

Development of Institutions on the Environmental and Technological Cooperation in Northeast Asia: Actors, Decisions and Path Dependence

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This dissertation aims to enhance understanding of regional cooperation in Northeast Asia and its institutional development in a way of providing the description of main actors and institutions as well as the mechanisms of institutional changes thereof. It takes the Tripartite Environment Ministers' Meeting (TEMM) and the China-Japan-Korea Meeting on Information and Telecommunication Standards (CJK IT Standards Meeting, hereafter ITSM) cases for comparative analysis to examine cooperation and decision-making under uncertainty and how they affect institutional development and enhanced regional cooperation.

There is not a specified geographical scope or a shared regionalism to construe Northeast Asia, but the definition is modified in accordance with the topic of discussion and context in which it is discussed. (Kim 2004:12, Rozman 2004:4-5) Northeast Asia in this dissertation refers to China, Japan and South Korea (CJK), three major Northeast Asian economies which are the members of Association of Southeast Asian Nations Plus Three (APT) processes together with ASEAN.

The regionalization of NEA is still at an early stage as the process started only in post-Cold War period, but the relations of three states and their cooperation activities have changed significantly. This thesis takes a careful look at this development with a theoretical framework that allows dynamic changes while aiming to explain particularities of NEA.

The dissertation starts with a literature review to situate itself in the discussions and debates on theories with which chosen cases can be interpreted as well as on the

context in which the cases can be understood. It then presents theoretical framework using Rational Institutionalism (RI) and Historical Institutionalism (HI) and explains how they can be used to interpret cases of cooperation on environment and IT standards in NEA.

Unlike a general notion of preference used in an attempt to draw a prediction regarding people's choice upon acquisition of new information, RI in International Relations assume bounded rationality that people would make decisions with limited information and finite ability to reason in a given time. (Kahler 1998) Therefore, choices are separated from preferences that might not have been fully reflected in decision-making due to constraints of time, information and capacity. (Scharpf 1997, Hausman & McPherson 2006)

Institutional development of chosen cases do not consist of one time decision-making, contrary to a possibility of one agreement being the outcome of cooperation in other fields. As parameters of discount for risk and time as well as consideration of gains at a collective level have been changed over time through learning and unveiling of uncertainties, institutional development itself implied a prospect of enriched cooperation. (Young 1989, Helm & Sprinz 2000, Valencia 2000, Abbott and Snidal 2001)

It is therefore, a meaningful exercise to link decision-making with institutional development through path dependence and self-reinforcement mechanisms in order to bring temporal dimension to RI. Random or small events create path which would affect future outcome of the institution. This path might not be efficient, especially in early stages of institutional development, but past decisions might affect future outcomes and form a pattern over long-term.

Two cases of Tripartite Environment Ministers' Meeting (TEMM) and the China-Japan-Korea Meeting on Information and Communication Standards (CJK Standards Meeting, ITSM) are presented in the context of cooperation in NEA with specificities of the fields of cooperation, i.e. environment and IT standards. Comparative analysis of two cases illustrates the decision-making of actors, taking into consideration of possible benefit from cooperation, possible loss from cooperation, possible loss from non-cooperation and uncertainties. It also points up on how the decisions have contributed to bringing subtle changes of institutional development.

Learnings about behaviors of other participants occur through socialization and expansion of knowledge. They decrease uncertainties and therefore transaction cost required for cooperation. Learnings from scientific information also affect bounded rationality of individuals. For instance, additional information about status of derogation or recently introduced policies to reduce environmental derogation changed how participants perceived potential gains from cooperation or potential losses from non-cooperation. Information on technological and standards development in another country is already a valuable learning that could help converging research and market efforts domestically.

Coordination effects are the main objective of ITSM. Coordination to form common IT standards can directly benefit industries in terms of market access and reduce risks for investment. The mutual recognition or adoption of common standards has not taken place yet, but the three states of NEA presented joint white papers and concluded MoU with ITU. It could, therefore, be signified that coordination effects are observed in ITSM. Coordinated positions of NEA would increase influence on global IT standards development.