Cold War tendencies. If this is a mere cosmetic change or a truly normative change, is something that will be seen when OAS has to activate resolution 1080 in internal conflicts in America, that are directed against US interests.

#### 4.5.2 Conflict management in the Americas

Conflict management mechanisms in the Americas outside of OAS do not exist, with the exception of NAFTA which is considered to be a North American organization in this thesis (see section 3.2). This has increased the legitimacy of OAS, but has limited the choice of the Latin American states when US has unilaterally dealt with OAS issues. It also threatens to stalemate conflict management in the Americas if US acts unilaterally, and the other members refuse to deal with OAS in issues of importance to avoid US involvement. The development of sub-regional mechanisms in Latin America and organizations that include the Pacific Rim, has increased the competition between regional organizations. Changes in all organizations, but specifically in OAS, have made the regional organizations more flexible and functional for the member-states. The increased selection of cooperation structures and a more diverse selection of regional organizations force the US to cooperate and refrain from unilateral acts in Latin America and Canada. Even though track-dependency is important, the Latin American states have, at least, dual membership in regional organizations and seem to defect to a higher degree than East Asian states.

There have been impressive changes in the region, the most important and exciting being the new trend to disregard the sovereignty principle in favour of the democratic principles according to resolution 1080. If this were to have a deeper impact than it has had up to date, despite four cases of intervention with the support of resolution 1080, it would indicate that OAS, similar to OSCE, would have a *carte blanche* to penetrate the national sovereignty. It is however not imagined by any regional statesman that this would include the sovereignty of US. In OAS all members are equal, but US is evidently more equal than the other members. This creates a distinct problem between US and all other members, as the Latin Americans perceive that US disregards their position. The situation has, however, been accepted by the regional governments, as the US position has been useful in protecting democratic principles in Latin America, but not necessarily in defense of the US notion of a liberal democracy as a great deal of the traditional elites would not accept a limitation of their current powers.

The democratization of the region has worked as an integrative force, both normatively and operationally. The existing CMMs in the region are based on the normative notion that democracy is important and crucial to defend, in contrast to the Cold War argument that ideology and zero-sum games were the overriding principles of cooperation and conflict management. This is a clear change from a more realist concept to a more liberal view of cooperation and integration of the Americas.

### 4.5.3 Concluding thoughts on the Americas

In section 4.5 we have seen that the Americas only have one overarching regional organization that deals with CMM: OAS. The focus of OAS is wide and includes economic cooperation social development, drug control, security etc. The organization has, however, been very successful, especially seen from an international perspective with its integrative approach (EU and the Andean Community are comparable on different scales). One of the reasons for success is that the economic and political CMMs are not merged. The FTAA (initiated by OAS) or other sub-regional organizations (sections 4.6-4.7) provides for a formal CMM and the OAS provides for a political and consensus oriented CMM. Important to note is the formal mechanism that resolution 1080 stands for. The CMM structure deals with all issues, even though the organization has recently been most focused on democracy and the threats to it and left the economic issues for FTAA to deal with. There are both formal and informal mechanisms in the region, but due to the legalistic tradition there is a preference for the formal tradition. There are not many negative variables in this region that could threaten the continued regional integration and multilateral CMM.

The regional trade could be perceived as a positive variable, as the intra-regional trade is relatively high, the problem is that the trade is overwhelmingly directed towards US and that it creates a substantial level of dependency on US. This is directly connected to the question of asymmetry in the region. US controls the trade by being the, by far, most important economic actor in the region. This is reinforced by its vast military superiority. The US position in the region has, however, not been all negative; US engagement in the Americas has structured the democratic process and trade with all states. The reason that US and the Latin American states can cooperate to such a degree over political and economic issues is the high degree of trust between the actors (starting in the 1990s) and that there is a cultural proximity in the American states, such as democracy and liberal trade ideals. The stability of Latin America should be added to this, as the Latin American region “suffers” from internal weakness (something that will be further examined in section 4.7), which makes the Latin American states focus on internal problems rather than to focus on expansionist plans, which has led to regional stability.

In the Americas it is apparent that the domination of a single power determines the outcome of regional cooperation and conflict management. The superior military force of the US functions as a deterrent that could be used if democracy, and US interests, were threatened. The political and economic strength of US are operational instruments to correct the other members in the Americas, but it is impossible to separate political, economic and military power as they reinforce each other in US foreign policy. It is something of a paradox that an organization which focuses to such a high degree on democracy as OAS has done, is anything but a democratic institution; this is a result of the unilateral actions of US and the strong pressure US puts on opposing states. As the US relative economic power has decreased (Economist, 2002) there is

more maneuverability for the rest of the states in the region and the diversification of regional organizations has given the smaller states alternatives to a organization that would be dominated by US. The strong US control over the organization has been a positive force during the creation of OAS, but in the current phase it threatens the legitimacy of the organization and many states prefer to deal with conflicts in international organs, such as UN, rather than OAS. The presence of US is, however, a crucial component for many states in the Americas, both financially and for security reasons. This will make it unlikely that the, primarily, Latin American states can break with US (Scheman, 1988; Schoultz, 1987).<sup>191</sup>

The relative peace in the region is not primarily a result of OAS or any other regional organization. It seems that the Latin American states focus to a lesser degree on inter-state conflicts as they are preoccupied with their internal weaknesses and disputes (Centeno, 2002); this will be discussed more in detail in section 4.7. The relative peace has, however, made it possible for the regional actors to cooperate with a minimum of inter-state conflicts; this is in stark contrast to the Asian region, which has a high degree of inter-state conflicts.

One of the more interesting changes in the Americas is the limitation of the sovereignty principle in situations where democracy is threatened. This is the first region outside Europe that has enabled a regional organization to react on internal disputes related to the political arena. There are a few question marks related to this principle. Firstly, it is crucial that OAS is in control of the function or the smaller states will perceive it as a unilateral act by US, once more. Secondly, it is unclear what OAS can actually do and whether the organization has the mandate to act militarily in a state that has disabled democracy. If these questions can develop both to the satisfaction of US and the smaller states, OAS has a potential to act as a stabilizer in the region.

The normative impact on the Americas is impressive, and regardless of whether the US primary goal was to create democracy or not, there has been a development of democratic institutions throughout the region. There are few possibilities today that the population in the Latin American states would accept any other form of government than democracy, although exceptions could happen in extreme situations as in all regions. It is, however, interesting to note the relative similarities in the normative view of democracy as the guiding principle. Yet this does not mean that the Latin American states will accept the liberal economic system that US has made a cornerstone of its version of liberal democracy.

---

<sup>191</sup> Several senior officials both from Latin America and Canada have confirmed this (2000-2002). The dependency on US is too strong and US could in the worst case cope with severed ties with the rest of the Americas, but not the opposite. This is a fact that the US is aware of, and has used since the beginning of the last century.

#### **4.6 North America**

North America, in its purest form, consists of only two actors, US and Canada. To fit the purpose of this thesis, Mexico has been included in North America so that NAFTA could be included as a regional organization.<sup>192</sup> NAFTA is considered a North American organization since the focus is on the markets in the north rather than the south, and since Canada and US initiated the organization according to the principles of liberal trade that prevail in Canada and US. The regional discussion in North America will therefore to a large extent focus on NAFTA, since it is the only organization that incorporates all states in North America.

This region is without doubt the region with least internal and regional conflicts; Mexico has had a few internal conflicts that have led to military confrontations and there have been no regional conflicts in the 20<sup>th</sup> century. This pattern does not apply in the international context. US has been involved in a great number of international militarized conflicts since the end of World War II, and this has also been true in the case of Canada that has followed the US engagements. This is not the case with Mexico, which has been involved in relatively few international conflicts since the Second World War; this can be explained by the internal weakness of the states in South America and Mexico (Centeno, 2002). Others have explained the remarkable internal stability in North America as a result of, or despite, the very high military spending, depending on which theoretical camp the commentator belongs to.<sup>193</sup> It is clear that there were no military conflicts between Canada, US and Mexico in the 20<sup>th</sup> century.<sup>194</sup> There is some tension between the states in the region but this is much more based on illegal immigration from Mexico to US, drug problems and “unfair” trade competition.

Even more than in the Americas as a whole, US dominates the North American region by economic and political power. It is seen as very unlikely that US would intervene militarily, in especially Canada but also Mexico, due to the disastrous economic consequences such an intervention would create, not to mention the political consequences if US intervened in two democratic countries. Moreover, since trade and political cooperation is so interdependent in North America, military action has lost its usefulness as a regional conflict manager and economic and political sanctions are far more effective than military force. Currently the intra-regional export for Canada and Mexico accounts for between 85 and 90 percent of total exports and the greater part is

---

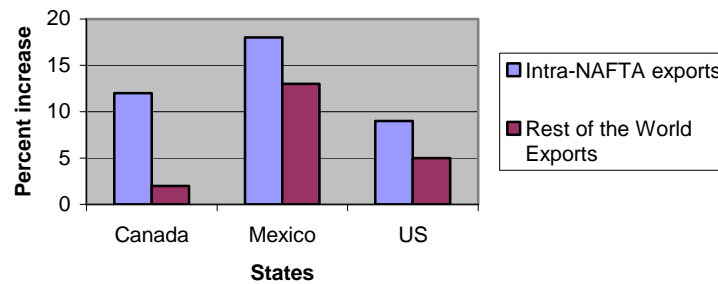
<sup>192</sup> Mexico will also be included in the discussion about Latin America; this is due to the importance of Mexico both for the development of NAFTA but also for the development of the Latin American region.

<sup>193</sup> North America's military expenditure was \$269 billion in 1999 (only US and Canada). This was 193 percent more than Asia and Oceania (Central, East, South Asia & Oceania) spent on military equipment and a staggering 1220 percent higher than South America (including Mexico) (Sköns *et al*, 2000:260-261).

<sup>194</sup> The last conflict between North American states was the war between Mexico and US that ended with the American occupation of northern Mexico in September 1847 and the Guadalupe Hidalgo Treaty that forced Mexico to cede half of its territory to US (Centeno, 2002:60).

with US. This should be contrasted to the, still significant but lower, US intra-regional export (35%) (Weintraub, 2000b:1). The intra-regional trade is moreover increasing much faster than the export to the rest of the world.

Figure 4:11: Average Annual Increase in Intra-NAFTA exports vs. NAFTA exports to the rest of the world, 1994-1999. Weintraub, 2000b



It seems clear that North America and NAFTA will increasingly rely on each other financially, even though US will not be able to solely rely on its partners in NAFTA, due to their relative insignificance, and reliance on for example the European, Chinese and Japanese markets will continue to be important. This economic integration in North America creates a strong dependency relationship for Canada and Mexico with US, but not the opposite. This has made political and economic maneuverability for Mexico and Canada limited, and the US has a great leverage which it can use to put pressure on the other members, both formally and informally.

The political systems in North America are highly compatible, especially after the Mexican President Vincente Fox's victory on July 2, 2000 and the determined path towards full democratization at all levels of Mexican society (Keesings, 2000, July). There seems to be normative agreement over the future of the political development in all of the Americas, but especially among the NAFTA members (Cerdaz Cruz, 1999:131-135; Coatsworth, 1999:151-154), although the domestic power balance differs in each country. Moreover, there is a relatively strong political consensus over the economic policy in the region and the trade liberalization in the region; trade liberalization is also the primary factor that has increased regionalisation and formal conflict management at the regional level.

There seem to be few factors that could prevent further regionalisation in the region, but the question of sovereignty could be one issue. Weintraub has pointed out that in the Canadian election in 1988 the question of sovereignty was a major issue before the initiation of the Canada-United States Free Trade Agreement (CUSFTA) (2000b:2-3). This issue is now more or less forgotten in Canada, but there is some debate in Mexico as to how NAFTA will impact the sovereignty. The reply to this has been that free trade will impact moderately on the sovereignty situation, especially as since the creation of NAFTA, Mexico has adopted a more regionally

diversified trading pattern (Wall, 2002:1,14). The US has also a tendency to shout “sovereignty” on all occasions when international proposals are rejected for other reasons that US does not want to reveal (Weintraub, 2000a). There seems, however, to be little evidence that free trade will decrease national sovereignty, although all forms of cooperation are a limitation of sovereignty, by definition. This is not to say that the issue of sovereignty can be neglected; in the political field the issue of sovereignty is real and to prevent stronger states’ involvement in internal affairs, sovereignty needs to be defended, unless a more comprehensive regional cooperation is initiated — such as EU — that supercedes national sovereignty. This seems to be far away since this would *de facto* make Canada and Mexico two new states in US, due to the military, political and economic superiority of US.

#### 4.6.1 NAFTA<sup>195</sup>

NAFTA was initiated on December 17, 1992 through the signing of the most comprehensive economic integration project ever embarked upon between a developing country (Mexico) and developed countries (US and Canada) (Mattli, 1999:179). NAFTA came into force on January 1, 1994, creating an impressive area of integration with almost 400 million consumers and an annual production of goods and services of more than US\$ 8 trillion (USTR, 1996; The Tech, 2000). The organization is a development of the CUSFTA of 1988 and when NAFTA came into force, the CUSFTA suspended its operations in favor of NAFTA (USTR, 1996).<sup>196</sup> The creation of NAFTA was to a very great extent possible through a high degree of

##### Short guide to NAFTA

Founded: 1992

Number of members: 3

Total population: 413 million

Budget: Not applicable \*

Total trade: US\$ 1224 bn (exp.), US\$ 1672 bn (imp.)

Intra-regional trade (%): 56 (total)

% of world trade: 19.2 (exp.), 25.1 (imp.)

Secretariat: 3 (Ottawa, Mexico City, Washington D.C).

Decision-making process: Legal

Objectives: Increased trade, tariff elimination, free trade area.

\*There is no central organization responsible for overseeing all NAFTA related activities.

Sources: WTO, 2001: 50, 169; UN, 2002 (population).

---

<sup>195</sup> NAFTA consists of Canada, US, and Mexico. NAFTA is the organization that has come furthest with its legal integration and the legal aspects of this organization are very important, especially in contrast to the other organizations in this thesis. This is the reason for the legal focus in this section.

<sup>196</sup> See also North American Free Trade Agreement Implementation Act, 1993, Section 107, Pub. L. 103-182, 107 Stat. 2057. CUSFTA was created to reduce or eliminate most duties and tariffs between the two countries. It includes important provisions relating to rules of origin, technical barriers to trade, agriculture, subsidization. The CUSFTA was more far-going than the General Agreement on Tariffs and Trade (GATT) before the Uruguay Round. With respect to services and investment, in particular, the regulations concerning the MFN treatment were very far going (Jackson *et al*, 1995).



concession and compromise from the Mexican side; this thesis will deal later with some of those compromises directly related to the conflict management mechanism.<sup>197</sup> The reason the Mexican government agreed to NAFTA was that it tried to secure the trade reforms Mexico initiated in the 1980s by joining a Free Trade Area (FTA) (Milner, 1998:28-32). If Mexico was a part of NAFTA it would no longer be able to unilaterally change its trade policy.<sup>198</sup>

The increased openness of the Mexican economy during the 1980s also made Mexico a clear candidate to become a member of an extended CUSFTA, especially since 70% of Mexico's trade in 1988 was with the US, and there was hope for an increased export to US and Canada with the joining of an extensive FTA (Schott, 1989). The economic benefits for Canada and US were also very important factors (Milner, 1998:19-41). The formal reasons for integration and development of regionalism have been exclusively economic, and there seem to be few political or security reasons for the foundation of NAFTA. It was a straightforward attempt to create a strong Preferential Trade Agreement (PTA), rather than creating open regionalism (*cf* Coleman & Underhill, 1998; Garnut, 1996), and it was also a conscious effort from US to retain control of the liberalization process in nations bordering to US.

The structure of NAFTA will be discussed more in detail in the conflict management section, but it is important to note that the Commission is the highest decision-making organ. The second most important structure is the NAFTA Secretariat, which is responsible for the administration of the dispute settlement provisions of the agreement. The structure is highly legalistic and very little informal CMM is established.

The NAFTA integration dynamics are considered more successful than most other economic cooperation since they satisfy "both demand and supply conditions" from the member countries (Mattli, 1999:179). The economic gains from increased integration in North America are considerable; this could be seen in contrast to ASEAN which can expect a very low economic return from the regional economic integration in Southeast Asia (Askandar, 1996; Swanström, 1999). All states in NAFTA have increased their intra-regional trade (see figure 4:11) in comparison with the world at large. There are not only positive effects for intra-regional trade but the markets have increased too, especially for Mexico in Asia, as a result of NAFTA.

Free trade has not only created increased economic benefits, but also improved the overall political system. Weintraub has argued that it is no coincidence that the democratization of Mexico came in close connection to the adoption of NAFTA membership (2000a:2). There is a difference

---

<sup>197</sup> To get a better understanding about the very important concessions and the dynamics that characterized the negotiations between Mexico and especially US, see Coleman & Underhill (1998) and Mattli (1999).

<sup>198</sup> In the 1980s when the trade liberalization was initiated the political stability in Mexico was questioned by the Mexicans themselves and in fear of a nationalistic and protectionist government the founders of the new economic policy wanted to secure it by joining NAFTA knowing very well that US would not allow Mexico to break against the NAFTA regulations without severe consequences.

in focus on the arguments concerning sovereignty; in the case of Mexico and Canada the sovereignty argument focuses to a large extent on intervention in internal affairs, but in US it has focused on import protection. The argument for non-free trade (protectionism) is today most fiercely brought forward by Pat Buchanan, Ralph Nader and Public Citizens and their likes.

Another important — possibly the most important — reason is the leadership role that US has gained. US functions as the undisputed leader that facilitates the coordination of rules, regulations, and policies (Bialos & Siegal, 1993; Mattli, 1999). US has a clear economic, political and military superiority and to some extent control over the two other states; both Canada and Mexico would naturally dispute this, even though it seems to be a fact. The American government also has an interest in proceeding with integration and economic cooperation to further the economic development and control over the region. The US initiative has been actively supported by, especially, Canada in many policy areas but also by Mexico. NAFTA seems to be a “natural” area of cooperation and integration, regardless of whether this is a matter of necessity or free choice for the smaller nations. The question of leadership is also important; as we have seen in most organizations the question of leadership has determined the level of success (Coleman & Underhill, 1998; Mattli, 1999; Solingen, 1998). The political will and determination is currently high in US, and as seen in the other organizations in this thesis, lack of leadership is greatly disruptive in many other cooperation structures. The most urgent danger is that an isolationist government would come to power in the US, led by Buchanan or like-minded people, which would rapidly decrease the political commitment from US towards NAFTA and possibly stalemate any developments in the region. This would reverse NAFTA’s achievements, but also other regional organizations’ achievements, such as OAS, and bilateral liberalization efforts would be jeopardized.

The third, and for this thesis the most important factor, is the establishment of what Mattli calls “commitment institutions” in the form of innovative conflict prevention, conflict management and dispute settlement procedures, to deal with cheating or defection from established rules and regulations (1999). These institutions are critical if any regional cooperation is going to be successful; many regional organizations lack such institutions, and therefore have a low degree of success. This question will be dealt with in detail in the next section. The overall institutional development at large is also important to note, as currently approximately US\$ 3.35 billion worth of goods cross the NAFTA internal borders, each day (WTO, 2001:162). This enormous trade volume has created vast networks and institutions to deal with the interaction, apart from CMMs. The coordination of environmentalists, anti-globalization campaigns or simply educational cooperation is certainly possible without NAFTA, but the institutionalization of North America has made the institutional coordination within and around NAFTA much easier. If Douglas North’s argument — that institutional development creates more democracy and economic development —

is considered to be valid and in this thesis it is, NAFTA could be regarded as a manager of the social and political stability (1990).

NAFTA is, as earlier mentioned, solely a financial organization and any political function is carefully left outside the Agreement (NAFTA, 1993). This is in stark contrast to many other organizations, for example ASEAN, and this focus on economic cooperation has left NAFTA outside many problematic political conflicts. NAFTA has a unique position in which the economic benefits are substantial, and there are no reasons to create political integration and cooperation, as it would potentially destabilize the economic integration. There has also been little debate, in comparison with other organizations, concerning political integration and there seems to be little interest in integrating the three countries further (Solingen, 1998; Spicer, 1997). This could be explained by the very strong position US has in the region and the dominance US would have over a process of political integration. Political integration would therefore undoubtedly limit the sovereign rights of Canada and Mexico and currently they are not willing to let this happen. The focus seems to be more on extending NAFTA southwards and including more Latin American countries in the future to create a larger PTA.

On the negative side there is little extra-regional institutionalization of the organization, there are very few trade agreements with other regional organizations and therefore the EU, for example, had to sign bilateral agreements with the three members of NAFTA (FitzGerald, 1999:104). If NAFTA has no functionality in extra-regional trade relations, it will decrease in importance. There are discussions among all members in NAFTA to increase the extra-regional functionality<sup>199</sup>, although there are political considerations within the US that have prevented further extra-regional functions and an extension of the members (FitzGerald, 1999:104). The US Congress has, for example, refused a Fast Track negotiation authority to be extended to NAFTA to accept new members; this has been interesting, particularly for Chile that has applied for membership.<sup>200</sup> Without the Fast Track authority, a negotiation process has proven to be too bureaucratic and complex and therefore the negotiations have stranded. The US Congress has refused to give this concession and failure to further liberalize and integrate has been the result.

---

<sup>199</sup> Interviews with Senior Officials working in all three of the NAFTA members State Departments, 2002-08-12; 2000-05; 2001-04.

<sup>200</sup> The Fast Track authority would force the US Congress to give a quick approval or disapproval of negotiated treaties without possibility for amendments and discussions, instead of lengthy processes of Congressional discussions and amendments of each treaty. Fast Track authority would speed up the integration process and the US administration would give credibility for further liberalization and integration processes (Bulmer-Thomas & Page; 1999:80). For more information about the fast track debate see: Holmer & Bello, 1992; Koh, 1992.

#### **4.6.1.1 Conflict management in NAFTA**

The discussion about conflict management in NAFTA will mainly be a discussion about the economic mechanisms, since the organization is exclusively economic, but there are nevertheless political lessons to be learned from NAFTA. Consequently NAFTA has no direct conflict management mechanism in the political field, but institutionalized conflict resolution and conflict management mechanisms exist in the economic field. The discussion will moreover be centered around the conflict resolution mechanisms, i.e. formal conflict management, as they are the central structure in NAFTA, and the effects this could have on CMMs.<sup>201</sup>

It is clear that the economic interdependence between the three member states make a war highly improbable, and has to a certain extent functioned as a political manager since the creation of NAFTA. Moreover it could easily be argued that the institutionalized mechanisms have functioned in a management fashion by increasing predictability and legality in inter- and intrastate activities (in the economic field).

In this section, the legal implication and the different aspects that affect the conflict management mechanism will be analyzed in detail, and due to the high level of legality there will be a stronger focus on formality and conflict resolution. This is to point out the stark contrast to the other organizations examined, where there is a lack of formality and legal framework. Thus a deeper analytical focus of the different articles is necessary, both in the text and in the footnotes, in an attempt to later understand what the other organizations lack and what is appropriate to apply in other regional experiences.

NAFTA, as an organization, is a development of the earlier CUSFTA, and the dispute settlement procedures of CUSFTA were extended to Mexico. This extension of rights and obligations includes far-reaching obligations and rights regarding services and investment, labor disputes and cross-border environmental issues. Mexico accepted the rules of third party enforcement as defined in CUSFTA in 1988 (NAFTA, 1993, Section 107, Pub. L. 103-182, 107 Stat. 2057). The most important section is chapter 20 of the NAFTA charter that establishes the Free Trade Commission (the Commission), the Secretariat, and contains NAFTA's general dispute resolution mechanism (Jackson, 1995:490-492). The parties in NAFTA are free to choose between the conflict management mechanism in GATT or in NAFTA either in consensus or the choice of the plaintiff, with the exception of cases involving health or environmental measures subject to Art. 104 of NAFTA that are always dealt with by NAFTA regulations (NAFTA, 1993, part one,

---

<sup>201</sup> As noted in the definition of conflict management the distinction between management and resolution could at times be impossible to make, and they are situated on different sides of the same continuum. In NAFTA conflict resolution fulfills all the theoretical definitions for a formal mechanism through its legal structure, although the focus is on resolution rather than management of disputes. Therefore, conflict resolution mechanisms will be considered to be formal mechanisms in NAFTA and all other highly legal organizations, i.e. Andean Community, CACM and LAIA.

chapter one, art. 104).<sup>202</sup> This gives the member states an opportunity to select their dispute resolution and management mechanisms, and at the same time gives the legal effect of the NAFTA dispute resolution an equal status to those in the GATT. This transfer of legal control to NAFTA has been substantial, and it will be closer examined in this section to understand the importance of the legal transfer.

The NAFTA treaty established a trilateral NAFTA Commission composed of cabinet-level representatives from each member of NAFTA to administer and adjudicate disputes over application of NAFTA law (Mattli, 1999:194). In the face of a dispute, any member can demand a Commission meeting that will try to use its good offices, mediation or conciliation. This step is the only informal CMM that NAFTA possesses, and most disputes can not be agreed to with informal mechanisms.<sup>203</sup> If an agreeable solution is not reached, the commission will establish a panel of private sector experts. The panel will issue a draft report within 90 days and a final and binding report 30 days later, the final decision can only be overturned by extraordinary-challenge committees composed of judges. Failure to comply with the decision gives the complaining country the right to impose trade sanctions against the obstructing party for the duration of the conflict. This right to enforce measures against the plaintiff gives the states new possibilities to extract justice from the plaintiff. It could be argued that this does not affect US, but it does. If US broke against regulations on a regular basis and the complaining states enforced measures to seek justice, the reputation of American trade would be damaged, and in the long run international trade would decrease. The moral capital of US could easily be hurt and therefore they tend to comply with the regulations and verdicts.

This procedure gives substantial powers to the Free Trade Commission that has become the overarching organ in the conflict management and resolution process in NAFTA. Chapter 20 gives the Commission the right to “(a) *supervise the implementation of this Agreement...*; [and ] (c) *resolve disputes that may arise regarding its interpretation or application;*” (NAFTA, 1993, Chapter 20, art 2001, section 2).<sup>204</sup> The power of the Commission does, as mentioned earlier, in part override the national jurisdiction. The Commission has the NAFTA Secretariat to work with the implementation of the dispute settlement process, but the Commission is the overarching organ in the dispute settlement process. If any interpretation question arises on the dispute settlement process, the Commission has the final say, even over national courts. This would also imply that the Commission has the power to decide where a dispute over procedures will be handled, i.e.

---

<sup>202</sup> In addition, Annex 2004 places some limits on nullification or impairment claims in the absence of a technical violation. This study will refrain from going into the GATT regulation and focus more on the regulation derived from NAFTA excessively, it will however be impossible to fully exclude the GATT regulation concerning the dispute resolution in this thesis.

<sup>203</sup> Interview with Senior Officials in NAFTA (2000-05).

<sup>204</sup> For more information in this issue see: The Tech, 2000.

according to the GATT or NAFTA procedures. This power has so far not been a question of dispute, since it has not been an issue up to date, but the Commission is potentially a very powerful organ that could contradict national interests (Jackson, 1995).

Dispute resolution and conflict management procedures can be sought, not only by states, but also by individual companies which have the right to bring cases for arbitration under either the UN Commission on International Trade (UNCITRAL) or the World Bank's International Center for the Settlement of Investments Disputes (ICSID) (the two international bodies for investment disputes) (FitzGerald, 1999:116). If this could be expanded outside of investments and include other trade disputes, the intra-regional functionality would increase greatly.

The whole procedure of dispute resolution is clearly directed by a legal framework that has a substantial degree of enforceability on its members. This mechanism has functioned in a management manner, since the Commission has the power to act preventively, and terminate disputes at an early stage according to a legal framework that has been jointly established by the members. The drawbacks of this system are that it is limited to economic and environmental disputes, but on the positive side there is a substantial degree of political trust and integration in many fields that has derived from the economic cooperation and the effective conflict management and resolution. The political will and commitment is high from US, but Canada and Mexico fear that US will hijack a formal political CMM so they refrain from further integration, especially political. The Latin American fear of an *Otro Engaño Americano* – Another American Fraud – is also apparent in North America (Cf. Slater, 1969).

The dispute resolution mechanism is well developed in NAFTA and could be found in Chapters 11, 14, 19, and 20 of the Agreement. This thesis will not go more fully into all the different chapters in the main text, but an introduction to the different chapters will be given in the footnotes if in-depth information is desired. Disputes relating to the investment provisions of Chapter 11 can be referred to dispute settlement under NAFTA.<sup>205</sup> Chapter 19 provides for binational panel review of anti-dumping (AD), countervailing duty (CVD) and injury final determinations. Chapter 19 may also review amendments made by any of the NAFTA members to

---

<sup>205</sup> This chapter establishes a mechanism for the settlement of investment disputes that assures both equal treatment among investors of the Parties in accordance with the principle of international reciprocity and due process before an impartial tribunal.

A NAFTA investor who alleges that a host government has breached its investment obligations under Chapter 11 may, at his option, have recourse to one of the following arbitral mechanisms:

-the World Bank's International Center of the Settlement of Investment Disputes (ICSID);

-ICSID's Additional Facility Rules;

-the rules of the United Nations Commission for International Trade Law (UNCITRAL rules).

Alternatively, the investor may choose the remedies available in the host country's domestic courts.

An important feature of the Chapter 11 arbitral provisions is the enforceability in domestic courts of final awards by arbitration tribunals.

the AD or CVD law.<sup>206</sup> It is also stated that an appellate review by the panel replaces ordinary judicial reviews.<sup>207</sup> This is an important legal concession from each of the parties. This power of the appellate review indicates a higher degree of legal integration than many other regional organizations, and it has increased the trust for NAFTA as an organization. The decisions of the Panel are only reviewable on limited grounds by an “extraordinary challenge committee”.<sup>208</sup> The operation of those binational panels is quite different from the GATT dispute settlement since it is never reviewable in national courts, the panels being a substitute for national courts applying national law and their decisions being self executing. The dispute settlement provisions of Chapter 20 are applicable to disputes which arise concerning the interpretation of application of the NAFTA,<sup>209</sup> including disputes relating to the financial service provisions of Chapter 14.<sup>210</sup> The

---

<sup>206</sup> Art. 1903, provides that a Party may request that an amendment to the other Party’s AD or CVD statute be referred to a panel for a declaratory opinion on whether the amendment is consistent with the GATT and the NAFTA. Art. 1904, provides for the establishment of panels relating to the review of AD, CVD and injury final determinations. Prior to entry into force of the FTA and then the NAFTA, AD and CVD and injury final determinations of either Government could be appealed, in the case of a US final determination, to the Court of International Trade, in the case of Mexican final determination, to the Tribunal Fiscal de la Federación, or, in the case of certain Canadian final determinations, to the Federal Court of Appeal or, for some Revenue Canada decisions, to the Canadian International Trade Tribunal (CITT). Under the NAFTA, however, Art. 1904 offers binational panel review as an alternative to judicial review or appeal to these bodies.

To implement the provisions of this Art., the Parties have adopted common Rules of Procedures. The NAFTA Art. 1904 Panel Rules are designed to result in final panel decisions within 315 days of the date on which a request for a panel is made. Within the 315 day period, strict deadlines have been established relating to the selection of panel members, the filing of briefs and reply briefs and the setting of the date for oral argument. Based on these Rules, a detailed timeline is established for each Chapter 19 panel review.

As a safeguard against impropriety of gross-panel error that could threaten the integrity of the process, Art. 1904 also provides for an “extraordinary challenge procedure”. In defined circumstances, a participating Party can appeal a panel’s decision to a three-member committee of judges or former judges. The committee would make a prompt decision to affirm, vacate, or remand the panel’s decision.

Art. 1905., provides a mechanism for safeguarding the panel review system. Under this art. , a three-member special committee may be established to review allegations of one Party that the application of another Party’s domestic law has interfered with the proper functioning of the panel system.

<sup>207</sup> In US the Court of International Trade could otherwise have jurisdiction but this jurisdiction is waived to the benefit of the Panel.

<sup>208</sup> NAFTA, Art. 1904 (13) & Annex 1904 (13).

<sup>209</sup> Chapter 20 includes provisions relating to the avoidance or settlement of all disputes regarding the interpretation or application of the Agreement, except for matters covered in Chapter 11 (Investment), Chapter 14 (Financial Services) and Chapter 19 (AD and CVD final determinations).

An important role of the Commission is to consider matters relating to the Agreement which are under dispute. When general disputes concerning the NAFTA are not resolved through consultation within a specific period of time, the matter may be referred at the request of either party to a non-binding panel under Art. 2008. The Canadian, the United States and the Mexican Governments have been developing model Rules of Procedures for Chapter 20 Panels. Based on these Rules, a detailed timeline is established for each Chapter 20 arbitral panel.

Chapter 20 also provides for scientific review boards which may be selected by a panel, in consultation with the disputing Party, to provide a written report on any factual issue concerning environmental, health, safety or other scientific matters to assist panels in rendering their decisions.

Various 3<sup>rd</sup> Party provisions are necessarily included in Chapter 20. A 3<sup>rd</sup> Party that considers it has a substantial interest in a disputed matter is entitled to join consultations or a proceeding as a complaining Party on written notice. If a 3<sup>rd</sup> Party does not join as a complainant, upon written notice, it is entitled to attend hearings, make written and oral submissions and receive written submissions of the disputing Parties.

Chapter 20 also provides for an advisory committee to be established to provide recommendations to the Commission on the use of arbitration and other procedures for the resolution of international private commercial disputes.

possibility to transfer this legal framework to a political CMM is slim, as the smaller state would lose a high degree of political sovereignty. This is accepted in the economic sector, as the economic gains are so high and the political and traditional elite in the respective country is not threatened.

The NAFTA secretariat (the Secretariat), comprised of the Canadian, Mexican, and U.S. Sections, was established by the Commission according to Art. 2002 of the NAFTA. The Secretariat administers the NAFTA dispute resolution processes under Chapters 14, 19, and 20 of the NAFTA and has certain responsibilities related to Chapter 11 dispute settlement provisions. Each national section maintains a court-like registry relating to panel, committee and tribunal proceedings (NAFTA, 2000). The secretariat has a very real power of legal implementation and enforcement, and is therefore crucial for the NAFTA dispute resolution. The secretariat is in many cases more powerful than national courts (Jackson, 1995). NAFTA and the secretariat have created an increased level of trust between the parties and an increased reliance on the regional conflict management and resolution mechanisms.

As was discussed earlier, Mexico compromised on several issues in the agreement, which made it possible to implement the NAFTA. In this sense, dispute resolution was no different, but the most important compromise in the dispute resolution area concerns investment disputes (Mattli, 1999:183). Private investors are entitled to seek binding arbitration in an international forum, according to the rules of UNCITRAL or ICSID. This is a major revision of the prior rule that all disputes involving foreign investors should be settled in local courts according to the Calvo Doctrine (North American Dredging, 1927). The effects this will have on the conflict management mechanism are substantial and even more so for the legal integration; since the CMM will be directed towards a regional or international level and since NAFTA enjoys substantial legitimacy, it is likely that the management process will be directed to this organization. In NAFTA it is moreover impossible to refuse to allow a multilateral and international organ to deal with any trade disputes that they have an interest in. This creates an environment that is transparent and predictable, as far as the dispute resolution process goes. A reversal of this procedure is unlikely and this indicates that the integrative process between the NAFTA members is accelerating, due to the dispute resolution process and the legal integration between the members.

It is interesting to note that never before has a developing country accepted a dispute resolution mechanism that has the power to impose fines and invoke trade sanctions to guarantee compliance with the agreement (Haggard, 1995:93). This has rendered the Calvo Clause that guaranteed that no unnecessary violation of national sovereignty would occur, obsolete. Mexico

---

<sup>210</sup> Chapter 14 establishes a mechanism for the settlement of financial services by providing that Chapter 20 shall apply, with modification, to the settlement of disputes arising under this chapter. A financial services roster is to be established whose members shall have expertise or experience in financial services law of practice.



realized during the negotiations that a limited restriction of national sovereignty would be acceptable in return for the trade advantages it would gain. This move away from domestic control over the legal procedure is substantial, especially in comparison with its Asian counterparts, even though this is limited to the economic sphere.

An interesting fact is the increasing number of cases that has been taken to dispute settlement in NAFTA, both through the GATT mechanism and through NAFTA's own dispute settlement mechanism (Jackson, 1995: 489-492, 494-500, 916-921). Most rulings seem to be adhered to by the parties, and this formality of the dispute settlement as well as the adherence to the settlement indicates that it has a very high degree of success. The opportunity to implement national measures against a obstructing party according to chapter 20 has increased the usefulness both of NAFTA regulations and the enforcement power in the region.

The acceptance of a settlement mechanism has had a confidence building impact on the region since there are clear regulations on how to deal with potential disputes. This positive experience is possible due to stable government policies, with a high degree of commitment from the participating states. It seems that the legal framework and the expectation that the regulations will be followed, is an important factor behind the success of NAFTA. North America does not seem to have the same problem as Latin America with a fear of US unilateral actions, and disregard of norms and principles. This could be explained by the fact that US is a trading nation and its reputation to conduct fair business is crucial for the development of international trade, but also with the relative importance Canada and Mexico have for the US market. The US export to Canada was in 1996 21.3 per cent of the total export, to Mexico it was 9.1 per cent, in comparison to a mere 8.4 per cent for the rest of the Americas (Bulmer-Thomas & Page, 1999:88).

It is important to point out in this text that NAFTA seems to be inappropriate as a mechanism for political conflict management, since trade needs highly formalized bodies with exclusive power and this would not be appropriate for political/military conflict management. This is not to say that NAFTA does not work as a political conflict manager through its economic integration and creation of interdependence between the states, although this could also be argued to work in favor of US. For example, economic development in Mexico could decrease the social unrest, which has been seen in its southern parts, if the increased wealth is distributed to the people in need.

#### **4.6.1.2 Analyzing the linkage between NAFTA and CMM**

NAFTA is not the most successful economic organization in this thesis considering *conflict management* mechanisms, but its *conflict resolution* function is without doubt the most successful. The purpose of creating a PTA that would increase intra-regional trade has been followed and no excursions have been made into the political realms, which has made NAFTA much more

successful than organizations such as APEC, that is stalemated. It is clear that an organization that would deal with military or political conflict management in North America is not operationally possible at the current stage. Trade is what ties the region together and NAFTA is the glue that holds this economic project together. This is not to say that the relations between the members are constrained, on the contrary, but the asymmetry between the states is too marked. The US dominance of the region is too great for Canada and Mexico to dare to engage in formal integration in the political or military sphere, besides which the US congress and the political establishment has not been supportive of another regional organization and further involvement in world affairs.<sup>211</sup> This has changed after the September 11<sup>th</sup> bombings, but it is still unclear to what extent and what the implications are for North America.

The legal integration and the high level of legality in NAFTA are very different from the other organizations that have been studied in this thesis, and it is clear that the legality and formality of the organization have increased the trust for NAFTA and subsequently the success-rate. Without such a high degree of formality and rule-based regulations, Canada and Mexico would not participate in multilateral conflict management and conflict resolution for fear of being forced to make concessions that would be non-legal and non-predictive. This is not the case in NAFTA, and US has, in contrast to in OAS, functioned as a team player. The formality in the regulation of disputes is especially important for Mexico and Canada, since 80-85 percent of their trade goes to US and unclear regulation would increase their transaction costs to a level that would make trade less profitable.

Legal formality has decreased the transaction costs and increased the trust between the member states, or at least in NAFTA since the organization has increased trade, political interaction and cooperation. The interaction between the North American states has never been more cooperative, with only a few exceptions concerning political disputes over immigration and drug control. This has enabled more interaction between the states in the military, cultural and political spheres. It is safe to say that the North American region is the region with least potential for intra-regional conflicts of all regions studied in this thesis, if not in the world.

At the informal level, it is clear that there is little progress, since the formal mechanism carries a great deal of legitimacy and impact. The informal effects have been a great deal of confidence building, but this has to a large extent been a result of the formal mechanisms and increased regionalism and economic liberalizations. There is only one consultative mechanism (informal) in NAFTA that the parties can choose to use, and this mechanism is overruled by formal mechanisms if the parties fail to agree. There are no open conflicts in the region, and even if this to a certain extent is a result of informal contacts, the formal interaction between the members is the

---

<sup>211</sup> Interviews with Senior Officials in Pentagon and US State Department, 2002-08-12, 2002-08-14.

primary reason for this positive development. It is clear that there is no regional mechanism that competes with NAFTA's formal CMM and conflict resolution power, and that the formal mechanisms supercede the informal in all aspects. This is a direct result of the legalistic culture in North America. It is also so that the NAFTA mechanism supercedes the national mechanisms, which is unprecedented in all cases, except OAS resolution 1080 that supercedes the national jurisdiction in cases of threats to democracy. The enforceability on the member states is impressive and resembles in many cases the national or the EU intra-regional enforcement power. Each member state is required to enforce any NAFTA decision domestically. This is a result of the legal formality of the organization and the high degree of implementation of agreed policies and regulations. Another factor which is a result of the legal formality, is the high degree of predictability that exists in the organization; this is very much the reason for the high level of trade integration and economic regionalization. Finally, the formal mechanism has to be regarded as having a high impact in the economic sphere, but not in the political sphere into which NAFTA wisely never tried to extend its powers. The informal mechanism is negligible in the highly legalistic setting of NAFTA and North America.

Figure 4:12: NAFTA's impact on the CMM

	<i>Low impact</i>	<i>Medium impact</i>	<i>High impact</i>
<i>Formal</i>			Predictability No competing mechanism Implementation Legitimacy Enforcement
<i>Informal</i>	No competing mechanism Legitimacy Supercedes the formal	Confidence building	Open conflicts

On a theoretical note, the liberal tradition seems to have the best explanatory power in this region. There is no direct threat towards the region and the strongest power that would, according to the realist paradigm, have least reasons for cooperation, is in fact the strongest proponent for continued regionalization and an effective CMM.

Asymmetrical cooperation has directly impacted this region, but not necessarily badly in the economic field. US, being by far the stronger power, has worked for just and fair trade with the members in NAFTA and the asymmetry has not played a major role in the regionalisation and CMM, except positively as a driving force behind the creation of NAFTA and its CMMs. It is, however, clear that US could, and has, used its economic strength to lever the other members, but not to an extent that would render NAFTA expensive or useless for the smaller states. In the political arena it is a different story: both Canada and Mexico have declined a closer integration

and regionalisation in the political realm for fear for being “swallowed” by a far stronger political power. In the case of Asia or EU there is no state that is strong enough to integrate the other states politically and disable the sovereignty of the weaker states, but in North America there is, and it will make further political integration impossible in the coming years.

Transaction costs also seem to carry strong weight in this region, as NAFTA has focused on decreasing transaction costs and increasing intra-regional trade. The non-trade benefits are a result of a normative system dealing with trade and conflicts, that has increased trust and confidence between the parties. The NAFTA members are highly integrated with each other and even small trade anomalies create high transaction costs that are expensive for all members, especially the smaller economies.

The success of the liberal paradigm in North America could be explained by the stringent focus on trade, which is less sensitive than political regionalism and integration. This strict focal point on trade has been very successful when eliminating issues, such as political sovereignty and military cooperation, even if these questions have been dealt with in other forums such as NATO and UN. It is clear that neither Canada nor Mexico would participate in any political cooperation that could decrease their sovereignty and *de facto* transform them into two more states in US.

#### **4.6.2 Conflict management in North America**

Since the North American region has a small membership, even though it comprises the total population of North America, (Canada, US and Mexico), there are no other organizations that could compete with NAFTA. This does not apply in the next case that will be studied (Latin America) where there are several competing and reinforcing organizations. Therefore, this section will only discuss the lack of other organizations in North America.

Conflict management in North America relies exclusively on NAFTA in the economic field, and in the political field there is OAS on the level of the Americas, and UN on the global level. There is no other regional mechanism that could be used, in neither the economic or the political field. The separation between economic and political CMM and conflict resolution has been very effective, although this means that North America as a result has no political CMM. As has been noted in several other regions, especially Pacific Rim, the organization could be stalemated if the functions of a CMM are mixed and attempts are made to manage political disputes by economic institutions (see APEC).

The economic institutions have created a positive effect on the trust and confidence building between the states, which have affected the political CMM in a positive way. There are moreover currently few possibilities to initiate a political integration and regionalization process due to the

fear of the smaller states of being absorbed by US, and moreover since there are alternative organizations such as OAS and UN that eliminate the problem of asymmetrical powers.

Track-dependency has, moreover, made it practically impossible to initiate another regional organization in the region. The costs would be prohibitive and any possible political cooperation between the NAFTA members would probably be integrated into NAFTA or the OAS. There are however few reasons to change the current positive development in the region.

#### **4.6.3 Concluding thoughts on North America**

In North America there is only one regional organization that deals with CMMs at a multilateral level, and it is highly legal in its approach (Plank-Brumback, 2002; Stephenson, 1998). This legal framework is exclusively directed towards the economic sector, although the US has tried to make the political sphere more legal from time to time in OAS (Americas). It is also clear that the legal framework has been important in creating an effective conflict resolution and management mechanism. Conflicts are solely dealt with by formal mechanisms that override the national jurisdiction in cases the NAFTA principles conflict with the domestic legal principles. This is a highly effective organization, which has only one limitation and that is the neglect of political disputes.

The neglect of the political disputes is based on the smaller states' (Canada and Mexico) fear that the US would compromise their political sovereignty; a similar discussion was conducted regarding the effects of economic integration but was forgotten as the economic impact was very positive for the smaller states.

The US leadership has been fundamental, both the resource base and infrastructure that Washington has provided has been crucial. It was also apparent that the legitimacy of the organization has increased, which has impacted in a positive way. The current problem for the organization is to diversify the power in the organization towards Canada and Mexico and towards the organization so that it can act independently of the states. The asymmetry between the members is one of the gravest challenges for the organization, and increased trust. The leadership of US, being by far the strongest state, could create suspicion towards US, despite potential good intentions. Regardless of the effectiveness of US leadership, the asymmetry has to be, symbolically, broken and the smaller states given a greater role in the organization.

It is clear that the development of the organization depends largely on the strong political will among the members to continue the integration and development of measures to prevent or resolve disputes. The occasions when the organization has encountered some problems have been when the political will has been lacking, primarily in US. The failure to obtain a Fast Track

negotiation authority for the inclusion of Latin American countries, particularly Chile, has been a draw-back for the authority of the organization.

Without doubt the high complementarity and the common view of the liberalization efforts have impacted positively on integration and a multilateral CMM. There has been a conscious effort to decrease the transaction-costs in the region with positive effects on trade. This has increased the trust between the parties, even though the level of trust was already high from the initiation of the organization. The high level of trust has its foundation in the almost uniquely high degree of cultural (i.e. economic and political culture) overlap, save EU. The existence of strong democratic values and a liberal economic foundation means there is little that could threaten the development of NAFTA.

The region has, moreover, benefited from a relative stability and defined borders. This has been an almost unique position, similar to EU's, that has increased the trust and cooperation between the members of the region. On top of this, the infrastructure has been excellent in the region and this has been a strong factor behind the economic development in the region in combination with the strongly legalist tradition.

#### **4.7 Latin America**

Latin America differs from North America in many aspects, and even more so in comparison with the East Asian experience.<sup>212</sup> The Latin American region is characterized by a relative economic equality between the states (seen from a GDP/capita perspective), and a peaceful inter-state relationship with few large conflicts since the independence wars. There are relatively few internal and international wars in the region compared to the world at large, and Paraguay is the only country that has experienced the ferocity of modern inter-state war (1864-1870) (Centeno, 2002:228).<sup>213</sup> The internal conflicts of Central America and the protracted conflict in Columbia were the most serious conflicts during the 1980s and 1990s in Latin America. In most other states the mobilization of the population was relatively minor and the losses in human life and territory were minor, save Mexico and the loss of Texas and California to US.

Furthermore, the states have a strong cultural and linguistic linkage with each other, the exception being Brazil that was occupied by Portugal and had a large influx of slaves, a fact that today characterizes the region more than any other state. Brazil is also currently the militarily and financially strongest state in a region of relative symmetry (Sköns *et al*, 2000:265-266; Skidmore & Smith, 2001: chapter 5). This is not to say that it is the most financially stable state, nor that there is any other state that is financially stable. Latin America has fought double-digit inflation for centuries and an economic system that is more focused on protectionism than international trade (Skidmore & Smith, 2001). The Latin American states are moreover internally weak, and not surprisingly most of the conflicts in Latin America are internal conflicts that are based on ethnic, economic and social issues.

The internal weakness is in many cases what makes Latin America different from the other regions in this thesis. The high dependency on external powers (US) and low internal cohesion has plagued the Latin American countries since independence, and this has prevented them from taking a more effective role in international and internal affairs (Centeno, 2002:66-68). The internal weakness has created an increased amount of internal conflicts since the governments seem to be unable to control their populace.<sup>214</sup> On the positive side, the internal weakness has

---

<sup>212</sup> As mentioned in the North American section Mexico will also be included in Latin America due to its importance for the region at large.

<sup>213</sup> Paraguay is believed to have lost up to 60-70 percent of the population during the Triple Alliance period (Argentina, Brazil, Paraguay & Uruguay) and not surprisingly Paraguay is the only country that has a martial memory and glorifies war more than science and culture. The mobilization of the Paraguayan population was total, which is also unique in the Latin American case.

<sup>214</sup> The reasons for this are of course more complex than the sentence seems to suggest, but for the purpose of the thesis this is as far as we need to go since we are not interested in the origin of the conflicts but rather the solution. For a more detailed discussion of the sources of the weakness see: Centeno, 2002; Child, 1985; Colburn, 2002; Hurell, 1998; Mallon, 1994, Thurner, 1997.

created a situation where the parties have been unable to project force outside their national borders.

That Latin America has been unable to project force beyond its borders has several reasons that will be discussed in this section. Internally, Latin America has been pre-occupied with creating public nationalism, since there has traditionally been a low level of this. This has meant that the population in the Latin American states has been unwilling to die for the nation, in contrast to ideology that has been more successful mobilizing people (Centeno, 2002:84-90). Moreover, there has been a lack of permanent mobilization in Latin American society with a low level of militarization of the state, and an absence of socially created hatred against their neighbors.<sup>215</sup> Ideology has played a much more critical role than the nation-state, and it is no coincidence that US and the Soviet Union found fertile ground for ideological mobilization in Latin America during the Cold War. Race has been another important factor in Latin America. The constant struggle and division between *Peninsulares*, *Criolle*, Mestizos, Indians, Whites etc has been a recurring theme in Latin America, and for the elites it has been a question of fighting the enemy below, a struggle that is shared over the borders.

Latin America as a region has shown an unprecedented level of *dependencia*. The impact of external powers has been an important, in many cases deciding, factor in the history of the region. External intervention in several conflicts has created or prolonged many conflicts in Latin America. Examples of this are the Franco-British intervention in Guerra Grande in the 1890s and the US intervention in both of Mexico's major wars, the intervention in many of the Central American conflicts, and most notably the conflict over Cuba (Centeno, 2002:73). External powers have not only created conflicts, the presence of external powers has prevented many military conflicts that might have created future conflicts (Andreski, 1971). It is, however, important to note that the Latin American states have a substantial control over their own destiny, despite the unfortunate *dependencia* relationship that has been a hallmark of the region.<sup>216</sup>

Many Latin American states, but not all, have been reluctant to engage US in trade and to invite them to influence their internal affairs (Mattli, 1999:150). Eduardo Frei, the former President in Chile, has argued that the objective of Latin American integration is to establish a Latin American market for Latin Americans. He claimed that any other structure "Would constitute an intolerable infringement of national sovereignty" (Frei, 1967:447, from Mattli, 1999). This was further reinforced by the President of Mexico who argued that "Latin American

---

<sup>215</sup> The international exceptions are Peru-Ecuador and Paraguay-Bolivia, but in both cases cooperation was initiated and only a few years after the Peruvian-Ecuadorian conflict the Peruvian President could visit the conflict zone and be applauded by Ecuadorian citizens (Centeno, 2002:89). Internally, there are more signs of socially created hatred such as in the brutality of *la Violencia* in Colombia, the staggering violence in the Mexican revolution and Rosista's literal call for the death of the *unitarios*.

<sup>216</sup> Up to 1850, at least, the Latin American region belonged to the informal British Empire, before the US took over the neo-colonial role (Centeno, 2002; Ferns, 1973; Thompson, 1992; Winn, 1976).



integration is, and we should make every effort that it continues to be, an exclusively Latin American process (Mattli, 1999:151).<sup>217</sup> It is clear that since 1967 there has been a substantial change, and currently Mexico focuses to a much higher extent on NAFTA, although Mexican's still consider themselves to be Latin Americans. The efforts to decrease US influence over the region have not succeeded and even today the US position in Latin American affairs is strong. The view that US influence is negative has changed somewhat after the ending of the Cold War, and today the Latin American states are more open for US engagement, due to political support and because of the US involvement in the democratization process in the region.

It is undeniable that Latin America constructed an intercontinental system of conferences and treaties long before they became the international standard (Centeno, 2002:70).<sup>218</sup> This has been possible due to the fact that the Latin American states have had a problem defining an external enemy, and the enemy has been defined as the masses within the state. The focus has therefore been on controlling the domestic population and creating an army specialized in this rather than in defending the borders. This has meant that the Latin American states have been unable to fight prolonged wars on a broad front against external enemies (Dietz & Schmitt, 1984:48). The lack of a threat has therefore made it easier to initiate regional cooperation in Latin America.

It is interesting to note that most states in Latin America belong to more than one regional organization, and many of the PTAs, common markets, etc are constructed on other regional cooperation structures or integrated in new organizations. An example of this is the recently constructed Group of Three (Mexico, Colombia and Venezuela) that incorporates elements from the Andean Group, NAFTA and Latin American Integration Association (LAIA). There is, in fact, nothing new in the Group of Three more than the increased speed of liberalization and a strengthened effort to decrease transaction costs between the countries involved. What then do the regional organizations consist of?

#### **4.7.1 LAIA (LAFTA)**

The Latin American Integration Association (LAIA) (*Asociación Latinoamericana de Integración*) was established by the treaty of Montevideo (August 1980) and was operationalised in March 1981 (Keesings, 1980, October; 1981, August; LAIA, 1980; World Bank, 2002).<sup>219</sup> It replaced the Latin American Free Trade Association (LAFTA) (*Asociación Latinoamericana de Libre Comercio*) that

---

<sup>217</sup> The speech was reported in the daily press on April 13, 1967 and can also be found on the website of the Foreign Ministry of Mexico (<http://www.sre.gob.mx>).

<sup>218</sup> For more in-depth information see: Calvert, 1994.

<sup>219</sup> The 12 members of LAIA are today Argentina, Bolivia, Brazil, Chile, Colombia, Cuba, Ecuador, Mexico, Paraguay, Peru, Uruguay, and Venezuela. The admission of Cuba, 6 November, 1988, was not received positively by US and can explain some of the difficulties LAIA has with US (Keesings, 1998, November).

was established in 1960 with the aim of developing a common market in Latin America to create a high level of regionalism to be able to compete with the European common market. The President of Uruguay captured the sense of siege when he noted that:

“The formation of a European Common Market...constitutes a state of near-war against Latin American export. Therefore, we must reply to one integration with another one, to one increase of acquisitive power by internal enrichment by another, to inter-European cooperation by inter-Latin American cooperation.”<sup>220</sup>

LAFTA was, however, a failure partly as a result of the unsatisfied demand for

integration and regionalism. This was caused by a failing willingness among the leadership for further integration (Mattli, 1999:146). The region, moreover, lacked — and still to a certain extent lacks — traditional trading links due to a long tradition of protectionist national policies and transport infrastructure. On top of this, the differing levels of development and the rigidity of the treaties to apply “most favored nation” treatment, and, maybe most important of all, the instability of economic policies, made it more difficult to implement new policies (IADB, 2002a). The organization of LAFTA was rigid and there was little maneuverability for the states involved to secure national interests. Moreover, the pace of integration was high and demanded a great deal of effort from the governments involved, effort that they were unwilling to make. The results were mediocre and in 1952 the inter-regional trade was 8.7 percent; in 1964 it had decreased to 7.9 percent despite an increase in overall trade (Balassa, 1971: 58-77, Mattli, 1999:142; Wionczek, 1970: 54-56). LAFTA was also seen to benefit the “Big Three” (Argentina, Brazil and Mexico) to an unacceptable level. This made LAFTA useless as an economic integration effort, and it was dormant until 1980 when it was replaced by LAIA. The political and normative effects were equally weak, although LAFTA stood as a normative example of how not to construct a regional organization.

The institutional structure of LAIA consists of three decision-making bodies (the Council of Ministers of Foreign Affairs, the Evaluation and Convergence Conference (ECC) and the Committee of Representatives) that make decisions with a two-thirds majority vote (LAIA, 1980). The Council’s main task is supervision of the organization, but it rarely acts against the other

#### Short guide to LAIA

Founded: 1981 (1960)

Number of members: 12

Total population: 453 million

Budget: Not available

Total trade: US\$ 329 bn (exp.), US\$ 337 bn (imp.)

Intra-regional trade (%): 13 (1999)

% of world Trade: 5.2 (exp), 5.1 (imp.)

Secretariat: Montevideo

Decision-making process: Legal

Objective: Common market, through flexible tariff-cutting mechanisms, regional tariffs.

Sources: World Bank, 2001:327, 333; UN, 2002 (population).

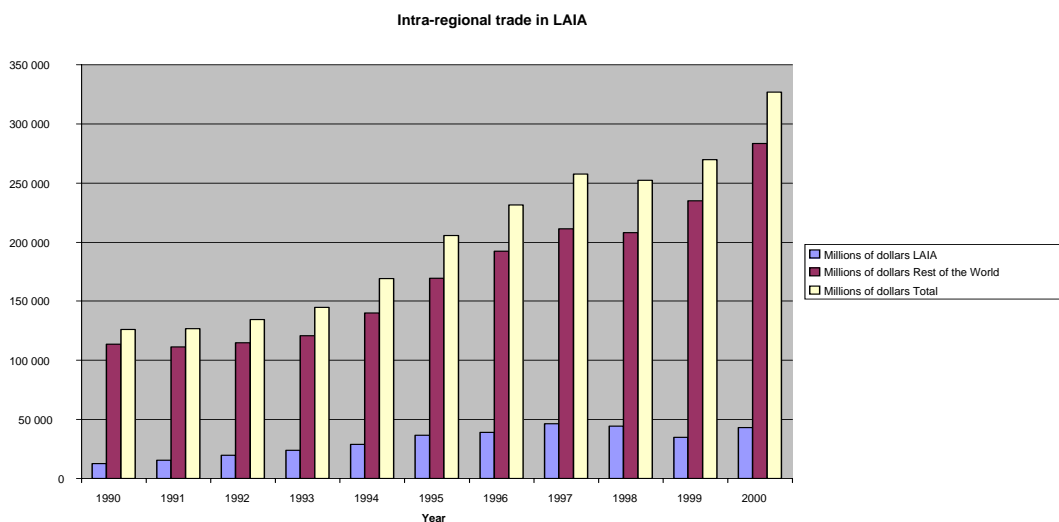
<sup>220</sup> The Observer, 1961; cited in Mattli, 1999:140.

bodies. The ECC meets every three years and tracks LAIA's integration efforts and decides and negotiates new integration targets. The Committee provides ongoing supervision of the organization and is frequently called in to negotiate in trade disputes between member states (O'Hop, 2002). This organization is reinforced by a General Secretary and a permanent secretariat in Montevideo, Uruguay, which deals with the daily business of the organization and implements decisions taken by the three first bodies.

LAIA is a more flexible integration attempt and is more focused on encouraging free trade by creating a common market. The treaty allows easy access to the organization and has drafted a wide range of bilateral and multilateral agreements to be concluded between the member nations and between members and non-members in the region, but without concessions to the other members in LAIA (O'Hop, 2002). This has been done by introducing regional tariff preferences, which are commercially oriented, and that grant tariff reduction to all the signatory countries in LAIA (Colombia, 2002). The very loose structure has resolved many of the political problems, but the economic benefits from LAIA are more doubtful.

Intra-regional trade has increased after the creation of LAIA, but it is still relatively low (figure 4:10). This is due to the dependency on US and the European markets for export and import; there is, however, an increase in intra-regional trade in comparison with the growth in international trade. The question is whether this has been achieved by LAIA or by other sub-regional cooperation structures in Latin America.

Figure 4:13: Intra-regional Trade in LAIA



Source: LAIA, statistics from the Secretary-General of LAIA.

In the formative years of LAIA the old concessions under LAFTA were re-negotiated (more than 20,000 concessions). This resulted in some hundred agreements that were mostly bilateral in

nature, but some that created the basis for more integration and regional cooperation, such as the *Asuncion* Treaty between Argentina, Brazil, Paraguay and Uruguay that formed Mercosur (Mercosur, 2002). The re-negotiations were held in an environment that aimed at creating equal partnership in the regional organizations, despite the size or power of the states. In this sense, LAIA has been very successful, though not as an independent organization but rather as a parent organization.

LAIA has become a regional scope arrangement that includes a wide range of agreements such as the Andean Group, Mercosur and Groups of Three and other bilateral and sector arrangements which aim to open up the regional economies to free trade. These sub-regional cooperation structures have been much more successful in the economic, and — in the case of the Andean Community — arguably even in the political sphere.

#### **4.7.1.1 Conflict management in LAIA**

The discussion about conflict management will once more, as in NAFTA, primarily deal with trade and economic integration and the effects on conflict management, since the political functions are few and badly developed. Moreover, as in NAFTA, this organization is primarily concerned with the resolution of conflicts (here: formal mechanisms) rather than their management (informal mechanisms), but despite this there will be some discussion about conflict management in LAIA. Due to the focus on conflict resolution, this section will be relatively short. It is important to note that LAIA's mechanisms have been the foundation for many multilateral and bilateral integration schemes in Latin America. This would indicate a normative effect on the regional conflict management structure.

The procedures for dispute settlement in LAIA are primarily dealt with through articles 34-36 and resolution 114 (LAIA, 1980; 1990). As in NAFTA, the LAIA mechanisms are far-reaching and carry a great deal of formality, at least on paper. The members of LAIA have been engaged in several economic disputes since the creation of LAIA and the results of the dispute resolution and conflict management have not been excellent, but have been sufficient to continue the interaction through LAIA.

The committee is the central organ in LAIA for dispute settlement according to article 35 (m) and the association is *obliged* to propose formulas for the resolution of matters raised by the member states (LAIA, 1980).<sup>221</sup> The dispute settlement is initiated with a consultation stage, according to resolution 114 (1-4), that prescribes consultations between the members (LAIA,

---

<sup>221</sup> Article 35: El Comité es el órgano permanente de la Asociación y tendrá las siguientes atribuciones y obligaciones:

m) Proponer fórmulas para resolver las cuestiones planteadas por los países miembros, cuando fuera alegada la inobservancia de algunas de las normas o principios del presente Tratado.

1990).<sup>222</sup> These consultations are based on consensus and non-legalistic principles and are the only informal mechanism that the organization provides for. If the conflict is considered not to be appropriate for consultation, resolution 114, paragraph 5 prescribes that the Committee of Representatives shall propose a formula deemed most appropriate for settling the dispute (LAIA, 1990) and article 35 prescribes the same procedure if the parties fail to agree at the consultation stage (LAIA, 1980). The committee shall consist of one permanent representative from each member state (LAIA, 1980, art. 36). The drawback is that there is no enforcement power behind these procedures, and therefore they are dependent on the willingness of the parties to follow the norms that are created in the organization. LAIA has a possibility, like NAFTA, for informal consultation before legal measures, but the formal mechanism is greatly preferred. This can be explained by the legalistic tradition in Latin America and preference for legal principles rather than informal consultation.

This regulatory machinery is functional on paper, but the lack of enforcement mechanisms within the organization is disturbing. The organization has no formal power to take action in cases where the members refuse to act according to the agreed treaties. This is the greatest weakness of LAIA, and a reason for the flight to smaller organizations such as Mercosur and the Andean Community, which have a more NAFTA-like conflict resolution and management mechanism operationalized in the treaties.

The reliance on normative adherence to the dispute settlement system could explain why there is a relative lack of trust in the organization and relatively high transaction costs. The transaction costs have increased as the predictability of the mechanism is limited, and the economic integration is stalemated. This process of too slow liberalization and too little trade creation, explains why there are several sub-regional cooperation and liberalization organizations such as MERCOSUR, Group of Three, etc. The current development has relied on smaller cooperation

---

<sup>222</sup> Resolución 114: 1. Cualquiera de los países miembros podrá solicitar la celebración de consultas al país o países miembros que, a su entender, apliquen medidas incompatibles con los compromisos asumidos en virtud de lo dispuesto por el Tratado de Montevideo 1980 o por las resoluciones pertinentes de la Asociación. La solicitud será comunicada, asimismo, al Comité de Representantes.

Las condiciones de negociación establecidas en cualesquiera de los mecanismos de liberación previstos en el Tratado de Montevideo 1980, no se considerarán comprendidas en esta Resolución.

2. En toda solicitud deberán exponerse las razones que la justifican, acompañándose los antecedentes que se estimen necesarios a esos efectos.

3. Las consultas se iniciarán dentro de los cinco días de cursada la solicitud de parte y deberán finalizar dentro de los diez días hábiles de iniciadas. A este respecto, los países miembros se comprometen a responder diligentemente las solicitudes de consulta que se les formulen y a llevarlas a cabo sin dilaciones con la finalidad de alcanzar una solución mutuamente satisfactoria.

Concluida la consulta, el país que la hubiere solicitado comunicará sus resultados al Comité de Representantes.

4. Vencido el término de la consulta sin que se hubiera logrado una solución satisfactoria entre las partes directamente involucradas, los países miembros podrán plantear el asunto al Comité de Representantes a los efectos previstos por el artículo 35 letra m) del Tratado de Montevideo 1980.

5. El Comité de Representantes propondrá a los países directamente involucrados dentro de los 15 días siguientes a aquel en que se haya puesto a su consideración, las fórmulas que estime más convenientes para resolver la cuestión planteada.

efforts or bilateral agreements with faster liberalization and with greater economic compatibility (Echandi, 2001:377; FTAA, 2002; World Bank, 2002). This has decreased the importance of LAIA, since smaller arrangements have taken some of its place but it has simultaneously increased the importance of LAIA since the coordination of the Latin American policies could be conducted through LAIA.

The Latin American states' dependency on US and the increasing trade with North America seem to direct the attention towards OAS and its sub-organ of FTAA, rather than a regional organization. It is in their interest to minimize the dependency on US, and a reliance on FTAA would further consolidate the reliance on the US economy. US is however necessary for the regional economies and political stability, and the line between *dependencia* and insecurity is thin in Latin America.

The progressing regionalization has created a deepened level of trust between the states and the population in the border regions, and this has had a clear conflict management effect in the region. Moreover, the normative convergence on trade issues, such as banking and liberalization, has effected the region positively, both bilaterally and in creating a stronger regional standing in international organs such as OAS, UN, WTO, etc. The effects are especially apparent if the sub-regional cooperation, such as Mercosur, is taken into consideration, since LAIA has provided a normative foundation for these attempts at regional integration.

There are, as mentioned, no conflict management mechanisms in the political arena, and as in the case of NAFTA, it is a positive sign that the political and economic CMMs are separated to achieve maximum efficiency. The increased cooperation within the region and the liberalization schemes have created increased trust between the actors, which has had a direct impact on the Latin American states. There are clear normative effects from the increased regionalization, which has functioned as conflict-preventing in the informal setting. As for political conflict management and conflict resolution, the OAS is still the primary organization and will continue to be so for some time.

#### **4.7.1.2 Analyzing the linkage between LAIA and CMM**

LAIA has to certain extent functioned as a building block for other regional organizations in Latin America, of which the Andean Pact will be discussed later in this thesis, but LAIA has failed to create a high degree of intra-regional trade. It is true that the intra-regional trade has increased, but only slightly more than trade with the world at large. Intra-regional trade was exceptionally low at the end of World War II which would make a modest increase, as in Latin America, more than likely without a regional organization to guide the liberalization efforts.

There is no doubt that LAIA has been the driving force for many of the bilateral agreements that has been reached in the region, but it is unfortunately less evident that LAIA would have this effect on conflict management in these bilateral and multilateral agreements. The focus have been much more on NAFTA and extra-regional organizations that have formalized the CMM and therefore decreased the transaction costs. The normative effects that LAIA has had on other regional organizations are substantial, and stand out as a success for LAIA.

The formal mechanisms in the organization have shown a great deal of legitimacy after the restructuring of LAIA and a more flexible integration scheme. This has unfortunately decreased the impact of the organization and the CMM as the formal mechanism has no enforcement capability due to the flexibility, and there is no other enforcement capacity in the organization outside a normative structure that could “force” the states into compliance. This is very much the same as in WTO, UN etc. where the only power these organizations have, is that other states would refrain from dealing with a state if it was known to break treaties and act against the normative values that the members hold in common. This is fruitful in many cases, but the predictability in trade decreases immensely and in many cases economic cooperation renders itself useless. LAIA has, however, successfully implemented the treaties they set out to do, but since the treaties are so flexible and loose they would need much more structure before they can be considered useful. The gravest threat to the development of LAIA is the development of both sub-regional organizations such as the Andean Pact and Group of Three, and larger integration schemes such as OAS and its effort to create FTAA. On the other hand, LAIA could reinforce the sub-regional cooperation with increased regional dialogue and coordination concerning liberalization schemes and conflict management mechanisms.

Informally, there is not much to say. There is a lack of open conflicts between the states and a relatively small amount of intra-state conflicts, but this has less to do with the organization, being much more a result of the structure of the region and the internal weakness of the Latin American states. There is, moreover, a great deal of competing mechanisms that have a greater impact than LAIA has had so far, some of which we have looked at (OAS and NAFTA) and some that will be studied in the coming sections. The formal mechanism, moreover, supercedes the informal in all aspects, even though the formal is not entirely effective. This has decreased the legitimacy and efficiency of the informal aspects of the organization. The most serious drawback in the organization is the lack of enforcement, and this affects all other variables negatively. There are, however, some confidence-building aspects of the organization but these stem from the formal aspects of LAIA. Thus the impact from LAIA is low in both the informal and formal setting.

Figure 4:14: LAIA's impact on the CMM

	<i>Low efficiency</i>	<i>Medium efficiency</i>	<i>High efficiency</i>
<i>Formal</i>	No competing mechanism Enforcement	Predictability Legitimacy	Implementation
<i>Informal</i>	No competing mechanism Legitimacy Supercedes the formal	Confidence building	Open conflicts

On a more theoretical note, the Latin American region indicates a break with the realist concepts, since there is little if any reason to cooperate in the Latin American region from a realist perspective. The states are weak and pose no threat to each other, and even if a large and functional organization could be established it would be of no use to combat the US, militarily or financially. The logical reason has to be found in the liberal tradition and the search for decreased transaction costs and cooperation in general to stabilize the region. The only exception would be if the Latin American states cooperated against US to decrease US influence in the region, but, on the contrary, Latin American states has been positive to US engagement in the 1990s.

Regionally based norms have developed in the region, especially in relation to free trade, but this has not influenced the creation of a functional CMM. The normative integration is so far the only effective conflict management mechanism there is in LAIA, as the CMM has not been fully formalized and an informal mechanism is only used in relation to resolution 114. The effects on other organizations are, however, interesting and the positive effects of LAIA as the normative foundation for other regional organizations in Latin America should not be underestimated.

There was a suggestion that if a dominant power should engage in regional cooperation, there would be a decrease in the willingness of the smaller parties to participate. In this case, the regional cooperation would probably benefit from a more active participation from US. In relation to the participation of greater powers, it seems that LAIA has solved the problem and in the current regime there is an equal participation in the organization regardless of whether the member is Brazil or Paraguay.

#### 4.7.2 CACM

Central American Common Market (CACM) was the other major regional integration structure that was established as a “defense” against the European common market, the first being LAFTA. The origin of the CACM can, however, be found in the Central American Economic Integration Program that was established on August 27, 1952 (IMF, 2001). This was followed by the Treaty of



Managua initiated CACM that was formally established on December 1960 (CACM, 1960).<sup>223</sup> A great deal of the treaties and agreements from the older organization were transferred to CACM making CACM a development of the older organization. It was not only the EU markets that were a threat, Castro's victory in Cuba caused all states in Central America to worry about revolution. The governments in Central America decided to act preventively by improving the economic conditions for the people and thereby minimize the ground for revolutionary movements (Scheman, 1988).

The economic purpose of CACM was to create free trade in all areas, except those listed as an exception, and these products would be freed in 1966. Trade in the listed products was as high as 50 percent of all trade and was in crucial areas, which caused the effort to create a FTA, to fail. In contrast to LAFTA, CACM was highly successful during its first decades and set up a permanent secretariat, the Central American Integration Bank, an Executive Council etc. The intra-regional trade increased from 5.9 percent in 1959 to 24.2 percent in 1968, and the dependency on US decreased as the trade with US plummeted from 47 percent to 39.1 percent of the total trade (Mattli, 1999:145). This positive intra-regional development was halted when El Salvador attacked Honduras on July 13, 1969. This attack resulted in the so-called Soccer War and a long-term decrease of intra-regional trade from 26 percent in 1970 to 15.4 percent in 1990, in relation to the world trade (World Bank, 2001:333).<sup>224</sup> The level of intra-regional trade has increased rapidly after 1986 when the regional trade became less regulated and the regional economies became more diversified and complementary.

The stated objective of creating a common market has been delayed, and currently CACM is no more than an imperfect customs union (SELA, 2001). The reason for this is not only the political event that took place in 1967 (the Soccer War), but also the relatively small size of the markets, high external dependency, primarily on US, and the low level of complementarity, all of which created problems when agreeing on tariffs on outside trading partners. It is clear that the

#### Short guide to CACM

Founded: 1960

Number of members: 5

Total population: 33 million

Budget: Not available

Total trade: US\$ 13.4 bn (exp.), US\$ 20.7 bn (imp.)

Intra-regional trade (%): 11.6

% of world trade: 0,0021 (exp.), 0,0031 (imp).

Secretariat: Ciudad de Guatemala (SIECA), San Salvador (SICA)

Decision-making process: Legal

Objective: Common market, common external tariffs and foster industrial development

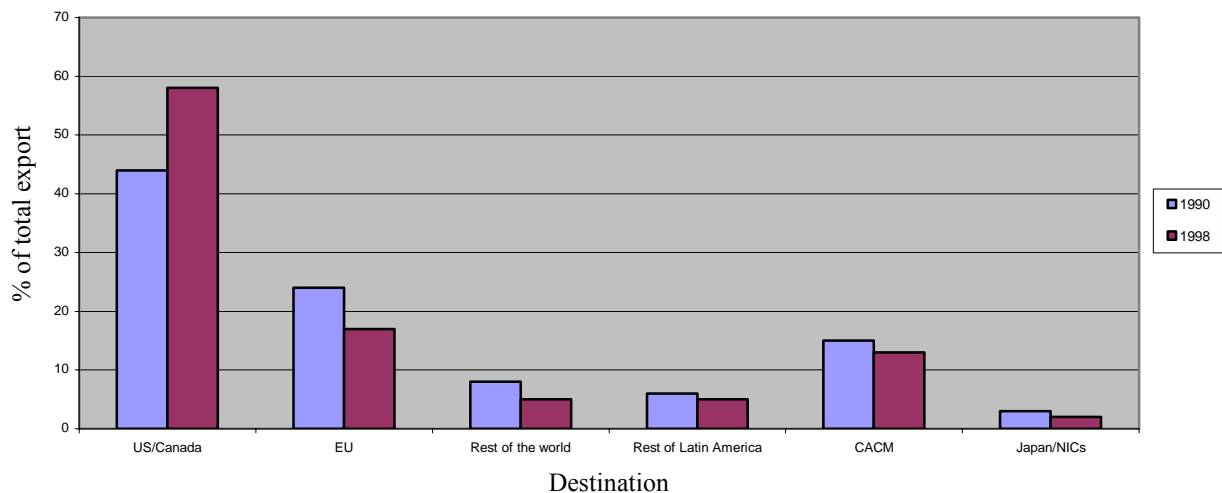
Sources: World Bank, 2001:170, 174, 333; World Bank, 2002; UN, 2002 (population).

<sup>223</sup> The member countries of CACM today are: El Salvador, Guatemala, Honduras, Nicaragua and Costa Rica. These are the same five states that formed the Central American Integration Program in 1952. Panama is an observer in various mechanisms of the integration (World Bank, 2002).

<sup>224</sup> The Soccer War lasted for only 100 hours but resulted in thousands of deaths on both sides and in economic and social destruction that affected the integration scheme and future regionalism. For more information see: Anderson, 1980; Durham, 1979.

dependency on US has increased in the 1990s at the expense of intra-regional trade and trade with other regions (see figure 4:13). The volume of trade with the rest of the Latin American states is very limited, with the exception of Mexico, trade with which comprises the bulk of the exports to Latin America. To create a functional common Market, CACM needs to increase the intra-regional trade and, much more importantly, to diversify the intra-regional trade.

Figure 4:15: Destination of export from CACM



Source: Echandi, 2001, IDB, 2000.

The eagerness to improve and strengthen regionalization and regionalism led to the signing of the Tegucigalpa protocol on 13 December 1991, which established the Central American Integration System (SICA) that would speed up the integration process in Central America. (CACM, 1991). To strengthen this process, the General Treaty on Central American Economic Integration was signed by the Presidents of the member states to reaffirm the principles of economic integration (CACM, 1993). According to the Inter-American Development Bank (IDB), the San Salvador Summit of March 1995 represents the start of the Central American governments' desire to further accelerate the modernization and integration in Central America (IADB, 2002a). This has led CACM to approach IDB and ECLAC to assist in creating a new institutional structure that would increase the efficiency and effectiveness of the organization. This is a decisive move, since the organizational weakness has been pronounced despite, or because of, the fact that the region today consists of 57 regional organizations and bodies that are integrated into SICA under the control of CACM (IADB, 2002a). This organizational weakness is primarily due to the political unwillingness and the abyss between presidential policy recommendations and the actual operationalization of policies at all levels of the regional organization.

The establishment of SICA made it possible to lessen the reliance on the US, but in contrast to LAIA and the Andean Pact, US became the "adopted regional leader" for Central America (Mattli,

1999:150). This was due to the fact that Central America had no natural leader that could be the driving force in the integration scheme. The result of the informal US “leadership” is that Central America has become highly compatible with NAFTA, as the CACM members have accepted the policy recommendations and rules of integration. The close connection with NAFTA is a reason why CACM’s trade with Mexico is relatively significant and rapidly increasing; it is also clear that much of the trade that is “Mexican” originates from US companies in Mexico.<sup>225</sup>

The US engagement in Central America was a shift from the earlier US stance against regional cooperation in the Americas, with the exception of OAS which it already controlled. This change has been possible since the ideological threat has disappeared, and democracy is firmly established in the region. It has, moreover, been discussed that the organization should adapt the international norms of trade to avoid problems in the future, and to increase the trade with NAFTA. NAFTA has, moreover, been thinking about expanding southwards and the Central American states are easy to incorporate into a larger NAFTA.

US is the largest trading partner with the Central American states (see figure 4:15), but the close cooperation with US is likely to be a double-edged sword. On the positive side, US will open up its markets to Central American trade, and investments and trade will be directed to Central America. On the negative side, the close cooperation increases the *dependencia* relationship with US and potentially increases the political pressure from Washington D.C. (LeoGrande, 1998; Schoultz, 1987). The CACM members have been granted NAFTA parity for tariff treatment which enables them to trade with NAFTA members on virtually the same terms as NAFTA members, but CACM is in return forced to open up its borders to NAFTA trade (SELA, 2001). This is in line with the prior decision to integrate regional trade.

At the 1967 conference of American Presidents at Punta del Este, it was decided that CACM together with LAIA would be the basis for a more comprehensive Latin American common market (SICE, 2002). Unfortunately, there has been little progress in establishing a common market, and today the focus is on the smaller regional organizations and bilateral agreements, with primarily US and global organizations such as WTO. There is currently no possibility of further economic integration in Latin America or Central America, without the explicit cooperation and possibly integration of NAFTA.

There are indications that CACM will expand, if not in depth at least in size. In 1997, the Presidents of Central America proclaimed that institutional reform was necessary to make it easier for Panama, Belize and the Dominican Republic to join (CACM, 1997). This would increase the size of the markets, but not the percent of intra-regional trade nor the trade diversion to any higher

---

<sup>225</sup> Interviews with Senior Officials at NAFTA, 2000-05.

degree. Integration in size, but not in depth, could be dangerous for CACM, since it would create expectations of increased structure, while decreased impact could be the result.

#### 4.7.2.1 Conflict management in CACM

The procedures for dispute resolution and conflict management in CACM are dealt with through the General provisions, article XXVI<sup>226</sup> and the Protocol de Tegucigalpa, article 35<sup>227</sup> and article 3 of the Transitional Provisions (CACM, 1960, 1991).<sup>228</sup> The formality (legality) of the protocols is high and the implementation of the treaty has been increasingly powerful, since the San Salvador summit of March 1995. As will be noted, the enforcement mechanism, as in LAIA, is less operational and needs more attention from the members of CACM.

Article XXVI laid down that the signatory states would bring any dispute they failed to resolve to the Executive Council or the Central American Economic Council, and if the parties could not agree to a resolution then the dispute would then be brought to arbitration that would be conducted by representatives from the member states' Supreme Court of Justice. The award of the tribunal should have the effect of *res judicata* for all disputing parties, as far as it contained a ruling concerning the *interpretation or application* of the General Provisions Treaty. This leaves any dispute outside of the interpretation or application of the treaty to a normative adherence since there is no enforcement mechanism in the treaty. As a result of the integration that has progressed during the last decade, all states tend to adhere to the rulings to a very high degree.

In practice, the disputes outside of the jurisdiction of article XXVI are dealt through legally based regulations (formal mechanisms), without an enforcement structure, if not applicable to

---

<sup>226</sup> Artículo XXVI: Los Estados signatarios convienen en resolver fraternalmente dentro del espíritu de este Tratado, y por medio del Consejo Ejecutivo o del Consejo Económico Centroamericano en su caso, las diferencias que surgieren sobre la interpretación o aplicación de cualquiera de sus cláusulas. Si no pudieren ponerse de acuerdo, solucionarán la controversia por arbitraje. Para integrar el tribunal arbitral cada una de las Partes contratantes propondrá a la Secretaría General de la Organización de los Estados Centroamericanos los nombres de tres magistrados de sus respectivas Cortes Supremas de Justicia. De la lista total de candidatos, el Secretario General de la Organización de Estados Centroamericanos y los representantes gubernamentales ante ese organismo escogerán, por sorteo, a un árbitro por cada Parte contratante, debiendo ser cada uno de ellos de diferente nacionalidad. El laudo del tribunal arbitral será pronunciado con los votos concurrentes de, por lo menos, tres miembros, y causará efectos de cosa juzgada para todas las Partes contratantes por lo que hace a cualquier punto que se resuelva relativo a interpretación o aplicación de las cláusulas de este Tratado.

<sup>227</sup> Artículo 35: Este protocolo y sus instrumentos complementarios y derivados prevalecerán sobre cualquier Convenio, Acuerdo o Protocolo suscrito entre los Estados Miembros, bilateral o multilateralmente, sobre las materias relacionadas con la integración centroamericana. No obstante, quedan vigentes entre dichos Estados las disposiciones de aquellos Convenios, Acuerdos o Tratados siempre que las mismas no se opongan al presente instrumento u obstaculicen el logro de sus propósitos y objetivos.

Toda controversia sobre la aplicación o interpretación de las disposiciones contenidas en el presente Protocolo y demás instrumentos a que se refiere el párrafo anterior, deberá someterse a la Corte Centroamericana de Justicia.

<sup>228</sup> Artículo 3: Para los efectos de lo establecido en el párrafo 2 del Artículo 35 y en tanto no esté integrada la Corte Centroamericana de Justicia, las controversias sobre la aplicación o interpretación de las disposiciones contenidas en el presente Protocolo deberá conocerlas el Consejo Judicial Centroamericano.

LAIA, NAFTA or WTO jurisdiction. This has resulted in all *decisions* not being legal in their form, but rather based on a normative structure argued through a legal framework. The limitation of only being able to focus on interpretation and application principles is politically based, and it has been considered to be better to have a limited power of interpretation than a stalemated organization.

In the later protocol of Tegucigalpa, it is declared that disputes will not be dealt with by national Supreme Court delegates, but by the Central American Court of Justice (CACM, 1991, art. 35), but until a Central American Supreme Court is firmly established, the disputes will be submitted to the Central American Judicial Council (CACM, 1991, Trans. Provisions, art. 3). It is unclear when a Central American Supreme Court will be established formally and functionally, but there are hopes that such a court will be established before 2005.<sup>229</sup> Despite the additions to the old protocol and treaty, there is still no functional conflict management or conflict resolution body, apart from questions directly regarding the treaty.

On October 23, 1993 the Protocol to the General Treaty was re-signed in Guatemala City, and will hereafter be called the Guatemalan Protocol (CACM, 1993). This had, if nothing else, a psychological effect on other regional organizations and politicians in the region, leading to an expectation that Central American integration, and through this conflict management, would gather speed again. Art. XXVI is still in progress, with the addition of a Central American Court of Justice, as soon such a court is established.

As in the case of NAFTA and LAIA there is no mention of a political conflict management mechanism that could prevent political conflicts and military conflicts such as the Soccer War. As regards CACM, reliance is not only placed on OAS as in the case of LAIA, but more directly on US. US has been the informal leader and has directly, both formally and informally, acted as a conflict preventing mechanism and a conflict manager in the region, although this is of course not a regional mechanism. In the case of CACM the external intervention has been positive, despite a high degree of dependency on US, both politically and financially. Excluding US, only the Executive Council and the Central American Economic Council could partly be used as an informal conflict management mechanism, even if the argumentation is rule-based. Therefore, regardless of whether the Central American states would like to end the US supremacy, there is little chance to do so in the coming decades due to the dependency on US economic and political resources (LeoGrande, 1998).

Similar to the other regional organizations in the Americas, the reliance is placed on formal conflict *resolution*, which is in contrast to the reliance on an informal structure of conflict *management* in East Asia. As in East Asia, the CMM is primarily informal and CACM focuses

---

<sup>229</sup> Interviews with Senior Staff at CACM at UN (2001-02)

almost exclusively on formal mechanisms (conflict resolution). There is a clear indication that the member states begun to engage in CACM as soon as the formality of the organization increased and the legal structures improved. Comparing this to LAIA, where the structure of the organization was made more flexible and subsequently less efficient, is telling for the need of formality in Latin America.

The current structures have increased the trust between the regional governments, and also between companies in the region, which can explain the increase in intra-regional trade the last few years. This normative convergence and successful trade liberalization, in comparison with the other Latin American organizations, indicates that there will be an increased regionalization of the region, and hopefully not only economically. The economy, however, stands out as a first building block for deeper political integration, especially if CACM is tied closer to NAFTA and the economic development that the NAFTA members have attributed to it is reinforced with political development (Cerdas Cruz, 1999; Coatsworth, 1999).

#### **4.7.2.2 Analyzing the linkage between CACM and CMM**

Conflict management in CACM is primarily, as in all other cases in the Americas, formal and of much less importance than conflict resolution has been. Since the restructuring of the organization in the early 1990s there has been a positive development in terms of regionalization and conflict management, but specifically in resolution. The success is not as marked as in the early 1960s, but the trade liberalization has been far more successful than in the other Latin American organizations, but more so when reducing trade tariffs. This could be partly explained by the central role that US and NAFTA play, but also by the strong commitment from the regional governments.

The member governments of CACM have increased their political willingness to further the regionalization and trade integration in the region since the early 1990s. This is a clear change from the times before the restructuring of the organization, which were characterized by political stalemate. The political conflicts (primarily ideological) have also reduced in intensity after the Cold War, although the level has always been relatively low, with the exception of the Soccer War. Some of the positive developments could be attributed to the democratization process, but more to the individual leaders in Central America who have adopted a more cooperative approach and opened up for political development in phase with the economic development.

The formal structure of conflict management is successful, although it is more specifically a question of conflict resolution. The implementation rate of the treaties is relatively high; not all treaties in CACM have been ratified by all states but this has not created any stalemate in the CMM, therefore the level of ratification is acceptable. This has increased the predictability in the

organization, even though there is a limitation in this regarding disputes outside the treaties and integration questions at large. The enforcement mechanisms are consequently limited to questions directly connected to the treaty, but the states in the region tend to accept and follow rulings regardless of the legal standing of the ruling. This is due to the normative convergence CACM has created, through liberalization and free trade. There is no competing *regional* mechanism, since CACM is regarded as being more efficient than LAIA, but NAFTA regulations, and US in particular, compete with CACM and this decreases the legitimacy for the organization. Nevertheless, US involvement in CACM has to be regarded as positive. This means that the formal part of the organization has a relatively high impact, although there are several aspects that need to be improved, such as the enforcement mechanism.

The informal mechanisms are not much of an issue here, like in LAIA or NAFTA, even though several aspects have elements of informal conflict management. There are few open conflicts, but this is more due to the US involvement in the region than CACM and the formal mechanisms. There are, however, apparent confidence-building consequences of the initiated cooperation and trade liberalization that has impacted the governments informally, but as in the prior case in the Americas, this is more due to the formal regulations and US than anything else. There is a clear advantage for the formal mechanism in all areas and where this does not work in CACM, then NAFTA or US is engaged to manage and resolve conflicts. The legitimacy and impact levels of the informal mechanism are therefore low, if one excludes external variables such as US. The informal leadership of US has functioned effectively as an informal CMM in questions relating to political disputes and security issues.

Figure 4:16: CACM's impact on the CMM

	<i>Low impact</i>	<i>Medium impact</i>	<i>High impact</i>
<i>Formal</i>	Enforcement	Implementation Predictability Legitimacy	No competing mechanism
<i>Informal</i>	No competing mechanism Legitimacy Supercedes the formal	Confidence building	Open conflicts

On a theoretical note, the realist perspective fails to explain why there is regional cooperation in Central America, and more so, why there is an established conflict management mechanism in the region. There is no direct threat from any of the neighboring nations, and when a possible threat (communism) was present, cooperation and alliances were stalemated in the region (for other reasons than communism). What could be explained with the realist notion, is the reliance on the stronger power, US, in all interaction. This applies even if the role of US is phased out, as CACM

and other Latin American cooperation structures are increasingly successful and the Communist “threat” is contained to Cuba. US actions in the region are, according to the realist perspective, against the logic to dominate. US seems more interested in engaging CACM to strengthen the region by increasing stability and trade, which US would benefit from in the long run.

An interesting point is that the Central American states could not proceed with cooperation without a stronger state that could act as the leader, due to their relative equality in size and power. This is in contrast to the liberal notion that a strongly asymmetrical relationship is negative for cooperation; here the symmetry is stalemating cooperation. This is also against the realist notion, since US is not attempting to dominate the region, as it has done in the OAS. There seems to be positive cooperation between stronger and weaker states.

The normative effects of free trade and liberalization are as apparent as they have been in all prior organizations in this thesis. The convergence of norms, values and political ideals has created closer cooperation and a more positive environment than the Cold War did. It is also apparent that the changes happened, as in the other organizations in this thesis, after the Cold War and the relaxation of great power domination. In the case of US, it does not have the same need to control and dominate regions, as it had when the Soviet Union was a direct threat to US influence and control.

### 4.7.3 Andean Community

The Andean Community is an economic and social integration organization that aims at creating economic and political development for the member states (Rosell, 2002). The Andean Community was first established through the Andean Group (also called the Andean Pact) on May 26, 1969, when the current members signed the Cartagena Agreement that would establish a Common Market (Andean Community, 1969).<sup>230</sup> The idea of the organization emerged, however, earlier in 1966 with the Declaration of Bogot signed August 16 (Andean Community, 1966). Mattli has argued that the initiation of the Andean Group was not due to external threats from other regional cooperation structures but much more due to the

#### Short guide to the Andean Community

Founded: 1981 (1960)

Number of members: 11

Total population: 113 million

Budget: Not available

Total trade: US\$ 58bn (exp.), US\$ 40bn (imp.)

Intra-regional trade (%): 8.6 (exp), 15 (imp.)

% of world Trade: 0.0091 (exp.), 0.0060 (imp.)

Secretariat: Lima

Decision-making process: Legal

Objectives: Economic and political development for the region.

Sources: World Bank, 2001: 169-170, 175, 333; UN, 2002 (population)

<sup>230</sup> Initially the members in the Andean Community were Bolivia, Colombia, Chile, Ecuador and Peru. Venezuela joined later and Chile withdrew in 1976. In September 1995 Panama applied for admission to the Andean Group and presently has observer status.



failure of LAFTA (Mattli, 1999:148). This is true, but it was also a reflection of the failure of cooperation at large in the region, such as OAS.

The initiation of the Andean Group was to a large extent a failure in the early years; the intra-regional trade was as low as 1.2 percent in 1970 and in 1985 it had grown to a modest 3.2 percent and 4.1 percent in 1990 (World Bank, 2001:191). This increased in the 1990s, and in 1999 9.3 percent of all trade was intra-regional (World Bank, 2001:191). The previously low, now modest intra-regional trade was due partly to the naturally high transaction costs, which were caused by geographical inaccessibility between the different member states.<sup>231</sup> Another reason, apart from the high reliance on foreign markets, primarily Europe and US, and the increased costs of changing focus to intra-regional trade, is that the regional trade is to a large extent incompatible. Finally there is the question of leadership. As seen in many organizations, the lack of clear leadership is a problem for deeper integration and regionalism. In the case of the Andean Group the lack of leadership meant that the organization never took off in the 1960s or the 1970s. At the time, there was no trust among the actors, and internal disputes and financial problems dominated. There were unsolvable problems regarding tariffs and the coordination of institutional arrangements.<sup>232</sup> The political disputes between the states were destabilizing and stalemated every new serious effort at integration.<sup>233</sup>

In the late 1980s the Andean group began to change its mode of cooperation and integration; the organization abandoned the earlier protectionist tendencies in favor of a more free-trade oriented approach (SAC, 2002), although the institutional structure was not altered to fit the new tactic. In 1987, the member states realized that the only way to create real integration and cooperation was to restructure the organization. This resulted in the Quito Protocol that was a visionary protocol but also a practical instrument that established, among many organs, the Tribunal of Justice (Andean Community, 1987).<sup>234</sup> The later Galapagos Declaration in 1989 constructed several important mechanisms for increasing the trade between the members and create a supply-demand driven integration (Andean Community, 1989).<sup>235</sup> This was later

---

<sup>231</sup> The trade in the region is severely handicapped by the geography with little infrastructure that ties the region together. This has been a problem for Andean interaction and great efforts have been made to resolve this. The primary effects are in the creation of functional sea lines of communication. For more information see: Kearns, 1972, Mattli, 1999.

<sup>232</sup> For more information in this issue see: Mattli, 1999:147-149.

<sup>233</sup> Interviews with Senior Officials at OAS, CACM, Andean Community and LAIA, 2001-02.

<sup>234</sup> The Andean Court of justice had already been added to the organization in 1979 (Andean Community, 1979), although it was largely ineffective for the first decade of its existence. .

<sup>235</sup> Peru temporarily left the Andean Group in 1992 but created a Free Trade Area with Bolivia and bilateral agreements with all other members. It has been permitted to keep its own tariff system. The return to the organization has been progressive but it is unclear how much of the membership Peru has accepted in this second application, and the unclear status of Peru is disturbing for the development of the Andean Community. What is clear is that Peru has until 2005 to reintegrate fully in the Community and to create formal arbitrational mechanisms to settle internal disputes.

reinforced by political efforts that could best be seen in the creation of the Andean Community in Trujillo 1996 (Andean Community, 1996). Through the Trujillo Treaty, both political and economic functions were integrated in one organization. The charter still needs to be ratified by all member states (Andean, 1997b).

Rosell has argued that 1996 was the year of true institutional reform (2002). The Trujillo Treaty states that all bodies of the organization will be brought together into a coherent and coordinated system, the Andean Integration System (Andean Community, 1996). The organization has developed legislative, executive and judicial powers, far beyond any other regional organization in this thesis. OAS has the power to act in domestic conflicts if democracy is threatened, but this power is limited to rather unique conflicts, whereas the Andean structure stretches from conflicts between companies to inter-state conflicts. The only comparable organization is EU, although EU has gone much farther in its integration.<sup>236</sup> It is important to note the supranationality of the judicial system and the use of direct application rule.<sup>237</sup> Rosell has noted that the pre-eminence of Andean law over domestic law is substantial (2002). The example used is the verdict in Proceeding 3-AI-96 where several prominent jurists have been cited, and the court ruled that Andean Law will always prevail over national law, irrespective of the hierarchical level of the latter. The legal implication of this is immense and is only comparable to EC (European Community) before the creation of EU. Since this is a relatively new development, the outcome is still unclear, but on paper the organization seems to increase in efficiency.

There are some potential problems with the members of the Andean Community, as Mercosur and the Andean Community compete for memberships, and it is unclear if membership in both organizations is compatible. Bolivia has a membership in both organizations and this has created some disputes between the members, and potentially between the organizations. There is also a risk that some members should leave the Andean Community, if the organization would try to implement a politically sensitive integration in the region. The problem could, however, also be the opposite, and the Andean Community could benefit by states defecting from Mercosur. The

---

<sup>236</sup> In this section, the Andean Community will be compared to EU in several aspects, but it is not argued that the Andean Community has reached the level of formality of EU, or that it is comparable in all aspects. The reason a comparison is made is to exemplify the distinct differences between the Andean Community, which attempts to develop EU like supra-national powers, and the economic cooperation in the other organizations that are much more limited to state-to-state jurisdiction, that is extended in small portions to the regional organizations. It is clear that the Andean Community has to increase integration and coordination if it is to accomplish an EU-level of integration in the future.

<sup>237</sup> "Direct application," as the first characteristic deriving from the concept of supranationality, has its legal basis in article 2 of the Court Treaty in force and in the Cochabamba Protocol amending that Treaty, which stipulates that "the Decisions are binding on the Member Countries as of the date of their approval by the Commission." Article 3, for its part, states that "the Decisions of the Commission shall be directly applicable in the Member Countries as of the date they appear in the Official Publication of the Agreement, unless those Decisions stipulate a later date..." (Rosell, 2002:3)

clear separateness between Andean Community and Mercosur is positive for both organizations. Mercosur has a limited focus on initiating a Customs Union without political goals, and the Andean community has a more diverse goal with social, economic and political consequences.

Despite the fact that intra-regional trade is relatively modest, it has reached over 10 percent in 2000 (WTO, 2001:25). This increase is to a high degree a result of the increased and improved legal framework and the political willingness of the political leadership among the Andean Community.

Figure: 4:17: Andean Community intra-community and world trade

	1990	1999	2000	2001	1999-2000	2000	2001
	Millions of dollars				Annual % of Change		
<b><i>Intra-community trade</i></b>	1325	4812	3866	5199	14	-28	32
<b><i>World trade</i></b>	29808	34752	39515	52785	6	17	34
<b><i>Total export</i></b>	31133	39564	43381	57904	6	11	33

Source: WTO, 2001: 25, 169-170, 175, 333.

This is not to say that the leadership has come to an agreement on each and every question, but today there is an established legal framework that could deal with disputes that arise from conflicts over interpretation. As in all other Latin American organizations, there is little complementarity and the Andean Community members need to diversify their economies to increase the trade integration.

The structural developments are, as mentioned, significant, and particularly interesting is the creation of the Andean parliament. This organ is comparable to the European parliament and its functions are far-reaching; it will act as the deliberative body and represent the people of the Andean Community. The representatives will be elected by a universal direct vote for a five-year period. The parliament has been fully implemented, but the effects are still unclear (Andean, 2002). The highest-level body of the Andean Community is the Presidential Council. It is responsible for issuing guidelines about sub-regional cooperation and international relations, which are then implemented by the appropriate subordinate body. The Andean Council of Foreign Ministers is the political body which ensures that the foreign policy of the Andean Community and regional integration is carried out. This is based on recommendations from the Presidents but also from the Commission, which is the main policy-making organ in the Andean Community. The Council and the Commission share the legislative role of the organization. The General Secretariat is the executive body of the Andean Community and has the power to propose and initiate suggestions for changes in the organization. Finally, the Court of Justice ensures legality of the

provisions, interprets Community law and settles disputes. There are more organs in the organization (see appendix 2), but those mentioned here are the most important.

#### **4.7.3.1 Conflict management in Andean Community**

It is clear that the existing forms of conflict management and conflict resolution are different from the rest of the organizations in this thesis, due to its supranationality principles and direct application. The Andean Community is also the only organization that has both an economic and political dispute resolution mechanism (Rosell, 2002:4). There are, however, some difficulties with transparency and predictability; the member states will have to work with these to make the conflict management mechanisms fully effective.

The mechanisms behind the dispute resolution and management functions are primarily spelled out in the Cartagena Treaty and the Protocol of Cochabamba (Andean Community, 1996). The complexity and length of the articles that regulate the conflict management process prohibit the author to add the full articles in footnotes and the reader is therefore directed to the documents that are cited in the text, with the exception of a few articles that will be quoted directly in the text. What is generalizable with all references and applications of management and resolution mechanisms, is that they are based on legalistic principles and therefore highly formal.

It is interesting to note, in this structure, that it is not only member states that could take cases to the regional courts according to article 25 of the Cochabamba Protocol; any natural or juridical person can take a case to the General Secretary (Andean Community, 1996).<sup>238</sup> The legal effect overrides the national courts and the member states are not only obliged to adhere to the ruling, but are also obliged to enforce the judgment (Andean Community, 1996).<sup>239</sup> The legal impact includes economic, social and political areas which makes the Andean Community the most integrative organization in the region. The organizational largeness has created problems in the areas of transparency and predictability, as it has done in the other large integration scheme, EU. It is necessary for the Andean Community to increase the level of transparency and predictability to fulfill the goal of a community spirit, and this is far more difficult than simply creating a common market, since the political process tends to be more complex, with social, economic and political aspects to consider. Rosell has argued that the challenge of the Andean Community is to reinforce the legal stability to enhance the level of transparency and predictability in the region (2002).

---

<sup>238</sup> Article 25: Natural or juridical persons whose rights are affected by the failure of a member country to comply may take their case to the General Secretariat and to the Court, under the procedures provided for in Article 24.

<sup>239</sup> Article 36 of the Cochabamba Protocol: The member countries of the Andean Community will oversee the enforcement of the provisions of this treaty, and in particular of the observance by national judges of that which is set forth in this section.

The legal framework has decreased the transaction costs, and increased confidence between the member states. The economic transaction costs are important, but the political transaction costs have been even more crucial since the Andean Community has attempted to create far-reaching integration in a relatively short time and with a limited budget. There are, however, flaws in the legal structure that need to be resolved, but in comparison with the other regional organizations in this thesis, apart from NAFTA, they are minor.

The positive effects are that the organization has achieved supranationality, both legally and politically, that has begun to create a common feeling of an Andean Community. This has created a normative effect on cooperation and integration among the member states. The drawback is clearly that the Andean economies are not natural trading partners, and they compete with rather than reinforce each other. Before a deeper regional economic integration can take place, the economies need to diversify and develop. The political integration and regionalism have, however, gone further and the creation of a Community is high on the agenda of the members. It will, however, not be possible to further the political integration without economic incentives or external threats.

Moreover, there is the democratization process that has functioned as conflict managing. The argument is not that democracies are more peaceful than non-democratic states, a conclusion that seems hard to apply in Latin America, where peace has prevailed both in times of democracy and non-democracy (*cf.* the democratic peace argument). The free-trade friendly environment seems to be more of a reason for cooperation and the lack of conflicts (compared to the Asia experience), but the fact that all states share the same political system has had stabilizing effects. The elective processes to the Andean parliament and the democratic procedures for the rest of the organs in the Andean Community, increase the legitimacy for the organization and increase the conflict management effects (Andean Community, 1997). The elected General Secretary has, for example, the possibility to resolve issues submitted for consideration, with help from the parliament if he finds it necessary to reach a solution. Many times, this takes the form of either mediation or adjudication and his proposals have been accepted by the disputing parties in all cases it has been used. The General Secretary has the only informal function in conflict management through mediation, but this mechanism is considered subordinate to the formal process and is only used in political dispute, that could threaten the integration in the region.

#### **4.7.3.2 Analyzing the linkage between the Andean Community and CMM**

The creation of the Andean Community is a positive development, if the region is to have real integration and regionalism. Despite the very good intentions, there are problems in furthering the integration, and policy coordination and regional redistribution stand out as the more difficult

problems to solve (Mattli, 1999:161). Mattli has a relatively negative view of the Andean Community due to the lack of economic interaction, but considering the high level of legal integration and the political components of the Andean community there are clear indications of success. The conflict management and resolution mechanisms in the organization are effective, especially in the formal setting. The economic integration and cooperation have, however, been modest and could be considered to be a failure, due to the low level of intra-regional trade, but the social and political effects are relatively high and it is impossible to separate them as the Andean project aims at creating a Community, with social and political integration as well as economic integration. Finally, the institutional structure is far more advanced than in most other organizations, and should be compared to EU rather than LAIA or CACM. It is clear that there is a long way to go and all states need to actively participate in the organization to a full extent, by ratifying all treaties and fully complying with these in order to make it fully successful.

The mixed goal of increased economic integration and social and political integration is only found in the Andean Community in this thesis (*cf.* East Asian and the other American experiences), but there are bound to be problems to solve. It is clear that the institutional changes that took place in 1996 have been positive, despite the fact that full democratization of the Andean parliament is not accomplished and other structural delays due to the complexity of the Andean Community. There is, however, a need to increase the openness and predictability as the organization increases in political and economic weight in the region.

Analyzing the formal mechanism it is clear that the implementation has been relatively good, but there are some treaties and protocols that have not been ratified by all states. This is a problem in all organizations, but with a far-reaching goal such as the Andean Community, it is imperative that all treaties are ratified and enforced. How much this in practice means, is more questionable; there are some exceptions to the regulations but all states tend to adhere to the principles of the organization. There is, however, competition between Andean Community and Mercosur, for example Bolivia is a member in both, and if Mercosur proves more effective, or if some members consider the Andean Community too far-reaching it could decrease the membership in the Andean Community or national commitment. Moreover, there are competing structures in the bilateral trade agreements that have been made between, for example, Peru and Bolivia. The enforcement capability of the organization is very high, due to its supranationality and strict legal focus. The predictability of the organization is therefore much higher than most organizations, excluding NAFTA, but as the integration and regionalization continue it is important that the predictability and openness continue, or there will develop a gap between expected outcomes and reality. This in total creates a great deal of legitimacy for the Andean Community, although the lack of economic integration could threaten its legitimacy.

Informally there is, as in the other organization in America, little effectiveness and the formal mechanisms supercede the informal in all aspects. There is a lack of open conflicts in the region, however this is not due to the cooperation, but to reasons discussed in the earlier sections. There are some confidence-building effects of the organization but they derive from the formal mechanisms and the integration results at large. The formal mechanism supercedes the informal to an extent that the informal mechanisms are almost rendered useless, with a few exceptions. This makes the legitimacy and efficiency of the informal mechanism low. There seems to be a reluctance to accept informal mechanisms in all American organizations, and a clear preference for the formal due to its strong focus on legal structures. This should be viewed in comparison to the Asian experience that has proven to be much more informal. The General Secretary of the Andean Community has been known to act informally in political issues as a mediator, but this function is secondary to the formal structures.

Figure 4:18: The Andean Community's impact on the CMM

	<i>Low impact</i>	<i>Medium impact</i>	<i>High impact</i>
<i>Formal</i>		Implementation No competing mechanism	Enforcement Predictability Legitimacy
<i>Informal</i>	No competing mechanism Legitimacy Supercedes the formal	Confidence building	Open conflicts

In a short theoretical note, it is apparent that it is difficult to theoretically explain the relative success with trade convergence and the increased benefits from larger markets and lower tariffs in the Andean Community, since the economic benefits are relatively low and the regional states would benefit from decreasing the tariffs with EU or US. The realist likewise has a problem explaining the increased cooperation after the end of the Cold War and the current lack of potential conflicts. What seems more probable as an explanation are the increased benefits from trade and cooperation at large, with convergent norms and liberalization efforts. It is still the liberal notion that can explain, but trade cannot exclusively explain this development. Political and social development and convergence on a regional level become more important. Constructivist ideas of the convergence of norms and values, and individual leaders' ability and willingness to create regional integration and regionalization for the better of the nations plays a role in explaining this process.

The economic transaction costs have a role in the explaining equation, but they are not as important in this region as they would be in APEC, as the regional trade is relatively modest and the barriers in the Andean Community are natural (geography) rather than artificial tariffs and

taxes. There are, however, gains in the political and social sphere with this integration and as the military and political transaction costs decrease, more capital is freed and this creates trust as a result of the increased interaction and demilitarization. The social, economic and political systems in the region reinforce each other in their attempt to increase development and political stability, but only as long as the process is legitimate.

#### **4.7.4 Conflict management in Latin America**

Latin America is the region with most regional organizations in the Pacific Rim, at the level this thesis analyzes, and there are several mechanisms that focus on conflict management. These are, however, primarily for economic disputes and directed towards conflict resolution. There are a few exceptions, the Andean Community being one. This is the only regional organization that has the mandate to deal with economic as well as political and social disputes, and which includes non-state actors in all legal aspects. The Andean community has gone much further than all other Latin American organizations studied in this thesis, with the supranationality and pre-eminence of the Andean legal framework over the national. The only other organization that has this power in the region is OAS (Americas), which can intervene in a conflict when democracy is threatened, although this mechanism is much more limited than the far-reaching mechanisms of the Andean Community. The economic mechanisms in the region are to a great extent limited by the regional infrastructure and low level of intra-regional trade, which forces the regional economies to focus on US and on bilateral trade agreements that give more in return. There is no effective regional organization for economic dispute settlement or conflict management that includes all of Latin America; LAIA is only partially successful and bilateral treaties with US, NAFTA and the other regional economies are more effective.

The other mechanisms are extra-regional in the form of US, NAFTA and OAS; especially US has had a direct impact on many of the regional conflicts in Latin America. This has been either through OAS, or simply unilaterally by economic or military means. US actions in the region have taken the form of informal consultations or military actions. There is no formal mechanism that extends the right to act in political and military disputes in the region with the exception of OAS resolution 1080, which enables OAS to act when democracy is threatened. US has misused its powers, according to the Latin American states, and acted unilaterally in several conflicts in the region. The external factor can, however, not be underestimated, as Latin America is heavily dependent upon US, both economically and politically. There seems to be little potential for the Latin American states to break away from the dependency on US, as long as the regional economies are incompatible and produce more or less similar products.



There is a clear preference for formal conflict management and conflict management mechanisms; it is not even possible to find one single effective informal mechanism that supercedes the formal mechanisms. This should be seen in contrast to the East Asian experience, where the informal supercedes the formal in all organizations. In this case, North America and Latin America produce similar results, with a high degree of formality and legal structure. Formal dispute-resolution mechanisms make the need for a conflict management mechanism less acute, as informal mechanisms tend to create less predictability and the economic development is dependent on this. The need for formality and legality is a direct consequence of the fact that the Latin American organizations, except the Andean Community, primarily deal with economic integration that is extremely sensitive for transaction costs and that Latin America is driven by a legalistic culture.

In a sense, trade has truly acted as a management mechanism since states have created a structured and legitimate legal framework to avoid transaction costs. The initiation of functional legal structures will have unavoidable effects on the political and social structures, especially since US is actively working for this. In the Andean case, the attempts at economic integration had spillover effects on the political and social sector, which now has developed a supranational mechanism for conflict resolution. The intra-regional trade is, however, relatively low and this decreases the usage of economic mechanisms.

It is evident that Latin American states are directly focused on formal conflict management (legal interpretation), more specifically conflict resolution. There are very few institutionalized informal mechanisms, other than the effects, such as economic development and social stability, which the formal integration has created. There is, without doubt, informal interaction between the leaders of the Latin American states and this will have a direct impact on the conflict management, but these efforts are subordinated to the formal mechanism. The legalistic tradition in Latin America is very apparent, despite some problems with the implementation of the organizations.

#### **4.7.5 Concluding thoughts on Latin America**

The Latin American region has several mechanisms for regional CMMs. The only organization that covers the whole of Latin America is LAIA, which is the organization with the least impact on the CMM. CACM and the Andean Community are limited to sub-regional CMM and a smaller membership. There is a preference for economic issues in the region, in conformity with NAFTA, although the Andean Community has far-reaching political aspirations and regional CMMs. The only supranational organization in the region is the Andean Community, which has developed a CMM with far-reaching formal CMMs and an enforcement power that follows the region, the

other organizations are more dependent upon their member states. All organizations in the region have a preference for formal CMMs and the informal mechanism has, on the whole, a low impact.

Regional trade has been a negative factor in regional integration and CMM, since the intra-regional trade is relatively low and primarily directed towards US or Europe. This has made the focus on intra-regional mechanisms less important, but as most states in Latin America would like to diversify their trading patterns a regional CMM is increasingly important. State characteristics are both negative and positive variables, the negative are the internal instability and the relatively protectionist tendencies that have been prevalent in the Latin American region, at least up to the 1990s.

The relative weakness that characterizes the Latin American state, is on the other hand positive, as the Latin American states have a relatively peaceful regional environment due to the focus on internal problems, rather than external. Latin America is a relatively peaceful region, in an international perspective, and there are few inter-state conflicts. There are a few more intra-state conflicts and they have caused a higher level of casualties and social destruction, but despite that the region has to be characterized as relatively peaceful. The lack of inter-state conflicts in Latin America has been attributed to the weak state, and it seems that the Latin American states have been unable to mobilize nationalistic support and troops for external wars due to their weakness. There have been indications that weak states are reluctant to engage in formal conflict management and deeper integration. Although many of the weaker states seem to be successful in formal dispute resolution, the weakness of the states is still a problem if the integration is to deepen. Then the question is whether there will be more conflicts as the states stabilize and develop?

Tilly has argued that states make war and war makes states (1975:42). This should be contrasted to the case of Latin America where there are almost no regional conflicts, and relatively few internal conflicts, in combination with weak states with few nationalistic characteristics. The correlation between peace and the lack of traditional, aggressive, state characteristics could imply that Latin America is peaceful due to the lack of such state characteristics (Centeno, 2002). This lack of relative aggressiveness in the regional system has made it comparatively easy to initiate regional cooperation and multilateral CMMs. There seems to be little evidence that Latin America would initiate more wars if the states became stronger, since the Latin American states are not “natural” enemies as Sweden-Russia, Japan-China, Germany-France etc have been, and there is no socially created hatred over the borders. The borders are moreover stable, with a few exceptions. Comparing an old map from the 19<sup>th</sup> century with a new map from the 21<sup>st</sup> century, the similarity is striking, with a few exceptions such as the disappearance of Gran Colombia. Regional integration and increased trade would, however, decrease the likelihood even further that there would be any conflict in the future.

The conflicts today are internal, but it seems that the very weakness that saved the region from inter-state conflict, created intra-state conflicts. The internal weakness could be attributed to the realist perspective that the lack of common governance (in this case at the state level) is the reason for increased conflicts, especially in the light of a peaceful international environment. It seems to be the absence of a state that has created much of the internal conflicts in the region. This would indicate that the state has to be strengthened before the internal conflicts in Latin America can be solved. Regional organizations have to increase their power in regional conflict management and conflict resolution in the light of the weak states. Weak states tend to refuse external intervention, as it would have far-reaching consequences for the state itself.

Supranationality has, however, been tried both by OAS and the Andean Community in the political and economic sector. The supranationality in OAS could be explained by the strong leadership role of US and its new approach to refrain from unilateral actions. The Andean Community is more difficult to explain, except through increased trust and a relative equality in power and financial strength, and the alternative would be to join an organization that larger states such as US or Brazil controlled. This would, however, not explain the far-reaching integration and the attempt to create a Community rather than simply an FTA or Common Market. This success has to be attributed to the leadership within the Andean states that has showed strong political will and they have relentlessly worked for integration and cooperation. The other regional organizations intend to create more economic development and intra-regional trade, which will help to manage internal conflicts. They, however, lack the social component that, especially, the Andean Community has in its charter and actively works to improve, and the committed leadership and political will that has proven crucial in many cooperation attempts outside Latin America. The level of trust is, however, relatively high in all Latin American organizations, especially compared to East Asia.

There is a common conflict management culture in Latin America that is based on the legalistic tradition that characterizes all regional organizations and CMMs. There are different levels of formality among the different cooperation structures and CMMs, but it is clear that the formal mechanism is strongly preferred to the informal mechanism. This has made it easier to implement and enforce the CMM structures (compare to the Pacific Rim).

If we were to compare different attempts at regional economic integration, it is clear that the integration in the Americas has developed in a different way than in East Asia. The economic integration in the Pacific Rim has been developing without any important trade discrimination in stark contrast to the other regions in the world (Drysdale & Garnut, 1994:48-50). The effects on trade discrimination in ASEAN have so far been minor, even though the decision in 1991 to develop an ASEAN Free Trade Area could have significant effects (Asian Development Outlook 1996 & 1997). The Americas, and especially NAFTA, have been much more focused on intra-

regional trade within the regional organization, than opening up borders (Jarreau, 1999). In political integration, the American region has some success through the formal structures of OAS (resolution 1080) and the Andean Community; the East Asian region has not attempted to go in this direction, although there has been some success in informal cooperation and conflict management.

## **5. Empirical conclusion and theoretical development**

The last chapter is divided into three different sections: The first deals with the topic of which variables that can explain how and why regional cooperation interacts with the CMM. The second section is devoted to the question of whether regional characteristics impact on regional cooperation and conflict management. The final section deals with theoretical and methodological implications and a final caveat.

The results in the individual case-studies have to be systematically compared and analyzed to understand how the region and the organizations have impacted on the CMM. It is clear that there is an impact, but to what degree or which variables influence the interaction needs to be further analysed. We have seen that the interaction is both positive and negative, as exemplified by the extreme cases of North America and Northeast Asia. Thus, regional cooperation impacts on the conflict management mechanism in different ways depending on which variables that are involved and how they are applied. There is, moreover, interesting variation between the different regions and regional organizations studied in this thesis. Therefore it is necessary to separate the empirical analysis of organizational and regional impact on the CMM. The departure point will once more be figure 1:1 that was presented in the first chapter, but here the analyses will begin with regional organizations and CMM (question 2), as this is the main focus and it could be dealt with in a more general way. Then this chapter moves over to study the possible implications the regional structure has had on the CMM more specifically (question 1).

### **5.1 Empirical conclusion**

The political developments in the Pacific Rim in the 1990s are an indirect result of the end of the Cold War and the changed interaction, from ideology and security to trade and political development. Moreover, the financial crises that struck the region at different times in the 1990s pointed to the need for increased economic cooperation and integration. Economic superpowers, such as US and Japan, were initially against regional organizations, since they believed that they would decrease their relative power. After the financial crises in the 1990s they realized that it rather would improve, if their external markets were more stable. Moreover, they would not have to intervene with economic aid to, according to their perception, rescue each and every state.<sup>240</sup> For US and Japan it was simply good business to support new economic organizations that could deal with economic problems. It should be noted that the Pacific Rim focus has been on economic cooperation, rather than political cooperation (Mattli, 1999; Wanandi, 1996).

---

<sup>240</sup> Interviews with US Senior Officials in Boston and New York (1998-09; 1999-04; 2000-06, 07) and Japanese Senior Officials in New York and Boston (2000-06, 07).

The environment for regional cooperation, multilateral conflict management and resolution mechanisms improved dramatically in the Pacific Rim after the end of the Cold War. The end of the Cold War marked the end of the ideological struggle that has characterized much of the Pacific Rim since the end of the Second World War, and new cooperative structures were rapidly put in place, or improved. This process started earlier, before the fall of the Soviet Union, but in the 1990s it was clear that political ideology did not influence the region to any greater extent. Free-trade, economic liberalization and multilateral conflict management and resolution were the new paradigms, very much a re-birth of Smith's free-trade ideals. There is, however, a variation in the degree of impact in all organizations and regions, but a regional cooperative climate is apparent in almost all regions.

### **5.1.1 Regional organizations and CMM**

This section will discuss the interaction between regional organizations and CMM in a general way and in the next section the regional aspect will be added. In all cases analyzed there is evidence that there is an interaction between regional organizations and CMM. First, it is clear that any organization needs effective conflict management mechanisms to handle disputes, formal or informal, if regional organizations are to function effectively. The question being one of how these mechanisms is constructed, i.e. informal or formal structures. Examples of, high impact organizations in which their impact derives from their mechanisms to handle disputes, have turned out to be ASEAN (informal CMM) and NAFTA (formal CMM). This while APEC (informal CMM) and LAIA (formal CMM) have, on the other hand, turned out to have a low impact due to their lack of functional mechanisms to handle disputes. Second, it is equally clear that an effective organization is needed if it is to have a high degree of impact on the conflict management and conflict resolution mechanisms. Examples of lack of impact are APEC that has been stalemated in its organizational structure and decreased in importance; the same was true for the Andean Community and CACM before their institutional restructuring.

Figure 5:1 gives an overview of the pattern from the case studies; at a first sight the results are hardly thrilling. There is a relatively even spread of the organizations in the figure although there is a modest tendency towards low impact, but this has not taken into consideration the division in origin of the organization or the objectives, i.e. economic or political organizations.

Figure 5:1: Observations on the impact variables from the case studies<sup>241</sup>

N=9 cases (organizations), 10 indicators (operationalized in figure 2:6) and 90 observations

The observations are derived from the analytical section of the case studies in chapter 4.

The model is a development from figure 2:6 in section 2.4 and is based on the variables that are used to measure the impact from regional organizations on CMM.

Formal		Low	Medium	High
	No competing mechanisms	<b>ASEAN, LAIA</b>	<u>APEC, ARF,</u> <b>ASEAN+3</b>	<i>Andean, OAS, NAFTA,</i> <i>CACM</i>
	Legitimacy	<u>APEC, ARF,</u> <b>ASEAN+3, ASEAN,</b>	<i>OAS, LAIA, CACM</i>	<i>Andean, NAFTA</i>
	Implementation	<u>ARF, ASEAN+3,</u> <b>ASEAN</b>	<i>Andean, APEC,</i> <i>CACM</i>	<i>OAS, NAFTA, LAIA</i>
	Predictability	<u>APEC, ARF,</u> <b>ASEAN+3, ASEAN</b>	<i>OAS, LAIA, CACM</i>	<i>Andean, NAFTA</i>
	Enforcement	<u>APEC, ARF,</u> <b>ASEAN+3, ASEAN,</b> <i>LAIA, CACM</i>	<i>OAS</i>	<i>Andean, NAFTA</i>
Informal				
	No competing mechanism	<i>Andean, APEC, OAS,</i> <i>NAFTA, LAIA, CACM</i>	<b>ASEAN+3</b>	<u>ARF, ASEAN</u>
	Legitimacy	<i>Andean, APEC,</i> <i>NAFTA, LAIA, CACM</i>	<u>ARF, ASEAN+3,</u> <i>OAS</i>	<b>ASEAN</b>
	Confidence building		<i>Andean, APEC, ARF,</i> <b>ASEAN+3, NAFTA,</b> <i>LAIA, CACM, OAS</i>	<b>ASEAN</b>
	Supercedes the formal	<i>OAS, NAFTA, LAIA,</i> <i>CACM, Andean</i>	<u>APEC</u>	<u>ARF, ASEAN+3,</u> <b>ASEAN</b>
	Open conflicts	<u>APEC, ASEAN+3</u>	<u>ARF</u>	<i>Andean, ASEAN, OAS,</i> <i>NAFTA, LAIA, CACM</i>

It is difficult to say much about the impact with this information. Therefore, Figure 5:1 will be broken down to its components. The first variable that needs to be analyzed is the impact, since this is the variable that structures the analysis of each regional organization and their interaction with the CMM. Then we will move over to analyze the (in)formal, economic/political variables and finally the variables that were used to measure impact.

### Impact

The impact seems to be relatively modest considering figure 5.2, with 37 observations in the low impact categories and 26 on the high impact categories. This pattern suggests that the organizations and their conflict management capacity are more ineffective than effective. Adding

<sup>241</sup> In figure X, the **East Asian** cooperation will be written in **bold** and the *American* organizations will be written in *italics* and the organizations in the overarching region of the Pacific Rim will be underlined. This is to keep them visually distinct.

the medium impact observation to the low impact observations, it is clear that 64 out of 90 observations indicate that there are management problems within these regional organizations. This correlation seems to be strong, but requires the consideration of other explanatory variables.

Figure 5:2: Observing Impact  
N=9 cases (organizations), 10 indicators and 90 observations  
This figure is based on the results in figure 5:1

	<i>Low</i>	<i>Medium</i>	<i>High</i>	<i>Total</i>
<i>Formal</i>	19	13	13	45
<i>Informal</i>	18	14	13	45
<i>Total</i>	37	27	26	90

Moreover it seems that both the informal and the formal mechanisms have the same impact, which would indicate that there are no major differences between formal and informal conflict management. The results have to be more specified to be able to say something substantial, especially since it has been assumed (in chapter 2) that there is a difference between political and economic CMMs.

### **(In)Formal CMM**

When specifying these results in more detailed figures, arranged according to informal and formal, there is an even distribution between the impact on informal and formal mechanisms, using a disaggregated measurement (Figure: 5:2).<sup>242</sup> This could argue for the view that the formal and informal mechanisms differ to a very low degree, and that the structure of the conflict management mechanisms matters little for the organizations. Looking closer at this at the level of organizations, there is a different picture (Figure 5:3). The pattern is evidently more positive for formal mechanisms. 33 percent of all of the formal mechanisms are in the high impact category, in contrast to 11 percent of the informal mechanisms.

<sup>242</sup> This organizational level is an aggregated level where the observations in figure 4:1 have been put together (aggregated) into a measurement where we can see the impact of the informal and formal mechanisms in each organization. This is based on the conclusions in each of the case-studies (chapter 4). This level will later be further aggregated to only focus on the primary function of each CMM.



Figure 5:3: Controlling for informal and formal CMM

N:9 cases, 2 indicators (informal and formal), 18 observations.

This figure is at an aggregated level (see footnote 242) where the results from the 9 organizations, based on figure 2:6, have measured the impact in both the informal and formal mechanisms for each organization (18 observations).

	<i>Low</i>	<i>Medium</i>	<i>High</i>	<i>Total</i>
<i>Informal</i>	OAS, CACM, LAIA, APEC, ASEAN+3, NAFTA, Andean	ARF	ASEAN	9
<i>Formal</i>	APEC, ARF, ASEAN+3, LAIA, ASEAN	CACM	OAS, NAFTA, Andean	9
<i>Total</i>	12	2	4	18

This would indicate that the Western approach, that emphasizes formal conflict resolution, has empirical validity. This does not have a strict correlation since in the case-studies it was noted that several informal mechanisms had a higher impact than the formal. It seems, however, clear from the figure that 12 observations of 18 are low, this is especially apparent in the informal mechanism.

Analyzing figure 5:3 further we can observe that some organizations have a higher impact in the formal or informal function of the CMM. For example, ASEAN is high on informal and low on formal CMMs, while OAS is high on formal and low on informal ones. Defining higher impact as a reflection of the *primary* CMM function of an organization. Six organizations can easily be categorized: For OAS, NAFTA, the Andean Community and CACM the formal function is the primary one, for ASEAN and ARF it is the informal one. Three organizations (LAIA, APEC and ASEAN+3) are more problematic as both CMM functions end up in the low impact categories. In the case-studies we have seen that their primary CMM function is possible to identify, despite the fact that both functions are low. For LAIA it is the formal and for the other organizations the informal function that is the primary one. Identifying the primary function also implies that the organization has in fact chosen to work with either the informal or the formal CMMs. It is logical that secondary function had, in all organizations, a low impact. As observed in the cases-studies, in some organizations the secondary function was never applied. The primary function will therefore be the focus of analysis when examining if the impact can be explained with other factors such as the distinction between economic and political structures.

**Purpose of the organization: economic or political**

Figure 5:4 indicates that the political organizations have a higher impact on the CMM than the economic organizations, even if OAS could be termed as an organization with a intermediate impact. This pattern is interesting to note as it was earlier assumed that the political organizations are more inclined to use informal mechanisms and the economic organizations tend to be more directed to formal mechanisms (figure 5:3 pointed out that formal organizations have a higher impact than informal).

Figure 5:4: Purpose of the organization and the impact

N:9

This figure is based on the case studies in chapter 4 and the aggregated evaluation of the impact the organizations have had in the *primary* function of the CMM (9 observations), i.e. informal or formal. This is arranged according to the purpose of the organization, i.e. economic or political.

	<i>Low</i>	<i>Medium</i>	<i>High</i>	<i>Total</i>
<i>Political</i>		ARF	ASEAN, OAS, Andean	4
<i>Economic</i>	APEC, ASEAN+3, LAIA	CACM	NAFTA	5
<i>Total</i>	3	2	4	9

The political organizations have a high impact in 75 percent of all cases and economic organizations only to 20 percent. Combining this with the results of figure 5.3 it seems as political organizations primarily are formal, as the formal organizations have a higher impact on CMMs. This correlation has to be controlled against the variable of (in)formality. In contrast to what could have been expected, 50% of the political organizations and 60% of the economic organizations have formal CMMs (figure 5:5). This would clearly indicate that the combination of the purpose of the organization and the function of the CMM can not explain the variation between the organizations.

Comparing with the formal vs. informal variable there is a similar pattern in the economic vs. political variable; 3 of 4 political organizations have a high impact on the CMM contrasted to 1 of 5 of the economic organizations (figure 5:5). This would suggest that political organizations function well both with informal and formal CMM. In this case it should be noted that 50% of the political organizations use formal CMMs (OAS and the Andean Community) and in the case of the

economic organization APEC and ASEAN+3 are mainly using informal mechanisms and consensus.<sup>243</sup>

Figure 5.5: Organizational purpose and the primary function of the CMM  
N:9  
The figure is based on figure 5.4 and 5.3.

	<i>Informal</i>	<i>Formal</i>	<i>Total</i>
<i>Political</i>	ARF (Medium), ASEAN (High)	OAS (High), Andean (High)	4
<i>Economic</i>	APEC (Low), ASEAN+3 (Low)	CACM (Medium), NAFTA (High), LAIA (Low)	5
<i>Total</i>	4	5	9

When only focusing on the primary function of the organizations, the results seem to be much more positive than earlier expected (4 out of 9 organizations have a high impact). This is due to the fact that the secondary function always ended up in the low impact category and made it impossible to receive a clear picture of the outcome.

The question then becomes one of whether (in)formal variables and political/economic variables combined could explain something? It is clear that the informal economic organizations have a low impact (APEC & ASEAN+3, i.e. all informal economic organizations), but interestingly enough it is clear that both informal and formal mechanisms are effective in the political sector (figure 5.5). The informal variable thus has a high impact only in political organizations, and the formal has a high impact in both political and economic organizations. LAIA is the only formal organization that has a low impact on the CMM, despite the fact that it is both economic and formal. That the economic and informal combination is highly unsuccessful, explains some of the earlier low impact on economic organizations. Excluding APEC and ASEAN+3, as failed organizations, there would be much more symmetry between the (in)formal and economic/political variables. But even so, the economic/formal and political/informal assumption does not add up to a complete correlation. The political mechanism is successful in both informal and formal settings, and the economic formal mechanisms have a very diverse impact, ranging from low to high. This would imply that the political organizations have a higher degree of impact than the economic organizations: 75% of the political organizations have a high impact in comparison to 20% for the economic organizations.

<sup>243</sup> It should be mentioned that all the political organizations have economic goals as well, since economy is a natural part of politics, but not necessarily the opposite.

The informal conflict management mechanisms have shown to have low impact in economic disputes, since a management mechanism creates little openness and reliability, and most of the time lacks enforcement mechanisms. This can be seen in, primarily, the refusal to use informal mechanisms when involved in business disputes. Informal conflict management tends to increase the transaction costs, in comparison to conflict resolution, to a level where trade would be economically more attractive to conduct with other parties and through structured conflict resolution bodies. There are no regional differences in this sense, since trade in all regions is dependent on international standards and increased openness, as the margins for trade are decreasing and competition has become fiercer. Without doubt, there is a need for more formal (conflict resolution) mechanisms to deal with economic disputes, especially in East Asia. ASEAN (AFTA) has failed to integrate the region financially due to their lack of a clear conflict resolution structure that is appropriate for economic interaction, this can also be seen in Latin America, even though economic conflict resolution has improved immensely in all regions in the 1990s. However, the only truly effective economic organization in this thesis is NAFTA, with its highly legalistic principles. Moreover, the trade integration in the Pacific Rim is not caused by cooperative structures, but is to a high extent natural, although the liberalization effects have consolidated the trade pattern.

It has been argued in chapter 2 that the informal management mechanism often is the only acceptable mechanism for political disputes and conflicts. This was, at a general level, not supported in the case-studies. For instance, OAS and the Andean Community deal with political disputes in a formal manner. From the case-studies it is clear that the informal conflict management mechanism creates increased political and military transaction-costs i.e. increases the costs for security, but the alternatives to informal CMMs are in many cases not applicable, due to the lack of trust or for political reasons (for example ARF). The question of increased transaction costs has been an important factor in the creation of effective formal CMMs in the economic area. Although not explicitly stated, transaction-costs are applicable to the political sector where insecurity and non-predictable mechanisms increase the transaction-costs through increased military spending, alliances with other states etc. Effective regional organizations and formal CMMs would decrease the transaction-costs, such as in ASEAN and the Andean Community. If applicable to the situation, formal CMMs tend to decrease transaction-costs to a higher degree than informal CMMs. The Andean Community is one example that has reached a high level of dispute resolution in political disputes, and the OAS is another organization that has made it possible to act in cases where democracy is threatened.

Supply and demand (both economic and political) is crucial for the impact of the organization on the CMMs. The higher the supply and demand, the more impact it will have on the CMM. The Latin American organizations, and to a certain extent ASEAN, lack political and/or economic

supply and demand due to the low level of complementarity, and thus the economic organizations have less impact. ASEAN has, on the other hand, a high level of political supply and demand which gives it a high impact on the CMM. A high level of supply and demand increases the chances that any organization will be successful and therefore increases the political and economic support for the organization.

Another important factor concerning the question why there are variations in the impact among the regional organizations, can be traced back to the structure of the organization, i.e. political/military or economic organizations (Haas *et al*, 1972). Some of the economic organizations have proven to be organizations with a limited purpose (one-issue) which have attempted to apply a conflict management mechanism that would suit their purposes. Other organizations have been more versatile (multipurpose) and have tried to broaden the conflict management functions; political and military organizations stand out as the prime example on this. Keohane *et al* (1999:329-331) have pointed out that form follows function, and this would indicate that the complexity of the organization is a direct result of the function of the organization, i.e. informal (consensus-based) or formal (rule-based).

Figure 5:6: Complexity of the purpose and (in)formality of the CMM  
N:9

The figure is derived from the observations in chapter 4 and figure 5:5

	<i>Informal</i>	<i>Formal</i>	<i>Total</i>
<i>Limited purpose</i>	ASEAN+3 (Low)	CACM (Medium), NAFTA (High), LAIA (Low)	4
<i>Versatile (multipurpose)</i>	APEC (Low), ARF (Medium), ASEAN (High)	Andean (High), OAS (High)	5

The organizations with a limited purpose have only been effective in formal conflict management and conflict resolution (NAFTA), unlike organizations that have tried to incorporate more than one issue that have been effective in both the informal and formal sphere. In the category for the versatile organizations there are no economic organizations, with the exception of the stalemated APEC. It seems that economic structures function better in organizations with limited purposes, such as NAFTA, due to the high formality and predictability that an economic CMM would need to be effective. APEC stands out as an example of how even a loose attachment of political questions in an economic organization can stalemate the organization. Political organizations tend to be much more effective if they are versatile; in this thesis there are no political organizations with a limited purpose. The Cold War organizations had a much more narrow purpose, for

example ASEAN, but change is needed to sustain its functionality, and versatility has been one important change.

After analyzing the objective of the organization and the formality of the CMM, it is clear that there is a direct correlation between informal mechanisms, economy and low impact. It seems also clear that versatile and formal political organizations seem to have a much higher impact. In other respects there are less apparent results. Now the turn has come to analyzing the variables in the measurement of impact (see figure 2.6).

### **General impact variables**

There are few competing mechanisms in the formal setting and more competing mechanisms in the informal setting, and the importance of the organization has a direct correlation to the number of competing mechanisms: the fewer competing mechanisms the more important it is. Also interesting is the variation within the organization as to formal vs. informal mechanisms. There can, for example, be several competing formal mechanisms and thus a low impact. Still the informal mechanism can be without competition and thus have a high impact, i.e. ASEAN. If a mechanism is considered to be effective, the member states refrain from interaction with other mechanisms, but if the mechanism is considered less effective then alternative mechanisms are used or developed. Therefore it is logical that NAFTA and ASEAN have no competing mechanisms, in their primary function, but APEC has a great deal of competing mechanisms.

Considering both the informal and formal mechanism, it is clear that the impact of legitimacy is an important variable to measure the impact organizations has on the CMM. The cases where there has been a high impact (NAFTA, ASEAN & Andean) are also the most successful in this thesis. The legitimacy has been rather low in most cases, the exception being the three cases with higher impact (NAFTA, ASEAN & Andean); OAS has managed to impact the CMM despite a lower level of legitimacy. OAS is also the weakest of the four high impact cases. There is no difference between the informal and formal aspects, in either the economic or political aspects at a general level. The legitimacy for informal and economic CMMs are low in all cases and the political and formal organizations has all a high impact. In the case of formal economic and informal political organizations there are some variations. The explanation can be found in transaction-costs for the economic variable, but there seems to be less obvious explanations for the political variable, at this stage.

### **Specific impact variables**

Implementation, predictability and enforcement follow, more or less, the same pattern as legitimacy; they are important indicators if the formal mechanisms are to have any impact on the conflicts in the jurisdiction of the organization. Without a high degree of these three variables,

there is little chance for a high impact on the formal mechanisms, which is especially clear in NAFTA that scores high on each variable and LAIA that scores low on most variables.

In regard to the informal mechanisms, on the question of whether the informal mechanisms supercedes the formal it is apparent that this is an important variable as it strictly follows the pattern of high and low impact. This discussion follows the same logic as the prior discussion on competing mechanisms. Regardless of whether it is informal or formal CMMs, functional mechanisms tend to have no competing mechanisms and thus supercede the secondary function. The result is that organizations do not have dual mechanisms and the secondary function always has a low impact.

Confidence building and open conflicts are less appropriate measurements than earlier believed, and that this variation from the results does not affect the correlation. The fact that there are no open conflicts, does not necessarily have much to do with the informal mechanisms, and in all cases where there are no open conflicts and the informal mechanism has failed, the formal mechanisms have been effective in resolving conflicts, such as in NAFTA, OAS and the Andean Community. History and state characteristics (see especially Latin America and Northeast Asia) have proven more important than the mechanism itself. Thus, the variable of open conflict is not considered to influence the results. Similarly, the confidence building effects that have been noted in all organizations, derive as much from formal cooperation as from informal cooperation. Cooperation in itself creates confidence, not only the structure of the organization or the CMM, although a higher impact from regional organization on CMM increases confidence. Therefore it is appropriate to adjust the figure that showed the earlier pattern between impact from regional organizations and formal and informal mechanisms. With these corrections, the interaction between organizations and the structure of the mechanisms seems even clearer (figure 5:7).

Figure 5.7: Observing impact (revised)

N: 9 cases (organizations), 8 indicators and 72 observations. 2 indicators and 18 observations, from the original 10 indicators and 90 observations, are excluded after being considered less appropriate measurement. These are the informal indicators: confidence-building and open conflicts.

This figure is based on figure 5.2

	<i>Low</i>	<i>Medium</i>	<i>High</i>	<i>Total</i>
<i>Formal</i>	19	13	13	45
<i>Informal</i>	18	5	6	29
<i>Total</i>	37	18	19	74

Now the impact seems to be even lower than before, especially among the informal mechanisms that have been exposed to the adjustments. Looking at this pattern, it seems that the informal mechanism is relatively more problematic than the formal mechanism in the region. Without doubt

this is an effect of the informal/economic organizations that proved to have a very low impact on the CMM. This reinforces the results from figures 5:1 and 5:2 that the formal mechanisms clearly have a more positive result. In figure 5:7 there are, however, both the primary and secondary function of the CMM included which will give a overweight on the low impact side, since the secondary function of the CMM tends to be low in impact. On an aggregated level figure 5:4 would still be correct, since the adjustments were already taken into consideration in the case-studies.

### **Organizational impact**

In the case studies it was clear that the relationship between the regions, states, organization and the CMM is important for the impact. There are two relationships that are most important to note, and the first is the independence of the organization from the member states. In cases where the organization has been tightly attached to the states, it has had a lower impact on the CMM (ASEAN+3 and ARF); in cases where the organization has been relatively independent from the states, the success has been more apparent (NAFTA and Andean Community). Such independence is especially important in economic organizations, where impartiality and predictability is of particular concern. In political organizations there is a natural connectedness with the states, as the organizations are focused on integration of political and security matters. This can be seen even clearer in the relationship between the organization and the CMMs, which is the second relationship that is important to note. Economic organizations, such as NAFTA and CACM, are dependent upon even the conflict resolution mechanism being independent of the organization, to secure the highest possible impartiality and predictability. The political organizations rely to a much higher extent on the interconnectedness between the organization and the CMM, as there are no legally based principles to follow and most decisions are taken in consensus after discussion with the parties. To exclude the organization from the CMM process, would therefore not be possible. In this sense, there is a difference between the Andean Community and OAS and ARF, ASEAN, ASEAN+3. The American organizations and CMMs are more independent than are the Pacific Rim and East Asian organizations. This relationship will be explored more in detail in the section about regional impact.

### **Domestic and international influences**

In all organizations that have been established in this region, the international support has been crucial in their development and creation of a CMM. In the cases where there is no international support, such as the US refusal to accept an East Asian Economic Group prior to the financial crisis, there have been no successful cases of establishment of either an organization or a CMM. Domestic factors are just as important as the international support has been. Strong internationalist



oriented groups tend to make the CMM more effective and statist oriented actors tend to make the CMM less effective. The US tendencies towards isolationism and the Chinese refusal to engage multilaterally are examples of the statist orientation. The same states' international engagement and commitment to multilateral dialogue and free trade, are examples internationalist orientation. The changes are dependent on the leadership orientation and strong leaders, that are perceived as legitimate, can change the national policy and to a certain extent the regional policy. The stronger the state is in its cooperation structure, the more impact it will have. An extreme example is the US position within NAFTA: any political change within US will have a direct impact on the organization.

### 5.1.2 Regions and CMM

The next question is whether the regions have impacted on the organizations and the CMM. Looking at the number of organizations and CMM there are more in the Americas (figure 5:8). This would indicate that the region is more diversified than East Asia. The Pacific Rim is more diversified, by definition, since East Asia and the Americas are already sub-regions. It is not true that the Americas are more diversified, as North America and Latin America have been closely integrated economically and politically, in an asymmetrical relationship, and by OAS that has proven rather successful in integrating the region, especially after the Cold War. As noted, there is an impressive organizational complementarity between the regional organizations in the Americas that simplifies further integration.

Figure 5.8: Regions and the primary function of the CMM  
N:9  
The source for this figure is figure 5:5

	<i>Informal</i>	<i>Formal</i>
<i>Asia Pacific</i>	2	
<i>East Asia</i>	2	
<i>Americas</i>		5

The explanation has to be found somewhere else, and the lack of cooperation in Northeast Asia and the success of ASEAN seems to be the most important clue. Southeast Asia has refrained from creating other organizations since ASEAN has been highly successful, for regional purposes, and even if there is a need to create an economic mechanism for conflict resolution the ASEAN framework has proven to be sufficient to keep the region at peace. Northeast Asia, on the other hand is divided for historical reasons and by current political and economic competition. Northeast Asia exhibits, however, an impressive degree of economic interaction between each and every

state, including China and Taiwan, the interaction of which is under constant tension. The economic interaction is a result of elaborate bilateral schemes that tie the region together, although ASEAN+3 has begun to create something that could, at a later stage, replace the bilateral mechanisms with multilateral mechanisms. This multilateral effort has increased the level of trust and possibly decreased the economic transaction costs. The main obstacles for development are history, the power struggle and the position of Japan in the region, which has been dealt with in earlier chapters, but as South Korea's and China's economic positions improve, Japan becomes easier to sidestep for the other states in East Asia. This will give Japan incentive to cooperate more willingly with the East Asian states.<sup>244</sup> But as long as the current low level of trust between Japan and the other states continues to be low, there will be no formal mechanisms that include Japan, without security guarantees from EU and US. This pattern of distrust also applies to China, but to a milder degree, due to its growing military and economic might. The East Asian region generally suffers from an overall lack of trust between all states.

### Impact

The impact from the regional organizations is clearly higher in the formal mechanisms (as was seen in figure 5:3), which proved to be exclusively American organizations, than in the informal setting which is East Asian and in organizations from the Pacific Rim. The American organizations had a high impact in 60 percent of the cases and the East Asian 50 percent. The Pacific Rim organizations failed to reach the high level and ARF ended up at a medium level.

Figure 5:9: Controlling for impact in regions  
N:9

The source for this figure is 5:3, with an exclusion of the secondary function of the CMM

	<i>Low</i>	<i>Medium</i>	<i>High</i>	<i>Total</i>
<i>Pacific Rim (informal)</i>	APEC	ARF		2
<i>East Asia (informal)</i>	ASEAN+3		ASEAN	2
<i>Americas (formal)</i>	LAIA	CACM	NAFTA, OAS, Andean	5

It seems that the Pacific Rim region has failed to create any high impact organizations. In the case of the two other regions, they have a greater variety with both high impact and low impact

<sup>244</sup> In September 2002 the Japanese Prime Minister Koizumi, for the first time officially apologized to the Koreans for the war atrocities (Keesings, Sep. 2002). The effects are, however, not apparent as it is not known to date how the Koreans will perceive the apology, especially since Koizumi has been criticized for visiting the Yasukuni shrine (War memorial) in an effort to appease the nationalist elements within Japan.

organizations. The impact variable does not seem to give any explanations outside the discrepancy between the different regions. The absolute number of high impact organizations is three times higher in the Americas than in East Asia. Consideration has to be taken to the purpose of the organization and the function of the CMM.

### Economy and politics

If, however, consideration is taken to the fact that APEC and ASEAN+3 are economic organizations that are managed by informal mechanisms (which were earlier proven to have a low impact), and that ASEAN and ARF are political organizations with security issues as their main focus, it looks somewhat different. In this case, the informal political mechanism seems to have much higher impact, and in the economic organizations, informal mechanisms seem to have a low impact. There are no organizations in East Asia or the Pacific Rim regions that are formal in their CMM. In the Americas, there seems to be a reversed correlation. Both the political and economic organization have a higher degree of impact when they are conducted by formal mechanisms, the exception being LAIA that suffers from internal weaknesses, but even so the informal mechanism in LAIA is not functional.

Figure 5:10: Regions and purpose of the organization  
N:9  
The source of this figure is figures 5.5 and 5:9

	<i>Pacific Rim</i>	<i>East Asia</i>	<i>Americas</i>	
<i>Economical</i>	APEC (low)	ASEAN+3 (Low)	NAFTA (High), CACM (Medium), LAIA (Low)	5
<i>Political</i>	ARF (Medium)	ASEAN (High)	Andean (High), OAS (High)	4
<i>Total</i>	2	2	5	9

It seems clear that the region does not matter in economic organizations; all regions are dependent on formal mechanisms for dealing with economic issues, and preferably resolution. This has been apparent in all cases where economic organizations were initiated, and especially in APEC and ASEAN+3 that have failed due to their informality. In political organizations, it seems that the impact is more dependent on the (in)formality and the region that it is attached to.

It is interesting to note that the Pacific Rim, East Asia, Northeast Asia and North America are positively affected by trade, while in Southeast Asia and Latin America where trade has low complementarity and in the Americas where the relationship is very asymmetrical, trade impacts negatively. Surprisingly enough, most of the organizations in the Americas have a strong focus on

trade, even the political organizations such as OAS and Andean Community. On the other side, the Asian states do not have any functional economic organizations, but trade is driven by market forces to a much higher degree than in the Americas. The failure of APEC and the unclear future of ASEAN+3 have not negatively affected the economic environment; on the contrary, the trade in the region has increased and brought states closer together. The failures of the regional organization in these regions have, however, impacted negatively in the creation of a CMM.

Referring back to the question of limited purpose organizations and versatile organizations, it seems much clearer if the regional aspect is added (figure 5:6). The political organizations in East Asia and the Pacific Rim clearly prefer informality, while the political organizations in the Americas prefer formality. There is no regional difference that political organizations prefer a more diverse purpose; and the economic organizations a more limited purpose, the only regional difference is the functions of the CMM. This suggests that the question of (in)formality matters to a very high degree.

**(In)Formality**

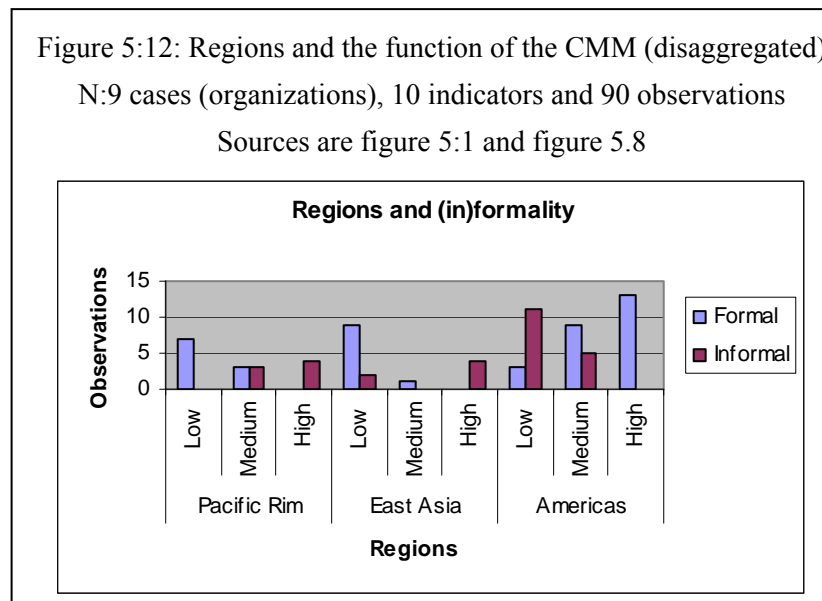
It seems that (in)formality in combination with regions are the variables that can explain most of the variation. In Pacific Rim organizations, where there are East Asian states involved, the informal mechanisms supercede the formal. This includes APEC that has neither a formal nor informal mechanism that is effective, due to the political stalemate in the organization. All the American organizations clearly prefer formal mechanisms and indicate little interest in dealing with conflicts informally.

Figure 5:11: Regions and function of the CMM (aggregated)  
N:9  
The source for this figure is 5:8

	<i>Pacific Rim</i>	<i>East Asia</i>	<i>Americas</i>
<i>Informal</i>	APEC, ARF	ASEAN, ASEAN+3	
<i>Formal</i>			OAS, NAFTA, CACM, LAIA, Andean

Looking closer at figure 5:11 and 5:12, both Asia Pacific and East Asia lack high impact observations in the formal mechanisms, but score relatively high on the informal. The opposite is true for the Americas. The reverse is also true considering that the Americas score very low in the informal mechanism and the Pacific Rim and East Asia score low on the formal variables. This would argue for the conclusion that (in)formality is crucial in understanding how the regions and

organizations impact the CMM. Figure 5.12 is on a disaggregated level and if we were to take it down to the level of observations regarding the impact, the results directly correlate with the aggregated level. In this figure, consideration is taken of all observations when analyzing the impact on the CMM. It is interesting to note that all regions that score high on either formality or informality, score low on the other variable. For example the Americas, which have 13 high impact observations on the formal, have no high impact observations on the informal; reversed, they have 11 low impact observations on the informal, but only 3 low observations on the formal (LAIA). The same pattern, but with many high impact scores on informal and no high impact scores on the formal, can be found in the Pacific Rim and East Asia.



Formality has tended to make East Asian regional organization structures and CMMs less successful, but the opposite has proven to be true for the Americas, especially North America. The focus on informality and conflict management in East Asia has been explained with the weakness of the East Asian states, if compared with US or Europe, but in this case many of the Latin American states have proven to be weaker than Japan, Korea, China, Singapore etc in many ways. The explanatory variable has to be found somewhere else. Cultural affiliation seems to be a variable that could explain the variation between the different sides of the Pacific. The Americas have a stronger focus on strict formal business procedures, both in economy and politics. This should be contrasted to the relationship-building efforts of the East Asians (Leung & Tjosvold, 1998: Chapter 1, 12; Mansor, 1998; Obuchi, 1998; Wall & Stark, 1998). According to the East Asians, dispute resolution tends to destroy relationships and create losers who will undoubtedly “lose face” in the region, and the more important national community. Americans and Europeans tend to have much less need for face-saving measures, and are more directed to “business-as-usual” despite formal conflicts, even if “face” undoubtedly also plays a role in western interaction.

This could partly explain why East Asians prefer informal mechanisms where there is greater maneuverability to save face and the relationship between the parties, and the Americas prefer formal mechanisms that are legally based.<sup>245</sup> Keeping all this in mind, the strong focus on conflict management in East Asia should be contrasted with the strong focus on conflict resolution in the Americas. Suddenly it is no surprise that APEC has been stalemated, both as a conflict management and conflict resolution organization as it cannot bridge the cultural differences.

### **Conflict management and conflict resolution**

It should be made clear that despite the fact that this study aimed at analyzing the conflict *management* mechanisms, very interesting and important variations between management and resolution were found and they follow regional and organizational patterns. This makes it crucial to include the resolution mechanisms. It seems fruitful to view the conflict management and conflict resolution as different ends of the same continuum. Some scholars argued that conflict management is the informal way of dealing with conflict, and conflict resolution is the more formal way of dealing with conflicts (Zartman, 2000). Conflict management can, however, take a more rule-based or a more consensus-oriented approach, as noted in section 2.2.3, and this is still an important distinction. The resolution mechanism is, for its part, always rule-based and can not function in a consensus-based environment. It is, however, not possible to claim that they are interchangeable or that they are always reinforcing each other; the relationship between management and resolution is more complicated than this, and has its explanation in both the regional organization and the region at large. The model that will be introduced in this chapter (figure 5:14) will be created with the aim of including both conflict management and resolution mechanisms (CMRMs), as a result of the finding that it is not possible to separate management and resolution in the study of regional organizations.

The cultural difference that was noted earlier will impact the distinction between conflict management and conflict resolution. The organizations in the Americas seem to rely to a much higher degree on conflict resolution mechanisms than the East Asians. The variations in organizations are especially clear if one looks at figures 5:11 and 5:12. The organizations from East Asia and the Americas end up on different sides of the figure in all aspects, with the exception of confidence-building and lack of open conflicts that has been discussed in more detail earlier. The impact from formal mechanisms on the CMM in the American organizations is, on average, high, but in the case of East Asia the opposite is true. An identical pattern is seen in the impact of informal mechanisms, except that the impact is high in East Asia and low in the Americas. The

---

<sup>245</sup> It should be noted that this is a very general picture of a region that is highly diversified. There are North Americans with a strong need of “face” as well as there are East Asians that care little about “face”, especially when the world has become more globalized. This simplification however carries quite some weight in political and economic interaction and is a good rule, although not infallible.

Pacific Rim seems to differ somewhat from both other organizational experiences; organizations in the Pacific Rim (ARF and APEC) are constructed according to the lowest common denominator, both in organization structure and in CMM, in these cases informal consultations. The conflict between formality (resolution) and informality (management) has stalemated one organization (APEC) and decreased the impact of the second organization (ARF). Divergent interests, concerning the CMM, are evidently an effective block to improved regionalization and effective CMRM.

The reason that, for example, the APEC organization has failed and, for example, the Andean Community has succeeded could be explained in cultural terms. The cultural differences within APEC made it impossible to agree on the formalization of the conflict management mechanism, or have done so far. In the case of the Andean Community, there is cultural proximity that has made it easier to agree about the structure of the conflict resolution mechanism, and moreover there is a level of trust between the members that is non-existent in the case of APEC. Cooperation structures that include more than one distinct region could be assumed to be more instable since the actors lack a common feeling of belonging (Keohane, 1989:170). The feeling of belonging is a form of conflict management that strengthens the mechanisms.

Conflict management with a high degree of informality, tends to be the most efficient model of dealing with conflicts in organizations in East Asia; this is due to the great reluctance to formalize any conflict resolution mechanism. On the other hand, the organizational experiences in the Americas are that formality increases the impact of conflict resolution. In the East Asian case, formal and manifest dispute resolution will undoubtedly mean that one of the parties will lose face, which is unacceptable; but a conflict management mechanism can avoid any party losing face and salvage the relationship. The purpose of a conflict management mechanism is not to solve the conflict, but rather to manage it and create a way that both parties can deal with the current situation. This has its drawbacks, especially in trade, as been noted, and it has been realized in East Asia that there has to be some form of formal conflict resolution mechanism if the current speed of regional integration is to be sustained.

The applicability of the conflict management and conflict resolution varies according to regional context and organizational form, and if analyzing the organizational differences it is clear that conflict management is more applicable to political and military disputes than to economic disputes. This is on account of the political sensitivity these issues carry, and the national sentiments in each of the conflicting parties. Political and military conflicts, such as border disputes, resources, military presence etc, are many times too sensitive to formally resolve, see for example the South China Sea dispute (Swanström, 1999; 2001). The degree of informality could be crucial, and attempts to resolve disputes formally could lead to more tension, rather than less. The more sensitive the question is, the more informality is needed in both East Asia and the

Americas, and this is also the reason why formal mechanisms have been able to resolve economic disputes (which are less sensitive) to a higher degree.

### **Regional impact**

In both political and economic disputes, trust, unsurprisingly, is important. We can observe that in all regions with a high impact on the CMM there is a high level of trust (Southeast Asia, Americas, Latin America and North America) and in regions with a low level of trust the impact on CMM is low (Pacific Rim, East Asia, Northeast Asia). In regions and regional organizations where trust between the regional actors is low or lacking, formal dispute resolution tends to be very sensitive. Firstly, it creates a loser; secondly, all parties involved believe that all the other parties are controlling the process, or at least that they are disadvantaged in favor of the other parties. The East Asian organizations have focused a great deal on the question of “face” and not on creating winners, a process in which trust becomes central, see especially ASEAN (Leung & Tjosvold, 1998). The American organizations depend less on trust since their organization is highly formal and follows rule-based regulations, although trust always improves the interaction and success-rate of the CMM (Wall & Stark, 1998). Trust does not, however, have to be the deciding factor in all cases. In East Asia, there are several cases of preferences for informal CMM, despite a high level of trust between the parties.

There are other distinct regional differences between the regions involved in this thesis that directly impact the CMM. In the Americas, the international borders of the states are relatively defined, and in East Asia there are a great deal of border issues that are not agreed upon. In East Asia this problem is accentuated by minorities that inhabit the border regions, and the ongoing power struggle in the region. The minority question has on occasion disrupted the peaceful relations between regional states (for an example see: Amer, 1994). The power struggle is a direct result of the emergence of regional “superpowers” that aspire to take over the US position in the region (Bean, 1990; Betts, 1996; Klintworth, 1996). This can partly be seen in the increased military spending, and partly in the choice of military structure.<sup>246</sup> In Latin America, there is neither a large military budget nor an offensive military organization. The East Asian problems make it more important to deal with the conflicts informally, since increased tension during a resolution stage could threaten to create militarized disputes. Northeast Asia is, moreover, the only region, in this thesis, that could instigate an international conflict [in the Taiwan Straits and the Korean Peninsula] which makes it even more important to refrain from further tension.

---

<sup>246</sup> The military structure in East Asia has been more offensive with China’s development of a blue-water capacity, air-to-air refueling capacity, offensive submarines etc (Godwin, 1996; Swanström, 2001; Puska, 2000). Japan and the Koreans, but not the ASEAN members, have similarly begun to strengthen their military capabilities in a offensive way (Klintworth, 1995; Sköns *et al*, 2001; Swanström, 2001:142-145).



An interesting variation in the sub-regions of the Pacific Rim is the variation in symmetry (or asymmetry) and the effect on the CMRMs. It seems that in regions with relatively symmetrical relationships (Latin America and Southeast Asia) the CMRM has a high impact, and the organization is perceived as legitimate by the member states. In cases where there are a few larger states that compete for power, cooperation is more problematic and the region or organization is often stalemated, if ever initiated (Northeast Asia, APEC, and ARF). An interesting result is that when a strong leader (US) has dominated an organization, the outcome has often been positive, excluding OAS up to the 1990s. If this is a general prediction, or simply due to the US engagement during the 1990s is an issue that is not possible to answer with the information given in this study. It could, however, be assumed that it depends to a high degree on the intentions of the dominating state.

The regional dynamics has been directly affected by international actors, especially US in Latin America, and has proven to be important for the development of regional organizations and regional CMRMs. CACM is the organization that has been most heavily influenced by international actors, in this case US, but most organizations have been under the influence of international actors. The influence was largely negative during the Cold War, while after the Cold War the international influence has helped to improve the regional CMMs, especially with regard to multilateral mechanisms for conflict management and resolution.

Political support has, moreover, been a factor for success. In the cases where leaders have engaged actively in the creation of the organization and the CMM, there has been a higher degree of success (ASEAN, NAFTA, Andean community etc) and in the cases there has been a lack of engagement (Northeast Asia) or divided interest (APEC) there have been less successful organizations and CMMs.

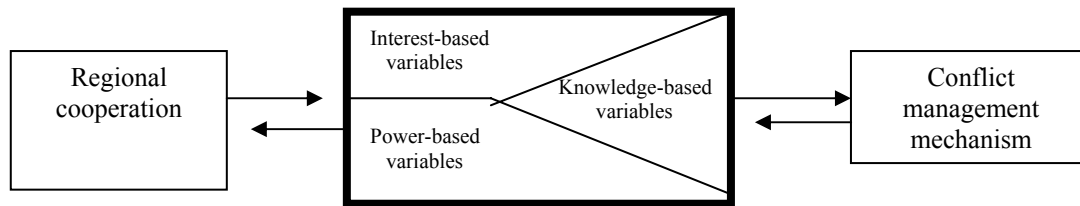
## **5.2 Theoretical development**

The theoretical model will be developed step-by-step, explaining the variables and correlations that could account for the interaction between regional cooperation and conflict management.<sup>247</sup> These explanations will be presented as propositions that could be used in analyzing other regional organizations and their impact on CMRMs. In the outset of this thesis, a simple model of possible interaction was introduced and this model will be used to explore the necessary developments.

---

<sup>247</sup> The final conclusion will not include discussion on each of the theoretical starting points that were presented in chapter 2.4. Since the purpose was to combine these models, if appropriate, this will be the structure of this discussion. A final note will be presented as to whether this was feasible and what problems that were encountered during this final section.

Figure 5:13: Preliminary interaction between regional cooperation and CMM



This model has proven to be far too simplified, and it has failed to explain several aspects of the linkage between regional cooperation and conflict management. The following discussion is structured in figure 5:14 to visualize the operationalization.

It is clear that there is interaction between regions, regional cooperation and CMRMs. The question is: in what way, and which variables can explain the outcome of this interaction? First of all, it needs to be established that regional cooperation does not exist in a vacuum, but is influenced by a high degree of domestic and international factors that impact both the regional cooperation itself and its choice of conflict management or conflict resolution structure. Domestic actors, such as the political elite, business community and the grassroots, will have demands on the organizational development. This could be seen in domestic policies or influences from non-state actors. International actors have influenced regional organizations by their way of engagement. US and Japan have earlier been reluctant to accept regional organizations that “competed” with their power status, although this has changed to a certain extent in the 1990s. In a sense, the demands from the domestic and international actors mirror the demands from the “owners” of the product and the output market, which makes the attempts to influence understandable. The regional organization will structure these “external” demands in relation to the member states’ own preferences, if the domestic factors are not already accounted for. This will be decoded in the “black box”, that will be explained at a later stage, which will generate a demand for, or change in, a CMRM (see figure 5:14).

The domestic environment interacts in several ways, for example in the form of election cycles, elite and organizational interest, nationalism, and activism. These actions can be brought down to three main actors: the business community, the grassroots and the political and military elite. The grassroots are imperative as they influence the political elite, especially in election cycles or in times of social instability, but also for their influence on media, investments and buying power. The business elite also influences the investment and trade patterns and is crucial in the development of conflict management and conflict resolution mechanisms, since they are the users of the mechanisms, especially in the economic organizations. If an organization is considered to increase rather than decrease the transaction costs, the business community will evade this organization due to the lack of trust and legitimacy it offers. Military leaders play a crucial role in defining the threats and arguing for military actions towards threats internally, regionally and internationally. The distinction between military leaders and political leaders is sometimes blurred

as military leaders act as political leaders in some states. The political elite is essential since its members are, primarily, in charge of the implementation and creation of both the organizations and the conflict management and conflict resolution mechanisms. Despite the influence from other domestic actors, the political elite is the single most important actor, and individual high-level leaders can influence the creation and implementation of a conflict management or resolution mechanism through the political weight of his/her position in the bureaucracy.

As seen in the case studies, interaction generates feed-back (learning) to the organization itself and the international and domestic actors, which will generate new demands and influences on the regional organization and its CMRM. The continuous learning process that goes on in regional organizations and shapes the CMRM is important to note; it would be utterly unacceptable to view the impact that learning has on conflict management and resolution mechanisms as stable or “accounted for”. There are, however, not only learning experiences from the CMRM to the regional cooperation and the international and domestic factors. There are likewise learning experiences to be gained from the international actors, such as other regional organizations, or the domestic actors, such as the business community. Interaction is, by definition, a learning experience that will influence each stage of the creation or development of the CMRM.

The variables discussed, work within the region and the impact from the region is, as noted, crucial in analyzing the impact on the CMM. The model that will be structured has therefore been placed in a regional context that is influencing each variable independently of other structures.

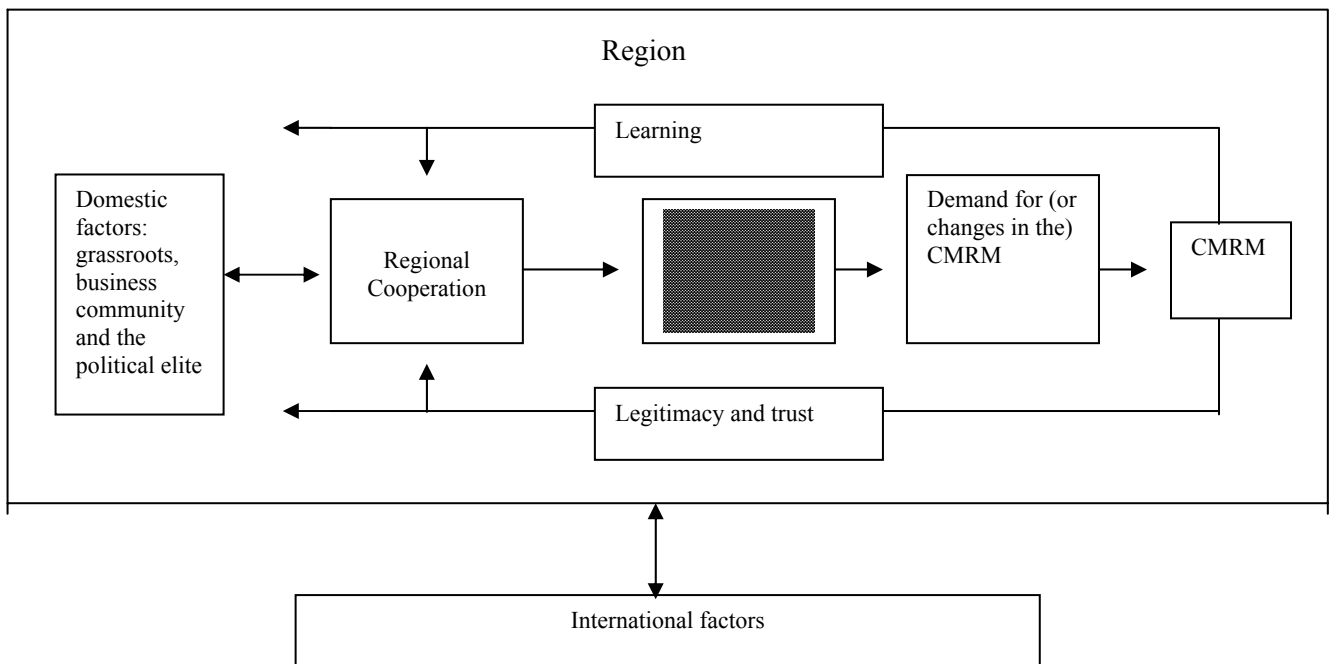
International actors such as UN, EU, WTO, US and other important states or organizations are crucial in the construction of a CMRM, both as a source of learning and from their direct impact. The impact can both be negative and positive, as seen in the case-studies. An example of this is the US prevention of an EAEC in the early 1990s and their support of ASEAN+3 after 2000. Without international support there is little a regional organization can do, since part of its legitimacy and effectiveness is dependent upon international recognition and cooperation.

The repetitive game that the regional organization is involved in, creates feedback to the organization and the international and domestic actors that legitimizes or delegitimizes the organization rated on its performance. The legitimacy factor is important, as it will decide what the feedback to the organization will consist of; an example is APEC, which has generated negative feedback to the member states and thereby decreased its legitimacy. This, in turn, has made some members seek other regional organizations to resolve their economic and political disputes (see Northeast Asia and ASEAN+3). The variable of trust is appreciated in the same way as legitimacy; increased trust gives a positive response with increased cooperation and a more effective CMRM, while decreased trust limits the efficiency and the cooperation. These factors should not be underestimated, as they shape the mode of interaction in a repetitive game. An organization with a

relatively high level of legitimacy and trust, such as ASEAN+3, can provide for a positive degree of interaction despite a low level of efficiency.

A structuring of this discussion would result in a model that could explain the interaction between regional organizations and conflict management mechanisms, with one major drawback, the “black box” (figure 5:14).

Figure 5:14: Theoretical model



Which brings us to the factors that could be hidden in the “black box”, that might explain the correlation, or the lack of such.

### 5.2.1 Propositions to explain the black box

The theoretical construction aims at structuring the results that have been derived from the case studies, in several propositions that could be applied to other studies in this area. The propositions will be divided into several clusters of propositions that are based on for example the organization, actors, norms and identity etc, which will be used to explain the interaction between regional cooperation and conflict management. Since the regional organizations stand in the center, they will be the starting point of this exploration. The term “propositions” has been used instead of the alternative term findings, since the propositions are not deterministic, but the impact varies in every single regional organization and the propositions should be seen as a model of analysis, rather than deterministic findings.

### 5.2.1.1 General propositions

Before the issues specific to regional organizations and CMRM are dealt with, it is clear that two issues need to be explained – trust and legitimacy. Trust is one of the two most important questions in this equation and even if several other positive variables are not present, a high level of trust could enforce regional organizations and create effective conflict management mechanisms, while a low level of trust could destroy promising efforts. Examples of the positive relationship are the Andean Community and ASEAN, and of the negative relationship are Northeast Asia and APEC. The outcome of the propositions is therefore naturally dependent on the level of trust between the parties. When discussing the propositions, it will be assumed that the trust between the actors is intermediate, neither high nor low. If trust is increasing in the model there is greater chance for high impact on the conflict management mechanisms and for the CMM to be established and enforced. It is obvious that trust would increase the impact, but the question is how you increase trust? The simple answer would be through increased regional cooperation and effective conflict management, a *Catch 22* situation that is difficult to break.

Proposition 1: The more trust there is between the member states in the organizations, the more impact the conflict management or conflict resolution mechanisms will have.

Along the same lines, it is clear that conflict resolution mechanisms are preferred over conflict management mechanisms, when there is a high level of trust between the actors, although there is regional variation that was discussed earlier, and which will be theoretised later in the section. There is no doubt that a conflict resolution mechanism is preferred in many instances, especially in the Americas, but in East Asia there is a low degree of formalized conflict resolution despite a possible high level of trust (Chung & Lee, 1989; Leung & Tjosvold, 1998; Ohbuchi, 1998).

Legitimacy is the other variable that is crucial to include, despite the fact that legitimacy is a variable that is used to analyze the impact on CMM. The legitimacy analyzed here does, however, not concern the CMM, but is exclusively focused on the regional organization. Organizations that have a high level of impact increase the chances of conflict management and conflict resolution, such as ASEAN and NAFTA. It could also be so that less effective organizations still have a high level of legitimacy (ASEAN+3); this would increase their possibilities of creating a conflict management or conflict resolution mechanism, but also of functioning informally as a CMM. An organization that is technically efficient, but lacks legitimacy, such as CACM after the “Soccer War” is unavoidably stalemated.

Proposition 2: The more legitimacy the organization is considered to have, the more impact the conflict management and conflict resolution will have.

The questions of both trust and legitimacy could be considered as tautological standpoints, but the reality is that these variables are often neglected despite their direct impact.

### **5.2.1.2 Propositions relating to the structure of the organization.**

The structure of the organization proved to be very important for the impact of conflict management and conflict resolution mechanisms. In the case studies, there was clear evidence that regional organizations that focused on political and military questions were better dealt with by informal conflict management, while economic organizations functioned best with formal mechanisms and conflict resolution. In all effective economic organizations, there is a strong reliance on highly legalistic conflict resolution; the less formalized the conflict resolution, the more the impact decreases. This is due to the increased transaction costs and unpredictability that informal mechanisms create. In the political/military area, the predictability and deterministic nature of conflict resolution could, however, be damaging and more flexible mechanisms have been adopted in the conflict management procedures. There is also a cultural component, which showed that East Asian states preferred conflict management rather than conflict resolution and the American states vice versa; this will be dealt with in more detail later, but even so there is a strong tendency for the proposed correlations.

Wallander & Keohane have proposed that formalized institutions would be better prepared for change and adaptation (1999). This is interpreted as meaning that the formalized conflict management mechanism would function better in both the economic and political fields. The results from the case studies have indicated that this is not always the case in the political field, especially in East Asia. It is, however, clear that Keohane's proposition is applicable to the Americas and the more formalized conflict resolution mechanisms.

Proposition 3: Informal conflict management mechanisms tend to have more impact in political and military organizations than in economic organizations.

Proposition 4: Formal conflict resolution mechanisms tend to have more impact in economic organizations than in political and military organizations.

The structural complexity of a regional organization has been argued to be a requirement for an effective organization, or that this factor would at least have positive effects on the CMM (Haas *et al*, 1972). This would be explained in terms that a versatile organization is able to achieve successful conflict management frequently under a wide variety of conditions and structures, such as the Andean Community. The specialized organizations have their achievements in a narrow set

of factors that limit the possibility to act (Haas *et al*, 1972:45). The case studies in this thesis point to a different proposition. In political and military cooperation there seems to be a need for more versatile (multipurpose) organizations that include more than one aspect of military and political cooperation. This is partly because a complex organization gives opportunities for compromises in different areas, and partly because the diversity creates a web of loyalties that restrains states from deserting the organization over one issue. The economic cooperation, in contrast, functions better in an organization with limited purpose, such as NAFTA, the reason being that economic cooperation organizations need a high degree of formality, and a distinct conflict resolution mechanism that the political/military organizations could be stalemated by. Compromising on the formality would decrease the impact on economic dispute resolution (see: APEC), but a strict formal conflict resolution procedure would stalemate political issues and then possibly the organization at large.

Proposition 5: Political and military cooperation functions better in a versatile organization.

Proposition 6: Economic cooperation functions better in an organization with a limited purpose.

Economic organization structures that have attempted to include political management and resolution mechanisms, such as APEC, have failed to function effectively. It is not claimed that it is impossible to create an organization that deals with both questions, which can be seen in the Andean Community. It should, however, be remembered that the economic variables play a minor role in the Andean Community, as the intra-regional trade is low and the Andean Community could be perceived as a primarily political organization. Moreover, the argument in the above proposition is that it is more difficult, not impossible. There are also several interesting variations in this argument between the Americas and the East Asian region that will be highlighted in section 5.2.1.5.

### **5.2.1.3 Propositions relating to the interaction between CMM, organizations and the states**

Not only is the organizational structure important in shaping the outcome of regional CMMs, but also the relationship between the regional organization and domestic politics. Organizations that are tightly controlled by their member states, are easily diverted to economic, political and security disputes without relevance for the organizational development. Organizations that are independent of the political, economic and security concerns of the member states, are more successful in acting with legitimacy and efficiency as a conflict manager and resolution mechanism.

Organizations which are relatively strictly controlled, such as APEC, have proven less efficient, and organizations that were left outside this thesis because they lacked an independent implementation capability, have proven to a large extent themselves insufficient as conflict management or conflict resolution mechanisms. This pattern is even more apparent in conflict resolution mechanisms, where the mechanism is only accepted by the states if it is independent of national interests.

Proposition 7: Conflict management and conflict resolution function more effectively, the more independent the organizations are from the nation state.

It is evident that no regional organization, based on states, is totally independent of their member states, and should not be, since the function is to bring states closer together through cooperation. There is, however, a distinct difference between an organization, such as APEC, which is tightly controlled by its governments and the Andean Community which acts far more independently. This is not to say that all organizations that are under a more strict supervision by their member states will be inefficient conflict managers. ASEAN, especially in the early years, was under strict control of the member states and despite, or due to that, ASEAN became a successful conflict management mechanism. It is clear that the decisions from organizations that are under strict control of the nation-states will have a high degree of legitimacy in the nation-states, and on a relative scale it is more beneficial for dispute resolution mechanisms to be independent from states, than is the case with conflict management mechanisms. This is due to the fact that resolution mechanisms are more dependent on impartiality and predictability, and the management mechanisms are more dependent on political support and maneuverability. Nevertheless, it is more beneficial for organizations to function independent of states if they are to function as CMRMs.

The relationship between the state and the CMRM is not the only relationship that is important to study. There is also a relationship between regional organizations and CMRM that needs to be analyzed. CRMs that are too closely tied to the organization are perceived as illegitimate, since the CRM could reflect the interests of the organization more than the legalistic foundation it should be based on. NAFTA is based on strict legal foundations and the CRM is separate from the economic goals of the organization, in contrast to the perceived CMM functions of APEC. This is, however, not true in the case of conflict management; any conflict management strategy needs to be closely linked so that the organization can effectively implement the outcome. Since the decision is informal and has no legal status, it is thus dependent on the organization being the intermediary to the states (see: ASEAN). This is not necessary in the case of formal mechanisms, since the legal effect of the ruling will satisfy the basic requirement for implementation.



Proposition 8: Conflict resolution tends to have more impact if it is independent of the organization.

Proposition 9: Conflict management tends to have more impact if it is linked to the organization.

In the case-studies in this thesis there is always a linkage between CMRM and organizations, but one of degree. The legal mechanisms should, on the contrary strive towards as much independence as possible to secure the autonomy of the CRM. The CMM should strive to be linked as much as possible to the organization, without being assimilated into the organization and therefore considered to be impractical due to its organizational bias. The borderline between a close relationship and independence from the organization differs in each of the organizations and should not be viewed as static, but rather flexible and moving.

#### **5.2.1.4 Propositions relating to economic factors**

When dealing with economic models it could be argued that these would only impact economic organizations, but there are theoretical gains to be reached for political and military organizations. This is especially true concerning the transaction costs argument and the Mattli (1999) framework that will be used here .

The eagerness to decrease transaction costs, explains why states engage in regional organizations and establish mechanisms to handle conflicts. Both in the political/military cooperation and the economic cooperation, there are gains to be made if the transaction costs from interaction are decreased. Transaction costs seem to be one of the more explanatory models to explain the relation between economic regional cooperation and the conflict management mechanisms and conflict resolution mechanisms. Trade will change its pattern of interaction if the demand for openness and predictability is not meet; in political and military organizations the luxury to “vote with one’s feet” is not always an option. If there are competing organizations, there is a possibility to change the interacting, but in most cases dismantling an organization would only further increase the transaction costs, i.e. increased military spending and political measures to safeguard national security. This is a direct effect of the track-dependency that characterizes initiated organizations.

The establishment of mechanisms to deal with conflicts would greatly reduce the costs of interaction and integration in all regional organizations (political and economic). What, moreover, is clear is that high transaction costs increase the willingness among leaders and states to engage more directly in the effort to create mechanisms to handle disputes. This is directly related to the political, military and economic need for such mechanisms to decrease insecurity and increase trade.

Proposition 10: High transaction costs increase the need and willingness for functional conflict management and conflict resolution mechanisms.

The question of supply and demand has proven to be a crucial element in the case studies, both politically and economically. Demand for conflict management and resolution mechanisms has been apparent in most organizations that have been successful and where there has been a political supply (willingness and ability of leaders to accommodate demands for regional institution building) there have been successful CMRMs. The demand for political integration has varied in the regions and over time, but after the end of the Cold War the demand for political and military integration and cooperation has increased, especially in the Americas.

There is thus a direct economic supply and demand function that refers to the supply and demand in the market. In organizations such as the Andean Community, where there is a low degree of complementarity and therefore a low level of both supply and demand in the market, purely economic conflict management and resolution mechanisms are less useful and the focus has therefore been more diverse. Mattli proved that market density was crucial for explaining the demands for further integration, the higher the market density the higher the demands for increased integration, common rules and external safeguards (1999:48-49). This would imply that the denser a market is, the higher the demands for a common conflict management and resolution mechanism would be, which is also the case in North America and Europe.

Proposition 11: The higher the supply and demand (political and economic) levels are within the cooperation, the more impact it will have on the conflict management mechanism.

This variable is closely linked to the individual leadership propositions because political supply is crucial, but there are differences in several aspects since this proposition refers to the organizational and regional supply and demand, and not national or individual preferences.

### **5.2.1.5 Propositions relating to geographical differences and culture**

One of the more interesting variations in this thesis is the evident separation between East Asia and the Americas. Regardless of the variations within these two larger regions, it is apparent that the conflict resolution mechanisms worked better in the Americas, although there is an evident inclination for conflict resolution in the economic area in all regions. In East Asia there is a clear preference for informal conflict management mechanisms. This difference can be directly derived from the East Asian mentality of consensus, the collective and cooperation in contrast to the American conception of competition and the individual (Fukuyama, 1995; Hofstede & Bond, 1988; Kirkbridge, Tang & Westwood, 1991). Fukuyama has also argued that trust is more

important in Asia than in the Western low trust societies (1995). This would imply that proposition 1 — that the more trust there is between the member states in the organization, the more impact the conflict management or conflict resolution will have — would be more important in an Asian context than in a Western one. This is further accentuated by the fact that the CMM is highly informal in regional organizations in East Asia.

This variation is not as marked in the economic area; on the contrary, the economy has proven so internationalized that it is necessary to have formal conflict resolution to deal with conflicts, regardless of cultural orientation. Empirically, it is proven that East Asia has had problems with the regionalization and internationalization of the economic sector, and the establishment of a predictable and open conflict resolution mechanism. This applies although the need for such has been noted, and a mechanism was partly initiated after the financial crisis in 1997. There are clear indications of an internationalization of dispute resolution mechanisms through the regional organizations and WTO, even if there are several cultural knots to untie.

The differences in cultures are apparent between East Asia and the Americas, but it is also clear that they exhibit a clustering of cultural tendencies rather than a uniform set of actions. Kahn (1979), Leung & Tjosvold (1998), Whitley (1992) have pointed out *similarities* in negotiation culture, institutional approaches and culture in general, but warned for differences within these “cultural clusters”. It is apparent that those “cultural tendencies” in East Asia and the Americas only indicated regional tendencies if they are seen in comparison to each other. Having said this, it is still apparent that the differences are real, and it is no coincidence that APEC failed to create further integration and a functional conflict management or conflict resolution mechanism, as it failed to understand the cultural variations in the Pacific Rim.

Proposition 12: Conflict management is more effective in a setting where there is a more collective and consensus oriented culture.

Proposition 13: Conflict resolution is more effective in a setting where there is a more competitive and individualistic culture.

Proposition 14: Conflict resolution is more effective in the economic area, regardless of cultural orientation.

This does not mean that all East Asian states will remain collectivist, or that they are, or that all Western countries are individualistic. Examples of the opposite could be Scandinavia that has a relatively consensus-oriented and collectivist culture, and for example South Korea and the Philippines that have developed a more individualistic and competitive culture than their neighbors (Baringa, 1999; Leung & Tjosvold, 1998).

### **5.2.1.6 Propositions relating to asymmetry**

Asymmetry in a regional organization has triggered several propositions that could impact the conflict management or conflict resolution mechanism. Several theorists pointed to the theoretical conclusion that smaller states fear to engage in cooperation with larger states, if they do not have guarantees not to be dominated. One obvious arrangement is not to engage in cooperation with larger states, or at least to keep the cooperation on a more informal basis.

Cantori & Spiegel (1973) and Wallensteen (1981; 1984) are two of the theorists who have pointed out that the asymmetry in the relationship between actors plays a major role in determining how the interaction progresses. The assumption that was made, was that small states are reluctant to engage in cooperation structures with major states that decrease their independence, for fear of being absorbed politically or financially.

There are clear indications that asymmetry plays an important role in regional cooperation and its effects on the conflict management mechanism, but not necessarily the effects that have been proposed. Empirically, there seems to be least opportunities for cooperation and the establishment of an effective CMRM in organizations where there is more than one powerful actor that attempts to dominate the organization or region. Examples of this are APEC and Northeast Asia. More successful, but still troublesome, is when a large power dominates a region, examples of this being NAFTA and OAS. It seems, however, that most states are content with a strong leader, as long as the leader refrains from unilateral actions. There is no example of such a relationship in East Asia today, especially in the light of the historical animosity that has developed from the Japanese domination of the region. The reason US has had relative success in both NAFTA and OAS, is that US has been perceived as relatively legitimate and important for all Latin American states, politically and economically. There is no such dominant leader in East Asia, since the economic and military power is divided. The best possible environment is, however, conceived when relatively equal states engage in cooperation, such as ASEAN & the Andean Community. There is no fear of domination by one single actor and there are few possibilities that one or a few actors would misuse the CMRM, since all actors depend upon future relations. In this sense, national and regional weaknesses could be perceived as the strengths of a regional organization.

The importance of asymmetry was, however, far more pronounced during the Cold War than it is today. Cooperation between relatively weak states and regions has increased their power position in international affairs. The economic impact from small states, as investment objects and trading partners, has proven relatively more important than the position they had as military allies. The reason is that as military allies they did not add any surplus due to their military weakness, with the exception of a political supporter, but as an economic partner they would add surplus regardless of the smallness of the market.

Proposition 15: More than one strong and competitive power stalemates regional organizations and their conflict management and conflict resolution.

Proposition 16: If the power in the region is relatively equally divided among the states in the region, conflict management and resolution will be more effective.

The relatively positive result from the US engagement in, especially, NAFTA, but also OAS, despite a few attempts at unilateral actions that has decreased its legitimacy with the Latin American states, could very much be an anomaly rather than a rule. It is difficult to imagine that any other region, besides the Americas, would accept one single leader, with such power superiority as US has in the Americas. The outcome could depend on whether the dominant leader is enlightened or corrupt. In cases where the dominant state is enlightened and applies democratic principles for the best of all states, the outcome is positive. In the case of a corrupt leadership the outcome would be the opposite. US has proven to be far more enlightened than corrupt, although no state would act independently of its own interests. A proposition regarding the impact of such a dominant leader cannot be proven or falsified in this thesis since the Americas is the only region, and the US the only dominant leader, with such a situation. In all other cases the power equality is relatively equal or controlled by two or more large competing states.<sup>248</sup>

### **5.2.1.7 Propositions relating to domestic and international actors**

Despite the fact that international and domestic factors are variables outside of the organization, they are crucial for the effects on the CMRM, and will therefore be included in this discussion. In all cases the regional organizations and the CMRM were under influence from domestic and/or international actors.

The domestic actors' influence on the regional organizations is easily applicable, since the member states preferences are shaped in a domestic setting and structured to a national policy towards the regional organization. This gives each and every influential decision-maker a direct impact on the regional organization; national actors in strong states, such as the US Presidents, have been especially powerful in NAFTA and OAS. The same could be said about pressure groups and organizations at the national level, especially strong business groups (Mattli, 1999:45-50). The engagement from national leaders and organizations could both be positive and negative, depending on the political stand of the individual or national organization. Influences from

---

<sup>248</sup> Historically, there are examples of the same power discrepancy between one powerful state and a great deal of smaller states. During the height of the British, Chinese, Dutch, Spanish, Roman etc empires there was a similar if not greater discrepancy. The difference is that during most of the time these empires were strictly motivated by their own situation and used their subordinates in a sometimes gruesome way.

internationalist oriented domestic actors would impact the regional organization and the CMRM positively, as they would work for integration and regional CMRM. The opposite is true for statist-oriented actors that would prefer to minimize the international interaction for the state. Internationalists do, however, not necessarily have to be cooperative. Napoleon and Julius Cesar were true internationalists who expanded their empires internationally, even if they cared little for cooperation. Internationalists in this proposition, are defined as cooperative rather than conquering. This led to the fact that the leaders have to be perceived as legitimate to have any impact at all; if a national or regional leader is perceived as illegitimate the impact he would have is negative, rather than positive, as evidenced by, for example, several Japanese leaders in East Asia, Mao in the Pacific Rim (excluding North Korea), Pinochet in the Pacific Rim (excluding US) etc.

Proposition 17: Strong leaders affect regional organizations and conflict management positively, as long as they are perceived as legitimate.

Proposition 18: The more engagement internationalist-oriented domestic actors manifest, the more effective the conflict management and conflict resolution will be.

International actors play a major role in defining the structure of the regional organization and the CMRM. The WB, UN, WTO, US, EU etc. are important actors that shape the legitimacy for regional organizations by the form of interaction and the level of importance they are given on an international stage. There has traditionally been a reluctance about the establishment of new regional organizations, especially from US and several economic organs that would prefer that international policies were directed from an international body. The economic crisis in the 1990s and the increasing amount of intra-state conflicts has proven that there is a need for regionally based dispute resolution and conflict management mechanisms, that would be better at handling conflicts at a regional level. It has been clear that resistance from important international actors tends to stalemate regional organizations and regional conflict management.

Proposition 19: The more international support there is for a regionally based conflict management or resolution mechanism, the more successful the mechanism will be.

It might seem that this correlation is given, but all too often the international and domestic actors' influence on the regional organizations and the CMRM is forgotten or neglected. This is unfortunate, since their influence is far more powerful than has been accounted for in many prior studies.

### **5.3 THE END**

At the end we have to ask ourselves what has come out of this study? The theoretical problem proposed in the beginning was that no theoretical correlation had been made between regional cooperation, which was defined as regional organizations in this thesis, and a regional CMM. As was seen in the prior section, this void is now filled with an array of propositions, which aims at filling the black box, and a theoretical model that aims at structuring future research. This model does not attempt to explain all aspects of the interaction between regional cooperation and conflict management, but rather to provide for a first structured outline that could be challenged and improved as regional organizations and conflict management and conflict resolution develop.

The results from the case studies are structured in Figure 5:1 and the propositions in section 5.1.1 and 5.2.1. The results prove that the interaction between regional cooperation and conflict management (and conflict resolution) is present, but in contrast to the earlier *assumed* positive interaction there are variations with regard to the structure of the organization, geography, culture, asymmetry, domestic and international factors. This is described in detail in section 5.2. These findings will provide a better theoretical understanding and a theoretical model to explain the interaction. Operationally, these results will create a greater possibility for regional organizations to create effective conflict management and conflict resolution mechanisms, but also more effective regional organizations at large.

The argument that all 19 assumptions are valid in each and every regional organization is not made; on the contrary each assumption has higher impact in some organizations and lower in others. The assumptions are more valid as a model for analysis and a structure for understanding the interaction.

#### **5.3.1 Theoretical and methodological implications**

Many of the assumptions in the early part of the thesis were proven to matter less than first believed, such as how the efficiency was to be measured. In hindsight, there were several measures that could have been excluded or at least altered. Examples of this could be the fact that there were no competing mechanisms or that the legitimacy was high for ASEAN+3, which were irrelevant in East Asia since these positive effects did not affect the negative outcome (see also 5.1 for a discussion concerning lack of open conflicts and confidence building). There were, however, variations in each region how the impact should best have been measured, and the used measurement was in the end acceptable for the purpose of the thesis since it was appropriate for the process-tracing method. How the impact is measured varies moreover in each organization in relation to which stage the organization is in; that there are no competing mechanisms is normally

important at an early stage but relatively unimportant at a later stage, when the organization is considered as more legitimate and is caught in a track-dependent structure.

The qualitative method has been criticized by many scholars (see section 3.4) but has recently been accepted, especially when asking the question how and why, and in theory development. This was the purpose of the thesis, and the process-tracing approach applied in this thesis, proved to be a logical choice: there was no prior theory that could have been used to start from, and the process-tracing approach has resulted in a variety of propositions that could structure a theory. There was, moreover, never any alternative to the process tracing in this thesis, due to the data available and the aim of creating a new theoretical mode.

Critique could be brought forward for the choice of using a limited population of cases in this thesis. The defense is that there was a need for a smaller population to be able to more thoroughly conduct an in-depth analysis of the cases, in an effort to find new variables that could explain the theoretical mystery. The cases selected, fit moreover neatly into Yin's comparative method and model for theoretical development (1984). This fits with the methodological framework and the theoretical benefits of using a smaller population than the total population of the world are strong, which suggests that this was a correct choice. The strength of this thesis also lies in the combination of the process-tracing method, selection of cases and the theory development that is conducted, in an effort to fill a theoretical and empirical void.

The purpose of this thesis was, as stated, to explain how and why regional cooperation and conflict management interacts and the purpose was accomplished with the help of a diverse set of theoretical frameworks. To fulfill this purpose there was a need to integrate several theoretical frameworks in an effort to create a holistic approach to process tracing. In the beginning of this thesis, there was a question mark about the possibility to combine several theoretical blocks. The theoretical integration that was used to find explanations for the correlation between regional organizations and conflict management has, however, been less of a problem. The power focus of realism and the cooperative focus of liberalism have proven to be easy to integrate with each other, and the knowledge-based theories. All three theoretical assumptions have proven to have some validity at certain times, regions or organizations and have not always excluded each other but rather been integrated in the explanations (for example see ASEAN during the Cold War and OAS). Haftendorn, (1999) and Dessler (2000) argued for the need and possibility for an integration of different theoretical blocks to explain regional cooperation. This has proven, as mentioned before, to be not only possible but indeed crucial if one wishes develop at a wide variety of theoretical and empirical explanations and propositions. The discussion about the interaction has brought in not only theories concerning a regional level, but also theories concerning international and domestic factors which have proven to impact the interaction. Moreover, political and



economic models have been reinforced with legal and sociological assumptions about possible correlations.

This wide theoretical background in combination with a process-tracing approach has opened up a wide variety of propositions to explain some of the interaction between the regional organizations and conflict management and conflict resolution respectively. The large amount of theoretical and empirical material has increased the reliability of the thesis, and although it was conducted on a limited regional population the variation in cultural backgrounds makes it possible to apply the results of this thesis outside the regional population.

The number of propositions has been limited to the most important aspects that were found in the case studies; it would be possible to extract many more propositions but the model would not be manageable with too many propositions, which would also involve more studies of each one of the propositions which has not been possible within the scope of this thesis. Theoretical models are by definition a simplification of reality, and including dozens of propositions would not only reduce the benefits of the simplification, it would also render the model useless and unmanageable by its sheer size.

### **5.3.2 General implications**

The prior assumptions that conflict management and conflict resolution were positively affected by regional cooperation have, through this thesis, received a basic model for how this interaction can be explained. Since regional organizations are costly operations and dependent on operational structures to deal with conflicts, management or resolution, it is important for policy makers to know the exact interaction between cooperation and management. By being able to eliminate directly faulty, or even dangerous, assumptions about the correlation, the costs for regional cooperation can be minimized, both politically and economically. This would also create a better understanding of why certain conflict management and conflict resolution mechanisms fail or succeed.

In many studies that have been conducted prior to this, there was a strong focus on either political or economic organizations. In this thesis, it was proven that the interaction between regional cooperation and conflict management mechanisms could not be explained with just a limited empirical (and theoretical) approach, but rather that regional cooperation is immensely complex and a wider approach to include a diverse set of cooperation structures was needed. The need for including a wide variety of empirical material, and combining legal, political, military and economic structures, has also been a central thread in this thesis.

There has been a cultural component that has been noted as highly relevant in the creation of conflict management mechanisms, and — equally important — the structure of the organization has

been crucial in understanding the impact on conflict management mechanisms. The variations identified in this thesis would enable the states involved in regional cooperation to be more successful in creating effective mechanisms to deal with conflicts. The operative drawbacks are the track dependency that international organizations suffer from, yet with a better understanding of the linkage between regional organizations and CMRM it would be possible to minimize the damage.

This thesis is limited to offering a first model of the interaction between regional cooperation and conflict management and resolution. There are several aspects of the model that could be improved: first of all it should be tested on more regions and other forms of cooperation than has been done in this region, such as growth triangles and informal networks. It is possible that this model is only operational on regional organizations; it is however likely that the theoretical implications will be usable in other forms of cooperation structures. The wide variety of empirical and theoretical material has created quite some applicability outside the structures that have been analyzed here, but how much, remains to be seen.

The propositions in the model need to be critically tested and challenged to develop new propositions, as regional cooperation is a moving target and changes with every interaction in the domestic environment, member states and international factors. This model offers a theoretical foundation to operate from, when conducting further studies. The limited number of propositions does, moreover, not claim to cover all aspects and detailed specifications will add more to the theoretical and empirical research.

Despite these coming challenges and improvements to this model, it is functional as a first model of the linkage between regional cooperation and conflict management.

## 6. Bibliography

- Abbott Kenneth, 1985, "The Trading Nation's Dilemma: The Functions of the Law of International Trade", *Harvard International Law Journal*, Vol. 26.
- Acharya Amitav, 1993, "A New Regional Order in South East Asia: ASEAN in the Post-Cold War Era", *Adelphi Papers* 279, London, The International Institute for Strategic Studies.
- , 1995, "A Regional Security Community in Southeast Asia?", *Journal of Strategic Studies* 18, No. 3, September.
- , 2000, "Collective identity and conflict management in Southeast Asia", in Emanuel Adler & Michael Barnett (eds.), *Security Communities*, Cambridge: Cambridge University Press.
- Acosta Mariclaire, 1997, *Supplemental Comments*, in *The Americas in 1997: Making Cooperation Work*, Inter-American Dialogue.
- Adler Emmanuel, 1992, "The Emergence of Cooperation: National Epistemic Communities and the International Evolution of the Idea of Nuclear Arms Control", *International Organization*, Vol. 46.
- , 1997, "Seizing the Middle Ground: Constructivism in World Politics", *European Journal of International Relations*, Vol. 3.
- Aggarwal Mangat Ram & Posh Raj Pandey, 1994, "Prospects of trade expansion in the SAARC region", in Ross Garnaut & Peter Drysdale (eds.), *Asia Pacific Regionalism: Readings in International Economic Relations*, Pymble, HarperEducational Publishers.
- Aggarwal Vinod, Beverly Crawford & Cédric Dupont, 2001, *European Integration as a Model for Asia-Pacific Regionalism*, Paper presented at the Conference on Global and Regional Economic Security and Integration, Swedish Institute of International Affairs, December 14-15.
- Aggarwal Vinod & C Morrison (eds.), 1998, *Asia-Pacific Crossroads: Regime Creation and the Future of APEC*, New York, St. Martin's Press.
- Ahmed Habib & Jose Tongzon, 1998, "An Investigation of Economic Linkages among the ASEAN Group of Countries", *ASEAN Economic Bulletin*, Vol. 15: 21-136.
- Akashi Yasukuni, 1990, "Confidence and Security-building Measures in Asia", *Disarmament*, United Nations, New York.
- Akrasanee Narongchai & David Stifel, 1994, "The political economy of the ASEAN Free Trade Trade Area", in Ross Garnaut & Peter Drysdale (eds.), *Asia Pacific Regionalism: Readings in International Economic Relations*, Pymble, HarperEducational Publishers.
- Alao Abiodu, "The Role of African Regional and Sub-regional Organizations in Conflict Prevention and Resolution", *The Journal of Humanitarian Assistance*, Working Paper No. 23, <http://jha.ac/articles/u023.htm>, 2001.
- Albright Madeleine, 1998, *The OAS Marks Fifty Years*, for *Diario Las Americas*, Miami, June 7.
- Alvstam Claes, 2000, "East Asia – Regionalization still waiting to happen?", in Michael Schultz, Fredrik Söderbaum & Joakim Öjendal (eds.), *Regionalization in a Globalizing World*, University of Göteborg, Padriku, Göteborg.
- Amelung Torsten, 1994, "The impact of transaction costs on trade flows in the Asia Pacific", in Ross Garnaut & Peter Drysdale (eds.), *Asia Pacific Regionalism: Readings in International Economic Relations*, Pymble, HarperEducational Publishers.
- Amer Ramses, 1998, "Expanding ASEAN's conflict Management Framework in Southeast Asia: The Border Dispute Dimension", *Asian Journal of Political Science*, Vol. 6, No. 2, December.
- , 1999, "Conflict management and constructive engagement in ASEAN's expansion", *Third World Quarterly*, Vol. 20:1031-1048.

Regional Cooperation and Conflict Management:  
Lessons from the Pacific Rim

Amer Ramses & Niklas Swanström, 1996, Konflikter och samarbete i Stillahavsasien, *Internationella Studier*, Utrikespolitiska Institutet, pp. 52-71.

Ames Roger, 1993, *Sun-Tzu: The Art of Warfare*, Ballantine Books, New York.

Anatolik Michael, 1994, "The ASEAN Regional Forum: The Spirit of Constructive Engagement", *Contemporary Southeast Asia*, Vol. 16, No. 2, September.

Andean Community (<http://www.comunidadandina.org>)

—, 1966, *Declaration of Bogot*

—, 1969, *Cartagena Agreement*

—, 1979, *The Treaty creating the Court of Justice of the Cartagena Agreement*

—, 1987, *Quito Protocol*

—, 1989, *Galapagos Declaration*

—, 1996, *Cochabamba Protocol*, May 28.

—, 1997, *The Protocol modifying its Charter and the Additional Protocol on Direct and Universal Elections of the Representatives*.

—, 1997b, *Additional Protocol to the Treaty Establishing the Andean Parliament*.

—, 2002, *Andean Charter for the Promotion and Protection of Human Rights*.

Anderson Benedict, 1992, "The Last Empires: The New World Disorder", *New Left Review*, Vol. 193.

Anderson Kym & Hege Norheim, 1994, "Is world trade becoming more regionalised" in Ross Garnaut & Peter Drysdale (eds.), *Asia Pacific Regionalism: Readings in International Economic Relations*, Pymble, HarperEducational Publishers.

Anderson Thomas, 1980, *The War of the disposed: Honduras and El Salvador, 1969*, Lincoln, University of Nebraska Press.

Andreski S, 1971, *Military Organization and Society*, Berkely, University of California.

Angell Norman, 1933, *The Great Illusion*, New York, Putnam.

Annan Kofi, 1997, *Renewal amid transition, Annual report on the work of the organizations*, New York, United Nations.

Anthony Ian, 2000, "Responses to proliferation: the North Korean ballistic program", in *SIPRI Yearbook 2000. Armaments, Disarmament and International Security*, Oxford, Oxford University Press.

Antolik Michael, 1994, "The ASEAN Regional Forum: The Spirit of Constructive Engagement", *Contemporary Southeast Asia*, Vol 16, Nr 2, September, Sid 117-136.

Anwar Ibrahim, 1996, *The Asian Renaissance*, Singapore, Times Books International.

APEC (Asia Pacific Economic Cooperation) , <http://apecsec.org.sg>

—, 1992, *Fourth Ministerial Meeting in Bangkok*, September.

—, 1993, *The Blake Island Economic Vision and The Bogor Declaration of Common Resolve*, November.

Regional Cooperation and Conflict Management:  
Lessons from the Pacific Rim

- , 1994, *The Leaders' Declaration of Common Resolve*, Bogor, Indonesia, November.
- , 1995, *Osaka Summit*, November.
- , 1996, *The Manila Action Plan for APEC*.
- , 1999, *The Auckland Challenge*.
- , 2001, *Dispute Mediation*, October.
- , 2002, *International Commercial Disputes*, Foreword.

APEC Business Advisory Council, 2000, *Facing Globalization the APEC Way*, October.

APPF (Asia Pacific Parliamentary Forum) ([www.appf.net](http://www.appf.net))

- , 2001, Resolution on ASEAN+3 submitted by the US delegation.

Ariff Mohamed, 1997, "Intra-Regional Trade Liberalization in ASEAN à la AFTA", in Chia Siow Yue & Marcello Pacini (eds.), *ASEAN in the New Asia: Issues & Trends*, Singapore, Institute of Southeast Asian Studies.

Arndt H W, 1992, "The economics of globalism", *Quarterly Review*, Banca Nazionale del Lavoro, March.

—, 1994, "Anatomy of regionalism", in Ross Garnaut & Peter Drysdale (eds.), *Asia Pacific Regionalism: Readings in International Economic Relations*, Pymble, HarperEducational Publishers.

Asian Development Bank 1996, *Asian Development Outlook 1996 & 1997*, New York, Oxford University Press.

Askandar Kamarulzaman, 1994, "ASEAN and Conflict Management: The Formative Years of 1967-1976", *Pacific Review* 6, No. 2.

—, 1996, *ASEAN as a Process of Conflict Management*, Unpublished Ph.D. Dissertation, Bradford, Department of Peace Studies, University of Bradford.

Association of Southeast Asian Nations (ASEAN)

- , 1967, *Bangkok Declaration*, August 8.
- , 1971, *Zone of Peace, Freedom and Neutrality Declaration*, November 27.
- , 1976, *Declaration of ASEAN Concord and the Treaty of Amity and Cooperation (Bali Treaty)*, February 24.
- , 1976b, *Joint Communiqué of the First ASEAN Heads of Government Meeting*, Bali, February 23-24.
- , 1977, *Joint Communiqué of the Second ASEAN Heads of Government Meeting*, Kuala Lumpur, August 4-5
- , 1987, *Joint Communiqué of the Third ASEAN Heads of Government Meeting*, Manila, December 14-15
- , 1995, *Treaty on the Southeast Asia Nuclear Weapon-Free Zone*, December 15.
- , 1996, *Protocol on Dispute Settlement Mechanism*, Manila, November 20.
- , 1998, *The Financial and Economic Crisis in ASEAN and Regional Integration*. October 27.
- , 1999, *The ASEAN Troika*. November 25.
- , 1999b, *The Hanoi Plan of Action*, December.
- , 1999c, *Informal Summit*, November.

Regional Cooperation and Conflict Management:  
Lessons from the Pacific Rim

—, 2002, *Association of Southeast Asian Nations: An Overview*.

ARF (ASEAN Regional Forum) (<http://www.aseansec.org/>)

—, 1994, *Chairman's Statement: The First ASEAN Regional Forum*, Bangkok, July 25.

—, 1996, *Chairman's Statement of the 3<sup>rd</sup> ASEAN Regional Forum*, Jakarta, 23 July.

—, 2000, *Co-chairman Summary Report of the meeting of the ARF intersessional support group (ISG) on confidence-building measures (CBMs)*, Seoul, Republic of Korea, 1-3 November.

—2001a, *Co-chairman Summary Report of the meeting of the ARF intersessional support group (ISG) on confidence-building measures (CBMs)*, Kuala Lumpur, Malaysia, 18-20 April.

—, 2001b, *Chairman's Statement of the 8<sup>th</sup> ASEAN Regional Forum*, Ha Noi, 25 July.

—, 2001c, *ASEAN Regional Forum (ARF) Concept and Principles of Preventive Diplomacy*.

ASEAN+3 (<http://www.aseansec.org/>)

—, 1999, *Joint Statement on East Asia Cooperation*, November 28.

—, 2001a, *Press Statement by the Chairman of the 7<sup>th</sup> ASEAN Summit and the 5<sup>th</sup> ASEAN+3 Summit*, November 5, Bandar Seri Begawan.

—, 2002, *The Joint Ministerial Statement of the ASEAN+3 Finance Ministers Meeting*, May 10, Shanghai.

—, 2002b, *Chairman's Press Statement*, The Third ASEAN+3 Foreign Ministers Meeting, 30 July, Bandar Seri Begawan.

Atkins Pope, 1993, "Monroe Doctrine", in Joel Krieger (ed.), *The Oxford Companion to Politics of the World*, Oxford, Oxford University Press.

Australian Department of Foreign Affairs and Trade, [www.dfat.gov.au/arf](http://www.dfat.gov.au/arf)

—, 2001, *ARF (ASEAN Regional Forum), Global Issues*.

—, 2002, *ASEAN Regional Forum: Background*.

Avruch Kevin, 1998, *Culture & Conflict Resolution*, Washington D.C. United States Institute of Peace.

Axelrod Robert, 1997, *The Complexity of Cooperation: Agent-based models of competition and collaboration*, Princeton, Princeton University Press.

Balassa Bela, 1971, "Regional Integration and trade Liberalization in Latin America", *Journal of Common Market Studies*, Vol. 10.

Baringa Ester, 1999, *Swedishness through "lagom": Can words tell us anything about culture?* Research Paper no. 6, Center for Advanced Studies in Leadership, Stockholm School of Economics.

Bean Mark, 1990, *Cooperative Security in Northeast Asia*, Washington D.C., National Defense University.

Bebr Gerhard, 1955, "Regional Organizations: A United Nations Problem", *American Journal of International Law*, Vol. 49, No. 2.

Bell Peter, Alejandro Foxley & Peter Hakim, 1997, *The Americas in 1997: Making cooperation work*, Inter-American Dialogue, <http://www.iadialog.org/american.html>.

Bennett Andrew, 1997, *Lost in Translation: Big (N) Misinterpretations of Case Study Research*, paper presented at the 38<sup>th</sup> Annual Convention of the International Studies Association, <http://www.georgetown.edu/bennett/bign.htm>.

Regional Cooperation and Conflict Management:  
Lessons from the Pacific Rim

- , 1999, *Causal Inference in Case Studies: From Mill's Methods to Causal Mechanisms*, Paper presented at the American Political Science Association Conference, <http://georgetown.edu/faculty/benetta/APSA99.html>.
- Bennett Andrew & Alexander George, 1997, *Process Tracing in Case Study Research*, Paper presented at the MacArthur Foundation Workshop on Case Study Methods, <http://georgetown.edu/bennett/PROTCG.htm>
- Berger Mark T, 1998, "A New East-West Synthesis? APEC and Competing Narratives of Regional Integration in the Post-Cold War Asia-Pacific", *Alternatives*, 23, p. 2.
- Bergsten Fred C, 1994, "APEC and the world economy: a force for worldwide liberalisation", *Foreign Affairs*, 73(3), May/June, pp. 20-26.
- , 1997, *Open Regionalism*, Institute for International Economics, Working Paper 97-3, <http://www.iie.com/97-3.htm>.
- , 1998, *United States Trade with Asia, APEC and the Financial Crisis*, Washington D.C. Institute for International Economics.
- Bernstein Richard & Ross H Munro, 1997, *The coming conflict with China*, New York, Alfred A Knopf.
- Betts Richard, 1996, "Wealth, Power, and Instability: East Asia and the United States after the Cold War" in Brown Michael, Sean Lynn-Jones & Steven Miller (eds.), *East Asian Security*, Cambridge, The MIT Press.
- Bhagawati Jagdish, 1993, "Regionalism and Multilateralism: An Overview" in J De Melo & A Panagariya (eds.), *New Dimensions in Regional Integration*, Cambridge, Cambridge University Press.
- Bialos Jefferey & Deborah Siegel, 1993, "Dispute Resolution Under the NAFTA: The Newer and Improved Model", *Int'l Law*, Vol. 27.
- Binnendijk Hans (ed.), 1987, *National Negotiating Styles*, Washington D.C., Foreign Service Institute, US Department of State.
- Black Cyril, 1971, "Conflict Management and World Order" in Cyril Black & Richard Falk, *The Future of the International Legal Order*, Vol. 3, New Jersey, Princeton University press.
- Blackhurst Richard & David Henderson, 1993, "Regional integration agreements, world integration and the GATT" in Kym Anderson & Richard Blackhurst (eds.), *Regional integration and the global trading system*, New York, Harvester.
- Blalock Hubert, 1979, *Social Statistics*, New York, McGraw-Hill.
- Bloed Arie, 1997, "The OSCE Main Political Bodies and Their Role in Conflict prevention and Crisis Management", in Bothe Michael, Natalino Ronzitti & Allan Rosas (eds.), *The OSCE in the Maintenance of Peace and Security*, The Hague, Klywer Law International.
- Blomqvist Hans & Mats Lundahl, 1992, *Ekonomisk Utveckling*, Stockholm, SNS Förlag.
- Bond Robert, 1978, "Regionalism in Latin America: prospects for the Latin American Economic System (SELA)", *International Organization*, Vol. 32:401-423.
- Boulding Elise (ed.), 1992, *New Agenda for Peace Research. Conflict and Security Re-examined*, Boulder, Lynne Rienner.
- , 1995, *The Future Images and Processes*, London, Sage Publications.
- Boulding Kenneth, 1978, *Stable Peace*, Austin, University Texas Press.
- Boutros-Ghali Boutros, 1995, *An Agenda for Peace*, New York United Nations.

Regional Cooperation and Conflict Management:  
Lessons from the Pacific Rim

- Bowett D, 1982, *The Law of International Institutions* (4 ed), London, Sweet & Maxwell.
- Brian Arthur, 1994, *Increasing return and path dependence in the economy*, Ann Arbor, University of Michigan Press.
- British Broadcasting Corporation Summary of Worl Events, Part Three, Far East (BBC/FE).
- BBC/FE/2580 D/1-5, April 8 1996.                      BBC/FE/2581 D1-5, April 9 1996.  
BBC/FE/2582 D/1-8, April 10 1996.
- Brown David, 2002, *Reconsidering Four Party Talks in Korea*, Pacific Forum, Washington D.C, Center for Strategic & International Studies.
- Brown Michael, Sean M Lynn-Jones & Steven Miller (eds.), 1996, *East Asian Security*, Cambridge, the MIT Press.
- Bull Hedley, 1977, *The Anarchical Society: A Study of Order in World Politics*, London, Macmillan.
- Bulmer-Thomas Victor & James Dunkerley (eds.), 1999, *The United States and Latin America: The New Agenda*, London, Short Run Press.
- Bulmer-Thomas Victor & Sheila Page, 1999, "Trade Relations in the Americas: MERCOSUR, The Free Trade Area of the Americas and the European Union", in Bulmer-Thomas Victor & James Dunkerley (eds.), 1999, *The United States and Latin America: The New Agenda*, London, Short Run Press.
- Business Times, 1994, Singapore, October 14.
- Buszynski Leszek, 1983, *SEATO: The Failure of an Alliance Strategy*, Singapore, Singapore University Press.
- , 1996, "Post-Cold War Security in the ASEAN Region", in Gary Klintworth (ed.), *Asia-Pacific Security: Less uncertainty, New Opportunities?*, New York, St. Martin's Press.
- Buzan Barry, 1991, *People. States and Fear: An Agenda for International Security Studies in the Post-Cold War Era*, Boulder, Lynne Rienner.
- , 1996, "International Security and International Society", in Rick Fawn & Anthony Larkin (eds.), *International Society after the Cold War: Anarchy and Order Reconsidered*, London, Macmillan.
- Buzan Barry, Ole Waever & Jaap de Wilde, 1998, *Security: A New Framework for Analysis*, London, Lynne Rienner Publishers.
- Caballero-Anthony Mely, 1998, "Mechanisms of Dispute Settlement: The ASEAN Experience", *Contemporary Southeast Asia*, Vol. 20: 38-66.
- CACM (Central American Common Market)
- , 1960, *Tratado General de Integracion Economica Centroamericana*, 13 December.
- , 1991, *Protocolo de Tegucigalpa a la Carta de a Organizacion de Estados Centroamericanos (ODECA)*, December 13.
- , 1993, *Protocolo al Tratado General de Integracion Economica Centroamericana*, 29 October.
- , 1997, *Central American Presidents XIX Summit Meeting*, Panama City, 11-12 June.
- Calvert Peter, 1994, *The International Politics of Latin America*, Manchester, Manchester University Press.
- Campbell David, 1993, *Writing Security: United States Foreign Policy and the Politics of Identity*, Manchester, Manchester University Press.
- Campbell Donald, 1975, "'Degrees of Freedom' and the Case Study", *Comparative Political Studies*, Vol. 8.



Regional Cooperation and Conflict Management:  
Lessons from the Pacific Rim

- Canadian Parliament, 1988, *Crisis in Asia: Implications for the Region, Canada, and the World*. <http://www.parl.gc.ca/36/1/parlbus...om-e/fore-e/rep-e/rep08dec98-e.htm>
- Cantori Louis & Steven Spiegel, 1973, "The Analysis of Regional International Politics: The Integration versus the Empirical Systems Approach", *International Organizations*, Vol. 27: 465-494.
- Caporaso James, 1992, "International relations theory and multilateralism: the search for foundations", *International Organizations*, Vol. 46:599-632.
- Cardoso Fernando Henrique & Enzo Faletto, 1979, *Dependency and Development in Latin America*, Berkley, University of California Press.
- Caves R E, 1971, "International Cooperation: the industrial economics of foreign direct investments", *Economica*, 38, pp. 1-27.
- Centeno Miguel Angel, 2002, *Blood and Debt: War and the Nation-State in Latin America*, University Park, The Pennsylvania State University Press.
- Cerdas Cruz Rodolfo, 1999, "United States Foreign Relations and the Promotion of Democracy in Latin America", in Bulmer-Thomas Victor & James Dunkerley (eds.), 1999, *The United States and Latin America: The New Agenda*, London, Short Run Press.
- Cerna Cristina, 1995, "Universal Democracy: An International Legal Right or the Pipe dream of the West?!", *New York University Journal of International Law and Politics*, Vol. 27, Winer.
- Chamberlain Muriel, 1999, *Decolonization*, Blackwell Publishers, New York.
- Chan Stephen, 1994, "Revolution, culture, and the foreign policy of China" in Stephen Chan & Andrew J Williams (eds.), *Renegade States: The evolution of revolutionary foreign policy*, Manchester, Manchester University Press.
- Chang Gordon, 2001, *The Coming Collapse of China*, New York, Random House.
- Checkel Jeffrey, 1998, "The Constructivist Turn in International Relations Theory", *World Politics*, Vol. 50.
- Chen Edward & Kwan C H (eds.), 1997, *Asia's Borderless Economy: the emergence of sub-regional zones*, Allen & Unwin, St Leonards.
- Chernick Marc, 1996 "Peacemaking and Violence in Latin America", in Michael Brown (ed.), *The International Dimension of Internal Conflict*, Cambridge, MIT Press.
- Child Jack, 1985, *Geopolitics and Conflict in South America*, New York, Praeger.
- Ching Cheong, 2001, *Will Taiwan Break Away: The Rise of Taiwanese Nationalism*, Singapore, World Scientific.
- Ching Frank, 1998, "ASEAN at a Crossroads", *Far Eastern Economic Review*, August 13, Vol. 161:33.
- Chipman John, 1997, *Security Challenges in the Rising Asia-Pacific*, The IISS 39<sup>th</sup> Annual Conference, Singapore, September 11-14.
- Choi Dae Won, 1993, *The Pacific Basin and Latin America*, CEPAL Review, No.49:21-40.
- Choi Young Jong & James Caporaso, 2002, "Comparative Regional Integration", in Walter Carlsnaes, Thomas Risse & Beth Simmons, *Handbook of International Relations*, London, Sage.
- Chung K & H Lee, 1989, "National Differences in managerial practices", in K Chung & H Lee (eds.), *Korean Managerial Dynamics*, New York, Praeger.
- Claude Inis, 1964, "The OAS, the UN, the United States", *International Conciliation*, Vol. 54, March.
- 1971, *Swords into Plowshares*, New York, Random House, 4th ed.

Regional Cooperation and Conflict Management:  
Lessons from the Pacific Rim

- Clausewitz Carl von, 1968, *On War*, Harmondsworth, Penguin Books.
- Clements Kevin, 1994, "The ASEAN Regional Forum (ARF)", *Pacific Research*, Vol. 7:12-13.
- Coatsworth John, 1999, "The United States and Democracy in Mexico", in Bulmer-Thomas Victor & James Dunkerley (eds.), 1999, *The United States and Latin America: The New Agenda*, London, Short Run Press.
- Cobden Richard, 1969, *The Political Writings of Richard Cobden*, New York, Kraus Reprint.
- Cohen Roberta, 1997, *The Response of Regional Organizations to Internal Displacements in the Americas*, Conference on Regional Response to Forced Migration in Central America and the Caribbean, OAS, September 30.
- Colburn Forrest, 2002, *Latin America at the End of Politics*, Princeton, Princeton Univeristy Press.
- Coleman & Underhill, 1998, *Regionalism & Global Economic Integration*, London, Routledge.
- Collier David, 1991, "The Comparative Method: Two Decades of Change", in Rustow A & Kenneth Paul Erickson (eds.), *Comparative Political Dynamics: Global Research Perspectives*, New York, Harper Collins.
- , 1993, "The Comparative Method", in Ada Finifter, *The State of the Discipline II*, Washington D.C., American Political Science Association.
- Collier David & James Mahoney, 1996, "Insights and Pitfalls: Selection Bias in Qualitative Research", *World Politics*, Vol 49.
- Colombia Mincomex, 2002, *Latin American Integration Association –LAIA-*, <http://www.mincomex.gov.co>.
- Cook Malcolm, 2001, *The Use of One within the Other: A Theory-Based Study of the Effectiveness of ASEAN as a Collective Action Group within APEC; 1989-1995*, Ateneo de Manila University.
- Cooper Richard, 1994, "Worldwide regional integration: is there an optimal size of the integrated area?", in Ross Garnaut & Peter Drysdale (eds.), *Asia Pacific Regionalism: Readings in International Economic Relations*, Pymble, HarperEducational Publishers.
- Corden Max, 1999, *The Asian Crisis: Is there a way out?*, Singapore, Institute of Southeast Asian studies.
- Cotteral Arthur, 1993, *East Asia: From Chinese predominance to the rise of the Pacific Rim*, Oxford, Oxford University Press.
- Cox R W, 1989, "Social Forces, States and World Order: Beyond International Relations Theory", *Millenium*, Vol. 10.
- Cronin Patrick & Emily Metzgar, 1996, *ASEAN and Regional Security*, Strategic Forum, National Defence University, USA, No. 85, October.
- Czempiel Ernst-Otto, 1981, *Internationale Politik: Ein Konfliktmodell*, Paderborn, Schöningh.
- Das D, 1993, "From Economic Integration to Economic Cooperation: Institutional Initiatives", *Journal of Asian Business*, Vol. 8.
- Davey William, 1987, "Dispute Settlement in GATT", *Fordham International Law Journal*, Vol. 51.
- Deng Young, 1998, "The Asianization of East Asian Security and the United States' Role", *East Asia: An International Quarterly*, Autumn.
- Dessler David, 1989, "What's at stake in the Agent – Structure Debate", *International Organizations*, Vol. 43.
- , 1991 "Beyond Correlations: Towards a Causal Theory of War", *International Studies Quarterly*, Vol. 35.

Regional Cooperation and Conflict Management:  
Lessons from the Pacific Rim

- , 2000, "Analytic Narrative: A Methodological Innovation in Social Science?", manuscript, forthcoming in *International Studies Review*.
- Deutsch M, 1973, *The Resolution of Conflict*, New Haven: Yale University Press.
- Deutsch M & R. M Krauss, 1962, "Studies in interpersonal bargaining", *Journal of Conflict Resolution*, Vol. 6.
- Dexter Lewis, 1970, *Elite and Specialized Interviewing*, Evanston, Northwestern University Press.
- Dexter Perkins, 1963, *A History of the Monroe Doctrine*, Boston, Little Brown & Company.
- Dietz Henry & Karl Schmitt, 1984, "Militarization in Latin America: For What? And Why?", *Inter-American and Economic Affairs*, Vol. 38.
- Dillion Douglas, 1988, "The Prelude", in Ronald Scheman (ed.) *The Alliance for Progress*, New York, Praeger,
- Dion Doug, 1997, "Evidence and Inference in the Comparative Case Study", *Comparative Politics*, Vol. 30.
- Dixon C & Drakakis Smith D, 1993, *Economic and Social Development in Pacific Asia*, London & New York, Routledge.
- Dixon William, 1977, "Research on research revisited: another half decade of quantitative and field research on international organizations", *International Organization*, Vol. 31:65-82.
- Dobbs-Higginson M.S, 1993, *Asia Pacific: Its role in the new world disorder*, Longman group Ltd, Minerva, Port Melbourne.
- Domínguez Jorge, 1999, "US-Latin American Relations during the Cold War and its Aftermath", in Victor Bulmer-Thomas & James Dunkerey (eds.), *The United States and Latin America: The New Agenda*, Cambridge, Harvard University Press.
- Doyle Michael, 1996, "Liberalism and World Politics", *APSR*, Vol.80:1151-69.
- Drysdale Peter, 1994, "International economic pluralism", in Ross Garnaut & Peter Drysdale (eds.), *Asia Pacific Regionalism: Readings in International Economic Relations*, Pymble, Harper Educational Publishers.
- Drysdale Peter & Ross Garnaut, 1993, "The Pacific: an application of a general theory of economic integration", in C Fred Bergsten & Marcus Noland (eds.), *Pacific Dynamism and the International Economic System*, Washington, DC: Institute for International Economics.
- , 1994, "Principles of Pacific economic integration", in Ross Garnaut & Peter Drysdale (eds.), *Asia Pacific Regionalism: Readings in International Economic Relations*, Pymble, Harper Educational Publishers.
- Duff Development Co. v. Government of Kelantan*, 1924, Great Britain, House of Lords, A.C. 797.
- Dunkerley James, 1999, "The United States and Latin America in the Long Run (1800-1945)", in Victor Bulmer-Thomas & James Dunkerey (eds.), *The United States and Latin America: The New Agenda*, Cambridge, Harvard University Press.
- Dunne Timothy, 1995, "the Social Construction of International Society", *European Journal of International Relations*, Vol. 3.
- , 1998, *Inventing International Society: A History of the English School*, London, Macmillan.
- Durham William, 1979, *Scarcity and Survival in Central America. Ecological Origins of the Soccer War*, Stanford, Stanford University Press.
- Dutta M, 1992, "Economic regionalisation in Western Europe: Asia Pacific economics (macroeconomic core: microeconomic optimization)", *American Economic Review*, Vol. 82.

Regional Cooperation and Conflict Management:  
Lessons from the Pacific Rim

- Echandi Roberto, 2001, "Regional trade integration in the Americas during the 1990s: Reflections of some trends and their implications for the multilateral trade system, *Journal of International Economic Law*.
- Economist, 2002, *American capitalism takes a beating* (leader), July 13<sup>th</sup>-19<sup>th</sup>.
- Efinger Manfred & Michael Zurn, 1990, "Explaining Conflict Management in East-West Relations: A quantitative Test of Problem-Structural Typologies, in Volker Rittberger (ed.), *International Regimes in East-West Politics*, London, Pinter.
- Elliason Jan & Robert Rydberg, 1998, "Preventive Action and Preventive Diplomacy, in Peter Wallensteen (ed.), *Preventing Violent Conflicts: Past Record and Future Challenges*, Uppsala, Uppsala University, Department of Peace and Conflict Research.
- Fallows James, 1995, *Looking at the Sun: the rise of the new East Asian economic and political system*, New York, Vintage Books.
- Fang Tony, 1999, *Chinese Business Negotiating Style*, Thousand Oaks, SAGE Publications.
- Far Eastern Economic Review* (Special Correspondent), 1964, "Confrontation at Bandung", Vol XLIV, No. 6, May 7.
- Farer Tom, 1993, *Collectively Defending Democracy in a World of Sovereign States: The Western Hemisphere's Prospect*, International Centre for Human Rights and Democratic Development, Canada.
- Faust Jörg & Manfred Mols, *Latin America and the Asia-Pacific: An Emerging Pattern of International Relations*, Johannes Gutenberg-Universität Mainz, Institute für Politikwissenschaft, Dokumente:28.
- Fearon James, 1994, "Domestic Political Audiences and the Escalation of international Disputes", *American Political Science Review*, Vol. 88.
- Feeney William, 1998, "China and the Multilateral Economic Institutions", in Samuel Kim (ed.), *China and the World* 4<sup>th</sup> edition, Oxford, Westview Press.
- Feldstein Martin, 1993, "National Security Aspects of United States-Japan Economic Relations in the Pacific Asian Region", in Jeffrey Frankel & Miles Kahler (eds.), *Regionalism and rivalry*, Chicago, Chicago University Press.
- Ferns Henry, 1973, *The Argentine Republic, 1516-1971*, New York, Barnes & Noble.
- Financial Times, 1994, *Seeking a Role for APEC*, September 2.
- Fisher Roger & Scott Brown, 1988, "A Note on Tit for Tat", in *Getting Together: Building Relationships as We Negotiate*, New York, Penguin Books.
- FitzGerald E, 1999, "Trade, Investment and NAFTA: The Economies of Neighbourhood", in Bulmer-Thomas Victor & James Dunkerley (eds.), 1999, *The United States and Latin America: The New Agenda*, London, Short Run Press.
- Foreign Sovereign Immunities Act*, 1976, United States, Public Law 94-583, 94<sup>th</sup> Congress.
- Frankel Jeffrey A, 1993, "Is Japan creating a yen bloc in East Asia and the Pacific" in Jeffrey A Frankel & Miles Kahler (eds.), *Regionalism and Rivalry: Japan and the United States in Pacific Asia*, Chicago, University of Chicago Press.
- Frankel J, E Stein & S Wei, 1997, *Regional Trading Blocs in the World Economic System*, Washington D.C., Institute for International Economics.
- Frankel Jeffrey & Wei, 1995, "The New Regionalism and Asia: Impact and Options", Paper presented at the *Conference on the Emerging Global Trading Environment and Developing Asia*, May 1995, Manila.
- Frei Eduardo, "The Alliance that Lost its Way", *Foreign Affairs*, Vol 45.

Regional Cooperation and Conflict Management:  
Lessons from the Pacific Rim

- Frey-Wouters Ellen, 1969 "The Prospects for Regionalism in World Affairs", in Richard Falk & Cyril Black (eds.), *Trends and Patterns*, Vol. 1, The Future of the International Legal Order, Princeton.
- Friedman George & Meredith Lebard, 1991, *The Coming War With Japan*, New York, St. Martin's Press.
- Frohman A, 2000, "The New Regionalism and Collective Diplomacy in Latin America" in B Hettne, A Inotai & S Sunkel (eds.), *The New Regionalism and the Future of Security and Development*, Basingstoke, Macmillan
- Fruin Mark, 1995, "Prospects for Economic Cooperation in the Asia-Pacific Regions" *Asian Survey*, Vol XXXV.
- , (ed.) 1998, *Networks, markets and the Pacific Rim: studies in strategy*, Oxford, Oxford University Press.
- Fryer Wesley, 1993, *Prospects for Collective Security in the Western Hemisphere*, <http://wtvi.co/wesley/collectivesecurity.html>
- FTAA (Free Trade Area of the Americas), <http://www.ftaa-alca.oas.org>
- , 2001, *International Conventions Governing Private Commercial Arbitration: Panama, New York, Montevideo, and ICSID Conventions*.
- , 2002, *Inventory of Dispute Settlement Mechanisms, Procedures and Legal Texts Established in Existing Trade and Integration Arrangements, Treaties and Arrangements in the Hemisphere and in the WTO*.
- Fujiwara Kiichi, 1996, "State Formation and Regional Order: Southeast Asia in the International Environment", in King Peter & Yoichi Kibata (eds.), *Peace Building in the Asia Pacific Region*, St Leonards, Allen & Unwin Pty Ltd.
- Fukuyama Francis, 1995, *Trust: The Social Virtues and the Creation of Prosperity*, New York, Simon & Schuster.
- Funabashi Yoichi, 1995, *Asia Pacific Fusion: Japan's Role in APEC*, Institute of International economics, Washington.
- Funston John, 1999, "Challenges Facing ASEAN in a More Complex Age", *Contemporary Southeast Asia*, Vol 21:205-219.
- Galtung Johan, 1965, "Institutionalized Conflict Resolution: A theoretical paradigm", *Journal of Peace Research*, Vol. 2, No. 4.
- , 1975, *Peace: Research, Education, Action, Essays in Peace Research*, Vol 1, Copenhagen, Christian Ejlers.
- Gardner Richard, 1980, *Sterling-Dollar Diplomacy in Current Perspective*, New York, Columbia University Press.
- Garnut Ross, 1996, *Open regionalism and Trade Liberalization*, Singapore, Allen & Unwin.
- Garnaut Ross & Peter Drysdale, 1994, "Asia Pacific regionalism: the issue", in Ross Garnaut & Peter Drysdale (eds.), *Asia Pacific Regionalism: Readings in International Economic Relations*, Pymble, HarperEducational Publishers.
- Garofano John, 1999, "Flexibility or Irrelevance: Ways Forward for the ARF", *Contemporary Southeast Asia*, Vol. 21.
- Garver John, 1993, *Foreign Relations of the People's Republic of China*, New Jersey, Prentice-Hall.
- Geddes Barbara, 1990, "How the Cases You Choose affect the Answers You Get: Selection Bias in Comparative Politics", in *Political Analysis*, Vol 2, James Stimson (ed.), Ann Arbor, University of Michigan Press.
- George Alexander L, 1979, "Case Studies and Theory Development: The Method of Structured, Focused Comparison" in Lauren P G (ed.), *Diplomacy: New Approaches in History, Theory and Policy*, New York, The Free Press.
- Godwin Paul 1996, "Force Projection and China's National Military Strategy", in Lane Dennison, Mark Weisenbloom & Dimon Liu (eds.), *Chinese Military Modernization*, London, Kegan Paul International.
- Goffman E, 1955, "On Face Work: An Analysis of Ritual Elements in Social Interaction", *Psychiatry*, Vol 18.

Regional Cooperation and Conflict Management:  
Lessons from the Pacific Rim

- Goldthorpe John, 1997, "Current Issues in Comparative Macrosociology: A Debate on Methodological Issues", *Comparative Social Research*, Vol 16.
- Goldstein Judith & Robert Keohan, 1993, "Ideas and Foreign Policy: An Analytical Framework", in Goldstein and Keohane (eds.), *Ideas and Foreign policy: Beliefs, Institutions, and political Change*, Ithaca, Cornell University Press.
- Goldstone Jack, 1997, "Methodological Issues in Comparative Macrosociology", *Comparative Social Research*, Vol. 16.
- Gordon Lincoln, 1988, "The Alliance at Birth: Hopes and Fears", in Ronald Scheman (ed.) *The Alliance for Progress*, New York, Praeger.
- Graham Bill, 2002, *Special Session of the Permanent Council of the Organization of American States*, Washington, D.C., 13 February.
- Gu Chuang, 1996, *Zhongguo Bu Jiu Jiu Shou Bu*, Beijing, Zhonghua Gongshanglianhe Chufashe.
- Haas Ernst, 1970, "The study of Regional Integration: Reflections on the Joy and Anguish of Pretheorizing", *International Organizations*, Vol. 24:607-646.
- , 1983, Regime Decay: Conflict Management and International Organizations, 1945-1981, *International Organizations*, Vol. 37:189-256.
- , 1990, *When Knowledge is Power*, Berkley, University of California Press.
- Haas Ernst, Robert Butterworth & Joseph Nye, 1972, *Conflict Management by International Organizations*, Morristown, General Learning Press.
- Haas Peter, 1992, "Knowledge, Power, and International Policy Coordination", *International Organizations*, Vol. 46.
- Hackett Karl, 2001, *Defense & Decolonization in South-East Asia*, London, Curzon Press.
- Haftendorn Helga, Robert Keohane & Celeste Wallander, 1999, *Imperfect Unions: Security Institutions over Time and Space*, Oxford, Oxford University Press.
- Haftendorn Helga, 1999, "The "Quad". Dynamics of Institutional Change", in Helga Haftendorn, Robert Keohane & Celeste Wallander (eds.), *Imperfect Unions: Security Institutions over Time and Space*, Oxford, Oxford University Press.
- Haggard Stephen, 1995, *Developing Nations and the Politics of Global Integration*, Washington, D.C: Brookings Institution.
- Halderman John, 1963, "Regional Enforcement Measures and the United Nations", *Georgetown Law Journal*, Vol. 52, No. 1.
- Hansen Roger, 1967, *Central America: Regional Integration and Economic Development*, Studies in Development Progress, No. 1, National Planning Association, Washington, D.C.
- Harris Sheldon, 2002b, *Factories of Death*, London, Routledge.
- Harrison Lawrence, 1985, *Underdevelopment Is a State of Mind: the Latin American Case*, Lanham, University Press of America.
- Harberger Arnold, Kenneth Arrow, Charles Wolf, Michael Intriligator & Gordon Tullock, 1993, "Economic integration and the future of the nation-state", *Contemporary Policy Issues*, Vol XI, April.
- Hasenclever Andreas, Peter Mayer & Volker Rittberger, 1997, *Theories of International Regimes*, Cambridge, Cambridge University Press.

Regional Cooperation and Conflict Management:  
Lessons from the Pacific Rim

- Hatch Walter & Kozo Yamamura, 1996, *Asia in Japan's Embrace: Building a Regional Production Alliance*, Cambridge, Cambridge University Press.
- Hellman D & K Pyle (eds.), 1997, *From APEC to Xandu: Creating a Viable Community in the Post-Cold War Pacific*, National Bureau of Asian Research, East Gate Books.
- Helvetica Confoederatio, 1998, *Vier-Parteien-Gespräche ("Four-Party-Talks") über die koreanische Halbinsel*, Eidg. Departement für Bern, März 13.
- Herrmann H, 1982, *Kommunikationskosten und Internationaler Handel*, Schriften des Instituts für Regionalforschung der Universität Kiel, Munich, Florentz.
- Hettne Björn, 1989, *The Globalization of Development Theory and the Future of Development Strategies*, Göteborgs Universitet, Padriku Development Studies, Padriku Papers.
- Hettne Björn & András Inotai, 1994, *The New Regionalism*, The United Nations University, World Institute for Development Economics Research.
- Hettne Björn, András Inotai & Osvaldo Sunkel (eds.), 1999, *Globalism and the New Regionalism*, Basingstoke, Macmillan.
- , 2001, *The New Regionalism and the Future of Security and Development*, Basingstoke, Macmillan.
- Hew Denis & Mely Anthony, 2000, "ASEAN and ASEAN+3 in Postcrisis Asia", *NIAR Review*, Autumn: 21-26.
- Higgins B, 1989, *The Road Less Travelled: A Development Economist's Quest*, Canberra, Australian National University Press.
- Higgins Rosalyn, 1994, *Problems and process: international law and how we should use it*, Oxford, Clarendon.
- Higgot Richard, 1998, "The international political economy of regionalism: the Asia-Pacific and Europe compared", in William Coleman & Geoffrey Underhill (eds.), *Regionalism & Global Economic Integration*, London, Routledge.
- Hoenfeller Peter, 1990, "The achievements and Drawbacks of the Helsinki/Stockholm Process, *Disarmament, Confidence and Security-building Measures in Asia*, United Nations.
- Hofstadter Douglas, 1985, "The Prisoner's Dilemma: Computer Tournaments and the Evolution of Cooperation" in *Metamagical Themes: Questing for the Essence of Mind and Pattern*, New York, Basic Books.
- Hofstede Geert & Michel Bond, 1988, "The Confucian Connection: From Cultural Roots to Economic Growth", *Organizational Dynamics*, Vo. 16:5-21.
- Holloway Nigel, "For Whom the Bells Tolls", *Far Eastern Economic Review*, 2 February 1995, pp 14-15.
- Holmer Alan & Judith Bello, 1992, "The Fast Track Debate: A Prescription for Pragmatism, *International Law*, Vol. 26.
- Hoof Van & de Vey Mestdagh, 1984, "Mechanisms of International Supervision" in Van Dijk (ed.), *Supervisory Mechanisms in International Economic Organizations*, Vol. 1. Deventer, Klywer.
- Hook Gleen, 1996, "Japan and the construction of Asia-Pacific" in Andrew Gamble and Anthony Payne (eds.) *Regionalism and World Order*, London, Macmillan.
- Hourn Kao Kim & Din Merican, 1997, "Introduction", in Hourn Kao Kim & Din Merican (eds.) *Peace & Cooperation in ASEAN Alternative Paradigms*, London, ASEAN Academic Press.
- Huang Jia Shu, 1994, *Taiwan Neng Duli Ma?*, Haikou, Nanhai Shufa Gongsi.
- Hughes, 2000, *Globalisation and Security in the Asia-Pacific: An Initial Investigation*, 8<sup>th</sup> Meeting of the CSCAP Working Group on Comprehensive and Cooperative Security, Kuala Lumpur, October 19-21.

Regional Cooperation and Conflict Management:  
Lessons from the Pacific Rim

Huntington Samuel P, 1996, *The Clash of Civilizations and the Remaking of World Order*, New York, Simon & Schuster.

Hurrell Andrew, 1998, "Security in Latin America", *International Affairs*, Vol 74.

Huxley Tim, 1993, *Insecurity in the ASEAN Region*, London, Royal United Services Institute for Defence Studies.

IADB (Inter-American Development Bank)

—, 2002a, *Integration and Trade in the Americas: Periodic note*, May.

—, 2002b, *Economic Integration and the FTAA: Issues and Challenges*.

Ide Anak Agung Gde Agung, 1973, *Twenty Years of Indonesian Foreign Policy: 1945-1965*, Paris, Mouton & Co.

Ienaga Saburo, 1978, *The Pacific War, 1931-1945*, New York, Pantheon Books.

—, 1996, "The Glorification of War in Japanese Education", in Michael Brown, Sean Lynn-Jones & Steven Miller (eds.) *East Asian Security*, Cambridge, The MIT Press.

International Court of Justice, *Portugal v. India*, 1960, Judgment of April 12.

—, 1971, *Legal Consequences for States of the Continued Presence of South Africa in Namibia (South West Africa) Notwithstanding Security Council Resolution 276*, Advisory Opinion.

International Monetary fund (IMF)

—, 2000, *Remarks in Regional Initiatives in Asia*, June 2.

—, 2001, *Secretariat for Central American Economic Integration*.

*International Organizations*, 1967, "Organization of American States", Vol. 21: 210-220.

Inquirer, 2002, "ASEAN rejects Malaysian plan for "ASEAN+3" Secretariat", July, 30.

Ishihara Shintaro, 1992, *The Japan that can say no*, London, Simon & Schuster.

Islam Iyanatul & Anis Chowdhury, 1997, *Asia-Pacific Economies*, London, Routledge.

Jackson John, 1989, *The World Trading System*, Boston, The Massachusetts Institute of Technology.

Jackson John, William Davey & Alan Sykes 1995, *Legal Problems of International Economic Relations*, 3d Edition, St. Paul, Minn., West Publishing Co.

Jahwar Mohamed, 1991, "Implications of the regional environment for Asia-Pacific CSBM regimes", *Disarmament: Confidence and Security Building Measures*, United Nations, New York.

Jarreau Steven, 1999, "Negotiating Trade Liberalization in the Western Hemisphere: the Free Trade Area of the Americas", *Temple International and Comparative Law Journal*, Vol. 13, No. 1.

Jenks C.W, 1970, *Social Justice in the Law of Nations*, Royal Institute of International Affairs.

Jepperson Ronald, Alexander Wendt & Peter Katzenstein, 1996, "Norms, Identity, and Culture in National Security", in Peter Katzenstein (ed.) *The Culture of National Security: Norms and Identity in World Politics*, New York, Columbia University Press.

Johnson Chalmer, 1995, *Japan: Who Governs?*, Norton & Company, New York.



Regional Cooperation and Conflict Management:  
Lessons from the Pacific Rim

Johnson H G, 1967, *Economic Policies towards Less Developed Countries*, Washington, DC, The Brookings Institution.

—, 1968, *Comparative Cost and Commercial Policy Theory for a Developing World Economy*, Stockholm, Almqvist & Wicksell.

Johnston Alastair Iain, 1995, “China’s New “Old Thinking””, *International Security*, Vol. 20, Winter.

—, 1999, “The Myth of the ASEAN Way? Explaining the Evolution of the ASEAN Regional Forum” in Helga Haftendorn, Robert Keohane & Celeste Wallander (eds.), *Imperfect Unions: Security Institutions over Time and Space*, Oxford, Oxford University Press.

Jomo K. with Chen Yun Chung, Brian Folk, Irfan ul-Haque, Pasuk Phongpaichit, Barara Simatupang & Mayuri Tateishi, 1997, *Southeast Asia’s Misunderstood Miracle*, Boulder, Westview Press.

Kahler Miles, 2000, “Legalization as Strategy: The Asia-Pacific Case”, *International Organizations*, Vol. 54:549-71.

Kahn H, 1979, *World Economic Development: 1979 and beyond*, London, Croom Helm.

Katzenstein Peter (ed.), 1996, *The Culture of National Security: Norms and Identity in World Politics*, New York, Columbia University Press.

—, 1996b, *Regionalism in Comparative Perspectives*, Arena Working Papers, WP 96/1, <http://www.arena.uio.no/publications/wp96>

Katznelson Ira, 1997, “Structure and Configuration in Comparative politics”, in Mark Lichbach & Alan Zuckerman (eds.), *Comparative Politics: Rationality, Culture, and Structure*, Cambridge, Cambridge University Press.

Kaufman Robert, 1989, “Domestic Determinants of Stabilization and Adjustment Choices”, in *Choices in World Politics: Sovereignty and Interdependence*, (eds.) Bruce Russett, H Starr, and R Stoll, New York: W H Freeman.

Kearney R, 1991, *The Warrior Worker: Challenge from the Korean Way of Working*, New York, Henry Colt and Company.

Kearns Kevin, 1972, “The Andean Common Market: A New Thrust at Economic Integration in Latin America”, *Journal of Intraamerican Studies*, Vol.14:225-249.

KEDO (The Korean Peninsula Energy Development Organization)

—, 1994, Agreed framework between the United States of America and the Democratic People’s Republic of Korea, Geneva, October 21.

—, 1997, Agreement on the establishment of the Korean Peninsula energy development organization, New York, September 19.

Keegan John, 1989, *The Second World War*, New York, Penguin Books.

Keesings’s Worldwide Online ([www.keesings.com](http://www.keesings.com))

1975, September	1980, October	1981, August	
1990, November	1991, October	1992, January	1994, May
1994, July	1997, March	1998, July	1998, October
1998, November	1999, February	1999, November	2000, May
2000, November	2001, July		

Kegley Charles & Raymond Gregory, 1990, *When Trust Breaks Down: Alliance Norms and World Politics*, University of South Carolina Press.

Kelly Nigel, 1995, *History of Malaya and Southeast Asia*, 2<sup>nd</sup> edition, Singapore, Heinemann Asia.

Regional Cooperation and Conflict Management:  
Lessons from the Pacific Rim

- Keohane Robert, 1984, *After Hegemony: Cooperation and Discord in the World Political Economy*, Princeton, Princeton University Press.
- (ed.), 1986a, *Neorealism and its critics*, New York, Columbia University Press.
- , 1986b, "Theory of World Politics: Structural Realism and Beyond", in Robert Keohane (ed.), *Neorealism and its critics*, New York, Columbia University Press.
- , 1989 *International Institutions and State Power: Essays in International Relations Theory*, Boulder, Westview.
- , 1998, "International Institutions. Can Interdependence Work?", *Foreign Policy*, Vol. 110, Spring.
- Keohane Robert, Helga Haftendorn and Celeste Wallander, 1999, "Conclusion", in Helga Haftendorn, Robert Keohane & Celeste Wallander, *Imperfect Unions: Security Institutions over Time and Space*, Oxford, Oxford University Press.
- Keohane Robert & J.S Nye, 1977, *Power and Interdependence*, Boston, Little Brown.
- Khoman Thanat, 1992, "ASEAN: Conception and Evolution", *ASEAN Reader*, Institute of Southeast Asian Reader, Institute of Southeast Asian Studies, Singapore.
- Kile Shannon, 2000, "Nuclear arms control and non-proliferation", in *SIPRI Yearbook 2000. Armaments, Disarmament and International Security*, Oxford, Oxford University Press.
- Kindleberger Charles, 1969, *American Business Abroad*, New Haven, Yale University Press.
- King Gary, Robert O Keohane & Sidney Verba, 1994, *Designing Social Inquiry: Scientific Inference in Qualitative Research*, Princeton, Princeton University Press.
- Kirgis Frederic, 1993, *International Organizations in their Legal Setting* (2 ed), St.Paul, West Publishing Co.
- Kirkbridge P, Tang S & Westwood R, 1991, "Chinese conflict preferences and negotiating behaviour: Cultural and psychological influences", *Organizational Studies*, Vol. 12. .
- Kirkpatrick Colin, 1994, "Regionalisation, regionalism and East Asian economic cooperation", *The World Economy*, Vol.17:191-202.
- Kirkpatrick Jeane, 1979, "Dictators and Double Standards", *Commentary*, Vol 68, November.
- Klauser W J, 1993, *Reflections on Thai Culture: Collected Writings*, Bangkok, The Siam Society.
- Klintworth Gary , 1996, *Asia-Pacific Security*, New York, St. Martin 's Press.
- Koh Harold, 1992, "The Fast Track and United States Trade Policy", *Brooklyn Journal of International Law*, Vol. 18.
- Krasner Stephen (ed.), 1996, *International Regimes*, Ithaca, Cornell University Press.
- Kratochwil Fredrich, 1982, "On the notion of Interest in International Relations", *International Organizations*, Vol. 69:1-30.
- Kratochwil Fredrich & John Ruggie, 1986, International Organizations: a state of the art on an art of the state, *International Organizations*, Vol. 40:753-775.
- Kroef van der Justus M, 1963, "Maphilindo: Illusion or Reality", *Far Eastern Economic Review*, Vol XLI, No 10, 5 September.
- Krugman Paul, 1991, "Is bilateralism bad?", in Elhanan Helpman & Assaf Razin (eds.), *International Trade and Trade Policy*, Cambridge, Mass., MIT Press.

Regional Cooperation and Conflict Management:  
Lessons from the Pacific Rim

—, 1994, "Regionalism versus multilateralism: analytical notes" in Ross Garnaut & Peter Drysdale (eds.), *Asia Pacific Regionalism: Readings in International Economic Relations*, Pymble, HarperEducational Publishers.

Kumar Sree, 1992, "Policy issues and the formation of the ASEAN Free Trade Area" in Pearl Imada & Seiji Naya (eds.), *AFTA: The Way Ahead*, Singapore, Institute of Southeast Asian Studies.

Kwan C.H., 1997, "Toward a borderless economy in Asia" in Edward Chen & Kwan C H (eds.), 1997, *Asia's Borderless Economy: the emergence of sub-regional zones*, Allen & Unwin, St Leonards.

LAIA (Latin American Integration Association) ([www.aladi.org](http://www.aladi.org))

—, 1980, *Tratado de Montevideo*, August.

—, 1990, *Procedimiento Destinado a Preservar el Cumplimiento de los Compromisos Contraídos en los Acuerdos Concertados por los Países Miembros en las Resoluciones Dictadas por la Asociación*, ALADI/CR/Resolución 114, March, 22

Langley Lester, 1993, *The Americas in the Age of Revolution, 1750-1850*, New Haven, Yale University Press.

Laporte Geert, 1993, "Regional cooperation and integration in Africa: An agenda for action at the national level", in *Regional Cooperation and Integration in the World Today*, Papers from the First Open Forum, Maastricht, April 20.

Lasswell H.D & A Kaplan, 1950, *Power and Society*, New Haven, Yale University Press.

Lauterpacht Hersch, 1993, *The function of Law in the International Community*, Oxford, Oxford University Press.

Lawrence Robert, 1991, "Emerging regional arrangements: building blocks or stumbling blocks?", in R O'Brien (ed.), *Finance and the International Economy*, The AMEX Bank Review Prize Essays, Oxford, Oxford University Press, pp. 24-36.

Lebow Richard, 1981, *Between Peace and War: The Nature of International Crisis*, Baltimore, The Johns Hopkins University Press.

Lee Kuan Yew, 2000, *From Third World To First: The Singapore Story*, New York, Harper Collins.

Lee Tsao Yuan (ed.), 1991, *Growth Triangle: The Johor-Singapore-Riau Experience*, Singapore, Institute of Southeast Asian Studies.

Leifer Michael, 1996, "The ASEAN Regional Forum", *Adelphi Papers* 302, London, The International Institute for Strategic Studies.

LeoGrande William, 1998, *Our Own Backyard: The United States in Central America, 1977-1992*, Chapel Hill, the University of North Carolina Press.

Leontief Waissily, 1973, "Explanatory power of the comparative cost theory of international trade and its limits", in H C Bos (ed.), *Economic Structure and Development: Lectures in Honor of Jan Tinbergen*, Amsterdam, North-Holland.

Leung Kwok & Dean Tjosvold, 1998, *Conflict Management in the Asia Pacific: Assumptions and Approaches in Diverse Cultures*, Singapore: John Wiley & Sons (Asia).

Levy Jack, 1994, "Learning and Foreign Policy: Sweeping a Conceptual Minefield", *International Organizations*, 48:279-312.

Lieberson Stanley, 1991, "Small N and Big Conclusions: An Examination of the Reasoning in Comparative Studies Based on a Small Number of Cases", *Social Forces*, December, 70(2), pp. 307-320.

—, 1994, "More on the Uneasy Case for Using Mill-Type Methods in Small-N Comparative Studies", *Social Forces*, Vol 72.

Regional Cooperation and Conflict Management:  
Lessons from the Pacific Rim

- Lijphart Arend, 1971, "Comparative Politics and Comparative Method", *American Political Science Review*, 65(3) September, pp. 682-693.
- Liu Ligang, Marcus Noland, Sherman Robinson & Zhi Wang, 1998, *Asian Competitive Devaluations*, Institute for International Economics, Working Paper 98-2, <http://www.ii.com>.
- Lorenz D, 1991, "Regionalisation versus regionalism – problems of change in the world economy", *Intereconomics*, Vol.26:3-10.
- Lyon Peter, 1965, "The Tenth SEATO Council Meeting", *The World Today*, Vol 21, Nr 7, Sid 225-228.
- Machiavelli Niccolo`, 1989, *Fursten (Il Principe)*, Viborg, Natur och Kultur.
- Mackie J. A. C, 1964, "Indonesia: A Background to "Confrontation", *The World Today*, Vol. 20, No. 4.
- , 1974, *Konfrontasi: The Indonesia-Malaysia Dispute, 1963-1966*, Oxford, Oxford University Press.
- Mahathir bin Mohamad, 1998, *The Way Forward*, London, Weidenfeld & Nicolson.
- , 1999, *A New Deal for Asia*, Pelanduk Publications, Subang Jaya.
- Mahathir Mohamad & Shintaro Ishihara, 1995, *The Voice of Asia: two leaders discuss the coming century*, Tokyo, Kodansha International Ltd.
- Mahubani Kishore, 1998, *Can Asians Think?*, Singapore, Times Books International.
- Mahoney James, 1999, "Nominal, Ordinal, and Narrative Appraisal in Macrocausal Analysis", *American Journal of Sociology*, Vol. 104:1154-96.
- , 2000, "Strategies of Causal Inference in Small-N Analysis", *Sociological Methods & Research*, Vol 28: 387-424.
- Mallon Florencia, 1994, *Peasant and Nation*, Berkley, University of California Press.
- Manheim Jarol B & Richard C Rich, 1991, *Empirical Political Analysis: Research Methods in Political Science*, New York, Longman.
- Mansor Norma, 1998, "Managing Conflict in Malaysia: Cultural and Economic Influences", in Kwok Leung & Dean Tjosvold, *Conflict Management in the Asia Pacific*, Singapore, John Wiley & Sons (Asia).
- Martin Lisa, 1992, *Coercive Cooperation: Explaining Multilateral Economic Sanctions*, Princeton, Princeton University Press.
- Mattli Walter, 1999, *The Logic of Regional Integration: Europe and beyond*, Cambridge, Cambridge University Press.
- , 2000, "Sovereignty Bargains in Regional Cooperation", *International Studies Review*, International Studies Association, Vol. 2:149-180.
- Maxfield Sylvia, 1997, *Gatekeepers of Growth: The International Political Economy of Central Banking in Developing Countries*, Princeton: Princeton University Press.
- Mayo Gerald v. Satan and His Staff*, 1971, Misc. No. 5357, United States District Court, W.D. Pennsylvania, December 3.
- McBeth & Kulkarni, "APEC: Charting the Future", *Far Eastern Economic Review*, November 23.
- McDevitt Michael, 2001, "History and Geo-Strategy in East Asia", *Pacific Forum*, Center for Strategic and International Studies.
- McKeown Timothy, 1999, "Case Studies and the Statistical Worldview", *International Organizations*, Vol. 53.

Regional Cooperation and Conflict Management:  
Lessons from the Pacific Rim

- McKim, Vaughn & Turner, 1997, *Casualty in Crisis*, Notre Dame, University of Notre Dame Press.
- McLeod Ross & Ross Garnut (eds.), 1998, *East Asia in Crisis: from being a miracle to needing one?*, London, Routledge.
- Medvedev Sergei, 1998, "Subregionalism in Northeast Asia: A Post-Westphalian View", *Security Dialouge*, 29(1), pp. 89-100.
- Mercosur, 2002, *overview*, <http://americas.net/tradeintegration/mercosur/content.htm>
- Mersheimer John, 1990, "Back to the Future: Instability in Europe after the Cold War", *International Security*, Vol. 15.
- , 1992, "Disorder Restored", in Graham Allison & Gregory Treverton (eds.), *Rethinking America's Security*, New York, Norton.
- Mewes Heinz, 1998, *Auswirkungen der Asien-Krise auf Lateinamerika*, Lateinamerika-Berichte der Dresdner Bank Lateinamerika, No.1:13-20.
- Miall Hugh, 1992, *Peacemakers: Peaceful Settlement of Disputes Since 1945*, Macmillan, London.
- Mill Stuart, 1878, *Principles of political economy with some of their applications to social philosophy*, London, People's Edition.
- Milner Helene, 1998, "Regional economic cooperation, global markets and domestic politics: A comparison of NAFTA and the Maastricht Treaty" in Coleman & Underhill (eds.) *Regionalism & Global Economic Integration*, London, Routledge.
- Mitchell C R, 1981, *The Structure of International Conflict*, Macmillan, London.
- Mitrany David, 1966, *A Working Peace*, Chicago, Quadrangle Books.
- Modelski George, 1990, "Is world politics evolutionary learning?", *International Organization*, Vol. 44:1-24.
- Monnet, Jean, 1952, *Speeches delivered by Jean Monnet at the inauguration of the High Authority on August 10th, 1952*, in Luxembourg at the opening session of the Assembly on September 11th, 1952, in Strasbourg. Strasbourg, European Coal and Steel Community, High Authority.
- Montes Manuel, Kevin Quigley & Donald Weatherbee, 1997, *Growing Pains: ASEAN's Economic and Political Challenges* ([http://www.asiasociety.org/publications/asean\\_how.html](http://www.asiasociety.org/publications/asean_how.html)).
- Moscoso Teodoro, 1988, "The Will to Economic Development", in Ronald Scheman (ed.), *Alliance for Progress: A Retrospective*, New York, Praeger.
- Mosher Steven, 2000, *Hegemon: The Chinese plan ot dominate Asia and the World*, San Francisco, Encounter Books.
- Moore John Norton, 1971, "The Role of Regional Arrangements in the Maintenance of World Order" in Cyril Black & Richard Falk (eds.), *The Future of the International Legal Order*, Vol. 3, New Jersey, Princeton University press.
- Morgenthau, 1967, *Politics among Nations*, 4<sup>th</sup> ed, New York, Alfred A. Knopf.
- , 1978, *Politics among Nations*, 5<sup>th</sup> ed, New York, Alfred A. Knopf.
- Munck Gerardo, 1998, "Canons of Research Design in Qualitative Analysis", *Studies in Comparative International Development*, Vol. 33.
- Möttölä Kari, 1997, "The OSCE: Institutional and Functional Developments in an Evolving European Security Order" in Michael Bothe, Natalino Ronzitti & Allan Rosas (eds.), *The OSCE in the Maintenance of Peace and Security*, The Hague, Kluwer Law International.

Regional Cooperation and Conflict Management:  
Lessons from the Pacific Rim

NAFTA (North American Free Trade Area) (<http://www.nafta-sec-alena.org>)

—, 1993, North American Free Trade Agreement Implementation Act.

—, 2000, Dispute Settlement – NAFTA.

Nagel Ernst, 1961, *The Structure of Science*, New York, Harcourt, Brace and the World.

Narine Shaun, 1998, “ASEAN and the Management of Regional Security”, *Pacific Affairs*, Vol. 71.

Nathan Andrew & Robert Ross, 1997, *The Great Wall and the Empty Fortress: China’s Search for Security*, London, W.W. Norton & Company.

Nichols Elizabeth, 1986, “Scopcol on Revolution: Comparative Analysis vs. Historical Conjuncture”, *Comparative Social Research*, Vol. 9.

Nicholson M, 1967, “Tariff Wars and a Model of Conflict”, *Journal of Peace Research*, Vol. 1.

*North American Dredging Co. V. United Mexican States*, General Claims Comm’n (U.S.-Mexico), 1927, 44 UN Rep., Int’l Arb. Awards 26.

North Douglass C, 1990, *Institutions, Institutional Change and Economic Performance*, Cambridge, Cambridge University Press.

Nye Joseph, 1968, *International Regionalism*, Boston.

—, 1987, “Nuclear Learning and U.S. – Soviet Security Regimes”, *International Organization*, vol. 41.

Nye Joseph & Robert Keohane, 1971, “Transnational Relations and World Politics: An Introduction”, *International Organizations*, Vol. 25:329-349.

OAS (Organization of American States) (<http://www.oas.org>)

—, 1948, *Charter of the Organization of American States*, Bogotá.

—, 1965, “Acta de la Cuarta Sesión de la Comisión General”, *OEA/ser.F/II.10*, May 3.

—, 1991, *AG/RES 1080* (Representative democracy)

—, 1993, *AG/RES 1223* (XXIII-O/91).

—, 1995, *Declaration of Santiago on Confidence- and Security-Building Measures*, November.

—, 1999, *Towards a New Millennium*, the Inter-American Council for Integral Development.

—, 1999b, *AG/RES. 1643* (XXIX-0/99).

—, 2001, *International Conventions Governing Private Commercial Arbitration. Panama, New York, Montevideo and ICSID Conventions*, FTAA – Negotiating Group on Dispute Settlement.

—, 2001b, *AG/RES. 1795* (XXXI-0/01).

—, 2002, *Amended charter of the OAU*.

—, 2002b, *The OAS and the Inter-American System*.

OAU (Organization of African Unity), *Charter*, OAU Website, [www.oau.org](http://www.oau.org).

OECD (Organization for Economic Cooperation and Development), 1993, *Regional Integration and Developing Countries*, Paris, OECD.

Regional Cooperation and Conflict Management:  
Lessons from the Pacific Rim

- Oh Kie-Chiang John, 1999, *Korean Politics*, New York, Cornell University Press.
- Ohbuchi Kenichi, 1998, "Conflict Management in Japan: Cultural Values and Efficacy" in Kwok Leung & Dean Tjosvold (eds.), *Conflict Management in the Asia Pacific*, Singapore, John Wiley & Sons (Asia).
- Ohbuchi K & Takahashi Y, 1994, "Cultural styles of conflict", *Journal of Applied Social Psychology*, Vol. 24, pp. 1345-66.
- Ohlson Tomas, 1998, *Power Politics and Peace Politics: Intra-State Conflict Resolution in Southern Africa*, Report 50, Uppsala, Uppsala University, Department of Peace and Conflict Research.
- Ohmae Kenichi, 1995, *The End of the National State*, New York, McKinsey & Company Inc.
- O'Hop Paul, 2002, *Hemispheric Integration and the Elimination of Legal Obstacles under a NAFTA-Based System*, <http://www.natlaw.com/pubs/ohop.htm>
- Okita S, 1989, *Emerging Forms of Global Markets and the Nature of Interdependence in an Increasingly Multipolar World*, Paris, OECD Development Centre.
- Onuf Greenwood Nicholas, 1989, *World of Our Making: Rules and Rule in Social Theory and International Relations*, Columbia, University of South Carolina Press.
- , 2001, "The Strange Career of Constructivism on International Relations", in Ann Ticker (ed.), *(Re)Constructing Constructivist International Relations Research*, Center for International Studies, University of Southern California, October.
- Palmer Ronald D & Reckford Thomas J, 1987, *Building ASEAN: 20 Years of South-east Asian Cooperation*, The Washington Papers, Nr 127, New York, Praeger.
- Petikäinen Merja, 1997, "The role of the Human Dimension of the OSCE in Conflict Prevention and Crisis Management", in Bothe Michael, Natalino Ronzitti & Allen Rosas (eds.), *The OSCE in the Maintenance of Peace and Security*, The Hague, Kluwer International.
- Perkins Dexter, 1963, *A History of the Monroe Doctrine*, Boston.
- Petri Peter A, 1994, "The East Asian Trading Bloc: an analytical history", in Ross Garnaut & Peter Drysdale (eds.), *Asia Pacific Regionalism: Readings in International Economic Relations*, Pymble, HarperEducational Publishers.
- Phuangkano Naranart & Thanong Khabthong, 2000, *ASEAN+3 in regional cooperation talks*, <http://www.tripod.com/thanong/07292000.htm>.
- Pierson Paul, 1995, "The Path of European Integration: A Historical Institutionalist Analysis", *Comparative Political Studies*, No. 29.
- Plank-Brumback Rosine, 2002, *Constructing an Effective Dispute Settlement system: Relevant Experiences in the GATT and WTO*, Organization of American States.
- Ponciano Intal & Myrna Austria, 2000, *APEC: A Review and the Way Forward*, <http://www.auckland.ac.nz/apec.papers/initial.htm>
- Powell Robert, 1990, *Nuclear Deterrence Theory: The Search for Credibility*, Cambridge, Cambridge University press.
- Przeworski Adam, 1991, *Democracy and the Market*, Cambridge: Cambridge University Press.
- Puska Susan (ed.), 2000, *People's Liberation Army: After Next*, Carlisle, Strategic Studies Institute, US Army War College.



Regional Cooperation and Conflict Management:  
Lessons from the Pacific Rim

- Ragin Charles, 1987, *The Comparative Method: Moving Beyond Qualitative and Quantitative Strategies*, Berkley, University of California Press.
- , 1998, “Case-Oriented Research and the Study of Social Action”, in *Rational Choice Theory and large-Scale Data Analysis*, Hans-Peter Blossfeld & Gerald Prein (eds.), Boulder, Westview.
- Ragin Charles & David Zaret, 1983, “Theory and Method in Comparative Research: Two Strategies”, *Social Forces*, Vol. 61.
- Rahim Afzalur, 2000, “Empirical studies on managing conflict”, *International Journal of Conflict Management*, Vol. 11.
- Rajan Ramkishan, 1995, *Asia Pacific Economic Cooperation: A Post Cold War Paradigm for Regional Economic Cooperation Involving Developing Countries*, Singapore, National University of Singapore.
- Rajendran, 1995, *ASEAN's Foreign Relations: The Shift to Collective action*, Kuala Lumpur: Arenabuku Sdn. Bhd.
- Reisman Michael & Mark Weidman, 1995, “Contextual Imperatives of Dispute Resolution Mechanisms – Some Hypotheses and their Applications in the Uruguay Round and NAFTA”, *Journal of World Trade*, Vol. 29:5-38.
- Rhodes Martin, 1998, “Subversive liberalism”, Market integration, globalization and West European welfare states” in William Coleman & Geoffrey Underhill (eds.), *Regionalism & Global Economic Integration*, London, Routledge.
- Richardson James, 1996, “The Asia-Pacific: Geopolitical Cauldron or Regional Community?”, in Gary Klintworth (ed.), *Asia-Pacific Security: Less uncertainty, New Opportunities?*, New York, St. Martin's Press.
- Richardson Michael, 1998, "Japan's Lack of Leadership Pushes ASEAN Toward Cooperation With China", *International Herald Tribune*, Friday, April 17.
- Richardson 1963, *The Principles of Political Economy and Taxation*, Homewood, Irwin.
- Rio Treaty (Inter-American Treaty of Reciprocal Assistance)*, 1947, US Department of State, Washington, D.C.
- Rittberger Volker & Michael Zürn, 1990, “Towards Regulated Anarchy in East-West Relations”, in Volker Rittberger (ed.), *International Regimes in East-West Politics*, London, Pinter.
- , 1991, “Regime Theory: Findings From the Study of “East-West Regimes””, *Cooperation and Conflict*, Vol. 26:165-83.
- Rohwer Jim, 1996, *Asia Rising*, London, Nicholas Braeley Publishing Limited.
- Rolls Mark, 1994, “Security cooperation in Southeast Asia: An evolving Process”, *Contemporary Security Policy*, Vol. 15:65-79.
- Roongrengsuke Siriyupa & Daryl Chansuthus, 1998, “Conflict Management in Thailand”, in Kwok Leung & Dean Tjosvold (eds.), *Conflict Management in the Asia Pacific*, Singapore, John Wiley & Sons (Asia) PTE LTD.
- Rosell Monica, 2002, *Institutional framework and judicial security in the Andean Community*, Andean Community, <http://www.comunidadandina.org/ingles/document/Canada.htm>.
- Rosenau James, 1990, *Turbulence in World Politics: A Theory of Change and Continuity*, New York, Harvester Wheatsheaf.
- Rosenberg Bill, 1999, AFTER APEC: Passing the Buck, *Scoop*, <http://www.scoop.co.nz/manson/stories/hl9909/s00211.htm>
- Rosenberger Leif Roderick, 1997, “Southeast Asia's Currency Crisis: A Diagnosis and Prescription”, *Contemporary Southeast Asia*, Vol. 19, No. 3, December.



Regional Cooperation and Conflict Management:  
Lessons from the Pacific Rim

Rosecrane Richard, 1986, *The Rise of the Trading State: Commerce and Conquest in the Modern World*, New York, Basic Books.

—, 1989, “War Trade and Interdependence”, in *Interdependence and Conflict in World Politics*, James Rosenau & Hylke Tromp (eds.), Aldershot, Avebury.

—, 1992, “A New Concert of Power”, *Foreign Affairs*, Vol 72, Spring.

Rossabi Morris (ed.), *China Among Equals: The Middle Kingdom and its Neighbors, 10<sup>th</sup>-14<sup>th</sup> Centuries*, Berkley, University of California Press.

Rubin Alfred, 1974, *Piracy Paramountcy and Protectors*, Penerbit Universiti Malaya, Kuala Lumpur, Malaysia.

Ruggie John Gerard, 1986, "Continuity and Transformation in the World Polity: Toward a Neorealist Synthesis" in Robert Keohane (ed.), *Neorealism and its critics*, New York, Columbia University Press.

—, 1992, Multilateralism: the Anatomy of an Institution, *International Organizations*, Vol. 46:561-598.

—, 1997, *Constructing the World Polity: Essays on International Institutionalization*, London Routledge.

Rummel R. J., 1992, “Political Systems, Violence and War” in *Approaches to Peace. An Intellectual Map*, Washington, D.C., US Institute of Peace.

Russett Bruce, 1993, *Grasping the Democratic Peace: Principles for a post-cold war world*, Princeton, Princeton university Press.

SAC (Summit of the Americas Center), 2002, *The Andean Community*, [http://www.americasnet.net/Trade\\_Integration/index.htm](http://www.americasnet.net/Trade_Integration/index.htm)

Salacuse Jeswald, 1991, *Making Global Deals: What every executive should know about negotiating abroad*, New York, Random House.

—, 1998, "Ten Ways That Culture Affects Negotiating Style: Some Survey Results." *Negotiation Journal*, 221-240.

Sandholtz Wayne, 1991, Construction Sites, in Ann Ticker, *(Re)Constructing Constructivist International Relations Research*, Center for International Studies, University of Southern California, October.

Sanz de Santamaría Carlos, 1988, in Ronald Scheman (ed.) *The Alliance for Progress*, New York, Praeger,

Savolainen Jukka, 1994, “The Rationality of Drawing Big Conclusions Based on Small Samples: In Defence of Mill’s Methods”, *Social Forces*, Vol. 72.

Saxonhouse Gary R, 1994, "Trading blocs and East Asia" in Ross Garnaut & Peter Drysdale (eds.), *Asia Pacific Regionalism: Readings in International Economic Relations*, Pymble, HarperEducational Publishers.

Scheman Ronald, 1988, “The Alliance for Progress: Concepts and Creativity”, in Ronald Scheman (ed.) *The Alliance for Progress*, New York, Praeger,

Schlesinger Arthur, 1988, “Myth and Reality”, in Ronald Scheman (ed.) *The Alliance for Progress*, New York, Praeger,

Schott J, 1989, *Free Trade Areas and US Trade Policy*, Washington, D.C., Institute for International Economics.

Schultz Lars, 1987, *National Security and United States Policy toward Latin America*, Princeton, Princeton University Press.

SCMP (South China Morning Post), <http://www.scmp.com>.

—, 1998, "Bangkok urges Asean to rethink non-interference policy", *SCMP*, June 23.

Regional Cooperation and Conflict Management:  
Lessons from the Pacific Rim

Seagrave Sterling, 1995, *The Lords of the Rim*, London, Corgi Books.

SELA (Latin American Economic System), <http://www.sela.org>.

—, 2001, Guide to Latin American and Caribbean Integration 2001, SP/Di No 5-01.

Seth Torsten, 2000, *Twistlösning in WTO: Om rättens betydelse i den internationella handelspolitiken*, Skrifter nr. 9, Rättsvetenskapliga Institutionen, Handelshögskolan, Stockholm.

Severino Rodolfo, 2002, *The ASEAN Free Trade Area: Reaching its Target*, Opening remarks at the AFTA 2002 Symposium, Jakarta 31 January.

Shapin Steven, 1994, *A Social History of Truth: Civility and Science in Seventeenth Century England*, Chicago, University of Chicago Press.

Sharma Shalendra, 1998, "Asia's Economic Crisis and the IMF", *Survival*, Vol. 40, No. 2, Summer.

Sheldon Simon, 1994, "East Asian Security: The Playing Field Has Changed", *Asian Survey*, Vol XXXIV, No 12, December.

—, 2001, *Evaluating Track II Approaches to Security Diplomacy in the Asia Pacific: The CSCAP Experience*, Seattle, The National Bureau of Asian Research.

—, 2002, "The ASEAN Regional Forum Views the Councils for Security Cooperation in the Asia Pacific: How Track II Assists Track I", *NBR Analysis*, Vol. 13, No. 4, July.

—, 2002b, *Factories of Death*, London, Routledge.

SICE Foreign Trade Information System ([www.sice.oas.org](http://www.sice.oas.org))

—, 2002, Acuerdo General Sobre Aranceles Aduaneros Y Comercio (GATT) Declaracion de Punta del Este, September 20, 1986.

Sinaga S, 1994, "APEC Urged to Realize Free Trade by 2010", *The Sunday Times*, Singapore, October 9.

Skidmore Thomas & Peter Smith, 2001 (5<sup>th</sup> ed), *Modern Latin America*, Oxford, Oxford University Press.

Skocpol Theda, 1984, "Emerging Agendas and Recurrent Strategies in Historical Sociology", in Theda Skocpol (ed.), *Vision and Method in Historical Sociology*, Cambridge, Cambridge University Press.

—, 1986, "Analyzing Causal Configurations in History: A Rejoinder to Nichols", *Comparative Social Research*, Vol. 9.

Sköns Elisabeth, Evamaria Loose-Weintraub, Wuyi Omitoogun and Petter Stålenheim, 2000, "Military expenditure", in *SIPRI Yearbook 2000. Armaments, Disarmament and International Security*, Oxford, Oxford University Press.

Slater Jerome, 1967, "The Limits of Legitimization in International Organizations: the organization of American States and the Dominican Crisis", *International Organizations*, Vol. 23, Issue 1, winter.

Smith Adam, 1979, *The Wealth of Nations: Books I-III*, London, Harmondsworth.

Smith Roger, 1987, "Explaining the Non-Proliferation Regime: Anomalies for Contemporary International Relations Theory", *International Organization*, Vol. 41.

Smith Steve, Ken Booth & Maysia Zalewski (eds.), 1996, *International theory: positivism & beyond*, Cambridge, Cambridge University Press.

Snildal Duncan, 1985, "Coordination Versus Prisoners Dilemma: Implications for International Cooperation and Regimes", *American Political Science Review*, Vol 79, December.

Regional Cooperation and Conflict Management:  
Lessons from the Pacific Rim

- Soesastro Hadi, 1994, "Pacific economic cooperation: the history of an idea", in Ross Garnaut & Peter Drysdale (eds.), *Asia Pacific Regionalism: Readings in International Economic Relations*, Pymble, HarperEducational Publishers.
- Sofyan Hanafi, 2001, *Promoting Financial Cooperation within the ASEAN+3*, IDE APEC Study Center, Working Paper Series 00/01 – No. 6.
- Solingen Etel, 1998, *Regional Orders at Century's Dawn: Global and Domestic Influences on Grand Strategy*, Princeton: Princeton University Press.
- Sollenberg Margareta (ed.), 2001, *States in Armed Conflict 2000*, Uppsala, Uppsala University, Department of Peace and Conflict Research, Report 60.
- Sompong Sucharitkul, 1991, "ASEAN society, a dynamic experiment for South-East Asian regional cooperation", *Asian yearbook of International Law*, Vol. 1: 113-148.
- Song Qiang, Zhang Zhangzhang & Qiao Bian, 1996, *Zhongguo Keyi Shou Bu*, Beijing, Zhonghua Gongshanglianhe Chufashe.
- Spaeth A, 1994, "Pacific Rim: Dressed for Success", *Time*, November 28.
- Spector Ronald, 1985, *Eagle Against the Sun: The American War with Japan*, New York, Vintage Books.
- Spicer Michael, 1997, *The Challenge from the East and the rebirth of the West*, New York, St. Martin's Press.
- Sprout Harold & Margaret Sprout, 1965, *The Ecological Perspective on Human Affairs, with Special Reference to International Politics*, Princeton, Princeton University Press.
- Starnes L Frances, 1964, "Mysteries of Maphilindo", *Far Eastern Economic Review*, Vol. XLIV, Nr 7, May 14.
- Stavrianos L.S, 1981, *Global Rift: The Third World Comes of Age*, New York, William Morrow and Company.
- Stein Arthur, 1983, "Coordination and Collaboration: Regimes in an Anarchic World" in Stephen Krasner (ed.), *International Regimes*, New York, Cornell University Press.
- Stephenson Sherry, 1998, *Standards and the Regional Integration Process in the Western Hemisphere, Trade Unit, Organization of American States*.
- Stockwin Harvey, 1960, "Confronting Realities", *Far Eastern Economic Review*, Vol. LIV, No. 4, October 27.
- Streamlau John, 1998, "People in Peril: Human Rights, Humanitarian Action, and Preventing Deadly Conflict", *The Journal of Humanitarian Assistance*, May.
- Stubbs Richard, "Signing on to liberalization: AFTA and the politics of regional economic cooperation", *The Pacific Review*, No. 2, 2000.
- Summers Lawrence, 1991, "The move to free trade zones: comment", Federal Reserve Bank of Kansas City, *Review*, December.
- , 1994, "Regionalism and the world trading system" in Ross Garnaut & Peter Drysdale (eds.), *Asia Pacific Regionalism: Readings in International Economic Relations*, Pymble, HarperEducational Publishers.
- Sung Yun-Wing, Pak-Wai Liu, Yue-Chim Richard & Pui-King Lau, 1995, *The fifth Dragon: The emergence of the Pearl river delta*, Singapore, Addison Wesley Publishing Company.
- Sussman Gerald, 1983, "Macapagal, the Sabah Claim and Maphilindo: The Politics of Penetration", *Journal of Contemporary Asia*, Summer.
- Swaine Michael & Ashley Tellis, 2000, *Interpreting China's Grand Strategy, Past Present and Future*, Santa Monica, Rand.

Regional Cooperation and Conflict Management:  
Lessons from the Pacific Rim

Swanström Niklas , 1999, *Conflict Management and Negotiations in the South China Sea: The ASEAN Way?*, Oslo: Centre for Development and Environment, University of Oslo.

—, 2000, “China and the Security of Southeast Asia”, *Kajian Malaysia*, Vol. XVII:120-140.

—, 2001, *Foreign Devils, Dictatorship, or Institutional Control: China’s Foreign Policy Towards Southeast Asia*, Report 57, Department of Peace and Conflict Research, Uppsala University.

—, 2002, “China and Xinjiang after September 11”, *Nordic Newsletter of Asian Studies*, No.3.

Tanner Fred, 2000, “Conflict Prevention and conflict resolution: limits of multilateralism”, *International review of the Red Cross*, Vol. 82:541-559.

Tay Simon & Obood Talib, 1997, “The ASEAN Regional Form: Preparing for Preventive Diplomacy”, *Contemporary Southeast Asia*, Vol. 19: 254-268.

Taylor Robert, 1996, *Greater China and Japan: Prospects for an economic partnership in East Asia*, London, Routledge.

Thant Myo, Min Tang & H Kakazu (eds.), 1994, *Growth Triangles in Asia*, Hong Kong, Oxford University Press.

*The Economist*

—, 1990, “Japan’s Schools: Why Can’t Little Taro Think?”, April 21.

*The Guardian*

—, 1998a”Suharto is on the line”, January 12.

—, 1998b, “Habibie sees his troubles multiply”, June 11.

—, 1998c, “Indonesia’s elite split over reform”, June 25.

*The Observer*

—, 1961, July 30.

—, 1998, “Extra, extra: Suharto should...”, May 24.

*The Oxford Dictionary*, 1991, Oxford, Clarendon Press.

*The Star* , 2000-08-01

*The Tech* (<http://www-tech.mit.edu>)

—, 2000, NAFTA, March 27.

Thompson Andrew, 1992, “Informal Empire? An Exploration in the History of Anglo-Argentinian Relations, 1810-1914”, *Journal of Latin American Studies*, Vol. 24.

Turner Mark, 1997, *From two republics to one divided: Contradictions of postcolonial nationmaking in the Andean Peru*, Durham, Duke University Press.

Thurow Lester, 1992, *Head to Head: The Coming Economic Battle among Japan, Europe and America*, New York, William Morrow.

Ticker Ann (ed.), *(Re)Constructing Constructivist International Relations Research*, Center for International Studies, University of Southern California, October.

Regional Cooperation and Conflict Management:  
Lessons from the Pacific Rim

Tilly Charles, 1975, "Reflections on the History of European State-Making" in Charles Tilly (ed.) *Formation of National States in Western Europe*, Princeton, Princeton University Press.

—, 1997, *Micro, Macro, or Megrim*, Columbia University, August.

Toh Mun Heng & Linda Low (eds.), 1993, *Regional Cooperation and Growth Triangles in ASEAN*, Singapore, Times Academic Press.

Tongeren Van Paul, Hans Van de Veen & Juliette Verhoeven, 2002, *Searching for Peace in Europe and Eurasia. An Overview of Conflict Prevention and Peacebuilding Activities*, London, Lynne Rienner Publishers.

Trachtman Joel, 1999, "The Domain of WTO Dispute Resolution", *Harvard International Law Journal*, Vol. 40.

Tung R, 1991, "Handshakes across the sea: Cross-cultural negotiating for business success", *Organizational Dynamics*, Vol. 14:30-40.

Tuschhoff Christian, 1999, "Alliance Cohesion and Peaceful change in NATO" Helga Haftendorn, Robert Keohane & Celeste Wallander (eds.), *Imperfect Unions: Security Institutions over Time and Space*, Oxford, Oxford University Press.

United Nations Charter (<http://www.un.org/>)

United Nations Monthly Bulletin of Statistics

—, 1972, June

—, 1982, June

—, 1992, June

—, 2002, June

United Nations Population Index, 2002, <http://www.un.org/esa/population/unpop.htm>

US-ASEAN Business Council, <http://www.us-asean.org/afta.htm>.

—, 1997, *ASEAN Customs Vision 2020*, May 23.

—, 1998, *ASEAN Summit Agrees to Accelerate AFTA*, December 16.

US Department of State,

—, 2000, *Background Notes: OAS*, Bureau of Western Hemisphere Affairs, May.

—, 2001, ASEAN Regional Forum (ARF), July 25.

USTR (United States Trade Representative).

—, 1996, *1995 Annual Report: Regional Negotiations* ([http://www.ustr.gov/reports/tpa/1996/regional\\_2.html](http://www.ustr.gov/reports/tpa/1996/regional_2.html)).

Vines Stephen, 1998, *Hong Kong: China's New Colony*, London, Aurum Press.

Vasquez John, 1983, "The Tangibility of Issues and Global Conflict: A Test of Roseau's Issue Area Typology", *Journal of Peace Research*, Vol. 20:179-92.

—, 1983b, *The Power of Power Politics*, New Brunswick, Rutgers University Press.

—, 1992, "World Politics Theory" in M Hawkesworth and M Kogan (eds.), *Encyclopedia of Government and Politics*, London, Routledge.

—, 1993, *The War Puzzle*, Cambridge, Cambridge University Press.

Waever Ole, 1996, "The Rise and fall of the inter-paradigm debate", in Smith Steve, Ken Booth & Maysia Zalewski (eds.), 1996, *International theory: positivism & beyond*, Cambridge. Cambridge University Press.

Regional Cooperation and Conflict Management:  
Lessons from the Pacific Rim

- Wall Howard, 2002, *NAFTA and the Geography of North American Trade*, The Federal Reserve Bank of St. Louis, Working Paper Series, revised version.
- Wall James & John Stark, 1998, "North American Conflict Management", in Kwok Leung & Dean Tjosvold (eds.), *Conflict Management in the Asia Pacific*, Singapore, John Wiley & Sons (Asia).
- Wallace William, 1994, *Regional Integration: The West European Experience*, Washington, D.C., The Brookings Institution.
- Wallander Celeste & Robert Koehane, 1999, Risk, Threat, and Security Institutions, in Helga Haftendorn, Robert Koehane & Celeste Wallander (eds.), *Imperfect Unions: Security Institutions over Time and Space*, Oxford, Oxford University Press.
- Wallander Celeste, 1999, *Mortal Friends, Best Enemies: German-Russian Cooperation after the Cold War*, Ithaca, NY, Cornell University Press.
- Wallenstein Peter, 1981, "Incompatibility, Confrontation, and War: Four Models and Three Historical Systems, 1816-1976", *Journal of Peace research*, No. 1, Vol. XVIII.
- , 1984, "Universalism vs. Particularism: On the Limits of Major Power Order", *Journal of Peace Research*, vol. 21, no. 3.
- , 1994, *Från Krig till Fred: Om konfliktlösning i det globala systemet*, Stockholm Almqvist & Wiksell.
- , 2002, *Understanding Conflict Resolutions: War, Peace and the Global System*, London, SAGE.
- Wallenstein Peter & Niklas Swanström, 1998, *Asien: framtid i fred eller konflikt* (Asia: future in peace or conflict), The Foreign Ministry of Sweden, Stockholm, DS 1998:34.
- Wallerstein Immanuel, 1979, *The capitalist world economy: essays*, Cambridge, Cambridge University Press.
- Walton R & R Mckersie, 1965, *A Behavioral Theory of Labour Negotiations*, New York, McGraw-Hill.
- Waltz Kenneth, 1959, *Man, the State, and War*, New York, Columbia University Press.
- , 1979, *Theory of International Politics*, Boston, Addison-Wesley.
- , 1982, "The Myth of Interdependence", in Ray Maghooori & Bennett Ramberg, *Globalism versus Realism*, Boulder, Westview Press.
- , 1986, "Anarchic Orders and Balances of Power", in Robert Keohane (ed.), *Neorealism and its critics*, New York, Columbia University Press.
- Wanandi Jusuf, 1996, *Asia Pacific after the Cold War*, Jakarta, Centre for Strategic and International Studies.
- Weber Max, 1949, *The Methodology of the Social Sciences*, New York, The Free Press.
- , 1958, *Wirtschaftsgeschichte: Abriss der universalen Sozial- und Wirtschaftsgeschichte*, Berlin Duncker & Humblot.
- Weintraub Sidney, 2000a, "Cheaping the Sovereignty Argument", *Issues in International Political Economy*, No. 6, June.
- , 2000b "NAFTA Evaluation", *Issues in International Political Economy*, No. 8, August.
- , 2000c, "Telling it like it is", *Issues in International Political Economy*, No. 10, October.
- Weissman Mikael, 2001, *Does money makes regimes survive?*, Unpublished manuscript, Uppsala, Uppsala University, Department of Peace and Conflict Research.

Regional Cooperation and Conflict Management:  
Lessons from the Pacific Rim

Wendt Alexander, 1992, "Anarchy is What States Make of it: The Social Construction of Power Politics", *International Organization*, Vol. 46:391-425.

—, 1994, "Collective identity formation and the international state", *American Political Science Review*, Vol. 88.

—, 1999, *Social Theory of International Politics*, Cambridge, Cambridge University Press.

Wendt Alexander & Ian Shapiro, 1997, "The misunderstood promise of realist social theory", in Monroe Berkeley (ed.), *Contemporary Empirical Politics*, Cambridge, Cambridge University Press.

Wensley Penny, 1999, *The role of the Security Council in the Prevention of Armed Conflict*, United Nations Security Council, New York, United Nations.

Wheeler Nicholas, 1996, "Guardian Angel of Global Gangsters: a Review of the Ethical Claims of International Society", *Political Studies*.

—, 2000, *Saving Strangers: Humanitarian Intervention in International Society*, Oxford, Oxford University Press.

Whiteneck Daniel and Matthew Long, 1999, *Global Leadership Challenge, and Coalition Creation: The United States, China and the ASEAN Regional Forum*, Presented at the ISA Annual Convention, Washington D.C.

Wiarda Howard, 1984, *In Search of Policy: the United States and Latin America*, Washington, D.C. American enterprise Institute.

Wiedenbaum Murray, 1993, *Greater China: The next Economic Superpower?*, St Louis, Washington University Center for the study of American Business, Contemporary Issues Series 57, Feb.

Wiedenbaum Murray & Samuel Hughes, 1996, *The Bamboo Network: How Expatriate Chinese Entrepreneurs Are Creating New Economic Superpowers in Asia*, Free Press, Thread.

Wight Colin, 2001, "Too Much Constructivism in Too Many Wor(l)ds", Ann Ticker (ed.), *(Re)Constructing Constructivist International Relations Research*, Center for International Studies, University of Southern California, October.

Williams Michael, 1997, "The Institutions of Security - Elements of a Theory of Security Organizations", *Cooperation and Conflict*, Vol. 32:287-307.

Winn Peter, 1976, "British Informal Empire in Uruguay in the Nineteenth Century", *Past and Present*, Vol. 73.

Wionczek Miguel, 1970, "The Rise and the Decline of Latin American Economic Integration", *Journal of Common Market Studies*, Vol. 9: 49-66.

Woods L, 1991, "Non-Governmental Organizations and Pacific Cooperation: Back to the Future", *The Pacific Review*, Vol. 4.

World Bank, 1995, *World Development Report 1995: Workers in an Integrating World*, New York, Oxford University Press.

—, 2001, *East Asia Update: Regional Overview*, March 31.

—, 2001b, *World development Indicators*, [http://worldbank.org/data/wdi2001/pdfs/tab6\\_5.pdf](http://worldbank.org/data/wdi2001/pdfs/tab6_5.pdf)

—, 2002, *International Trade and Development: Regional Integration* ([www1.worldbank.org/wbiep/trade](http://www1.worldbank.org/wbiep/trade)).

World Economic Forum, 1998, *China will not ass fuel to the flames of Asian crisis*, [www.weforum.org/publicaitons/press-releases](http://www.weforum.org/publicaitons/press-releases).

World Trade Organization, 2001, *International Trade Statistics 2001*, Geneva.

Regional Cooperation and Conflict Management:  
Lessons from the Pacific Rim

- Wu Xinbo, 1996, "Changing Roles: China and the United States in East Asian Security", *Journal of Northeast Asian Studies*, Spring.
- Xia Liping, 2001, *Prospects for Cooperative Security in East Asia: From Chinese Perspectives*, Shanghai, Fudan University, Center for American Studies.
- Yahuda Michael, 1995, *Hong Kong: China's Challenge*, London, Routledge.
- , 1996, *The International Politics of the Asia-Pacific, 1945-1995*, Routledge, London.
- Yam Tan Kong, 1997, "ASEAN in a New Asia: Challenges and Opportunities", in Chia Siow Yue & Marcello Pacini (eds.), *ASEAN in the New Asia: Issues & Trends*, Singapore, Institute of Southeast Asian Studies.
- Yeung Chris (ed.), *Hong Kong China: the Red Dawn*, Sydney, Prentice Hall.
- Yin Robert K, 1984, *Case Study Research: Design and Methods*, London, Sage.
- Young Soogil, 1993, "Globalism and regionalism: complements or competitors?", in Fred Bergsten & Marcus Noland (eds.), *Pacific Dynamism and the International Economic System*, Institute for International Economics, Washington, DC.
- Yuan Lee Tsao, 1997, "Growth Triangles in Singapore, Malaysia and ASEAN: Lessons for subregional cooperation", in Edward Chen & Kwan C H (eds.), 1997, *Asia's Borderless Economy: the emergence of sub-regional zones*, Allen & Unwin, St. Leonards.
- Yue Siow Chia & Lee Tsao Yuan, 1994, "Subregional economic zones in Southeast Asia", in Ross Garnaut & Peter Drysdale (eds.), *Asia Pacific Regionalism: Readings in International Economic Relations*, Pymble, HarperEducational Publishers.
- Zartman William, 1997, "Introduction: Toward the Resolution of International Conflicts", in William Zartman & Lewis Rasmussen (eds.), *Peacemaking in International Conflicts*, Washington D.C., United States Institute of Peace Press.
- , 2000, Conflict Management: The Long and the Short of it, *SAIS Review*, Vol. XX.
- Zartman William & Lewis Rasmussen (eds.), 1997, *Peacemaking in International Conflicts*, Washington D.C., United States Institute of Peace Press.
- Zellner Wolfgang, 2002, "The OSCE: Uniquely Qualified for a Conflict-Prevention Role", in Paul van Tongeren, Hans van de Veen & Juliette Verhoeven (eds.), *Searching for Peace in Europe and Eurasia*, London, Lynne Rienner Publishers.
- Zhan Shiliang "Prospects for Asian-Pacific Security in Early 21<sup>st</sup> Century" *CCIS International Review*, No. 3.
- Zhang Peter, 1998, *IMF and the Asian Financial Crisis*, Singapore, World Scientific.
- Zhang Yan, 2001, *The New Economy – Moving Customs-Business Partnership and Trade Facilitating to the Next Level*, Speech at the APEC Customs Business Dialogue, 13-14 August, Shanghai.
- Zhao Quansheng, 1996, *Interpreting Chinese Foreign Policy*, Oxford University Press, Oxford.
- Zimmerman William, 1972, "Hierarchical Regional Systems and the Politics of System Boundaries", *International Organizations*, Vol. 26, No. 1.



Regional Cooperation and Conflict Management:  
Lessons from the Pacific Rim

**Appendix 1: Regional Cooperation**

Region	Name	Actors	Formal	Implementation capability	State-based cooperation	Lifespan	Function
<b>SEA</b>	ASEAN	10	yes	yes	yes	1967-	Political
	Maphilindo	3	yes	yes	yes	1963-1964	Political
	ZOPFAN	22	yes	no	yes	1971-	Security
	ASA	3	yes	yes	yes	1961-1967	Political
	AFTA	10	yes	no (ASEAN)	yes	1992-	Economic
	SEATO	8	yes	yes	yes	1955-1977	Military
	SEANWFZ	22	yes	no	yes	1997-	Security
	JSR GT	3	yes	no	no	1988-	Economic
	Bath Zone	4	no	no	no	Not applicable	Economic
	IMT GT	3	yes	no	yes	1993-	Economic
	GMS	6	yes	no	yes	1995 (1957)	Economic
<b>NEA</b>	SCEZ	2	no	no	no	Not applicable	Economic
	Yellow Sea GT	4	no	no	no	Not applicable	Economic
	KEDO	3	yes	no	yes	1994-	Political
	ASEAN+3	13	yes	yes	yes	1999	Economic
<b>North America</b>	Can-US FTA	2	yes	yes	yes	1989-	Economic
	NAFTA	3	yes	yes	yes	1994-	Economic
<b>Latin America</b>	LAFTA/LAIA	11	yes	yes	yes	1960-	Economic
	CACM	5	yes	yes	yes	1960-	Economic
	Gran Columbia	4	no	no	yes	1948-	Economic
	Andean pact	5	yes	yes	yes	1969-	Political
<b>Asia</b>	EAEG	10-15 (est.)	no	no	no	Not applicable	Economic
	PECC	22	yes	no	yes	1980-	Economic
<b>The Americas</b>	OAS	35	yes	yes	yes	1948-	Political (mixed)
	FTAA	34	yes	no (OAS)	yes	1994-	Economic
<b>Pacific Rim</b>	ARF	22	yes	yes	yes	1994-	Political
	ESCAP	52	yes	no	yes	1947-	Economic
	APEC	21	yes	yes	yes	1989-	Economic

Regional Cooperation and Conflict Management:  
Lessons from the Pacific Rim

Appendix 2: Organizational Structure of APEC and the Andean Community

