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EASTPHALIA: СТРОИТЕЛЬСТВО СООБЩЕСТВА БЕЗОПАСНОСТИ В ВОСТОЧНОЙ АЗИИ

Глобализация оказала значительное влияние на динамику торгов. Более того, это влияние также принесло с собой отрицательные внешние эффекты, которые могут усугубить склонность страны к конфликту. Страны сегодня сталкиваются с новыми угрозами безопасности, которые не были учтены традиционной политикой безопасности: пиратство, контрабанда, транснациональные преступные организации, кибератаки, терроризм и этнические / религиозные движения. Кроме того, существуют естественные угрозы, такие как эпидемии, изменение климата и стихийные бедствия. Все эти угрозы требуют более тесного сотрудничества между странами в регионе. Одним из механизмов, который создает путь для более высокого уровня сотрудничества, это региональная экономическая интеграция. Вторая половина XX века характеризовалась беспрецедентным прогрессом на пути к глобальной и региональной интеграции. В результате региональные учреждения были созданы, чтобы использовать сетевой эффект экономической интеграции в качестве средства для более тесного сотрудничества против традиционных и нетрадиционных угроз безопасности. Повышение экономической взаимозависимости, как следствие глобализации, означает, что страны больше не взаимодействуют друг с другом по принципу «кто кого». В то время как много внимания было уделено связи между экономической взаимозависимостью и конфликтами, меньше внимания было уделено способам этой связи. Цель данной работы заключается в изучении взаимосвязи между экономической интеграцией и конфликтами. Используя показатели локальной торговли между странами в качестве репрезентативных данных для экономической интеграции, посредством регрессионного анализа проводится изучение экономических отношений между 31 страной Восточной и Юго-Восточной Азии. Количественный анализ используется на примере АСЕАН, чтобы изучить практические аспекты построения сообщества безопасности в Восточной Азии, изучить возможности АСЕАН для борьбы с традиционными угрозами безопасности, в частности, межгосударственным конфликтом.

Ключевые слова: глобализация, региональная интеграция, безопасность, экономическая интеграция, конфликт.

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EASTPHALIA: BUILDING A SECURITY COMMUNITY IN EAST ASIA

Abstract: Globalization has had a significant impact on the dynamics of trade. Moreover, these effects have also brought with it negative externalities that exacerbate a country's propensity towards conflict. Countries today face new threats to security that were not included in a traditional security matrix: piracy, smuggling, transnational criminal organizations, cyber-attacks, terrorism, and ethnic/religious movements. Moreover, there are natural threats such as epidemics, climate change, and natural disasters. These threats all require greater cooperation among countries in a region. One mechanism that creates a pathway for a greater level of cooperation is through regional economic integration. The second half of the twentieth century was characterized by unprecedented progress towards global and regional integration. As a result regional institutions have been established to capture the network effect of economic integration as a means for greater cooperation on traditional and non-traditional security threats. Increasing economic interdependence, as a consequence of globalization, means that countries no longer find themselves in a zero-sum world. While much focus has been given to the link between economic interdependence and conflict, less has been given to the processes. The purpose of this paper is to explore the link between economic integration and conflict. Using intraregional trade share as a proxy measure for economic integration, regression analysis is conducted to examine this relationship among 31 countries in East and Southeast Asia. The quantitative analysis is followed by case study of ASEAN to lend support to the analysis and to explore the practicalities of building a security community in East Asia examining ASEAN's capabilities for dealing with traditional security challenges, specifically, inter-state conflict.

Keywords: globalization, regional integration, security, economic integration, conflict.

Introduction

From a Western approach to security regionalism, the emerging international order of East Asia poses a challenge to the Westphalian system of regional stability. The regional order is conflicted between increasing economic interdependence and a regional nation-state system. In the post-cold war era, many regions have moved beyond Westphalia towards a more integrated system where regionalism transcends the traditional nation-state framework. However the regional order in East Asia is an anomaly, and can best be characterized as Eastphalian. [1]

As globalization has had its effects on many different regions, none are more important than the impact that it has had on trade. Moreover, these effects have also brought with it negative externalities that exacerbate a country's propensity towards conflict. Countries today face new threats to security that were not included in a traditional security matrix: piracy, smuggling, transnational criminal organizations, cyber-attacks, terrorism, and ethnic/religious movements. Moreover, there are natural threats such as epidemics, climate change, and natural disasters[2]. These threats all require greater cooperation among countries in a region. One mechanism that creates a pathway for a greater level of cooperation is through regional economic integration. The second half of the twentieth century was characterized by unprecedented progress towards global and regional integration. As a result regional institutions have been established to capture the network effect of economic integration as a means for greater cooperation on traditional and non-traditional security threats. Increasing economic interdependence, as a consequence of globalization, means that countries no longer find themselves in a zero-sum world. In effect countries are now "all in the same boat" in a globalized sea with uncertainty of distant horizons. While much attention has been given to economic interdependence, less focus has been placed on its processes. A question of great interest not only from the point of view of this paper but also from a policy perspective is: Does regional economic integration increase or decrease the probability of war among countries?

This paper seeks to explore this notion through examining the relationship between regional economic integration—as a process of economic interdependence—and the most severe negative externalities of state interactions, conflict. Additionally, this paper attempts to examine the practicalities of building a regional security community in East Asia. In unpacking how regionalism works in East Asia, this paper suggests that Western analytical frameworks and normative multilateral structures do not fit as a regional security and political context [3]. In the following section current trends in literature pertaining to trade, economic integration, and conflict will be discussed. To consider these issues this paper will use a mixed methods approach that is both quantitative and qualitative to examine the following questions: What is the effect of regional economic integration on conflict? Does this relationship hold true for East Asia? Given the relationship between regional integration and conflict, does ASEAN and its regional affiliated institutions serve as a proper framework for conflict resolution in East Asia?

Literature Review Theoretical Framework

Before this paper embarks on analyzing this complex area of international relations several conceptual clarifications should be made. By East Asia this paper is referring to the security laterals of China, Japan, South Korea and into Southeast Asia. In referring to regionalism, it is meant to characterize any regional construct used to institutionalize regional cooperation. This includes formal regional integration

including, but not limited to, using regional institutions. The concept of security means any threat to an individual state's position in the regional/international order. Moreover, the concept of security is defined by the relevant regional actors. In examining the current literature, the concept of security for the purpose of this paper includes the following key security challenges: 1) security dilemma, 2) regional power transitions 3) regime fragility (stability), and 4) inter-state conflict[4]. Moreover, each of these challenges are made more pronounced by the presence of several non-traditional challenges to security such as aging populations, energy dependency, climate change, and terrorism. It is worth noting that what is considered to be part of the security agenda is decided by the elite power structures in East Asian countries. Therefore, this analysis will be state-centered.

Contemporary literature asserts that the input of informal mechanisms concerning society centered organizations and groups should not be overestimated [5]. The state-centered approach will focus more on traditional security challenges to include enhancing inter-state trust, dealing with power transitions, economic led regime stabilization, domestic control consolidation, and inter-state conflict resolution [6].

1.1 Trends in Measuring Economic Trade/Integration

A number of scholars have looked to the topic of economic integration to examine its effects on a country's economic growth and development. Badinger's analysis of economic integration among 15 European Union (EU) member states over the period 1950-2000 found that while permanent growth effects of economic integration should not be assumed, there was evidence to suggest sizeable level of effects: GDP per capita of the EU would be lower today than if no integration had taken place. In this study several key variables were used to measure economic integration such as a country's trade share within a region to total trade [7]. Moreover, the effects of economic integration highlight the expectation that economic growth is inversely related with conflict. Capanelli and Jong's research on developing indicators for regional economic integration and cooperation uses a comparative regional approach to measure the degree of economic integration and cooperation among East Asian economies and compared these with comparable measures for other regions. The research included a basic measure for globalization: trade/gross domestic product (GDP) ratio. They found that this measure increased over time for all major world regions including Asia, Europe, and America. The integration indicators cover regional integration to include trade, foreign direct investment, financial flows and other forms of economic exchange. Their analysis also included measures for social and political factors. Moreover, the authors measured an important dimension of regional policy cooperation using the number of free trade agreements (FTAs) as a proxy[8]. The measure for trade integration also overlapped with Badingers' analysis, using trade share. Landau's analysis of a common market's contribution to economic growth of its member countries introduced additional insight into measuring the effects of regional integration on development. In this analysis endogenous effects on economic growth were controlled for such as government debt and investment in human capital[9]. Based on the previous literature, the inclusion of these endogenous effects on economic growth overlap with endogenous effects on the likelihood of conflict as well, specifically in terms of economic/human development[10].

1.2 Interdependence Theory: The Link between Economic Growth/Trade and Conflict

In international relations, the link between trade and conflict has been up for debate. Central to interdependence theory is the longstanding claim that liberalized markets and increasing economic exchange inhibit interstate conflict. Several arguments emerge as a theoretical basis. One argument suggests that economic exchange and military conquest are alternative means of acquiring the resources needed to build/maintain political security of a country's regime and economic growth[11]. Therefore, as trade and foreign investment increases there are fewer incentives for a country to acquire power assets through conflict and subsequently territorial expansion, imperialism, and foreign conquest. A second argument claims that the gains from trade do not accrue proportionately and this can have an effect on interstate power relations. This shift in interstate power relations, in turn, is considered a potent source for military conflict[12]. In reference to trade/power symmetries, Hegre examines the question that symmetrical dependence on trade between two countries is required for the trade bond to reduce the probability of interstate conflict. In this study, trade symmetry was the key explanatory variable measured by a country's trade share. The analysis controlled for regime type, economic development, and contiguity—share a geographical border.[13] The results from the analysis indicated that while trade in its own right is important, but more so what is traded matters. In addition, economic growth can also be linked to conflict. Koubi examines the effect of economic growth on the characteristics of war: severity, number of deaths, and duration.[14] This expands on the link between economic integration and economic growth found in Badinger's analysis.

Based on the literature there appears to be two commonly used measures to examine the extent of regional economic interdependence. First, the share of intraregional trade over total trade, or intraregional trade share (IT). Second, the intensity with which a region trades with itself as compared to total global trade, or intraregional trade intensity (IT intensity). For the purposes of this analysis IT share is a more straightforward measure of economic interdependence as it indicates the relative importance of internal trade (regional) versus external trade dependence. This measure also acknowledges the link between trade and conflict highlighted in the previous literature. Moreover, the literature establishes economic interdependency through integration as a theoretical lens through which we can begin to examine the effect of regional economic integration on conflict.

1.4 Multilateralism in a post-Cold War World

Following the collapse of the Soviet Union in 1989, there was a peaceful change in the international order, often thought to be an unlikely occurrence, which accommodated the greatest geopolitical shift of power in the twentieth century. As destabilizing as such a shift could have been, multilateral norms and institutions stabilized its international consequences[15].

Multilateralism refers to coordinating actions among three or more states under the guidance of common principles and norms. For the purposes of this paper an institutional arrangement that is generally considered to be multilateralist is security regionalism through active institutions. Understanding that institutions form the core of multilateral efforts, Keohane defined institutions as "persistent and connected sets of rules, formal and informal, that prescribes behavioral roles, constrain activity, and shape expectations." [16] In other words, multilateralism is an institutional form of coordinated relations among three or more states within the framework of "generalized" principles of conduct—principles meaning specific conduct appropriate for a class of actions. These "generalized" principles are especially relevant to coordinating cooperation.[17] There are two corollaries that occur from multilateralism. One, is the notion of indivisibility. This means that there is a commonality among the states in an institution. Regarding ASEAN integration in can be viewed in a range of terms from "trade" to "peace". Two, successful instances of multilateralism generate among its members expectations of "diffuse reciprocity." [18] This suggests that members of a multilateral arrangement expect to receive an equivalence of benefits to the cost of it ceding a level of sovereignty over time. Multilateralism can also be seen as enhancing democracy rather than undermining it. Some scholars argue that regional institutions are elitist and technocratic and undermine domestic democratic processes. On the contrary, multilateral institutions can enhance the quality of domestic democracy. Involvement with multilateral institutions often helps democratic institutions constrain the power of special interests groups, protect individual rights, and induce democratic deliberation, while also increasing the state's capacity to achieve important public goods such as its economy and security.[19] This is important when looking at ASEAN integration through the lens of multilateralism as many regimes are at a delicate stage of democratic transition as they try to balance increasing economic reforms with maintaining authority.

Regionalism in terms of economic integration can foster multilateral efforts to diminish transaction costs as well as boost the economies of domestic markets.[20] Moreover, creating a free trade zone among the multilateral members enhances liberalized markets. This is relevant to East Asian countries as they attempt to transition from authoritarian developmentalism. In the case of the EU, a large inducement for smaller states ceding economic sovereignty to a regional organization was the benefits of lower transaction costs as well as gaining access to larger regional markets. In the case of ASEAN integration, the same could be said in terms of gaining access to regional markets, but also to restrict access to internal markets from external countries. It is here that the principle of "diffuse reciprocity" plays a significant role in the a states decision-making process to become regionally integrated.

However, there are limitations to what multilateralism can achieve. In Mancur Olson's treatment of the provision of collective goods in *The Logic of Collective Action* argues that "the larger the group, the farther it will fall short of providing an optimal amount of a collective good." [21] This is to say that the more members, the harder it becomes to reach an agreement on a given action. Olson attributes the collective action problem with group size conflation to three reasons: the fraction of the group benefit received by any one individual declines as group size increases; larger groups are less likely to exhibit the same level of strategic interaction as smaller groups; and organization costs

increase with an increase in the group size.[22] Moreover, with regards to the indivisibility corollary discussed earlier, the proportion of what is shared is diminished as the group increases. However, in terms of ASEAN coordination, the collection action problem can be overcome by formal institutions through which a network of mutual interactions is permitted.[23] At its basic level, multilateralism can serve as a mode for diplomatic action.[24] The focus of this paper is on building a regional security community in East Asia. For this to be accomplished a level of generalized trust must precede the establishment of organizations.[25] Understanding the theoretical framework used for this paper, the next section will examine the effect economic integration has on the likelihood of conflict among the 27 countries aligned with ASEAN and its regional offshoots.

III. Research Methodology

Using a mixed methods approach, this paper will be divided into two parts. The first part will be quantitative as it examines the relationship between regional integration and conflict occurring in East Asia. In so doing, it will employ logit regression analysis to determine the association between economic integration and those countries who have experienced conflict versus those countries who have not experienced conflict. Because the best that regression analysis can do is illustrate a correlation, the second part will employ a comprehensive review of ASEAN and its regional offshoots as case study to provide support for the results found in the quantitative analysis within the theoretical framework of multilateralism in international relations.

3.1 Variables

In the logit regression analysis the dependent variable is coded as “1” for countries involved in at least one conflict and “0” for countries not involved in at least one conflict from 1990-2010 as an expression of conflict likelihood. This data was collected from the Uppsala Conflict Data Program and defined as any armed confrontation with at least 25 casualties and with the country’s government being at least one of the parties involved. The following are the independent variables. The key explanatory variable is economic integration, measured by IT (share) as a proxy collected from the IMF Direction of Trade Statistics (2012). This variable measures the percent of trade with a partner (region) to total trade of that country. A higher trade share indicates a higher level of regional economic integration. This measure for economic integration was chosen because it also takes into account the current literature on the effects of trade and conflict. My control variables are FDI (%GNI), military expenditure (%GDP), political regime type, and ethnic fractionalization. FDI (%GNI) was chosen to control for the link between development and conflict as well as an indicator of stability (political risk). The data for this variable was collected from the World Development Indicators database, World Bank (2012). The second control variable, military Expenditure (%GDP) was collected from the Stockholm Peace Research Institute (SIPRI) database for military expenditures (2013). This variable was chosen as it is often cited as a key determinant of conflict. The third control variable, political regime type, was collected from the Polity IV Data Series (2012) and is measured on a scale from -10 (most autocratic) to 10 (most democratic). I chose this variable to control for level of democracy. The last control variable analyzed is ethnic fractionalization, collected from the World Directory of Minorities and from Alesina et al 2003[26]. This variable is measured from 0 for low fractionalization to 1 for high fractionalization and was chosen to control for ethnic divides which impact economic progress in a country.

3.2 Hypotheses

Based on the previous literature concerning economic integration, determinants of conflict, and economic interdependence theory, the main implication is:

H1: Regional economic integration will be inversely related to conflict.

Furthermore, based on the implications of a country’s tendency towards conflict to decline when asymmetries in trade are mitigated through economic integration we can also infer:

H2: ASEAN is a capable and sufficient institution to handle interstate conflict resolution in East Asia as it is a mechanism that fosters regional integration.

IV. Quantitative Analysis

4.1 Descriptive Statistics

Table 1 contains the means for countries involved in at least one conflict and the means for countries not involved in at least one conflict associated with each independent variable. Economic Integration shows a slight difference in the mean between the two groups of countries compared to other independent variables. Moreover, the difference of the mean is higher for those countries not involved in conflict (57.67) than countries involved in at least one conflict (53.34). In other words, on average countries with a higher level of integration experience fewer conflicts. Comparing the means of other variables several expected outcomes are observed. The average level of democracy is higher for those not involved in at least one conflict. The same can be said for a lower level of ethnic fractionalization. Both are characteristics that supply support to general theoretical frameworks regarding democratic peace and social enfranchisement, suggesting that democracies are less war-pursuant and able to assimilate ethnic divisions in societies.

Table 1: Mean Comparisons for analysis of Conflict Likelihood

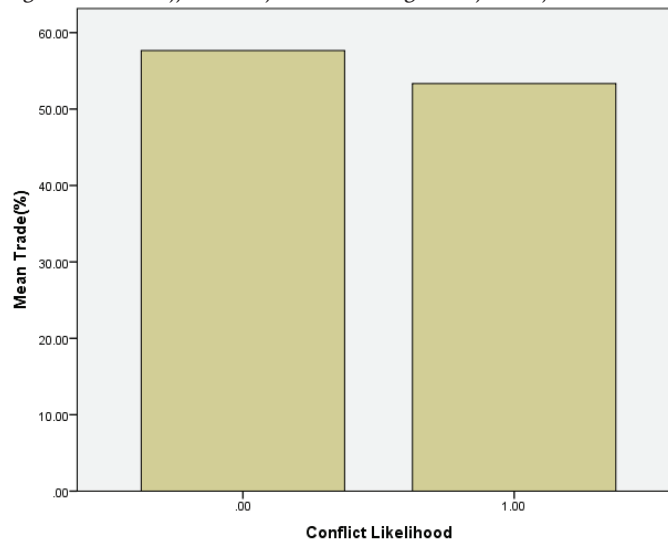
		Economic Integration	Military Expenditure	Political Regime	FDI (%GNI)	Ethnic Fractionalization
Countries involved in at least one conflict	Mean	53.34	2.07	0.94	5.01	0.44
	SD	20.87	1.29	6.36	7.31	0.25
Countries not involved in at least one conflict	Mean	57.67	2.22	1.15	4.83	0.34
	SD	19.30	1.15	0.32	5.66	0.23

N= 27

Source: World Bank (2012), Uppsala Conflict Database (2010), SIPRI (2012), Polity IV (2010)

Figure 1 further demonstrates that those countries not involved in at least one conflict have a higher level of economic integration than countries that have been involved in at least one conflict. However, is the difference between the two groups significant enough to support the hypothesis that economic integration has a positive effect on conflict likelihood in this region? Moreover, can this difference shed any light onto the role regional institutions can play in conflict resolution?

Figure 1: Mean Differences of Economic Integration for Conflict Likelihood



4.2 Independent Sample t-test for Conflict Likelihood Analysis and Logit Regression Modelling

Table 2 illustrates the results from an independent sample t-test to compare the means between those countries involved in at least one conflict and those countries involved in no conflict. The t-value obtained from this test (-4.33) was significantly lower than the t-value critical (2.052) which doesn't allow for the rejection of the null hypothesis and acceptance of the hypothesis that economic integration has a significant effect on a countries likelihood of conflict.

Table 2: Economic Integration Means and Independent Sample t-test for Conflict Likelihood Analysis

	Countries		T	df
	At least one conflict	No Conflict		
Economic Integration	53.34 (20.87)	57.67 (19.30)	-4.33	29

Note: Standard Deviations appear in the parenthesis below
t-value critical: 2.052

Observing little statistical significance emerge from the sample t-test, a logit regression was conducted to see if strength of predictability using economic integration as a determinant of conflict. As table 3 shows, 7.8% of variation in conflict involvement can be explained by these four explanatory variables. Based on the results, we can predict that given a 1% increase in IT share, the log odds of a country becoming involved in conflict decreases by 2.1%, controlling for military expenditure, political regime, and ethnic fractionalization. However, this model lacks any level of statistical significance. Examining the other variables we can also observe several unexpected results. Political regime has no effect on the likelihood of conflict (.000). Also, although not statistically significant, the more fractionalized a country is increases the log odds of conflict by 120.8 %.

Table 3: Logistic Regression Model for Predictors of Conflict Likelihood

	Coefficient	EXP(B)
IT share (% ,total)	-.021 (.007)	.979
Mil. Expend. (% ,GDP)	-.073 (.149)	.929
Pol. Regime	.000 (.038)	1.00
Ethnic Frac.	1.208 (.945)	3.35
Constant = 1.382 Nagelkerke R ² = .078 N=31		

Note^a: Dependent Variable Coding: "1= countries involved in at least one conflict," "0 = Countries involved in no conflicts"

Note^b: The variable FDI was not included as it was closely correlated with Trade, while inclusion would have increased the strength of the models predictability (.102) the log odds were above 1, having little effect on the dependent variable. Therefore any increase of significance in the model could have been attributed to error.

Based on the results from the sample t-test and logit regression modelling, economic integration does not seem to have a statistically significant impact on the likelihood of conflict in East Asia relative to other regions. Therefore, the hypothesis that economic integration is positively correlated with conflict likelihood cannot be accepted. Given this conclusion, why do regional institutions in East Asia seem to be unable to internalize the positive effects associated with economic integration in mitigating the externalities of conflict? In the qualitative analysis, ASEAN, as a regional institution, has acute-conflict resolution capabilities.

V. Qualitative Analysis

1. The ASEAN Family: Ties that bond?

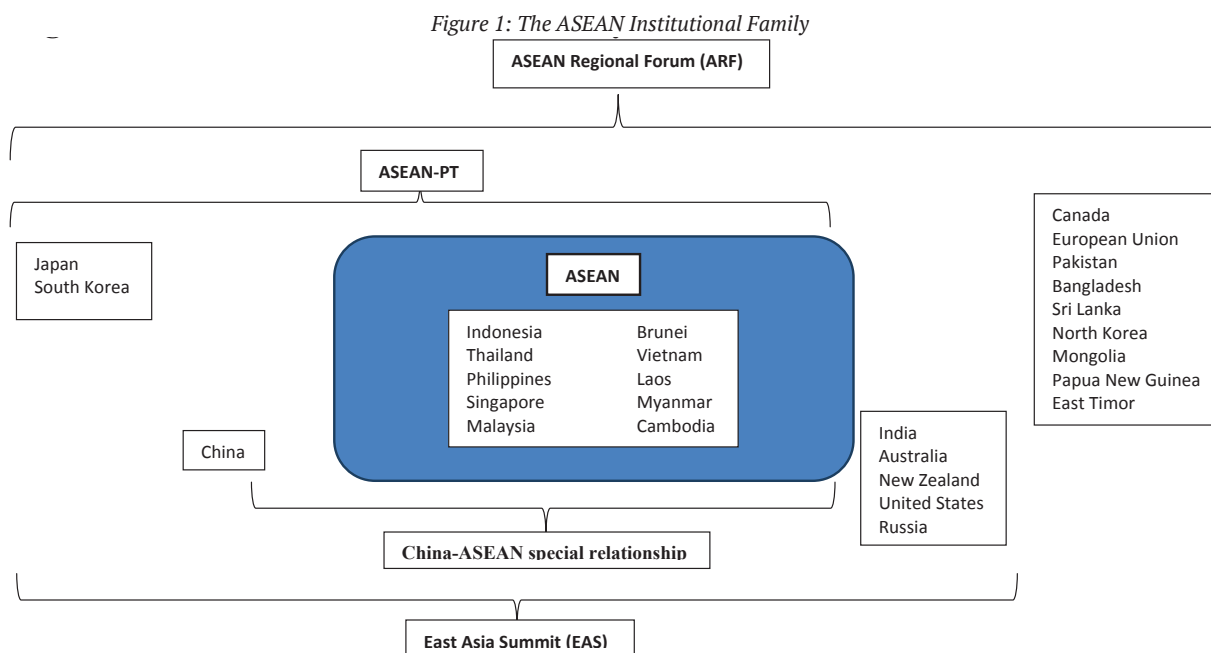
This section will focus on the structure of regional institutions to assess if more integration among the countries in East Asia is the

solution for a region ripe for conflict. Understanding the two central areas that are expected to be flashpoints in the region: Taiwan and North Korea, in the absence of Chinese, Japanese, and/or ROK regional leadership, the Association of South East Asian Nations (ASEAN) is said to be the focal point for enhancing regional cooperation[27]. This section attempts to understand the structural organization of ASEAN and its regional offshoots to better understand its ability to enhance security regionalism among China, Japan, and ROK, specifically with regards to conflict resolution.

What is ASEAN?

Established in 1967 as a multipurpose regional organization with the goal of promoting economic integration and cooperative security. ASEAN should not be considered a military alliance, but through its Treaty of Amity and Cooperation in 1976, ASEAN attempts to establish norms and principles of conduct including non-interference in domestic affairs and formal mechanisms for dispute settlement. For more than twenty years, ASEAN has been a catalyst for integration and internalizing security externalities such as asymmetries associated with key security challenges discussed above. This does not suggest that other institutions such as the Shangra-La Dialogue and the Asia-Pacific Cooperation (APEC) are not relevant to security regionalism. In fact, these institutions compliment an ASEAN framework for regional security as it serves as an informal mechanism for defense ministers and military leaders to discuss security related agendas[28]. Although recently, China, Japan, and ROK have been meeting separately from ASEAN forums, this institution plays a significant role in the near future as respective legitimacy in the region among peripheral states are derived from active participation in ASEAN. ASEAN is at the center of a region with a population of 600 million (twice the size of the US) and has a combined GDP of US\$1.8 Trillion. Its area of influence is at the center of strategic sea-lanes including the straits of Malacca, Sunda, and Lombok. Moreover, it is the immediate regional neighbor of India and China, therefore it is a theater for their conflict and cooperation[29].

Figure 2 illustrates the basic structure of ASEAN and its institutional partners.



(Source: "East Asian Regional Security")

ASEAN is at the center of a collection of regional economic and security institutions. Since 1994, ASEAN Member states have held annual forums to consult with each other on security concerns with 17 other dialogue partners in the ASEAN Regional Forum (ARF). Starting in 1997, ASEAN member states have also held peripheral meetings with China, Japan, and South Korea using the ASEAN-PT (plus three) framework. This framework was broadened in 2005 to include India, New Zealand, US, and Russia called the East Asia Summit. Moreover, recent meetings of consultations on security matters has emerged between China and ASEAN member states called the China-ASEAN Special Relationship. China has not been the only one, Japan and South Korea have also utilized an ASEAN Plus One framework to engage with other ASEAN member states on concerns of security. However, these instances have been far less important considering the power source that China is beginning to wield in its attempt to socialize and spread regional influence.

To gain a better understanding of whether ASEAN is equipped to handle security challenges, it is necessary to assess its capabilities against more conventional forms of international relations and alliance structures. The following section will briefly detail the major security challenges that must be confronted as a function of security regionalism.

2. Security Challenges

2.1 Security dilemma

The first of these challenges is leveling asymmetries in information which is at the core of the security dilemma. The security dilemma arises when states view military spending by a neighboring state as a threat. Notwithstanding if the intentions of such increases in military capabilities are defensive rather than offensive, at the systemic level, this increase in military expenditure can trigger an arms race and to some extent in other forms of escalation[30]. Considering East Asia, as many of the regions militaries are attempting to modernize—most notably China—there is a risk that some of the modernizing programs include the acquisition of weapons systems that can become destabilizing such as nuclear capabilities[31]. From 2001-2012, military expenditure in East Asia increased by 74%, adjusted for inflation[32]. For China the increase was nearly 200% in the last decade.[33] Economic growth in the region has seen exceptionally high growth rates. Moreover, with a rise in GDP and a growing tax base, military expenditures in the region have risen dramatically. Notwithstanding military expenditure as a percentage of gross national income (GNI) has remained fairly constant, there is reason to suggest that this increase in relative military capabilities undermines interstate trust and can lead to a regional arms race, specifically in areas that remain under tension of unresolved conflicts—i.e. Taiwan and North Korea, and lead to a security dilemma. Therefore internalizing this security externality is an important function of security regionalism.

2.2 Power Transitions

The second regional security challenge is state power transitions. Partly due to the rise and fall of a country's relative income, the rise and fall of regional powers can be destabilizing to maintaining peace. According to power transition theory, when a leading state globally and/or regionally is challenged by rising, dissatisfied rival power.[34] Two prominent cases that are relevant today are China's rise vis-à-vis a declining Japan and the contest for supremacy between the US as an offshore balancer against an increasingly assertive China.[35] Notwithstanding the occasional stand-off between major powers and territorial disputes, shifts in the regional power structure has been

relatively manageable. However, because of the regional flashpoints and high volatility of regional economies and political structures, other countries could be incentivized to engage in traditional military brinksmanship in hedging against a new rising power. Notwithstanding occasional confrontations between China and India over border disputes and maritime territorial claims in the South China Seas, as well as clashes between Thailand and Cambodia, the region has been relatively stable.[36,37] To diffuse these clashes over territories another prime function of East Asian security regionalism is the management of changes in regional power structures.

2.3 Regime Stability

A third challenge is regime stability. In East Asia, there is still a large number of countries who are remain in the phase of nation building. To gain and maintain regime legitimacy domestically requires a country's leadership to contain domestic challenges to the regimes authority while increasing economic growth.[38] As we have seen from history, the inherent instability of authoritarian developmentalism is borne out of social change under that accompanies globalization and rapid economic growth. These characteristics, prominent in many countries in East Asia, poses significant challenges to maintaining political stability and regional order. To reduce this security risks, a third operation of security regionalism in East Asia is strengthening regime stability.

2.4 Interstate Conflict

While the first of these were particular relevant to the effects of globalization in East Asia as well as economic growth, the fourth is the main focus of this paper's quantitative analysis and at the core of security regionalism, interstate conflict. The region has a long history of interstate conflict, of the more notorious cases are North Korea and Taiwan. Now emerging are the tensions arising from China's assertive actions over territorial disputes in the East and South China Seas. Each of these carry a risk of escalation. In the case of North Korea, the security challenge is compounded by the risk of regime fragility. Likewise, of the most important for security regionalism in East Asia is interstate conflict resolution.

Given the results from the quantitative analysis and the implications of security challenges, what capabilities does ASEAN as a regional institution have in forming a regional security community?

3. Examining ASEAN security regionalism capabilities

This section will provide a comprehensive overview of the successes and/or failures ASEAN has had in meeting the regional security challenges outlined above. In light of the quantitative analysis, special emphasis will be placed on conflict resolution particularly with regard to Taiwan and North Korea.

Interstate Trust. As history shows, the particular relevancy of interstate trust is trivial in East Asia. For good reasons states have had good reasons to distrust their neighbors intentions. Despite their being a high level of economic integration in the region, with the exception of South Korea and Japan, there still remains a large population of authoritarian regimes. Likewise, given the horizon-gazing behavior of political leaderships in this region, they are vested in "keeping an eye on the other" while they seek to protect their national interests. As noted previously, there are a number of unresolved territorial disputes. These disputes serve as a mechanism to consolidate state power and to maintain regime legitimacy. The result is an anarchic region where sovereignty and competition over power resources take precedence over cooperation.

Interstate trust buttresses successful conflict resolution. While total integration at the formal level may very well remain a distant reality, it is evident that interstate trust is one of the most important contributions regionalism can make in East Asia.[39] This does not assume that taken on its own right, introducing confidence building measures among regional actors will lend itself to resolve conflicts. However, the likelihood of conflict erupting from regional flashpoints may be decreased through enhancing interstate trust.

ASEAN has been equipped fairly well with enhancing interstate trust among its member states and observers. At the core of regional integration lies a level of confidence building. Part of the Asian Regional Forum (ARF) agenda has been since 1994 has been confidence-building measures in creating a security based organization.[40] One of the greatest achievements in the first few years of ASEAN's inception was its ability to reconcile the diplomatic dispute between Indonesian and Malaysia. Between 1963 and 1966, Indonesia under President Sukarno postured a confrontational foreign policy towards the newly independent Malaysia. The establishment of ASEAN, of which both Indonesia and Malaysia were members, allowed for the mitigation competition between two rival powers.[41]

Given the relatively low level of regional influence many of ASEAN member states have, regional confidence building can only be accomplished through broader regional forums that encompass the larger regional powers of China, Japan, and in some instances the US. Therefore, ARF's successes with enhancing interstate trust has been an answer to the post-cold war regional order. Moreover, the special relationship of China-ASEAN has been futile in diminishing distrust between China and Southeast Asian nations. Likewise APT and the EAS have also had the same impact among Japan and South Korea. One characteristic that underlies the Eastphalian system is that many of the regional actors continue to prefer bilateral diplomacy as a means to build trust. However, this does create a negative externality for those excluded from these bilateral relationships. For example, if Japan and China are viewed having a growing trustful relationship, this may be a threat to South Korea, much the same way as any relationship between China and one Southeast Asian country might be met cultivate resentment thus reducing overall regional interstate trust. To prevent such negative externalities, bilateral relationships of regional actors must be incorporated into a larger multilateral forum. An example that is apart from the ASEAN framework, but is relevant to the effect of internalizing externalities of bilateral diplomacy was the creation of the Six-Party talks between China, US, North Korea, South Korean, Japan, and Russia. In an attempt to mitigate mutual distrust and cheating by the North Korean regime, the Six-Party talks was able to internalize the externalities of North Korean reneging and Chinese backstopping the North Korean regime and "free riding" from regional security provided by the US. Moreover, this allowed everyone party to the negotiations to be stakeholders in the peace and stability in the region while also dispersing the costs. This multilateral, while left intentionally weak, allowed for flexibility yet bonded its participants.

Power Transition. The "spokes" of the ASEAN hub are East Asia's multilateral regional security institutions that continue to play a significant role in managing peaceful regime change. However, the importance of bilateral arrangements among regional partners should not be understated. Specifically, bilateral security agreements with the US among several East Asian regional powers have played a major role in maintaining stability as the US maintains its position as an extended manager of security in East Asia. However, peaceful change has been a core principle of ASEAN's framework. In the 1976 Treaty of Amity and Cooperation in Southeast Asia (TAC) serves as a standard for ASEAN regional integration. In practice, however, ASEAN's contribution to peaceful change has been more indirect. Its importance and functionality of this security challenge largely remains as a regional hub and informal mechanism for great-power leaderships to weld their influence. However, this limitation is actually its greatest strength.

ASEAN's low profile allows for the institution to catalyze regional great-power leadership and improve relations among rival countries. In other words, because ASEAN consists of a group of "follower" states, the institution can balance against great powers and to some extent balance the great powers against each other. It is precisely this ability to play both sides that allows for ASEAN to be a meeting point for great powers. In so doing it allows great powers to exercise competing influence in an informal setting without the costs associated with exercising outright regional hegemony[42]. This obviously contributes significantly to managing great power relations, it falls short of reaching a "great power bargain" that can secure a peaceful strategic transition.[43] For example, China's limited participation in ASEAN allows China to exercise informal leadership while binding itself to garner regional credibility and mitigate its threat as a rising power. Moreover, the ARF, APT, and EAS can also be seen as forums for regional powers to exercise informal leadership. In short, by engaging with major powers, ASEAN it prevents any single power from dominating the region while inducing mutual restraint.

Regime Stability. While regime stability is often viewed as an inherent domestic concern, in light of security threats that North Korea regime implosion may pose to regional stability, regional cooperation through institutions can play a significant role. Regional cooperation is vital to nation-building is well within the purview of ASEAN's capabilities. Regional cooperation and integration can help foster economic security. One of the more destabilizing threats to a transitioning regime from authoritarian to democratic is maintaining economic security from which it derives much of its authority and legitimacy. Currently ASEAN is attempting to catalyze a higher level of economic integration among developing countries through building free trade such as the ASEAN Free Trade Area (AFTA).[44] A second way that regional cooperation through a regional institution is managing non-traditional security threats such as cooperation on climate change, economic

crises, and natural disasters. In this case the ARF, APT, and EAS are extremely useful in terms of discussion forums and consultations for various issues. However, the goal of actual cooperation is only limited in scope. In these cases more conventional international diplomacy is best suited.

Conflict Resolution. As discovered in the quantitative analysis economic integration has little effect on conflict likelihood in East Asia and likewise regional institutions are unable to contribute to the resolution of acute conflict. As outlined above with regards to the other major security challenges, ASEAN and its regional affiliates have had a positive record when it comes to building interstate trust and managing peaceful change. Moreover, it also provides a forum for buttressing regime stability. However, when it comes to confronting militarized conflict, ASEAN is not capable of initiating action.

Despite there being no conflicts among its member states since the institutions inception, ASEAN has not contributed significantly to resolving acute militarized conflict. However, as previously stated the effectiveness of confidence building in conflict mitigation cannot be understated. What ASEAN has been able to do is engaging with regional powers. This includes the Declaration on the Conduct of Parties in the South China Sea, signed by ASEAN and China in 2002.[45] While this may have contributed to conflict management and create normative behaviors, ASEAN is ill-equipped with defusing military incidences such as China's island grabbing or military posturing. Moreover, in the border dispute between Cambodia and Thailand. Between February and April 2011 there fire was exchanged between the two sides. In an attempt to mediate, ASEAN sent a foreign minister from Indonesia. However, ASEAN influence was unwelcomed by both sides.[46] More importantly, neither the conflicts involving North Korea nor Taiwan and China is confronted by any of the regional offshoots of ASEAN. While ASEAN participation in resolving conflicts that are inherently an East Asian concern, there are other institution that could engage such as the ARF, APT, and the EAS. As discussed previously, these institutions may serve as a multilateral forum to discuss and resolve these conflicts. However, Taiwan and North Korea have been strictly isolated from engagement by these institutions.

This passivity in actively resolving militarized conflict can be explained by the fact that such disputes as those involving Taiwan and North Korea are best handled through more traditional forms of diplomacy. In the case of Taiwan, China and the US have used triangular diplomacy to maintain stability. In the case of North Korea, bilateral and multilateral engagement has been used to debase North Korean nuclear ambitions. The first began during the Clinton years using bilateral diplomacy followed by the Bush era and multilateral Six-Party Talks. While both bilateral and multilateral approaches to these regional flashpoints have both had limited success, what has prevented these conflicts from escalating has been traditional diplomacy rather than formal multilateral institutions.

Moreover, ASEAN suffers from a collection action problem. The region encompasses a diverse set of cultures, divergent colonial history, and variations in political systems. While it differs from the European Union in that it has a consensus based approach, this is hindering the institution's ability to establish a "responsibility to protect" among its members. Likewise, because of the lack of homogeneity among its members, it must maintain flexibility by maintaining informality in its interactions lack of legalistic cooperation. In addition to lacking homogeneity as a challenge to overcoming the collective action problem, among some of the key regional powers still exist divisive historical tensions that create barriers to enhancing interstate trust and overall cooperative security.

VI. Conclusion

6.1 .The limitations of integration in East Asia

The purpose of this analysis was to determine the extent to which economic integration—as a process of economic interdependence—has an effect conflict. Based on the results from the logit regression model we can speak to a greater extent on the processes of economic interdependence. Moreover, the quantitative analysis lends greater insight into the economic interdependence. Economic integration in a region increases interdependence among trading partners, however, it is difficult for countries in transition to assimilate this cohesion. While trade symmetries can be achieved through ASEAN institutional frameworks, economic partnerships are exogenous to the determinants of conflict in this region. Regional economic integration does mitigate the potential costs of being cut off from trade which can push states towards war to consolidate resources. In this regard the total of the benefits and potential costs of trade versus uncertainty reveals the true dependency states face in a globalized world, thus if trade is completely severed, a state not only loses the gains from trade but also suffers the costs of adjusting its economy to compensate for its losses and its situation as a pariah trading market. However, with regards to East Asia, the economic integration is not a significant force in fostering peace in the region.

6.2 Building a Security Community

In light of the results from the quantitative analysis and support from the qualitative analysis, ASEAN achieves its goal of increasing economic integration in the region but does very little in the way of diminishing acute militarized conflict. Therefore the hypothesis that ASEAN serves as a capable institution to deal with interstate conflict cannot be accepted. The ASEAN family contributes significantly to enhancing interstate trust and shifts in regional power orders which may be viewed as a precursor to conflict mitigation but is limited in its scope. Today, ASEAN faces significant security challenges such as old and new insurgencies in the Philippines, Thailand, and Myanmar, Inter-state territorial disputes, power shifts and great power rivalry among China/US, India and Japan, as well as, non-traditional security threats including: terrorism, maritime piracy, pandemics, transnational crime, drug trafficking, and natural disasters. Moreover, there are significant gaps and limitations to what the ASEAN family can do. As previously mentioned, there continue to be intra-ASEAN conflicts regarding Thailand and Cambodia, in addition to, escalation of the maritime disputes in the South and East China seas that present the difficulties in negotiating settlements despite there being dispute settlement mechanisms. In practice most ASEAN security is mostly geared toward confidence building measures. Operation activities have taken the form of more traditional diplomatic approaches on a bilateral or multilateral basis.

In sum ASEAN has had a mixed record regarding security regionalism. To some extent this can be explained by different perceptions of threats, mutual distrust in the region, territorial disputes, sovereignty, and a weak capacity for peacebuilding and peacekeeping operations. Moreover, ASEAN serves mostly as an informal mechanism for bilateral and multilateral diplomatic encounters at regional summits. The ASEAN-centered framework is useful for the improvement of interstate trust. It is equally helpful for the management of peaceful change. Given its limitations, it can buttress regime stability. However, as indicated in the quantitative analysis, ASEAN makes little contribution to the resolution of interstate conflict.

Therefore, an ASEAN-centered approach to building a security community supplements rather than replaces more conventional forms of international relations regarding security challenges. It appears that other forms of international relations are at least as equipped if not more equipped, than multilateral regional institutions in addressing East Asia's present security challenges. Likewise, the regional order in East Asia is correct to be categorized as Eastphalian and requires a different approach to building a security community than "post-Westphalian" governance.

To some extent these challenges create opportunities for more engagement among the regional powers and institutional member states. In 2003 the Bali Accord II was signed to create an ASEAN Political Security Community (ASPC) to become effective by 2015. This will broaden the framework covering conflict resolution to include counter-terrorism, anti-piracy measures, intelligence sharing, and disaster management. Regional forums such as the ARF, EAS, the ASEAN Defense Ministers' Meeting (ADMM) in 2006, and ADMM Plus in 2010 serve as a focal point for the exchange of views in consultations concerning regional and international security issues. These are basic exercises in confidence-building and can establish the foundation for future cooperation. Long-term goals of these forums include developing cooperation in maritime security, counter-terrorism, and peacekeeping operations (PKO).[47] The confidence building measures that ASEAN cannot move beyond can still serve as a conduit for traditional security cooperation such as enhancing military-to-military contact.

While ASEAN actively seeks to level information asymmetries and uncertainty through the socialization of rising powers—i.e. China. In large part while confidence measures do mitigate against the inherent mistrust in East Asia, this may be too much to overcome. As a consequence of this mistrust there is a real threat of the security dilemma and the spiraling of tensions is rather great, specifically with regards to regional flashpoints. One way to ameliorate the security dilemma and resolve the shortcomings of regional institutions ability to handle interstate conflict is to have an outside arbiter to play a policing role.[48] For the most part the US has maintained this role as an arbiter in the region. Likewise it actively participates in the EAS in regards to discussing issues with security. If this framework for

maintaining regional security is used, the outcome would result in a security matrix of balancing and horizon-gazing by the major regional powers, in effect becoming an Eastphalian system of security regionalism.

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