

The Political Economy of the Asia Pacific

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Motoshi Suzuki • Akira Okada
Editors

Games of Conflict and Cooperation in Asia

 Springer

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Preface

International relations in Asia are multifaceted. Conflict coexists with cooperation across various issue realms. On the one hand, in the realm of security, North Korea has been conducting tests of nuclear weapons and medium – and long-range missiles relentlessly in spite of opposition from many Asian and non-Asian states. Territorial disputes are intensifying between China and neighboring states over islets in the South and East China Seas to the extent that, under a high level of uncertainty, a small miscalculation could precipitate the outbreak of armed conflict. To counter North Korea or China or both, Japan, South Korea, and Taiwan are strengthening security ties with the United States. In contrast, the North Korean and Chinese moves, which appear provocative to many, might be strategic responses to the improved security ties with the external great power that they find inimical to their own security interests.

On the other hand, both the depth and width of regional cooperation have been expanding steadily. In the security field, internal wars in Cambodia and East Timor have been settled through UN peacekeeping operations to which both Asian and non-Asian states have contributed. In currency matters, the swap agreements between central banks, which began in 2000 at the bilateral level, have expanded and become multilateral. In the area of finance, China has established the Asian Infrastructure Investment Bank (AIIB) to satisfy strong demand for infrastructure development in a growing Asia, with participation by 56 states. In trade matters, bilateral and subregional free trade agreements have been concluded between Asian states and between states inside and outside the region. In general, a multilateral cooperation effort, found in these instances, faces a collective action problem, thus necessitating creative institutional arrangements to solve the problem and take effect. The abovementioned outcomes indicate that Asian states have been using various arrangements skillfully to facilitate cooperation. Yet this does not mean that Asian states are always successful in attaining regional cooperation. Indeed, there are many other occasions in which cooperative efforts have failed due to informational or institutional defects with the continuation of interstate conflict and the impairment of states' security and prosperity.

Beneath the blend of conflict and cooperation, we perceive goal-oriented behavior, which seeks to maximize a state's preference for security, prosperity, or even domination. A state's goal-oriented behavior often takes place in reaction to another state's similar behavior on an *ex ante* or *ex post* basis under various informational and institutional constraints. The state's goals may or may not be realized, depending on constraints and strategic complexity. Hence, from an analyst's vantage point, it takes an appropriate research method to explain or predict international outcomes that cannot be inferred directly from states' goals.

To illuminate the strategic interactions of goal-oriented behavior and the consequences, we employ game theory as our research method. In this volume, we try to show that Asian states play games of conflict and cooperation strategically by creating, changing, or destroying institutions in the issue realms of security, trade, and currency. As noted by Robert Keohane, conflict or discord is a precursor to cooperation. The creation of appropriate institutions that coordinate states' actions can turn present conflict into future stable cooperation. Therefore, conflict and cooperation are inseparable phenomena and are integral parts of states' strategic interactions under constraints.

We believe that instrumental rationality is a principal behavioral guide for humanity and that there exists no discernible difference in the extent of instrumental rationality between the East and the West. Despite our commitment to the assumption of instrumental rationality, we do not disregard history and culture as determinants of international outcomes. Rather, we see history and culture either as influencing states' preferences and beliefs or as constituting social institutions to constrain states' behavior and strategic interactions. Accordingly, if a significant difference is found between the East and the West in the quality of regional relations, we will argue that a primary source of the difference rests upon variations between regions or even within a region in the institutions that are influenced by history and culture. Historical and cultural variations divide contemporary Asia, making regional institutional cooperation difficult, thus prompting some Asian states to use global or interregional arrangements in order to obtain the benefits of cooperation. As a result, Asia has increasingly been an open or porous region.

Qualifications are provided for this line of argument in the first chapter, which also discusses the affinity of international relations theory and game theory with special attention to Japan and Asia. The following ten substantive chapters are developed based on the conceptual framework and, for integrity and coherence, are subgrouped into four parts that correspond to major issues in international relations scholarship: (1) conflict management, (2) arms control, (3) trade, and (4) currency. Effective institutions in the four realms are crucial to a stable international order. In fact, such institutions were found in the medieval China-centric order as well as in the post-World War II US-led order. Each substantive chapter analyzes the nature of conflict and cooperation in a post-hegemonic era when institutions are in decay.

This edited volume, *Games of Conflict and Cooperation in Asia*, is an outcome of a truly collaborative work by a research team of Japanese scholars who specialize in game theory, international economics, international security, or international political economy. This English volume has vastly expanded and improved on the

Japanese version, titled *Kokusai Funso to Kyocho no Geimu (Games of International Conflict and Cooperation)*, published in 2013 by Yuhikaku, a superb publisher of academic books based in Tokyo. Through substantial recalibrations, revisions, and the addition of new chapters (1, 2, 3, and 10), the English version has become completely different from the earlier Japanese version. Furthermore, we have conducted mutual blind reviews to guarantee the quality of each chapter.

Our research team has held biannual workshops at Kyoto University every March and at Kobe University every September since 2008. The workshops have been extraordinarily productive and enjoyable because of the team members' professionalism and humor. We are grateful to Atsushi Ishida (the University of Tokyo) who had contributed his chapter to the Japanese version but whose administrative duties prevented him from doing the same for the English version. Our special gratitude goes to Emeritus Professor Yoshinobu Yamamoto (the University of Tokyo) for his constructive comments in several workshop meetings and Professor Vinod Aggarwal (University of California at Berkeley) for allowing our volume to be part of the Springer Political Economy of the Asia Pacific series under his editorial aegis. M. Suzuki is also indebted to T.J. Pempel (University of California at Berkeley) and Bill Grimes (Boston University), who visited Kyoto to provide their insightful analyses of Asian politics and international political economy. We acknowledge the Japan Society for the Promotion of Science (JSPS) for the grants (#23330053 and #26245020) that made our research possible. Last but not least, we thank Juno Kawakami, an editor in Springer's Tokyo office who patiently waited for our belated book manuscripts during the editorial process and gave birth to her second child at the time leading up to publication. Our book is dedicated to young scholars and students committed to systematic analyses of international relations in Asia.

Kyoto, Japan
September 1, 2016

Motoshi Suzuki
Akira Okada

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