Weak Ties Don’t Bind: Asia Needs Stronger Structures to Build Lasting Peace
By Miles Kahler

In the past decade, new regional economic institutions in Asia seem to have given the region a head start toward greater security. But the weak institutional basis of these institutions coupled with the “Asian way” of developing consensus suggest that these bodies will have limited impact, writes international relations specialist Miles Kahler of the University of California at San Diego.

THE BELATED BUT ASSIDUOUS building of regional economic institutions in Asia over the past decade has been widely praised. At the turn of the millennium Asia lagged behind many other regions: apart from a flagging Asia-Pacific Economic Co-operation Forum (APEC) and the ASEAN Free Trade Area (AFTA), Asia’s long-running economic success story was not accompanied by region-wide economic arrangements. The short but sharp shock of the Asian financial crisis of 1997-98 and the economic rise of China transformed the institutional landscape. Asia-only groups, such as ASEAN + 3, developed new mechanisms for monetary and financial co-operation. The East Asia Summit brought India into the framework of Asian regional co-operation and the region was also crisscrossed by a “noodle bowl” of preferential trade agreements.

If it is true that regional institutions and economic interdependence build peace between participating states, then Asia seemed set for a future in which greater security would reinforce economic prosperity. Even though its gallery of political regimes — from harsh authoritarian rulers to vibrant democracies — could not produce a democratic peace, the new wave of institution-building, when added to growing economic interdependence, promises Asia at least two legs of the liberal recipe for peace.

Even a superficial glance at the region, however, raises doubts about this optimistic scenario. North Korea, viewed as a security threat by many in the region, remains outside both webs of interdependence and most regional economic organizations. The economic giants of Northeast Asia — Japan, South Korea and China — do not share a single free trade agreement. Asia also has not produced a security community — a firm commitment not to contemplate the threat or use of military force — in any part of the region. Southeast Asia, under the umbrella of the Association of Southeast Asian Nations, appeared committed to the peaceful settlement of disputes until recent clashes between Cambodia and Thailand over the disputed Preah Vihear temple showed the alliance to be toothless in the face of military conflict. Maritime territorial disputes also flare up throughout the region: China’s assertion of claims in the South China Sea as a “core national interest,” weeks of tension between China and Japan following a collision in September 2010 between a Japanese coast guard vessel and a Chinese fishing trawler in the East China Sea. Recent warmth in relations between China and Taiwan — and the signing of an Economic Co-operation Framework Agreement — cannot disguise the continuing risk that China might use force to prevent unwelcome Taiwanese moves toward greater autonomy.

Three decades of peace in Asia remains a peace of the prudent, not a peace grounded in deeper levels of trust or predictability.

HAVE REGIONAL INSTITUTIONS ENHANCED PEACE?
Perhaps the deeper impact of the new regional institutions will be felt in the future as their effects on foreign policy reveal themselves. Closer examination points to a more skeptical assessment, however.

Organizations designed to increase regional economic integration can enhance regional security and reduce the risk of military conflict in two ways. If regional economic organizations increase regional economic exchange, they should contribute to peace. Although the effects of economic interdependence on military conflict between states remains controversial, most scholars agree that cross-border trade and investment have the same positive effect in reducing military conflict — even conflict short of war — as democracy.

A second direct effect of international organizations on conflict has inspired less consensus among researchers: membership in intergovernmental organizations has been shown to have positive, negative and no overall effect on violent disputes and war among their members. But specific characteristics do seem to have conflict-reducing benefits. Preferential trade agreements, since they stimulate greater economic ties among members than non-members, appear to enhance the effects of economic interdependence in reducing conflict. International organizations that incorporate forums or negotiations for intensive information exchange are more likely to reduce conflict risk by lowering the possibilities for misreading an opponent’s resolve or capabilities. Some may also provide an arena for negotiation and dispute resolution. Finally, international organizations may socialize their members into habits of cooperation and new norms of behavior. Even institutions with an economic purpose may have such spillover effects into the domain of security.

But evaluating these effects is tricky. Governments may join regional organizations when they already intend to liberalize their economies or orient their foreign policies. Whether Asia’s new regional economic institutions will lessen the likelihood of military conflict requires answering two difficult questions: How much do peace-inducing levels of economic exchange depend on these organizations? How likely would military conflict be if Asian governments did not belong to them?

WEAK INSTITUTIONAL ENFORCEMENT
Economic interdependence in Asia has grown by most measures to levels that rival those in Europe and North America. At the same time, foreign
direct investment and cross-border production networks have driven trade integration in key sectors (such as electronics and automobiles). China is central to these networks; its trade with Asia now represents half the trade within the region. Whatever the consequences of this burgeoning economic exchange for regional security, regional institutions can claim little credit. Until 2000, APEC and the ASEAN Free Trade Area (AFTA) were the sole regional economic organizations with trade and investment liberalization agendas. Both were peripheral to the market-driven and China-centered pattern of economic interdependence that took off in the 1990s.

The universe of new preferential trade agreements (PTAs) that populate the region may be more likely to contribute to deeper economic integration and positive security effects. Any interdependence effects will be shared outside the region, however: most of the PTAs concluded, under negotiation, or proposed by Asian governments in direct effects on conflict through the increasingly abundant organizations that span the region from the Tumen River to the Mekong. Direct effects on regional security, however, are limited by institutional design.

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ASEAN

The Association of Southeast Asian Nations is a model for a consensus-driven approach. Its principles include:

- To accelerate the economic growth, social progress and cultural development in the region through joint endeavors in the spirit of equality and partnership in order to strengthen the foundation for a prosperous and peaceful community of Southeast Asian nations;
- Mutual respect for the independence, sovereignty, equality, territorial integrity, and national identity of all nations;
- The right of every state to lead its national existence free from external interference, subversion or coercion;
- Non-interference in one another’s internal affairs.

ASEAN + 3

The ASEAN + 3 countries reaffirmed at their 13th summit in October 2010 that the ASEAN +3 process with ASEAN as the driving force would continue to be a main vehicle to achieve the long-term goal of building an East Asian community and contribute to the sustainable development in the region. The Meeting also reaffirmed their strong support for ASEAN’s central role in the existing regional mechanisms and in the evolving regional architecture. The meeting recognized the mutually-reinforcing and complementary roles of the APT process and other regional fora such as the East Asia Summit (EAS) and the ASEAN Regional Forum (ARF) to promote East Asian community building.

East Asia Summit

ASEAN calls its EAS initiative “a forum for dialogue on broad strategic, political and economic issues of common interest and concern with the aim of promoting peace, stability and economic prosperity in East Asia. It is an open, inclusive, transparent and outward-looking forum, which strives to strengthen global norms and universally recognized values with ASEAN as the driving force working in partnership with the other participants of the East Asia Summit.

ASEAN Regional Forum

The forum’s objectives are twofold:

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

APEC

The Asia-Pacific Economic Co-operation forum’s mission statement explains: “Our primary goal is to support sustainable economic growth and prosperity in the Asia-Pacific region. “We are united in our drive to build a dynamic and harmonious Asia-Pacific community by championing free and open trade and investment, promoting and accelerating regional economic integration, encouraging economic and technical co-operation, enhancing human security, and facilitating a favorable and sustainable business environment.”

Trans-Pacific Partnership

The multinational free trade agreement aims to:

a) Encourage expansion and diversification of trade among each party’s territory;
b) Eliminate barriers to trade in, and facilitate the cross-border movement of, goods and services among the territories of the parties;
c) Promote conditions of fair competition in the free trade area;
d) Substantially increase investment opportunities among each party’s territory;
e) Provide adequate and effective protection and enforcement of intellectual property rights in each party’s territory; and
f) Create an effective mechanism to prevent and resolve trade disputes.
Asian regional institutions contribute little to the deepening of economic integration (with its positive effects on regional security) or regional security and are poorly equipped to dampen military conflicts. Will another, larger economic shock be required to move the institutional agenda forward?

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