

Informal Cooperation in East Asian Conflict Prevention

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Abstract

Frequently bilateral, multilateral or regional institutions are used to mediate conflict, to overcome collective action problems and create the framework for cooperation and governments. In recent years multi-polar international organisations have become challenged by the highly increased expectations in their problems solving capabilities and their lack of means to deliver them. The complexity of issues seem to generate a demand for closer international cooperation as well as more flexibility in the framework of cooperation. Across regions, the level of institutional complexity and formal structure of international cooperation varies considerably. This is especially in the case of East Asia and the relationship between Japan and Korea important, since uncertainty over the sincerity of cooperation

as well as asymmetric information lead to disruptions in the cooperation of both countries.

In the classic theoretical sense elaborated by John Nash (1950) and Thomas Schelling (1960), a bargaining problem refers to a situation where there are multiple self-enforcing agreements or possible outcomes that the negotiators would prefer to no agreement. Nevertheless in many cases the negotiators disagree on the ranking of the mutually preferable agreements. As an empirical matter, a second characteristic feature of bargaining problems is that they are dynamic. They are resolved, if at all, through time (might cause bargaining delay), in sequences of offers and counteroffers, or with one holding out in hope that the others will make concessions (this includes bargaining strategies like commitment strategies). A important empirical aspect of bargaining problems is that they typically involve uncertainty or asymmetric information about what the others side true preferences and constraints are, which opens up the possibilities for bluffing and strategic interaction as well as for misinterpretation. One issue is arising from asymmetric information and explain how institutional setup and competing frameworks are able to improve the possibility of overcoming deadlock situations. It is important to understand under which conditions cooperation can take place and how we can distinguish different bargaining situations. Furthermore it is important to understand causes for bargaining failure and the important properties of how competing institutional frameworks can lead to improved negotiation outcomes.

Given the understanding of the nature of a bargaining problem,

1 Chicken and Battle of the Sexes are thus minimal models of such a problem. See Schelling 1960 for a more detailed discussion.

it is apparent that bargaining is an integral part in a large variety of international negotiation and cooperation. Regardless of whether the specific domain is regional integration, economic coordination, environmental regulation or even arms control. There will almost always be many possible ways to write the treaty or agreement that specifies the terms of cooperation, and the states involved in the negotiations will surely have conflicting preferences over some subset of the various possibilities. Further, in practice the resolution of such a bargaining problem will take place, if at all, in a series of offers and counter offers and of course uncertainty about the minimum that the other side would accept is often important in international cooperation.

At the same time most efforts of international cooperation also involves issues of monitoring and enforcement. Once a deal is struck on the terms of cooperation the next task is typically to implement, monitor and enforce an agreement. Only very few international agreements may be self implementing and self-enforcing without any special arrangements. But in the majority of cases, the parties involved recognise that there may be incentives to renegotiate some aspects of the deal, if the circumstances are changing and they set up governance structures of varying complexity to cope with this.² Therefore it is important to understand intergovernmental cooperation as a dynamic process, which is not a one off division of a good, but an ongoing process of interaction. It follows then, that the empirical problem faced by states contemplating international cooperation cannot be grasped by a theoretical framework that

² Governance structures may also be desired as means for handling unforeseen contingencies, which are often problematic because they render unclear what constitutes re-negotiation.

emphasises a “one off” negotiation situation. In a broad range of empirical situations, reaching international cooperation involves first a negotiation stage and second a monitoring and enforcement stage. In empirical analyses these distinctions are often less obvious and therefore difficult to detect in intergovernmental cooperation. It is one of the aims of the paper to structure the key features of international cooperation from a bargaining perspective. Empirically we can observe that multilateral regional institutions are used frequently to mediate and facilitate cooperation. However the level of complexity and formal structure of these cooperation varies considerably, they can constitute a highly structured setup, like the decision making process in APEC, with hundreds of different policy issues discussed, or it could be a bilateral agreement like “The General Security of Military Information Agreement” (GSOMIA) between South Korea and Japan, which is primarily tied together by agreement of on single issue. The aim of this paper is to incorporate the institutional level in the bargaining framework and to explore the impact of the variation of institutions along the *formal-informal continuum* (with varying degrees of formalisation and legalisation on the negotiation process).

Within this framework we pay specific attention to the impact of asymmetric information uncertainty and bargaining strategies. In the following sections we will take a closer look at the bargaining mechanism underlying cooperation.

Differentiation of negotiation situation

By focusing on the bargaining process and the impact of the institutional framework, a further distinction of empirical situations should be made. Empirically, problems of international cooperation

may involve either by bargaining over the division of new or potential benefits, or attempts to renegotiate an existing cooperative arrangement, where one party threatens to revert to non-cooperation if the terms are not adjusted.

In the first class of cases, an external event “opens up” a set of deals that all parties would prefer to the status quo. An example could be the issue of Free Trade Area of the Asia Pacific (FTAAP), where governments see benefits by having a standardised, free and open trade to increase the comparability of economic systems among the member-states. Nevertheless, there might be some bargaining conflict going on which of the several systems (or parts of systems) are the most beneficial and should be agreed on as the new standard.

However, this is only one example, we could think of many areas, other examples could be that technological and educational changes can produce new benefits obtained by international cooperation: like the development of the internet and advances telecommunication make it possible for government to efficiently share information for crime prevention. Of course also new emerging or newly discovered problems can be the source of such international cooperation, which becomes obvious on issues like environmental problems and a new form of global terrorism.

The second type of problems of re-negotiation involve states, which have already previously negotiated cooperative arrangement and some changes lead one or more of the negotiators to ask for re-negotiations of the terms. Within the framework of NAFTA the recent renegotiations between the USA, Mexico and Canada to form the new USMCA are a noticeable example, threatened trade wars among the USA and the EU provide another possible example. In terms of the strategic structure problems of re-negotiations are similar to

cases of international crisis bargaining, in which one state threatens with conflict in the event of failed efforts of re-negotiation. It should be noted, that once the phase of costly non-cooperation has begun, problems of international re-negotiation are structurally similar to problems of dividing up new benefits. In addition, note that after an initial agreement is reached, bargaining problems may recur as circumstances change or relative power shifts, leading to efforts at re-negotiation, some international organisations build in formal arrangements for periodic re-negotiation of prior agreements, and to an extent they might even be identified with these institutions of re-negotiation. The European Union evolves around constant treaty negotiations, which change the “rules of cooperation” frequently.

Saying that diverse international issue domains can be productively viewed as having a common strategic structure does not imply that bargaining and enforcement issues arise in the same manner in all issue areas if these are considered at a lower level of generality. My point is simply that reflection on the empirical problem faced by states wishing to cooperate suggests that, taken as dichotomous alternatives, coordination games and Prisoners’ Dilemma-type games are misleading theoretical models. Almost regardless of the substantive domain, negotiating governments will face both a bargaining problem and problems of enforcement, and it is important to notice that the two problems interact.

Conclusion

For several decades, states have taken institutional frameworks of intergovernmental negotiations more serious than scholars. Whereas the choice of institutional structure of international cooperation

has been neglected in the theoretical study of intergovernmental negotiations and cooperation, they have played a major role in many instances of interstate collaboration. Therefore it is important to understand the impact of an institutional framework on the intergovernmental negotiation process. The use of bargaining theory can help to explain under which conditions formal institutions lead to suboptimal negotiation outcomes or even to negotiation failure. The notion of asymmetric information and uncertainty over actors preferences, which force governments to use costly signals to reveal their 'true' preferences, should play a central role in this analysis. One way to prevent sub-optimal negotiation outcomes is to use less formal negotiation procedures. However, informal cooperation suffers from other short-comings of lower levels of inclusion and centralisation of cooperation. Therefore we further suggests that a combination of formal and informal cooperation — where the informal cooperation is treated like an outside option — might reduce the risk of bargaining failure in formal intergovernmental cooperation.

References

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