

RESEARCH ARTICLE

An International Political Economy Perspective on Regional Integration Process in Northeast Asia: Coopetition in a Context of Hegemonic Ambitions

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Abstract: This paper studies regional cooperation in Northeast Asia. Relations between China, South Korea, and Japan are featured by simultaneous centripetal and centrifugal forces. The three economies are increasingly interconnected and interdependent, and a rising number of problems are transnational (pollution or any problem with externalities). However, the three countries remain reluctant to cooperate with one another especially because they keep regional ambitions or the other agents' ambitions are perceived as a threat. In such a context, it can be argued that trilateral relations in Northeast Asia are better described by coopetition than cooperation. As a consequence, regional collaboration in Northeast Asia will be unstable and scalable. That is why we can be reasonably pessimistic about regional cooperation in Northeast Asia. The cooperative relationship is by nature unstable and evolutionary. I, therefore, maintain that regional cooperation in Northeast Asia is a result of circumstances and it is a second-best strategy.

Keywords: coopetition, China, Japan, South Korea, regional integration

This paper tackles the question of regional integration in Northeast Asia from the methodological framework of an international political economy (IPE). This study focuses on the relations between three countries: Japan, the People's Republic of China (hereafter China), and the Republic of Korea (hereafter South Korea). According to the figures of the World Bank (2016) and the International Monetary Fund (IMF, 2016), these three countries represent approximatively 25% of the world GDP. Between 2005 and 2012, Korean, Japanese, and Chinese leaders met only five times on the occasion of major trilateral summits (TCS). But between 2012

and 2015, no meeting has been held at the executive power level. It was not until the opening speech of the World Policy Conference (WPC) on December 8th, 2014 that one of the three head of the executive called again for cooperation between the three countries. During her opening speech of the WPC, then South Korean president Park Geun-hye took the example of the European integration. She stated that "Confidence must absolutely be restored in Northeast Asia" (Park, 2014). Shortly thereafter, on November 1, 2015, the sixth trilateral summit was held under the aegis of the Trilateral Cooperation Secretariat (hereafter TCS) which was resurrected on that occasion. What

is at stake in this summit, and eventually in regional cooperation, is the institutionalization of the three countries' relations and, thus, to boost their global influence.

That is indeed a big issue for the following reasons.¹ First, because economic development of the three countries of the region has structurally changed their economies. Rising economic interdependence has been noted in all three countries. Second, because regional integration—thus, following the European path—seems to be the better (or the best?) way to guarantee that geopolitical tensions are cooled down. Ultimately it seems to ensure peace; eventually, because the international context has rapidly changed over the last months. Opened and exporting Northeast Asian economies are exposed to the protectionists' threat the Donald Trump's presidential victory has created. In addition, the renewed tensions caused by North Korea invites us to reconsider the relations between the three actors, overcoming in that sense of logic inherited from the cold war.

Haggard and Fishlow (1992) have demonstrated that regional integration can be market driven or policy driven. However, empirically, it is noted that the two dimensions are at stake in each case. In the case of market-driven regional integration, it cannot be denied that state logic is also involved and, thus, governments cannot be excluded from the process. That is, for instance, the case when national security or economic interdependence is at stake. Symmetrically, in case of policy-driven regional cooperation, it is observed that political decisions can provide opportunity effects to some corporations which can, therefore, get a market power (Tirole, 1988).

The Puzzle

Between 1945 and the late 1970s, East Asia was the stage of the most important conflicts in the world. Since then, the region is one with the lowest number of war victims, but tensions remain numerous especially among regional powers (Sino-Taiwanese tensions, territorial disputes, historical grievances, etc.). Some might point out the remaining tensions, but the other side of the coin is that those disputes never ended, so far, in conflict.

I propose to study Northeast Asian cooperation in the perspective of different actors' interest under the concept of coopetition. I will try to see to what extent this governance of rivalries and disputes is suitable and efficient to ensure long-lasting peace in the region. To what extent can the concept of coopetition allow to tackle regional integration process in Northeast Asia?

Why Coopetition?

My analysis assumes, as a starting point, that the actions of states are conducted within the framework of an interdependent international economy. In this respect, my IPE approach is a state-centered perspective which takes into account interactions with private actors and strategies and their influence of the latter. The concept of coopetition was popularized by Brandenburger and Nalebuff (1995). However, it had until then little use in IPE. Assuming, that coopetition is the opportunistic collaboration between economic or statist actors which are otherwise competitors. So, it is a matter of each actor to preserve its own interest while sharing some resources with selected competitors. In this paper, I will mostly focus on the use of this concept in the analysis of foreign policies (diplomacy and economic relations) of the three studied countries. However, it is worth noting that the analysis should not be limited to a state-centered vision because government interests are also, to a certain extent, those of corporations of the country and conversely.

Geographical Limits

This paper will study relations between Japan, China, and South Korea. This choice is made in the positive and in the negative. In the negative, because it seems that having North Korea in the list of countries to study would change the perspective of the analysis drastically. Indeed, it would introduce a prevailing security dimension which is not necessarily the case as in tripartite relations. It is the same—but for obviously different reasons—if Taiwan would be included in the analysis. In the positive because it seems that the concept of coopetition brings a potentially new and accurate perspective to the economic and political relations between these three countries. Moreover, reviving the TCS is a meaningful element, but it shall

not be forgotten that latent rivalry (economic and political) remains between the three actors.

Time Limit

Without neglecting the historical dimension of the relations between the three countries, my survey mostly focuses on the contemporary period (2012–2016). In 2012, the three new leaders (Xi Jinping, Abe Shinzo, and Park Geun hye) took office. This period corresponds to the cooling relations between China, South Korea, and Japan. And then by 2015, as mentioned, a *détente*.

Structure of the Survey

This paper is divided into three parts. First, I aim at analysing the logic of the cooperation process at stake in Northeast Asia. The purpose is to identify incentives to cooperate and to present the theoretical framework of the analysis. Then, the different strategies at stake will be studied: Japan, China, South Korea and other stakeholders who may be impacted by the result of a process of cooperation in Northeast Asia. As mentioned, North Korea and Taiwan will not be studied *per se*. However, these two actors, as well as the U.S. and ASEAN, will nonetheless be included as stakeholders. Eventually, in the third part, I will show that considering diverging ambitions, Northeast Asian governments moving closer may be more competition than real cooperation. The framework of analysis of competition will first be reminded then I assume that competition allows a cooperative game in a logic of economic war or of geo-economics. The conclusion reminds how difficult it remains to establish a dialogue between each three countries and this may partly explain the use of competition instead of cooperation. This situation questions common interest and common identity of actors and, thus, the viability of real cooperation in North East Asia.

Analyzing the Logic of the Process

Rationality of Actors

The study of the process of regional integration in Northeast Asia first implies to wonder the reasons why China, South Korea, and Japan would cooperate

with one another. If the feeling of a common regional identity can be the starting point or the driving force behind a process of regional integration, such a process cannot, however, be limited to this sole factor. First of all, regional identity—in this case, Northeast Asian—as a political identity is a product of a constructed identity, a reinvented one. Then, because such a process carries far too serious implications to be limited to the sole identity and symbolic dimension, regional integration is, perhaps above all, a matter of interests of nation-state and individuals. Therefore, cooperation exists if the players have an interest in it. Observing the international stage led realists to consider international relations in a Hobbesian way. Insofar as there is no supranational authority, each state seeks, primarily, to ensure its survival. Realists, therefore, believe that governments must foresee the worst in their interactions with other states. However, interesting it may be, this approach has the disadvantage of underestimating the actions of sub-statist actors. Then, this framework of analysis only partially explains the cooperation at work between the three nations for several years.

The first comprehensive theoretical explanation of international cooperation—and so of regional integration—has been proposed by IPE scholars. The reasons the states cooperate with each other are largely derived from the theory of regimes.² In this respect, the mainstream paradigm in the IPE theoretical study of international organizations (IOs) came from the public choice theory also sometimes called “the economic theory of politics” or “(new) political economy”. This framework argues that IOs are the product of a rational and strategic effort by states to further their common interests by delegating authority to another actor—an actor with its own goals and interests. As Frey stated:

The international community presents an ideal case (in the sense of Max Weber) for constitutional or social contract: the underlying units are sovereign (there is no preexisting world government) but **their behavior results in a clearly Pareto-inferior situation**. Although the constitutional contract is normally applied to individuals (Buchanan & Tullock, 1962) (Brennan & Buchanan, 1980) (Mueller, 1996), it can also be applied to nations as actors (e.g.

Forte, 1985). Indeed, the Hobbesian jungle of *belum omnium contra omnes* seems to be even more relevant for the interaction among nations. Military and trade wars (protectionism) with their destructive outcomes for all participants are all too common events; international public goods (e.g. those relating to the global environment) are underprocessed and international common property resources (e.g. the fish in the seas) are overexploited (see, e.g. (Olson, 1971)). There is no world government in sight that would be able to control effectively the behavior of nations pursuing their own selfish interests. **A Pareto-superior outcome can only come about voluntary consent among the nations. Countries that do not find the expected cost-benefit ratio of common action to be worthwhile for themselves do not join.** Only a consensus among participants constitutes a social contract of practical consequence. Hence, the question is not whether the set of all actors reaches a consensus but rather over what set of issues some actors are able to agree (Frey, 1983). (Frey, 1997, pp. 107-108)

Following the public choice approach to international cooperation, it is assumed that there is regional integration because it provides a number of solutions. In a public choice theory perspective, it would then be an optimal or a second-best choice. One of the main benefits of regional integration within common institutions is that uncertainty would be reduced and cooperation would be made easier. Neoliberal institutionalists consider that this on-going process allows actors (state or private actors) to obtain information about the behavior and intentions of other actors. IOs can be seen as a supplier of information. These kinds of information are of better quality and more numerous. Information favors cooperation—especially when benefits are expected (Paquin, 2008, p. 193). The importance of the information variable is crucial in international relations. As actors have more information, it enables them to have better anticipations and a better understanding of other actors' behavior. This makes cooperation easier and simpler. "International organizations have the function

of aggregating preferences, promoting cooperation and seeking to ensure that states comply with their obligations" (Paquin, 2008, p. 193).

When regional cooperation tends to be institutionalized, then relations—especially economic and financial relations—tend to be more predictable and eventually more stable (Keohane, 1989; Keohane & Martin, 2003). This is a very important point because any process which deepens international cooperation leads to internal tensions arising from changes in international relations. Insofar as regionalization process allows a flow of information, it helps to inhibit certain fear and apprehension. As Paquin stated, "the majority of decision-makers consider that the assurance of international cooperation is no match for intense pressure movements in domestic policy" (2008, p. 193). The flow of information can then facilitate the integration process. There would be then a form of a self-sustaining dynamic of regional integration.

Information has a crucial role in international cooperation. The centralization of talks within the framework of a regional forum provides a better flow of information. As Abbott and Snidal (1998) have demonstrated, "IOs allow for the centralization of collective activities through a concrete and stable organizational structure and a supportive administrative apparatus. These increase the efficiency of collective activities and enhance the organization's ability to affect the understandings, environment, and interests of states" (pp. 4–5). An international organization can, therefore, maximize the state's goals. It also minimizes political shocks. Insofar as IOs—in this case, regional cooperation—provide information, they have a specific competence which provides an advantage to member governments. International organizations are, therefore, in a position to offer specific information and data but also technical assistance and even, in some cases, financial aid. These elements are important because they can reassure decision-makers—in a crisis situation.³

Indeed, if intergovernmental cooperation has some advantages, it also carries costs and constraints. The first constraint would be that each member will have to share information. So the question is: why should a government accept to respect its international agreements while it could adopt a free-rider strategy?

Free-riding offers the advantage to enjoy stability brought by international cooperation without bearing its constraints. In the case of East Asia, this question of free-riding arises for two reasons. First, projects of regional cooperation are poorly institutionalized and lack enforcement mechanisms. For instance, APEC is only a forum. Alternatively, those projects do not have such mechanisms—as it is the case for ASEAN. Moreover, it appears that the efficiency of an international organization largely depends on the willingness of member states to meet their commitments (Paquin, 2008, p. 195). In this respect, if institutionalized sanction and control measures can provide some guarantees, they can be tools to prevent free-riding.

In the case of trilateral relations in Northeast Asia, it can be wondered why national governments would accept to transfer competencies to an international organization. Such behavior would lead to the restriction of their discretion and reduction of their power. Several explanations have been suggested (e.g., Frey, 1997, p. 116). The first incentive for national leaders to see their country joining an IO is that they can protect or raise their power vis-à-vis the governments of non-member nations. In the Northeast Asian case, it can be an argument for South Korea vis-à-vis North Korea or China vis-à-vis Taiwan. Another reason can be that joining an IO can serve to reduce criticism and opposition. On the domestic level that is the “political dustbin” theory.⁴ In the case of the TCS, such an approach does not seem particularly relevant. However, it may be more relevant on the international level. For instance, China can muzzle international critics on the nature of its political regime or its state capitalism. Joining the TCS could allow China to argue it is involved in a regional cooperation process with two other democracies. A third reason in the Northeast Asian case could be that cooperation could maintain nationalistic pulses under control. Since regional cooperation leads to a certain level of homogenization, voters (or citizens in China) have less scope to protest (to raise their voice) or to exit (Hirschman, 1970).⁵ Fourth, “joining an international organization tends to blur the division of responsibilities between it and the national government, which enables domestic politicians to at least partially shirk their

responsibilities” (Frey, 1997, p. 116). This hypothesis can be interesting for governments of Japan or South Korea. However, considering the issues at stake in the region, such a hypothesis seems not enough to explain regional cooperation in Northeast Asia. Eventually, a fifth explanation would be that national politicians use the IO “to weaken the power of competing domestic lower-level governments and independent public institutions such as the courts, the central bank, and regulatory agencies” (Frey, 1997, p. 116). Here again, this explanation does not seem to be meaningful enough to explain the main reasons for the process. However, it can be an additional benefit of regional cooperation. Especially in the case of China, the leadership may use the TCS or sectorial aspects to muzzle factions within the Party and, thus, keep the control over the Chinese Communist Party (CCP).

Theoretical Framework

To analyze the costs and benefits for nations which participate in the regional integration, the methodological choice to tackle this aspect is to use public choice theory in the context of IPE. An international organization can provide various services: it provides public goods or services; it coordinates activities of actors of the international system; and it creates a set of institutional alliances. International organizations can also be used for private purpose, that is, national purposes. Therefore, it would be a mistake to assume that IOs maximize all the collective economic surplus (well-being).

As mentioned, the problem of free-riding is one of the hurdles to be overcome before any effective collaboration among Asian nations can happen. The first difficulty is the size of the region. It has been empirically proven that small international organizations or regional ones tend to be more successful than larger ones. Since IOs create selective incentives for their members, this can explain the relative success of international organizations of limited range. The very existence of such private goods is an important negotiation tool used by governments when they try to convince Parliaments to join an organization. A tremendous effort is devoted to transforming a public good into a private good which would be the monopoly of the organization. Eventually,

coercion is difficult—and often impossible—in the international context because member states are not willing to lose their independence.

As explained by Frey (1997, p. 109), “the formation of international agreements can be usefully analysed with the help of club theory which stresses the voluntary nature of membership and the exclusion of non-members who may not benefit from the goods jointly provided.”⁶ However, the “club” can only be created if agents accept a certain veil of uncertainty. Indeed, no country knows for sure how it will be affected in particular, but each expects to benefit from its existence over a sequence of yet unknown future events. The key element in the creation of an international organization is the voting rules. Frey (1997) identified three primordial aspects about it: what kind of decision rule has to be applied for what kind of issue? Majority rule? Veto voting? Second, within the majority rule the size of the majority has to be determined (Buchanan & Tullock, 1962; Rae, 1969). Third, the voting rules have to specify the number of votes attributed to a member nation. This last aspect is crucial considering the particular situation of East Asia with a country (China) whose population represents 95% of the total population of the three countries. This aspect is not simply a formal question. Should the voting rule adopt a one nation-one vote system, or voices in function of the total population, or voice in correlation with the GDP, or voices considering how much a country will fund the organization? Indeed, the voting rules may favor a nation or another. For instance, in the one nation-one vote system, South Korea will be advantaged because its population and its GDP are less important. This aspect also underlines the kind of partnership developed by the organization. China may, for example, promote an extension of the organization to Mongolia and North Korea. Japan and South Korea would certainly reject the proposal because the newcomers would be too favorable to China and also because it would favor a voting rule in relation with the size of the population (here again it would give an advantage to China).

The public choice approach of IPE sees the creation of an international organization from a cost-benefit perspective. Fratiani and Pattison (1982) proposed a model of the creation of an international organization

in which total benefits b_i and total costs c_i are a function of cooperation activity or output Q . Each nation is assumed as an individual actor who tries to maximize its own personal net gain g , which is the difference between individual benefits b_i and individual costs c_i .

If it is assumed that B is the part of the country for benefits, therefore, $B = b_i/b_i$. If C is assumed as the part of the country to the total cost, then $C = c_i/c_i$. As a consequence, the optimal degree of international activity for a country is given by:

$$(B/C) \cdot (db_i/dQ) = (dc_i/dQ)$$

The left-hand side of the equation shows that the marginal contribution depends on the relative costs and benefits sharing (B/C). The right side of the equation shows the marginal cost of production of an organization. The equilibrium is presented in Figure 1.

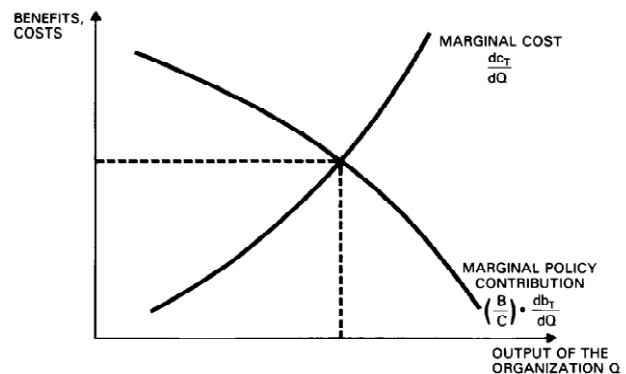


Figure 1. Organization equilibrium.

Source: Frey, 1984, p. 217

Empirical applications of this model showed that the marginal curve skyrockets (Frey, 1984). This is because it is increasingly difficult to reach an agreement and to satisfy all stakeholders’ interests when the activity of the organization expands. The curve of marginal political contribution also decreases sharply.

It is understandable, therefore, why regional integration in Asia can sometimes feel sluggish after initial encouraging progress. Indeed, if we shift from ASEAN five founding members to ASEAN as it is today (i.e., with five additional members), to

ASEAN+3, to a hypothetical structure welcoming all East Asian nations (ASEAN+3 + Taiwan + Mongolia and even India, Bangladesh, and Sri Lanka) then there is a progressive withdrawal to the total benefits earned by each member country. Benefits for each country are assumed to be positively correlated to its share in global GDP or international trade (Fратиanni & Pattison, 1982, p. 244). Frатиanni and Patisson argued it is because of its sharp falling B/C ratio that the US had a lesser interest in international organization produced international public goods (i.e., the point of equilibrium moved to the left due to a translation of its marginal contribution curve—cf. Figure 1). On the other hand, B/C ratio increased for nations like Japan, Germany, Benelux, and EU countries in general. This led international organizations to increase their output. It explains the rise of Japan on the international stage and also—probably—a part of rising tensions with China. These countries want the weight of international organizations to be more important.

Another consequence of this model is that large international organizations (i.e., IOs with a large number of member states) have become less efficient because the sharing of benefits perceived by the dominant country (the UK yesterday or the US today) fell. This led to less cooperation. Instead of a hegemon providing international public goods partly in its own interest, the dominant force is now a relatively small group of countries, each of them is reluctant (or refuse) to provide a public good. This model provides an interesting formalization of the system, but it is only the first step toward an economic theory of international organizations. Operationalization of theoretical concepts is rather low especially regarding the extent of benefits.

Decision-making is an important element in the analysis of international organizations. It has an impact on profits a country may get from the supply of a public good. From a country's perspective, the formal rule that defines how decisions should be made within the international organization can have a large effect on the estimated costs to provide a public good. Let's consider Figure 2 which is an extension of Figure 1.

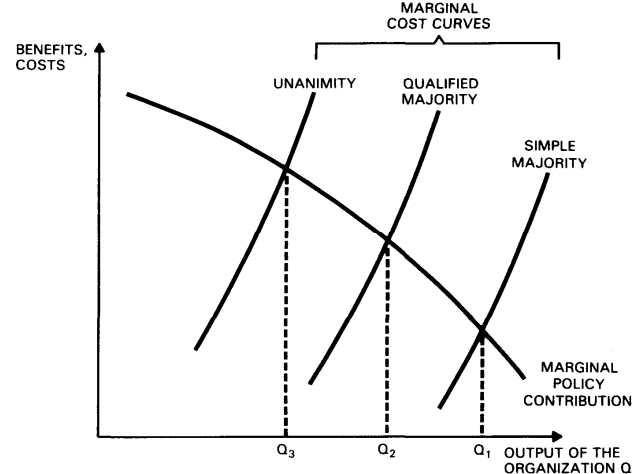


Figure 2. The effects of alternative decision rules.
Source: Frey, 1984, p218.

The marginal contribution curve is considered as given. Q is the optimal output of the organization from the point of view of a particular country. This output declines from Q_1 , when decisions are taken at the simple majority, to Q_2 , when a qualified majority is required, and to Q_3 when unanimity is required. This exhibit allows the understanding of two features of regional integration in East Asia: the multiplicity of cooperation projects; and the difficult coexistence—within the same institution—of putative regional hegemons (China, Japan, or even, in a wider perspective, India). If one of the countries is already dominant in an organization, then accepting that another power in the international organization would mean that the equilibrium for the first country is moved to the left on the exhibit. It concretely means a contraction of the output provided by the international organization.

The reason of these curve moves is that the marginal cost curve make an upward and leftward translation because of an increase in the cost of the decision-making: an agreement when the rules become more “strict” (the endpoint being the unanimity rule where everyone is able to block the decision) and the interests of other members should be more considered. Under these conditions, there was, logically, a proliferation of association project in which each regional power is dominant. The number of voters of a particular country (or group of countries) under the rule of formal decision determines the “power” of the country within

the international organization (Frey, 1984, p.219). “Power” is often a very elusive concept. In this case, “Power” can be defined from an operational point of view as a chance to affect the outcome of a decision. It is influenced by controlling the pivot vote i.e., the vote that transforms a non-winning coalition (e.g., a minority in the case of a simple majority vote) into a winning coalition (a majority). The theory of public choice is not only useful in analyzing the consequences of the decision rules in international organizations. It is also a great help in choosing the most advantageous voting system given the circumstances.

Coopetition to Manage Diverging Ambitions

Framework of Analysis

Relations between China, Japan, and South Korea are ambivalent. On the one hand, the tensions are increasing. The political tensions are: Senkaku (China-Japan), Takeshima (Korea-Japan), Terminal High Altitude Area Defense (THAAD) (China-Korea), women of comfort (Korea-Japan), historical revisionism (Japan-Korea + China), are support to North Korea (China-Korea). There is also the economic tension on China’s economic retaliation against the tourism sector in June 2017 due to THAAD. In general, these three economies are large exporters with fairly marked protectionist tendencies. Also, the upgrading of Korean and then Chinese corporations through economic development has only exacerbated competition with Japanese firms, thus hampering a rather “harmonious” form of regional division of labor, in which Japanese firms were leaders and involved in innovation, Korean firms would provide intermediate goods, and Chinese firms relied on low labor costs. However, calls for co-operation, at least at the governmental level, are not the result of greater interdependence which would naturally lead to cooperation; but rather the idea that facing rising tensions, cooperation would cool down the game and avoid escalation.

The trilateral relationship in Northeast Asia, thus, raises some questions:

- Why do countries that often perceive themselves as competitors (at best) and

who *a priori* oppose each other _ decide to collaborate?

- How do these three countries overcome the risk of loss of resources linked to the alleged opportunism of the partners?
- And finally, for what purpose are these three countries involved in such complex relations?

To answer these different questions, it is proposed to use the business administration concept of coopetition to analyze the trilateral relations in Northeast Asia. In business administration, coopetition is a strategy that involves working with some of its competitors to try to capture a common benefit. It is, therefore, possible to propose a first general definition of coopetition which would be the opportunistic and simultaneous collaboration between different economic actors who are also competitors. The importance of the idea of simultaneity in coopetition must be underlined (Granata & Marques, 2014, p. 3). Coopetition is, therefore, not an alternation of phases of cooperation and competition; but both at the same time. By refining a little, one can, thus, say that “co-operation is neither an extension of the theories of competition, nor an extension of the theories of cooperation. It is defined as a system of actors who interact on the basis of a partial congruence of interests and objectives” (Dagnino, Le Roy, & Yami, 2007, pp. 87–98). In the light of experience, it can be seen that rivals are cooperating on a number of issues. But how can a government simultaneously carry out cooperation strategies with the one who becomes a partner or opponent? The Aristotelian logic of the Cold War tells us that it is impossible. But the realistic thinking of international relations shows that this is common practice. At a time of globalization and transnational issues, it seems that most of the actors—corporations as governments—have made theirs the description Kissinger made of Stalin “he had no friends, only interests” (1994, p. 398).

It is why this use of business administration becomes meaningful and interesting because the phenomenon is more common and has been the subject of abundant literature. What business administration teaches us is that “there is an opposition between a competitive paradigm that recommends confrontation and deters from cooperating” (D’Aveni, 1994), a

relational paradigm that makes the ability to cooperate the foundation of the firm's competitiveness (Dyer & Singh, 1998). Between these two opposite perspectives, several authors affirm that companies have interests to seek both the advantages of competition and those of cooperation (Bengtsson & Kock, 1999; Hamel, Doz, & Prahalad, 1989; Brandenburger & Nalebuff, 1996; Dagnino et al., 2007, p. 88). In management, it is generally believed that these new behaviors cannot be understood with conventional strategic references. "Coopetitive strategies cannot be understood as a simple variant of competitive strategies, nor can they be understood as a simple variant of cooperative strategies" (Le Roy & Yami, 2007, p. 84).

Coopetition, therefore, intends to overcome the duality of co-operation/competition, which has provided a new strategic doctrine that is based on three fundamental contributions (Dagnino et al., 2007, pp. 88–89): Nalebuff and Brandenburger (1996) saw coopetition as a rapprochement of interest between "complementors" (Dagnino et al., 2007, p. 88). This rapprochement of interest appears when competition and cooperation occur simultaneously. The second fundamental contribution was proposed by Lado,

Boyd, and Hanlon (1997), although paradoxically they do not use the term "game-based" approach (i.e., a resources-based view approach and theory of social networks approach). A firm can have four rent-seeking behaviors (see Table 1). In a monopolistic behavior, the firm chooses not to be aggressive or cooperative. In cooperative behavior, it decides to favor co-operation to the detriment of competition. In a competitive behavior, it is the opposite. Finally, in "syncretic" behavior, the company develops both aggressive relationships and cooperative relationships.

Finally, the third major contribution to the theory of competition is made by Bengtsson and Kock (1999). For these authors, the relational mode will depend on the relative position on a sector (strong or weak) and the need for external resources. There are four relational modes: coexistence, competition, cooperation, and competition.

More recently, Dagnino and Padula (2002) refined the general model by proposing to distinguish four forms of coopetition according to the number of competitors involved in the cooperation and the number of activities.

Table 1
Rent Seeking Behavior

		cooperative orientation	
		weak	strong
competitive orientation	strong	Cooperative behavior	syncretic behavior
	weak	Rent seeking monopolistic behavior	Rent seeking competitive behavior

Table 2
Relations Among Competitors

		Relative position on the branch	
		strong	weak
Need for external resources	strong	coopetition	cooperation
	weak	competition	coexistence

Table 3
Forms of Coopetition

		Number of firms	
		two	More than two
number of activities in the external value chain	one	simple dyadic coopetition	coopetition in simple network
	several	complex dyadic coopetition	coopetition in complex network

Luo (2007) believed that when a company faces a major rival, there are four possible levels of cooperation:

- Rivalry
- Adaptation
- Isolation
- Partnership

Once the theoretical framework set, let us try to see what insights coopetition can provide in trilateral relations in Northeast Asia. From a theoretical point of view, the concept of coopetition can be seen as a realistic re-appropriation of a liberal reality in an international political economy: cooperation. Coopetition is liberalist because it refers to collaboration between different agents that are not necessarily state-controlled. Coopetition is realistic because it borrows from Machiavelli the idea that if you cannot kill your enemy, do it, otherwise make you a friend. Coopetition is also realistic because it does not postulate that cooperation leads to appeasement or cessation of rivalry and confliction.

Das and Teng (2000) showed that competitive strategies can be considered unstable by nature (Dagnino et al., 2007, p. 93).

A cooperative relationship can be interrupted at any time by a partner-adversary, either because it renounces competition ... or because it renounces cooperation. The cooperative strategy therefore implies acceptance of the fact that no relationship with an adversary partner is sustainable in its form and substance. It is by nature unstable and evolutionary, without it being possible to predict how it will evolve.

Coopetitive strategies can therefore only be understood as dynamic processes of fixed duration. (Dagnino et al., 2007, p. 93)

Coopetition is, thus, established to a certain extent, and then the involved actors resume a confrontational position—which means that the TCS or other collaborative projects between the three countries will not necessarily lead to relaxation or evolution of mutual perceptions or even to the creation of common interests. This, therefore, questions some assumptions about conflict resolution. For instance, it cast doubts over conflict resolution through long-run cooperation process (see e.g., Arai, 2009). It also raises doubts about a synthetic material-ideational analytical framework which would suppose that an evolution of the balance of power at the regional level (the material dimension) may lead to an evolution of mutual perceptions of agents (the ideational level; see e.g., Cha, 2000).

Coopetition as a Strategy of Economic War

Dagnino et al. (2007, p. 95) saw coopetition as a “system of actors who interact on the basis of a partial congruence of interests and objectives. This conception of coopetition provides the first basis to understand this concept and to clearly distinguish co-operation from competition and cooperation.” This definition is interesting because it highlights two fundamental elements: first, “the interdependence between firms/ [actors] is based on a positive and variable sum game which must bring to partners the mutual but not necessarily equitable benefits. In a positive and variable sum game, the interdependence of firms/ [governments] is based on a function of partially convergent inter-firm interests” (Dagnino et al., 2007,

p. 95), but only partially. It is this partial aspect that suggests a pessimistic outcome to a strategy of cooperation because the limit of convergence of interests makes the actors continue to be rivals. In other words, coopetition does not seem to be a “strong enough” process to lead to a convergence of interests that would lead to a peacebuilding process.

An argument against using the concept of coopetition in international relations would be to say that the very existence of intelligence services makes coopetition very limited. I propose to make an analogy between intelligence and economic intelligence. Salvetat and Le Roy (2007) showed that economic intelligence (EI) is an instrument traditionally dedicated to the defense and the conquest of market shares. EI is essentially an aggressive view of the relationships between competing firms. It allows a company to both learn about its competitors and develop an ability to destabilize them. Rivalry behaviors are becoming less and less frequent, giving way to “coopetitive” behaviors that combine competition and cooperation. A priori the idea of intelligence—whether services or IE—is based on rivalry and lack of cooperation does not fit into coopetition. However, several authors in management consider that coopetition makes it possible to collect information from partners not necessarily friends, that is to say, competitors (Goerzen & Beamish, 2005; Kogut, 2000; Powell, 1990). However,

Today, companies [like governments] are at the crossroads of two orientations. Avoiding cooperation with competitors prevents them from appropriating all or part of their know-how [of the product of an international public good in the political case], but this deprives the firm/[the government] of the gains from cooperation. Conversely, cooperating with competitors leads to significant benefits, but exposes the company to possible attacks by its “allies”. EI/[intelligence services] can then play a hybrid role in competitive and coopetitive detection. It can play an active role in the adoption of a coopetitive behavior. (Salvetat & Le Roy, 2007, p. 149)

Diverging Strategies

General Considerations

General principles of coopetition have been set, and it shows that the logic of coopetition is transferable to international relations. It can thus be assumed that the strategies of the various players involved lead them to choose the coopetitive option. We have seen above that the coopetitive choice can be explained by the inability to modify the geopolitical or geo-economic environment. Second best by nature, coopetition can only produce tradeoffs, since the actors involved are at the crossroads of two orientations. If one of the actors does not cooperate, then it avoids the takeover of their know-how, or their political capital, or a public international good that the agent would be able to provide (see diagram 1). If the actor collaborates, benefit from important advantages can be reached. As a consequence, the agent is exposed to possible attacks from “allies” (Oxley & Sampson, 2004). It is, therefore, necessary to grasp the strategic analysis made by China, Japan, and South Korea respectively. Based on these analyzes, it will be possible to determine whether or not a coopetitive scenario is present.

The situation of East Asia is often analyzed under the sole prism of the USA-China relationship. Considering the pivotal role of the USA in the region, such analysis makes sense (Inoguchi & Ikenberry, 2013). The regional equilibrium can then be represented as in Figure 3. However, it has a disadvantage. Assuming that the U.S. maintains its influence, this assumption seems relevant because it is reasonable to consider that South Korea and Japan will remain in the security line set by Washington. Considering the hypothesis of a decline in American power in Asia-Pacific, it must first be clarified that this hypothesis is always in the case of a relative decline in America, and in the case of the perception of a decline by Japan and Korea.

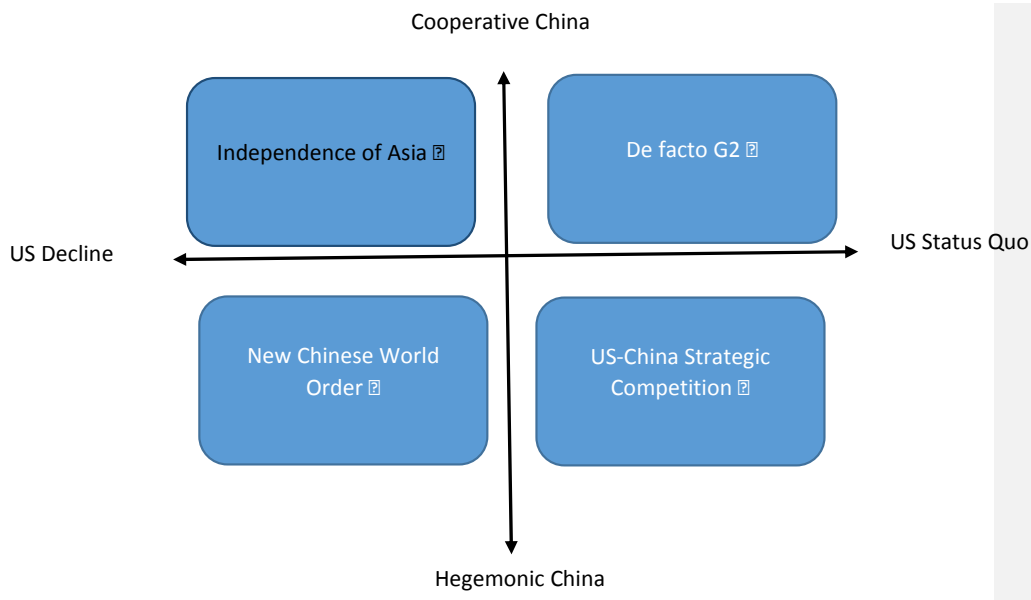


Figure 3. Four scenarios in East Asia.
Source: Matsuda, 2015

So far, the future of East Asia has diverging views. Realists would rather emphasize on power transition, balancing power, and strengthen of alliances; while Liberalists would rather focus on globalization, regional state, and regional integration; and Constructivists consider that keys to the problem are misunderstanding, strategic distrust, lack of exchanges, and historical reconciliation.

Let us then look at the possible scenarios for Japan and Korea:

Case ①: strengthening the regional dialogue. However, is this possible given the mutual mistrust? In this case, it will be more of coepetition than of co-operation.

Case ②: Korea and Japan are relegated to the background. Because of their alliance and their strategic dependence on Washington, they can be seen as following the trend that is, cooperating. But a G2 implies a rivalry. To the extent that Japan and Korea will remain as rivals, as we may reasonably assume, in the American orbit then, again, coepetition. But soft coepetition.

Case ③: China would be so powerful that cooperation would not be necessary.

Case ④: the coepetitive strategy will first be a matter of US and China. But as long as South Korea and Japan maintain their partnership with America, regional relations will not develop in an atmosphere of mutual trust. So this would lead to coepetitive relations between South Korea, Japan, and China.

As previously summarized in Figure 2, an international organization can provide an international public good to its members. In a sense, it privatizes a public good to the sole use of its members. As Figure 2 shows, the more cooperative an agent will be, the more the IO will have to offer. In the case of a simple majority decision rule, it means that the willingness of cooperation is high enough so that each agent is ready to accept concessions and accept a decision which may not maximize its own interests. Such a situation is obviously not the case in Northeast Asian relations. Mutual distrust remains very high (Rozman, 2004). Not only South Korea and Japan remain skeptical about China’s intentions, and conversely, South

Korea and China remain cautious, Japan does not go back to its old imperialistic trends. However, South Korean-Japanese relations can be more labeled as a quasi-alliance. Indeed, the two nations have a common ally (the USA) and common threats (North Korea and potentially China), but it is not enough to make one the ally of the other.

National Interests

On the Chinese side (see Zhao, 2012), Beijing can be considered suspicious of its two neighbors. Because of their alliance with the U.S. since the cold war and also because of Japan's military past. This is truer in that the Asian sense of identity traditionally remains weak and underdeveloped in China. The result is a rather weak sense of common identity and, conversely, a growing national pride. Fueled by economic success, the historical legacy and a state nationalism for 20 years, China believes to be the great power of the 21st century (Dent, 2008; Zhang, 2010). Some might say that the point is not that China would have to get this status, but rather to get back to a place it deserves (Moïsi, 2017).

From its own perspective, the People's Republic of China (PRC) is still primarily a regional power in Asia (at least at present). In this context, its relations with Japan and North and South Korea occupy a special position. The importance of Northeast Asia for China stems from its geographical proximity and a tradition of active cultural exchange, as well as from historical pressures (between China and Japan), alliances (between China and North Korea), densely interwoven economies, and the strong presence of the US in the region. (Heilman & Schmidt, 2014, p. 145)

China's foreign policy in the era of reforms relied on the idea that the international situation was structured along "one power and several powers" (一超多强). In this respect, Xi Jinping's leadership can be seen as a turning point. It seems clear that China is looking to establish a bipolar order (Arase, 2017). However, despite the progress made, China is unhappy. This, in my view, reflects China's inadequate results in

changing its international environment. China has always considered that contemporary international institutions are inherited from Yalta and they serve Western and American interests in particular. Despite the wish to develop new institutions (Shanghai Cooperation Organization, AIIB), China had to yield to the evidence: China-backed IOs never managed (so far) to fundamentally change the geopolitical environment of the region. Facing this "semi-failure," China has, therefore, been forced to "temporize" and opt for a cooperative partnership.

Historically, it can be reasonably assumed that South Korea was for a long time diplomatically isolated (see Armstrong, Rozman, Kim, & Kotkin, 2006). This lack of international influence and network can be seen as a disadvantage for Seoul's foreign policy. South Korea was admitted to the United Nations only in 1991 (such as North Korea), and relations were not normalized with China until 1992. Korea's diplomatic relations were thus essentially developed with the United States (which is not an Asian country) and Japan (former colonial power). This diplomatic isolation has not fostered the development of a sense of common Asian affiliation or even of diplomatic co-operation. The relations with Japan and China were traditionally cooperative (in the sense of carrying out actions with a common objective). The rare examples of regional co-operation derive more from cooperation.⁷ For a time, South Korea was the principal architect of the development of cooperation at the regional level. This was the regional counterpart to Kim Dae-jung's inter-Korean policy of the sunshine policy. The former Korean president had formulated an ambitious vision of the East Asian community, and he initiated a debate whose scope and significance far surpassed those of a simple electoral mandate. On the one hand, this project met little repercussions in the two other capitals of the region, and was abandoned by Korean diplomacy when the Conservatives returned to power in 2008.

Triangular relations for South Korea are sometimes studied from the angle of cultural determinism. Edward Luttwak (2012), for example, considered that Korea has long lived in a strong reverence of China and its culture. This has the effect of skewing triangular relations in favor of Chinese interests.

No doubt more significant is the finding that South Koreans are more inclined than Japanese or Europeans to believe that China will become the country's most important trade partner, ahead of the United States, whose importance is anticipated to decrease. [...] South Koreans also have distinctly more favorable views than other respondents of the impact of the Chinese economy on their interests. Between 2005 and 2010 the number that viewed China's economic rise positively remained stable at 49 percent—remarkable considering that China is a direct export competitor for the Koreans [...]. In Japan, those who had positive views of China's economy declined from 35 to 23 percent. This is the psychological and political background of the current strategic relationship between the Republic of Korea and China. (Luttwak, 2012, pp. 171–172)

If these figures suggest that the prospects for cooperation with Japan are weak, it would be a hasty conclusion that South Korea would be inclined to sell off its national interest. If Seoul is well aware that the North Korean issue cannot be resolved without Beijing, it is not fooled by Chinese interests in the equation. On March 26, 2010, North Korea sank the Cheonan corvette causing the death of 46 sailors. On November 23 of the same year, artillery fire from the North attacked (without reason) the island of Yeongyeong, costing the lives of four people. China's official response to every incident in Korea has been to invite the parties to exercise self-restraint—even though all incidents are caused by North—and Beijing called to resume China-hosted six-party talks. At the same time, China has good relations with North Korea: China's economic aid corresponds to North Korea's trade deficit with China.

Nevertheless, it would be an improper conclusion to say that China has control over North Korea. The logic works on paper, but it is not so simple. First and foremost, believing that China would be the only one able to solve the nuclear crisis would suggest that it would have all the power over its "little" North Korean neighbor. This is an illusion because North Korea has never submitted to the orders of Beijing,

which does not control the domestic policy of North Korea. Nevertheless, Seoul is well aware that China keeps a strategic interest in not addressing the issue of the North Korean nuclear program. Eventually, as Luttwak (2012, p. 174) reminded, "that seems to be money very well spent, because it gives the Chinese leaders a reliable leash on North Korea—a leash that is, of course, useful only insofar as North Korea continues to be aggressive periodically; no leverage can derive from a leash on a dog that never bites."

This ambivalent attitude of China pushes Korea to be so in this game to three. Seoul, therefore, finds an interest in cooperation in a limited and reasoned way with Japan to contain China, without being allied with Japan.

On the Japanese side, there is a limited trust in the two other partners, but it cannot ignore the benefits of cooperation (see Miyashita & Sato, 2001; Hook, Gilson, Hughes, & Dobson, 2001; Togo, 2005; Renwick, 1995; Pekkanen & Kallender-Umezu, 2010; Kawashima, 2003). In other words, here again, there is a context which favors the establishment of a strategy of cooptation. The great return of Chinese power is the main military and strategic threat for Japan. However, Chinese growth is essential for the economic future of the archipelago (Bouissou, 2014, p. 45). The strategic dilemma of contemporary Japan lies there: the rise of China is both its best guarantee and its main threat. Japan needs a stable China for obvious economic as well as geostrategic reasons. As long as Beijing pursues low-profile diplomacy, this posed few problems. However, for 20 years, Chinese leaders have become experts at diverting domestic tensions towards Japan (see Bouissou, 2015; Lam, 2006; Shen, 2007). Therefore, the Chinese Communist regime, consequently, has, in a way, ensured its stability by a growing nationalism with its main dimension anti-Japanese.

On the relations with South Korea, political tensions (as previously seen) remain alive. In economic terms, Korean firms are increasingly competing with Japanese multinationals. However, Japan has no interest in losing contact with Seoul, especially in the long run. In the short run, Tokyo would be a loser if bilateral cooperation between China and South Korea progresses. On the one hand, it would isolate Japan

vis-à-vis two actors who share the historical dispute with Japan. On the other hand, following the theory of the club (Buchanan, 1965), Sino-Korean cooperation would deprive Japan of the benefits of possible cooperation at the sub-regional level (North-East Asia). More fundamentally in the longer run,

“Japan may fear the formation of a [reunified] Korea of 75 million people so indebted to Beijing, revitalized by the contribution of prolific population and hungry for growth when that of the archipelago will be in full decline, and endowed with additional military nuclear capability. It would be for the Archipelago at best a formidable competitor, at worst a new security threat. The status quo is good for the Japanese. Tokyo cannot say it, but Seoul is not fooled. (Bouissou, 2014, p. 46)

Tokyo must, therefore, look for a way that allows it to maintain relations with each actor to avoid a rapprochement of two that would harm it while maintaining a certain distance in this rapprochement.

It appears that both reasons for cooperation and isolationism exist. The paradox is that Japan has been involved in a process of regional rapprochement under the terms of the Prime Minister who has worked the most to strengthen the self-help capacity of Japan. How can this paradox be explained? In a national interest led realistic logic, Japan’s strategic choice should be to increase its military capability; preserve the alliance with the United States; and broaden its security base by moving closer to other regional actors (South-East Asia, India, and Australia; Luttwak, 2012; Bouissou, 2014, p. 50). It is clear that Japan is concomitantly pursuing a precautionary and rapprochement policy vis-à-vis China—and to a lesser extent, Korea. Overall, as Luttwak (2012) stated, after a period of an attempt of rapprochement and conciliation with China under the DPJ cabinets, the Senkaku Islands events marked a turning point in Japanese-Chinese relations. Hence, Japan is “disengaging from disengagement.”

However, Japan cannot do it alone for several reasons. First, Tokyo has shown itself unable to change its international environment: beyond the difficulties of putting an end to criticism of its militarist past

with Korea and China, Japan has never managed to obtain a seat on the Security Council of the United Nations. Likewise, relations with the United States, the cornerstone of Tokyo’s defense and foreign policy, remain uncertain. Japan will likely suffer hardship if the interests of its American protector are threatened in East Asia; on the other hand, there are few guarantees on the reciprocity of a US commitment to defend Japanese interests (in particular case of a border dispute). Tokyo’s strategy is to not put all its eggs in one basket. There is, therefore, at the same time a strengthening of the partnership with the United States, developing new partnerships.⁷ Finally, Japan seeks to keep the situation under control and avoid overflow by trying to maintain a form of cooperation. However, it is not a question of cooperation driven by common interests but rather a negative choice.

In the end, the three actors understand that they are forced to maintain a form of collaboration, but none has any interest in it becoming real cooperation. Thus, there is a competitive choice at the regional level in Northeast Asia.

Conclusion

I have shown that cooperation between the three Northeast Asian nations is difficult. The theory of public choice of IOs shows us that an IO will provide less when humanity is required. Given the number of actors and the mutual mistrust between China, Japan, and South Korea, cooperation can only be achieved through an agreement between the three nations (which amounts de facto to humanity). Nevertheless, there is no sense of shared belonging, mutual trust, or real common interests. Collaboration at the regional level is, thus, a matter of co-competition, that is, a simultaneous collaboration between competitors. In other words, if there is collaboration in a given domain, the agents are nonetheless simultaneously rivals. By a detour by management, I have shown that the choice to resort to co-operation results from the inability of one or more agents to modify its environment (in this case geopolitical or geo-economic). This is the conclusion I draw from the regional policy of China and, to a lesser extent, Japan and South Korea. By definition, co-competition produces an unstable and evolving process.

The balances will, therefore, be precarious and can be broken at any time because the convergence of interests remains limited since the agents still behave as rivals. My conclusion is that the process of regional integration in Northeast Asia is, by definition, unstable. Like the TCS, this is only a circumstantial agreement that can be broken easily. Thus, contrary to the theory of the IOs, the existence of an IO does not necessarily lead to the reinforcement of it. It can be reasonably pessimistic about regional cooperation in Northeast Asia. Institutional forms of cooperation such as the TCS may suffer from the divergent interests of the actors.

The cooperative relationship is by nature unstable and evolutionary. I, therefore, maintain that regional cooperation in Northeast Asia is a result of circumstances and that it is a second-best strategy for China in particular. This choice of cooperation seems to be guided by the results of intelligence (secret services). I conclude, therefore, that it is China's temporary inability to change its geopolitical environment that led to the choice of a partnership within the framework of the TCS, a partnership that I describe as cooperation.

This study seems to open several promising research tracks. In this article, I chose not to resort to the theory of games. However, recourse to game theory can be useful because it allows interactive modeling processes that include two different modes of interaction, cooperation and competition. However, the theory of games reaches its limits from the abstract analysis and takes into account the real interactions. Now, one very quickly emerges from the abstract because, by nature, co-operation is an unstable and evolutionary process. If this study were limited to presenting the general principles of the idea of co-operation in international relations, a research path would be to deepen this idea by studying a particular aspect of triangular collaboration in Northeast Asia. This would help to establish the nature of the relationship that might exist between conducting intelligence (intelligence or economic intelligence) and cooperative strategies; which this study cannot determine. It is therefore a vast program of research which opens up.

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Notes

- Regional integration in East Asia has provided a very abundant academic literature (Amako, Matsuoka, & Horiuchi, 2013; Park, Pempel, & Roland, 2008; Capannelli & Kawai, 2014; Calder & Ye, 2010; Cai, 2010; Fujita, 2007; Aggarwal & Lee, 2011).
- See for instance Ruggie (1975), Keohane (1988), Keohane (1993); Krasner (1993), and Stein (1990).
- For instance, Frankel has shown that the average probability a government loses power within the six following months of an economic crash is twice more important than in usual times (Frankel, 2005; Breton &

Wintrobe, 1982). In this respect, the 1997 financial crisis was very revealing. Indeed, most East Asian nations were not part of a regional organization having an interdependent solidarity process. Since these economies were—and are still—relying on exports, East Asian nations were extremely exposed to fluctuations arising out of certain economic crisis. Nations like South Korea, Thailand, or Indonesia had a 7-point loss of GDP growth in annual variation. Then it seems clear that a guarantee and support framework at a regional level can reassure the markets and, thus, it can minimize the scope of the crisis.

- ⁴ As Breton and Wintobe (1982,) argued, “The common action of an international organization makes it impossible for the voters to compare alternative policies, in particular with respect to taxation, regulation, and monetary policy. [...] This is the “political dustbin” theory whereby an international organization serves as an alibi and scapegoat for local politicians undertaking measures undesired by the local voters and interest groups.” (Frey, 1997, p116)

- ⁵ Fratianni and Pattison (1982) showed, for example, that forecasts and policy evaluation provided by international organizations are biased in favor of their member governments.

- ⁶ For further developments on the club theory see Buchanan (1965), Sandler and Tschirhart (1980), Cornes and Sandler (1986), and Ostrom and Walker (1997).

- ⁷ For instance, the joint award of the football cup in 2002 to Korea and Japan. Initially, each country submitted an application. Given the difficulty of separating them, and fearing that the competition would be attributed to Mexico, the two countries agreed to submit a joint application.

- ⁸ Liberty roads or TPP are examples of this trend.